

CITY OF CAPITOLA
&
CAPITOLA REDEVELOPMENT AGENCY

ADOPTED BUDGET
FISCAL YEAR 2010 – 2011



CITY COUNCIL
Sam Storey, Mayor
Dennis Norton, Vice Mayor
Robert "Bob" Begun
Ronald Graves
Kirby Nicol



City Council

Sam Storey, Mayor
Dennis Norton, Vice Mayor
Robert "Bob" Begun
Ronald Graves
Kirby Nicol

Jacques Bertrand, City Treasurer
Debbie Johnson, Redevelopment Agency Treasurer

Richard Hill, City Manager

Staff

Pamela Greeninger, City Clerk
Mike Card, Chief of Police
Steven Jesberg, Public Works Director
Jamie Goldstein, Community Development Director
Lisa Murphy, Assistant to the City Manager

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Glossary of Terms



MISSION STATEMENT

MISSION

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

VISION

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

VALUES

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

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

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TO: City Council
FROM: City Manager
DATE: April 15, 2010
SUBJECT: Fiscal Year 2010/11 Operating Budget

FISCAL STATUS OF THE CITY

Last year I identified the fiscal status of the City as problematic. Sales tax revenues were on a material decline over the prior two years and no sales tax growth was projected for the next two years. For fiscal year 2007/08, the last audited fiscal year at that time, total revenues were \$13,483,100. For the fiscal year ending June 30, 2009 total audited general fund revenues were \$11,943,374, and projected revenues for fiscal year 2009/10 are \$12,354,000. While for fiscal year 2009/10 the revenue estimate appears to be better than the prior fiscal year adjusting out a one-time State Board of Equalization accounting error of about \$380,000 reduces the 2009/10 revenues to about \$11,974,000. This is about a 12.5% reduction in total annual revenues for the City from fiscal year 2007/08 through fiscal year 2009/10. This trending declined due mostly to reduced retail sales and a reduction in property development is disturbing. The good news is that the rate of economic decline has declined, and the City Council has been able to remain in compliance with its financial policies on reserves during this period.

During the past fiscal year, several significant factors have occurred that have or will affect significantly the fiscal status of the City. As mentioned, the national economy has been in significant decline during the two years, impacting retail sales, property development, and housing prices and sales, three of the City's major revenue sources. The state of California has a \$20+ billion shortfall in its budget, and seems perpetually inclined to making up a material portion of that deficit through reducing or diverting local government revenues. Last year, Mervyn's, Ocean Honda and Gottschalks left the City. Only Mervyn's have been replaced by Kohls. These losses not only significantly impact sales tax revenues, but also jobs. For the last two years the unemployment rate for the Santa Cruz County has been in the double digits. In January 2010 the U.S. bureau of Labor Statistics put the Santa Cruz County unemployment rate at 15%, a rate greater than the Nation or the State.

The City Council, however, has taken affirmative action to manage this decline in revenues, and to anticipate as best as is practical further declines and possible future state action. During the mid year review of the 2008/09 budget, beginning of January 2009, staff was directed to begin concession negotiations with the employee bargaining units. These negotiations resulted in a one

day per month furlough for all employees, and freezing, beginning July 1, 2010, for vacant positions. These vacancies were achieved through an early retirement program offered to certain employees. These changes have resulted in an estimated change of the projected June 30, 2010 fund balance for the General Fund of about \$700,000, a large portion of which was due to a one time positive adjustment by the State Board of Equalization to sales taxes. 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 looking forward, the specter of the federal narrow banding mandate is diminishing significantly. The countywide narrow banding team as managed through Netcom has modified significantly its plan to implement inter-operability; and, much of the costs of the ongoing planning and initial implementation steps have been paid through grants. Particularly, Capitola Police Department has managed to acquire radios and other ancillary communication equipment through the City's SLESF grants, which augmented the countywide homeland security grants a portion of which the City used for radios. The City manages its storm water management plan through the public works department, and last year the mandatory compliance efforts were well within budget. The main concerns for next year are revenue related, particularly: retail sales, construction/development and any unforeseen impacts that may come from the State of California. The most significant concern for next year is estimating sales taxes. Using various predictive calculations sales tax estimates, including in lieu taxes and the City's ¼ cent district tax, the sales tax revenue estimates for fiscal year 2010/11 ranges from about \$4.3 million to \$4.9 million. Development applications are down markedly from last year, as is the revenue associated with such development. It is noteworthy that the new Marriott is under construction and should be ready for occupancy by February next year. The budget includes \$75,000 of increased Transient Occupancy Tax in recognition of the new hotel. The state is making some noises with regard to diverting local revenue, mostly it is Redevelopment money. However, the League of California Cities is sponsoring an initiative for this November's ballot securing the local revenues. Expectations are that the initiative will make the ballot and be passed by the voters.

This budget corrects a budgeting error from two to three years ago, and by so doing reduces staffing costs by \$330,000. When the City negotiated with the employees a cap on retirement costs, and the Pension Obligation Bonds were sold to prepay a CalPERS unfunded liability, an internal service fund was established to expense from each department into the retirement internal service fund an amount equal to total retirement costs, including POB debt service. Moneys from this fund were then used to pay CalPERS their formulated retirement assessments to the City, and to pay a portion of the debt service of the POB. In this way the City could track all costs of retirement including the POB payments. This is important during labor negotiations or at times when the City wants to compare labor costs with other cities. If this were not done, in particular capturing the costs of the POB debt service, Capitola's retirement costs would be understated. To make a complex matter more complicated, the Council approved a 10 year term for the POB, about ½ of the term CalPERS used to amortize this debt. This resulted in a significant savings of interest costs for the City, but also increased the annual debt service. This increase in debt service, due to a decreased term, if not in some manner adjusted, would overstate the City's retirement costs. To solve this problem, the difference in debt service due to

the decreased term was treated as a fund transfer, rather than an expense to the departments. Through miscalculation this fund transfer in combination with the retirement expenses to the departments was overstated and double counted that portion of the debt service due to a decreased term. In the initial budget projections for the 2010/11 fiscal year that overstated amount equaled \$330,000. It was this adjustment and revised sales tax estimates, made after the October through December numbers were received, that finally brought this budget into balance without reductions in staffing hours. With the exception of the Finance Director which is funded in this budget at about 60% to recognize that it will take time to recruit and hire the position, all other prior frozen positions remain frozen.

With regard to expenditures no new major programs are being proposed, although \$2,000 has been budgeted for the 211 program sponsored by United Way. Although the dramatic downturn in the economy over the last two years still requires the City to limit services to a certain extent, its lessening severity has allowed this budget, on a slow incremental basis, to return some municipal services. The furlough programs in place in March 2009 will expire June 30, 2010, at which time all work schedules and office hours will return to normal. The budget reflects \$250,000 being transferred into the CIP fund, a \$100,000 increase from the prior year.

PRIOR YEAR ACCOMPLISHMENTS

The most significant accomplishment during the 2009/10 fiscal year was delivering quality city services during a year of reduced resources from a very constrained fiscal environment. All departments were affected by the furloughs, but City services were for the most part maintained.

The Community Development Department had some significant successes this past year. The housing element was certified by the state. CDBG grants of \$70,000 were approved. The Bay Avenue Senior Apartments project has been successfully proceeding toward completion. In a combined effort with the City Managers Department, Community Development obtained the permits necessary for the fireworks program celebrating the City's 60th Birthday.

The various divisions of the City Manager department worked hard to hire a new Police Chief, successfully obtain a \$40,000 EDA grant, and to complete labor negotiations. The Shop Capitola program was initiated. The Ad Hoc Library Committee debuted and a library site recommendation will have been presented to the City Council. The Finance Department, currently under the direction of the City Manager until a Finance Director can be hired, did an excellent job continuing the implementation of the New World financial system and performing their regular duties without a Finance Director. Recreation, always successful in its programming, was particularly innovative with the establishment of its new dodge ball league. The program is experiencing surprising success.

Public Works and Capital Improvements Projects were also significant this last year. The reconstruction of 41st Avenue was completed. The Capitola Road pedestrian project was designed and built; and the Hill Street project was completed. Also, the Parking Commission was inaugurated and recommendations on village parking will soon be forth coming.

In a reprise of their success with the beach tile wall this year, the Arts and Cultural Commission published its tile book. The Commission's major project for the year, the aquarium paintings on the City's traffic signal utility boxes, was a great success.

Police has transitioned very well with Mike Card as the new chief. He has been encouraging to the Department employees, and is dealing well with problems as they arise. The Community Out Reach Center is now being staffed with volunteers from the VIP program, which has matured into a very successful resource for the Department under the direction of Mike Banks, the volunteer coordinator.

Transition is the best word to describe this past fiscal year. Reduction in revenues requiring significant reduction on services, and the retiring of several prominent employees including the Police Chief, the Building Official, and the City Manager has required the City to accommodate significant change, and it has successfully done so.

BUDGET FORMAT

This budget presentation has changed materially from prior years. Staff reductions and the uncertain economy have made it impossible to project a meaningful two year budget. This problem is not unique to the City of Capitola. The firm of Muni Services provides the City sales tax projections and they have said that their projections out to 2001/12 have very little meaning in this tumultuous economy. Also, some charts and detail contained in the prior year budget have been removed in favor of a modestly more simple presentation.

GENERAL FUND

The General Fund provides for the general operations of the City departments. This proposed budget for fiscal year 2010/11 represents about a \$265,000 increase in expenditures from the 2009/10 year end estimated expenditures. The increase is primarily due to: Adding the Finance Director position; the elimination of the furlough program; and, complying with the POA renegotiated contracted salary increase of 2%.

Transition is again the theme for the 2010/11 fiscal year. Prominently, a new City Manager, Jamie Goldstein, will take the reins of the City. The newly appointed Police Chief, Mike Card, although he has spent almost thirty years of his police career in Capitola, will certainly have a transitional impact on the department. The Community Development Department now includes the Building Department as a division, and the recruitment for a new Community Development Director will be completed by the beginning of the fiscal year. If the City's fiscal circumstances remain relatively positive and the Finance Director recruitment is completed, the 2010/11 fiscal year will be one of the City's hallmark years for change.

There are several significant projects scheduled for this prospective fiscal year. The initiation of the General Plan revision will, it is hoped, begin under the leadership of the new Community Development Director. The survey that provides the street condition information for the capital improvement projects will be conducted again this year. Cherry Street resurfacing, the Esplanade Park retaining wall and Clares Street are the scheduled CIP projects. The Library Ad Hoc Committee has begun the process to build a new library by recommending a site to the Council/RDA Board; and, it is expected that a funding plan will soon follow. Similarly, the

Parking Commission has made its recommendation to the City Council to construct a multistory parking structure; and, Council has given direction to staff to follow up on that recommendation.

The General Fund has been pretty well beat up during the last two years. In addition to the unfunded Finance Director, the Police Department and the Public Works Department have lost a total of about six positions. While services levels have decreased during this period, every effort has been to isolate those service decreases to areas of the City where the impacts would be less noticeable. In public works the grass may mowed less frequently or replacement and repairs may take a little longer. Although the beach is a priority, there are times for the Esplanade Park of the beach when repairs or clean-ups are delayed. In Police, non-dedicated patrols may occur less frequently or non-mandatory training has been lessened. These same strategies will be employed for the prospective 2010/11 fiscal year.

Revenue Summary

The following table presents a summary of the General Fund revenue by broad category, comparing the prospective 2010/11 revenue to the June 30, 2010 estimate and prior years. Revenue estimates for significant revenue sources are addressed in detail in the General Fund Revenues section of the operating budget.

	FY07-08 Actual	FY08-09 Actual	FY09-10 Adopted	FY09-10 Mid-Yr Est	FY10-11 Adopted
Revenue					
Taxes	\$9,489,300	\$7,852,553	\$8,408,900	\$8,095,000	\$8,091,500
Licenses and permits	\$247,884	\$354,335	\$190,000	\$266,400	\$229,000
Intergovernmental revenues	\$218,435	\$178,923	\$283,700	\$437,000	\$386,900
Charges for services	\$1,986,745	\$2,092,783	\$2,172,900	\$2,300,200	\$2,360,000
Fines and forfeitures	\$671,668	\$673,892	\$755,000	\$819,000	\$859,000
Use of money & property	\$533,382	\$409,801	\$439,800	\$378,200	\$339,800
Other revenues	\$74,292	\$85,447	\$71,000	\$58,200	\$63,500
Other financing sources	\$188,000	\$611,957	\$0	\$0	\$0
Revenue Totals	\$13,409,705	\$12,259,690	\$12,321,300	\$12,354,000	\$12,329,700

Revenues represent one-time and ongoing income to the City. One time revenue sources include but are not limited: fund balance contributions, grants, and one-time adjustments from ongoing revenue sources. The projections for the 2010/11 fiscal year are usually based upon certain assumptions, which remain fairly consistent from year to year. However, because of the economic downturn, it has become difficult to use past revenue experience to predict next year's revenue receipts. The most difficult has been estimating the sales tax revenue for next year. The volatile economy has made prior year revenue receipts less than useful as a predictor for the 2010/11 fiscal year. Several major retail firms have either left the City or have discontinued business, and retail sales for almost all firms have markedly declined over the last two years. This makes it difficult to estimate sales tax revenues, the single largest revenue source for the City. This budget uses the first two quarters of the 2009/10 fiscal year as an estimate of 52% of the sales tax for the entire fiscal year. Also, revenues from the loss of retail firms and the addition of new firms are used to adjust the total. Then the budget assumes, after the adjustments, that the 2010/11 fiscal year sales tax revenues will be the same as the 2009/10 sales tax revenues. This may be a bit optimistic, but given the projected increase in fund balance at

the end of the 2009/10 fiscal year of more than \$500,000, and the expectation that the Finance Director position is currently vacant provides enough cushion to make such an estimate more than acceptable.

Expenditure Summary

The tables below present a summary of the General Fund expenditures, comparing the past actual and adopted expenditures to the adopted 2010/11 expenditures.

GENERAL FUND EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
DEPARTMENT TOTALS					
City Council	\$118,967	\$72,446	\$70,700	\$80,900	\$87,100
Community Grants	\$269,999	\$274,637	\$275,000	\$275,000	\$275,000
Finance	\$732,382	\$736,454	\$753,400	\$580,700	\$690,800
Attorney	\$291,206	\$200,245	\$203,560	\$365,900	\$273,600
City Manager - Admin	\$760,914	\$753,972	\$764,200	\$780,700	\$766,200
City Manager - Personnel	\$173,997	\$165,312	\$196,800	\$160,000	\$197,600
Museum	\$63,218	\$65,246	\$63,400	\$63,000	\$67,200
Art & Cultural Commission	\$47,148	\$43,305	\$42,200	\$41,944	\$48,300
Police - Law Enforcement	\$4,929,686	\$5,203,451	\$5,096,342	\$4,891,700	\$5,116,500
Police- Parking	\$506,752	\$469,746	\$432,700	\$459,200	\$448,800
Police - Lifeguards	\$69,612	\$84,036	\$86,100	\$87,100	\$91,200
Police - Animal Services	\$12,722	\$7,317	\$16,400	\$9,700	\$14,200
Community Development	\$891,574	\$922,336	\$829,200	\$845,100	\$694,000
PW - Streets	\$1,113,835	\$1,222,585	\$1,004,700	\$955,200	\$1,044,700
PW- Facilities	\$223,530	\$245,373	\$218,200	\$226,200	\$208,800
PW- Pac Cove Park	\$46,724	\$24,978	\$18,200	\$18,200	\$20,000
PW - Parks	\$591,029	\$550,148	\$447,600	\$421,500	\$453,300
PW - Fleet	\$299,404	\$279,278	\$282,200	\$282,200	\$285,400
Recreation	\$767,755	\$800,725	\$843,000	\$810,000	\$836,800
Subtotal - Before Fund Transfers	\$11,910,455	\$12,121,591	\$11,643,902	\$11,354,244	\$11,619,500
Fund Transfers	\$1,537,100	\$444,846	\$568,900	\$568,900	\$710,000
TOTAL	\$13,447,555	\$12,566,437	\$12,212,802	\$11,923,144	\$12,329,500

GENERAL FUND EXPENDITURES BY SERVICE CATEGORY

GENERAL FUND EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$7,512,650	\$7,976,795	\$7,577,200	\$7,364,244	\$7,527,500
Contract services	\$2,535,947	\$2,562,214	\$2,450,002	\$2,459,900	\$2,467,500
Supplies	\$639,662	\$519,246	\$568,200	\$481,600	\$490,000
Community Grants	\$269,999	\$274,637	\$275,000	\$275,000	\$275,000
Capital outlay	\$93,296	\$0	\$0	\$0	\$0
Internal service fund charges	\$856,300	\$788,700	\$773,500	\$773,500	\$859,500
Subtotal - Before Fund Transfers	\$11,907,855	\$12,121,592	\$11,643,902	\$11,354,244	\$11,619,500
Fund Transfers	\$1,539,700	\$444,846	\$568,900	\$568,900	\$710,000
Expenditure Grand Totals:	\$13,447,555	\$12,566,438	\$12,212,802	\$11,923,144	\$12,329,500

This year's budget eliminates the furlough program initiated last fiscal year and reflects the reinstatement of the Finance Director at about 60% to allow for recruitment delays. However, other the positions frozen last year remain frozen in this proposed budget. In addition, one CSO position and a ½ time Records Clerk position remain frozen. Also, the Associate Planner position has been eliminated from the budget because of reduced development activity. During the initial preparation of this budget consideration was given to freezing a vacant Police Officer Position. That consideration was abandoned in favor of a negotiated postponement until the following fiscal year of half of the 4% POA salary increase.

Ongoing Revenues and Expenditures

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."

On the next page 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 represent about \$850,000 in annual receipts. If the Measure D revenues were included in the analysis, as are 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.

On-going Revenues & Expenditures Detail	2009-10 Mid-Yr	2010-11 Adopted
<u>General Fund - Source of Funds</u>		
Total Revenues	<u>12,354,000</u>	<u>12,329,700</u>
One-Time State Board of Equal Adjustment	380,000	
One-Time Capitola Transaction & Use Tax (Measure d)	850,000	847,500
One-Time PD - Grants	284,400	\$266,900
One-Time EDA Grants	40,000	
Total One Time Revenues	<u>1,554,400</u>	<u>1,114,400</u>
On-going revenues	<u>10,799,600</u>	<u>11,215,300</u>
<u>General Fund - Use of Funds</u>		
Total Expenditures	<u>\$11,932,100</u>	<u>\$12,329,500</u>
One-Time Expenditures (PD Grants, EDA Grants & Election)	<u>\$324,400</u>	<u>\$288,900</u>
On-Going Expenditures	<u>\$ 11,607,700</u>	<u>\$ 12,040,600</u>
On-Going Revenues (Excludes Measure D)	10,799,600	11,215,300
On-going Expenditures	\$(11,607,700)	\$ (12,040,600)
TOTAL	-808,100	-825,300

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 2010/11 are \$11,619,500. The target Emergency and Contingency Reserve balances are \$581,000 and \$1,162,000. Both the Emergency and Contingency Reserves exceed their funding target.

CONCLUSION

It is anticipated that the economy has bottomed and revenues will be nearly the same for the 2010/11 fiscal as the in the previous fiscal year. This budget represents a modest increase in the proposed level of municipal services for the 2010/11 fiscal year as compared to the previous fiscal year. The main change of the budget is switching from an across the board decrease in services, as represented by the furlough program, to a more service program specific reduction. This has been achieved through maintaining the frozen position in the Police Department and Public Works. In addition, and because of reduced development activity, the elimination of the Associate Planner position is also reflective of specific program service reduction.

The staff of the City of Capitola submits this 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 Jamie Goldstein, Community Development Director, 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

A handwritten signature in black ink, appearing to read "Richard Hill". The signature is written in a cursive style with a large initial "R".

Richard Hill
City Manager

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GENERAL FUND SUMMARY



BUDGET PROCESS OVERVIEW

The City of Capitola prepares an Operating Budget, a 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 year (beginning July 1st and ending June 30th) for several funds. 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.

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.

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 Budget revolves around City fiscal policy that the current year expenditures are balanced with current year revenue. Budgeting for one-time expenditures can result in efficiencies; streamlining processes, or future cost reductions whenever appropriate.

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

Basis of Budgeting

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

Basis of Accounting

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

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

Level of Budget Control

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

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.

GENERAL FUND SUMMARY

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

REVENUE CATEGORIES:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Revenue					
Taxes	\$9,489,300	\$7,852,553	\$8,408,900	\$8,095,000	\$8,091,500
Licenses and permits	\$247,884	\$354,335	\$190,000	\$266,400	\$219,000
Intergovernmental revenues	\$218,435	\$178,923	\$283,700	\$457,000	\$396,900
Charges for services	\$1,986,745	\$2,092,783	\$2,172,900	\$2,280,200	\$2,360,000
Fines and forfeitures	\$671,668	\$673,892	\$755,000	\$819,000	\$859,000
Use of money & property	\$533,382	\$409,801	\$439,800	\$378,200	\$339,800
Other revenues	\$74,292	\$85,447	\$71,000	\$58,200	\$63,500
Transfers In	\$188,000	\$611,957	\$0	\$0	\$0
Revenue Grand Totals:	\$13,409,705	\$12,259,690	\$12,321,300	\$12,354,000	\$12,329,700
EXPENDITURE CATEGORIES					
Expenditures					
Personnel	\$7,512,650	\$7,976,795	\$7,577,200	\$7,364,244	\$7,527,500
Contract services	\$2,535,947	\$2,562,214	\$2,450,002	\$2,459,900	\$2,467,500
Supplies	\$639,662	\$519,246	\$568,200	\$490,600	\$490,000
Community Grants	\$269,999	\$274,637	\$275,000	\$275,000	\$275,000
Capital outlay	\$93,296	\$0	\$0	\$0	\$0
Internal service fund charges	\$856,300	\$788,700	\$773,500	\$773,500	\$859,500
Fund Transfers	\$1,539,700	\$444,846	\$568,900	\$568,900	\$710,000
Expenditure Grand Totals:	\$13,447,555	\$12,566,437	\$12,212,802	\$11,932,144	\$12,329,500
Impact On Fund Balance	(\$37,850)	(\$306,748)	\$108,498	\$421,856	\$200
Fund Balance on June 30th	\$ 585,700	\$ 279,000	\$ 617,498	\$ 700,856	\$ 701,056

REVENUE SUMMARY

Funds	2007-08 Actual	2009-10 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
General Fund	12,409,705	1,225,960	12,321,300	12,354,000	12,329,700
Designated Reserves:					
Emergency Reserves	16,700	12,800	-	-	-
Contingency Reserve	358,400	6,200	-	-	-
Compensated Absences	57,700	207,700	112,700	112,700	120,000
Capital Projects					
Open Space Purchase	-	-	-	-	-
Soquel Creek Lagoon Mgt Plan	-	-	-	-	-
Refer to CIP Section					250,000
Special Revenues:					
Gas Tax	384,000	256,300	274,300	274,700	279,200
Supplemental law Enforcement	100,700	100,000	100,100	100,100	100,100
SCC Anti-Crime Team	65,000	59,000	74,100	73,100	69,400
PEG Cable TV Access	25,800	22,400	25,100	20,600	20,100
Development Fees	119,400	1,350	69,200	-	10,000
Wharf Fund	87,200	75,775	72,100	72,000	74,000
CDBG - Grants	27,800	80,700	980,000	11,885	70,000
CDBG- Program Income	117,600	6,300	6,300	-	-
CDBG - RLF 07-08 Program Income				-	-
HOME Program Re-Use	30,000	43,400	4,800	12,300	12,300
HOME Grants	-	-	1,750,000	1,475,000	425,000
Housing Trust Fund	104,600	81,800	75,000	12,500	10,000
BEGIN Grant Fund	-	60,000	180,000	-	180,000
General Plan Update	150,600	255,103	60,000	142,200	125,000
Green Building Fund	-	6,000	16,000	45,000	20,000
Public Art	3,300	112,400	15,000	270,000	25,000
Parking Reserve Fund			102,000	91,000	100,000
Technology Fee				2,000	1,000
Capitola CVWBIA (see section)					
Debt Service					
1996 Lease Revenue Bonds					
PERS Pension Obligation Bonds	688,100	661,800	622,800	622,800	680,000
Internal Services:					
Equipment Replacement	141,800	64,800	64,800	64,800	100,000
Information Technology	138,900	110,600	116,800	116,800	115,200
Public Employees Retirement	1,614,600	1,734,600	1,574,000	1,560,400	1,425,400
Self-Insurance Liability	143,200	144,600	142,800	116,900	142,800
Stores	36,100	37,700	37,700	37,700	28,500
Worker's Compensation	431,000	431,000	437,300	437,300	473,000
Total City	17,252,205	5,798,288	19,234,200	18,025,785	17,185,700
Redevelopment Agency:					
Operating	2,474,566	2,588,338	2,372,000	2,345,300	2,316,800
Housing Set-Aside	622,540	536,612	480,960	466,560	463,360
Total RDA	3,097,106	3,124,949	2,852,960	2,811,860	2,780,160

EXPENDITURE SUMMARY

Funds	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
<u>General Fund</u>	13,447,555	12,566,437	12,212,802	11,923,144	12,329,500
<u>Designated Reserves:</u>					
Emergency Reserves	-	-	-	-	-
Contingency	302,000	-	-	-	-
Compensated Absences	348,300	223,400	85,000	142,000	158,000
<u>Capital Projects</u>					
Open Space Purchase	43,600	-	-	-	-
Soquel Creek Lagoon Mgt Plan	-	-	-	-	-
Refer to CIP Section	-	-	-	-	250,000
<u>Special Revenues:</u>					
Gas Tax	395,000	246,100	314,100	274,100	274,100
Supplemental law Enforcement	109,800	111,700	100,000	93,000	100,000
SCC Anti Crime Team	65,000	66,400	74,100	65,000	69,400
PEG Cable TV Access	26,000	23,000	22,400	20,000	24,500
Development Fees	35,200	174,100	-	-	-
Wharf Fund	90,600	163,500	119,300	87,000	193,000
CDBG - Grants	47,800	33,000	980,000	5,400	75,000
CDBG- Program Income	86,000	78,150	6,400	3,000	-
CDBG - RLF Program Income	-	-	-	17,100	-
HOME Program Re-Use	6,500	260,900	14,500	2,000	-
HOME Grants	-	-	1,753,000	1,480,000	430,000
Housing Trust Fund	1,900	1,800	113,300	48,000	127,000
BEGIN Grant Fund	-	-	240,000	-	240,000
General Plan Update	15,600	362,205	189,000	9,500	468,500
Green Building Fund	-	-	-	-	20,000
Public Art	30,000	3,400	16,300	8,300	156,700
Parking Reserve Fund	-	-	-	-	100,000
Technology Fund	-	-	-	-	-
Capitola VWBIA (see section)	-	-	-	-	-
<u>Debt Service</u>					
1996 Lease Revenue Bonds	-	-	-	-	-
PERS Pension Obligation Bonds	688,100	661,800	622,800	622,800	680,000
<u>Internal Services:</u>					
Equipment Replacement	255,100	68,000	66,000	38,000	80,000
Information Technology	109,200	342,200	116,800	106,800	115,300
Public Employees Retirement	1,854,800	1,540,300	1,578,800	1,432,000	1,514,100
Self-Insurance Liability	237,800	89,100	89,800	58,600	142,900
Stores	33,100	28,050	37,700	27,500	28,500
Worker's Compensation	547,000	441,500	441,500	441,500	473,000
Total City	18,775,955	17,485,042	19,193,602	16,904,744	18,049,500
<u>Redevelopment Agency:</u>					
Operating	1,982,939	2,166,973	5,072,160	2,878,968	2,638,377
Housing Set-Aside	1,246,778	1,046,141	834,200	414,950	458,700
Total RDA	3,229,717	3,213,114	5,906,360	3,293,918	3,097,077

On-going Revenue & Expenditures Analysis

This chart shows that ongoing expenditures exceed ongoing revenues, this calculation is made without recognizing Measure D revenue. Measure D revenue represents approximately \$850,000 in annual receipts. The calculation also does not include any fund balance at the beginning of the year which is \$279,000.

On-going Revenues & Expenditures Detail	2009-10 Mid-Yr	2010-11 Adopted
<u>General Fund - Source of Funds</u>		
Total Revenues	<u>12,354,000</u>	<u>12,329,700</u>
One-Time State Board of Equal Adjustment	380,000	
One-Time Capitola Transaction & Use Tax (Measure d)	850,000	847,500
One-Time PD - Grants	284,400	\$266,900
One-Time EDA Grants	40,000	
Total One Time Revenues	<u>1,554,400</u>	<u>1,114,400</u>
On-going revenues	<u>10,799,600</u>	<u>11,215,300</u>
<u>General Fund - Use of Funds</u>		
Total Expenditures	<u>\$11,932,100</u>	<u>\$12,329,500</u>
One-Time Expenditures (PD Grants, EDA Grants & Election)	<u>\$324,400</u>	<u>\$288,900</u>
On-Going Expenditures	<u>\$ 11,607,700</u>	<u>\$ 12,040,600</u>
On-Going Revenues (Excludes Measure D)	10,799,600	11,215,300
On-going Expenditures	\$ (11,607,700)	\$ (12,040,600)
TOTAL	-808,100	-825,300

FY 10-11 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 Emergency and Contingency Reserves are both **above** required target levels for the FY10/11 budget.

The target for the Emergency Reserve is \$567,700 and it is currently funded above that at \$627,100 which is a surplus of \$46,100. The Contingency Reserve target is \$1,162,000, and the actual amount is \$1,247,100 an surplus of \$85,100.

The Table below shows the ending fund balance for FY09-/10 and the ending fund balance for FY10-11 with the resulting change in the final column.

Estimated Ending Fund Balance	2009-10 Mid-Yr Est 6/30/10	2010-11 Adopted 6/30/11	2010-11 vs 2009-10
<u>Designated Reserves:</u>			
Emergency Reserves	627,100	627,100	-
Contingency Reserves	1,247,100	1,247,100	-
Compensted Absences	164,200	126,200	(38,000)
Open Space Purchase	300	300	-
<u>Internal Service Funds:</u>			
Equipment Replacement	281,300	256,200	(25,100)
Information Technology	106,800	115,300	8,500
Public Employees Retirement	497,800	409,100	(88,700)
Self-Insurance Liability	256,300	256,200	(100)
Stores	23,750	23,750	-
Worker's Compensation	170,900	170,900	-
General Fund Operating- Ending Fund Balance	700,856	701,056	200
Total	\$ 4,076,406	\$ 3,933,206	\$ (143,200)

GENERAL FUND REVENUES



GENERAL FUND REVENUES

Revenues for the FY10-11 General Fund operating budget is \$12,329,700, which is a slight decrease from the FY09-10 Mid-Year Estimate. Included in the FY09-10 Mid-Yr Estimate total is a one-time adjustment by the State Board of Equalization in the amount of \$380,000. A detail of the revenue sources to the General Fund are included in this section.

	FY07-08 Actual	FY08-09 Actual	FY09-10 Adopted	FY09-10 Mid-Yr Est	FY10-11 Adopted
Revenue					
Taxes	\$9,489,300	\$7,852,553	\$8,408,900	\$8,095,000	\$8,091,500
Licenses and permits	\$247,884	\$354,335	\$190,000	\$266,400	\$229,000
Intergovernmental revenues	\$218,435	\$178,923	\$283,700	\$437,000	\$386,900
Charges for services	\$1,986,745	\$2,092,783	\$2,172,900	\$2,300,200	\$2,360,000
Fines and forfeitures	\$671,668	\$673,892	\$755,000	\$819,000	\$859,000
Use of money & property	\$533,382	\$409,801	\$439,800	\$378,200	\$339,800
Other revenues	\$74,292	\$85,447	\$71,000	\$58,200	\$63,500
Fund Transfers	\$188,000	\$611,957	\$0	\$0	\$0
Revenue Totals	\$13,409,705	\$12,259,690	\$12,321,300	\$12,354,000	\$12,329,700

Description	FY2007-08 Actual	FY2008-09 Actual	FY2009-10 Adopted	FY2009-10 Mid-Yr Est	FY2010-11 Adopted
<u>Taxes</u>					
Property taxes	\$808,378	\$836,396	\$840,000	\$840,000	\$840,000
Property taxes Supplemental	\$44,562	\$18,150	\$15,000	\$15,000	\$15,000
In lieu of motor vehicle fee	\$768,991	\$796,463	\$794,200	\$801,100	\$794,200
Sales & Use Tax	\$5,401,131	\$4,071,400	\$4,435,000	\$4,220,500	\$4,137,600
Measrue D	\$1,015,944	\$787,706	\$889,300	\$850,000	\$847,500
Document transfer tax	\$70,294	\$0	\$0	\$0	\$0
Franchise tax Electric	\$96,937	\$93,872	\$99,000	\$99,000	\$100,000
Franchise tax Gas	\$35,281	\$38,430	\$37,500	\$37,500	\$38,000
Franchise tax Refuse	\$103,273	\$220,600	\$234,700	\$234,700	\$235,000
Franchise tax Cable tv	\$197,751	\$102,006	\$103,000	\$103,000	\$100,000
Recycling grant	\$3,823	\$4,200	\$4,200	\$4,200	\$4,200
Business license taxes	\$299,394	\$277,960	\$300,000	\$280,000	\$280,000
Transient Occupancy Tax	\$643,541	\$605,370	\$657,000	\$610,000	\$700,000
Total Taxes	\$9,489,300	\$7,852,553	\$8,408,900	\$8,095,000	\$8,091,500

License and Permits

Entertainment permit	\$3,328	\$2,970	\$3,000	\$3,000	\$3,000
Parking permits	\$29,919	\$25,357	\$27,000	\$26,400	\$27,000
Encroachment permit	\$13,135	\$10,391	\$10,000	\$9,000	\$20,000
Other permits	\$0	\$890	\$0	\$3,000	\$3,000
Building permits	\$201,502	\$314,726	\$150,000	\$225,000	\$176,000
Total License & Permits	\$247,884	\$354,335	\$190,000	\$266,400	\$229,000

Intergovernmental

Motor vehicle in-lieu tax	\$45,155	\$34,620	\$40,000	\$40,000	\$50,000
State recycling grant	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
HOPPER	\$6,960	\$6,903	\$7,000	\$7,000	\$7,000
SB90 State mandated cost	\$5,039	\$2,727	\$0	\$4,600	\$5,000
PD Federal grant-operating	\$1,223	\$72,366	\$164,700	\$237,700	\$252,600
PD Federal grant-capital	\$0	\$0	\$0	\$46,700	\$14,300
State grants- operating category	\$93,904	\$0	\$0	\$0	\$0
Prop 172 Sales tax Police	\$35,199	\$31,759	\$37,000	\$37,000	\$38,000
Abandoned vehicle abatement	\$14,403	\$14,509	\$15,000	\$15,000	\$10,000
POST Police offcr sfty training	\$11,552	\$11,038	\$15,000	\$4,000	\$5,000
EDA grant-capital	\$0	\$0	\$0	\$40,000	\$0
Total Intergovt Rev	\$218,435	\$178,923	\$283,700	\$437,000	\$386,900

Charges for services

RDA business services	\$206,494.70	\$220,087.80	\$205,200.00	\$205,200.00	\$205,200.00
RDA services- reimburse	(\$127,000.00)	(\$134,000.00)	(\$133,400.00)	(\$133,400.00)	(\$133,400.00)
Parking meters - village	\$381,554.65	\$384,666.54	\$513,700.00	\$519,000.00	\$670,000.00
Parking meters - cliff drive	\$50,784.17	\$51,393.21	\$51,000.00	\$55,000.00	\$55,000.00
Parking meters - pacific cove	\$67,469.95	\$35,526.36	\$63,200.00	\$75,000.00	\$75,000.00
Mobile home admin services fee	\$79,194	\$93,522	\$45,000	\$65,000	\$50,000
BIA - finance support services	\$4,200.00	\$4,200.00	\$3,000.00	\$3,000.00	\$3,000.00
HOME Grant	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CVC-Finance Support Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Public safety Vehicle release fee	\$15,534	\$13,426	\$12,000	\$14,000	\$4,500
Public safety Police reports	\$5,847	\$5,341	\$6,000	\$6,000	\$6,000
Public safety Booking fees	\$18,338	\$6,208	\$8,100	\$4,000	\$4,000
Public safety DUI collections	\$5,938	\$2,341	\$6,200	\$6,200	\$6,200
Public safety Rispin - police	\$8,490	\$16,599	\$16,200	\$25,000	\$25,000
Public safety Special events	\$2,815	\$0	\$0	\$0	\$0
Public safety Animal services	\$3,793	\$2,277	\$2,500	\$2,500	\$2,500

Description	FY2007-08 Actual	FY2008-09 Actual	FY2009-10 Adopted	FY2009-10 Mid-Yr Est	FY2010-11 Adopted
Public works BIA	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Public works Rispin	\$3,175	\$4,110	\$7,200	\$7,500	\$7,500
Public works Wharf	\$41,961	\$38,940	\$25,800	\$25,800	\$25,000
Sweeper Svc - Gas Tax	\$0	\$45,000	\$45,000	\$45,000	\$45,000
CDD - sr plnr cost	\$75,344	\$80,833	\$80,000	\$60,000	\$110,000
CDD - assoc plnr cost	\$49,555	\$72,940	\$70,000	\$21,900	\$0
CDD - director cost	\$1,575	\$2,025	\$0	\$45,000	\$5,000
CDD plan check fee	\$29,304	\$35,767	\$30,800	\$33,000	\$33,000
CDD- application fee	\$21,315	\$15,408	\$20,000	\$17,000	\$17,000
Hsg billing - RDA Low/Mod	\$206,835	\$223,194	\$223,000	\$223,000	\$200,000
Hsg admin billing-HOME ReUse	\$0	\$25,019	\$0	\$85,000	\$0
Hsg admin billing-afford	\$0	\$0	\$10,000	\$0	\$0
CDD - Billing to Gen Plan	\$0	\$20,000	\$40,000	\$80,000	\$125,000
CDD - other fees	\$15,029	\$16,375	\$20,000	\$12,000	\$12,000
CDD developer review adm fee	\$18,402	\$6,311	\$7,900	\$500	\$500
Building plan check fees	\$147,848	\$121,719	\$65,000	\$120,000	\$80,000
Recreation Class fees	\$304,928	\$336,075	\$367,000	\$342,200	\$367,000
Jr. guard fees	\$69,684.85	\$193,827.13	\$189,000.00	\$176,200.00	\$189,000.00
Recreation fees Sports fees	\$175,023	\$70,882	\$84,000	\$78,300	\$84,000
RecreationCamp Capitola fees	\$79,999	\$79,716	\$84,000	\$78,300	\$84,000
Recreation fees Aquatic fees	\$19,672	\$55	\$0	\$0	\$0
Historical research fee	\$643	\$0	\$2,500	\$0	\$0
Total Charges for Services	\$1,986,745	\$2,092,783	\$2,172,900	\$2,300,200	\$2,360,000
Fines & Foreitures					
Redlight camera enforcement	\$44,959	\$56,809	\$45,000	\$67,000	\$67,000
General fines	\$129,299	\$94,189	\$140,000	\$140,000	\$140,000
Municipal Code Fines	\$0	\$0	\$0	\$0	\$40,000
False alarm	\$8,060	\$15,750	\$15,000	\$12,000	\$12,000
Parking citations	\$489,349	\$507,144	\$555,000	\$600,000	\$600,000
Total Fines & Foreitures	\$671,668	\$673,892	\$755,000	\$819,000	\$859,000
Use of money and property					
Investment earnings LAIF	\$113,231	\$61,477	\$90,000	\$30,000	\$30,000
Investment earnings RDA	\$172,185	\$104,655	\$104,600	\$104,600	\$104,600
Investment earnings RDA \$618k	\$48,334	\$47,895	\$47,900	\$47,900	\$47,900
RDA annual loan	\$31,780	\$33,290	\$33,200	\$30,700	\$0
Rents Pac cove park - space	\$87,712	\$96,475	\$88,300	\$100,000	\$100,000
Rents Pac Cove Coach Rent	\$65,370	\$56,005	\$55,200	\$55,200	\$47,500
Rents Esplanade restaurants	\$3,621	\$3,621	\$3,000	\$3,600	\$2,600
Rents Esplanade - surf trailer	\$1,111	\$1,139	\$1,000	\$0	\$1,000
Rents Esplanade bandstand	\$235	\$1,050	\$0	\$1,000	\$1,000
Rents Jade Street facility	\$6,944	\$4,044	\$15,000	\$5,000	\$5,000
Rents Boat spaces	\$2,860	\$150	\$1,600	\$200	\$200
Total Use of Money & Prop	\$533,382	\$409,801	\$439,800	\$378,200	\$339,800
Other Revenue					
Other revenue Miscellaneous	\$5,712	\$27,153	\$17,000	\$0	\$0
BASAPA property tax in-lieu	\$0	\$0	\$3,000	\$3,000	\$3,000
Memorial plaques and benches	\$5,050	\$7,750	\$0	\$6,000	\$6,000
Other revenue Surf camera	\$2,672.00	\$3,413.00	\$0.00	\$6,000.00	\$6,000.00
Reimburse - fuel by CFD/school	\$32,708	\$23,304	\$30,000	\$20,000	\$20,000
Museum -Box Revenue	\$949	\$921	\$600	\$600	\$600
Museum Donations-Fundraising	\$0	\$0	\$0	\$0	\$0
Arts - twilight concert sponsors	\$8,600	\$15,600	\$12,800	\$15,000	\$15,000
Arts - movies at the beach	\$3,000	\$5,000	\$4,000	\$4,000	\$4,000
Arts - art at the beach fee	\$3,125	\$2,305	\$3,600	\$3,600	\$3,600
Arts - Jazz Concerts	\$0	\$0	\$0	\$0	\$5,300
Safety donations &	\$12,476	\$0	\$0	\$0	\$0
Total: Other revenues	\$74,292	\$85,447	\$71,000	\$58,200	\$63,500
Fund Transfers					
Contingency Rsv to General	\$16,000	\$0	\$0	\$0	\$0
Transfer from Capital Impr Prog	\$0	\$297,957	\$0	\$0	\$0
Transfer from Work Comp	\$172,000	\$0	\$0	\$0	\$0
Gen Plan Maint Fee	\$0	\$314,900	\$0	\$0	\$0
Total: Fund Transfers	\$188,000	\$611,957	\$0	\$0	\$0
Fund Total: General Fund	\$13,409,705	\$12,259,690	\$12,321,300	\$12,354,000	\$12,329,700

GENERAL FUND EXPENDITURES



GENERAL FUND EXPENDITURES

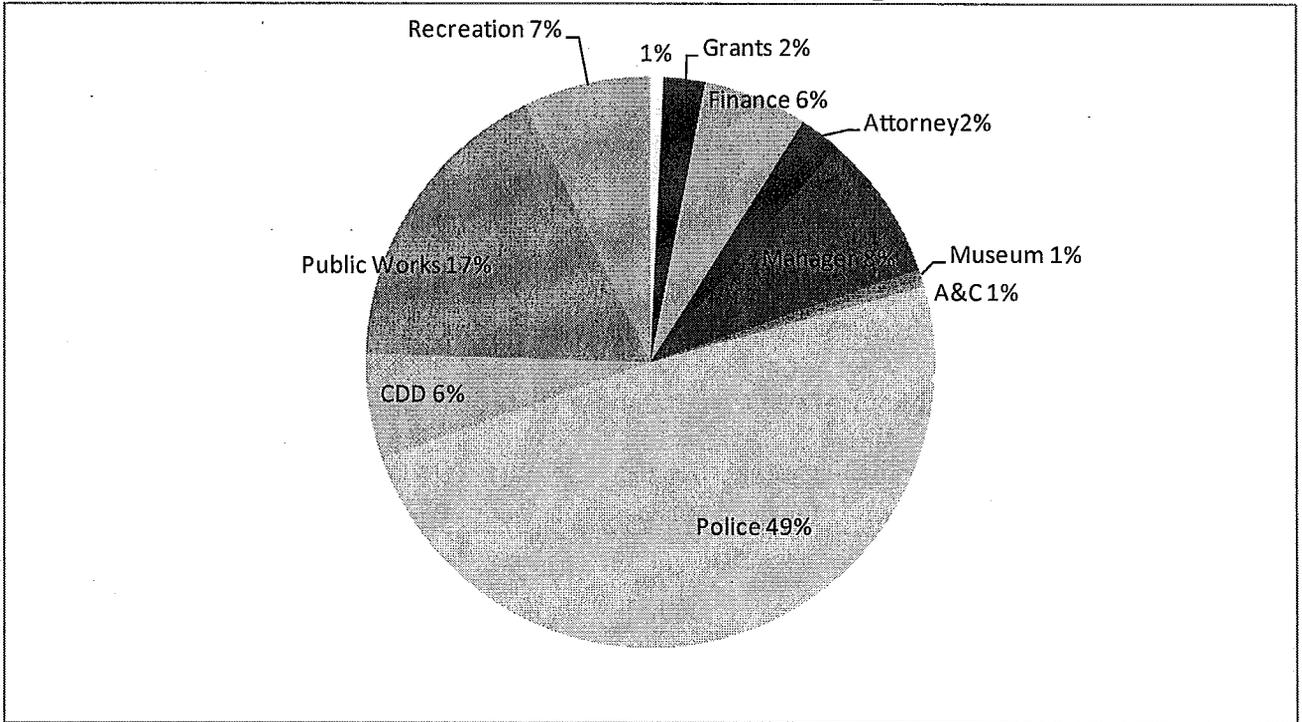
Expenditures for the FY10-11 Operating Budget are \$12,329,500, an increase from the FY09-10 Adopted Budget. This is largely due to in FY09-10, the employees took a 4.6% salary pay cut due to the economic conditions, and the CIP was not fully funded. In FY10-11, salaries were restored, the Finance Director was funded at .61%, there is a 2% salary increase for the POA, and there is a council election.

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

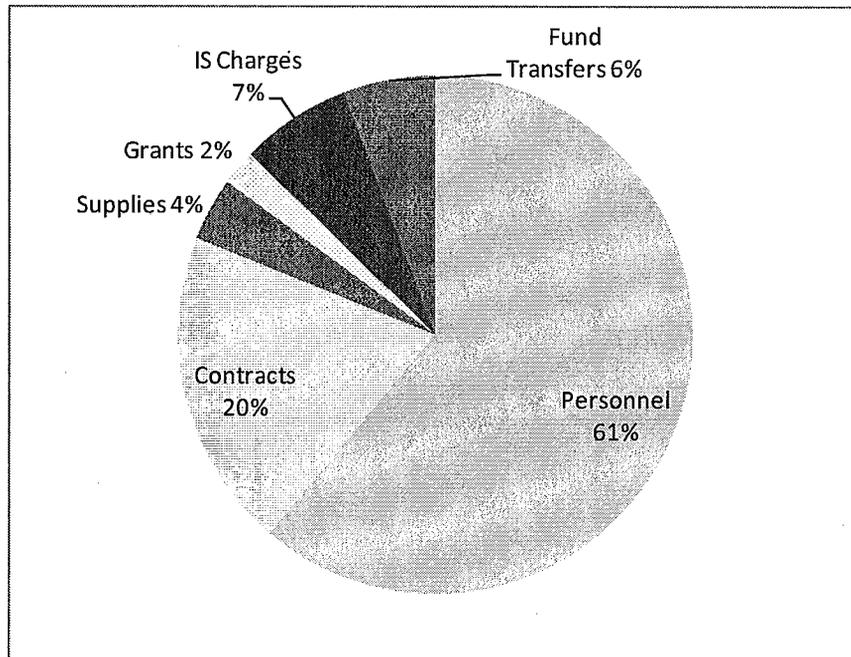
GENERAL FUND EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$7,512,650	\$7,976,795	\$7,577,200	\$7,364,200	\$7,527,500
Contract services	\$2,535,947	\$2,562,214	\$2,450,002	\$2,459,900	\$2,467,500
Supplies	\$639,662	\$519,246	\$568,200	\$490,600	\$490,000
Community Grants	\$269,999	\$274,637	\$275,000	\$275,000	\$275,000
Capital outlay	\$93,296	\$0	\$0	\$0	\$0
Internal service fund charges	\$856,300	\$788,700	\$773,500	\$773,500	\$859,500
Subtotal - Before Fund Transfers	\$11,907,855	\$12,121,592	\$11,643,902	\$11,363,200	\$11,619,500
Fund Transfers	\$1,539,700	\$444,846	\$568,900	\$568,900	\$710,000
Expenditure Grand Totals:	\$13,447,555	\$12,566,438	\$12,212,802	\$11,932,100	\$12,329,500

GENERAL FUND EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
DEPARTMENT TOTALS					
City Council	\$118,967	\$72,446	\$70,700	\$89,900	\$87,100
Community Grants	\$269,999	\$274,637	\$275,000	\$275,000	\$275,000
Finance	\$732,382	\$736,454	\$753,400	\$580,700	\$690,800
Attorney	\$291,206	\$200,245	\$203,560	\$365,900	\$273,600
City Manager - Admin	\$760,914	\$753,972	\$764,200	\$780,700	\$766,200
City Manager - Personnel	\$173,997	\$165,312	\$196,800	\$160,000	\$197,600
Museum	\$63,218	\$65,246	\$63,400	\$63,000	\$67,200
Art & Cultural Commission	\$47,148	\$43,305	\$42,200	\$41,900	\$48,300
Police - Law Enforcement	\$4,929,686	\$5,203,451	\$5,096,342	\$4,891,700	\$5,116,000
Police- Parking	\$506,752	\$469,746	\$432,700	\$459,200	\$448,800
Police - Lifeguards	\$69,612	\$84,036	\$86,100	\$87,100	\$91,200
Police - Animal Services	\$12,722	\$7,317	\$16,400	\$9,700	\$14,200
Community Development	\$891,574	\$922,336	\$829,200	\$845,100	\$694,000
PW - Streets	\$1,113,835	\$1,222,585	\$1,004,700	\$955,200	\$1,044,700
PW- Facilities	\$223,530	\$245,373	\$218,200	\$226,200	\$209,300
PW- Pac Cove Park	\$46,724	\$24,978	\$18,200	\$18,200	\$20,000
PW - Parks	\$591,029	\$550,148	\$447,600	\$421,500	\$453,300
PW - Fleet	\$299,404	\$279,278	\$282,200	\$282,200	\$285,400
Recreation	\$767,755	\$800,725	\$843,000	\$810,000	\$836,800
Subtotal - Before Fund Transfers	\$11,910,455	\$12,121,591	\$11,643,902	\$11,363,200	\$11,619,500
Fund Transfers	\$1,537,100	\$444,846	\$568,900	\$568,900	\$710,000
TOTAL	\$13,447,555	\$12,566,437	\$12,212,802	\$11,932,100	\$12,329,500

General Fund Expenditures - By Department



General Fund Expenditures – By Category



SALARIES & BENEFITS

All positions in the General Fund are fully funded with full benefit costing. On January 8, 2009 the City Council voted to implement a furlough program and decrease all employee salaries by 4.6% through June 30, 2010 to bridge the budget shortfall. This budget restores the furlough and the lost services. In 2009 the Council also authorized early retirement programs for 4 positions, which will remain vacant and a reduction of 1.5 FTE. Fully benefited non-safety employees have been budgeted at top step; an average rate was estimated for Police Officers, Sergeants and the Captain are based on the current employees; specialty pays are budgeted as a separate line item. Hourly employees have been budgeted at mid-range. 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 has decreased since FY08-09.

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

GENERAL FUND	2000-01	2001-02	2002-03	2003-04	2004-05	2007-08	2008-09	2009-10	2010-11
	Budget	Adopted							
<u>Elected</u>									
City Council	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
Elected - Total FTE's	6.00								
<u>Fully Benefited by Dept</u>									
City Attorney	1.00	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	4.99
City Manager	5.50	7.00	7.00	7.00	6.75	6.75	6.75	6.75	6.75
<i>CM - Administration</i>						5.80	5.80	5.80	5.80
<i>CM - Personnel</i>						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
Arts Commission	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	30.75	30.75
<i>Police - Law Enforc</i>						25.25	29.25	27.25	27.25
<i>Police - Parking Enf.</i>						3.00	3.00	3.00	3.00
<i>Police - Lifeguards</i>						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	3.67
Building	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	12.33	12.33
<i>PW - Streets</i>						8.33	8.33	7.33	7.33
<i>PW - Facilities</i>						0.00	0.00	0.00	0.00
<i>PW - Parks</i>						5.00	5.00	4.00	4.00
<i>PW - Fleet</i>						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
Dept - Total FTEs	69.30	66.80	68.25	68.25	66.00	65.50	69.50	65.13	63.24
Change from prior year		(2.50)	1.45	0.00	(2.25)	(0.50)	4.00	(4.37)	(1.90)

SALARIES & BENEFITS (continued)

City services are mostly staff delivered, therefore staffing is the most significant expenditure. For the FY10-11 budget staffing costs are a total of \$7,527,500 in the General Fund. This represents a 2% increase from the FY09-10 Mid-Year. That is a largely a result of a funded Finance Director at .61%, the non-sworn employees 4.6% salary cut was reinstated, the POA will receive a 2% salary increase as per a negotiated agreement. 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.

	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
STAFFING BY CATEGORY					
Salary	4,617,000	4,791,100	4,604,300	4,373,600	4,712,500
Seasonal/Temp	280,300	321,500	374,900	403,100	285,800
Overtime	212,400	218,300	160,600	189,200	200,400
Specialty Pays	195,200	241,700	217,300	217,300	241,200
Subtotal - Staffing	5,304,900	5,572,600	5,357,100	5,183,200	5,439,900
Benefits	\$2,207,750	\$2,404,195	\$2,220,100	\$2,181,044	\$2,087,600
TOTAL	7,512,650	7,976,795	7,577,200	7,364,244	7,527,500
STAFFING BY DEPARTMENT					
	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
City Council	39,139	42,625	40,700	40,700	41,200
Finance	544,233	530,213	551,400	397,400	506,600
City Manager	711,653	736,570	762,600	740,300	734,300
Museum	51,514	54,288	51,400	51,000	54,900
Art & Cultural Commission	9,163	11,815	11,300	11,944	12,200
Police	3,796,721	4,133,557	3,946,600	3,901,900	4,109,400
Community Development	766,867	758,114	694,000	673,600	534,600
Public Works	1,228,797	1,259,573	1,070,000	1,067,900	1,093,000
Recreation	364,564	450,039	449,200	479,500	441,300
TOTAL	\$7,512,650	\$7,976,795	\$7,577,200	\$7,364,244	\$7,527,500

Staffing Budget Assumptions - Salary

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

<u>Group</u>	<u>Date Current Agreement Begin</u>	<u>Date Current Agreement Expires</u>
Assoc. of Capitola Employees/General Govt.	1/1/2010	12/31/2010
Confidential Group	1/1/2010	12/31/2010
Mid-Management	1/1/2010	12/31/2010
Police Captains	7/1/2008	6/30/2011
Police Officers Association (POA)	7/1/2008	6/30/2012

For budgeting purposes, for employees within all bargaining groups & management employees except POA the assumed COLA is 0%. The POA agreed to a modification of their MOU that spreads their approved 4% salary increase over 2 years, year one is 2% and year two is the final 2%. This was in exchange for not freezing one currently vacant officer position in FY10-11.

Seasonal/Temporary Hours

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

	2007-2008	2008-2009	2009-2010	2009-2010	2010-2011
	Actual	Actual	Adopted	Mid-Yr Est	Adopted
Expenditures					
Seasonal/Temp/Hourly	\$ 280,300	\$ 321,500	\$ 374,900	\$ 403,100	\$ 285,800
By Department	Hours	Hours	Hours	Hours	Hours
City Manager	172	172	172	172	172
Arts& Cultural	480	480	480	480	480
Police	3,650	3,650	3,650	3,650	3,650
Recreation	20,481	21,245	18,050	18,050	17,330
TOTAL HOURS	24,783	25,547	22,352	22,352	21,632

Staffing Budget Assumptions - Overtime

The following table provides the detail for the overtime budget. Please note that in FY09-10, the adopted budget incorrectly listed Police Overtime as \$18,100, instead of \$150,000.

<u>Dept Summary</u>	Budget 2007-08	Budget 2008-09	Mid-Yr Est 2009-10	Adopted 2010-11	Budget FY09/10 vs FY10/11
CDD	3,200	3,300	1,000	400	(2,800)
City Manager	3,000	700	200	200	(2,800)
Public Works	23,900	25,100	5,000	16,600	(7,300)
Building	1,800	1,800	400	-	(1,800)
Finance	10,800	11,100	17,000	18,600	7,800
Recreation	4,300	4,400	4,500	4,800	500
Police	108,700	121,300	152,500	213,900	105,200
Total Overtime	\$ 155,700	\$ 167,700	\$ 180,600	\$ 254,500	\$ 98,800

Staffing Budget Assumptions – Specialty Pay

The FY10-11 budget includes the following specialty pays in the calculation of staffing costs; these are also added to the calculation of the overtime rate.

DEPT	Budget 2007-08	Budget 2008-09	Budget 2009-10	Adopted 2010-11
PW	\$ 47,200	\$ 57,500	44,000	\$ 45,800
Bldg	\$ 9,500	\$ 9,900	5,000	\$ -
CDD	\$ 3,900	\$ 3,700	3,600	\$ 3,800
Finance	\$ 1,200	\$ 1,200	1,200	\$ 1,600
Police	\$ 110,900	\$ 165,200	153,400	\$ 174,800
City Mgr	\$ 16,500	\$ 10,600	10,200	\$ 14,900
Total	\$189,200	\$ 248,100	\$217,400	\$ 240,900

Staffing Budget Assumptions – Benefits

Benefits – Post Retirement Medical Benefit

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

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

Benefits – Public Employee Retirement System (PERS)

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

Caps. The FY10-11 budgets estimate expenditures based upon the Safety and Miscellaneous PERS caps of 28.291% and 16.488%, respectively (Prior to the pension obligation bonds, the original caps were: 44.630% and 24.876%, respectively). The actual PERS rate for Safety is 30.622%, employees pay 2.332%, for Misc. the actual PERS rate is 20.616%, employees pay \$4.128%.

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

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

CONTRACT SERVICES

DEPARTMENT	SERVICE	Code	Adopted 2009-10	Estimated 2009-10	Adopted 2010-11
Art & Cultural	Twilight Concerts (concerts & sound contractor)	R	17,700	17,700	17,700
Art & Cultural	Jazz Concerts with Art in the Park				5,300
Art & Cultural	Art in the Park	R	3,200	3,200	3,200
Total A & C			20,900	20,900	26,200
Attorney	City Attorney	N	133,560	133,600	133,600
Attorney	City Attorney - Special Litigation Services	N	20,000	80,000	40,000
Attorney	Mobile Home Rental Control	N	50,000	152,300	100,000
Total Attorney			203,560	365,900	273,600
Building	Maintenance - Permit Tracking System	N	5,000	1,000	5,000
Building	Building Inspections	R	30,000	30,000	60,000
Building	Engineering & Inspection	R	5,000	3,500	5,000
Building	Plan Check	R	20,000	23,000	20,000
Total Building			60,000	57,500	90,000
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	-	10,200	14,200
City Council	Community Grants - Contract Management Center	N	500	500	500
City Council	United Way Call Center 211		-	-	2,000
Total City Council			6,500	16,700	22,700
City Manager	City Web Site- Maintenance	N	4,000	3,000	4,000
City Manager	Codification Services	N	4,000	4,000	4,000
City Manager	Records Management System/Storage	N	2,000	2,500	2,000
City Manager	Council Election	M	-	-	22,000
City Manager	SC County Homeless Action Partnership	N	4,500	4,500	4,500
City Manager	JPA - Pollution Control	M	2,500	2,700	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	6,700	4,200
City Manager	Pacific Waste Consulting Group	R	5,200	5,200	5,200
City Manager	E-Waste Day	R	2,000	1,200	2,000
City Manager	Garage Sale Day	R	1,500	1,500	1,500
City Manager	Newsletter	D	6,000	6,000	6,000
City Manager	Temporary Services (front desk backfill)	N	5,000	3,500	3,500
Total City Manager			75,900	75,800	96,400
Personnel	Employee Assistance Program (EAP)	M	3,900	3,500	
Personnel	TLC, CalPERS - Misc Fees (Cobra, CalPERS adm)	M	2,500	2,500	
Personnel	CalPERS - Retiree Benefits OPEB	M	14,700	-	-
Personnel	TLC - Flex-Plan Administration	M	2,300	4,800	4,800
Personnel	Volunteer & Staff Recognition	D	5,000	5,000	5,000
Personnel	Background Investigations/Recruitment	M	5,000	3,500	15,000
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	500	1,000
Total Personnel			40,900	26,300	32,300

CONTRACT SERVICES

DEPARTMENT	SERVICE	Code	Adopted 2009-10	Estimated 2009-10	Adopted 2010-11
CDD	Professional Services	M	6,000	49,500	6,000
CDD	GIS Online Services	N	5,000	5,000	5,000
Total Community Development			11,000	54,500	11,000
Finance	State Mandated Cost Recovery	R	2,500	2,500	2,500
Finance	Banking Services	M	2,500	2,500	3,500
Finance	Loomis - Daily Cash Pick-up	R	2,200	2,200	-
Finance	SCC- Admin Services - Property Tax	M	32,500	32,500	33,800
Finance	Audit Services - Sales Tax	R	10,000	1,000	2,000
Finance	Audit Services - Annual CAFR	M	30,000	35,000	33,000
Finance	State of CA - Sales Tax In-Lieu Fees	M	11,100	11,100	11,100
Finance	State of CA - Sales Tax Receipts	M	33,300	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	-	-
Total Finance			162,300	148,300	147,400
Museum	AT&T	U	300	300	300
Museum	Pacific Bell	U	1,100	1,100	1,100
Total Museum			1,400	1,400	1,400
Police - Law Enf	Fingerprinting	M	800	500	800
Police - Law Enf	Alarm Service-Capitola Mall	N	900	900	900
Police - Law Enf	Investigations and Hearings	N	-	10,000	7,500
Police - Law Enf	Motorcycle Repair	N	1,000	1,000	1,000
Police - Law Enf	Maintenance/Repair Office	N	3,000	600	4,500
Police - Law Enf	Uniform Services	M	10,600	9,000	10,600
Police - Law Enf	Haz Mat Response - SV	M	3,500	3,700	3,500
Police - Law Enf	Towing Services	N	-	700	1,500
Police - Law Enf	Narcotics Task Force	M	17,500	17,500	17,500
Police - Law Enf	SCC Information Services	R	6,300	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	800	800	800
Police - Law Enf	AT&T - Local	U	8,000	5,000	6,000
Police - Law Enf	Police Data & Radio Circuit (include T1)	N	11,000	11,000	15,000
Police - Law Enf	Blood Alcohol Trust Fund	N	-	2,500	2,500
Police - Law Enf	Booking/Jail Access Fees - County & CCS Charges	M	100,000	7,500	7,200
Police - Law Enf	Communications JPA Records Management	-	-	12,600	16,800
Police - Law Enf	Communications JPA	N	517,442	505,000	457,700
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	51,000	67,700
Police - Law Enf	OTS - Avoid the "9" - Allied Agencies Labor	GT	17,000	-	-
Police - Law Enf	Red Light Enforcement	R	62,000	61,000	62,000
Total Police - Law Enforcement			850,842	729,900	713,100
Police - Pkg Enf	Rental @ 411 Capitola Ave	N	22,900	22,900	30,000
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	3,000	3,500
Police - Pkg Enf	Courier Service, coin collection	R	5,000	10,000	5,000
Police - Pkg Enf	Coin Meter Collection	N	33,900	37,400	33,900
Police - Pkg Enf	Citation Processing - DMV	R	5,700	6,500	5,700
Police - Pkg Enf	County - Citation Processing	R	15,700	23,000	15,700
Police - Pkg Enf	County - Jail House surcharge	R	15,700	15,700	15,700
Police - Pkg Enf	County - Court House surcharge	R	13,400	13,400	13,400
Police - Pkg Enf	State of Ca - Ticket Surcharge	R	17,900	17,900	17,900
Police - Pkg Enf	State of Ca - Equipment/Regular Assessment	R	47,500	47,000	47,500
Police - Pkg Enf	Parking Citation Electronic Writer Application	R	-	-	-
Police - Pkg Enf	Repair/Repair Equipment & Wheelchairs	R	6,000	14,000	6,000
Total Police - Parking Enforcement			189,200	212,800	196,300
Police - Animal Svc	Animal Services	R	12,000	7,500	12,000

DEPARTMENT	SERVICE	Code	Adopted 2009-10	Estimated 2009-10	Adopted 2010-11
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 & T-1	U	800	800	4,200
PW - Facilities	PG&E	U	68,800	68,800	68,800
PW - Facilities	SCC Sanitation District - Sewer Costs	U	23,400	22,600	22,600
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	43,000	43,000	41,500
PW - Facilities	Property Repair	D	-	27,400	-
PW - Facilities	Alarm	N	-	-	1,000
Total Public Works - Facilities			181,200	207,800	183,300
PW - Fleet	Smog, Mechanic , Etc	M	5,500	5,500	5,500
PW - Fleet	Mechanic - In House	M	32,000	32,000	32,000
Total Public Works - Fleet			37,500	37,500	37,500
PW - Parks	Inspections/Soil Samples	D	4,000	1,000	4,000
PW - Parks	PG & E	U	6,700	4,500	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	8,400
PW - Parks	Communications - Cell Phones	U	2,500	2,500	2,500
PW - Parks	Seasonal Labor	D	-	-	-
PW - Parks	Tree Services	D	13,000	4,000	13,000
Total Public Works - Parks			100,100	85,900	100,500
PW - Streets	Communications - Cell Phones	U	6,500	6,500	6,500
PW - Streets	Electrical Services	U	8,000	6,000	5,000
PW - Streets	Lagoon Grading	N	10,000	10,000	10,000
PW - Streets	Seasonal Labor	D	17,000	25,000	25,000
PW - Streets	Hope Service - Esplanade Cleaning Service	D	13,500	13,500	13,500
PW - Streets	Soquel Crk Fish Monitoring - Don Alley	M	24,000	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	10,000	4,000	10,000
PW - Streets	Engineering Services	N	22,500	15,000	25,000
PW - Streets	Slurry Seals	N	-	-	-
PW - Streets	National Pollution Discharge Elimination Sys	M	40,000	6,000	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	1,200	2,200
PW - Streets	City-wide Weekend Shuttle (\$25,000/yr)	N	-	-	-
PW - Streets	Beach Shuttle Operations	M	25,000	25,000	27,000
Total Public Works - Streets			197,600	155,100	208,100
Recreation	Brochures	R	37,000	37,000	37,000
Recreation	Fingerprinting	M	1,000	400	1,000
Recreation	Photographs	R	4,000	4,500	4,000
Recreation	Youth Volunteers	R	2,500	3,500	2,500
Recreation	BoA Credit Card Merchant Fee	R	-	-	-
Recreation	RecWare Credit Card Fee	R	25,000	12,000	25,000
Recreation	Junior Guards Bus	R	7,400	7,400	7,400
Recreation	Event Insurance	M	3,900	3,900	3,900
Recreation	Outside Services	R	1,200	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	3,100	3,000	-
Recreation	Copier Maintenance	R	1,000	400	1,000
Recreation	First Alarm	R	1,000	1,000	1,000
Recreation	Pitney Bowes (Rental Machine)	R	700	700	700
Recreation	Sports Officials	R	22,000	16,400	22,000
Recreation	Contract Instructors	R	175,000	130,700	175,000
Total Recreation			288,800	226,100	285,700
Unanticipated Events			30,000	30,000	30,000
TOTAL ALL DEPARTMENTS			2,468,302	2,459,900	2,467,500

COMMUNITY GRANTS

Community Grants is a program that is entirely funded by the General Fund. Each year the City Council makes a final determination on the total amount available for distribution to the recipients. When developing the proposed budget, the amount used is the previous years' amount of \$275,000. The council did not change the funding amount.

AGENCY	FY 05-06 Budget	FY 06-07 Budget	FY 07-08 Budget	FY 08-09 Budget	FY 09-10 Budget	FY 09-10 Budget
ARTS:						
Cultural Council of Santa Cruz County	4,190	4,190	4,147	4,147	4,147	4,147
TOTAL - ARTS	4,190	4,190	4,147	4,147	4,147	4,147
ENVIRONMENTAL:						
O'Neill Sea Odyssey	5,623	5,623	5,816	5,816	5,816	5,816
TOTAL - ENVIRONMENTAL	5,623	5,623	5,816	5,816	5,816	5,816
COMMUNITY CONTRIBUTIONS						
Community Action Board, Inc/	1,311	1,311	1,356	1,356	1,356	1,356
Conflict Resolution Program	2,666	2,666	2,758	2,758	2,758	2,758
Native Animal Rescue	1,188	1,188	1,188	1,188	1,188	1,188
Volunteer Center of Santa Cruz County	1,311	1,311	1,356	1,356	1,356	1,356
TOTAL - COMMUNITY CONTRIBUTIONS	6,476	6,476	6,658	6,658	6,658	6,658
HUMAN SERVICES:						
Above the Line	2,883	-	-	-	-	-
Advocacy, Inc.	3,376	3,376	4,235	4,235	4,235	4,235
Big Brothers/Big sisters	2,670	2,670	2,762	2,762	2,762	2,762
Cabrillo College Stroke Center	6,533	6,533	6,758	6,758	6,758	6,758
California Grey Bears, Inc.	13,477	13,477	13,941	13,941	13,941	13,941
California Rural Legal Assistance	3,505	3,505	3,626	3,626	3,626	3,626
Campus Kids Connection - After School	17,132	16,015	16,565	16,565	16,565	16,565
Central Coast Center for Independent Living	14,209	14,209	14,697	14,697	14,697	14,697
Child Development Resource Center	1,311	1,311	1,356	1,356	1,356	1,356
Community Bridges	106,855	106,855	110,528	110,528	110,528	110,528
Court-Appointed Special Advocates	2,189	2,189	2,227	2,227	2,227	2,227
Dientes Community Dental Care	-	1,333	1,378	1,378	1,378	1,378
Families in Transition of Santa Cruz County	2,342	2,342	2,422	2,422	2,422	2,422
Family Service Agency of Santa Cruz	8,313	8,313	8,599	8,599	8,599	8,599
Homeless Services Center	2,425	2,425	2,508	2,508	2,508	2,508
Hospice Caring Project	-	1,334	1,380	1,380	1,380	1,380
Mid-County Senior Center	8,000	8,000	-	-	-	-
Parents Center, Inc.	6,853	6,853	7,088	7,088	7,088	7,088
Santa Cruz AIDS Project	8,847	8,847	9,150	9,150	9,150	9,150
Santa Cruz Community Counseling Ctr - Youth Services	6,657	6,657	6,886	6,886	6,886	6,886
Santa Cruz County Child Abuse Prevention Council (Childrens Network)	-	-	6,107	6,107	6,107	6,107
Santa Cruz County Red Cross	-	1,333	1,379	1,379	1,379	1,379
Santa Cruz Toddler Care Center	1,193	1,193	1,234	1,234	1,234	1,234
Second Harvest Food Bank - Santa Cruz/San Benito	9,499	9,499	9,825	9,825	9,825	9,825
Senior Citizens Legal Services	9,419	9,419	9,743	9,743	9,743	9,743
Senior Network Services	2,379	2,379	2,461	2,461	2,461	2,461
Seniors Council - Santa Cruz/San Benito	3,168	3,168	3,277	3,277	3,277	3,277
Survivor's Healing Center	510	510	528	528	528	528
Vista Center for the Blind (formerly Doran)	1,788	1,788	1,841	1,841	1,841	1,841
Women Care	2,190	2,190	2,265	2,265	2,265	2,265
Women's Crisis Support	3,493	3,493	3,613	3,613	3,613	3,613
TOTAL - HUMAN SERVICES	251,215	251,215	258,378	258,378	258,378	258,378
TOTAL COMMUNITY GRANTS	267,505	267,505	275,000	275,000	275,000	275,000

MATERIALS & SUPPLIES

The following table provides a history of the material and supply budgets by department. The FY10-11 budget is 14% less than Adopted FY09-10 because all departments were requested to reduce their budget. Refer to the General Fund Department section for additional information.

MATERIALS & SUPPLIES	2007-2008	2008-2009	2009-2010	2009-2010	2010-2011
	Actual	Actual	Adopted	Mid-Yr Est	Adopted
Department					
City Council	\$22,472	\$20,194	\$21,400	\$30,400	\$21,000
City Manager	\$23,152	\$13,823	\$18,200	\$15,200	\$15,200
Personnel	\$19,212	\$10,355	\$17,100	\$17,100	\$17,100
City Attorney	\$0	\$0	\$0	\$0	\$0
Finance	\$7,924	\$6,144	\$7,200	\$2,500	\$2,500
Law Enforcement	\$125,813	\$132,419	\$111,500	\$70,000	\$65,000
Parking Enforcement	\$13,268	\$11,578	\$6,600	\$13,000	\$10,000
Lifeguard	\$2,938	\$2,485	\$2,700	\$2,700	\$2,700
Animal Services	\$790	\$92	\$4,200	\$2,000	\$2,000
Streets	\$59,423	\$29,071	\$40,000	\$33,000	\$35,000
Facilities	\$41,380	\$40,179	\$51,800	\$33,200	\$41,800
Fleet	\$175,846	\$150,555	\$160,000	\$160,000	\$158,200
Parks	\$31,729	\$21,029	\$31,800	\$22,000	\$26,000
Community Development	\$13,593	\$4,011	\$7,900	\$5,400	\$7,500
Building	\$9,535	\$7,517	\$5,800	\$3,600	\$5,000
Recreation	\$67,518	\$55,024	\$65,600	\$65,000	\$65,000
Museum	\$8,078	\$7,828	\$8,000	\$8,000	\$8,000
Arts & Culture	\$16,991	\$6,942	\$8,400	\$7,500	\$8,000
TOTAL EXPENDITURES	\$639,662	\$519,245	\$568,200	\$490,600	\$490,000

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.

2010-11	Workers	Self-Insr			Equip.	
Department	Comp	Liability	Stores	Info. Tech.	Replace	Total
City Council	100	900		1,200		2,200
Finance & Treas	9,600	9,500	3,700	11,500		34,300
City Manager	10,400	9,500	2,200	21,200		43,300
Personnel	1,500	2,400	500	800		5,200
Museum	1,300	800		800		2,900
Arts	400	700		800		1,900
Police						-
Law Enf.	390,500	64,300	-	53,700	34,000	542,500
Parking Enf.	5,300	5,400	2,100	1,400	-	14,200
Life Guards	900	1,100	-	800	-	2,800
Animal Services		200				200
CDD	6,500	7,400	14,200	5,000		33,100
Building	1,800	3,000	2,100	3,900	2,000	12,800
Public Works						-
Streets	13,000	12,600	2,600	3,600	49,000	80,800
Facilities		3,400		800		4,200
Parks	7,100	7,300	-	1,500	9,000	24,900
Fleet	1,800	3,600	-	-	4,000	9,400
Recreation	22,800	10,700	1,100	8,200	2,000	44,800
Total	\$ 473,000	\$ 142,800	\$ 28,500	\$ 115,200	\$ 100,000	\$ 859,500

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>	2007-08	2008-09	2009-10	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted
Emergency Reserve Fund	16,700	12,800	-	-	-
Contingency Reserves	355,500	6,200	-	-	-
Law Enforcement - SLESF		-	-	-	-
General Plan Update	-	-	-	-	-
Information Technology Fund	-	-	-	-	-
Worker's Compensation Fund	150,000	-	-	-	-
Equipment Replacement Fund	-	-	-	-	-
Compensated Absences Fund	332,000	57,700	112,700	120,000	120,000
CVWBIA Short-term loan	-	-	-	-	-
PERS Fund - to pay down UL	-	-	-	-	-
Debt Service - POB (accelerated portion)*	207,900	201,800	206,200	206,200	240,000
Parking Reserve Fund				100,000	100,000
CIP Projects:					
Pavement Mgt Program	137,600	-	-	-	-
46th Avenue	-	-	-	-	-
CIP Projects - various	337,400	166,300	250,000	150,000	250,000
TOTAL	\$ 1,537,100	\$ 444,800	\$ 568,900	\$ 576,200	\$ 710,000

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DEPARTMENT OVERVIEW



CITY COUNCIL DEPARTMENT

DEPARTMENT PURPOSE

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

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

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

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.

Contract Services: Funding includes the Chamber of Commerce, the Santa Cruz Conference & Visitors Council, Begonia Festival, Winter Shelter Program and Bike to Work. New this year, \$2,000 has been appropriated for the United Way 211 Health and Human Services Call Center.

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

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$118,967	\$72,446	\$70,700	\$89,900	\$87,100
TOTAL	\$ 118,967	\$ 72,446	\$ 70,700	\$ 89,900	\$ 87,100

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$39,139	\$42,625	\$40,700	\$40,700	\$41,200
Contract services	\$53,956	\$6,627	\$6,500	\$16,700	\$22,700
Supplies	\$22,472	\$20,194	\$21,400	\$30,400	\$21,000
Internal service fund charges	\$3,400	\$3,000	\$2,100	\$2,100	\$2,200
Expenditure Totals:	\$118,967	\$72,446	\$70,700	\$89,900	\$87,100

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Mayor - Appointed	1	1	1	1	1
Vice Mayor - Appointed	1	1	1	1	1
Council Member - Elected	3	3	3	3	3
TOTAL FTE'S	5	5	5	5	5

CITY MANAGER DEPARTMENTS - OVERVIEW

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

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

Revenues:

This program is funded entirely by General Fund revenues.

Expenditures:

Salary & Benefits: There are 6 ¼ FTE's. A temporary Administrative Assistant position is funded for 172 hours to assist in agenda packet preparation and back-fill for the Receptionist. In FY09-10, salaries were reduced by 4.6%, those have been restored in FY10-11.

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.

CITY MANAGER DEPARTMENT BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$ 934,911	\$ 919,282	\$ 961,000	\$ 940,700	\$ 963,800
TOTAL	\$ 934,911	\$ 919,282	\$ 961,000	\$ 940,700	\$ 963,800

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$711,653	\$736,570	\$762,600	\$740,300	\$734,300
Contract services	\$130,795	\$111,435	\$117,100	\$122,100	\$148,700
Supplies	\$42,364	\$24,177	\$35,300	\$32,300	\$32,300
Internal service fund charges	\$50,100	\$47,100	\$46,000	\$46,000	\$48,500
Expenditure Totals:	\$934,911	\$919,282	\$961,000	\$940,700	\$963,800

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
<u>CLASSIFICATION</u>					
City Manager	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00
Assistant to City Manager	0.75	0.75	0.75	0.75	0.75
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Information System Specialist	1.00	1.00	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00
TOTAL FTE'S	6.75	6.75	6.75	6.75	6.75

Hourly employee allocation - annual hours

<u>CLASSIFICATION</u>					
Temp. Administrative Assistant	172	172	172	172	172

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. All city employees agreed to a temporary, 4.6% salary reduction effective January 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010. This budget reflects the elimination of the salary reduction program.

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

Unanticipated Events: Funding remains at \$20,000.

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

CITY MANAGER DEPARTMENT: ADMINISTRATION
BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$760,914	\$753,972	\$764,200	\$780,700	\$766,200
TOTAL	\$ 760,914	\$ 753,972	\$ 764,200	\$ 780,700	\$ 766,200

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$593,621	\$609,582	\$608,800	\$628,400	\$591,300
Contract services	\$99,341	\$88,567	\$95,900	\$95,800	\$116,400
Supplies	\$23,152	\$13,822	\$18,200	\$15,200	\$15,200
Internal service fund charges	\$50,100	\$42,000	\$41,300	\$41,300	\$43,300
Expenditure Totals:	\$760,914	\$753,972	\$764,200	\$780,700	\$766,200

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
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CLASSIFICATION

City Manager	0.65	0.65	0.65	0.65	0.65
City Clerk	1.00	1.00	1.00	1.00	1.00
Assistant to City Manager	0.65	0.65	0.65	0.65	0.65
Executive Assistant	0.50	0.50	0.50	0.50	0.50
Information System Specialist	1.00	1.00	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00
TOTAL FTE'S	5.80	5.80	5.80	5.80	5.80

Hourly employee allocation - annual hours

CLASSIFICATION

Temp. Administrative Assistant	172	172	172	172	172
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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 positions 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). All city employees agreed to a temporary, 4.6% salary reduction effective January 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010. July 1, 2010, the salaries were restored.

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

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

CITY MANAGER DEPARTMENT: PERSONNEL DIVISION
BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$173,997	\$165,312	\$196,800	\$160,000	\$197,600
TOTAL	\$ 173,997	\$ 165,312	\$ 196,800	\$ 160,000	\$ 197,600

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$118,031	\$126,988	\$153,800	\$111,900	\$143,000
Contract services	\$31,454	\$22,869	\$21,200	\$26,300	\$32,300
Supplies	\$19,212	\$10,355	\$17,100	\$17,100	\$17,100
Internal service fund charges	\$5,300	\$5,100	\$4,700	\$4,700	\$5,200
Expenditure Totals:	\$173,997	\$165,312	\$196,800	\$160,000	\$197,600

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
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CLASSIFICATION

City Manager	0.35	0.35	0.35	0.35	0.35
Assistant to City Manager	0.10	0.10	0.10	0.10	0.10
Executive Assistant	0.50	0.50	0.50	0.50	0.50
TOTAL FTE'S	0.95	0.95	0.95	0.95	0.95

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 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 and Mobile Home Rent Control \$120,000.

CITY ATTORNEY DEPARTMENT
BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$ 212,012	\$ 106,723	\$ 158,560	\$ 300,900	\$ 223,600
Mobile Home Admin Fee	\$ 79,194	\$ 93,522	\$ 45,000	\$ 65,000	\$ 50,000
TOTAL	\$ 291,206	\$ 200,245	\$ 203,560	\$ 365,900	\$ 273,600

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Contract services	\$ 291,206	\$ 200,245	\$ 203,560	\$ 365,900	\$ 273,600
Expenditure Grand Totals:	\$ 291,206	\$ 200,245	\$ 203,560	\$ 365,900	\$ 273,600

Cost Recovery	27%	47%	22%	18%	18%

Contract Services Detail

EXPENDITURES	<u>FY07-08</u> Actual	<u>FY08-09</u> Actual	<u>FY09-10</u> Adopted	<u>FY09-10</u> Mid-Year	<u>FY10-11</u> Adopted
City Attorney	\$ 130,000	\$ 140,000	\$ 133,560	\$ 133,600	\$ 133,600
CA- Litigation	\$ 48,000	\$ 20,000	\$ 20,000	\$ 60,000	\$ 20,000
Mobile Home Litigation	\$ 110,000	\$ 100,000	\$ 50,000	\$ 172,300	\$ 120,000
Mobile Home Admin Fee/other	\$ 3,505	\$ -		\$ -	\$ -
TOTAL	\$ 291,505	\$ 260,000	\$ 203,560	\$ 365,900	\$ 273,600

FINANCE DEPARTMENT

MISSION STATEMENT

The Finance Department encourages innovation and promotes learning and growth in the individual, the team, and the organization. Our goals are to provide timely, value added information and excellent service to our customers. We use empowered teams, continuous feedback, enabling technology, and 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. The rate is 10%. A description and analysis of each of these unrestricted sources of funds is in the General Fund Revenue section of the budget document.

Expenditures:

Salary & Benefits: The budget includes 5.38 FTE's. In FY09-10, there was no Finance Director, the position has been funded in this budget at .61%. The City Treasurer receives \$250 per month. All city employees agreed to a temporary, 4.6% salary reduction effective January 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010. July 1, 2010, the salaries were restored.

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

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

FINANCE DEPARTMENT BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$428,788	\$454,295	\$450,400	\$297,700	\$407,800
Business License Tax	\$299,394	\$277,958	\$300,000	\$280,000	\$280,000
BIA Support Services	\$4,200	\$4,200	\$3,000	\$3,000	\$3,000
TOTAL	\$732,382	\$736,454	\$753,400	\$580,700	\$690,800

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$ 544,233	\$ 530,213	\$ 551,400	\$ 397,400	\$ 506,600
Contract services	\$ 145,926	\$ 166,997	\$ 162,300	\$ 148,300	\$ 147,400
Supplies	\$ 7,924	\$ 6,143	\$ 7,200	\$ 2,500	\$ 2,500
Internal service fund charges	\$ 34,300	\$ 33,100	\$ 32,500	\$ 32,500	\$ 34,300
Expenditure Totals:	\$ 732,382	\$ 736,454	\$ 753,400	\$ 580,700	\$ 690,800
Cost Recovery	41%	38%	40%	49%	41%

AUTHORIZED POSITIONS: CLASSIFICATION	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Finance Director	1.00	1.00	1.00	0.00	0.61
Supervising Accountant	1.00	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	1.00	1.00	1.00
Accts Rec/Payable Clerk	1.25	1.38	1.38	1.38	1.38
Account Technician	1.00	1.00	1.00	1.00	1.00
TOTAL FTE'S	5.25	5.38	5.38	4.38	4.99

ELECTED OFFICIAL					
Treasurer (Annual Salary \$3,000)	1.00	1.00	1.00	1.00	1.00

COMMUNITY DEVELOPMENT DEPARTMENT

MISSION STATEMENT

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

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

DEPARTMENT PURPOSE

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

Beginning this fiscal year, the Building Department is now incorporated into the Community Development Department. The Building Official provides plan checking and building inspection services to assure compliance with the California Building Code and enforces the provisions of the State Housing Code and Abatement of Dangerous Building Code.

Revenues

In the past, revenues generated by the Community Development Department accounted for approximately 30% of the department budget. A cost recovery fee system has been adopted by the City Council and the combination of all planning fees, grants, and non-General Fund revenues now cover the majority of the department budget. For information on Community Development Department revenue, please see the General Fund Revenue/Revenue Detail section of the budget on page 24.

Expenditures

Salary & Benefits: There are 4.67 employees in this department, which is the same as last year, as the Building Official was transferred to the Department and an Associate Planner was laid off due to a reduction in the number of development applications. All city employees agreed to a temporary, 4.6% salary reduction effective January 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010. July 1, 2010, the salaries were restored.

Contracts: Includes contracts for plan checking, engineering & inspection contracts. It will also include a contract for Building Inspector duties on a limited basis.

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

COMMUNITY DEVELOPMENT DEPARTMENT
BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$ 124,865	\$ (12,871)	\$ 112,500	\$ (120,300)	\$ (67,500)
Building Permit Fees	\$201,502	\$314,726	\$150,000	\$225,000	\$176,000
Building - Plan Check Fees	\$147,848	\$121,719	\$65,000	\$120,000	\$80,000
Other permits	\$0	\$890	\$0	\$3,000	\$3,000
Federal grant-capital category	\$0	\$0	\$0	\$40,000	\$0
Sr plnr cost	\$75,344	\$80,833	\$80,000	\$60,000	\$110,000
Assoc Plnr cost	\$49,555	\$72,940	\$70,000	\$21,900	\$0
Director cost	\$1,575	\$2,025	\$0	\$45,000	\$5,000
Planning plan check fee	\$29,304	\$35,767	\$30,800	\$33,000	\$33,000
Planning application fee	\$21,315	\$15,408	\$20,000	\$17,000	\$17,000
Admin billing - RDA Low/Mod	\$206,835	\$223,194	\$223,000	\$223,000	\$200,000
Admin billing-HOME ReUse	\$0	\$25,019	\$0	\$85,000	\$0
Hsg admin billing-afford	\$0	\$0	\$10,000	\$0	\$0
Billing to Gen Plan	\$0	\$20,000	\$40,000	\$80,000	\$125,000
Planning - other fees	\$15,029	\$16,375	\$20,000	\$12,000	\$12,000
Planner dev. review adm fee	\$18,402	\$6,311	\$7,900	\$500	\$500
TOTAL	\$ 891,574	\$ 922,336	\$ 829,200	\$ 845,100	\$ 694,000

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$766,867	\$758,114	\$694,000	\$673,600	\$534,600
Contract services	\$48,079	\$99,794	\$71,000	\$112,000	\$101,000
Supplies	\$23,128	\$11,529	\$13,700	\$9,000	\$12,500
Internal service fund charges	\$53,500	\$52,900	\$50,500	\$50,500	\$45,900
Expenditure Totals:	\$891,574	\$922,336	\$829,200	\$845,100	\$694,000

Cost Recovery	86%	101%	86%	114%	110%
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AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
CLASSIFICATION					
Community Dev Director	1.00	1.00	1.00	1.00	1.00
Associate Planner	1.00	1.00	1.00	1.00	0.00
Senior Planner	1.00	1.00	1.00	1.00	1.00
Development Services Tech	0.67	0.67	0.67	0.67	0.67
Housing & RDA Proj Mgr	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	0.50	0.50	0.00
Building Inspector	1.00	1.00	1.00	1.00	1.00
TOTAL FTE'S	6.67	6.67	6.17	6.17	4.67

Planning Commissioners	(5)				
Annual Payment	\$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

POLICE DEPARTMENT OVERVIEW

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

Revenues:

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

Expenditures:

Salary & Benefits: The Police Department includes the Law Enforcement Unit, Parking Enforcement, Animal Services and the Lifeguard Unit. There are 30.75 FTE's, which is a reduction from 33 FTE's in FY08-09. A Captain retired on July 1, 2009, and this position is frozen until further notice. On July 1, 2009 the Administrative Assistant was reduced to .75 FTE, and in December 2009, .5 FTE Records Clerk was frozen. In October 2009, a CSO was frozen and one Police Officer was hired through a federal grant. The POA agreed to deferred a 4% COLA due on July 1, 2010 and instead received a 2% COLA on July 1, 2010 and will receive the remaining 2% on 7/1/2011. Detailed information is in each program's description.

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

Material & Supplies: There is a decrease from the FY09-10 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 10-11.

POLICE DEPARTMENT BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$4,587,675	\$4,889,735	\$4,566,842	\$4,204,200	\$4,416,100
Parking permits	\$29,919	\$25,357	\$27,000	\$26,400	\$27,000
Federal grant-operating category	\$1,223	\$72,366	\$164,700	\$237,700	\$252,600
Federal grant-capital category	\$0	\$0	\$0	\$46,700	\$14,300
State grants- operating category	\$93,904	\$0	\$0	\$0	\$0
State- Prop 172 Sales tax Police	\$35,199	\$31,759	\$37,000	\$37,000	\$38,000
Abandoned vehicle abatement fee	\$14,403	\$14,509	\$15,000	\$15,000	\$10,000
POST Police offcr	\$11,552	\$11,038	\$15,000	\$4,000	\$5,000
Vehicle release fee	\$15,534	\$13,426	\$12,000	\$14,000	\$4,500
Police reports and others	\$5,847	\$5,341	\$6,000	\$6,000	\$6,000
Booking fees	\$18,338	\$6,208	\$8,100	\$4,000	\$4,000
DUI collections	\$5,938	\$2,341	\$6,200	\$6,200	\$6,200
Rispin	\$8,490	\$16,599	\$16,200	\$25,000	\$25,000
Special Events	\$2,815	\$0	\$0	\$0	\$0
Redlight camera enforcement	\$44,959	\$56,809	\$45,000	\$67,000	\$67,000
General fines	\$129,299	\$93,892	\$140,000	\$140,000	\$140,000
Municipal Code Fines	\$0	\$0	\$0	\$0	\$40,000
False alarm	\$8,060	\$15,750	\$15,000	\$12,000	\$12,000
Donations	\$12,476	\$0	\$0	\$0	\$0
Parking citations	\$489,349	\$507,144	\$555,000	\$600,000	\$600,000
Animal services	\$3,793	\$2,277	\$2,500	\$2,500	\$2,500
TOTAL	\$931,097	\$5,764,550	\$5,631,542	\$5,447,700	\$5,670,200

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$3,796,721	\$4,133,557	\$3,946,600	\$3,901,900	\$4,109,400.00
Contract services	\$946,146	\$974,618	\$1,052,042	\$950,200	\$921,400.00
Supplies	\$142,809	\$146,574	\$125,000	\$87,700	\$79,700.00
Capital outlay	\$93,296	\$0	\$0	\$0	\$0.00
Internal service fund charges	\$539,800	\$509,800	\$507,900	\$507,900	\$559,700.00
Expenditure Grand Totals:	\$5,518,772	\$5,764,550	\$5,631,542	\$5,447,700	\$5,670,200

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
<u>CLASSIFICATION</u>					
Chief of Police	1.00	1.00	0.50	0.50	1.00
Police Captain	2.00	2.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	15.00
Police Officer - Grant Funded				1.00	1.00
Community Service Officer	3.00	3.00	3.00	2.00	2.00
Parking Enforcement Officer	3.00	3.00	3.00	3.00	3.00
Records Manager	1.00	1.00	1.00	1.00	1.00
Records Clerks	2.75	2.75	2.50	2.00	2.00
Administrative Assistant	1.00	1.00	0.75	0.75	0.75
TOTAL FTE'S	32.75	32.75	30.75	30.25	30.75

Hourly employee allocation - annual hours

<u>CLASSIFICATION</u>					
Temp. Parking Enforc. Ofcr	-	900	900	900	900
Senior Lifeguard	1,050	1,050	1,050	1,050	1,050
Lifeguard	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. Detailed information is located in the General Fund Revenue Section.

Expenditures:

Salary & Benefits: This division includes the Law Enforcement Unit, Parking Enforcement, Animal Services and the Lifeguard Unit. There are 27.25 FTE's, which is an increase in FTE's due to a Grant funded Officer. A Captain retired on July 1, 2009, and this position is frozen until further notice. On July 1, 2009 the Administrative Assistant was reduced to .75 FTE, and in December 2009, .5 FTE Records Clerk was frozen. In October 2009, a CSO was frozen and one Police Officer was hired through a federal grant. The POA deferred a 4% Cola due on 7/1/10 and instead received a 2% COLA on 7/1/10 and another 2% on 7/1/11.

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

Material & Supplies: There is decrease to the funding level. This category includes paper, toner, citations, small tools, office supplies for police department, annex and community outreach center.

POLICE DEPARTMENT – LAW ENFORCEMENT BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$4,491,731	\$4,838,055	\$4,589,142	\$4,250,700	\$4,464,400
Parking permits	\$29,919	\$25,357	\$27,000	\$26,400	\$27,000
Federal grant-operating category	\$1,223	\$72,366	\$164,700	\$237,700	\$252,600
Federal grant-capital category	\$0	\$0	\$0	\$46,700	\$14,300
State grants- operating category	\$93,904	\$0	\$0	\$0	\$0
State- Prop 172 Sales tax Police	\$35,199	\$31,759	\$37,000	\$37,000	\$38,000
Abandoned vehicle abatement fee	\$14,403	\$14,509	\$15,000	\$15,000	\$10,000
POST Police offer	\$11,552	\$11,038	\$15,000	\$4,000	\$5,000
Vehicle release fee	\$15,534	\$13,426	\$12,000	\$14,000	\$4,500
Police reports and others	\$5,847	\$5,341	\$6,000	\$6,000	\$6,000
Booking fees	\$18,338	\$6,208	\$8,100	\$4,000	\$4,000
DUI collections	\$5,938	\$2,341	\$6,200	\$6,200	\$6,200
Rispin	\$8,490	\$16,599	\$16,200	\$25,000	\$25,000
Special Events	\$2,815	\$0	\$0	\$0	\$0
Redlight camera enforcement	\$44,959	\$56,809	\$45,000	\$67,000	\$67,000
General fines	\$129,299	\$93,892	\$140,000	\$140,000	\$140,000
Municipal Code Fines	\$0	\$0	\$0	\$0	\$40,000
False alarm	\$8,060	\$15,750	\$15,000	\$12,000	\$12,000
Donations	\$12,476	\$0	\$0	\$0	\$0
TOTAL	\$4,929,686	\$5,203,450	\$5,096,342	\$4,891,700	\$5,116,000

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$3,508,139	\$3,834,598	\$3,642,200	\$3,600,000	\$3,795,400
Contract services	\$737,724	\$740,834	\$850,842	\$729,900	\$713,100
Supplies	\$125,813	\$132,418	\$111,500	\$70,000	\$65,000
Capital outlay	\$31,810	\$0	\$0	\$0	\$0
Internal service fund charges	\$526,200	\$495,600	\$491,800	\$491,800	\$542,500
Expenditure Totals:	\$4,929,686	\$5,203,450	\$5,096,342	\$4,891,700	\$5,116,000
Cost Recovery	9%	7%	10%	13%	13%

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
<u>CLASSIFICATION</u>					
Chief of Police	1.00	1.00	0.50	0.50	1.00
Police Captain	2.00	2.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	15.00
Police Officer - Grant Funded				1.00	1.00
Community Service Officer	2.50	2.50	2.50	1.50	1.50
Records Manager	1.00	1.00	1.00	1.00	1.00
Records Clerks	2.75	2.75	2.50	2.00	2.00
Administrative Assistant	1.00	1.00	0.75	0.75	0.75
TOTAL FTE'S	29.25	29.25	27.25	26.75	27.25

POLICE DEPT: PARKING ENFORCEMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

Revenues: Revenues are primarily generated from parking citations. The estimate was based on FY09-10 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.

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 FY09-10. Funding includes Uniform Purchases, and Uniform Cleaning.

PARKING ENFORCEMENT

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$17,403	-\$37,398	-\$122,300	-\$140,800	-\$151,200
Parking citations	\$489,349	\$507,144	\$555,000	\$600,000	\$600,000
TOTAL	\$506,752	\$469,746	\$432,700	\$459,200	\$448,800

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$223,609	\$219,908	\$223,400	\$219,900	\$228,300
Contract services	\$196,489	\$226,960	\$189,200	\$212,800	\$196,300
Supplies	\$13,268	\$11,578	\$6,600	\$13,000	\$10,000
Capital outlay	\$61,486	\$0	\$0	\$0	\$0
Internal service fund charges	\$11,900	\$11,300	\$13,500	\$13,500	\$14,200
Expenditure Totals:	\$506,752	\$469,746	\$432,700	\$459,200	\$448,800

<u>Cost Recovery</u>	<u>97%</u>	<u>108%</u>	<u>128%</u>	<u>131%</u>	<u>134%</u>
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AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
<u>CLASSIFICATION</u>					
Parking Enforcement Officer	3.00	3.00	3.00	3.00	3.00
TOTAL FTE'S	3.00	3.00	3.00	3.00	3.00

Hourly employee allocation - annual hours

<u>CLASSIFICATION</u>					
Temp. Parking Enforc. Ofcr	-	900	900	900	900

POLICE DEPT: LIFEGUARDS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

Revenues:

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

Expenditures:

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

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

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$69,612	\$84,036	\$86,100	\$87,100	\$91,200
TOTAL	\$69,612	\$84,036	\$86,100	\$87,100	\$91,200

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$64,973	\$79,052	\$81,000	\$82,000	\$85,700
Contract services	\$0	\$0	\$0	\$0	\$0
Supplies	\$2,938	\$2,485	\$2,700	\$2,700	\$2,700
Internal service fund charges	\$1,700	\$2,500	\$2,400	\$2,400	\$2,800
Expenditure Totals:	\$69,612	\$84,036	\$86,100	\$87,100	\$91,200

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
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CLASSIFICATION

Community Service Officer	0.50	0.50	0.50	0.50	0.50
TOTAL FTE'S	0.50	0.50	0.50	0.50	0.50

Hourly employee allocation - annual hours

CLASSIFICATION

Senior Lifeguard	1,050	1,050	1,050	1,050	1,050
Lifeguard	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 fourth 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

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$8,930	\$5,040	\$13,900	\$7,200	\$11,700
Animal services	\$3,793	\$2,277	\$2,500	\$2,500	\$2,500
TOTAL	\$12,722	\$7,317	\$16,400	\$9,700	\$14,200

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Contract services	\$11,933	\$6,824	\$12,000	\$7,500	\$12,000
Supplies	\$790	\$92	\$4,200	\$2,000	\$2,000
Internal service fund charges	\$0	\$400	\$200	\$200	\$200
Expenditure Totals:	\$12,722	\$7,317	\$16,400	\$9,700	\$14,200
<u>Cost Recovery</u>	<u>30%</u>	<u>31%</u>	<u>15%</u>	<u>26%</u>	<u>18%</u>

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
CLASSIFICATION	0.00	0.00	0.00	0.00	0.00
TOTAL FTE'S	0.00	0.00	0.00	0.00	0.00

PUBLIC WORKS DEPARTMENT - OVERVIEW

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

Revenues:

General Fund: The Public Works Department is almost entirely funded by the General Fund, with only 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: In FY08-09 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, these positions were frozen indefinitely. The previously 4.6% pay cut in FY09-10 is restored in this budget.

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

Unanticipated Events Fund: For FY10-11, \$10,000 has been included in the budget.

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

PUBLIC WORKS DEPARTMENT BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$2,180,542	\$2,197,617	\$1,849,900	\$1,793,000	\$1,901,700
Encroachment permit	\$13,135	\$10,391	\$10,000	\$9,000	\$10,000
Public works BIA	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Public works Rispin	\$3,175	\$4,110	\$7,200	\$7,500	\$7,500
Public works Wharf	\$41,961	\$38,940	\$25,800	\$25,800	\$25,000
Public works Special events	\$0	\$0	\$0	\$0	\$0
Sweeper Svc Gas Tax	\$0	\$45,000	\$45,000	\$45,000	\$45,000
Fuel reimbursement	\$32,708	\$23,304	\$30,000	\$20,000	\$20,000
TOTAL	\$2,274,522	\$2,322,363	\$1,970,900	\$1,903,300	\$2,012,200

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$1,228,797	\$1,259,573	\$1,070,000	\$1,067,900	\$1,093,000
Contract services	\$608,047	\$723,756	\$526,400	\$496,300	\$538,900
Supplies	\$308,378	\$240,834	\$283,600	\$248,200	\$261,000
Internal service fund charges	\$129,300	\$98,200	\$90,900	\$90,900	\$119,300
Expenditure Totals:	\$2,274,522	\$2,322,363	\$1,970,900	\$1,903,300	\$2,012,200
<u>Cost Recovery</u>	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>6%</u>	<u>5%</u>

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
<u>CLASSIFICATION</u>					
Public Works Director	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	1.00
Parks Maint. Supervisor	1.00	1.00	0.00	0.00	0.00
Str. & Fac. Maint. Supervisor	1.00	1.00	1.00	1.00	1.00
Development Serv. Tech	0.33	0.33	0.33	0.33	0.33
Equipment Operator	1.00	1.00	0.00	0.00	0.00
Maintenance Worker	8.00	8.00	8.00	8.00	8.00
Mechanic	1.00	1.00	1.00	1.00	1.00
TOTAL FTE'S	14.33	14.33	12.33	12.33	12.33

PUBLIC WORKS: STREETS DIVISION

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

Revenues:

General Fund: The majority of funding is from the general fund. Additional revenue sources include: Encroachment Permit Fees are \$10,000, charges for actual staff time at the Wharf 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. Currently one Maintenance Worker position remains frozen.

Contract Services: The FY10-11 budget for Streets Contract Services continues 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.

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

PUBLIC WORKS: FACILITIES MAINTENANCE

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

Revenues:

The Facilities budget is entirely funded by the General Fund.

Expenditures:

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

Contract Services: The FY10-11 Facility contract expenditures include all of the utility bills for the facilities which represent's over 40% of the budget amount. The second largest expenditure is for the janitorial service contract. This budget has been significantly reduced due to elimination of all but essential services to the facilities. All painting, HVAC, plumbing improvement projects have been deferred at this time.

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

PUBLIC WORKS DEPARTMENT: FACILITIES MAINTENANCE
BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$223,530	\$245,373	\$218,200	\$226,200	\$208,800
TOTAL	\$223,530	\$245,373	\$218,200	\$226,200	\$208,800

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$0	\$0	\$0	\$0	\$0
Contract services	\$178,461	\$202,696	\$163,000	\$189,600	\$165,100
Supplies	\$40,969	\$38,277	\$51,800	\$33,200	\$40,000
Internal service fund charges	\$4,100	\$4,400	\$3,400	\$3,400	\$4,200
Expenditure Totals:	\$223,530	\$245,373	\$218,200	\$226,200	\$209,300

FACILITIES MAINTENANCE- PACIFIC COVE MOBILE HOME PARK
BUDGET SUMMARY

New this year is a separate accounting for the Pacific Cove Mobile Home Park expenditures and revenues. Previously, the majority of the expenditures were in the Facilities budget, but now they have been removed.

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Pacific Cove Space Lease	\$95,712	\$99,807	\$88,300	\$100,000	\$100,000
Pacific Cove Coach Rent	\$57,371	\$52,673	\$55,200	\$55,200	\$47,500
TOTAL	\$153,083	\$152,480	\$143,500	\$155,200	\$147,500

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$0	\$0	\$0	\$0	\$0
Contract services	\$46,313	\$23,076	\$18,200	\$18,200	\$18,200
Supplies	\$411	\$1,902	\$0	\$0	\$1,800
Expenditure Totals:	\$46,724	\$24,978	\$18,200	\$18,200	\$20,000

Not Included In above Totals

Staffing - Various Departments			\$	16,500	\$ 16,500
Utilities - Various Departments			\$	30,000	\$ 30,000
Misc. repairs	\$	80,000	\$	3,000	\$ 3,000
Expenditure Sub-Total		\$	80,000	\$	49,500
Grand Total		\$104,978		\$67,700	\$69,500

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
TOTAL FTE'S	0.00	0.00	0.00	0.00	0.00

PUBLIC WORKS: PARK MAINTENANCE

MISSION STATEMENT

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

DEPARTMENT PURPOSE

To maintain City parks and landscaped areas throughout the City.

Revenues:

This program is fully funded with General Fund Revenues.

Expenditures:

Salary & Benefits: The Parks Maintenance Supervisor retired in June of 2009. This position will remain frozen indefinitely.

Contract Services: No significant changes are proposed for FY 2010-11

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

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$591,029	\$550,148	\$447,600	\$421,500	\$453,300
TOTAL	\$ 591,029	\$ 550,148	\$ 447,600	\$ 421,500	\$ 453,300

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$388,417	\$398,022	\$296,500	\$294,400	\$301,900
Contract services	\$144,483	\$109,597	\$100,100	\$85,900	\$100,500
Supplies	\$31,729	\$21,029	\$31,800	\$22,000	\$26,000
Internal service fund charges	\$26,400	\$21,500	\$19,200	\$19,200	\$24,900
Expenditure Totals:	\$591,029	\$550,148	\$447,600	\$421,500	\$453,300

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
CLASSIFICATION					
Parks Maint. Supervisor	1.00	1.00	0.00	0.00	0.00
Maintenance Worker	4.00	4.00	4.00	4.00	4.00
TOTAL FTE'S	5.00	5.00	4.00	4.00	4.00

PUBLIC WORKS: FLEET MAINTENANCE

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

Revenues:

Revenues attributed to this department are the fuel sales to the Soquel Union Elementary School District and Central Fire District, estimated revenues of \$20,000 are projected for 2010-11. Both the School District and the Fire District are charged the City's cost for fuel. The remaining funding is from the General Fund.

Expenditures:

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

Contract Services: This category includes one full time contract mechanic 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

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$266,696	\$255,974	\$252,200	\$262,200	\$265,400
Fuel Reimbursement	\$32,708	\$23,304	\$30,000	\$20,000	\$20,000
TOTAL	\$299,404	\$279,278	\$282,200	\$282,200	\$285,400

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$77,636	\$79,027	\$78,500	\$78,500	\$80,300
Contract services	\$38,022	\$43,196	\$37,500	\$37,500	\$37,500
Supplies	\$175,846	\$150,555	\$160,000	\$160,000	\$158,200
Internal service fund charges	\$7,900	\$6,500	\$6,200	\$6,200	\$9,400
Expenditure Totals:	\$299,404	\$279,278	\$282,200	\$282,200	\$285,400

AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Mechanic	1.00	1.00	1.00	1.00	1.00
TOTAL FTE'S	1.00	1.00	1.00	1.00	1.00

RECREATION DEPARTMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

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

Expenditures:

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

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

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

RECREATION DEPARTMENT
BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$111,505	\$116,170	\$104,000	\$130,000	\$102,800
Recreation Fees	\$649,306	\$680,555	\$724,000	\$675,000	\$729,000
Facility Rentals	\$6,944	\$4,000	\$15,000	\$5,000	\$5,000
TOTAL	\$767,755	\$800,725	\$843,000	\$810,000	\$836,800

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$ 364,564	\$ 450,039	\$ 449,200	\$ 479,500	\$ 441,300
Contract services	\$ 292,073	\$ 255,262	\$ 288,800	\$ 226,100	\$ 285,700
Supplies	\$ 67,518	\$ 55,024	\$ 65,600	\$ 65,000	\$ 65,000
Internal service fund charges	\$ 43,600	\$ 40,400	\$ 39,400	\$ 39,400	\$ 44,800
Expenditure Totals:	\$ 767,755	\$ 800,725	\$ 843,000	\$ 810,000	\$ 836,800

<u>Cost Recovery</u>	<u>85%</u>	<u>85%</u>	<u>88%</u>	<u>84%</u>	<u>88%</u>
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AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00
Class Coordinator	0.75	0.75	0.75	0.75	0.75
Recreation Assistant	0.50	0.50	0.50	0.50	0.50
Sports Coordinator	0.75	0.75	0.75	0.75	0.75
TOTAL FTE'S	3.00	3.00	3.00	3.00	3.00

Hourly employee allocation - annual hours	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Aquatics Coordinator	225	225	-	-	-
Aquatics Instructor	1,344	1,120	-	-	-
Sports Scorekeepers	2,666	2,350	2,100	2,100	2,100
Camp Capitola (C.C.) Coordinato	480	850	800	800	480
C.C. Jr. Leader Coordinator	456	400	400	400	400
C.C. Leader	4,527	3,000	2,900	2,900	2,500
Jr. Lifeguard Coordinator	400	450	450	450	450
Jr. Lifeguard Instructor	5,760	8,000	7,000	7,000	7,000
Recreation Program Assistant	3,420	3,500	3,300	3,300	3,300
Recreation Facility Assistant	1,500	1,350	1,100	1,100	1,100
SHOWN IN HOURS	20,778	21,245	18,050	18,050	17,330

MUSEUM

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

Revenues:

This department is funded primarily through the General Fund and donations from a donation box at the Museum, but the Historical Museum Board of Directors also supplements the budget provided by the city with private donations. Those donations are accounted separately as shown in Table 2.

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.

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

MUSEUM DEPARTMENT
BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$61,624	\$64,326	\$60,300	\$62,400	\$66,900
Historical research fee	\$644	\$0	\$2,500	\$0	\$0
Museum donations	\$950	\$920	\$600	\$600	\$300
TOTAL	\$63,218	\$65,246	\$63,400	\$63,000	\$67,200

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$51,514	\$54,288	\$51,400	\$51,000	\$54,900
Contract services	\$625	\$530	\$1,400	\$1,400	\$1,400
Supplies	\$8,078	\$7,828	\$8,000	\$8,000	\$8,000
Internal service fund charges	\$3,000	\$2,600	\$2,600	\$2,600	\$2,900
Expenditure Totals:	\$63,218	\$65,246	\$63,400	\$63,000	\$67,200

<u>Cost Recovery</u>	<u>2.5%</u>	<u>1.4%</u>	<u>4.9%</u>	<u>1.0%</u>	<u>0.4%</u>
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AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Museum Coordinator	0.75	0.75	0.75	0.75	0.75
TOTAL FTE'S	0.75	0.75	0.75	0.75	0.75

ART & CULTURAL COMMISSION

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

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

Revenues:

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

Expenditures:

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

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

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

ART & CULTURAL COMMISSION BUDGET SUMMARY

SOURCE OF FUNDS	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
General Fund	\$32,423	\$20,400	\$21,800	\$19,344	\$20,400
Twilight concert sponsors	\$8,600	\$15,600	\$12,800	\$15,000	\$15,000
Movies at the beach	\$3,000	\$5,000	\$4,000	\$4,000	\$4,000
Art at the beach fee	\$3,125	\$2,305	\$3,600	\$3,600	\$3,600
Jazz Concerts	\$0	\$0	\$0	\$0	\$5,300
TOTAL	\$47,148	\$43,305	\$42,200	\$41,944	\$48,300

EXPENDITURES	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
Personnel	\$9,163	\$11,815	\$11,300	\$11,944	\$12,200
Contract services	\$19,094	\$22,949	\$20,900	\$20,900	\$26,200
Supplies	\$16,991	\$6,942	\$8,400	\$7,500	\$8,000
Internal service fund charges	\$1,900	\$1,600	\$1,600	\$1,600	\$1,900
Expenditure Totals:	\$47,148	\$43,305	\$42,200	\$41,944	\$48,300
<u>Cost Recovery</u>	<u>31%</u>	<u>53%</u>	<u>48%</u>	<u>54%</u>	<u>58%</u>

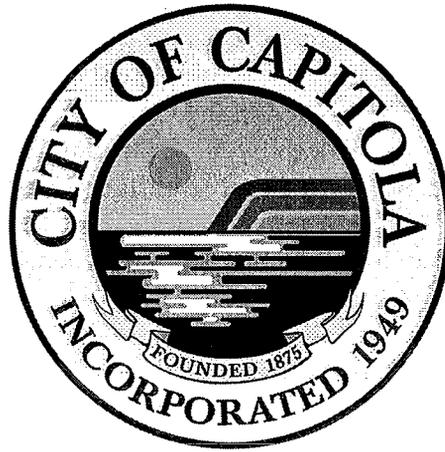
AUTHORIZED POSITIONS:	2007-2008 Actual	2008-2009 Actual	2009-2010 Adopted	2009-2010 Mid-Yr Est	2010-2011 Adopted
None	0.00	0.00	0.00	0.00	0
TOTAL FTE'S	0.00	0.00	0.00	0.00	0.00

Hourly employee allocation - annual hours

CLASSIFICATION	hours	hours	hours	hours	hours
Administrative Assistant	420	480	480	480	480
Hours per month	35	40	40	40	40

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INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

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

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

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

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

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

Public Employees Retirement Fund (PERS) (Finance): A PERS Fund was established in FY04-05 budget process. This Internal Service Fund will mitigate the impact of the PERS rate swings on the General Fund operating budget.

SUMMARY

2010-11	Workers	Self-Insr			Equip.	
Department	Comp	Liability	Stores	Info. Tech.	Replace	Total
City Council	100	900		1,200		2,200
Finance & Treas	9,600	9,500	3,700	11,500		34,300
City Manager	10,400	9,500	2,200	21,200		43,300
Personnel	1,500	2,400	500	800		5,200
Museum	1,300	800		800		2,900
Arts	400	700		800		1,900
Police						-
Law Enf.	390,500	64,300	-	53,700	34,000	542,500
Parking Enf.	5,300	5,400	2,100	1,400	-	14,200
Life Guards	900	1,100	-	800	-	2,800
Animal Services		200				200
CDD	6,500	7,400	14,200	5,000		33,100
Building	1,800	3,000	2,100	3,900	2,000	12,800
Public Works						-
Streets	13,000	12,600	2,600	3,600	49,000	80,800
Facilities		3,400		800		4,200
Parks	7,100	7,300	-	1,500	9,000	24,900
Fleet	1,800	3,600	-	-	4,000	9,400
Recreation	22,800	10,700	1,100	8,200	2,000	44,800
Total	\$ 473,000	\$ 142,800	\$ 28,500	\$ 115,200	\$ 100,000	\$ 859,500

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.

Source and Use of Funds

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	314,900	344,600	38,400	113,200	123,200
Charges for Services	138,900	110,600	116,800	116,800	115,200
Transfer in from General Fund	-	-	-	-	-
TOTAL SOURCE OF FUNDS	\$ 453,800	\$ 455,200	\$ 155,200	\$ 230,000	\$ 238,400
USE OF FUNDS:					
Utilities:					
Telecom: voice	3,300	4,200	5,000	5,000	5,000
Telecom: Data T-1 Line	8,300	9,500	12,000	12,000	10,000
Contract Services					
ADP - Payroll Processing	23,900	22,000	25,000	25,000	25,000
Financial System Annual Contract	2,700	-	14,000	14,000	14,000
Technical Support	9,000	7,700	10,000	10,000	10,000
Financial System Consultant	19,100	11,300	-	-	-
Financial Sys. Purchase & Implementation	-	275,000	-	-	-
Financial Sys. Finance Staff Overtime	-	-	10,000	-	-
Staff Training	1,000	-	2,000	2,000	2,000
Materials & Supplies					
Software Upgrades	7,100	-	10,000	-	11,000
Information Technology Supplies	34,800	12,500	28,800	38,800	38,300
One time transfer out					
TOTAL USE OF FUNDS	\$ 109,200	\$ 342,200	\$ 116,800	\$ 106,800	\$ 115,300
FUND BALANCE @ 6/30	\$ 344,600	\$ 113,000	\$ 38,400	\$ 123,200	\$ 123,100

◆ *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 an employee files for and receives unemployment benefits from the State of California, the City is responsible for that benefit. The City is billed quarterly. This expenditure is included in the Self Insurance Liability budget as "EDD Payments."

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

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

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Proposed
SOURCE OF FUNDS:					
Fund Balance @ 7/1	235,600	141,000	142,000	198,000	256,300
Reimbursements					
Charges for Services	143,200	144,600	142,800	116,900	142,800
TOTAL SOURCE OF FUNDS	\$ 378,800	\$ 285,600	\$ 284,800	\$ 314,900	\$ 399,100
USE OF FUNDS:					
MBASIA Annual Premium	93,600	41,800	26,200	26,200	54,000
Fire Insurance Premium			8,500	-	-
Comprehensive Vehicle/Equip Premiums	11,500	9,800	15,000	9,800	9,800
Employee Indemnity Bond	1,300	2,600	2,600	2,600	2,600
Volunteer Insurance Premium	-	1,500	1,500	1,500	1,500
Block Party Grant Program		-	1,000	500	1,000
EDD Payments	6,900	5,100	10,000	8,000	50,000
Claims	6,100	28,300	25,000	10,000	20,000
Employee Assistance Program		-			4,000
Transfer Out	118,400	-	-	-	-
TOTAL USE OF FUNDS	\$ 237,800	\$ 89,100	\$ 89,800	\$ 58,600	\$ 142,900
FUND BALANCE @ 6/30	\$ 141,000	\$ 196,500	\$ 195,000	\$ 256,300	\$ 256,200
DESIGNATED FOR UNINSURED CLAIMS			\$ 195,000	\$ 256,300	\$ 256,200

◆ *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, 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.

◆ *Workers Compensation Fund* ◆

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

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

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

Distribution to General Fund Departments:

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

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

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	151,600	185,600	175,100	175,100	170,900
Charges for Services	431,000	431,000	437,300	437,300	473,000
Transfer from General Fund	150,000	-			
TOTAL SOURCE OF FUNDS	\$ 732,600	\$ 616,600	\$ 612,400	\$ 612,400	\$ 643,900
USE OF FUNDS:					
MBASIA Annual Premium	431,000	441,500	441,500	441,500	473,000
Claims	-	-	-		
Transfer to Contingency Reserve	16,000				
Transfer to Debt Service - POB \$1M	100,000	-			
TOTAL USE OF FUNDS	\$ 547,000	\$ 441,500	\$ 441,500	\$ 441,500	\$ 473,000
FUND BALANCE @ 6/30	\$ 185,600	\$ 175,100	\$ 170,900	\$ 170,900	\$ 170,900
DESIGNATED RESERVE (ORDINANCE 504)			\$ 170,900	\$ 170,900	\$ 170,900

◆ *Stores Fund* ◆

CITY MANAGER

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

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

Stores Internal Services Fund

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-11 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	900	3,900	3,900	13,550	23,750
Charges for Services	36,100	37,700	37,700	37,700	28,500
Misc. Revenues		-			
Transfer from Contingency Rsv	-	-			
Transfer from General Fund		-	-		-
TOTAL SOURCE OF FUNDS	\$ 37,000	\$ 41,600	\$ 41,600	\$ 51,250	\$ 52,250
USE OF FUNDS:					
Postage	14,600	15,000	16,000	11,000	12,000
Copier Maintenance	2,700	4,000	3,800	4,000	4,000
Rental Equipment		300	900	500	500
General Supplies	15,800	8,750	17,000	12,000	12,000
Capital Purchase		-			
TOTAL USE OF FUNDS	\$ 33,100	\$ 28,050	\$ 37,700	\$ 27,500	\$ 28,500
FUND BALANCE @ 6/30	\$ 3,900	\$ 13,550	\$ 3,900	\$ 23,750	\$ 23,750

◆ *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. Annual contribution, based upon the asset useful life schedule, the annual contribution should be \$100,000.

CITY OF CAPITOLA FLEET INVENTORY								
Make / Model	Year	VIN	Condition March '08	Est Cost to Replace	3%/yr		Prop. Rep	Accum Replace \$\$
					Replace Costs	Annual appropri.	Amount needed	
Subtotal Public Works		29 Units	Good	\$ 1,014,200	\$ 1,044,626	\$ 67,043	\$ 742,987	\$ 160,595.21
Subtotal Misc. Departments		5 Units	Good	\$ 77,000	\$ 79,310	\$ 5,631	\$ 48,204	\$ 10,419.20
Subtotal Misc. Departments		24 Units	Good	\$ 489,000	\$ 503,670	\$ 50,367	\$ 366,062	\$ 79,123.59
Totals		58 Units	Good	\$ 1,580,200	\$ 1,627,606	\$ 123,040	\$ 1,157,253	\$ 250,138

Equipment Replacement: Source & Use of Funds

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	372,400	259,100	255,700	254,500	281,300
Trade in Value or Surplus	-				
Charges for Services by Dept.					
Building Department	2,700	1,500	1,500	1,500	2,000
Police - Law Enforcement	39,600	22,400	22,400	22,400	34,000
PW - Fleet	3,300	1,800	1,800	1,800	4,000
PW - Parks	10,500	5,900	5,900	5,900	9,000
PW - Streets	56,100	31,700	31,700	31,700	49,000
Recreation Department	2,700	1,500	1,500	1,500	2,000
Sales of Property	26,900				
	-	-			
TOTAL SOURCE OF FUNDS	\$ 514,200	\$ 323,900	\$ 320,500	\$ 319,300	\$ 381,300
USE OF FUNDS:					
<u>Fixed Asset Purchase</u>					
Building Department					
Police - Law Enforcement	46,000	26,000	26,000	38,000	50,000
PW - Fleet	26,200				
PW - Parks	42,900				
PW - Streets	-	42,000	40,000	-	30,000
Recreation Department					
Transfer to Debt Service - POB (\$1M)	140,000			-	
TOTAL USE OF FUNDS	\$ 255,100	\$ 68,000	\$ 66,000	\$ 38,000	\$ 80,000
FUND BALANCE @ 6/30	\$ 259,100	\$ 255,900	\$ 254,500	\$ 281,300	\$ 301,300
DESIGNATED:					
Street Sweeper Lease Payment *			\$ -	\$ -	\$ -
All other Vehicles			\$ 254,500	\$ 281,300	\$ 301,300

◆ *Public Employees Retirement Fund* ◆

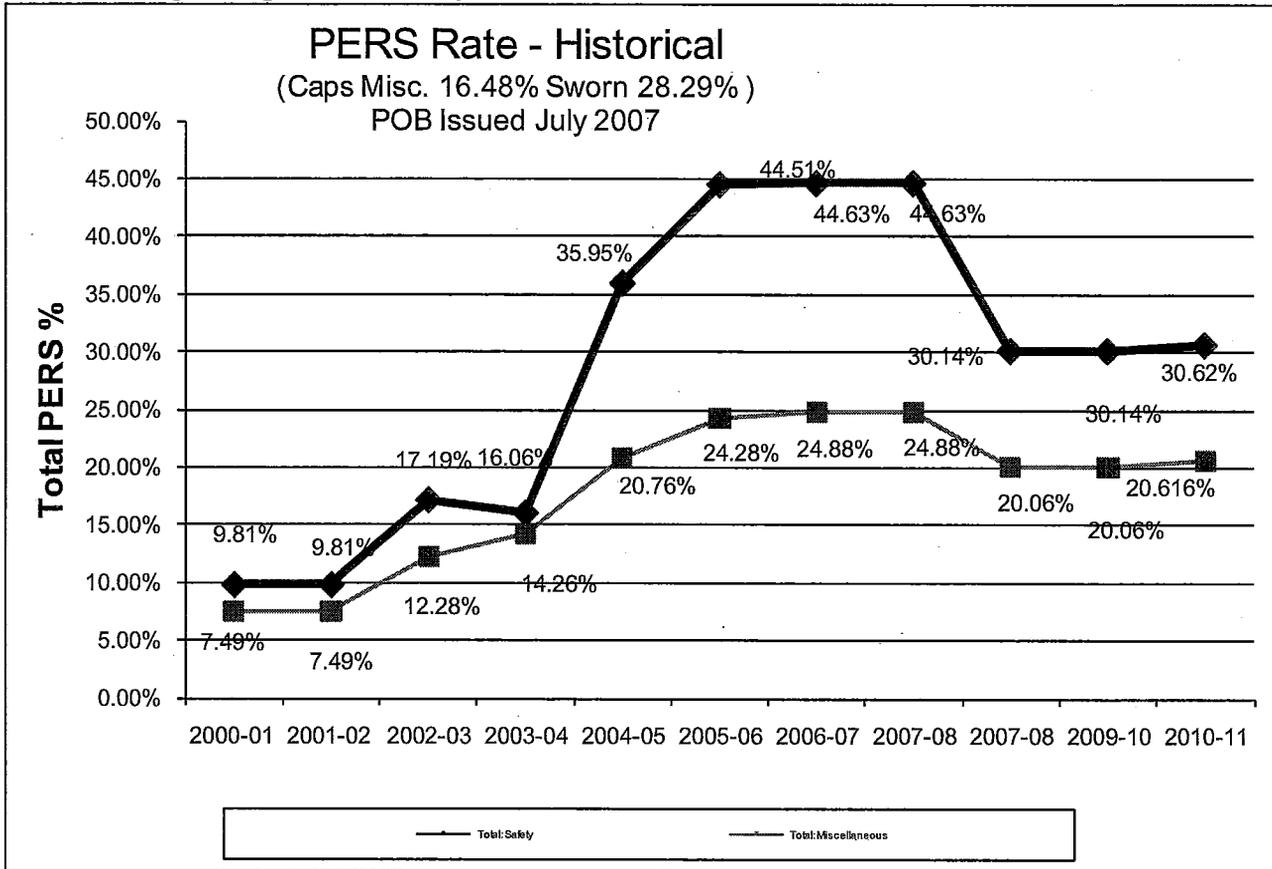
The Public Employees Retirement Internal Service Fund was established in the 2004-05 fiscal year. This Internal Service Fund allows the City to accumulate funds for the purpose of General Fund PERS expenditures and PERS unfunded liability. For consistency in staffing cost analysis, the PERS expenditures 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. FY10-11 budgets estimate expenditures based upon the Safety and Miscellaneous PERS caps of 28.291% and 16.488%, respectively (Prior to the pension obligation bonds, the original caps were: 44.630% and 24.876%, respectively). The actual PERS rate is 30.622% for Sworn, and 20.616% for Misc., but because of the cap employees will contribute the following: Misc: 4.128% and Safety 2.332%.

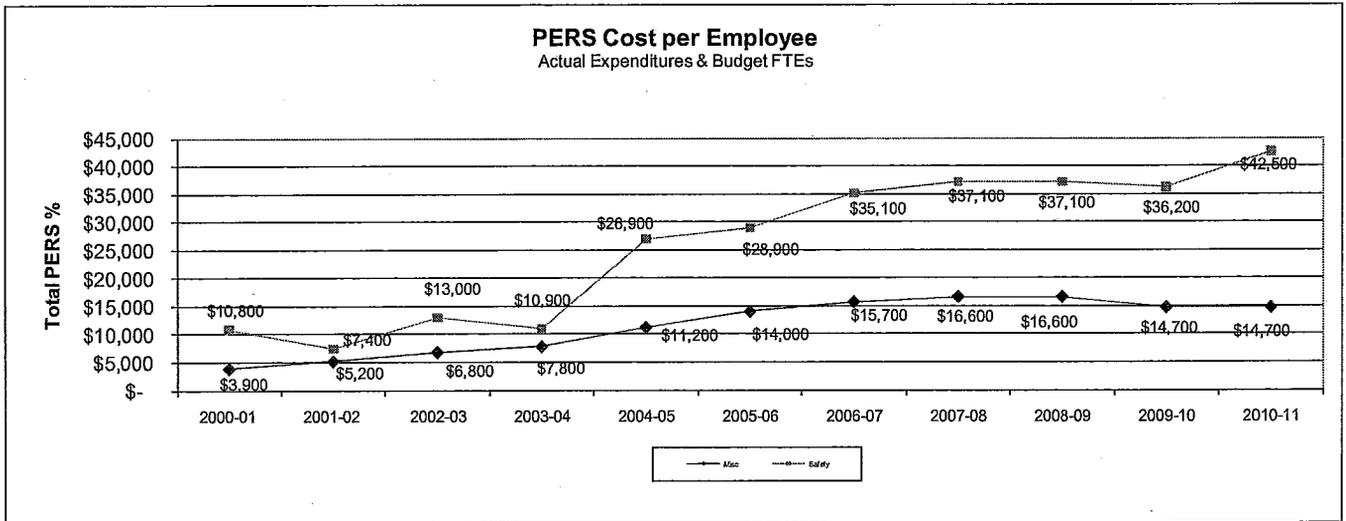
Pension Obligation Bonds (POB). In July 2007, the City Council authorized the issuance of pension obligation bonds (POB) for approximately \$5 million to refinance the unfunded liability with CalPERS. Additionally, on that date, Council authorized that \$1 million of City available funds also be used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

The following table provides history of PERS rates:



◆ *Public Employees Retirement Fund* ◆

The following table provide an overview of the PERS cost per FTE for both groups.



PUBLIC EMPLOYEE RETIREMENT FUND

This fund was established in FY04-05 and is based on actual salaries. The source of funds comes from charges to the departments based on salaries, and also includes a portion of the actual PERS payment to the P.O.B. This chart does not include the employee's portion that they pay to PERS due to the cap which is 4.128% for Misc. employees and 2.332% for Safety. That payment comes directly from the employee.

SOURCE OF FUNDS:	2007-08	2008-09	2009-10	2009-10	2010-11
	Adopted	Actual	Adopted	Mid-Yr Est	Adopted
Fund Balance @ 7/1	\$ 415,300	\$ 175,100	175,100	369,400	497,800
Misc Revenues	-				
Charges for Services:					
City Council	8,400	8,400	7,100	7,100	7,100
City Manager	110,800	110,800	108,500	108,500	96,200
City Manager - Personnel	26,300	24,600	24,500	24,500	21,400
Finance & Treasurer	97,700	101,500	99,700	68,000	76,400
Building	40,900	42,400	28,800	28,800	15,500
Community Development	97,800	99,400	96,200	96,200	68,400
Police					
Police - Law Enforcement	914,300	1,016,200	923,200	941,300	880,900
Police - Pkg Enforcement	34,900	36,100	31,100	31,100	31,100
Police - Lifeguard	7,100	7,600	7,600	7,600	6,900
Public Works					
Streets	135,000	141,200	123,700	123,700	110,200
Parks	69,000	71,900	51,200	51,200	45,300
Fleet	13,900	14,400	13,900	13,900	12,300
Museum	9,000	9,300	9,000	9,000	8,400
Recreation	49,500	50,800	49,500	49,500	45,300
TOTAL SOURCE OF FUNDS	2,029,900	1,909,700	1,749,100	1,929,800	1,923,200
USE OF FUNDS:					
SAFETY GROUP					
PERS - paid to CalPERS	509,900	545,300	556,500	525,000	605,900
PERS - transfer to POB debt svc	234,200	303,200	271,800	271,800	287,100
	744,100	848,500	828,300	796,800	893,000
MISC GROUP					
PERS - paid to CalPERS	516,700	535,000	605,700	490,400	468,200
PERS - transfer to POB debt svc	246,000	156,800	144,800	144,800	152,900
	762,700	691,800	750,500	635,200	621,100
Transfer Out to General Fund	348,000	-	-	-	-
TOTAL USE OF FUNDS	1,854,800	1,540,300	1,578,800	1,432,000	1,514,100
FUND BALANCE @ 6/30	175,100	369,400	170,300	497,800	409,100
Total to POB - Safety			271,800	271,800	287,100
Total to POB - Misc			144,800	144,800	152,900
Total to POB			416,600	416,600	440,000
Salary & Specialty Pay subject to PERS				2009-10	2010-11
Safety				2,141,600	2,141,600
Miscellaneous				2,803,400	2,803,400
Total Salary subject to PERS				4,945,000	4,945,000

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SPECIAL REVENUE FUNDS



SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

Housing Trust Fund: (Community Development): City Council adopted an Inclusionary Housing Ordinance 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.

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

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

◆ Supplemental Law Enforcement Fund ◆
POLICE

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 2010-11, 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 in the amount of \$50,000 and salaries for Reserve Police Officers and Annuitants. Additional information on this fund is available at www.sco.ca.gov/ard/local/locrep/slesf/.

Supplemental Law Enforcement

1300	2007-08	2008-09	2009-10	2009-10	2010-11
SOURCE OF FUNDS:	Actual	Actual	Adopted	Mid-Yr Est	Adopted
Fund Balance @ 7/1	13,800	4,700	4,800	(7,000)	100
Interest Earnings	700	-	100	100	100
State Grant - SLESF	100,000	90,000	100,000	100,000	100,000
Transfer from General Fund	-	10,000	-		
Others	-				
TOTAL SOURCE OF FUNDS	\$ 114,500	\$ 104,700	\$ 104,900	\$ 93,100	\$ 100,200
USE OF FUNDS:					
Salary & Benefits	91,900	102,400	90,000	90,000	90,000
Contract Services	2,600	1,800	6,000	-	6,000
Materials & Supplies	10,400	3,300	4,000	3,000	4,000
Equipment	4,900	4,200			
TOTAL USE OF FUNDS	\$ 109,800	\$ 111,700	\$ 100,000	\$ 93,000	\$ 100,000
FUND BALANCE @ 6/30	\$ 4,700	\$ (7,000)	\$ 4,900	\$ 100	\$ 200

◆ *Santa Cruz County Anti-Crime Team* ◆

POLICE

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

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

	2007-08	2008-09	2009-10	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1				(8,400)	(300)
Interest Earnings					
Reimbursement	65,000	59,000	74,100	73,100	69,400
TOTAL SOURCE OF FUNDS	\$ 65,000	\$ 59,000	\$ 74,100	\$ 64,700	\$ 69,100
USE OF FUNDS:					
Salary & Benefits	65,000	66,400	74,100	65,000	69,400
TOTAL USE OF FUNDS	\$ 65,000	\$ 66,400	\$ 74,100	\$ 65,000	\$ 69,400
FUND BALANCE @ 6/30	\$ -	\$ (7,400)	\$ -	\$ (300)	\$ (300)
AUTHORIZED POSITIONS:					
CLASSIFICATION	2007-08	2008-09	2009-10	2009-10	2010-11
	Budget	Budget	Budget	Budget	Adopted
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
TOTAL FTE'S	1.00	1.00	1.00	1.00	1.00

◆ 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.

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.

<u>GAS TAX FUND-SUMMARY</u>	2007-08	2008-09	2009-10	2009-10	2010-11
SCO ID# 17984413600	Actual	Actual	Adopted	Mid-Yr Est	Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	74,400	63,400	43,600	74,000	74,600
Interest Earnings	3,500	2,600		400	400
State Gas Tax - 2105	60,200	54,700	53,000	53,000	53,000
State Gas Tax - 2106	41,100	38,000	40,800	40,800	40,800
State Gas Tax - 2107	80,500	73,000	81,600	81,600	81,600
State Gas Tax - 2107.5	3,000	3,000	3,000	3,000	3,000
Traffic Congestion AB2928-P42	30,200	85,000	95,900	95,900	100,400
Capital Lease-sweeper	165,500				
Revenue Deferred by State for 4 months					
TOTAL SOURCE OF FUNDS	\$ 458,400	\$ 319,700	\$ 317,900	\$ 348,700	\$ 353,800
USE OF FUNDS:					
Administration & Engineering	3,400	25,000	30,000	10,000	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	8,400				
Patching	25,200	1,000	30,000		15,000
Overlaying & Sealing					
Street Lights & Traffic Signals	106,300	105,000	105,000	100,000	100,000
Signal LED - CA Energy Comm Debt	7,100	-	7,100	7,100	7,100
Other Street Maintenance					
Street & Sidewalk	900	4,000	20,000	20,000	20,000
Street Painting	500	18,000	20,000	40,000	10,000
Street Sweeper	13,800	-	10,000	15,000	10,000
Street Sweeper Operation	700	54,100	55,000	45,000	45,000
Acquisition of Property					
Sweeper Lease	36,700	39,000	37,000	37,000	37,000
Sweeper Acquisition	165,500				
Transfers					
TOTAL USE OF FUNDS	\$ 395,000	\$ 246,100	\$ 314,100	\$ 274,100	\$ 274,100
FUND BALANCE @ 6/30	\$ 63,400	\$ 73,600	\$ 3,800	\$ 74,600	\$ 79,700

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.

Wharf Fund (#2.200)	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	225,200	221,800	61,000	134,000	119,000
Interest Earnings	10,500	4,700	1,800	1,000	1,000
Rental Income:					
Capitola Mooring & Marine Supply	29,100	22,200	25,500	22,200	26,100
Wharf House Restaurant	46,200	47,800	44,800	47,800	45,900
State Grant					
Memorial Plaque & Bench	1,400	1,075		1,000	1,000
TOTAL SOURCE OF FUNDS	\$ 312,400	\$ 297,575	\$ 133,100	\$ 206,000	\$ 193,000
USE OF FUNDS:					
Maintenance:					
City Staff Costs	42,000	39,000	12,000	30,000	25,000
Buildings	15,900		20,000	5,000	
Wharf	-		15,000	5,000	5,000
Floating Dock	1,700		5,000	5,000	50,000
General Supplies & Maintenance		3,300		1,000	5,000
Utility Upgrade - CIP		56,000	27,300		-
Major Repairs		60,200	-	6,000	73,000
Utilities & SCC Sanitation Costs	31,000	5,000	40,000	35,000	35,000
TOTAL USE OF FUNDS	\$ 90,600	\$ 163,500	\$ 119,300	\$ 87,000	\$ 193,000
FUND BALANCE @ 6/30	\$ 221,800	\$ 134,075	\$ 13,800	\$ 119,000	\$ -

◆ 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

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.

Development Fees	2007-08	2008-09	2009-10	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	87,200	171,400	73,100	(1,350)	(1,350)
Interest Earnings	4,100	1,350	2,200		-
Developer Fees:	115,300		67,000		10,000
TOTAL SOURCE OF FUNDS	\$ 206,600	\$ 172,750	\$ 142,300	\$ (1,350)	\$ 8,650
USE OF FUNDS:					
Construction	6,600				
41st Ave. Highway One Overpass	28,600	174,100			
Transfer Out - CIP Capitola Road Traffic Calm.			-		
Transfer Out - CIP Clare St. Traffic Calming			-		
TOTAL USE OF FUNDS	\$ 35,200	\$ 174,100	\$ -	\$ -	\$ -
FUND BALANCE @ 6/30	\$ 171,400	\$ (1,350)	\$ 142,300	\$ (1,350)	\$ 8,650

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 \$19,500 is a pass through to Community Television of Santa Cruz (CTV) for PEG services now that the connection between the Charter service area and the Comcast service area has occurred and CTV operates the PEG channels for the City.

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.

	2007-08	2008-09	2009-10	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est.	Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	87,500	87,300	90,100	86,700	92,800
Interest Earnings	3,800	1,800	2,700	600	600
Access Fees	22,000	20,600	22,400	20,000	19,500
Grant - Capital					
TOTAL SOURCE OF FUNDS	\$ 113,300	\$ 109,700	\$ 115,200	\$ 107,300	\$ 112,900
USE OF FUNDS:					
Community TV of Santa Cruz	26,000	20,600	22,400	20,000	19,500
Equipment Repair		2,400	-		5,000
TOTAL USE OF FUNDS	\$ 26,000	\$ 23,000	\$ 22,400	\$ 20,000	\$ 24,500
FUND BALANCE @ 6/30	\$ 87,300	\$ 86,700	\$ 92,800	\$ 87,300	\$ 88,400

◆ *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 268 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.
- FY09-10 Projects: Graphic Traffic Box Art Project.

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	51,200	24,500	105,375	133,500	395,200
Donations		10,000			
Public Art Fee	3,300	97,400	15,000	270,000	25,000
Interest					
Grants		5,000			
TOTAL SOURCE OF FUNDS	\$ 54,500	\$ 136,900	\$ 120,375	\$ 403,500	\$ 420,200
USE OF FUNDS:					
Staffing	1,300	300	1,300	1,300	6,700
Directional Signs	28,700		-		
Contract Services - art project		3,100	15,000	7,000	150,000
TOTAL USE OF FUNDS	\$ 30,000	\$ 3,400	\$ 16,300	\$ 8,300	\$ 156,700
FUND BALANCE @ 6/30	\$ 24,500	\$ 133,500	\$ 104,075	\$ 395,200	\$ 263,500

HOURLY NON-BENEFITED - SEASONAL/TEMPORARY EMPLOYEES:

CLASSIFICATION

Administrative Assistant	60	60	268
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* Administrative Assistant: 748 total hours allocated 480hrs to Art & Cultural Dept and 268 to the Public Art Fund

◆ Community Development Block Grants ◆
COMMUNITY DEVELOPMENT

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

SOURCE & USE OF FUNDS

1350	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	-	(20,000)	53,500	27,700	34,185
2005 PTA Grant: Econ Dev Strategy	3,500	-	-	-	0
2007 ED Grant: Rispin Project	-	-	910,000	-	0
2007 PTA Grant: Village Parking Study	24,300	10,700	-	-	0
2007/ 09 ED 41st Ave Corridor	-	35,000	-	1,600	-
2007/09 ED City Hall Re-use	-	35,000	-	10,285	-
2009 CDBG/PTA Grant	-	-	70,000	-	-
2009 Mall/41st Re-Vision	-	-	-	-	35,000
2009 Green Econ. Study	-	-	-	-	35,000
TOTAL SOURCE OF FUNDS	\$ 27,800	\$ 60,700	\$ 1,033,500	\$ 39,585	\$ 104,185
USE OF FUNDS:					
2005 PTA Grant: Econ Dev Strategy	-	-	-	-	-
2007 ED Grant: Rispin Project	-	-	910,000	-	-
2007 PTA Grant: Village Parking Study	33,700	600	-	300	-
2007 ED 41st Ave Corridor	14,100	17,900	-	-	-
2007 & 09 ED City Hall Re-use	-	10,500	-	4,600	-
2009 CDBG/PTA Grant	-	-	70,000	-	-
2009 Mall/41st Re-Vision	-	-	-	-	35,000
2009 Green Econ. Study	-	-	-	-	35,000
Grant Admin	-	4,000	-	500	5,000
TOTAL USE OF FUNDS	\$ 47,800	\$ 33,000	\$ 980,000	\$ 5,400	\$ 75,000
FUND BALANCE @ 6/30	\$ (20,000)	\$ 27,700	\$ 53,500	\$ 34,185	\$ 29,185

◆ Community Development Block Grant: Program Income ◆
COMMUNITY DEVELOPMENT

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

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

In FY10/11, the City does not anticipate receiving more than \$25,000 in Program Income revenue.

CDBG Unrestricted Program Income	2007-08	2008-09	2009-10	2009-10	2010-11
SOURCE OF FUNDS:	Actual	Actual	Adopted	Mid-Yr Est	Adopted
Fund Balance @ 7/1	25,600	57,100	1,500	(14,750)	(17,750)
Interest Earnings	12,400	1,300	1,300	-	-
Loan Pay-off	46,400	5,000	5,000	-	-
Interfund Transfer In	58,800				
TOTAL SOURCE OF FUNDS	\$ 143,200	\$ 63,400	\$ 7,800	\$ (14,750)	\$ (17,750)
USE OF FUNDS:					
Rehab Program:		-	-		
Matching Fund:		-	-		-
Economic Development	-	18,500			
Contract Services - CDBG assistance 41st Ave	86,000	3,750 800	6,400	3,000	-
Fund Transfer		55,100			
TOTAL USE OF FUNDS	\$ 86,000	\$ 78,150	\$ 6,400	\$ 3,000	\$ -
FUND BALANCE @ 6/30	\$ 57,200	\$ (14,750)	\$ 1,400	\$ (17,750)	\$ (17,750)

1352 CDBG RLF 07-08 Program Income	2007-08	2008-09	2009-10	2009-10	2010-11
SOURCE OF FUNDS:	Actual	Actual	Adopted	Mid-Yr Est	Adopted
Fund Balance @ 7/1	-	-	-	22,300	5,200
Fund Transfer		55,200			
LAIF Int		1,000			
TOTAL SOURCE OF FUNDS	\$ -	\$ 56,200	\$ -	\$ 22,300	\$ 5,200
USE OF FUNDS:					
Loans Initiated		27,900		16,500	
Grant Admin		6,000		600	
TOTAL USE OF FUNDS	\$ -	\$ 33,900	\$ -	\$ 17,100	\$ -
FUND BALANCE @ 6/30	\$ -	\$ 22,300	\$ -	\$ 5,200	\$ 5,200

◆ HOME Reuse Fund ◆
COMMUNITY DEVELOPMENT

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

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

1370	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	188,700	207,200	9,700	(5,220)	5,080
Interest Earnings	23,000	3,900	-		-
Transfer from - Housing Loan Fund					
Loan Payments:					
Principal	-	27,600		5,500	5,800
Interest - payoff	4,400	11,900	4,800	6,800	6,500
Interest - accrued	2,600		-		-
Shared Appreciation					
TOTAL SOURCE OF FUNDS	\$ 218,700	\$ 250,600	\$ 14,500	\$ 7,080	\$ 17,380
USE OF FUNDS:					
Contract Services		47,400		2,000	
Wharf Road Manor	-				
Rehab/Acquisition Loans		213,500	14,500	-	-
Accrued Interest Expense	6,500	-	-		-
TOTAL USE OF FUNDS	\$ 6,500	\$ 260,900	\$ 14,500	\$ 2,000	\$ -
FUND BALANCE @ 6/30	\$ 212,200	\$ (10,300)	\$ -	\$ 5,080	\$ 17,380

◆ 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.

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1		-	3,000	(12,500)	(17,500)
Interest Earnings					
HOME Grant - Bay Ave. Senior Apt. Project		-	1,750,000	1,475,000	425,000
TOTAL SOURCE OF FUNDS	\$ -	\$ -	1,753,000	1,462,500	407,500
USE OF FUNDS:					
Bay Ave. Senior Apt. Project					
Grant Administration - City staff		-	43,000	5,000	
Grant Administration - Consultant		-	10,000		-
Rehab/Redevelopment Loan		-	1,700,000	1,475,000	430,000
TOTAL USE OF FUNDS	\$ -	\$ -	1,753,000	1,480,000	430,000
FUND BALANCE @ 6/30	\$ -	\$ -	-	(17,500)	(22,500)
Designated: Grant Admin		\$ -	-		(22,500)

◆ Housing Trust Fund ◆
COMMUNITY DEVELOPMENT DEPARTMENT

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

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

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

Source & Use of Funds

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	222,800	325,500	387,200	400,000	364,500
Interest Earnings *		-			
Affordable Housing In-Lieu Fee	104,600	81,800	75,000	12,500	10,000
TOTAL SOURCE OF FUNDS	\$ 327,400	\$ 407,300	\$ 462,200	\$ 412,500	\$ 374,500
USE OF FUNDS:					
Housing Program Adm - City Staff	1,900	1,800	10,000		
Contract Services (first-time homebuyer program, legal)	-	-	30,000	48,000	52,000
Housing Grants/Loans		-	65,000		75,000
Housing Authority Administration Services		-	8,300		
TOTAL USE OF FUNDS	\$ 1,900	\$ 1,800	\$ 113,300	\$ 48,000	\$ 127,000
FUND BALANCE @ 6/30	\$ 325,500	\$ 405,500	\$ 348,900	\$ 364,500	\$ 247,500

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

\$60,000 of the \$240,000 has been released to the City and additional funds will be released as actual First Time Homebuyer loans are completed. Additional First Time Homebuyer funds are provided from the RDA Low Moderate Housing Fund to assist with these loans. All BEGIN funds unexpended as of June 2011 shall be disencumbered and returned to HCD. In accordance with the Standard Agreement a BEGIN Reuse Account will be created for the maintenance and reuse of funds recaptured from any loans that are made under this program.

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

◆ *General Plan Maintenance Fee* ◆
COMMUNITY DEVELOPMENT

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

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

Source & Use of Funds

1313	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	504,600	639,600	505,900	542,600	675,300
Interest Income	25,600	14,000		2,200	
Transfer from General Fund	-	-	-		
General Plan Maintenance Fee	125,000	241,103	60,000	140,000	125,000
TOTAL SOURCE OF FUNDS	\$ 655,200	\$ 894,703	\$ 565,900	\$ 684,800	\$ 800,300
USE OF FUNDS:					
General Plan Admin-city staff		20,000	40,000		125,000
Contracts:					
Historical Element	-	-	9,000		
Sustainability Workshop	-	-	-		
General Plan/LCP Consultant(s) *	13,900	28,100	120,000	9,500	323,500
Material & Supplies	1,700	105	20,000	-	20,000
Return Loan back To General Fund		314,000	-		
TOTAL USE OF FUNDS	\$ 15,600	\$ 362,205	\$ 189,000	\$ 9,500	\$ 468,500
FUND BALANCE @ 6/30	\$ 639,600	\$ 532,498	\$ 376,900	\$ 675,300	\$ 331,800

◆ Green Building Education Fund ◆
COMMUNITY DEVELOPMENT DEPARTMENT

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

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

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

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

	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:				
Fund Balance @ 7/1			6,000	51,000
Green Building Fee	6,000	16,000	45,000	20,000
Interest				
Other				
TOTAL SOURCE OF FUNDS	\$ 6,000	\$ 16,000	\$ 51,000	\$ 71,000
USE OF FUNDS:				
Contract Services				10,000
Materials & Supplies				5,000
Training				5,000
TOTAL USE OF FUNDS	\$ -	\$ -	\$ -	\$ 20,000
FUND BALANCE @ 6/30	\$ 6,000	\$ 16,000	\$ 51,000	\$ 51,000

◆ INFORMATION TECHNOLOGY FEE FUND ◆
COMMUNITY DEVELOPMENT DEPARTMENT

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

	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:				
Fund Balance @ 7/1				2,000
Technology Fee			2,000	1,000
Interest				
Other				
TOTAL SOURCE OF FUNDS		\$ -	\$ 2,000	\$ 3,000
USE OF FUNDS:				
TOTAL USE OF FUNDS		\$ -	\$ -	\$ -
FUND BALANCE @ 6/30			0 \$ 2,000	\$ 3,000

adopted by Council on Nov. 12, 2009

◆ *Parking Reserve Fund* ◆

PUBLIC WORKS 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)

	2008-09 Adopted	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	-	-	-		91,000
Interest Earnings					
Parking Meter Revenue	-	-	102,800	91,000	100,000
TOTAL SOURCE OF FUNDS	\$ -	\$ -	102,800	91,000	191,000
USE OF FUNDS:					
Pay Stations	-	-	-		100,000
TOTAL USE OF FUNDS	\$ -	\$ -	-		100,000
FUND BALANCE @ 6/30	\$ -	\$ -	102,800	91,000	91,000

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

FINANCE DEPARTMENT

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

This program has been running since 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 2010. Below is a summary of historical revenues and expenditures.

Capitola Village & Wharf BIA

	2007-08	2008-09	2009-10	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	12,300	16,400	9,300	14,600	15,000
Assessment (cash & in-lieu)	71,300	73,700	70,700	56,700	61,600
Interest		1,000		200	200
Other				11,000	11,000
TOTAL SOURCE OF FUNDS	\$ 83,600	\$ 91,100	\$ 80,000	\$ 82,500	\$ 87,800
USE OF FUNDS:					
Advertise, Program & Adim	67,200	76,600	80,000	67,500	78,200
TOTAL USE OF FUNDS	\$ 67,200	\$ 76,600	\$ 80,000	\$ 67,500	\$ 78,200
FUND BALANCE @ 6/30	\$ 16,400	\$ 14,500	\$ -	\$ 15,000	\$ 9,600

OTHER FUNDS



OTHER FUNDS

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

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

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

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

Open Space Purchase (City Manager Department): This fund accumulates money for the future purchase of open space.

◆ *Compensated Absences* ◆

FINANCE

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

Police Captain Cashable Sick Leave – Refer to contract.

Vacation > 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.

The Captain, Community Development Director and the City Manager have different cashable amounts, refer to individual MOU and contract.

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
Public Works Director	4 months	Police Chief	4 months
Comm. Dev. Director	4 months		

Compensated Absence Liability -- Governmental Accounting Standards Board Statement No. 16 identifies that certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefit through cash payments conditioned on the employee's termination or retirement. As of June 30, 2009, the vested benefits, payable in accordance with various collective bargaining agreements totaled \$716,701 (source: Capitola Comprehensive Annual Financial Reports for fiscal year ended June 30, 2009).

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	354,100	63,500	105,500	193,500	164,200
Transfer from Other Funds		150,000		-	
Transfer from General Fund					
Target is 1.5% of staffing budget	57,700	57,700	112,700	112,700	120,000
TOTAL SOURCE OF FUNDS	411,800	271,200	218,200	306,200	284,200
USE OF FUNDS:					
Cash Out Payments					
Cash Outs :					
City Manager - Adm Leave	8,800	9,400	10,000		
POA Sick Leave - 1995 List			-	-	-
Capt Sick Leave to Deferred Comp	42,300	-	-	-	-
Misc. Employee - Sick Leave	20,000	-	-	-	-
Vacation > 504 hours	24,400	74,000	30,000	30,000	
Vacation - Voluntary	6,800	40,000	20,000	32,600	50,000
Final Pay	-		25,000		
Retirement Cash-Out	27,700	100,000	-	79,400	108,000
Notes Payable	18,300	-	-	-	-
Transfer to Debt Service - POB (\$1M)	200,000	-			
TOTAL USE OF FUNDS	348,300	223,400	85,000	142,000	158,000
FUND BALANCE @ 6/30	63,500	47,800	133,200	164,200	126,200

◆ *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 FY10-11, the fund also meets this requirement, with a surplus of \$46,100.

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	597,600	614,300	627,100	627,100	627,100
Donation	-	-	-	-	-
Transfer from CDBG #2.950	-	-	-	-	-
Transfer from General Fund	16,700	12,800	-	-	-
TOTAL SOURCE OF FUNDS	614,300	627,100	627,100	627,100	627,100
USE OF FUNDS:					
Interfund Transfer Out	0	0	0	0	0
TOTAL USE OF FUNDS	0	0	0	0	0
FUND BALANCE @ 6/30	614,300	627,100	627,100	627,100	627,100
ok					
CALCULATION OF 5% TARGET:					
Gen. Fund Expense - exclude transfers	11,907,855	12,121,591	11,643,902	11,363,200	11,619,500
Designated @ 5%	5%	5%	5%	5%	5%
Target Balance	595,400	606,100	582,200	568,200	581,000
OVER OR (SHORT) OF TARGET	18,900	21,000	44,900	58,900	46,100

◆ 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.

FY10-11 budget. The Contingency Reserve fund balance is estimated to be \$1,247,100 which above the 10% target by \$85,100 on June 30, 2011.

	2007-08 Actual	2008-09 Actual	2009-10 Adopted	2009-10 Mid-Yr Est	2010-11 Adopted
SOURCE OF FUNDS:					
Fund Balance @ 7/1	1,187,500	1,243,900	1,266,100	1,247,100	1,247,100
Miscellaneous	3,400				
Transfer from Worker's Comp Fund	-	-	-	-	-
Transfer from General Fund	355,000	6,200	-		
TOTAL SOURCE OF FUNDS	1,545,900	1,250,100	1,266,100	1,247,100	1,247,100
USE OF FUNDS:					
CIP - Pcove MHP Retaining Wall	80,000		-		
Stores Fund - Stamp Machine	-				
Transfer Out:					
General Fund - Deficit backfill	172,000			-	-
Debt Service - POB (\$1M)	50,000		-		
TOTAL USE OF FUNDS	302,000	0	0	0	0
FUND BALANCE @ 6/30	1,243,900	1,250,100	1,266,100	1,247,100	1,247,100
CALCULATION OF 5% TARGET:					
Gen. Fund Expense - exclude transfers	11,907,855	12,121,591	11,643,902	11,363,200	11,619,500
Designated @ 10%	10%	10%	10%	10%	10%
Target Balance	1,190,800	1,212,200	1,164,400	1,136,300	1,162,000
OVER OR (SHORT) OF TARGET	53,100	37,900	101,700	110,800	85,100

◆ *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.

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

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MULTI-YEAR OBLIGATIONS



MULTI-YEAR OBLIGATIONS

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

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

City & Joint Powers Authority Multi-Year Obligation Listing

The City of Capitola has various multi-year obligations, with which debt service is paid from various funding sources and paid in various forms (i.e. payroll, JPA premiums, etc.). All required current payments are included within the respective fund budgets. As of June 30, 2009, the City's multi-year obligations are summarized as follows:

City Multi-Year Obligations	Balance 6/30/09	Form	Years	Other Terms
Street Sweeper - Gas Tax	\$ 101,400	Notes Payable	5	Interest 4.2%, 5 yrs, FY07/08 - FY11/12
LED Street Light Loan - Gas Tax	\$ 16,600	Notes Payable	5	Interest 4.5%, 5 yrs, FY06/07 - FY10/11
Current employee compensated absences	\$ 696,200	accrued	on-going	On-going. No interest due. (Refer to Compensated Absence Fund)
Other Post Employment Benefits (OPEB) - Capitola Retiree Healthcare Plan (CRHP)	\$ 967,200	Financial Statement Footnote	on-going	The City of Capitola's OPEB unfunded actuarial accrued liability was determined to be \$967,200 under the pay-as-go option chosen for the initial three years of funding. The City contributes the PEMHCA minimum of \$105 for calendar 2010.
Pension Obligation Bond	\$ 4,670,000	Note payable	10	Original 18 yr term with CalPERS, 7.75% with CalPERS, Budget appropriates a new pension obligation bond (POB) of 10 years (Refer to Debt Service - PERS POB Fund)
Total City Multi-Year Obligation	\$ 6,451,400			

JPA Bonds	Orig. Principal	Form	Other Terms
Monterey Bay Area Self-Insurance Authority (MBASIA) JPA Bond	\$5,150,000	JPA membership and paid via premiums	On Oct. 1, 2004, MBASIA issued debt in the amount of \$5.150,000. Each year the debt service is included in the MBASIA budget and used to determine each member agency's premium. While the MBASIA debt is amortized over 30 years, the first fixed term is for five years. At the end of this initial five year term MBASIA has the option to a 30 day variable payment, indexed to 60 basis points above LIBOR or negotiate another fixed term for a yet to be determined interest rate.
Santa Cruz Consolidated Emergency Communications Center (SCCECC) JPA Bond	\$5,760,000	JPA membership and paid via premiums	In 2002, SCCECC issued lease revenue refunding bonds in the amount of \$5,760,000. Each member agency entered into a Use Agreement which obligates the member agencies to pay use payments each year as rental for the use and occupancy of the related facilities. These payments are included in the City's contracts services budget to SCCECC. The Use Agreement between Capitola and SCCECC is effective through 2024.

Debt Service – 2007 Pension Obligation Bonds

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

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

SOURCES	2007-08 Actual	2008-09 Actual	2009-10 Budget	2009-10 Estimate	2010-11 Budget
Beginning Bal	\$ -	\$ 523,800	\$ 519,100	\$ 520,400	\$ 675,500
Investment earnings	\$ 2,900	\$ -	\$ -	\$ -	\$ -
Initial Funding Transfer In	\$ 1,000,000	n/a	n/a	n/a	n/a
Proceeds from bond	\$ 5,040,000	n/a	n/a	n/a	n/a
	<u>\$ 6,040,000</u>	n/a	n/a	n/a	n/a
PERS Internal Svc Fund Transfer In	\$ 480,200	\$ 460,000	\$ 416,600	\$ 416,600	\$ 440,000
Gen Fund Transfer In	\$ 207,900	\$ 201,800	\$ 206,200	\$ 206,200	\$ 240,000
TOTAL SOURCES	<u>\$ 6,731,000</u>	<u>\$ 1,185,600</u>	<u>\$ 1,141,900</u>	<u>\$ 1,143,200</u>	<u>\$ 1,355,500</u>
USES					
Debt principal	\$ 5,912,200	\$ 370,000	\$ 405,000	\$ 405,000	\$ 435,000
Interest	\$ 166,500	\$ 291,100	\$ 268,500	\$ 268,500	\$ 243,300
Issuance, Agent & Trustee fees	\$ 128,500	\$ 4,100	\$ 2,000	\$ 2,000	\$ 2,000
TOTAL USES	<u>\$ 6,207,200</u>	<u>\$ 665,200</u>	<u>\$ 675,500</u>	<u>\$ 675,500</u>	<u>\$ 680,300</u>
FUND BALANCE	<u>\$ 523,800</u>	<u>\$ 520,400</u>	<u>\$ 466,400</u>	<u>\$ 467,700</u>	<u>\$ 675,200</u>

CAPITAL IMPROVEMENT PROGRAM OVERVIEW



CAPITAL IMPROVEMENT PROGRAM (CIP)

Capitola Five-Year Capital Improvement Program

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

This section of the budget contains recommended allocation of Capital Improvement Program funds for fiscal year 2010-11. Project details for the full five-year Program, including on-going projects will be presented in the Capital Improvement Program document.

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 2009-10 the City used \$630,000 in funding from State Proposition 1B and ARRA stimulus funds on City street improvement projects. By leveraging Measure P dollars the city has been able to average \$450,000 in annual repairs to the City streets since Measure P was enacted. The level of funding provided during the remainder of 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 throughout the City.

A pavement management program update is planned for June 2010. This update will document the progress the City has made in maintaining the roadway systems. A new five year program list of streets scheduled for improvement will also be developed and incorporated into the CIP.

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)
- ❖ \$220,000 allocated in 2009/10 (including \$70,000 slurry seal)
- ❖ \$160,000 allocated in 2010/11 (including \$70,000 slurry seal)

Completed Projects

- ❖ Wharf Repairs \$150,000
- ❖ 41st Ave Rehab \$405,000
- ❖ Hill Street Area Rehab \$365,000
- ❖ Derby Ave Area Rehab \$ 35,000
- ❖ Capitola Rd Traffic Calming \$425,000

On-Going Projects

- ❖ Pedestrian Improvements on Capitola Rd. and 42nd
- ❖ Clares Street Traffic Calming

Newly programmed projects

In 2010-11 \$90,000 will be allocated to repaving Cherry Street in addition \$70,000 will be allocated to slurry seals. Another \$90,000 is being allocated to replacing a failing wooden retaining wall in Esplanade Park.

REDEVELOPMENT AGENCY



Redevelopment Agency Operating Fund

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

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

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

FY10-11 Work Program

Project	Goals FY10-11
Clares Street Traffic Calming	Design, bid, and construct project using \$300,000 of RDA funding
Rispin Site Planning	Council adoption of a use plan for the Rispin site
Library design	Determine library location, prepare conceptual site design options
Crime prevention cameras	Install security cameras at strategic locations in the Project Area in partnership with private property owners using \$25,000 of RDA funding

FY 09/10 achievements

Project	June 30, 2010 Status
Rispin Site	After extensive negotiations with developer, lease and development agreement for the project expired in Fall 2009.
Capitola Branch Library	Funding for library set aside pursuant to a 2004 agreement between the City and County. Library siting committee formed, and committee recommendations regarding locations for future library scheduled for Council review in Spring 2010
41 st Avenue Road Rehabilitation	Utilizing a combination of \$170,000 in RDA funds and \$230,000 in ARRA funds for reconstruction of 41 st Ave. from Capitola Rd. to Clares St. Project completed in October 2009.
Rispin Mansion Fire Response	In response to the fire at the Rispin Mansion on May 28, 2009 \$76,000 was spent for site security, safety measures and fencing. An additional \$12,000 is allocated for boarding-up the mansion which has yet to be authorized.
Rispin Mansion Underground Storage Tank Removal	Two previously unknown underground storage tanks were removed from the site under orders from the County of Santa Cruz Hazardous Materials Division. The total cost of the project was \$32,600 which was completed in September 2009.

Revenue/Expenditures

The FY10-11 revenue projections for the Agency include a -0.24% growth in the total tax increment based on the State Board of Equalization assessment roll announcement to County Assessor. Total revenue to the Agency is projected to be \$2,316,800, with \$1,853,440 in the Redevelopment Operating Fund and \$463,360 in the Housing Set Aside Fund.

The FY10-11 budget includes funding for several specific planning projects, including \$50,000 for Rispin site planning and \$25,000 for library planning work. Those items are included in the *CS-Plan Svc* line item under contract services.

In addition, the *Capital outlay* budget includes \$25,000 to match private-sector funding for security cameras at key locations in the project area, and \$300,000 to help fund the Clares Street Traffic Calming Project.

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

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

5500	FY07-08	FY08-09	Fiscal 2009-10			2010-11 Adopted
	Actual Amount	Actual Amount	Adopted Budget	Amended Budget	Estimated Amount	
Beginning Fund Balance	\$ 2,576,472	\$ 3,068,100	\$ 2,843,611	\$ 2,843,611	\$ 3,489,464	\$ 2,955,796
Revenue						
TX - Taxes						
3110 - Gross tax increment	\$2,334,501	\$2,496,367	\$2,322,300	\$2,322,300	\$2,322,300	\$2,316,800
UMP - Use of money & property						
3610 - Investment earnings	\$140,065	\$91,970	\$49,700	\$49,700	\$23,000	\$0
Revenue Totals	\$2,474,566	\$2,588,338	\$2,372,000	\$2,372,000	\$2,345,300	\$2,316,800
Expenditures						
PER - Personnel						
4120 - Wages-RDA Brd of Directors	\$3,831	\$0	\$4,000	\$4,000	\$4,000	\$4,000
CS - Contract services						
Chamber of Commerce	(a)	(a)	(a)	(a)	(a)	\$30,000
SC County Convention & Visitors	(a)	(a)	(a)	(a)	(a)	\$23,000
Rispin cleanup	\$0	\$6,907	\$0	\$69,000	\$69,000	\$0
General contract services	\$19,816	\$143,510	\$81,000	\$12,000	\$50,000	\$50,000
Co-op Agreement	\$205,909	\$221,863	\$205,200	\$205,200	\$205,200	\$201,250
Co-op Reimbursement	(\$127,000)	(\$134,000)	(\$133,400)	(\$133,400)	(\$133,400)	(\$130,800)
4305 - CS-Gen/Admin	\$98,725	\$238,280	\$152,800	\$152,800	\$190,800	\$173,450
4320 - CS-Legal svcs	\$18,935	\$503	\$25,000	\$25,000	\$5,051	\$25,000
4325 - Police Svcs	\$8,490	\$11,756	\$0	\$0	\$15	\$0
4335 - CS-Financial Svcs	\$33,428	\$38,911	\$35,000	\$37,700	\$43,006	\$41,000
4345 - CS-Gen Plan/Housing	\$0	\$6,800	\$0	\$0	\$2,800	\$0
4350 - CS-Plan Svc	\$2,597	\$0	\$25,000	\$25,000	\$0	\$75,000
4355 - CS-PW & Trans.	\$3,175	\$6,748	\$0	\$0	\$5,000	\$10,000
4375 - CS-Prop & equip	\$171	\$90	\$0	\$0	\$230	\$400
4390 - Construction service	\$0	\$17,933	\$3,025,400	\$3,346,300	\$182,000	\$0
CS - Contract services Total	\$165,522	\$321,021	\$3,263,200	\$3,586,800	\$428,902	\$324,850
TR - Training / SUP - Supplies						
4400 - Training	\$0	\$88	\$2,000	\$2,000	\$0	\$5,700
4450 - Supplies	\$3,081	\$502	\$0	\$0	\$0	\$500
TR/SUP Total	\$3,081	\$590	\$2,000	\$2,000	\$0	\$6,200
CAP - Capital outlay						
4650 - Capital outlay	\$0	\$0	\$60,000	\$60,000	\$0	\$325,000
DS - Debt service						
4710 - Debt principal	\$91,026	\$91,026	\$91,000	\$91,000	\$91,026	\$228,926
4720 - Debt interest	\$299,460	\$233,340	\$233,200	\$233,200	\$233,200	\$200,025
DS - Debt service Totals	\$390,486	\$324,366	\$324,200	\$324,200	\$324,226	\$428,951
PT - Pass through						
4790 - Pass through	\$953,118	\$1,021,722	\$954,300	\$954,300	\$954,300	\$941,400
IGE - Intergovernmental exp.						
4810 - ERAF/SERAF	\$0	\$0	\$0	\$703,080	\$703,080	\$144,616
OFU - Other financing uses						
4910 - Hsg Set Aside transfer out	\$466,900	\$499,274	\$464,460	\$464,460	\$464,460	\$463,360
Expenditure Totals	\$1,982,939	\$2,166,973	\$5,072,160	\$6,098,840	\$2,878,968	\$2,638,377
Net Revenue/Expenditures	\$491,628	\$421,364	(\$2,700,160)	(\$3,726,840)	(\$533,668)	(\$321,577)
Fund Balance June 30	\$ 3,068,100	\$ 3,489,464	\$ 143,451	\$ (883,229)	\$ 2,955,796	\$ 2,634,219

(a) 2008-09 financial system conversion combined miscellaneous contract services detail into a single account.

Agency Debt and Obligations

The Agency currently has several forms of debt, which includes contractual obligations, loans from the City, and debt held by third parties. The proposed FY10-11 budget includes no new proposed debt. A summary of the existing Agency debt is included in the table below:

Debt	Loan Amount	Date Initiated	Due/End date	Terms	Interest rate	2009-10 Payment	2010-11 Payment
Central Fire Protection District	\$ 459,101	11/30/1984	June 30, 2012	Amortized	n/a	\$ 45,900	\$ 45,900
Library District	\$ 201,161	11/30/1984	June 30, 2012	Amortized	n/a	\$ 20,100	\$ 20,100
Co-op agreement with City	\$ 618,028	10/11/2001	On demand or 12/13/2026	Interest only	7.75%	\$ 47,900	\$ 47,900
Chase NYC \$1 million loan	\$ 1,000,000	2/1/2002	September 29, 2014	Interest only	4.75%	\$ 47,500	\$ 47,500
Short term loan from City	\$ 332,000	7/1/2002	June 30 annually through 2017	Interest only	10.00%	\$ 33,200	\$ -
Rispin Purchase loan from City	\$ 1,350,000	7/24/2003	On demand or last day of Tax Increment eligibility	Interest only	7.75%	\$ 104,600	\$104,600
Capitola Library Trust	\$ 2,640,000	8/13/2004	February 1, 2018	Scheduled pmts	n/a	\$ 25,000	\$162,900
						\$324,200	\$428,900

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

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

Fiscal Year End	Minimum Pmt	Accrued Interest (c)	Cumulative Balance
June 30, 2010 (b)	150,000	14,136	164,136
June 30, 2011	162,900	7,368	334,404
June 30, 2012	179,502	12,725	526,631
June 30, 2013	211,720	18,975	757,326
June 30, 2014	250,243	26,473	1,034,042
June 30, 2015	287,116	35,328	1,356,486
June 30, 2016	325,579	45,578	1,727,643
June 30, 2017	366,577	57,328	2,151,548
June 30, 2018	417,640	70,812	2,640,000
Totals	\$ 2,351,277	\$ 288,723	

(a) Based on final library construction contract "First Implementation Agreement" signed and dated 8/13/2005. Minimum scheduled payment is subject to increase based on any 2005 RDA Added Area (Rispin) tax increment.

(b) June 30, 2010 represent contract-to-date principal and interest.

(c) Figures are presented at a 3% interest rate for purposes of example. Actual rate is variable based on interest earnings from the County's pooled investment fund.

Payments to Other Government Entities

Pass-Through Agreements

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

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

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

Education Revenue Augmentation Fund

Over the last 10 years, the State has transferred funding from local redevelopment agencies to the Education Revenue Augmentation Fund to help balance the state budget.

Pass throughs and ERAF/SERAF detail

Fiscal 2009-10

Account Number	Description	2008 Actual	2009 Actual	Adopted Budget	Amended Budget	Estimated Amount	FY2010-11 Adopted
Pass through							
4790.001	Pass through Santa Cruz County	\$542,772	\$580,529	\$545,100	\$545,100	\$545,100	\$528,000
4790.002	Pass through Fire District	\$319,534	\$343,960	\$318,000	\$318,000	\$318,000	\$323,000
4790.003	Pass through Library district	\$63,032	\$67,526	\$63,400	\$63,400	\$63,400	\$62,800
4790.004	Pass through Zone 4 special dist (a)	\$4,902	\$5,242	\$4,905	\$4,905	\$4,895	\$4,860
4790.005	Pass through Zone 5 special dist (a)	\$18,676	\$19,971	\$18,670	\$18,670	\$18,685	\$18,550
4790.006	Pass through Flood district (a)	\$4,202	\$4,493	\$4,205	\$4,205	\$4,220	\$4,190
Total: Pass through		\$953,118	\$1,021,722	\$954,280	\$954,280	\$954,300	\$941,400
Intergovernmental expenditures							
4810.001	ERAF/SERAF SERAF payment	\$0	\$0	\$0	\$0	\$703,080	\$144,616
Total pass through and Intergovernmental		\$953,118	\$1,021,722	\$954,280	\$954,280	\$1,657,380	\$1,086,016

(a) Special district pass through budget for 2009-10 is broken out for the above comparison. Historically budgeted as a lump sum.

Redevelopment Agency Low & Moderate Income Housing

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

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

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

Assistance Programs: Assistance programs provide assistance to income eligible residents on an individual basis. Current programs include the Security Deposit Program (\$15,000), Emergency Housing Assistance Program (\$95,000), the First Time Homebuyer Loan Program (\$60,000) and the Rental Subsidy programs for Loma Vista and Wharf Road Manor Mobile Home Parks (\$35,000). These expenditures can be found in the *Hsg grants & subsidies* line item.

Special Projects: Special projects are focused on the production and preservation of multi-unit affordable housing projects through the provision of loans or grants to non-profit or for-profit housing developers. Special projects can also involve the acquisition of land the provision of predevelopment assistance, or other types of assistance to make development of affordable housing feasible. No projects have yet been identified for FY 2010-2011 expenditure. If projects are identified during the year proposals for funding would be submitted to the Agency for review for possible funding from the Housing Fund Balance.

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

Fund: 5550 RDA Low/Mod Housing Fund

	2008 Actual Amount	2009 Actual Amount	Fiscal 2009-10			FY201011 Adopted
			Adopted Budget	Amended Budget	Estimated Amount	
Beginning Fund Balance	\$1,807,669	\$1,183,431	\$548,400	\$548,400	\$ 673,902	\$725,512
Revenue						
<u>IR - Intergovernmental revenues</u>						
3310 - Federal government grants	0	0	0	0	0	0
3320 - State government grants	0	0	0	0	0	0
IR - Intergovernmental revenues Totals	0	0	0	0	0	0
<u>UMP - Use of money & property</u>						
3610 - Investment earnings	65,962	15,863	16,500	16,500	2,100	0
3630 - Loan repayment	89,678	21,475	0	0	0	0
UMP - Use of money & property Totals	155,640	37,338	16,500	16,500	2,100	0
<u>OFS - Other financing sources</u>						
3910 - Housing Set Aside transfer in	466,900	499,274	464,460	464,460	464,460	463,360
OFS - Other financing sources Totals	466,900	499,274	464,460	464,460	464,460	463,360
Revenue Totals	622,540	536,612	480,960	480,960	466,560	463,360
Expenditures						
<u>CS - Contract services</u>						
4305 - CS-Gen/Admin	3,338	38,375	50,000	80,000	130,000	30,000
4320 - CS-Legal svcs	26,404	32,078	20,000	20,000	25,000	20,000
4335 - CS-Financial Svcs	800	1,631	1,500	2,200	2,200	1,350
4345 - CS-Gen Plan/Housing	236,270	249,354	288,000	258,000	193,000	200,000
CS - Contract services Totals	266,811	321,438	359,500	360,200	350,200	251,350
<u>TR - Training / SUP - Supplies</u>						
4400 - Training	0	0	0	0	0	1,850
4450 - Supplies	0	0	0	0	0	500
	0	0	0	0	0	2,350
<u>GS - Grants and Subsidies</u>						
4500 - Hsg grants & subsidies	979,967	724,703	474,700	474,700	64,750	205,000
Expenditures Totals	1,246,778	1,046,141	834,200	834,900	414,950	458,700
Net Revenue/Expenditures	(624,238)	(509,529)	(353,240)	(353,940)	51,610	4,660
Fund Balance June 30	1,183,431	673,902	195,160	194,460	725,512	730,172

ATTACHMENTS

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ATTACHMENT A
ORGANIZATION CHART

Citizens of the City of Capitola

Council Members / RDA Directors

Mayor Sam Storey, Vice Mayor Dennis Norton, Council Members Robert Boer, Began, Ron Graves and Kirby Nicol

City Treasurer
Jacques Bertrand

RDA Treasurer
Debbie Johnson

CITY MANAGER
Jamie Goldstein

City Attorney
(contract)

Museum
Art & Cultural Commission
Exec. Assistant to the City Manager
Receptionist

City Clerk
Assistant to the City Manager
Information Systems Specialist

Records Coordinator

Community Development Director

Building Official
Housing Redevelopment Planner

Senior Planner
Associate Planner
FROZEN
Development Service Technician

Finance Director
VACANT

Supervisor Accountant
Accountant II
Finance Staff

Police Chief

Administrative Asst.
Captain - Admin. Div.
2 Detectives
Records Manager
Parking Enforcement
Records Clerks

Development Service Technician

Captain - Op. Div.
FROZEN
4 Sergeants
Police Officers
CSO

Public Works Director

Public Works Assistant Director
Parks Supervisor
FROZEN
Park Staff

Fleet
(contract)

Maintenance Superintendant
Street Staff

Recreation Supervisor
Recreation Staff

ATTACHMENT B

FINANCIAL POLICIES



ADMINISTRATIVE POLICY

Number: III-3

Issued: June 8, 2000

Jurisdiction: City Council

FINANCIAL MANAGEMENT POLICIES

POLICY

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

A. CAPITAL BUDGETING AND RESERVES; ISSUANCE OF DEBT:

1. CAPITAL PLANNING -IN GENERAL:

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

2. USE OF LONG-TERM FINANCING METHODS:

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

3. FISCAL ANALYSIS:

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

4. ASSET LIFE:

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

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

5. CAPITAL FINANCING -IN GENERAL:

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

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

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

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

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

Factors Favoring Use of Debt:

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

6. GENERAL OBLIGATION DEBT:

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

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

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

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

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

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

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

B. OPERATING BUDGETING AND RESERVES

1. TWO YEAR OPERATING BUDGET.

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

2. BALANCED OPERATING BUDGET.

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

3. "ONE-TIME" REVENUE.

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

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

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

5. CONTINGENCY APPROPRIATION.

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

6. EMERGENCY RESERVES.

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

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

7. REVENUE DIVERSIFICATION.

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

8. REVENUE PROJECTIONS.

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

9. EXPENDITURE PROJECTIONS.

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

10. DEVELOPMENT FEES

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

C. OTHER POLICIES

1. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

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

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

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

3. INTERNAL BORROWINGS

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

4. EMPLOYEE COMPENSATION

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

This policy is approved and authorized by:



Richard Hill
City Manager

ATTACHMENT C
CITY INVESTMENT POLICY



ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 9, 2001

Confirmed: May 13, 2010

Jurisdiction: City Council

INVESTMENT POLICY

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

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

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

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

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

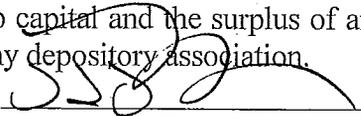
1. State of California Local Agency Investment Fund
2. U.S. Treasury T-Bills
3. Negotiable Certificates of Deposit
4. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months*

The following limitations shall apply to permitted investments:

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

Certificates of Deposit:

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


Jacques Bertrand, City Treasurer

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

ATTACHMENT D

**FY10-11 CITY AND CIP BUDGET –
ADOPTION RESOLUTION**



Item #: 4.A.1)

CITY COUNCIL AGENDA REPORT

JOINT MEETING OF JUNE 2, 2010

FROM: City Manager Department
DATE: May 24, 2010
SUBJECT: ADOPTION OF THE CITY OF CAPITOLA 2010/11 FISCAL YEAR BUDGET

Recommended Action: By motion and roll call vote, that the City Council:

1. Provide further budget direction; or
 2. Adopt the proposed Resolution Adopting the 2010/11 Fiscal Year City Budget.
-

BACKGROUND

Every year, prior to June 30, the City Council acting in its various capacities approves the budgets for its jurisdictions over which the Council has legislative authority. When approved the budgets appropriate money for spending throughout the fiscal year.

DISCUSSION:

The City Council considered the proposed FY10-11 Budget in May and received input from the community and staff. The budget recommended for final approval includes amendments to the FY 2010-11 proposed budget as submitted in May. The items below were reported to council by staff during budget deliberations, or were directed by the council during deliberations as changes to the proposed budget as submitted.

1. Increased Mobile Home Administrative Service Fee revenue for the General Fund in the amount of \$10,000.
2. Increase the Encroachment Fee Revenue for the General Fund in the amount of \$10,000.
3. Increase contract services, for the City Attorney General Fund program in the amount of \$20,000.
4. The Gas Tax Fund increased operation expenses by \$45,000 to cover sweeper operations. This decreased the anticipated June 30, 2011 fund balance of that fund to \$79,700.
5. The Wharf Fund was changed to accommodate the following expenditures: City staff maintenance and operation activities--\$25,000; other Wharf maintenance-\$5,000; Floating dock repair/replacement-\$50,000; general supplies-\$5,000; major unanticipated repairs-\$73,000. This \$158,000 increase in appropriations reduces the anticipated June 30, 2011 fund balance to \$0.
6. The Housing Trust Fund budget increased contract services by \$17,000. This decreased the anticipated June 30, 2011 fund balance to \$247,500.

The projected fiscal year 2010-11 fund balance for the General Fund remains the same as anticipated in the proposed budget.

FISCAL IMPACT

The fiscal impact to the City from adopting the budget is best represented by Exhibit A-1 (Summary by Fund) of the draft resolution. It is important to remember that the budget as recommended and as may be adopted is a best guess with regards to the revenues and expenditures. The budget will undergo amendments during the fiscal year to accommodate City priorities and needs not known at this time.

ATTACHMENT:

Draft Resolution

Report Prepared By: Rich Hill, City Manager

**Reviewed and Forwarded
By City Manager: _____**

COPY

RESOLUTION NO. 3818

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
ADOPTING THE 2010/11 FISCAL YEAR CITY BUDGET**

WHEREAS, it is necessary to adopt the 2010/11 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, 2010 through June 30, 2011; 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 2010/11 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.

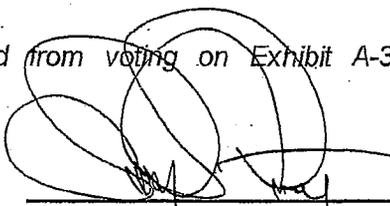
I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola at its Special Meeting held on the 2nd day of June, 2010, by the following vote:

AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey*

NOES: None

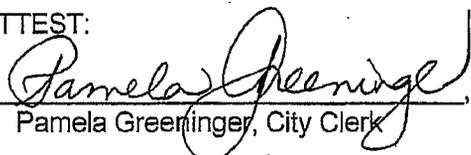
ABSENT: None

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



Sam Storey, Mayor

ATTEST:



Pamela Greeninger, City Clerk MMC

EXHIBIT A-1

CITY FUNDS	Estimated Balance 07/01/10	2010-11 Adopted Revenue	2010-11 Adopted Expenditure	Estimated Balance 6/30/11
General Fund	709,850	\$12,329,700	\$11,619,500	1,420,050
Transfers	-	-	710,000	(710,000)
General Fund Total	<u>709,850</u>	<u>\$12,329,700</u>	<u>\$12,329,500</u>	<u>\$710,050</u>
Designated Reserves:				
Emergency Reserves @ 5%	627,100	-	-	627,100
Contingency Appropriation @ 10%	1,247,100	-	-	1,247,100
Compensated Absences	164,200	120,000	158,000	126,200
Open Space Purchase	300	-	-	300
Designated Reserves Total	<u>2,038,700</u>	<u>120,000</u>	<u>158,000</u>	<u>2,000,700</u>
Capital Projects				
Detailed in CIP Budget Section	1,312,000	498,000	1,810,000	-
CIP Total	<u>1,312,000</u>	<u>498,000</u>	<u>1,810,000</u>	<u>-</u>
Special Revenues:				
Gas Tax	74,600	279,200	274,100	79,700
Supplemental law Enforcement	100	100,100	100,000	200
SCC Anti-Crime Team	(300)	69,400	69,400	(300)
PEG Cable TV Access	92,800	20,100	24,500	88,400
Development Fees	(1,350)	10,000	-	8,650
Wharf Fund	119,000	74,000	193,000	-
CDBG - Grants	34,185	70,000	75,000	29,185
CDBG- Program Income	(17,750)	-	-	(17,750)
CDBG - RLF 07-08 Program Income	5,200	-	-	5,200
HOME Program Re-Use	5,080	12,300	-	17,380
HOME Grant	(17,500)	425,000	430,000	(22,500)
Housing Trust Fund	364,500	10,000	127,000	247,500
BEGIN Grant Fund	60,000	180,000	240,000	-
General Plan Update	675,300	125,000	468,500	331,800
Green Building Fund	51,000	20,000	20,000	51,000
Public Art	395,200	25,000	156,700	263,500
Parking Fund	91,000	100,000	100,000	91,000
Technology Fee	2,000	1,000	-	3,000
Special Revenue Total	<u>1,933,065</u>	<u>1,521,100</u>	<u>2,278,200</u>	<u>1,175,965</u>
Debt Service				
PERS - Pension Oblig Bonds	675,500	680,000	680,300	675,200
Debt Service Total	<u>675,500</u>	<u>680,000</u>	<u>680,300</u>	<u>675,200</u>
Internal Services:				
Equipment Replacement	281,300	100,000	80,000	301,300
Information Technology	123,200	115,200	115,300	123,100
Public Employees Retirement	497,800	1,425,400	1,514,100	409,100
Self-Insurance Liability	256,300	142,800	142,900	256,200
Stores	23,750	28,500	28,500	23,750
Worker's Compensation	170,900	473,000	473,000	170,900
Internal Service Total	<u>\$1,353,250</u>	<u>\$2,284,900</u>	<u>\$2,353,800</u>	<u>\$1,284,350</u>
GRAND TOTAL CITY	<u>\$8,022,365</u>	<u>\$17,433,700</u>	<u>\$19,609,800</u>	<u>\$5,846,265</u>

EXHIBIT A-2 General Fund Budget

REVENUE CATEGORIES:	2010-2011 Budget
Taxes	\$8,091,500
Licenses and permits	\$219,000
Intergovernmental revenues	\$396,900
Charges for services	\$2,360,000
Fines and forfeitures	\$859,000
Use of money & property	\$339,800
Other revenues	\$63,500
Revenue Grand Totals:	\$12,329,700

EXPENDITURE CATEGORIES:	2010-2011 Budget
Staffing	\$ 7,527,500
Contract Services	\$ 2,467,500
Community Grants	\$ 275,000
Materials & Supplies	\$ 490,000
Fixed Asset Purchase	\$ -
Internal Service Charges	\$ 859,500
Total Expenditures - before fund transfers	\$ 11,619,500
Fund Transfers	\$ 710,000
Total Expenditure by Category	\$ 12,329,500

DEPARTMENT EXPENDITURE	2010-2011 Budget
City Council	\$ 87,100
Community Grants	\$ 275,000
Finance	\$ 690,800
Attorney	\$ 273,600
City Manager	\$ 766,200
Personnel	\$ 197,600
Museum	\$ 67,200
Arts Commission	\$ 48,300
Police - Law Enforcement	\$ 5,116,500
Police - Parking Enf.	\$ 448,800
Police - Lifeguards	\$ 91,200
Police - Animal Services	\$ 14,200
CDD	\$ 694,000
PW - Streets	\$ 1,044,700
PW - Facilities	\$ 208,800
PW - Parks	\$ 453,300
PW - Pacific Cove Park	\$ 20,000
PW - Fleet	\$ 285,400
Recreation	\$ 836,800
Total Expenditures - before fund transfers	\$ 11,619,500
Fund Transfers	\$ 710,000
Total Expenditure by Department	\$ 12,329,500

EXHIBIT A-3 COMMUNITY GRANT AWARD DETAIL

AGENCY	FY10-11 Budget
Advocacy, Inc.	\$4,235.00
American Red Cross	\$1,379.00
Big Brothers Big Sisters	\$2,762.00
Cabrillo Stroke and Disability Center	\$6,758.00
California Grey Bears, Inc.	\$13,941.00
California Rural Legal Assistance	\$3,626.00
Campus Kids Connection, Inc.	\$16,565.00
CASA of Santa Cruz County	\$2,227.00
Central Coast Center for Independent Living	\$14,697.00
Community Action Board - The Shelter Project	\$1,356.00
Community Bridges sub total	\$110,528.00
Conflict Resolution Center of Santa Cruz	\$2,758.00
Dientes Community Dental Care	\$1,378.00
Families In Transition	\$2,422.00
Family Service Agency - sub total	\$8,599.00
Homeless Services Center of Santa Cruz County	\$2,508.00
Hospice of Santa Cruz County	\$1,380.00
Parents Center Santa Cruz	\$7,088.00
Santa Cruz AIDS Project	\$9,150.00
Santa Cruz Community Counseling - Youth Services	\$6,886.00
Santa Cruz County Office of Education	\$1,356.00
Santa Cruz Toddler Care Center	\$1,234.00
Second Harvest Food Bank of Santa Cruz and San Benito	\$9,825.00
Senior Citizens Legal Services	\$9,743.00
Senior Network Services, Inc.	\$2,461.00
Seniors Council of Santa Cruz and San Benito Counties	\$3,277.00
Survivors Healing Center	\$528.00
United Way - Child Abuse Prevention	\$6,107.00
Vista Center for the Blind and Visually Impaired	\$1,841.00
Volunteer Center of Santa Cruz	\$1,356.00
Women's Crisis Support - Defensa de Mujeres	\$3,613.00
WomenCARE	\$2,265.00
Cultural Council of Santa Cruz County	\$4,147.00
Native Animal Rescue	\$1,188.00
O'Neill Sea Odyssey	\$5,816.00
TOTALS	\$275,000

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3818 passed and adopted by the Capitola City Council on the 2nd day of June, 2010

Pamela Greer
Pamela Greer, MMC, City Clerk

ATTACHMENT E

FY10-11 RDA BUDGET – ADOPTION RESOLUTION



Item #: 4.A.2)

CAPITOLA REDEVELOPMENT AGENCY AGENDA REPORT

JOINT MEETING OF JUNE 2, 2010

FROM: Office of the Executive Director

DATE: May 27, 2010

SUBJECT: ADOPTION OF THE 2010/11 FISCAL YEAR REDEVELOPMENT AGENCY BUDGET

Recommended Action: By motion and roll call vote, that the Agency Directors:

1. Adopt the proposed Resolution of the Board of Directors of the City of Capitola Redevelopment Agency Adopting the 2010/11 Fiscal Year Budget; and
 2. Adopt the proposed Agency Resolution Making a Determination regarding the Planning and Administrative Expenditures of the Low and Moderate Income Housing Fund for Fiscal Year 2010/11 and the Determination that the use of Low and Moderate Income Housing Funds outside of the project area will be of benefit to the project area.
-

BACKGROUND

During May 2010, the City Council and Capitola Redevelopment Agency held special joint public meetings to discuss the proposed 2010/11 fiscal year budgets. The Redevelopment Agency Board of Directors gave staff direction to finalize the Redevelopment Agency budget.

DISCUSSION

Below is a summary of the RDA 2010/11 proposed budgets with the detail in the following section:

FY10/11 Proposed Budget	RDA Operating	RDA Housing
Total Source	\$ 5,272,596	\$ 1,188,872
Total Use	\$ 2,638,377	\$ 458,700
Estimated Ending Fund Balance	\$ 2,634,219	\$ 730,172

The attached resolution shows the detail of the budgets for the Project Fund and the Low and Moderate Income Fund.

In addition, the Board must adopt a resolution making a determination regarding the Planning and Administrative Expenditures of the Low and Moderate Income Housing Fund and the use of Low and Moderate Income Housing Funds outside of the project area: The Low and Moderate Income Housing Fund of the Redevelopment Agency, Health and Safety Code Section 33334.3 (d) states, in part that "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." Health and Safety Code Section 33334.2(g) provides that redevelopment agencies may use low and moderate income housing funds both inside and outside of a project area, upon a resolution of the Agency finding that the use of funds outside of the project area will be of benefit to the project area. These determinations are provided in the resolution.

The 2010/11 FY Budget for the Low and Moderate Income Housing Fund includes the salary, benefits and overhead costs of the Community Development Staffing cost for recognition of the time the employee(s) spends on low-and-moderate income housing projects. The Agency also contracts with the Santa Cruz County Housing Authority to facilitate the coordination of the private sector, public agencies, non-profit housing organizations and the City to provide affordable housing. Other budget items include financial audit and technical assistance.

FISCAL IMPACT

The fiscal impact is based upon the above adopted budgets.

ATTACHMENTS

1. Draft Resolution Adopting the Redevelopment Agency Fiscal Year 2010/11 Budget
2. Draft Resolution regarding the Expenditure of Low and Moderate Income Housing Funds Outside of the Project Area and regarding Planning and Administrative Expenditures of the Low & Moderate Income Housing Fund for Fiscal Year 2010/11

Report Prepared By: Rich Hill, Executive Director

Reviewed and Forwarded

By Executive Director: _____

COPY

AGENCY RESOLUTION NO. 2010-2

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CITY OF CAPITOLA REDEVELOPMENT AGENCY
ADOPTING THE 2010/11 FISCAL YEAR BUDGET**

WHEREAS, it is necessary to adopt the 2010/11 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, 2010 through June 30, 2011.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Directors of the City of Capitola Redevelopment Agency that the 2010/11 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.

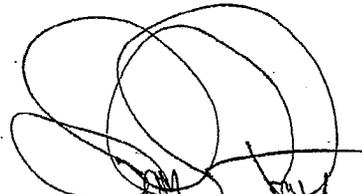
I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the Board of Directors of the City of Capitola Redevelopment Agency at its Special Meeting held on the 2nd day of June, 2010, by the following vote:

AYES: Directors Graves, Norton, Nicol, Begun, and Chairperson Storey

NOES: None

ABSENT: None

ABSTAIN: None



Sam Storey, Chairperson

ATTEST:



Pamela Greeninger, Secretary

EXHIBIT A-1 Redevelopment Agency Operating & CIP

5500	FY07-08	FY08-09	Fiscal 2009-10			2010-11 Proposed
	Actual Amount	Actual Amount	Adopted Budget	Amended Budget	Estimated Amount	
Beginning Fund Balance	\$ 2,576,472	\$ 3,068,100	\$ 2,843,611	\$ 2,843,611	\$ 3,489,464	\$ 2,955,796
Revenue						
TX - Taxes						
3110 - Gross tax increment	\$2,334,501	\$2,496,367	\$2,322,300	\$2,322,300	\$2,322,300	\$2,316,800
UMP - Use of money & property						
3610 - Investment earnings	\$140,065	\$91,970	\$49,700	\$49,700	\$23,000	\$0
Revenue Totals	\$2,474,566	\$2,588,338	\$2,372,000	\$2,372,000	\$2,345,300	\$2,316,800
Expenditures						
PER - Personnel						
4120 - Wages-RDA Brd of Directors	\$3,831	\$0	\$4,000	\$4,000	\$4,000	\$4,000
CS - Contract services						
Chamber of Commerce	(a)	(a)	(a)	(a)	(a)	\$30,000
SC County Convention & Visitors	(a)	(a)	(a)	(a)	(a)	\$23,000
Rispin cleanup	\$0	\$6,907	\$0	\$69,000	\$69,000	\$0
General contract services	\$19,816	\$143,510	\$81,000	\$12,000	\$50,000	\$50,000
Co-op Agreement	\$205,909	\$221,863	\$205,200	\$205,200	\$205,200	\$201,250
Co-op Reimbursement	(\$127,000)	(\$134,000)	(\$133,400)	(\$133,400)	(\$133,400)	(\$130,800)
4305 - CS-Gen/Admin	\$98,725	\$238,280	\$152,800	\$152,800	\$190,800	\$173,450
4320 - CS-Legal svcs	\$18,935	\$503	\$25,000	\$25,000	\$5,051	\$25,000
4325 - Police Svcs	\$8,490	\$11,756	\$0	\$0	\$15	\$0
4335 - CS-Financial Svcs	\$33,428	\$38,911	\$35,000	\$37,700	\$43,006	\$41,000
4345 - CS-Gen Plan/Housing	\$0	\$6,800	\$0	\$0	\$2,800	\$0
4350 - CS-Plan Svc	\$2,597	\$0	\$25,000	\$25,000	\$0	\$75,000
4355 - CS-PW & Trans.	\$3,175	\$6,748	\$0	\$0	\$5,000	\$10,000
4375 - CS-Prop & equip	\$171	\$90	\$0	\$0	\$230	\$400
4390 - Construction service	\$0	\$17,933	\$3,025,400	\$3,346,300	\$182,000	\$0
CS - Contract services Total	\$165,522	\$321,021	\$3,263,200	\$3,586,800	\$428,902	\$324,850
TR - Training / SUP - Supplies						
4400 - Training	\$0	\$88	\$2,000	\$2,000	\$0	\$5,700
4450 - Supplies	\$3,081	\$502	\$0	\$0	\$0	\$500
TR/SUP Total	\$3,081	\$590	\$2,000	\$2,000	\$0	\$6,200
CAP - Capital outlay						
4650 - Capital outlay	\$0	\$0	\$60,000	\$60,000	\$0	\$325,000
DS - Debt service						
4710 - Debt principal	\$91,026	\$91,026	\$91,000	\$91,000	\$91,026	\$228,926
4720 - Debt interest	\$299,460	\$233,340	\$233,200	\$233,200	\$233,200	\$200,025
DS - Debt service Totals	\$390,486	\$324,366	\$324,200	\$324,200	\$324,226	\$428,951
PT - Pass through						
4790 - Pass through	\$953,116	\$1,021,722	\$954,300	\$954,300	\$954,300	\$941,400
IGE - Intergovernmental exp.						
4810 - ERAF/SERAF	\$0	\$0	\$0	\$703,080	\$703,080	\$144,616
OFU - Other financing uses						
4910 - Hsg Set Aside transfer out	\$466,900	\$499,274	\$464,460	\$464,460	\$464,460	\$463,360
Expenditure Totals	\$1,982,939	\$2,166,973	\$5,072,160	\$6,098,840	\$2,878,968	\$2,638,377
Net Revenue/Expenditures	\$491,628	\$421,364	(\$2,700,160)	(\$3,726,840)	(\$533,668)	(\$321,577)
Fund Balance June 30	\$3,068,100	\$3,489,464	\$ 143,451	\$(883,229)	\$ 2,955,796	\$ 2,634,219

(a) 2008-09 financial system conversion combined miscellaneous contract services detail into a single account.

EXHIBIT A-2

**RDA Housing Set-Aside
Fiscal Year 2009-10**

	2008 Actual Amount	2009 Actual Amount	Fiscal 2009-10			2011 Departme nt Review
			Adopted Budget	Amended Budget	Estimated Amount	
Beginning Fund Balance	\$ 1,807,669	\$ 1,183,431	\$548,400	\$548,400	\$ 673,902	\$ 725,512
Revenue						
IR - Intergovernmental revenues						
3310 - Federal government grants	0	0	0	0	0	0
3320 - State government grants	0	0	0	0	0	0
IR - Intergovernmental revenues Totals	0	0	0	0	0	0
UMP - Use of money & property						
3610 - Investment earnings	65,962	15,863	16,500	16,500	2,100	0
3630 - Loan repayment	89,678	21,475	0	0	0	0
UMP - Use of money & property Totals	155,640	37,338	16,500	16,500	2,100	0
OFS - Other financing sources						
3910 - Housing Set Aside transfer in	466,900	499,274	464,460	464,460	464,460	463,360
OFS - Other financing sources Totals	466,900	499,274	464,460	464,460	464,460	463,360
Revenue Totals	622,540	536,612	480,960	480,960	466,560	463,360
Expenditures						
CS - Contract services						
4305 - CS-Gen/Admin	3,338	38,375	50,000	80,000	130,000	30,000
4320 - CS-Legal svcs	26,404	32,078	20,000	20,000	25,000	20,000
4335 - CS-Financial,Svcs	800	1,631	1,500	2,200	2,200	1,350
4345 - CS-Gen Plan/Housing	236,270	249,354	288,000	258,000	193,000	200,000
CS - Contract services Totals	266,811	321,438	359,500	360,200	350,200	251,350
TR - Training / SUP - Supplies						
4400 - Training	0	0	0	0	0	1,850
4450 - Supplies	0	0	0	0	0	500
	0	0	0	0	0	2,350
GS - Grants and Subsidies						
4500 - Hsg grants & subsidies	979,967	724,703	474,700	474,700	64,750	205,000
Expenditures Totals	1,246,778	1,046,141	834,200	834,900	414,950	458,700
Net Revenue/Expenditures	(624,238)	(509,529)	(353,240)	(353,940)	51,610	4,660
Fund Balance June 30	1,183,431	673,902	195,160	194,460	725,512	730,172

This is to certify that the above and foregoing is a true and correct copy of Agency Resolution No. 2010-2 passed and adopted by the Capitola Redevelopment Agency on the 2nd day of June, 2010.

Pamela Greeninger
Pamela Greeninger, Secretary

COPY

AGENCY RESOLUTION NO. 2010-3

**A RESOLUTION OF THE REDEVELOPMENT AGENCY
OF THE CITY OF CAPITOLA MAKING A DETERMINATION REGARDING THE
EXPENDITURE OF LOW AND MODERATE INCOME HOUSING FUNDS OUTSIDE OF THE
PROJECT AREA AND REGARDING PLANNING AND ADMINISTRATIVE EXPENDITURES
OF THE LOW AND MODERATE INCOME HOUSING FUND
FOR FISCAL YEAR 2010-11**

WHEREAS, in the 2010-2011 Redevelopment Agency budget there are certain planning and administrative expenditures budgeted, including, but not limited to, staff time and contract services; and

WHEREAS, Section 33334.2(g) of the California Community Redevelopment Law provides that redevelopment agencies may use low and moderate income housing funds both inside and outside of a project area, upon a resolution of the Agency and legislative body finding that the use of funds outside the project area will be of benefit to the project area; 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.

WHEREAS, prior to adoption of the Redevelopment Plan on June 10, 1982, the City Council adopted Resolution No. 1799 and the Redevelopment Agency adopted Agency Resolution No. 7-82 to make findings that construction of low and moderate income housing outside of the project area would be of benefit to the project area; and

WHEREAS, now that a specific expenditure is being contemplated to provide low and moderate income housing funds through the City's First Time Homebuyer Loan Program that will serve homebuyers throughout the city, it is appropriate to make this finding again.

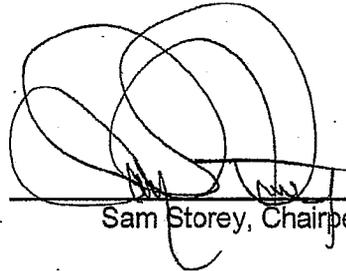
NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Directors of the Capitola Redevelopment Agency that use of Low and Moderate Income Housing funds originating from the Project Area tax increment revenue allocated for the purpose of improving and increasing the community's supply of low and moderate income housing available at affordable housing cost outside of the Project Area and within the City of Capitola will be of benefit to the Project, based on the following findings:

1. The housing to be rehabilitated is within two miles of the Project Area.
2. The Project Area does not contain comparable properties that could be developed to provide the same type and amount of affordable housing.
3. Implementation of the Redevelopment Plan has generated or will generate demands for low and moderate income housing that cannot be met solely within the Project Area;
4. Addition of any affordable housing within the City of Capitola territorial limits is of benefit to both the City and the Project Area.

BE IT FURTHER RESOLVED that the Redevelopment Agency of the City of Capitola does hereby determine that the Planning and Administrative Expenditures in the 2010-2011 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.

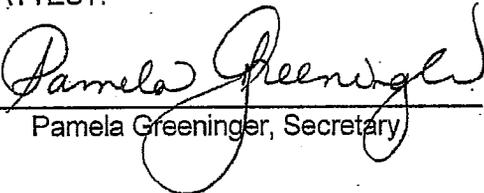
I HEREBY CERTIFY that the above and foregoing resolution was passed and adopted by the Board of Directors of the Capitola Redevelopment Agency at its Special Meeting held on the 2nd day of June, 2010, by the following vote:

AYES: Directors Graves, Norton, Nicol, Begun, and Chairperson Storey
NOES: None
ABSENT: None
ABSTAIN: None
DISQUALIFIED: None



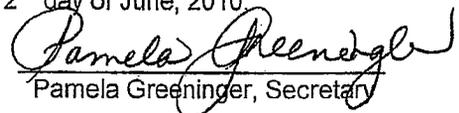
Sam Storey, Chairperson

ATTEST:



Pamela Greeninger, Secretary

This is to certify that the above and foregoing is a true and correct copy of Agency Resolution No. 2010-3 passed and adopted by the Capitola Redevelopment Agency on the 2nd day of June, 2010.



Pamela Greeninger, Secretary

ATTACHMENT F

GANN/ANNUAL APPROPRIATION REPORT



CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 10, 2010

FROM: FINANCE DEPARTMENT
DATE: MAY 24, 2010
SUBJECT: ANNUAL GANN APPROPRIATION LIMIT

Recommended Action: By motion and roll call vote, adopt the proposed Resolution Setting the 2010-2011 Fiscal Year Appropriation Limit Pursuant to Article XIII B of the California Constitution, as submitted.

BACKGROUND

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

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

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

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

DISCUSSION

The Appropriations Limit for a given fiscal year is established in the months preceding the beginning of that fiscal year. The California Revenue and Taxation Code, Section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population, "Annual Percent Change in Population Minus Exclusions", to local governments. Each local jurisdiction uses this percentage change in population factor for January 1, 2010 in conjunction with the County-issued "Local Nonresidential Property Value Increment By Fund" to calculate the Appropriation Factor used in determining the Limit.

The 2010-11 calculation is:

Annual % change in Population minus Exclusions	X	Local Nonresidential Property Value Increment	=	Appropriation Factor	X	FY 2009-10 Appropriation Limit	=	FY 2010-11 Appropriation Limit
1.01270		0.68883		0.69758		\$ 14,782,595		\$ 10,312,043

The proposed 2010-11 Budget tax revenues are:

	2010-11
Sales Tax and Triple Flip (1%)	\$ 4,137,600
District Transaction and Use Tax (1/4%)	\$ 847,500
Property Tax and In-Lieu	\$ 1,649,200
Transient Occupancy Tax	\$ 700,000
Franchise Taxes	\$ 477,200
Business License Tax	\$ 280,000
Interest Income from tax revenue	\$ 24,300
	\$ 8,115,800

The 2010-11 % of appropriations limit used is:

For Fiscal Year ended:	2008-09	2009-10	2010-11
Appropriations Limit	\$ 13,578,208	\$ 14,782,595	\$ 10,312,043
Tax revenue	\$ 9,268,400	\$ 8,463,700	\$ 8,115,800
Remaining to limit	\$ 4,309,808	\$ 6,318,895	\$ 2,196,243
% of limit used	68.26%	57.25%	78.70%

FISCAL IMPACT

The appropriations limit will decrease 30.24% or \$ 4,470,552 due to the 31.117% decline in local residential construction, which is 38.835 %points lower than 2009-10. The percent of the limit used is 78.70% for 2010-11, up from only 57.25% in 2009-10. The 2010-11 appropriations limit complies with state law.

ATTACHMENTS

Draft Resolution

Report Prepared By: Lonnie Wagner
Accountant II

**Reviewed and Forwarded
by City Manager:** _____

COPY

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RESOLUTION NO. 3820

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
SETTING THE 2010-2011 FISCAL YEAR APPROPRIATION LIMIT PURSUANT
TO ARTICLE XIIB OF THE CALIFORNIA CONSTITUTION

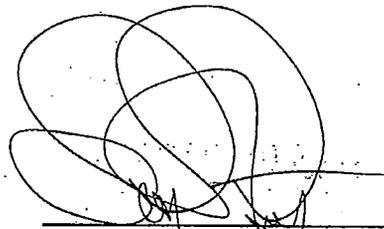
WHEREAS, before June 30 of each year, the City Council must select the factors to calculate the appropriation limit for the ensuing fiscal year and set the appropriation limit accordingly.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2010-2011 fiscal year appropriation limit shall be \$10,303,869, calculated as follows:

Change in Local Non-residential New Construction	0.68883
Population change within the county:	1.01270
2009-2010 Appropriation Limit:	\$14,782,595
Adjustment Factor (1.07718 X 1.0107)(rounded to 4 places)	x 0.69758
2010-2011 Appropriation Limit:	<u>\$10,312,043</u>

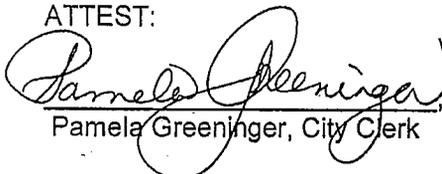
I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 10th day of June, 2010, by the following vote:

- AYES: Council Members Graves, Nicol, Begun, and Mayor Storey
- NOES: None
- ABSENT: Council Member Norton
- ABSTAIN: None



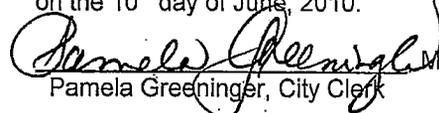
Sam Storey, Mayor

ATTEST:



MMC
Pamela Greeninger, City Clerk

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3820 passed and adopted by the Capitola City Council on the 10th day of June, 2010.



MMC
Pamela Greeninger, City Clerk

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.

Recommended Action: Accept report.

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 1st 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 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.