

Fiscal Year 2013-2014 Adopted Budget

THE CITY OF CAPITOLA
& CAPITOLA SUCCESSOR AGENCY



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CITY COUNCIL

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Sam Storey, Vice Mayor
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Rudy Escalante, Chief of Police
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Tori Hannah, Finance Director
Steve Jesberg, Public Works Director
Lisa Murphy, Administrative Services Director
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MISSION STATEMENT

MISSION

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

VISION

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

VALUES

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

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

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TO: City Council

FROM: City Manager

SUBJECT: FY 2013/14 Adopted and FY 2014/15 Planned Budget

OVERVIEW

On behalf of City Staff, I am pleased to submit for review and consideration a balanced budget for Fiscal Year (FY) 13/14. While the City's funding situation over the last several fiscal years has been challenging due to declining economic conditions, state take-aways, and disaster recovery, I am cautiously optimistic the outlook for FY 13/14 is improving. With the passage of Measure O, the City is anticipating just over \$1 million in additional sales tax revenue. These additional funds have been earmarked in the two year budget to replenish the reserves, repair and maintain city streets; and enhance community policing projects.

Last fiscal year nearly all core revenues met or exceeded their targeted amounts. This includes approximately \$350,000 in new sales tax receipts from a new major retailer. This boost in sales tax revenue helped to offset last year's loss of nearly \$520,000 in General Fund revenue, primarily due to the RDA dissolution, closure of Pacific Cove Mobile Home Park, and reductions in grant funding. Additional core revenue increases include a 5.7% year over year increase in transient occupancy tax (TOT) revenues. This trend is consistent with improving state-wide economic conditions, increasing local home sales and prices; and a reduction in Capitola unemployment rates from a three-year high in 2010 to a June 2012 rate of 5.5%.

One of the on-going challenges for City finances remains the dissolution of the Redevelopment Agency. Last year, the State Department of Finance (DOF) forced the City to pay approximately \$200,000 from our General Fund. While City staff is confident the City complied with the complicated legislation dissolving redevelopment agencies, it is difficult to predict how the DOF will interpret that legislation, and if they will demand additional money. Further, it is unknown if the State will seek to take title to the Rispin property, and how the State and Oversight Board will reimburse the City of administrative expenses moving forward.

In approaching FY13/14, there are many challenges as well as opportunities for the City of Capitola. During the annual budget study sessions, the City Council reviewed long-term financial projections to assess the impact of the loss of \$1 million in Measure D sales tax revenues that are scheduled to expire in December of 2017 and the potential loss of the \$250,000 annual Successor Agency Administrative Allowance.

Based on current multiyear projections, it appears the City may face temporary deficits during FY 15/16 and FY 16/17 from the anticipated loss of the Successor Agency Administrative

Allowance. In the projected years beyond FY 16/17, it was estimated that, if revenues and expenditures remained relatively constant, the City would not be impacted by the loss of Measure D revenues. This is primarily due to offsets realized through the retirement of the 2007 Pension Obligation Bonds and achieving estimated reserve funding levels.

With the changing economic climate, no structural budget adjustments were made at this time. The City will continue to monitor financial trends and adjust the two-year budget as needed. Any cost-reduction strategies will be designed to ensure that Capitola residents and visitors continue to receive the highest level of programs and services.

BUDGETARY AND FINANCIAL HIGHLIGHTS

The FY 13/14 General Fund budget was developed with an emphasis on maintaining a status quo budget, with the exception of the following key initiatives:

- Applying 100% of Measure O revenues to stated priorities
 - Reserve replenishment
 - CIP/Street projects
 - Staffing for street improvements: additional Public Works Maintenance Worker
 - Staffing for Village policing efforts
- Prefunding “Other Post Employment Benefits” at the 50% funded level with \$30,000
- Reducing the annual debt service on the Pacific Cove Mobile Home Relocation loan by approximately \$28,000
- Incorporating debt service payments for a loan from the California Infrastructure Bank (IBank) at an interest rate no greater than 2.5% to fund the development of the temporary Pacific Cove Parking Lot.
- Eliminating a grant-funded Police Office position due to completion of grant requirements
- Transitioning a 0.333 FTE Development Services Technician to a 1.00 FTE Environmental Services Manager. This position will help keep the City’s creeks and ocean clean and assist in implementing new storm water management and environment legal requirements. The cost for the position will be partially offset by \$20,000 in contract savings.
- Reducing a 0.75 FTE Sports Coordinator position to a 0.5 FTE position to assist in offsetting reduced recreational revenues.
- Increasing a Records Clerk position from 0.5 FTE to 0.75 FTE in the Police Department to improve record management and increase hours the Department is open to the public. Historically the Department has operated with 2.75 FTE Records Clerks; the FY 13/14 Adopted budget includes 1.75 FTE.

MAJOR INITIATIVES

Developing Pacific Cove Parking Lot

In FY11/12, the City determined the City-owned Pacific Cove Mobile Home Park should be closed due to its location in a flood plain and damage from the 2011 flood. In FY 12/13 the City decided to place a temporary parking lot on the site. Construction on the proposed 226-space Pacific Cove Parking Lot is anticipated to begin during Summer 2013. This \$1.38 million project, which includes \$235,000 for improvements in the upper lot, is anticipated to be funded primarily through a low-cost loan through the California Infrastructure and Economic Development Bank (IBank). The debt service is anticipated to be paid from the savings realized through the refinance of the Pacific Cove Mobile Home Park loan and revenue from the new parking lot. This project will include paving, lighting, landscaping, updating restrooms, and the addition of paystations. It is also anticipated that during summer months, a shuttle will operate between the parking lot and the Village/beach area. An additional benefit realized from this project will include moving the Police storage facility to a refurbished mobile home. This transition will allow the Community Room at City Hall to be available to the public.

Replacing Parking Meters with Pay Stations

This budget also includes funding to replace most of the remaining parking meters in the Village and on Cliff Drive with pay stations. This retrofit project is anticipated to improve payment options for the public, make the area more visually appealing, and also increase revenues. The \$84,800 project will begin in FY12/13 and be funded by a one-time settlement payment from Santa Cruz County arising from a dispute regarding how Property Tax Administrative fees are calculated.

Reaching an Insurance Settlement for the Pacific Cove Pipe Failure

After two years of working with the City's insurance provider to recover damages related to the Pacific Cove pipe failure, both parties agreed to a settlement of \$1.35 million.

At a budget study session, the City Council and the Finance Advisory Committee were presented with options of how to distribute the \$1.35 million in settlement proceeds, net of approximately \$200,000 in legal fees. Based on Council direction, the remaining settlement proceeds were to be distributed as follows:

Item	Amount	Percent
Debt Prepayment – Santa Cruz County Bank	\$500,000	43.5%
Capital Improvement Projects	350,000	30.4%
Reserves	295,000	26.1%

Increasing Reserve Fund Requirements

In the City's 2012 Benchmark Report, Capitola ranked last among the seven benchmark cities with the lowest total levels of reserves. Due to the volatile nature of the City's primary revenue sources, and the increased delay in the receipts of several major revenues each year, the City made the strategic decision to increase its Contingency Reserve levels from 10% to 15% of

annual operating expenditures. The City also chose to increase the Emergency Reserve fund levels from 5% to 10% of operating expenditures to assist in future disaster recovery efforts.

The FY 13/14 Adopted Budget includes recommended reserve account transfers of \$463,100. This places the combined Emergency and Contingency Reserve Funds at 68.5% of their increased recommended funding levels.

Controlling Payroll Costs

The City has been successful in controlling payroll costs by placing a cap on retirement contributions for PERS members. In FY 11/12 all bargaining units agreed to continue capping the City's share of retirement costs at 28.291% for all Safety employees and 16.488% for all Miscellaneous Employees. In addition, the groups also agreed new employees would contribute an additional 5% towards their retirement costs during their first five years of employment. Savings on retirement costs will also be realized through the State's new Public Employee Pension Reform Act (PEPRA). This legislation, which became effective in January of 2013, provides reduced benefits for new employees who were not previously enrolled in the plan. The State's pension reform also lays out targets for pension contributions for "Classic employees." The City's Classic Miscellaneous employees currently exceed these limits.

The FY 14/15 Planned Budget contains a CPI-based cost of living (COLA) increase. This COLA was negotiated in the Miscellaneous employee group contracts.

PRIOR YEAR ACCOMPLISHMENTS

Although the City had significant fiscal issues, there were many accomplishments in FY12/13, including:

- Receiving voter approval of Measure O which is anticipated to generate over \$1 million in additional sales tax revenues
- Obtaining an insurance settlement to recover \$1.35 million related to pipe failure damages
- Reducing overall crimes by 9%
- Strengthening local tobacco and firearm ordinances
- Completing the relocation of the Pacific Cove Mobile Home Park residents, removal of the coaches, and determining a new use for the site.
- Refinancing the existing Pacific Cove Mobile Home Debt from a 5.14% to a 3.25% interest rate, with an estimated nine year savings of \$350,000
- Continuing to work on the General Plan update, including conducting eight public meetings with the General Plan Advisory Committee and completing the draft General Plan Land Use Element
- Recruiting and hiring a new Community Development Director, Senior Accountant, Senior Planner, and two new Maintenance Workers

- Implementing a plastic bag ban to reduce environmental impacts

BUDGET PRINCIPLES

The table on the following page outlines the City's adopted budget principles for FY13/14. Included in that table are staff-recommended goals for the fiscal year.

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

CONCLUSION

The development of the annual budget takes a great amount of staff time and efforts, and has to be completed in a compressed timeline. I sincerely appreciate all the department directors and departmental budget liaisons for their contributions. Special recognition is extended to the Finance Department for their efforts in coordinating the budget process and preparing the annual budget document.

I am also pleased to report that the City of Capitola received the Excellence Award for from the California Municipal Finance Officers Association for the FY 12/13 Budget. This award is presented to cities whose budgeted documents meet program criteria as a policy document, operational guide, financial plan, and a communications device. Staff believes this budget document will continue to conform to the award program requirements.

As the new fiscal year approaches, I wish to express my thanks and appreciation to the Mayor, members of the City Council, and the City Treasurer for their leadership and support in planning and conducting the financial operations of the City in a responsible and progressive manner. I know that with continued citizen participation, City Council leadership, and ongoing efforts of dedicated employees, that Capitola will continue to be a great place to live, work, and enjoy.

Fiscal Year 13/14 Budget Principles

Fiscal Policy Principles

- Maintain a balanced budget and ensure fiscal stability
 - End each year with a positive fund balance
 - Continue to reestablish the City reserves
 - Review and prioritize City services
 - Continue to examine contract services to reduce costs and increase efficiency levels



- Support economic development
 - Work with the Capitola Mall to facilitate Mall improvements
 - Establish an In-Lieu Parking Program

- Maintain a responsible level of fees
 - Review and revise the City fee schedule



Public Service Principles

- Maintain a transparent, efficient, and accessible government
 - Continue to upgrade the City's website
 - Expand City's ability to accept credit cards
 - Produce timely, accurate, and easy to read financial reports
 - Establish a social media presence

- Recognize the high priority the community places on public safety
 - Implement a pilot Village foot patrol program during periods of peak summer demand
 - Establish CSO position to focus on Village issues

- Continue to review funding and funding sources for CIP, Community Based Health and Human Service Providers, Begonia Festival, and other community organizations

- Continue to perform timely inspection services and efficiently process building and permit applications

- Evaluate new recreational programs through research and outreach



Fiscal Year 13/14 Budget Principles

Public Improvement Principles

Continue to maintain the City infrastructure by providing maximum funding for the pavement management program

- Complete Clares Traffic Calming Project
- Implement proposed Measure O CIP/Streets funding plan
- Complete annual slurry seal project

Ensure programs are in place to judiciously respond to public and private development projects

- Establish use plan McGregor site

Maintain and improve Capitola's natural resources and sustainable green programs

- Continue to increase recycling diversion rates through expansion of existing programs
- Fund the \$90,000 NPDES program and water quality monitoring
- Maintain \$9,000 in funding for recycling education

Ensure maintenance and cleanliness of City facilities, sidewalks, and streets

- Increase street and facilities maintenance through allocation of Measure O resources
- Purchase a new street sweeper
- Develop Village sidewalk cleaning options in partnership with the BIA

Complete City adoption of the General Plan Update

Support the Capitola Library

- Continue to accelerate the Library Trust funding through Successor Agency
- Convene Library Subcommittee and review location/design options

Explore options to develop a skate park and dog park

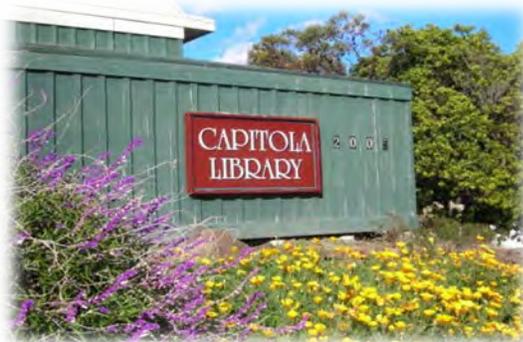
- Allocate staff resources to hold hearings

Improve pedestrian/ADA access in the City

- Continue to closely monitor ADA compliance in all new construction

Open the entire Rispin property to the public

- Upon State certification that the RDA dissolution process is complete, pursue park improvement grants to complete Rispin Park



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California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award Fiscal Year 2012-2013

Presented to the

City of Capitola

For meeting the criteria established to achieve the Operating Budget Excellence Award.

February 6, 2013



Laura Nomura
CSMFO President



Scott Catlett, Chair
Professional Standards and
Recognition Committee



Dedicated Excellence in Municipal Financial Reporting

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COMMUNITY PROFILE



COMMUNITY PROFILE

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



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

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



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

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

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

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

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

Summary Statistics

Date of Incorporation: 1949

Form of Government: Council – Manager

Area in Square Miles: Approx. 2 square miles

Average Temperature: 59 Degrees



Demographics

Calendar Year	Population	Per Capita Personal Income \$	Median Age	Unemployment Rate %
2003	10,084	37,500	38	3.8%
2004	10,011	39,800	38	3.4%
2005	9,914	41,917	37	3.1%
2006	9,901	45,925	37	4.9%
2007	9,921	51,669	37	5.3%
2008	9,988	51,140	38	7.1%
2009	10,073	51,140	38	11.6%
2010	10,198	51,140	39	11.4%
2011	9,974	36,330	38	5.7%
2012	9,981	35,405	43	5.5%

Education

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

- High School Graduates 91.6%
- College Graduates – Bachelor’s Degree 39.9%
- Graduate or Professional 14.5%

Housing

- Median Household Income ⁽¹⁾ \$52,389
- Median Value ⁽¹⁾ \$531,900
- Persons per Household ⁽¹⁾ 2.04
- Assessed Valuation ⁽²⁾ :
 - Total Assessed Value: \$2,069,939,000
 - Secured \$2,000,212,000
 - Unsecured \$106,037,000

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

(2) Source: Santa Cruz County Assessor’s District Valuation by Fund, FY 2012 (Includes combined City and RDA adjusted for exemptions)

Hospitals

Capitola is located within a few miles of three major hospitals.

- Dominican Hospital (3 miles)
- Sutter Maternity and Surgery Center (3 miles)
- Watsonville Community Hospital (approximately 12 miles)

Airports

The City is located within 40 miles of two airports.

- San Jose International Airport (35 miles)
- Monterey Regional Airport (38 miles)

Climate

Capitola's weather can be described as nearly perfect, with temperatures ranging from the mid 70's in the summer to the mid 50's in the winter. In addition to sunny days, the proximity to the ocean results in cool ocean breezes and morning fog. Capitola is estimated to have an average annual rainfall of 31.6 inches ⁽³⁾.

Capitola's mild weather makes it a perfect location for outdoor events and festivals. Just a few of them are presented below:



Art and Music

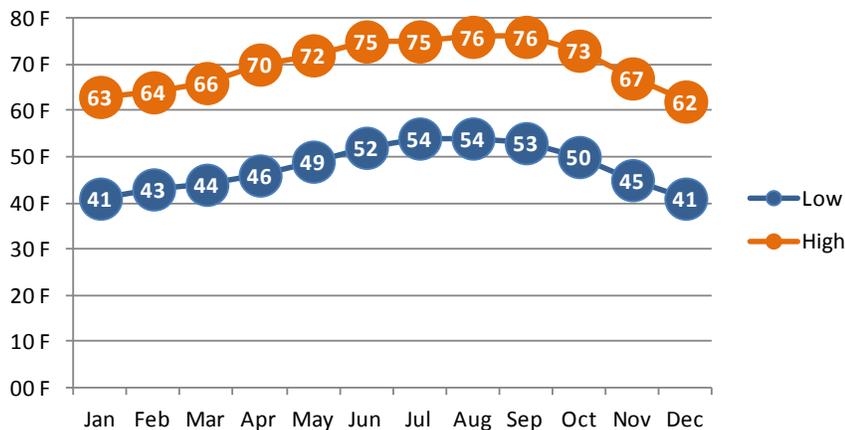


Begonia Festival

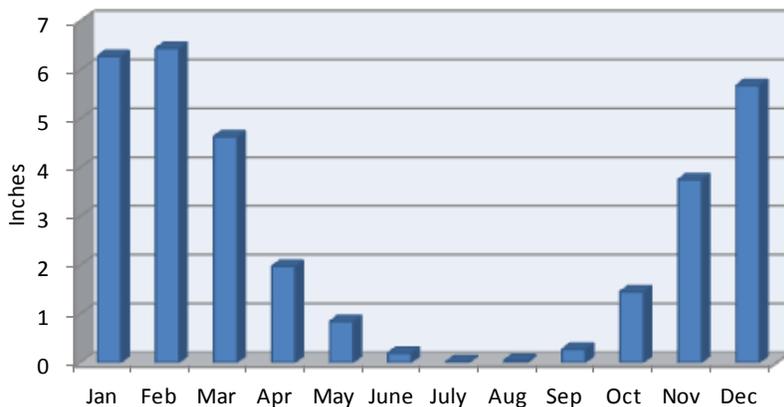


Rod and Classic Car Show

Average High and Low Temperatures



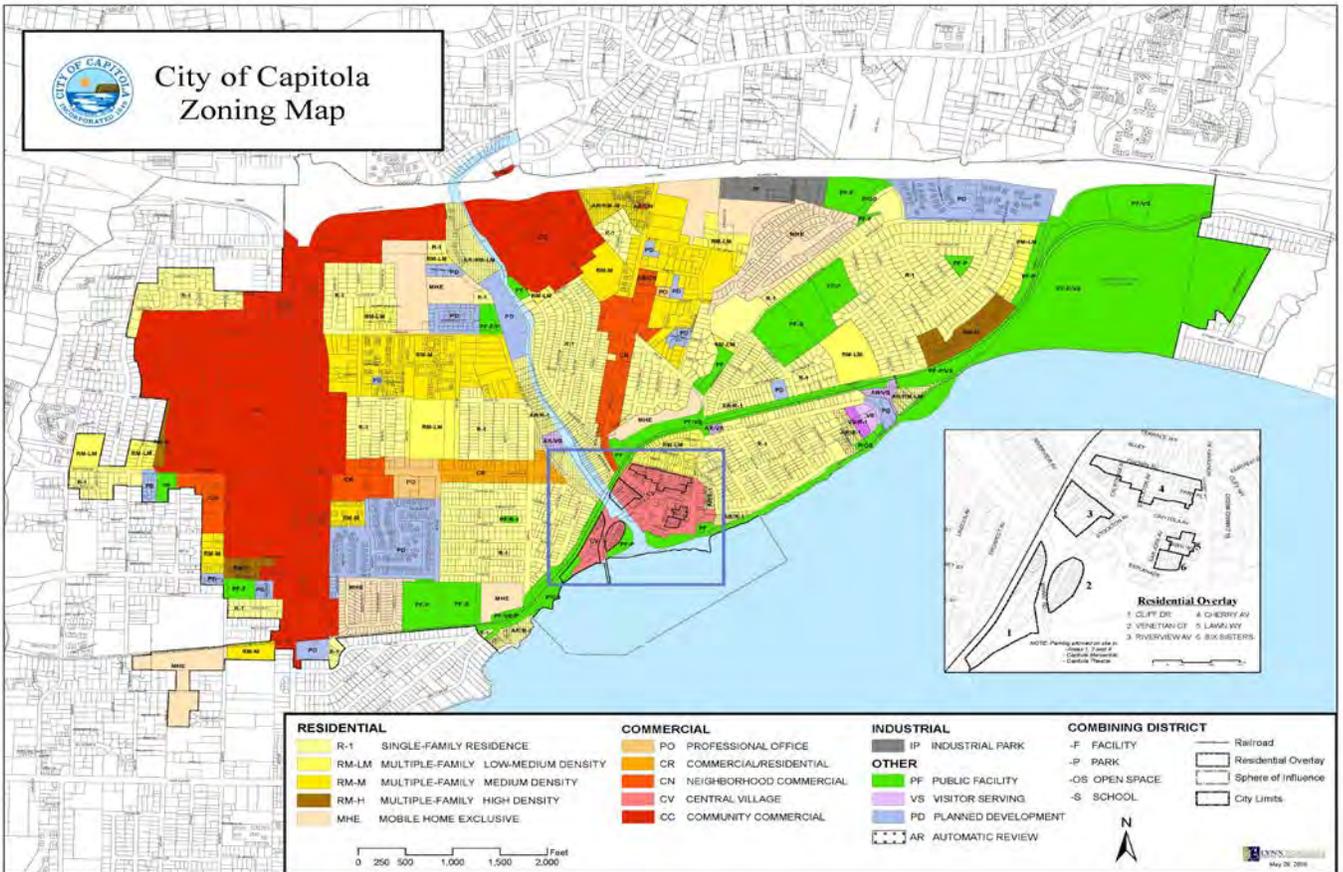
Average Precipitation



(3) www.weatherchannel.com/weather/wxclimatology/monthly/graph/95010

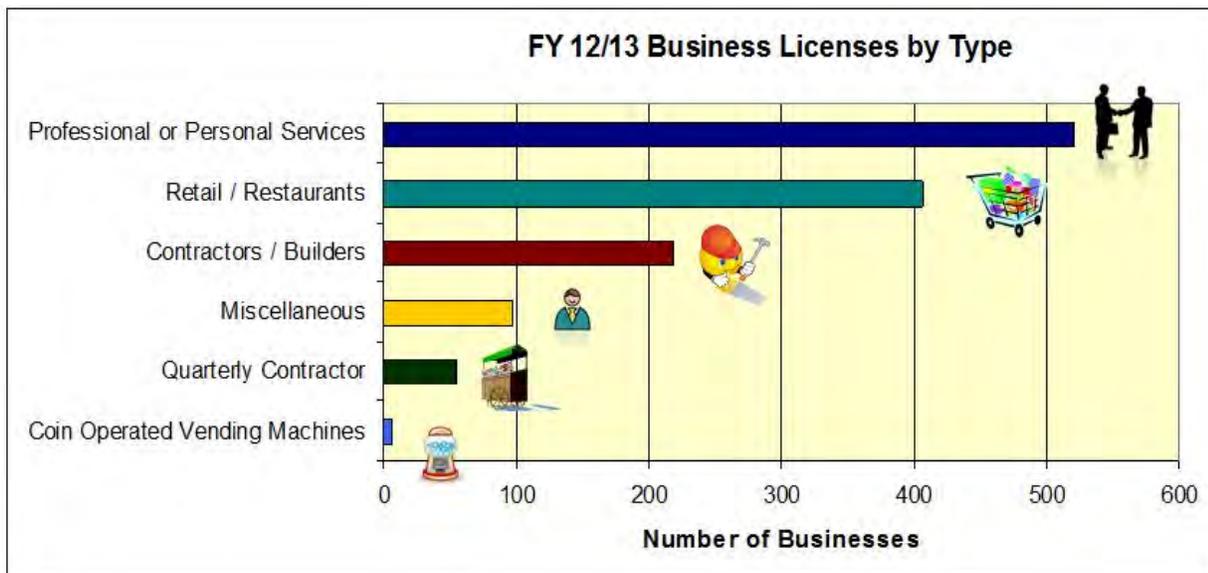
Planned Community

The City of Capitola has approximately twenty different zoning districts or overlays. They range from Residential, Commercial and Public Facilities, to Visitor Serving. Each zoning district has specific zoning codes or guidelines that were developed to enhance and protect each district.



Business Types

Annual business license reports provide a good overview of the types of businesses within the City. In FY 12/13, the Finance Department issued 521 business licenses, which represents a decrease of 48 businesses over the prior year. While the number of licenses has declined, the annual business license revenues have increased by \$16,346 which is an indicator of increased sales.



Commercial

Although Capitola's location and atmosphere as a Central Coast beach town has made it a day trip and vacation destination city, it is also one of two major retail centers in the County. In July of 2012, the City welcomed a 100,000 square foot Target retail store to the Capitola Mall. The Mall, combined with Brown's Ranch and 41st Avenue businesses are the retail hub of the central county. With major retailers such as Target, Macy's, Sears, Kohl's, CVS, Orchard Supply, Ross, and Bed Bath and Beyond, Capitola is a "net regional retail provider" bringing in five to six times the City household retail demand within Capitola. Total sales tax revenue for 2012-13 is anticipated to be \$5.9 or over 46% of General Fund operating revenues.



The economic challenges of the past few years are beginning to subside. Sales tax and transient occupancy tax revenues are both projected to increase by more than 9%; which is indicative of



increased consumer confidence and economic recovery. The City continues to seek redevelopment opportunities that will help to update and upgrade the City's major retail corridor and mall area. This includes a \$1 million pledge for public infrastructure improvements with the Macerich Partnership, the Capitola Mall management company and majority owner. The pledged funding would be used for improvements on 41st Avenue and the update of architectural features. Proposed projects include sidewalk widening, landscaping, improved bicycle and public access, and assisting with the reconstruction of the existing public transit center located at the Mall.

Principal Employers ⁽¹⁾

Employer	Ranking	Number of Employees	% of Total Employment
Subaru, Toyota, Kia of Santa Cruz	1	180	2.6%
Macy's	2	150	2.2%
Gayle's Bakery & Rosticceria	3	141	2.0%
Sears	4	135	2.0%
Whole Foods Market	5	126	1.8%
Shadowbrook Restaurant	6	119	1.7%
Trader Joe's	7	101	1.5%
Nob Hill	8	96	1.4%
Kohl's	9	95	1.4%
Pacific Coast Manor	10	90	1.3%
Number of Employees: Principal Employers		1,233	17.9%
Total Employment:		6,900	100.0%

(1) MuniServices, LLC: 2012

SERVING THE COMMUNITY

Police

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

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

The City of Capitola Police Department is comprised of the following 30.50 positions and 2 canines:

- Sworn Officers: 21
- Community Service Officers: 3
- Parking Enforcement Officers: 2
- Administrative Staff: 4.50
- K-9's/Canines: 2



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

Capitola Police Department Responses	FY 09/10	FY 10/11	FY 11/12
Calls for service	19,693	17,760	19,936
Crimes - Felonies	833	708	682
Crimes - Misdemeanors	1,180	1,095	962
Arrests	1,096	946	875
Citations	4,020	2,126	1,862

Fire

Fire protection services for the City of Capitola are provided through the Central Fire Protection District of Santa Cruz County. The Fire District has four fire stations, with Fire Station Four located within the city limits.

Parks

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

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



Capitola Wharf



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

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

Recreation

The City of Capitola's recreation programs are over 91% funded by participant fees. It provides City-staffed activities, including Junior Lifeguards and Camp Capitola. The recreation department offers adult and youth sports leagues; runs open gym basketball, futsal and volleyball; and manages the rental of the Jade Street Park tennis courts, softball field, soccer field, Monterey Park and the gymnasium.

Classes offered include:

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



Service indicators related to Recreation's community services are listed below:

Recreation Enrollment	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Recreation Classes	4,878	4,627	4,386	3,399
Junior Guards - Session I/II	1,020	1,029	1,054	1,073
Camp Capitola - Regular and Extended Care	663	775	908	729
Junior Guards - Photos	512	509	502	531
Junior Guards Regional Competition	77	70	74	73
Camp Capitola/Junior Guards Transport	87	79	115	125
Sports Participation	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Sports Leagues - Teams	81	90	69	69
Sports Rentals - Teams/Groups	40	72	48	48
Open Gym - Individuals	1,622	1,016	975	975

Museum

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

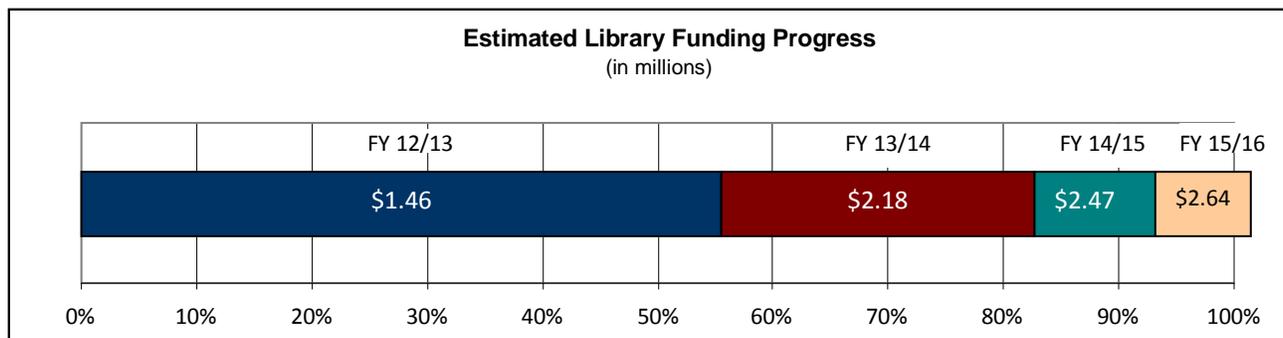
In 2013, the museum opened a new exhibit "Picture This – Capitola by the Sea". This exhibit features images beginning in 1874 of the west coast's oldest seaside resort. Several of the photographs on display will also appear in the Arcadia history book "Images of America" which is scheduled to be released in the summer of 2013. This book documents the history of Capitola between 1874-1974.



Library

In 1999, the City of Capitola dedicated a new temporary 4,320 square foot library at the corner of Clares Street and Wharf Road. A six-foot redwood sculpture titled "Children of the World" by Luis Villareal and a whimsical "tot lot" are two of the things that give the Capitola Library a unique and special feel.

The City's former RDA established plans to construct a permanent library building by making annual contributions to a County Trust Fund. The \$2.64 million funding agreement was originally scheduled to be fully paid in 2018; however the full payment may be achieved as early as 2016. This accelerated timeline is contingent upon the availability of RPTTF funds that are provided to Successor Agencies. The estimated library funding progress schedule is provided below.



Arts and Cultural

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

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



Open Meetings

The City of Capitola is dedicated to provide residents and visitors with the highest level of public service. To assist in targeting the needs of the community, the City offers several opportunities for residents to engage in local government activities. Providing open meetings are consistent with the City’s Public Service Principle of providing a transparent and accessible government. The City Council appoints citizens to serve on boards, commissions, and committees to assist and advise in formulating policy. The City Clerk’s office compiles all City Council agendas, publishes meeting information, and prepares Council meeting minutes. The regularly scheduled Board and Committee meetings are typically coordinated and staffed by a department head or management-level employee.

A list of City Council meetings, as well as open Committee and Board meetings are provided for reference:

City Council and RDA/Successor Agency				
	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Meetings	34	37	35	39
Agenda Items	195	194	191	208



Board and Committee Meetings				
	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Architecture & Site Review Committee	-	8	11	10
Art & Cultural Commission	12	12	11	10
Commission on the Environment	10	5	4	3
Finance Advisory Committee	8	8	10	7
General Plan Advisory Committee	-	5	8	6
Museum Board	9	11	8	9
Oversight Board of the Capitola Successor Agency	-	-	4	7
Planning Commission	11	11	11	12
Traffic and Parking Commission	15	8	5	7
Total Committee and Board Meetings	65	68	72	71

Community Development – Building Division

The Building Division of the Community Development Department provides plan checks and building inspection services to ensure compliance with the California Building Code, as well as enforcement of the provisions of the State Housing and Building Codes. As part of the Public Service Budget Principles, the Building Division strives to provide timely business inspections and the efficient processing of building and permit applications. Information related to their activities is provided below.



Building Activities			
	FY 10/11	FY 11/12	FY 12/13
Code enforcement cases processed	N/A	45	50
Number of code violations cleared	-	-	95%
Number of field inspections processed	1,030	1,229	1,403
Number of field inspections completed next working day	100%	100%	100%
Number of property maintenance cases processed	-	-	3.4
Percentage of property maintenance cases - Response within three days	-	-	90%
Average number of customers served at the permits counter	323	392	404
Wait time at the counter less five minutes	-	-	90%
Number of calls to general building lines per day	-	-	20

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SUMMARY INFORMATION



BUDGET PROCESS OVERVIEW

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

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

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

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

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

Basis of Accounting

The City's operating budget consists of governmental funds that include General Fund, Special Revenue Funds, Internal Service Funds, Debt Services Funds and Capital Project Funds for both the City and the Successor Agency. Governmental fund types and agency funds budgets are developed using the modified accrual basis of accounting. This method is consistent with the presentation of the City's Annual Financial Statements. To summarize, under this basis, revenues are estimated for the fiscal year under the condition that they are identifiable and will be collected within sixty (60) days of the close of the fiscal year. Principal and interest on general long-term debt are budgeted as expenditures when due, whereas other expenditures are budgeted for liabilities expected to be incurred during the current period or shortly thereafter to pay current liabilities.

Level of Budget Control

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

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

Budget Adjustments

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

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

Financial Committees and Boards

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

Finance Advisory Committee

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

Oversight Board to the Successor Agency of the Former Redevelopment Agency

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

GENERAL FUND SUMMARY

A summary of the projected and historical General Fund revenues, expenditures, and fund balances is presented below. The following table illustrates the significant reductions between the FY 11/12 Actual and FY 12/13 Adopted budgets. These variances include a reduction in revenues due to the dissolution of the RDA, decreased grant funding, loss of Pacific Cove Mobile Home Park rents; and costs associated with the March 2011 pipe failure. This trend is reversed in the FY 12/13 Estimated budget due to the receipt of over \$1.8 million in additional revenues which consists of fourth quarter Measure O sales tax receipts; a \$108,000 refund of Property Tax Administrative Fees, net proceeds from a \$1.35 million insurance settlement related to the pipe failure; and increased sales tax and TOT tax performance. Operating revenues are continued to trend positive in FY 13/14 due to the recognition of a full years' receipt of Measure O revenues and improved general economic performance. The increased amount of transfers in FY 13/14 primarily relate to corresponding Measure O reserve and CIP funding; along with transfers to assist in replenishing the internal service funds.

An overview of Measure O, reserves, and internal service funds are provided within this Summary Section.

General Fund Summary

Major Categories	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Revenue						
Taxes	\$7,947,592	\$8,596,277	\$8,816,600	\$9,339,610	\$10,521,400	\$10,673,200
Licenses and permits	155,267	329,605	186,700	144,800	224,600	230,100
Intergovernmental revenues	363,293	285,822	176,000	370,244	229,200	183,200
Charges for services	2,114,322	2,341,934	2,068,200	1,906,800	1,980,400	2,012,500
Fines and forfeitures	702,045	724,409	707,000	707,000	707,500	707,500
Use of money & property	307,518	288,356	12,600	22,800	19,300	19,300
Other revenues	82,540	92,610	84,400	94,800	74,200	74,400
Other financing sources	4,000	248,500	85,000	103,000	-	-
Extraordinary Item	-	-	-	1,228,086	-	-
Revenue Totals	\$11,676,577	\$12,907,512	\$12,136,500	\$13,917,140	\$13,756,600	\$13,900,200
Expenditures						
Personnel	\$7,258,883	\$7,170,943	\$7,477,200	\$7,343,867	\$7,768,290	\$7,932,074
Contract services	2,910,586	2,455,822	2,526,678	2,720,488	2,505,500	2,488,995
Training & Memberships	53,845	46,163	51,050	62,835	72,280	71,780
Supplies	467,760	527,278	540,500	521,765	523,600	530,800
Grants and Subsidies	275,002	275,000	249,561	249,561	254,270	250,000
Capital outlay	10,696	-	-	10,842	5,000	5,000
Internal service fund charges	859,500	846,875	940,373	940,373	892,925	902,825
Other financing uses	471,599	828,302	379,706	2,588,649	1,711,912	1,614,234
Expenditure Totals	\$12,307,869	\$12,150,382	\$12,165,068	\$14,438,380	\$13,733,777	\$13,795,708
Impact on Fund Balance	(\$631,292)	\$757,130	(\$28,568)	(\$521,240)	\$22,823	\$104,492
Budgetary Fund Balance	(\$219,914)	\$537,216	\$508,648	\$15,976	\$38,799	\$143,291

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Revenue Summary

Fund Title	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY 12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
General Fund	\$11,676,577	\$12,907,512	\$12,136,500	\$13,917,140	\$13,756,600	\$13,900,200
Designated Reserves						
Contingency Reserve	\$ -	\$ -	\$ 316,750	\$ 817,750	\$ 308,700	\$ 319,500
Emergency Reserve	312,256	867,500	133,250	413,750	154,400	159,800
Compensated Absence Fund	120,000	110,000	94,000	153,000	130,000	130,000
Total Designated Reserves	\$ 432,256	\$ 977,500	\$ 544,000	\$ 1,384,500	\$ 593,100	\$ 609,300
Debt Service						
Pension Obligation Bond	\$ 464,498	\$ 900,500	\$ 673,300	\$ 338,100	\$ 673,800	\$ 671,400
Pacific Cove Lease - Upper	-	2,392,976	181,211	701,114	149,482	165,066
Pacific Cove Park - Lower	-	-	-	-	1,460,500	88,000
Other Post Employment Benefits	-	-	-	-	30,000	30,000
Total Debt Service	\$ 464,498	\$ 3,293,476	\$ 854,511	\$ 1,039,214	\$ 2,313,782	\$ 954,466
Capital Improvement Fund	\$ 1,289,219	\$ 50,000	\$ 22,500	\$ 1,125,100	\$ 1,190,900	\$ 808,000
Internal Service Funds						
Stores Fund	\$ 28,510	\$ 30,803	\$ 34,450	\$ 34,450	\$ 40,000	\$ 40,000
Information Techology	115,200	117,867	144,400	144,400	251,000	128,000
Equipment Replacement	100,000	158,000	89,973	106,973	146,759	105,529
Self-Insurance Liability	142,800	128,400	146,450	146,450	194,996	199,396
Workers Compensation	473,000	467,700	528,100	528,100	415,400	429,900
PERS	1,425,200	1,437,400	-	-	-	-
Total Internal Service Funds	\$ 2,284,710	\$ 2,340,170	\$ 943,373	\$ 960,373	\$ 1,048,155	\$ 902,825
Special Revenue Funds						
SLESF - Supplement Law Enf.	\$ 100,000	\$ 100,105	\$ -	\$ 100,100	\$ 100,100	\$ 100,100
SCCACT - SCC Anti Crime Team	70,283	69,901	74,100	72,500	75,172	76,770
Gas Tax Fund	258,473	288,977	271,500	271,500	302,294	302,294
Wharf Fund	81,301	108,386	83,700	82,700	84,100	84,100
Development Fees Fund	3,441	-	-	-	-	-
General Plan Update and Maint	56,559	181,924	166,000	146,000	70,000	70,000
Green Building Education Fund	4,104	47,509	10,000	10,000	13,000	13,000
Public Arts Fee Fund	5,972	296,396	15,000	15,000	15,000	15,000
Parking Reserve Fund	127,099	90,802	84,800	162,800	100,000	100,000
Technology Fee Fund	7,386	13,906	5,900	8,200	7,300	7,300
PEG - Public Education and	19,442	19,216	20,100	19,200	19,100	19,100
BIA - Capitola Village-Wharf BIA	70,472	67,170	70,300	69,520	66,500	66,500
CDBG Grants	9,297	151,280	143,200	111,300	55,620	-
CDBG Programs	5,369	3,741	-	-	-	-
HOME ReUse Funds	12,303	12,306	12,200	12,300	12,300	12,300
HOME Grant Fund	706,266	1,091,276	-	-	-	-
Housing Trust Fund	17,123	9,648	5,500	63,200	40,000	40,000
BEGIN Grant Fund	-	171	-	(60,171)	-	-
Former Low-Mod Housing	492,677	244,486	-	-	-	-
Capitola Housing Successor	-	18,683	-	84,345	-	-
Total Special Revenue Funds	\$ 2,047,567	\$ 2,815,884	\$ 962,300	\$ 1,168,494	\$ 960,486	\$ 906,464
Former RDA	\$ 2,462,645					
Successor Agency - RPTTF	\$ -	\$ 1,236,148	\$ 1,092,024	\$ 734,480	\$ 1,172,024	\$ 1,184,140
Total Revenues - All Funds	\$20,657,471	\$23,620,690	\$16,555,208	\$20,329,301	\$21,035,047	\$19,265,395

Expenditure Summary

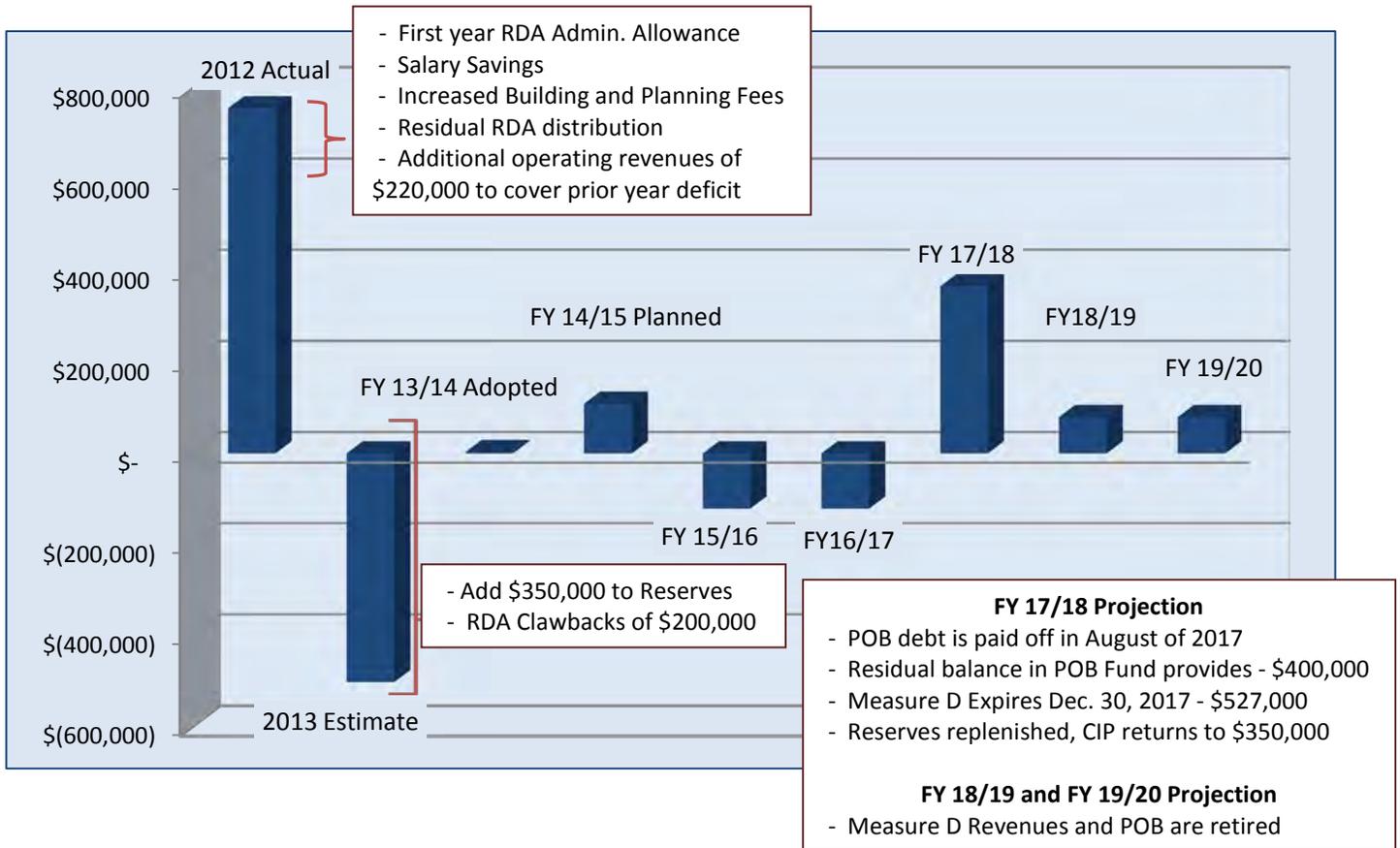
Fund Title	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
General Fund	\$ 12,307,869	\$ 12,150,382	\$ 12,165,068	\$ 14,438,380	\$ 13,733,777	\$ 13,795,708
Designated Reserves						
Contingency Reserve	\$ 312,256	\$ 530,000	\$ -	\$ -	\$ -	\$ -
Emergency Reserve	804,662	846,131	-	-	200,000	-
Compensated Absence Fund	172,119	170,626	74,000	113,000	90,000	90,000
Total Designated Reserves	\$ 1,289,037	\$ 1,546,757	\$ 74,000	\$ 113,000	\$ 290,000	\$ 90,000
Debt Service						
Pension Obligation Bond	\$ 679,752	\$ 673,006	\$ 674,800	\$ 674,800	\$ 674,800	\$ 672,900
Pacific Cove Lease - Upper	-	960,375	466,371	1,834,944	448,252	165,066
Pacific Cove Park - Lower	-	-	-	-	1,460,500	88,000
Other Post Employment Benefits	-	-	-	-	-	-
Total Debt Service	\$ 679,752	\$ 1,633,381	\$ 1,141,171	\$ 2,509,744	\$ 2,583,552	\$ 925,966
Capital Improvement Fund	\$ 653,894	\$ 550,865	\$ 22,500	\$ 1,235,519	\$ 1,355,000	\$ 552,000
Internal Service Funds						
Stores Fund	\$ 39,476	\$ 41,908	\$ 36,850	\$ 36,850	\$ 40,300	\$ 40,400
Information Technology	83,423	105,113	288,800	288,800	193,000	173,000
Equipment Replacement	76,605	45,696	390,000	407,295	123,000	10,000
Self-Insurance Liability	119,317	178,425	146,450	146,450	185,708	189,900
Workers Compensation	473,220	467,344	528,000	528,000	388,822	400,700
PERS	1,471,993	1,701,884	171,431	209,248	-	-
Total Internal Service Funds	\$ 2,264,034	\$ 2,540,369	\$ 1,561,531	\$ 1,616,643	\$ 930,830	\$ 814,000
Special Revenue Funds						
SLESF - Supplemental Law Enforce	\$ 91,430	\$ 59,280	\$ -	\$ 7,600	\$ 5,200	\$ 4,300
SCCACT - SCC ANTI CRIME TEAM	69,875	69,901	72,200	72,200	75,172	76,770
Gas Tax Fund	323,001	285,418	267,100	229,400	315,100	315,100
Wharf Fund	72,998	118,155	83,700	119,100	83,200	83,200
Development Fees Fund	-	-	-	-	-	-
General Plan Update and Maint	352,385	225,411	242,100	310,850	175,000	135,000
Green Building Education Fund	797	2,762	35,500	13,000	13,000	13,000
Public Arts Fee Fund	40,978	25,352	26,700	263,700	26,000	26,000
Parking Reserve Fund	25,028	274,423	84,800	162,800	97,098	100,000
Technology Fee Fund	-	-	5,000	5,000	5,000	5,000
PEG - Public Education and Gover	24,374	45,589	24,500	22,100	39,000	19,000
BIA - Capitola Village-Wharf BIA	72,454	67,194	71,600	70,100	69,000	68,850
CDBG Grants	47,411	168,766	174,389	143,500	20,000	20,000
CDBG Program Income	8,322	6,681	2,500	2,500	5,000	5,000
HOME Program Reuse	12,306	9,228	10,000	5,000	5,000	5,000
HOME Grant Fund	693,515	1,091,276	15,000	3,200	3,200	3,200
Housing Trust Fund	41,796	176,438	55,000	55,000	69,000	69,000
BEGIN Grant Fund	23	(23)	60,000	-	-	-
Former Low Mod Housing	415,043	1,130,322	-	-	-	-
Capitola Housing Successor	-	17,256	14,500	14,200	13,900	15,700
Total Special Revenue Funds	\$ 2,291,735	\$ 3,773,429	\$ 1,244,589	\$ 1,499,250	\$ 1,018,870	\$ 964,120
Former RDA	\$ 3,118,710	\$ -				
Successor Agency	\$ -	\$ 1,816,956	\$ 2,292,024	\$ 2,561,966	\$ 1,175,353	\$ 1,184,140
Total Expenditures - All Funds	\$ 22,605,031	\$ 24,012,138	\$ 18,500,883	\$ 23,974,502	\$ 21,087,382	\$ 18,325,934

Multi-Year Milestones

At the FY13/14 Budget Study session, the City reviewed two-year budgetary projections and received updates on upcoming financial milestones. The following chart represents significant changes that will impact the City's budget when revenues and expenditures are anticipated to remain constant.

Key milestones are listed below and presented in the following chart:

- FY15/16
 - Discontinued Successor Agency Administrative Allowance
- FY 17/18
 - Disbursed final Pension Obligation Bond payment in August of 2017
 - Realized expiration of Measure D sales tax revenues in December of 2017
 - Only half a year of revenue is recognized in FY 17/18
- FY 18/19
 - Represents ongoing regular costs, assuming operating expenditures are equivalent to revenues.



Emergency and Contingency Reserves

In 2000, the City adopted Financial Management policies, which established a 10% Contingency and a 5% Emergency Reserve Fund. The Contingency Reserve was established to provide a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements. The Emergency Reserve was intended to protect against significant one-time costs, which might arise from major unpredictable emergency events.

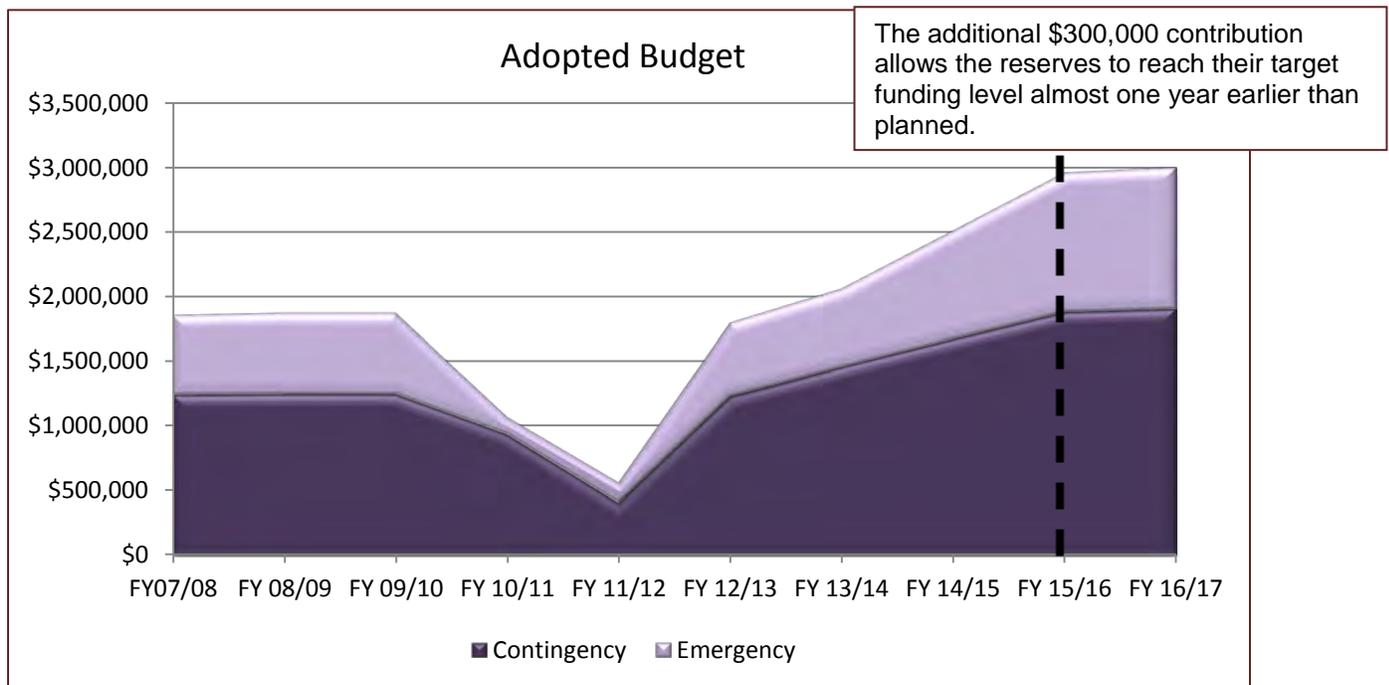
In the City's 2012 Benchmark Report, Capitola ranked last among the seven benchmark cities with the lowest total levels of reserves. Due to the volatile nature of the City's primary revenue sources, and the increased delay in the receipts of several major revenues each year, the City increased its Contingency Reserve funding levels to 15% of operating expenditures.

As the 2011 pipe failure demonstrated, a sufficient Emergency Reserve Fund is needed to respond quickly to local disasters, as well as sustain low debt ratios. Due to the City's location in an active geologic region, adjacency to the ocean, and proximity to major creek and highway, the City chose to also increase the Emergency Reserve Funding Level to 10% of operating expenditures.

The following chart contrasts the Estimated FY 12/13 ending fund balances with the original and revised policy funding levels:

Fund	Estimated FY12/13	Original Policy Level	Revised Policy Funding Level	Deficit to Revised Funding Level
Contingency	\$1.2 mil	10% - \$1.2 mil	15% - \$1.8 mil	\$0.6 mil
Emergency	\$0.6 mil	5% - \$0.6 mil	10% - \$1.2 mil	\$0.6 mil
Total	\$1.8 mil	15% - \$1.8 mil	25% - \$3.0 mil	\$1.2 mil

With the receipt of Measure O, it was originally planned that the reserves would be fully funded in FY 16/17. In FY 12/13, an additional \$300,000 was transferred to reserves from the proceeds of an insurance settlement. This additional contribution is anticipated to bring the reserves to within \$41,000 of their targeted funding level one year early.



Measure O Initiative

Sales Tax for Disaster and Economic Recovery

On November 6, 2012, voters approved Measure O, instituting a 0.25% local sales tax, which was projected to raise approximately \$1 million in additional revenues. Currently, the City has an additional 0.25% sales tax (Measure D) which is scheduled to expire in December of 2017. During the five-year bridge period when both sales tax measures are in place, the City plans to fund initiatives that assist with disaster and economic recovery. The basis for the Measure O initiative, along with the proposed funding priorities are presented below:

Reestablish Reserves / Disaster Recovery

Due to disaster recovery efforts from the March 2011 pipe failure, the combined reserve balances were reduced to \$561,000 at the end of FY 11/12. This was \$1.2 million less than the original funding level. In addition, another \$200,000 was needed to repair a retaining wall at the Pacific Cove Mobile Home Park site. Due to the current economic conditions, it is unlikely that the City will have a sufficient operating surplus to restore reserves to their target funding level. A five-year plan using Measure O revenues to restore reserves to increased reserve funding levels is included in the preceding section.

Repave and Repair City Streets / Public Works Positions

Due to the severe economic downturn over the last four years, coupled with State take-aways, the funding to maintain streets has not been sufficient to maintain their condition. Based on the most recent inventory of pavement condition, the City's overall rating decreased by 7% in the last two years. This Pavement Management Index Study also indicated that the amount necessary to maintain the existing condition of City roads is \$550,000. The Public Works staffing levels have been severely reduced over the last several years. At the beginning of FY 12/13, the City also had 25% fewer crew members, which significantly impacted the City's ability to provide long-term street support and maintenance.

Measure O funding will be allocated to support the City's Pavement Management Program and significant road projects. In addition, it will provide funds to hire one additional public works crew member in FY 13/14 and one additional Maintenance Worker III in FY 14/15.

Support Community Policing Projects

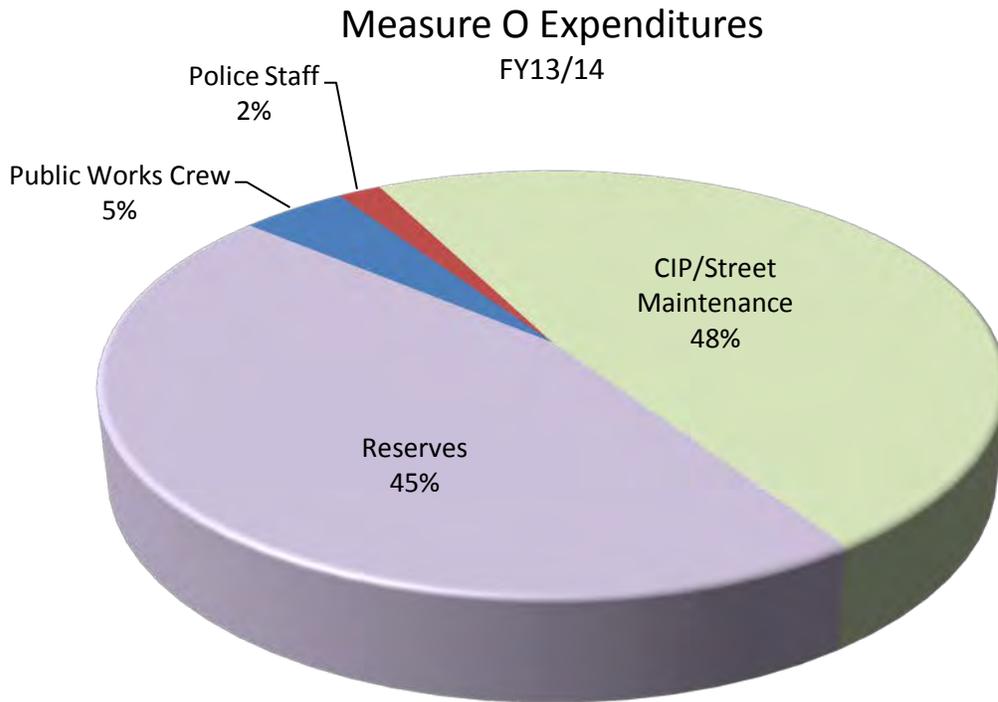
Over the last several years the City has seen State-funding for our police cut while demands for police services increase in neighborhoods and the Village. To better respond to incidents during the peak summer tourist season, and to engage in more community-oriented policing projects, a Parking Enforcement Officer position was transitioned to a Community Service Officer who would primarily assist with Village, beach, and neighborhood issues. This would also allow for an increased Police presence in the Village during evening periods of high demand.

Five Year Plan

The following five-year Measure O funding plan is provided to promote economic and disaster recovery.

	Est. Measure O Funding	PW Crew	PD Staff	CIP/Street Maintenance	Reserves
12/13	\$245,600	\$9,100	\$5,400	\$94,600	\$136,500
13/14	1,018,750	45,950	18,800	490,900	463,100
14/15	1,054,350	63,350	26,000	515,000	450,000
15/16	1,100,000	100,000	\$35,000	515,000	450,000
16/17	1,100,000	100,000	\$35,000	924,000	41,000
Totals	\$4,518,700	\$318,400	\$120,200	\$2,539,500	\$1,540,600

The FY 13/14 budgeted amount distributes 100% of all Measure O funds to the identified priorities. The allocation of the anticipated \$1,018,750 revenues, and proposed projects are listed below:



Measure O Funded Projects:

FY 12/13

- Slurry Seal
 - Cliffwood Heights
 - Riverview Terrace
 - Francisco Circle
- Bay Avenue Paving and Streetscape Bank

FY13/14

- Clares Street Traffic Calming
- Slurry Seal
 - 49th Avenue
 - Clares Loop
- Bay Avenue Paving and Streetscape
- Park Avenue Sidewalk

FY14/15

- Park Avenue Paving
- Slurry Seal
 - Jewel Box
 - 43rd, 44th, 45th Avenues
 - Hill Street Neighborhood



General Fund Resources

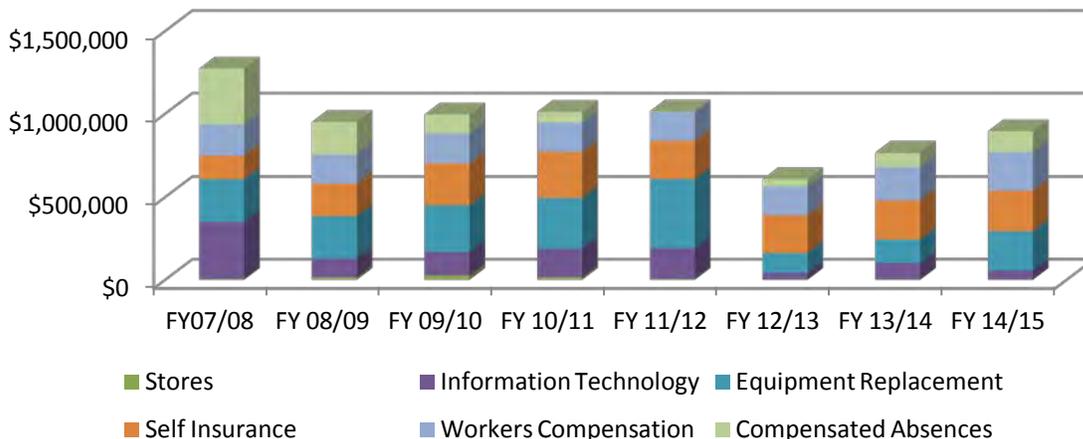
In addition to the Emergency Reserve Fund, the City also has a Contingency Reserve Fund, and Internal Service Funds that are designated for equipment purchases, risk management, and pension obligations. In FY12/13, the City closed the PERS Internal Service Fund due to a change in accounting practice.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

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

	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Estimated Fund Balance			
General Fund	\$ 15,976	\$ 38,799	\$ 143,291
Designated Reserves			
Emergency Reserves	569,796	524,196	683,996
Contingency Reserves	1,222,646	1,531,346	1,850,846
Compensated Absences	44,112	84,112	124,112
Internal Service Funds			
Stores	801	501	101
Information Technology	41,533	99,533	54,533
Equipment Replacement	117,916	141,675	237,204
Self Insurance Liability	227,350	236,638	246,134
Workers Compensation	175,235	201,813	231,013
	\$ 2,415,365	\$ 2,858,613	\$ 3,571,230

In FY12/13, \$400,000 was transferred from the Equipment, Information Technology, and Stores Funds to assist in restoring the City's primary reserves. The corresponding chart and graph illustrate the impact of the transfers on the affected funds. As part of the FY 13/14 budget process, the City has added an additional \$41,230 to the Equipment Internal Service Fund, as well as \$114,000 to the Information Technology Fund. This additional funding, along with reduced spending in the FY 14/15 Planned Budget are anticipated to bring the Equipment Fund closer to its previous fund balance.

Internal Service and Other Funds



FY13/14 Estimated Fund Balances

Fund Title	Estimated Balance 07/01/2013	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 06/30/2014
General Fund	\$ 15,976	\$ 13,756,600	\$ -	\$ 12,021,865	\$ 1,711,912	\$ 38,799
Designated Reserves						
Contingency Reserve	\$ 1,222,646	\$ -	\$ 308,700	\$ -	\$ -	\$ 1,531,346
Emergency Reserve	569,796	-	154,400	-	200,000	524,196
Compensated Absence Fund	44,112	-	130,000	90,000	-	84,112
Total Designated Reserves	\$ 1,836,554	\$ -	\$ 593,100	\$ 90,000	\$ 200,000	\$ 2,139,654
Debt Service						
Pension Obligation Bond	\$ 478,500	\$ -	\$ 673,800	\$ 674,800	\$ -	\$ 477,500
Pacific Cove Lease - Upper	298,771	-	149,482	448,252	-	1
Pacific Cove Park - Lower	-	1,372,500	88,000	1,460,500	-	-
Other Post Employment Benefits	-	-	30,000	-	-	30,000
Total Debt Service	\$ 777,271	\$ 1,372,500	\$ 941,282	\$ 2,583,552	\$ -	\$ 507,501
Capital Improvement Fund	\$ 586,500	\$ 300,000	\$ 890,900	\$ 1,355,000	\$ -	\$ 422,400
Internal Service Funds						
Stores Fund	\$ 801	\$ 40,000	\$ -	\$ 40,300	\$ -	\$ 501
Information Technology	41,533	137,000	114,000	193,000	-	99,533
Equipment Replacement	117,916	105,529	41,230	123,000	-	141,675
Self-Insurance Liability	227,350	194,996	-	185,708	-	236,638
Workers Compensation	175,235	415,400	-	388,822	-	201,813
PERS	-	-	-	-	-	-
Total Internal Service Funds	\$ 562,835	\$ 892,925	\$ 155,230	\$ 930,830	\$ -	\$ 680,160
Special Revenue Funds						
SLESF - Supplemental Law Enforce	\$ 143,237	\$ 100,100	\$ -	\$ 5,200	\$ -	\$ 238,137
SCCACT - SCC ANTI CRIME TEAM	320	75,172	-	75,172	-	320
Gas Tax Fund	45,712	302,294	-	315,100	-	32,906
Wharf Fund	244	84,100	-	83,200	-	1,144
Development Fees Fund	2,026	-	-	-	-	2,026
General Plan Update and Maint	95,002	70,000	-	175,000	-	(9,998)
Green Building Education Fund	90,452	13,000	-	13,000	-	90,452
Public Arts Fee Fund	150,093	15,000	-	26,000	-	139,093
Parking Reserve Fund	(2,902)	-	100,000	12,298	84,800	-
Technology Fee Fund	28,394	7,300	-	5,000	-	30,694
PEG - Public Education and Gover	48,663	19,100	-	39,000	-	28,763
BIA - Capitola Village-Wharf BIA	4,851	66,500	-	69,000	-	2,351
CDBG Grants	(53,753)	55,620	-	20,000	-	(18,133)
CDBG Programs	(20,879)	-	-	5,000	-	(25,879)
HOME Reuse Funds	15,507	12,300	-	5,000	-	22,807
HOME Grant Fund	2,030	-	-	3,200	-	(1,170)
Housing Trust Fund	184,540	40,000	-	19,000	50,000	155,540
BEGIN Grant Fund	-	-	-	-	-	-
Capitola Housing Successor	71,582	-	-	13,900	-	57,682
Total Special Revenue Funds	\$ 805,120	\$ 860,486	\$ 100,000	\$ 884,070	\$ 134,800	\$ 746,736
Successor Agency	\$ 3,329	\$ 1,172,024	\$ -	\$ 1,175,353	\$ -	\$ -
Total All Funds	\$ 4,587,585	\$ 18,354,535	\$ 2,680,512	\$ 19,040,670	\$ 2,046,712	\$ 4,535,250

FY14/15 Estimated Fund Balances

Fund Title	Estimated Balance 07/01/2014	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 06/30/2015
General Fund	\$ 38,799	\$ 13,900,200	\$ -	\$ 12,181,474	\$ 1,614,234	\$ 143,291
Designated Reserves						
Contingency Reserve	\$ 1,531,346	\$ -	\$ 319,500	\$ -	\$ -	\$ 1,850,846
Emergency Reserve	524,196	-	159,800	-	-	683,996
Compensated Absence Fund	84,112	-	130,000	90,000	-	124,112
Total Designated Reserves	\$ 2,139,654	\$ -	\$ 609,300	\$ 90,000	\$ -	\$ 2,658,954
Debt Service						
Pension Obligation Bond	\$ 478,427	\$ -	\$ 671,400	\$ 672,900	\$ -	\$ 476,927
Pacific Cove Lease - Upper	1	-	165,066	165,066	-	1
Pacific Cove Park - Lower	-	-	88,000	88,000	-	-
Other Post Employment Benefits	30,000	-	30,000	-	-	60,000
Total Debt Service	\$ 508,428	\$ -	\$ 954,466	\$ 925,966	\$ -	\$ 536,928
Capital Improvement Fund	\$ 422,400	\$ 300,000	\$ 508,000	\$ 552,000	\$ -	\$ 678,400
Internal Service Funds						
Stores Fund	\$ 501	\$ 40,000	\$ -	\$ 40,400	\$ -	\$ 101
Information Technology	99,533	128,000	-	173,000	-	54,533
Equipment Replacement	141,675	105,529	-	10,000	-	237,204
Self-Insurance Liability	236,638	199,396	-	189,900	-	246,134
Workers Compensation	201,813	429,900	-	400,700	-	231,013
PERS	-	-	-	-	-	-
Total Internal Service Funds	\$ 680,160	\$ 902,825	\$ -	\$ 814,000	\$ -	\$ 768,985
Special Revenue Funds						
SLESF - Supplemental Law Enforce	\$ 238,137	\$ 100,100	\$ -	\$ 4,300	\$ -	\$ 333,937
SCCACT - SCC ANTI CRIME TEAM	320	76,770	-	76,770	-	320
Gas Tax Fund	32,906	302,294	-	315,100	-	20,100
Wharf Fund	1,144	84,100	-	83,200	-	2,044
Development Fees Fund	2,026	-	-	-	-	2,026
General Plan Update and Maint	(9,998)	70,000	-	135,000	-	(74,998)
Green Building Education Fund	90,452	13,000	-	13,000	-	90,452
Public Arts Fee Fund	139,093	15,000	-	26,000	-	128,093
Parking Reserve Fund	-	-	100,000	15,200	84,800	-
Technology Fee Fund	30,694	7,300	-	5,000	-	32,994
PEG - Public Education and Gover	28,763	19,100	-	19,000	-	28,863
BIA - Capitola Village-Wharf BIA	2,351	66,500	-	68,850	-	1
CDBG Grants	(18,133)	-	-	20,000	-	(38,133)
CDBG Programs	(25,879)	-	-	5,000	-	(30,879)
HOME Reuse Funds	22,807	12,300	-	5,000	-	30,107
HOME Grant Fund	(1,170)	-	-	3,200	-	(4,370)
Housing Trust Fund	155,540	40,000	-	19,000	50,000	126,540
BEGIN Grant Fund	-	-	-	-	-	-
Capitola Housing Successor	57,682	-	-	15,700	-	41,982
Total Special Revenue Funds	\$ 746,735	\$ 806,464	\$ 100,000	\$ 829,320	\$ 134,800	\$ 689,079
Successor Agency	\$ -	1,184,140	-	1,184,140	-	-
Total All Funds	\$ 4,536,177	\$ 17,093,629	\$ 2,171,766	\$ 16,576,900	\$ 1,749,034	\$ 5,475,638

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GENERAL FUND REVENUES



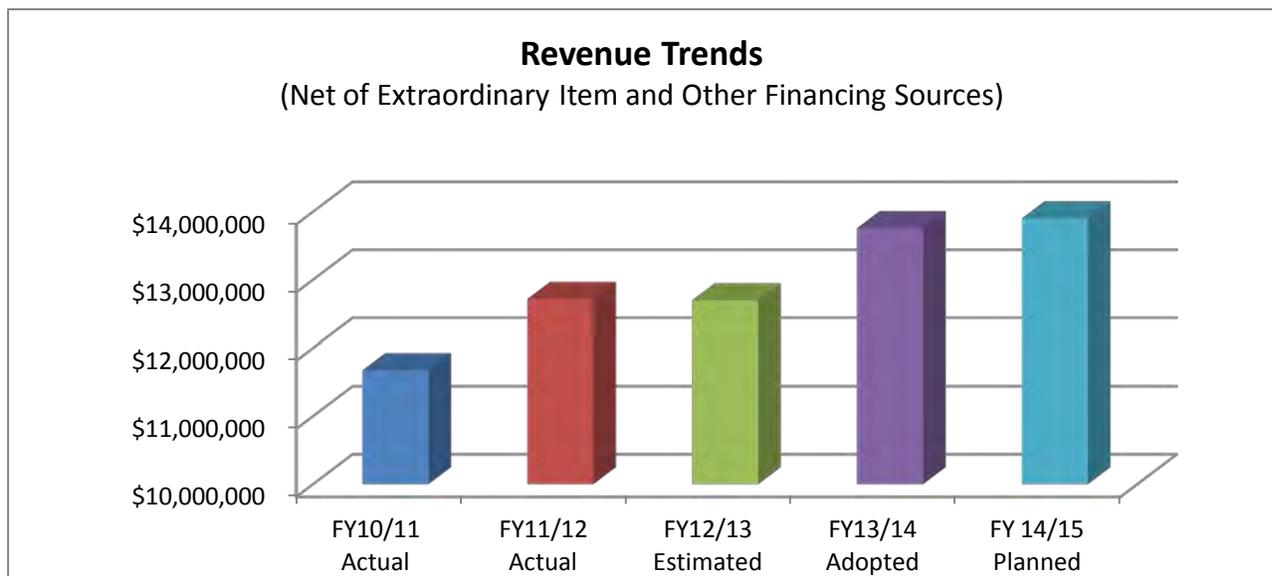
GENERAL FUND REVENUES

Revenues for the FY13/14 General Fund operating budget are projected to be \$13.8 million which is an increase of approximately \$1.6 million from the FY12/13 Adopted Budget. Sales taxes are projected to rise by approximately 6.9% in FY13/14, followed by a 3.5% increase in FY14/15. Additional factors increasing sales tax in FY13/14 include \$1 million related to the new 1/4% sales tax (Measure O) and a projected increased sales tax true-up payment of \$175,000. This sales tax increase is primarily based on the FY12/13 increased economic performance, sales tax studies, and recent inflation factors. A summary of major revenues changes between the FY12/13 Adopted and FY 13/14 Adopted budgets are listed below:

- Measure O \$1,020,000
- Sales Tax True-Up Payment (non-typical) 175,000
- Sales Tax Performance 370,000
- Federal Operating Grants 50,000
- Transient Occupancy Tax 90,000
- Prior Year Land Sale (85,000)
- \$1,620,000**

An overview of revenues and the related history is presented below.

Revenues by Major Category	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY 14/15 Planned
Taxes	\$7,947,592	\$8,596,277	\$8,816,600	\$9,339,610	\$10,521,400	\$10,673,200
Licenses and permits	155,266	329,605	186,700	144,800	224,600	230,100
Intergovernmental revenues	363,293	285,822	176,000	370,244	229,200	183,200
Charges for services	2,114,322	2,341,934	2,068,200	1,906,800	1,980,400	2,012,500
Fines and forfeitures	702,045	724,409	707,000	707,000	707,500	707,500
Use of money & property	307,518	288,356	12,600	22,800	19,300	19,300
Other revenues	82,540	92,610	84,400	94,800	74,200	74,400
Other financing sources	4,000	248,500	85,000	103,000	-	-
Extraordinary Item	-	-	-	1,228,086	-	-
General Fund	\$11,676,577	\$12,907,512	\$12,136,500	\$13,917,140	\$13,756,600	\$13,900,200



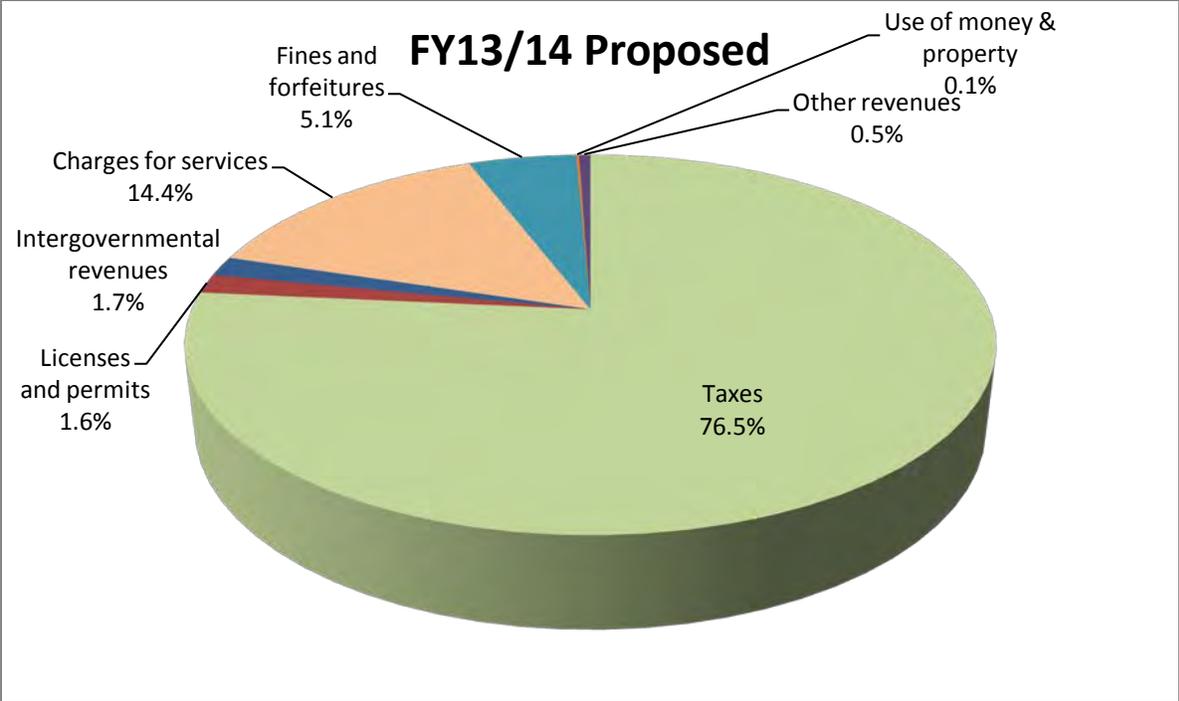
General Revenue Information

General Fund revenues are not received in equal monthly increments. While many revenues are received regularly throughout the fiscal year, others are received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola’s lowest cash balance occurs in mid-December, while property tax revenues received in December and April are used to assist in replenishing the General Fund balance. The City developed a cash flow model to assist with on-going cash flow projections and to identify reserve requirements. While monitoring the City’s cash flow has always been a priority, the need to identify patterns became more critical during the disaster recovery period when reserves were nearly depleted. In FY12/13, the City approved increasing the Contingency Reserve balance from 10% to 15%, to assist in covering potential cash flow deficits.

Projections for each source of revenue include a review of historical trends, the local economy, new business development, and pending legislation. Due to significant changes, the City is closely monitoring the following five core revenues which represent over 79% of the General Fund:

- Sales Tax \$7,096,000
- Transient Occupancy Tax 984,300
- Parking Meters 704,000
- Parking Fines 465,000
- Property Taxes / Property Taxes in Lieu of Vehicle Fees 1,681,900
- \$10,931,200**

Additional information related the five core revenues are detailed within this section. In addition, five-year trends for each revenue source are provided in the Revenue Summary.



Sales Tax

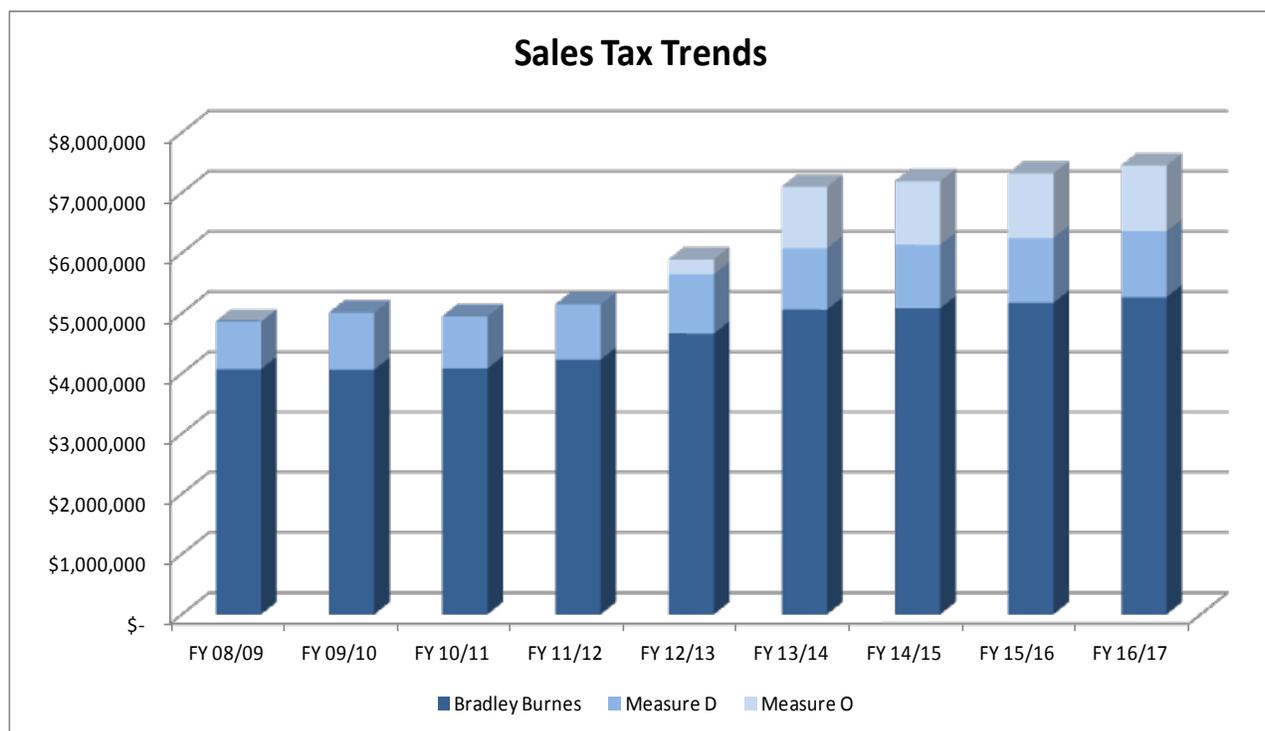
The City of Capitola sales tax consists of 1% Bradley Burnes, 1/4% Capitola District Tax (Measure D), and a new 1/4% Capitola District (Measure O). In FY12/13, annual sales tax revenue was \$5.9 million, with over \$980,000 in revenues contributed by Measure D. Measure O became effective in April of 2013. It is projected that the first quarter of Measure O revenues will yield approximately \$245,600.

Sales Tax by Geographic Area	
Area	% of Sales
41st Avenue Corridor	84.0%
Upper Village	7.4%
Village	7.5%
Kennedy Drive, Other	1.1%
Total Sales Tax Revenue	100.0%

The following chart highlights the beginning of a guarded economic recovery, as well as the addition of a major retail store in FY12/13 which was projected to generate \$350,000 in additional revenues and Measure O tax receipts.

The Finance Department staff work closely with MuniServices, the City's sales tax consultant, on tax recovery, statistics, and projections. Sales tax projections are based on a combination of "most likely" estimates provided by MuniServices, internal quarter over quarter analyses, and the impact of one-time events. In FY13/14, sales tax revenue is anticipated to increase by \$1.2 million over the Estimated FY12/13 amounts. Contributing factors include a Triple Flip or In-Lieu payment that is \$175,000 greater than the typical distribution, \$775,000 in Measure O revenue, and an anticipated growth factor. While sales tax revenue is anticipated to increase in FY 14/15, the overall increase will be closer to 1.3% due to the increased In-Lieu payment in FY 13/14. In FY 15/16 and FY 16/17, sales tax is projected to grow by 1.8%.

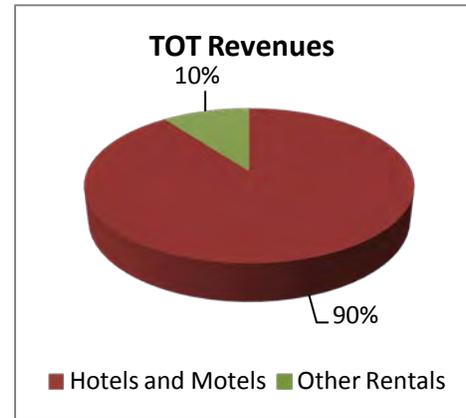
In December of 2017, the Measure D sales tax is scheduled to sunset. Measure O was implemented with the goal of replenishing reserves during through 2017, and providing funding to repair City streets and enhancing community policing projects. Measure O will continue to provide a permanent source of revenue after the Measure D sunset date.



Transient Occupancy Taxes (TOT)

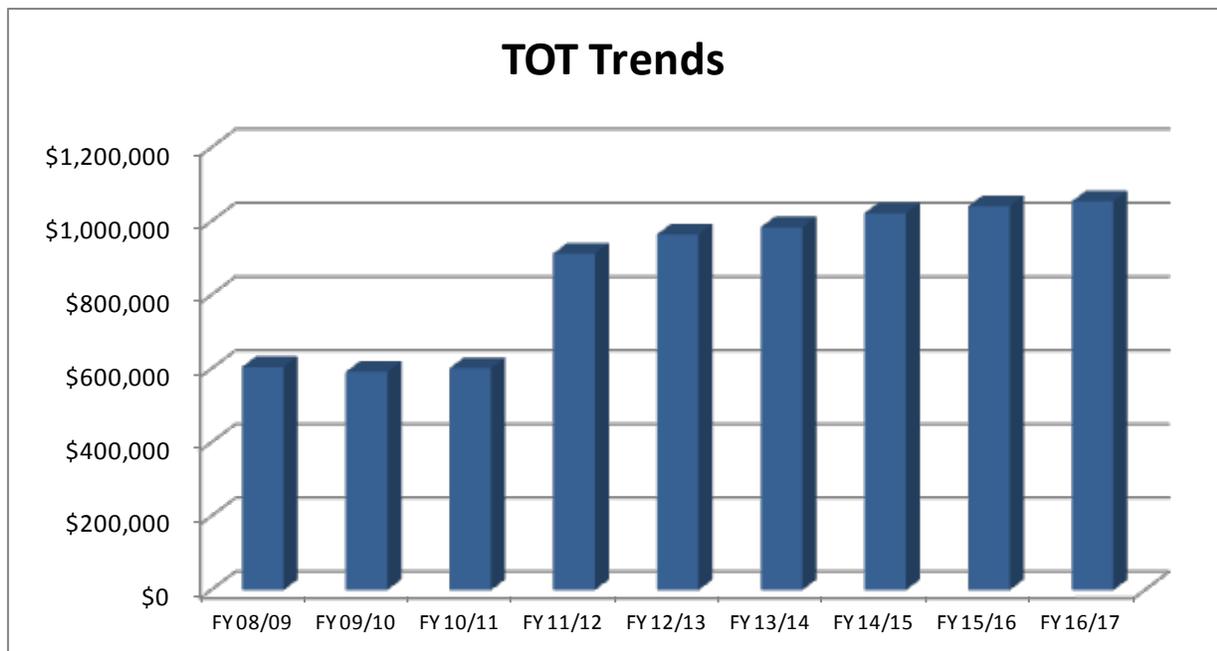
Hotel tax, also known as the Transient Occupancy Tax (TOT) is a 10% tax that is applied to rental accommodations of less than 30 days. In FY13/14, TOT tax is expected to account for over 7% of the General Fund operating revenues. The City's TOT revenues come from the following sources:

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



In FY12/13, the TOT growth remained relatively constant; however it included a one-time internal hotel adjustment of \$48,300. The FY11/12 amount also includes interest and penalties of \$11,500 which also attributed to the relatively flat two-year trend. In FY13/14, the City is projecting a 2% or \$94,300 increase; followed by a 3.9% increase in FY14/15. This is primarily due to improved economic performance. This estimate was derived internally by monitoring quarterly revenues, reviewing local tourism trends, and referencing CPI as an indicator of growth. In FY 15/16 and FY16/17, TOT revenues were increased by 1.8% and 1.3%, respectively. This estimate was based on the U.S. Travel Association's Travel Forecast Model for Domestic Person-Trips.

Due to Capitola's seaside location, proximity to regional attractions, and beginning signs of economic recovery, the City is continuing efforts to attract another hotel to the area.



Parking Meters and Parking Fines

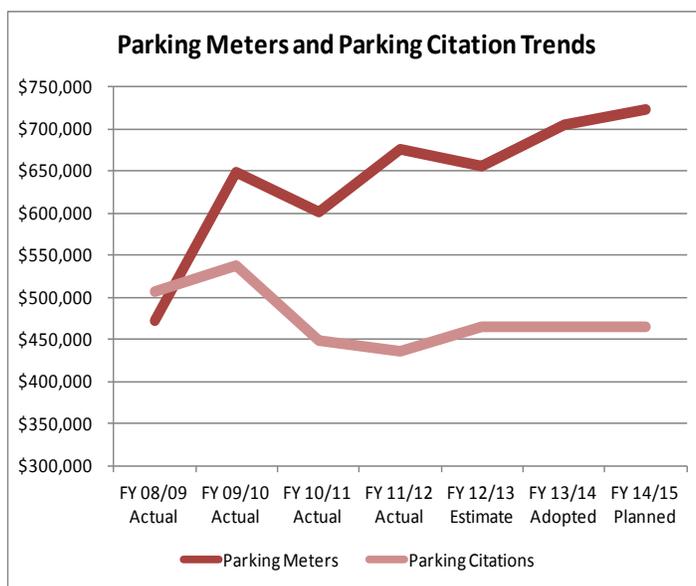
In FY 12/13, parking meter and parking fine revenues contributed over \$1.1 million to the General Fund. Revenue sources include fees collected from the meters, as well as fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. In FY 13/14, the City plans to convert the previous Pacific Cove Mobile Home Park site to a temporary parking lot. Due to the estimated project completion date, it is anticipated this lot will generate close to 35% of the revenues received in the upper lot in FY13/14 and 50% in FY 14/15. Projected revenues for each location are listed below:

Location	Spaces	Estimated FY13/14 Revenue	Avg. Meter Revenue per Space
Village	195	\$ 550,000	\$ 2,821
Cliff Drive	65	\$ 50,000	\$ 769
Pacific Cove - Upper lot	232	\$ 76,000	\$ 328
Pacific Cove Park - Lower	226	\$ 28,000	\$ 124

Parking meter and parking fine revenues peaked in FY09/10 due to increased parking fees and fine costs. In FY10/11, these combined revenues declined by over \$140,000 due to damage caused by the ruptured storm drain, installation time associated with new paystations, parking meter holidays, and reduced parking enforcement staff. In November of 2011, the City completed the installation of paystations in the Capitola Village. These paystations assisted in increasing revenue, while adding the convenience of credit card acceptance. As part of the Pacific Cove Parking Lot project, the City plans to replace most Village, Cliff Drive, and Monterey Avenue meters with additional paystations.

In the FY13/14 budgetary projections, the City chose to take a conservative approach to parking meter and parking fine projections due to the variances experienced in prior years. Factors influencing the FY13/14 and FY14/15 parking meter projections include historical information and monitoring monthly trends in FY11/12. Based on this information, it was estimated that meter revenues would be relatively close to the FY12/13 expected levels, with the exception of anticipated revenues from the new lot.

In FY 12/13, it was estimated that parking citation revenues would increase due to the elimination of a temporary Parking Enforcement Officer and the establishment of a full-time Parking Enforcement Officer position. Due to the public safety benefits realized through Measure O, the Parking Enforcement Officer position was transitioned to a Community Service Officer and the temporary position was reinstated. The FY 12/13 year-end estimate will be monitored closely to see if this transition, along with the addition of paystations, will have an effect on prospective budgetary projections.



Property Taxes

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

In FY12/13, property taxes were responsible for over \$862,000 in revenues, with an additional residual distribution of RDA / Successor Agency funds in the amount of \$24,800. The regular property tax distributions were relatively similar to the FY11/12 amounts; however it also included a residual RDA / Successor Agency distribution of \$52,500. The FY 11/12 redistribution was primarily the result of recaptures from the disallowed obligations of the former RDA. Due to the uncertainty of the residual distribution patterns, an amount was not budgeted in FY13/14.

In the FY13/14 Proposed budget, property tax revenues were estimated to increase by approximately 1.6% with a similar increase projected in FY 14/15. This projection was based on information from the Auditor-Controller's Office; uncertainties over supplemental and unsecured assessments; and a review of the current housing market. The maximum growth factor of 1% of the assessed property valuation was referenced in FY 15/16 and FY 16/17.

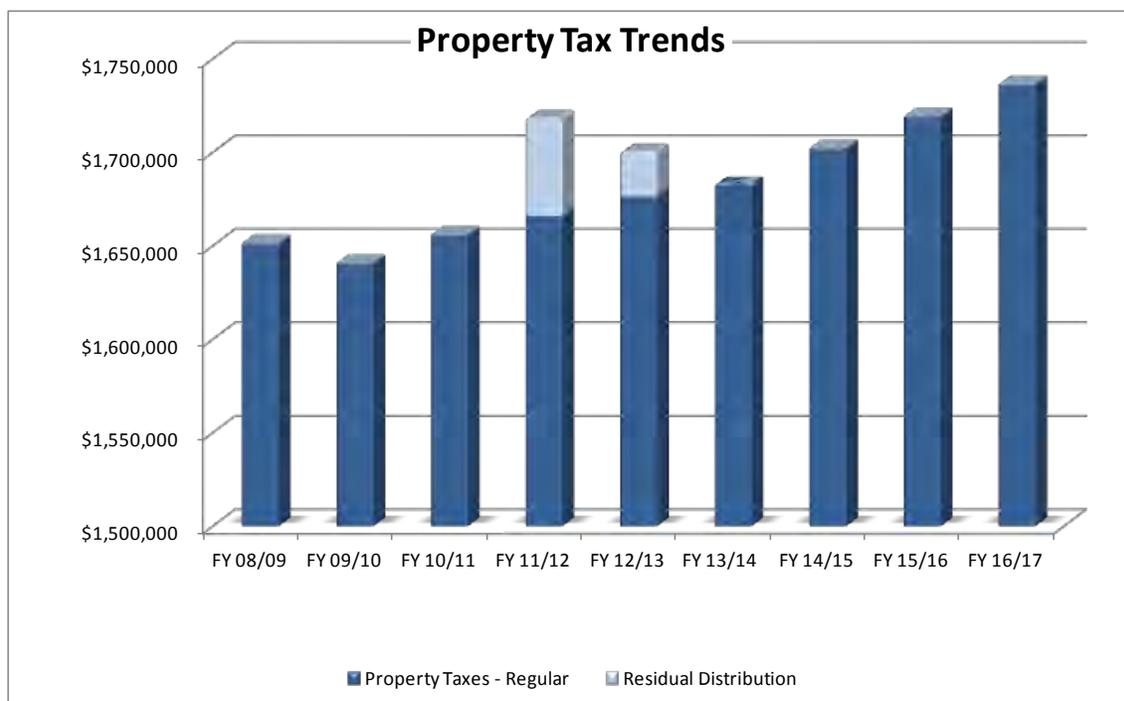
Property taxes are received based on the following distribution schedule:

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

Property Taxes in Lieu of Vehicle License Fees

There has been little change to Property Taxes in Lieu of Vehicle License Fees. In FY08/09, total revenues were \$796,000, which increased by \$40,500 over a four-year period to \$836,000. In FY12/13, it was estimated that the City would receive \$814,000 in revenues from this source.

Property Taxes in Lieu of Vehicle License Fees are calculated similar to the methods used to derive property tax revenues. The FY 13/14 and FY 14/15 budgeted amounts were based on projections from the Santa Cruz Auditor-Controller's Office and an internal review of trends.



Revenue Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
<u>Taxes</u>						
Property Taxes - Secured	\$ 830,545	\$ 836,485	\$ 840,000	\$ 842,380	\$ 855,500	\$ 870,100
Property Taxes - Unsecured	21,690	20,542	-	20,030	20,400	20,700
Property taxes In lieu of motor vehicle fee	803,407	809,102	810,000	814,200	806,000	811,000
Property taxes Residual distr. - former RDA	-	52,534	-	24,000	-	-
General Sales Tax	4,080,705	4,228,463	4,551,200	4,662,200	5,058,500	5,080,700
General Sales Tax - Measure D	865,010	916,645	973,200	983,000	1,018,750	1,054,350
General Sales Tax - Measure O	-	-	-	245,600	1,018,750	1,054,350
Documentary transfer tax Document transfer	-	55,535	-	35,000	-	-
Business license Tax	267,427	281,336	270,000	270,000	280,000	280,000
Franchise tax Electric	100,669	97,230	100,000	100,000	97,000	97,000
Franchise tax Gas	28,907	29,394	29,000	29,000	29,000	29,000
Franchise tax Refuse	227,831	229,612	235,000	235,000	230,000	230,000
Franchise tax Refuse AB939 Surcharge	5,039	4,018	5,000	5,000	4,000	4,000
Franchise tax Cable tv	105,854	98,684	100,000	100,000	95,000	95,000
Franchise tax Uverse-AT&T	4,584	19,644	9,000	5,000	20,000	20,000
Franchise tax Recycling grant	4,200	4,200	4,200	4,200	4,200	4,200
Transient Occupancy Tax	601,726	912,852	890,000	965,000	984,300	1,022,800
Taxes Totals	\$ 7,947,592	\$ 8,596,277	\$ 8,816,600	\$ 9,339,610	\$ 10,521,400	\$ 10,673,200
<u>Licenses and permits</u>						
Building Permits	129,384	264,704	131,500	85,600	165,800	170,800
Encroachment Permits	16,130	15,788	15,000	18,000	15,000	15,000
Special Events Permits	224	1,073	700	700	800	800
Entertainment Permits	3,443	4,782	3,000	3,000	4,000	4,000
Parking Permits	420	35,665	33,500	32,800	33,000	33,000
Other Permits	5,665	7,593	3,000	4,700	6,000	6,500
Licenses and permits Totals	155,266	\$ 329,605	\$ 186,700	\$ 144,800	\$ 224,600	\$ 230,100
<u>Intergovernmental revenues</u>						
Federal government grants - Operating	\$ 205,731	\$ 187,536	\$ 84,000	\$ 196,202	\$ 131,000	\$ 85,000
Federal government grants - Capital	59,672	-	-	8,542	-	-
State government - Operating category	2,841	-	-	-	-	-
State gov't - Prop 172 Sales tax Police	30,956	33,437	38,000	36,000	30,000	30,000
State gov't - Abandoned vehicle abatement	10,604	10,949	10,000	10,000	10,000	10,000
State gov't - POST Police offcr sfty training	2,266	9,357	12,000	20,000	16,000	16,000
State gov't - Motor vehicle in-lieu tax	25,183	26,533	20,000	25,000	25,000	25,000
State gov't - State recycling grant	5,000	5,000	5,000	5,000	5,000	5,000
State gov't - Homeowner prop tax relief	7,071	7,120	7,000	2,000	7,200	7,200
State gov't - SB90 State cost reimb	13,968	5,889	-	7,500	5,000	5,000
Local Government Revenue County	-	-	-	60,000	-	-
Intergovernmental revenues Totals	\$ 363,293	\$ 285,822	\$ 176,000	\$ 370,244	\$ 229,200	\$ 183,200
<u>Charges for services</u>						
Gen gov't RDA bus svcs/OSB admin	220,915	358,915	250,000	250,000	250,000	250,000
Gen gov't RDA bus svcs/OSB admin exp	(133,400)	-	-	-	-	-
Gen gov't Parking meters - village	481,866	544,810	530,000	540,000	550,000	550,000
Gen gov't Parking meters - cliff drive	50,814	49,963	50,000	55,000	50,000	52,000
Gen gov't Parking meters - pacific cove	67,947	80,977	75,000	60,000	104,000	120,000
Gen gov't Mobile home admin services fee	62,750	-	-	-	-	-

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Charges for Services (cont.)						
Gen gov't BIA - finance support services	4,200	4,200	4,200	4,200	4,200	4,200
Gen gov't CVC-Finance Support Services	505	875	500	500	-	-
Gen gov't Green Building Program Mgmt	-	-	10,000	-	-	-
Public safety Vehicle release fee	11,526	11,143	10,000	10,000	12,000	12,000
Public safety Police reports and others	4,606	4,278	4,600	4,600	4,600	4,600
Public safety Booking fees	8,715	2,701	6,000	2,000	2,000	2,000
Public safety DUI collections	2,620	5,918	3,500	3,500	3,600	3,600
Public safety Animal services	4,330	2,867	3,500	3,500	3,500	3,600
Public safety Rispin - police services	21,349	-	-	-	-	-
Public safety Special events - police	2,760	7,740	20,000	16,000	14,000	14,000
Public safety Special Events-Lifeguard Svcs	-	350	1,000	1,000	1,000	1,000
Public w orks BIA - public w orks services	3,000	3,000	3,000	3,000	3,000	3,000
Public w orks Rispin - public w orks services	2,415	-	-	-	-	-
Public w orks Wharf - public w orks services	21,838	-	-	-	-	-
Public w orks Special events - pw services	-	-	10,000	8,500	8,500	8,500
Public w orks Sw eeper Svc Provided to Gas	45,000	45,000	45,000	45,000	-	-
Building fees Building plan check fees	79,868	118,392	70,000	70,000	80,000	82,000
Comm dev Planning fee - sr plnr cost	70,000	71,338	60,000	50,000	60,000	70,000
Comm dev Planning fee - director cost	7,425	2,685	2,700	-	10,000	10,000
Comm dev Planning fee - cost recovery adj	(241)	4,838	-	-	-	-
Comm dev Planning plan check fee	10,957	32,939	30,000	18,000	10,000	12,000
Comm dev Planning application fee	13,792	18,881	13,000	13,000	12,000	12,000
Comm dev Hsg admin billing - RDA Low /Mod	200,000	100,295	-	-	-	-
Comm dev Planning - Billing to Gen Plan	120,000	94,080	70,000	-	50,000	50,000
Comm dev Hsg Admin Billing - HOME Grant	5,500	577	-	-	-	-
Comm dev Planning - other fees	16,316	23,817	12,000	12,000	10,000	10,000
Comm dev Planner developer review adm	-	-	500	-	-	-
Recreation fees Class fees	328,488	335,502	337,000	298,000	298,000	298,000
Recreation fees Class fee refunds	(3,342)	(6,756)	3,000	(3,000)	(3,000)	(3,000)
Recreation fees Jr. guard fees	223,500	245,959	245,000	270,000	270,000	270,000
Recreation fees Jr. guard fee refund	(3,424)	(4,958)	3,000	(6,000)	(5,000)	(5,000)
Recreation fees Camp Capitola fees	103,209	122,395	126,000	126,200	126,200	126,200
Recreation fees Camp fee refunds	(1,379)	(1,077)	1,200	(1,200)	(1,200)	(1,200)
Recreation fees Sports fees	61,827	62,028	67,000	54,500	54,500	54,500
Recreation fees Sports fee refund	(1,979)	(1,737)	1,500	(1,500)	(1,500)	(1,500)
Recreation fees Historical research fee	50	-	-	-	-	-
Charges for Services Totals	\$ 2,114,322	\$ 2,341,934	\$ 2,068,200	\$ 1,906,800	\$ 1,980,400	\$ 2,012,500

Fines and Forfeitures

Redlight camera enforcement	\$ 92,258	\$ 104,121	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
General fines	52,667	145,664	140,000	140,000	140,000	140,000
Vehicle Code	95,163	\$888.10	-	-	-	-
Municipal Code Fines	-	25,000	-	-	-	-
Fines and forfeitures False alarm	12,750	12,850	12,000	12,000	12,500	12,500
Parking citations	449,207	435,886	465,000	465,000	465,000	465,000
Fines and Forfeitures Totals	\$ 702,045	\$ 724,409	\$ 707,000	\$ 707,000	\$ 707,500	\$ 707,500

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
<u>Use of Money & Property</u>						
Investment earnings LAIF	\$ 15,791	\$ 6,737	\$ 2,000	\$ 7,000	\$ 7,000	\$ 7,000
Investment earnings RDA \$1.35M	104,625	104,625	-	-	-	-
Investment earnings RDA \$618k loan	47,895	47,895	-	-	-	-
Rents Pac cove park - space lease	88,365	91,373	-	2,500	-	-
Rents Pac Cove Coach Rent	40,363	24,442	-	-	-	-
Rents Beulah	200	300	-	-	-	-
Rents Jade Street facility	6,384	6,156	6,000	6,000	5,000	5,000
Rents Jade Street facility refunds	(842)	(395)	-	-	-	-
Rents Esplanade restaurants	3,653	3,739	2,600	3,800	3,800	3,800
Rents Esplanade - surf trailer	884	1,204	1,000	1,200	1,200	1,200
Rents Esplanade bandstand	200	2,280	1,000	2,300	2,300	2,300
Use of Money & Property Totals	\$ 307,518	\$ 288,356	\$ 12,600	\$ 22,800	\$ 19,300	\$ 19,300
<u>Other Revenues</u>						
Safety donations & contributions	-	-	-	5,500	3,000	3,000
Surf camera contribution	3,468	2,601	3,600	2,600	-	-
Arts - twilight concert sponsors	14,400	12,200	13,200	13,200	13,200	14,400
Arts - movies at the beach spons	2,000	2,000	2,000	2,000	2,000	2,000
Arts - art at the beach fee	3,945	3,600	3,600	3,600	3,600	3,600
Sunday Art & Music Concerts	201	2,400	2,400	2,400	2,400	2,400
Museum donations-Box Revenue	694	984	600	500	500	500
Museum Donations-Fundraising	-	-	5,000	5,000	3,500	3,500
Memorial plaques and benches	10,790	11,320	3,000	10,000	6,000	5,000
Miscellaneous revenues	12,611	15,294	10,000	10,000	-	-
Recreation Donation	-	7,000	1,000	-	-	-
Reimburse - fuel by CFD/school	33,961	31,206	40,000	40,000	40,000	40,000
Change Machine-Misc Rev	469	4,005	-	-	-	-
Other revenues Totals	\$ 82,540	\$ 92,610	\$ 84,400	\$ 94,800	\$ 74,200	\$ 74,400
<u>Other financing sources</u>						
Interfund transfer in Emergency Rsv	-	223,500	-	-	-	-
Interfund transfer in ISF Equip	-	25,000	-	-	-	-
Interfund transfer in Public Art	4,000	-	-	-	-	-
Proceeds of gen cap asst disposals	-	-	85,000	103,000	-	-
Extraordinary Items	-	-	-	1,228,086	-	-
Other financing sources Totals	\$ 4,000	\$ 248,500	\$ 85,000	\$ 1,331,086	\$ -	\$ -
Total General Fund	\$ 11,676,577	\$ 12,907,512	\$ 12,136,500	\$ 13,917,140	\$ 13,756,600	\$ 13,900,200

GENERAL FUND EXPENDITURES



GENERAL FUND EXPENDITURES

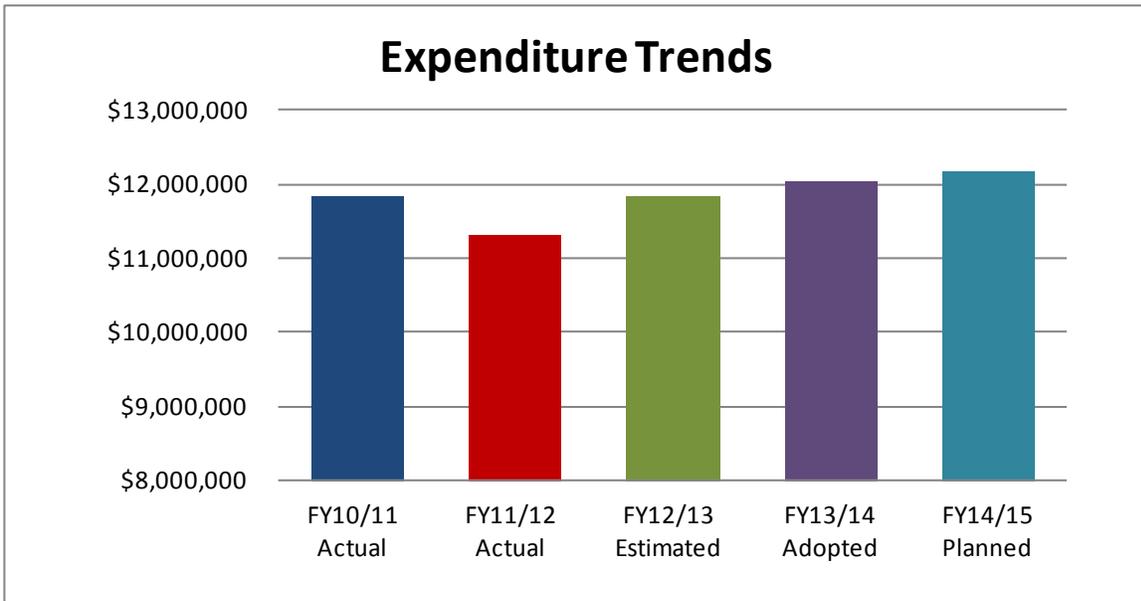
In FY 13/14, General Fund operating expenditures are anticipated to exceed the FY12/13 Adopted budget by \$237,000; while transfers are expected to exceed the prior year by \$1.4 million. Key differences between the FY12/13 Adopted and the FY13/14 Adopted expenditures include:

- Added a Measure O funded Maintenance Worker II
- Increased funding of the Community Development Director position from 45% to 100%
- Added of a .25 FTE Police Records Clerk at mid-year
- Reclassified a .33 Development Services Technician to a 1.00 Environmental Projects Manager. These costs were partially offset by a \$20,000 reduction in a storm water management contract.
- Negotiated employee flexible benefit increases of \$25 - \$50 per a month depending on plan
- Reduced police overtime of approximately \$53,500
- Increased reserve and CIP transfers by \$231,100 in the FY 12/13 Amended Budget to reflect Measure O funding priorities. In FY 13/14, transferred Measure O funds of \$490,000 and \$463,100 to the CIP and Reserves, respectively.
- Projected net increase of \$65,000 from the refinancing of the Pacific Cove Mobile Home Relocation Debt from 5.14% to 3.25%, net of the proposed Pacific Cove Park Lot Debt.
- Transferred \$1.15 million in insurance settlement proceeds to fund the following FY12/13 expenditures: Additional principle payment on the Pacific Cove Lease - \$500,000; CIP - \$350,000; and Reserves - \$295,000
- Set aside \$30,000 to partially fund Other Post Employment Benefits
- Recognized the full payment of the Pension Obligation Bond transfer. In FY 12/13 the city realized a one-time credit against the Pension Obligation Bond transfer of \$180,000.
- Transferred \$155,230 to assist in replenishing the internal service funds (ISF). In FY12/13, \$400,000 was transferred from these funds to assist in meeting reserve targets.

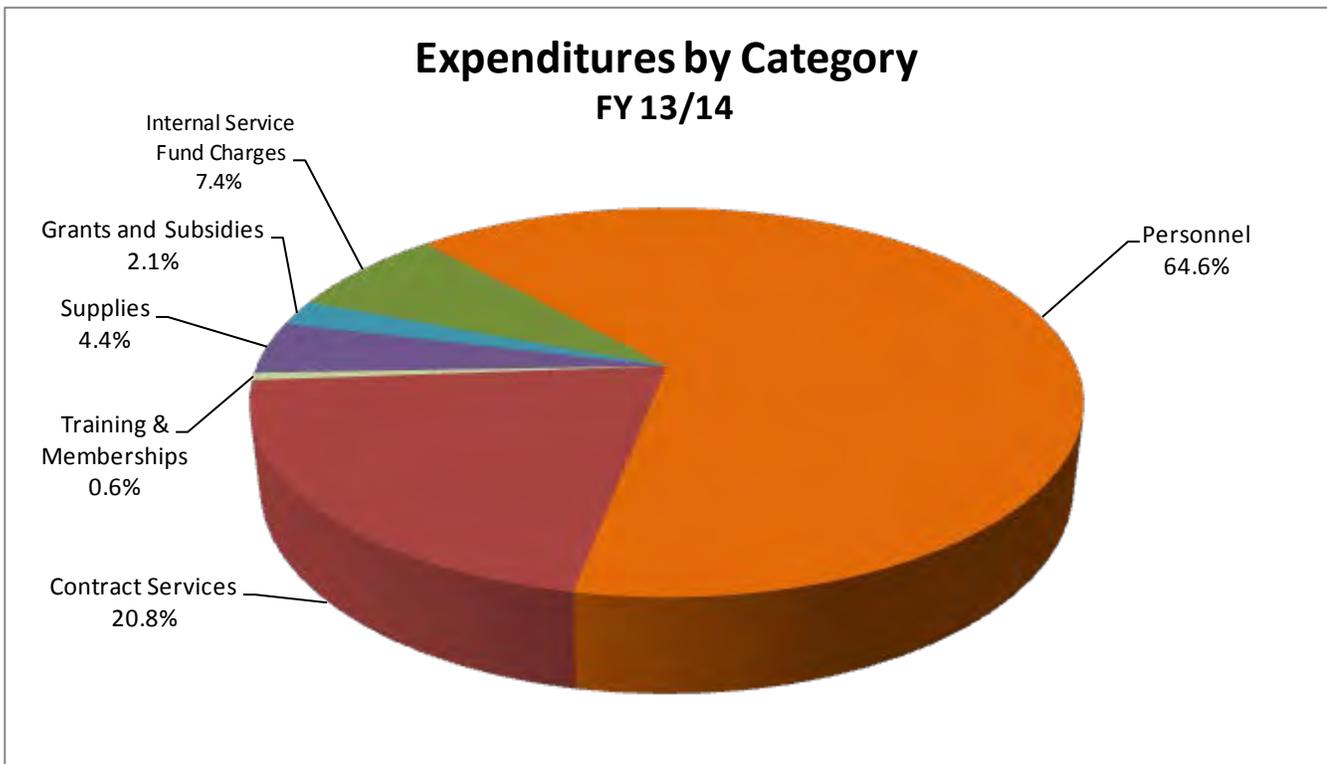
The following chart provides an overview of expenditures for the period from FY10/11 to FY14/15 Planned. A complete description of major changes will follow in the related expenditure detail pages.

Category	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Personnel	\$7,258,883	\$7,170,943	\$7,477,200	\$7,343,867	\$7,768,290	\$7,932,074
Contract services	2,910,586	2,455,822	2,526,678	2,720,488	2,505,500	2,488,995
Training	53,845	46,163	51,050	62,835	72,280	71,780
Supplies	467,760	527,278	540,500	521,765	523,600	530,800
Grants and Subsidies	275,002	275,000	249,561	249,561	254,270	250,000
Capital outlay	10,696	-	-	10,842	5,000	5,000
Internal service fund charges	859,500	846,875	940,373	940,373	892,925	902,825
Sub Total	\$11,836,271	\$11,322,080	\$11,785,362	\$11,849,731	\$12,021,865	\$12,181,474
Fund Transfers	\$471,599	\$828,302	\$379,706	\$2,588,649	\$1,711,912	\$1,614,234
Expenditure Grand Totals:	\$12,307,869	\$12,150,382	\$12,165,068	\$14,438,380	\$13,733,777	\$13,795,708

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

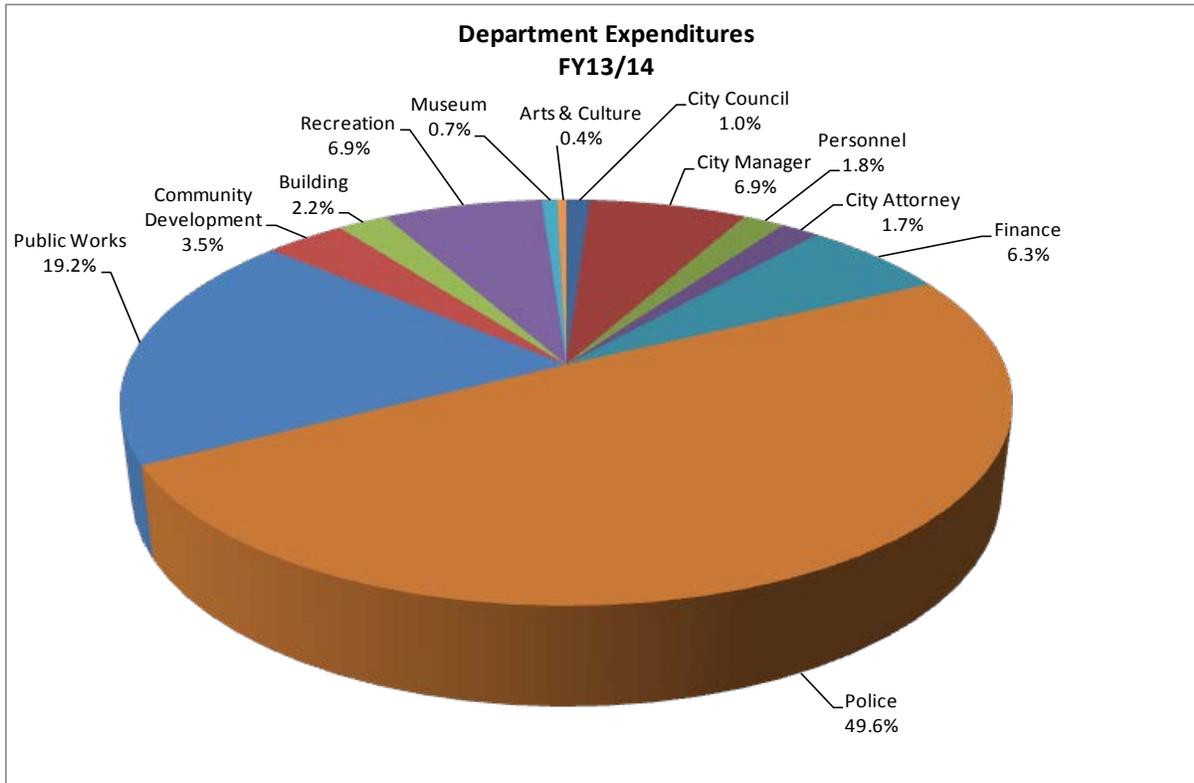


A chart displaying the percentages of expenditures by category is also provided for reference. The ratio of adopted salaries to operating expenditures has increase by 1.3% points. This is primarily due to the position changes identified on the preceding page.



General Fund Expenditures - By Department

Department	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
City Council	\$ 81,248	\$ 134,845	\$ 126,150	\$ 126,401	\$ 118,245	\$ 111,593
City Manager	734,135	786,523	800,178	771,725	803,222	827,013
Personnel	167,503	196,566	215,300	211,300	209,302	212,863
City Attorney	822,649	207,685	183,600	364,686	195,000	175,000
Finance	558,729	650,353	695,000	783,621	742,877	752,801
Community Grants	275,002	275,000	249,561	249,561	254,270	250,000
Police-Law Enforcement	4,929,004	4,958,006	5,366,169	5,244,349	5,183,854	5,308,715
Police-Parking Enforcement	472,002	424,893	490,400	508,250	520,189	526,965
Police-Lifeguard	74,502	76,772	73,900	75,900	78,465	78,596
Police-Animal Services	18,685	13,694	16,200	20,200	23,390	24,199
Public Works-Streets	1,072,704	1,049,333	1,055,168	1,028,608	1,185,101	1,238,133
Public Works-Facilities	243,701	217,832	251,800	217,100	222,070	222,254
Public Works-Fleet	306,911	308,272	321,100	306,300	319,982	321,843
Public Works-Parks	438,363	438,367	476,376	471,576	518,623	525,512
Community Development	538,868	463,544	326,750	298,454	407,008	413,160
Building	183,081	204,341	266,810	235,610	253,834	252,872
Recreation	814,941	800,656	838,500	813,660	808,922	814,203
Museum	66,890	73,486	83,400	79,430	79,831	81,054
Arts & Culture	37,353	41,912	43,000	43,000	44,680	44,698
FY 13/14 Tech Allocation	-	-	(94,000)	-	53,000	-
Subtotal	\$ 11,836,271	\$ 11,322,080	\$11,785,362	\$ 11,849,731	\$ 12,021,865	\$ 12,181,474
General Fund Transfers	471,599	828,302	379,706	2,588,649	1,711,912	1,614,234
Expenditure Totals:	\$12,307,869	\$12,150,382	\$12,165,068	\$14,438,380	\$13,733,777	\$13,795,708



SALARIES & BENEFITS

All positions listed in the General Fund are fully funded with full benefit costing. Fully benefited non-safety employees have been budgeted at top step; an average rate was estimated for Police Officers, Sergeants and the Captain are based on the current employees; specialty pays are budgeted as a separate line item. Hourly employees have been budgeted at mid-range. Changes include the following:

FY12/13: Addition of a 1.0 Measure O funded Maintenance Worker, deletion of a 1.0 Facilities Maintenance Supervisor, addition of a .50 Maintenance Superintendent, partial year funding for Finance Director position, and a .250 reduction in a Sports Coordinator.

FY 13/14: Full funding of the Community Development Director position, deletion of a .33 Development Services Technician, addition of 1.0 Environmental Projects Manager, and the addition of a .25 Records Clerk for half of the year. In response to the Affordable Health Care Act, a temporary Recreation Assistant was also moved into a permanent position. Staff is in the process of determining whether the remaining .67 Development Services Technician should be filled or staffed by the Finance and/or the Community Development Departments.

FY14/15: Addition of Measure O funded Maintenance Worker and the reinstatement of .10 voluntary reduction in the City Clerk position. The savings from the City Clerk reduction was used to partially fund the initial purchase of the Sire software package.

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

General Fund	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
	Actual	Actual	Actual	Actual	Actual	Estimated	Adopted	Planned
<u>Elected</u>								
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Elected - Total FTE's	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<u>Fully Benefited by Dept</u>								
City Attorney	-	-	-	-	-	-	-	-
Finance	5.25	5.38	4.38	4.38	3.95	4.38	4.38	4.38
City Manager	6.75	6.75	6.75	6.75	7.00	6.90	6.90	7.00
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Arts Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	32.75	32.75	30.25	30.25	29.59	30.25	30.50	30.50
CDD	5.67	6.67	6.17	4.67	4.12	3.92	4.67	4.67
Public Works	14.33	14.33	12.33	12.33	11.83	12.33	13.00	14.00
Recreation	3.00	3.00	3.00	3.00	3.00	2.75	3.00	3.00
Dept - Total FTEs	68.50	69.63	63.63	62.13	60.24	61.28	63.20	64.30
Change from prior year	2.50	1.13	(6.00)	(1.50)	(1.89)	1.04	1.92	1.10

SALARIES & BENEFITS (continued)

City services are primarily staff delivered, therefore staffing is the most significant expenditure. For the FY13/14 Budget staffing costs total \$7,768,290 in the General Fund. This represents a 3.9% increase from the FY12/13 Adopted Budget. This is primarily due to full staffing of the Community Development Director position, addition of a Measure O funded Maintenance Worker, and the addition of a 1.0 Environmental Projects Manager, net of a .33 reduction of a Development Services Technician. In addition to benefit costs associated with these positions, negotiated flexible benefits increased by \$25-\$50 per a month in the FY12/13 Estimated and FY13/14 Proposed budgets.

The increase in FY14/15 includes an estimated 2.5% CPI-based COLA for all bargaining units. This COLA was negotiated in all contracts with the exception of the Police Officers Association and Police Captains bargaining units.

Staffing by Category	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Salary	\$4,461,563	\$4,344,192	\$4,585,400	\$4,479,216	\$4,802,687	\$4,909,221
Salary Temp	322,870	319,164	270,800	274,400	308,200	308,900
Overtime	150,666	207,063	277,500	278,660	217,432	222,181
Specialty Pays	247,940	217,278	228,100	222,919	198,479	201,491
Benefits	2,075,843	2,083,246	2,115,400	2,088,672	2,241,492	2,290,281
Total Staffing	\$7,258,883	\$7,170,943	\$7,477,200	\$7,343,867	\$7,768,290	\$7,932,074

Staffing by Department	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
City Council	\$38,248	\$38,884	\$36,700	\$37,611	\$37,200	\$37,200
City Manager	607,166	646,900	610,800	586,793	631,907	654,099
Personnel	127,900	141,859	158,700	158,700	157,997	161,974
Finance	414,198	414,081	495,800	509,171	493,672	504,298
Law Enforcement	3,580,664	3,621,617	4,030,100	3,845,238	3,896,849	4,002,059
Parking Enforcement	221,803	184,739	241,300	240,750	245,514	250,692
Lifeguard	68,870	49,954	-	-	-	-
Streets	734,596	686,504	623,700	651,790	802,110	847,337
Fleet	80,148	81,163	83,800	84,000	112,308	114,050
Parks	275,340	284,445	301,100	295,100	318,918	325,322
Community Development	463,873	337,010	253,400	205,104	301,253	307,678
Building	111,232	158,647	202,900	203,500	202,139	206,485
Recreation	474,325	457,713	460,600	453,810	444,182	448,447
Museum	55,707	57,015	60,100	60,100	59,041	60,233
Arts & Culture	4,813	10,411	12,200	12,200	12,200	12,200
Potential reallocation - .667 Tech.	-	-	(94,000)	-	53,000	-
Total Staffing	\$7,258,883	\$7,170,943	\$7,477,200	\$7,343,867	\$7,768,290	\$7,932,074

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. (ACE)	7/1/2012	6/30/2015
Confidential Group	7/1/2012	6/30/2015
Mid-Management	7/1/2012	6/30/2015
Police Captains	7/1/2012	6/30/2013
Police Officers Association (POA)	8/5/2012	6/30/2013

The City is currently in the process of negotiating contracts with the Police Captains and POA bargaining units. It is anticipated these negotiations will conclude prior to the end of the FY12/13.

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

Staffing Budget Assumptions - Overtime

The following table provides the detail for the overtime budget. The overtime budget for the Police Department increased in FY11/12 and FY 12/13 due to multiple vacancies, a few significant police efforts; and the carry-forward of grant funding. This trend is anticipated to decrease in FY 13/14 due to staffing levels and reduced grant funding. In the FY 13/14 Adopted and the FY 14/15 Planned Budgets, \$38,300 in overtime costs are anticipated to be funded through the SLESF grant program.

Overtime	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
City Manager	\$796	\$793	\$300	\$0	\$300	\$300
Finance	5,302	9,512	11,600	11,600	5,477	\$5,614
Police *	123,716	183,857	248,300	256,600	194,800	\$199,230
Public Works	16,545	10,443	14,600	8,200	12,000	\$12,000
Community Development	1,542	715	400	-	-	\$0
Recreation	2,719	1,743	2,300	2,260	4,855	\$5,037
Arts & Culture	\$46	\$0	\$0	\$0	\$0	\$0
Total Overtime	\$150,666	\$207,063	\$277,500	\$278,660	\$217,432	\$222,181

* Funding Sources for Police Overtime

General Fund	\$ 77,662	\$ 130,622	\$ 227,300	\$ 168,000	\$ 156,500	\$ 160,930
Grant Funded	46,054	53,235	21,000	88,600	38,300	38,300
	\$ 123,716	\$ 183,857	\$ 248,300	\$ 256,600	\$194,800	\$ 199,230

Staffing Budget Assumptions – Specialty Pay

The FY13/14 & FY14/15 budget includes the following specialty pays in the calculation of staffing costs; these are also added to the calculation of the overtime rate. Specialty pays include education, longevity, bilingual as well as a variety of others mainly in the police department.

Specialty Pays	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
City Manager	\$13,071	\$8,834	\$4,600	\$4,600	\$ -	\$ -
Finance	1,601	1,661	1,600	1,600	1,616	1,656
Police	169,201	152,539	167,900	162,719	156,775	158,744
Public Works	58,009	44,154	42,100	42,100	34,709	35,578
Community Development	4,158	6,382	4,500	4,500	-	-
Recreation	-	1,782	3,400	3,400	3,439	3,525
Museum	1,900	1,927	4,000	4,000	1,940	1,988
Total Specialty Pays	\$247,940	\$217,278	\$228,100	\$222,919	\$198,479	\$201,491

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, 2010 \$105
- January 1, 2011 \$108
- January 1, 2012 \$112
- January 1, 2013 \$115
- January 1, 2014 \$119

Benefits – Public Employee Retirement System (PERS)

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

City Payment Cap In 2007, Capitola instituted a cap on the amount the City would contribute toward employee retirement costs at 28.291% for Safety and 16.488% for Miscellaneous. During 2012 collective bargaining sessions, employee groups agreed to reduce the City's cap by 5% on new hires for their first five years of employment. These employees are considered to have a Classic Tier II benefit. The FY 13/14 PERS rate for Classic Tier I and Tier II Safety is 38.312% with employees paying 10.021% and 15.021%, respectively. For the Miscellaneous Group, the rate for Classic Tier I and Tier II is 25.579% and employees pay 9.091% and 14.091%, respectively.

Pension Obligation Bonds (POB). In July 2007, the City Council authorized the issuance of pension obligation bonds (POB) for approximately \$5 million to refinance the unfunded liability with CalPERS. Additionally, on that date, Council authorized that \$1 million of City available funds to be used to pay down the PERS unfunded liability by June 30, 2007. Additional bond information can be found in the Multi-Year Assets and Obligations section of the budget.

Public Employees Pension Reform Act (PEPRA). On September 12, 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. This law became effective on January 1, 2013 and will require all employees who were not previously members of the PERS reciprocal system to be placed in an alternate retirement plan. The City's PEPRA plan for Safety employees is 2.7% at 50 and 2% at 62 for Miscellaneous Employees. This new plan requires that the City and plan members contribute an equivalent share of retirement costs. The rates for public safety and Miscellaneous employees are 11.5% and 6.25%, respectively.

CONTRACT SERVICES

Department	Contract Description	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
City Council	Winter shelter	\$ 14,600	\$ 14,600	\$ 14,600
City Council	Contracts - general	1,500	2,000	2,000
City Council	Begonia Fesitival	5,000	5,000	5,000
City Council	United Way	-	1,000	1,000
City Council	Gen/Admin CVC	17,250	-	-
City Council	Other, Events & Tourism Cap-Soq Chamber of Comm.	\$ 22,500	\$ 29,000	\$ 22,500
City Council Total		\$ 60,850	\$ 51,600	\$ 45,100
City Manager	Environmental - SCC Hazardouse waste disp fee	\$ 25,000	\$ 25,000	\$ 25,000
City Manager	Environmental - JPA-Pollution control	2,700	2,700	2,700
City Manager	Environmental - E-Waste day	330	500	500
City Manager	Environmental - Garage sale day	1,300	1,300	1,300
City Manager	Environmental - Central coast recycling media	5,000	5,000	5,000
City Manager	Environmental - Recycling services	7,200	7,200	7,200
City Manager	Environmental - Recycling prog-NB Middle School	4,200	4,200	4,200
City Manager	Muni code codification services	4,000	4,000	4,000
City Manager	Records management-storage	3,000	5,000	5,000
City Manager	Council Election	20,000	-	15,000
City Manager	Gen/Admin Contracts	6,478	6,500	6,500
City Manager	Info Tech Contracts City web site services	4,000	4,000	4,000
City Manager	Newsletter	6,000	6,000	6,000
City Manager	Temp. Staff & Instr. Temporary staff	3,094	3,000	3,000
City Manager	Unanticipated events budget	\$ 5,000	\$ 10,000	\$ 5,000
City Manager Total		\$ 97,302	\$ 84,400	\$ 94,400
Personnel	Personnel - Background investigations	\$ 10,000	\$ 5,000	\$ 5,000
Personnel	Personnel - Medical examinations	3,500	3,500	3,500
Personnel	Flex-Health Admin	4,800	6,500	6,500
Personnel	Gen/Admin Contracts	4,000	4,000	4,000
Personnel	Labor and personnel related	6,000	5,000	5,000
Personnel	Recruitment services	2,000	1,500	1,500
Personnel	Education reimbursement	\$ 2,000	\$ 2,000	\$ 2,000
Personnel Total		\$ 32,300	\$ 27,500	\$ 27,500
City Attorney	Gen/Admin Contracts	\$ 8,000	\$ 10,000	\$ 5,000
City Attorney	Legal services - General	133,600	135,000	135,000
City Attorney	Legal services - Special services	\$ 223,086	\$ 50,000	\$ 35,000
City Attorney Total		\$ 364,686	\$ 195,000	\$ 175,000
Finance	Audit-Annual financial audit	\$ 55,000	\$ 32,000	\$ 34,000
Finance	OPEB valuation GASB 45	-	6,500	-
Finance	Bank fees (excl cr card fees)	4,500	5,000	5,000
Finance	SCC - Property tax admin fee	35,000	12,000	12,000
Finance	State of CA Admin services	10,000	-	-
Finance	Audit - Sales tax (1%)	8,000	5,000	5,000
Finance	Audit - Sales tax (city 1/4%)	500	2,000	2,000
Finance	Sales tax report (STAR)	4,650	4,750	4,845
Finance	State mandated claims svcs	2,700	2,700	2,800
Finance	State of CA-ST admin fee, 1%	55,000	58,000	61,000
Finance	State of CA - ST admin fee, local	25,000	50,000	50,000
Finance	RDA/SA Dissolution legal fees	17,000	8,000	8,000
Finance	Gen/Admin Contracts - general	2,500	5,000	5,000
Finance	Collections services	600	600	600
Finance	Financial consultant	\$ 5,000	\$ 5,000	\$ 5,000
Finance Total		\$ 225,450	\$ 196,550	\$ 195,245

Department	Contract Description	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Law Enforcement	Police Svcs SCC-Booking fees	\$ 6,600	\$ 6,000	\$ 6,000
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	4,500	4,500	4,500
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	5,300	5,400	5,400
Law Enforcement	Personnel Svcs Background investigations	500	500	500
Law Enforcement	Other contract services Uniform cleaning services	6,500	6,500	6,500
Law Enforcement	Police Svcs Red light enforcement	85,500	85,500	85,500
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	6,100	6,100	6,100
Law Enforcement	Fin Svcs Collections-booking fees	1,000	1,000	1,000
Law Enforcement	Fin Svcs Collections-false alarms	300	300	300
Law Enforcement	Fin Svcs Collections-DUI cost recovery	1,000	1,200	1,200
Law Enforcement	Grant funded Allied Agencies	56,100	39,200	39,200
Law Enforcement	Prop & equip Comm - local & long distance	5,000	5,000	5,200
Law Enforcement	Prop & equip Comm - T-1 line	10,000	10,000	10,400
Law Enforcement	Prop & equip Comm - mobile phone	27,800	27,800	29,200
Law Enforcement	Police Svcs Hazardous material response - SV	4,500	4,500	4,500
Law Enforcement	Police Svcs Towing service	1,500	1,000	1,000
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	19,600	19,000	19,000
Law Enforcement	Police Svcs SCCECC-911 JPA	420,300	400,000	400,000
Law Enforcement	Prop & equip Property alarm service	2,400	2,000	2,100
Law Enforcement	Prop & equip Property repair and maintenance	2,400	1,500	1,600
Law Enforcement	Prop & equip Equipment repair and maintenance	9,500	10,000	10,400
Law Enforcement	Rental contracts Equipment and vehicles	3,850	3,500	3,600
Law Enforcement	Gen/Admin Contracts - general	1,500	-	-
Law Enforcement	Police Svcs Investigation and hearing svcs	\$ 500	\$ 500	\$ 500
Law Enforcement Total		\$ 700,250	\$ 659,000	\$ 661,700
Parking Enforcement	Police Svcs State of CA-DMV processing fee	\$ 7,800	\$ 7,800	\$ 7,800
Parking Enforcement	Police Svcs State of CA-Equip Assess	1,000	1,000	1,000
Parking Enforcement	Police Svcs State of CA-Reg assess	32,500	32,500	32,500
Parking Enforcement	Police Svcs State of CA-Immed & Critical nd	25,000	25,000	25,000
Parking Enforcement	Police Svcs State of CA-St Court Facilities	13,000	13,000	13,000
Parking Enforcement	Police Svcs State of CA-Trial Court Trust Fd	22,900	22,900	22,900
Parking Enforcement	Police Svcs SCC-Citation processing	38,000	38,000	38,000
Parking Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	13,000	13,000	13,000
Parking Enforcement	Police Svcs SCC-Courthouse surcharge	13,000	13,000	13,000
Parking Enforcement	Fin Svcs Courier-Cash & Coin	15,000	11,000	7,000
Parking Enforcement	Fin Svcs Credit card merchant fees	26,500	35,000	40,000
Parking Enforcement	Prop & equip Property repair and maintenance	11,000	18,000	18,700
Parking Enforcement	Prop & equip Equipment repair and maintenance	1,000	1,000	1,100
Parking Enforcement	Prop & equip Wheelchair purchase and repairs	13,000	10,000	10,400
Parking Enforcement	Prop & equip Parking Meter Repairs	5,000	4,000	3,000
Parking Enforcement	Prop & equip Change Machine Repair	\$ 1,500	\$ 1,000	\$ -
Parking Enforcement Total		\$ 239,200	\$ 246,200	\$ 246,400
Lifeguard Services	Police Svcs Lifeguard Services	\$ 69,000	\$ 74,400	\$ 74,400
Lifeguard Services	Police Svcs - Lifeguard Special Events	1,000	1,000	1,000
Lifeguard Services Total		\$ 70,000	\$ 75,400	\$ 75,400
Animal Services	Police Svcs Animal services	\$ 19,000	\$ 22,000	\$ 22,800
Animal Services Total		\$ 19,000	\$ 22,000	\$ 22,800

Department	Contract Description	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Streets	PW & Trans. Transportation-Beach shuttle svc	\$ 28,000	\$ 28,000	\$ 28,000
Streets	PW & Trans. Lagoon grading	10,000	12,000	12,000
Streets	PW & Trans. Soquel Crk monitoring-fish	30,000	30,000	30,000
Streets	PW & Trans. Soquel Crk monitoring-water qual	23,000	25,000	25,000
Streets	PW & Trans. Inspections	30,000	30,000	30,000
Streets	PW & Trans. CA NPDES-storm water mgmt prog	50,000	30,000	30,000
Streets	Grant funded Pass Through	250	-	-
Streets	PW & Trans. Electrical services	6,000	6,000	6,000
Streets	PW & Trans. PW Engineering services	21,100	25,000	27,500
Streets	Prop & equip Comm - T-1 line	2,200	-	-
Streets	Prop & equip Comm - mobile phone	6,500	6,500	6,500
Streets	Prop & equip Eucalyptus maintenance -Park Ave	4,000	4,000	4,000
Streets	Prop & equip Riparian Restoration	10,000	10,000	10,000
Streets	Rental contracts Union Pacific RR yearly	500	500	500
Streets	Temp. Staff & Instr. Temporary staff	30,000	30,000	30,000
Streets	Temp. Staff & Instr. Hope Services	12,600	13,000	13,000
Streets	Other contract services Legal notices	-	1,000	1,000
Streets	Other contract services Unanticipated events budget	5,000	10,000	10,000
Streets Total		\$ 269,150	\$ 261,000	\$ 263,500
Facilities	PW & Trans. ADA compliance	\$ 10,000	\$ 10,000	\$ 10,000
Facilities	PW & Trans. Tree services	1,400	-	-
Facilities	PW & Trans. Electrical services	500	200	200
Facilities	Prop & equip Comm - local & long distance	1,800	1,000	1,000
Facilities	Prop & equip Comm - T-1 line	2,000	2,100	2,100
Facilities	Prop & equip Utility serv - gas and electric	45,200	47,365	47,365
Facilities	Prop & equip Utility serv - sanitation distr	5,700	6,700	6,800
Facilities	Prop & equip Utility serv - water	14,000	8,700	8,700
Facilities	Prop & equip Janitorial services	31,000	34,000	34,000
Facilities	Prop & equip Property alarm service	1,000	1,000	1,000
Facilities	Prop & equip Property repair and maintenance	34,700	44,000	44,000
Facilities	Prop & equip Pacific Cove MHP maintenance	1,100	-	-
Facilities	Prop & equip Equipment repair and maintenance	8,500	19,500	19,500
Facilities	Prop & equip Landscape services	500	-	-
Facilities Total	Total Faciliites	\$ 157,400	\$ 174,565	\$ 174,665
Fleet	Prop & equip Equipment repair and maintenance	\$ 6,000	\$ 5,000	\$ 5,000
Fleet	Temp. Staff & Instr. Mechanic	20,000	-	-
Fleet Total		\$ 26,000	\$ 5,000	\$ 5,000
Parks	Prop & equip Comm - mobile phone	\$ 2,500	\$ 2,500	\$ 2,500
Parks	Prop & equip Utility serv - gas and electric	5,850	5,585	5,585
Parks	Prop & equip Utility serv - sanitation distr	8,600	10,500	10,500
Parks	Prop & equip Utility serv - water	61,900	62,200	62,200
Parks	Prop & equip Janitorial services	10,000	10,000	10,000
Parks	Prop & equip Property repair and maintenance	8,100	11,500	11,500
Parks	Prop & equip Equipment repair and maintenance	2,500	15,500	15,500
Parks	Rental contracts Equipment and vehicles	500	500	500
Parks	PW & Trans. Tree services	15,100	15,000	15,000
Parks Total		\$ 115,050	\$ 133,285	\$ 133,285

Department	Contract Description	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Community Develop.	Other contract services Legal notices	\$ 2,000	\$ 3,000	\$ 3,000
Community Develop.	Gen/Admin Contracts - general	28,000	10,000	10,000
Community Develop.	Legal Svcs - general	2,000	5,000	5,000
Community Develop.	Legal Svcs - dissolution legal fees	5,800	10,000	5,000
Community Develop.	Plng & Hsg Housing grant admin	12,000	15,000	15,000
Community Develop.	Plng Svcs - library planning	-	15,000	20,000
Community Develop.	Info Tech Contracts Geographic information systems	5,900	5,900	5,900
Community Development Total		\$ 55,700	\$ 63,900	\$ 63,900
Building	Info Tech Contracts Building permit tracking system	\$ 1,500	\$ 1,500	\$ 1,500
Building	Bldg Svcs Engineering & Inspections	2,000	2,000	2,000
Building	Bldg Svcs Bldg plan checks - outsourced	10,000	25,000	20,000
Building Total		\$ 13,500	\$ 28,500	\$ 23,500
Recreation	Personnel Svcs Background investigations	\$ 1,000	\$ 1,300	\$ 1,300
Recreation	Other contract services Events liability insurance	1,500	1,000	1,000
Recreation	Fin Svcs Credit card merchant fees	18,000	18,000	18,000
Recreation	PW & Trans. Transportation-Rec program	10,000	9,000	9,000
Recreation	Temp. Staff & Instr. Rec contract inst and sports off	162,000	159,000	159,000
Recreation	Temp. Staff & Instr. Recreation youth volunteers	8,000	8,000	8,000
Recreation	Prop & equip Comm - local & long distance	2,200	2,200	2,200
Recreation	Prop & equip Comm - T-1 line	2,000	2,000	2,000
Recreation	Gen/Admin Contracts - general	4,000	3,500	3,500
Recreation	Prop & equip Property repair and maintenance	550	1,000	1,000
Recreation	Rental contracts Equipment and vehicles	600	600	600
Recreation	Rental contracts Office equipment	-	1,000	1,000
Recreation	Other contract services Advertising	300	500	500
Recreation	Other contract services Mailing service	-	10,000	10,000
Recreation	Other contract services Copying, printing and binding	31,000	30,000	30,000
Recreation	Other contract services Photography	\$ 4,500	\$ 5,000	\$ 5,000
Recreation Total		\$ 245,650	\$ 252,100	\$ 252,100
Museum	Prop & equip Comm - local & long distance	\$ 1,400	\$ -	\$ -
Museum	Rental contracts Land and buildings	4,200	4,600	4,600
Museum Total		\$ 5,600	\$ 4,600	\$ 4,600
Arts & Culture	Other, Events & Tourism Art at the Beach coordinator	\$ 3,200	\$ 3,200	\$ 3,200
Arts & Culture	Other, Events & Tourism Twilight concert-sound engineer	5,500	6,000	6,000
Arts & Culture	Other, Events & Tourism Twilight concert-band costs	12,200	13,200	13,200
Arts & Culture	Other, Events & Tourism Jazz in the Park	2,500	2,500	2,500
Arts & Culture Total		\$ 23,400	\$ 24,900	\$ 24,900
Grand Total		\$ 2,720,488	\$ 2,505,500	\$ 2,488,995

COMMUNITY BASED HEALTH AND HUMAN SERVICES PROVIDERS

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

Due to reduced General Fund revenues in FY12/13, an in-depth review of all grants was conducted, with a renewed emphasis on health and human services. This new focus is reflected in the FY12/13 funding amounts. The FY 13/14 budget includes \$254,270 in funding for Community Based Health and Human Service Providers. The FY13/14 distributions will be determined as part of the annual budget hearings.

AGENCY	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Estimated	FY 13/14 Adopted
ARTS:					
Cultural Council of Santa Cruz County	\$ 4,147	\$ 4,147	\$ 4,147	\$ 930	\$ 930
TOTAL - ARTS	\$ 4,147	\$ 4,147	\$ 4,147	\$ 930	\$ 930
ENVIRONMENTAL:					
Save Our Shores	\$ -	\$ -	\$ 1,379	\$ 1,309	\$ 2,000
O'Neill Sea Odyssey	5,816	5,816	5,816	2,746	2,746
TOTAL - ENVIRONMENTAL	\$ 5,816	\$ 5,816	\$ 7,195	\$ 4,055	\$ 4,746
COMMUNITY CONTRIBUTIONS					
Community Action Board, Inc.	\$ 1,356	\$ 1,356	\$ 1,356	\$ 1,286	\$ 1,286
Conflict Resolution Program	2,758	2,758	2,758	2,686	3,000
Native Animal Rescue	1,188	1,188	1,188	1,118	1,118
Volunteer Center of Santa Cruz County	1,356	1,356	1,356	1,286	3,000
TOTAL - COMMUNITY CONTRIBUTIONS	\$ 6,658	\$ 6,658	\$ 6,658	\$ 6,376	\$ 8,404
HUMAN SERVICES:					
Advocacy, Inc.	\$ 4,235	\$ 4,235	\$ 4,235	\$ 7,165	\$ 7,165
Big Brothers/Big sisters	2,762	2,762	2,762	2,692	2,692
Cabrillo College Stroke and Disability Center	6,758	6,758	6,758	6,688	6,688
California Grey Bears, Inc.	13,941	13,941	13,941	13,871	13,871
California Rural Legal Assistance	3,626	3,626	3,626	-	-
Campus Kids Connection - After School	16,565	16,565	16,565	16,495	16,495
Central Coast Center for Independent Living	14,697	14,697	14,697	4,627	4,627
Child Development Resource Center	1,356	1,356	1,356	-	-
Community Bridges ⁽¹⁾	110,528	110,529	110,528	-	-
Meals on Wheels for Santa Cruz County	-	-	-	55,361	55,361
Lift Line	-	-	-	44,730	44,730
Live Oak Family Resource Center	-	-	-	4,794	4,794
Child Development Division	-	-	-	863	863
Court-Appointed Special Advocates	2,227	2,227	2,227	2,157	2,957
Dientes Community Dental Care	1,378	1,378	1,378	1,308	1,308
Diversity Center	-	-	-	-	1,000
Families in Transition of Santa Cruz County	2,422	2,422	2,422	2,352	2,352
Family Service Agency of Santa Cruz ⁽¹⁾	8,599	8,599	8,599	-	-
Counseling - North County	-	-	-	4,575	4,575
I - You Venture	-	-	-	1,305	1,305
Senior Outreach	-	-	-	1,305	1,305
Suicide Prevention	-	-	-	1,134	1,134
Survivors Healing Center	528	528	528	458	458
WomenCARE	2,265	2,265	2,265	2,195	2,195
Homeless Services Center - Paul Lee Loft Shelter	2,508	2,508	2,508	2,500	2,500
Hospice Caring Project	1,381	1,381	1,380	1,310	1,500

AGENCY	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Estimated	FY 13/14 Adopted
HUMAN SERVICES (CONT.)					
Parents Center, Inc.	7,088	7,088	7,088	7,018	7,018
Santa Cruz Community Counseling Center ⁽¹⁾					
Santa Cruz AIDS Project	9,150	9,150	9,150	7,080	7,080
Youth Services Counseling	6,886	6,886	6,886	6,816	6,816
Santa Cruz County Red Cross	1,379	1,379	-	-	-
Santa Cruz Toddler Care Center	1,234	1,234	1,234	1,164	1,164
Second Harvest Food Bank - Santa Cruz/San Benito	9,825	9,825	9,825	9,755	9,755
Senior Citizens Legal Services	9,743	9,743	9,743	9,673	9,673
Senior Network Services	2,461	2,461	2,461	2,391	2,391
Seniors Council of Santa Cruz/San Benito - Project Scout United Way ⁽¹⁾	3,277	3,277	3,277	3,207	3,207
Santa Cruz County Child Abuse Prevention Council	6,107	6,107	6,107	6,037	6,037
Community Assessment Report	-	-	-	930	930
2-1-1 Help Line	-	-	-	930	930
Vista Center for the Blind (formerly Doran)	1,841	1,841	1,841	1,771	1,771
Women's Crisis Support	3,613	3,613	3,613	3,543	3,543
TOTAL - HUMAN SERVICES	\$ 258,379	\$ 258,380	\$ 257,000	\$ 238,200	240,190
TOTAL COMMUNITY GRANTS	\$ 275,000	\$ 275,001	\$ 275,000	\$ 249,561	\$ 254,270

MATERIALS, SUPPLIES, TRAINING, AND MEMBERSHIPS

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

Materials and Supplies	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
City Council	\$ 2,793	\$ 1,793	\$ 3,500	\$ 3,315	\$ 3,700	\$ 3,700
City Manager	9,633	17,109	30,200	25,200	24,700	24,200
Finance	733	967	2,000	2,400	2,000	2,000
Police Department	94,573	129,645	91,600	93,250	90,900	96,100
Public Works	278,594	286,024	316,500	314,000	314,800	317,300
Community Development	5,372	17,830	8,000	4,000	4,700	4,700
Recreation	59,331	59,794	69,700	64,600	65,200	65,200
Museum	7,593	8,180	13,500	9,500	12,000	12,000
Arts & Culture	9,139	5,936	5,500	5,500	5,600	5,600
Total Materials and Supplies	\$ 467,760	\$ 527,278	\$ 540,500	\$ 521,765	\$ 523,600	\$ 530,800

Training and Memberships	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
City Council	\$ 16,877	\$ 15,404	\$ 18,400	\$ 17,925	\$ 17,800	\$ 17,500
City Manager	6,157	6,297	6,500	6,830	8,555	8,555
Finance	4,603	3,298	4,300	6,000	6,000	6,000
Police	18,858	12,609	12,400	25,200	23,600	24,400
Public Works	950	780	1,350	1,350	1,600	1,600
Community Development	3,891	5,830	6,100	3,500	12,600	11,600
Recreation	2,048	1,560	2,000	2,000	2,000	2,000
Museum	460	385	-	30	125	125
Total Training	\$ 53,845	\$ 46,163	\$ 51,050	\$ 62,835	\$ 72,280	\$ 71,780

INTERNAL SERVICES

Internal Service Funds are used to finance special activities and services performed by one City department for another on a cost and reimbursement basis. Shared costs are identified, designated reserves are targeted, and costs are allocated to all departments benefiting from these activities and services. The methodology for cost allocation for each Internal Service Fund (Workers Compensation; Self Insurance Liability; Stores; Information Technology; PERS; and Equipment Replacement) is described in the Internal Service Fund section. In FY12/13, the PERS Internal Service Fund was discontinued to simplify accounting. Payments for the employer's share of PERS payroll costs and pension obligation bond payments will now be paid directly from the General Fund. Previously, the employer's share of PERS payroll costs were excluded from the following tables, and instead reported as PERS benefits in the Staffing Cost section.

In FY 13/14 and FY 14/15, the costs of the liability fund increased due to a change in the method used to calculate insurance rates. This change also resulted in a reduction in the cost of Workers Compensation insurance.

Internal Services	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Stores Fund	\$ 28,500	\$ 30,700	\$ 34,450	\$ 34,450	\$ 40,000	\$ 40,000
Information Technology Fund	115,200	117,000	141,400	141,400	137,000	128,000
Equipment Replacement Fund	100,000	103,000	89,973	89,973	105,529	105,529
Self Insurance Liability Fund	142,800	128,400	146,450	146,450	194,996	199,396
Workers Compensation Fund	473,000	467,775	528,100	528,100	415,400	429,900
Total Internal Services	\$ 859,500	\$ 846,875	\$ 940,373	\$ 940,373	\$ 892,925	\$ 902,825

GENERAL FUND TRANSFERS

General Fund Transfers are funds that are moved directly from the General Fund to a specific fund for specified expenditures not expressly attributed to a department. Each of the funds listed in the table below are detailed in the section titled "Other Funds" for the Contingency Reserve, Emergency Reserve and the Compensated Absences Fund. The CIP is detailed in a separate section and the Pension Obligation Bond is detailed in the Multi-Year Assets and Obligations section.

In FY11/12 the flood disaster depleted the Emergency Reserve Fund. To assist in restoring emergency reserves, \$200,000 that was typically allocated to the CIP and \$137,500 that was used to fund Community Based Health and Human Service Providers (CBHHSP) were redirected to the Emergency Reserve Fund. In March of 2012, the decision was made to fully fund CBHHSP and the \$137,500 was transferred back to the General Fund. In FY12/13, a ¼ % sales tax measure (Measure O) was approved. Two of the primary Measure O goals include replenishing the reserves and funding street improvements. It was estimated that \$245,600 or one quarter of Measure O revenues would be received in FY12/13; with 56% applied towards the Reserve funds and 39% applied to CIP. In addition, at the Mid-Year Budget Presentation, a decision was made to allocate an additional \$350,000 from the General Fund balance to reserves. This combined amount is reflected in the FY12/13 Estimated budget. Measure O funding of \$954,000 has also been applied in FY 13/14 to the reserve and CIP funds.

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

General Fund Transfers	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Transfer Out						
Emergency Reserve	\$ -	\$ 337,500	\$ -	\$ 280,500	\$ 154,400	\$ 159,800
Contingency Reserve	-	-	50,000	551,000	308,700	319,500
CIP Capital Projects	250,000	50,000	22,500	614,600	490,900	508,000
Information Technology	-	-	-	-	114,000	-
Equipment Acquisition	-	-	-	-	41,230	-
Compensated Absences	120,000	110,000	94,000	153,000	130,000	130,000
Parking Reserve	77,099	90,802	95,000	162,800	100,000	100,000
Pension Obligation Bond	24,500	240,000	60,000	60,000	240,000	240,000
Pacific Cove Bond	-	-	58,206	566,314	14,682	38,934
Redevelopment Property Tax Trust Fund	-	-	-	200,435	-	-
Parking Lot Financing	-	-	-	-	88,000	88,000
OPEB	-	-	-	-	30,000	30,000
Total Transfers Out	\$ 471,599	\$ 828,302	\$ 379,706	\$ 2,588,649	\$ 1,711,912	\$ 1,614,234

DEPARTMENT OVERVIEW



CITY COUNCIL DEPARTMENT

DEPARTMENT PURPOSE

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

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

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

KEY CHANGES

There are no significant funding changes in the City Council Department budget. There is a decrease in contract services related to the discontinued funding of the Santa Cruz Conference and Visitors Council. In FY 12/13, the budgeted amount was \$22,500.

FISCAL YEAR 2012/13 ACCOMPLISHMENTS

- Maintained environmental quality by banning plastic bags
- Increased public health by banning smoking in the Capitola Village
- Began update for a new website to enhance community outreach and public service
- Fiscal Policy: Increased the funding level of the Contingency Reserve to 15% and the Emergency Reserve to 10% thereby enhancing the City's fiscal stability.
- Successfully passed Measure O, the ¼ cent sales tax increase to help fund disaster recovery, restore Public Works Crew staffing, hire a Community Service Officer for increased police presence in the Village, increase reserves and fund capital improvements.

FISCAL YEAR 2013/14 AND FISCAL YEAR 2014/15 GOALS

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

CITY COUNCIL DEPARTMENT

BUDGET SUMMARY

City Council	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Revenues						
General Fund	\$ 81,248	\$ 134,845	\$ 126,150	\$ 126,401	\$ 118,245	\$ 111,593
Revenue Total	\$ 81,248	\$ 134,845	\$ 126,150	\$ 126,401	\$ 118,245	\$ 111,593
Expenditures						
Personnel	\$ 38,248	\$ 38,884	\$ 36,700	\$ 37,611	\$ 37,200	\$ 37,200
Contract services	21,130	73,465	60,850	60,850	51,600	45,100
Training & Memberships	16,877	15,404	18,400	17,925	17,800	17,500
Supplies	2,793	1,793	3,500	3,315	3,700	3,700
Internal service fund charges	2,200	5,300	6,700	6,700	7,945	8,093
Expenditure Totals	\$ 81,248	\$ 134,845	\$ 126,150	\$ 126,401	\$ 118,245	\$ 111,593
Authorized Positions						
Mayor	1.0	1.0	1.0	1.0	1.0	1.0
Vice Mayor	1.0	1.0	1.0	1.0	1.0	1.0
Council Members	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL FTE's	5.0	5.0	5.0	5.0	5.0	5.0

CITY MANAGER DEPARTMENT – OVERVIEW

MISSION STATEMENT

The City Manager's Department is responsible for the overall administration of the City. Working closely with the City Council this department's priority is to assist 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.

KEY CHANGES

The City Managers Department had minor changes in the budget. Most significant is the reduction of \$15,000 for the City Council elections. This department maintains existing programs such as; solid waste & recycling programs, management of all franchise agreements, oversight of the City Attorney, Museum and Art & Cultural Commission. In addition, human resources programs including; liability & risk management, employee training, safety programs, and benefit administration are run by this department.

FISCAL YEAR 2013/14 AND FISCAL YEAR 2014/15 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none">• Manage, coordinate, and administer city activities	Public Service
<ul style="list-style-type: none">• Prudent management of funding resources	Fiscal Policy
<ul style="list-style-type: none">• Seek opportunities to increase economic development in Capitola	Fiscal Policy

CITY MANAGER DEPARTMENT - SUMMARY

BUDGET SUMMARY

City Manager - Summary	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 889,625	\$ 978,307	\$ 1,012,478	\$ 980,025	\$ 1,008,524	\$ 1,035,876
Licenses and permits	3,443	4,782	3,000	3,000	4,000	4,000
Other revenues	8,570	-	-	-	-	-
Revenue Totals	\$ 901,638	\$ 983,089	\$ 1,015,478	\$ 983,025	\$ 1,012,524	\$ 1,039,876

Expenditures						
Personnel	\$ 735,066	\$ 788,759	\$ 769,500	\$ 745,493	\$ 789,904	\$ 816,073
Contract services	102,281	118,724	133,378	129,602	111,900	121,900
Training & Memberships	6,157	6,297	6,500	6,830	8,555	8,555
Supplies	9,633	17,109	30,200	25,200	24,700	24,200
Internal service fund charges	48,500	52,200	75,900	75,900	77,465	69,148
Expenditure Totals	\$ 901,638	\$ 983,089	\$ 1,015,478	\$ 983,025	\$ 1,012,524	\$ 1,039,876

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Adopted	FY14/15 Planned
City Manager	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	0.90	0.90	0.90	1.00
Administrative Services Director	0.00	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.75	0.00	0.00	0.00	0.00	0.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Information System Specialist	1.00	1.00	1.00	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL FTE's	6.75	7.00	6.90	6.90	6.90	7.00

CITY MANAGER DEPARTMENT – ADMINISTRATION

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

- There are no significant changes in the FY13/14 and FY14/14 City Manager's budget.

FISCAL YEAR 2012/13 ACCOMPLISHMENTS

- Submitted a balance budget
- Successfully coordinated and administered the activities of the city
- Advised and informed the City Council on policy and action matters
- Reviewed and assessed City services through a benchmark study
- Pacific Cove Mobile Home Park: worked in partnership with Public Works to facilitate sale of mobile homes.
- Increased Recycling Diversion Rate from 67% to 68%
- Conducted outreach and education to increase city recycling diversion rates through the annual garages sale, e-waste day and a reusable bag give-away.

FISCAL YEAR 2013/14 AND FISCAL YEAR 2014/15 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"> • Maintain and deliver a balanced budget with options for council to establish public service priorities in the City of Capitola • Utilize Measure O funds to reestablish the City's reserve accounts and enhance the City's resiliency • Develop options to reduce long term obligations through near term investments 	Fiscal Policy
<ul style="list-style-type: none"> • Establish programs to enhance public safety in the Village • Continue researching consolidation with other agencies to increase services and reduce cost. 	Public Service
<ul style="list-style-type: none"> • Leverage Measure O funds to obtain additional funding to complete priority Capital Improvement Projects. 	Public Improvements
<ul style="list-style-type: none"> • Enhance environmental programs through education and outreach. Continue to increase recycling diversion rates through expansion of existing programs. 	Public Service

CITY MANAGER DEPARTMENT - ADMINISTRATION

BUDGET SUMMARY

City Manager - Administration	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenues						
General Fund	\$ 722,122	\$ 781,741	\$ 797,178	\$ 768,725	\$ 799,222	\$ 823,013
Licenses and permits	3,443	4,782	3,000	3,000	4,000	4,000
Other revenues	8,570	-	-	-	-	-
Revenue Totals	\$ 734,135	\$ 786,523	\$ 800,178	\$ 771,725	\$ 803,222	\$ 827,013

Expenditures						
Personnel	\$ 607,166	\$ 646,900	\$ 610,800	\$ 586,793	\$ 631,907	\$ 654,099
Contract services	70,223	80,551	101,078	97,302	84,400	94,400
Training & Memberships	6,157	6,297	6,500	6,830	8,555	8,555
Supplies	7,289	6,075	12,700	11,700	8,200	8,200
Internal service fund charges	43,300	46,700	69,100	69,100	70,160	61,759
Expenditure Totals	\$ 734,135	\$ 786,523	\$ 800,178	\$ 771,725	\$ 803,222	\$ 827,013

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
City Manager	0.65	0.65	0.65	0.65	0.65	0.65
City Clerk	1.00	1.00	0.90	0.90	0.90	1.00
Administrative Services Director	0.00	0.75	0.75	0.75	0.75	0.75
Assistant to the City Manager	0.65	-	-	-	-	-
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
Information System Specialist	1.00	1.00	1.00	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL FTE's	5.80	5.90	5.80	5.80	5.80	5.90

CITY MANAGER DEPARTMENT – PERSONNEL

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

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

KEY CHANGES

There are no significant changes in the budget or existing programs for next fiscal year.

FISCAL YEAR 2012/13 ACCOMPLISHMENTS

- Continue to reduce City’s workers compensation claims
- Implemented the Patient Protection and Affordable Health Care Act tracking program
- Conducted two Citywide employee trainings
- Implemented an on-line employee evaluation program
- Successfully recruited a Community Development Director, Senior Accountant, Senior Planner and Maintenance Worker

FISCAL YEAR 2013/14 AND FISCAL YEAR 2014/15 GOALS

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

CITY MANAGER DEPARTMENT - PERSONNEL

BUDGET SUMMARY

City Manager - Personnel	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenues						
General Fund	\$ 167,503	\$ 196,566	\$ 215,300	\$ 211,300	\$ 209,302	\$ 212,863
Revenue Totals	\$ 167,503	\$ 196,566	\$ 215,300	\$ 211,300	\$ 209,302	\$ 212,863
Expenditures						
Personnel	\$ 127,900	\$ 141,859	\$ 158,700	\$ 158,700	\$ 157,997	\$ 161,974
Contract services	32,058	38,173	32,300	32,300	27,500	27,500
Supplies	2,345	11,034	17,500	13,500	16,500	16,000
Internal service fund charges	5,200	5,500	6,800	6,800	7,305	7,389
Expenditure Totals	\$ 167,503	\$ 196,566	\$ 215,300	\$ 211,300	\$ 209,302	\$ 212,863
Authorized Positions						
	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
City Manager	0.35	0.35	0.35	0.35	0.35	0.35
Administrative Services Director	0.00	0.25	0.25	0.25	0.25	0.25
Assistant to the City Manager	0.10	0.00	0.00	0.00	0.00	0.00
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
TOTAL FTE's	0.95	1.10	1.10	1.10	1.10	1.10

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.

KEY CHANGES

The City Attorney Department had several significant cases in FY12-13 which related to the disaster as a result of the broken storm drain in the Pacific Cove Mobile Home Park in March 2011. All of the litigation related to that case has been settled.

FISCAL YEAR 2012/13 ACCOMPLISHMENTS

- Settled Capitola Drain Pipe Failure Litigation with the City's insurance provider and claimants.

FISCAL YEAR 2013/14 AND FISCAL YEAR 2014/15 GOALS

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

**CITY ATTORNEY DEPARTMENT
BUDGET SUMMARY**

City Attorney	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 759,899	\$ 207,685	\$ 183,600	\$ 364,686	\$195,000	\$ 175,000
Charges for services	62,750	-	-	-	-	-
Revenue Totals	\$ 822,649	\$ 207,685	\$ 183,600	\$ 364,686	\$195,000	\$ 175,000
Expenditures						
Contract services	\$ 822,649	\$ 207,685	\$ 183,600	\$ 364,686	\$195,000	\$ 175,000
Expenditure Totals	\$ 822,649	\$ 207,685	\$ 183,600	\$ 364,686	\$195,000	\$ 175,000

Contract Detail	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Pacific Cove	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -
Rent Control	548,353	-	-	-	-	-
Other legal service	140,696	74,085	50,000	26,000	60,000	40,000
City Attorney	133,600	133,600	133,600	133,600	135,000	135,000
Total City Attorney	\$ 822,649	\$ 207,685	\$ 183,600	\$ 309,600	\$195,000	\$ 175,000

FINANCE DEPARTMENT

MISSION STATEMENT

The Finance Department's mission is to provide timely, accurate, and value added information to our stakeholders; while excelling at customer service. Our department focuses on continuous improvement and strives to present the City's financial performance in a transparent and easy to read format.

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 customers. Finance maintains a standard of excellence in financial reporting and oversight, and administers all of the City funds and accounts, as well as develops the Comprehensive Annual Financial Report. Finance functions include processing accounts payable, payroll, accounts receivable, cash receipting, banking, administering the business license program. The Professional staff prepares the annual budget, quarterly and monthly financial reports, while also providing fiscal guidance.

KEY CHANGES

In FY 12/13, the Finance Department assumed Successor Agency Management functions. This required the department to assume costs associated with two required Due Diligence Audits, legal fees, and training. The total estimated costs associated with Successor Agency management, excluding staffing, for FY 12/13 was \$41,000. This amount was reduced to \$14,000 in FY 13/14. The FY 13/14 Budget also includes \$6,500 for a required actuarial report of Other Post Employment Benefits.

FISCAL YEAR 2012 ACCOMPLISHMENTS

- Provided key managerial support in the winding down of the RDA, including completion of two Due Diligence Audits, closure of the RDA funds, and submission of a detailed Housing Asset Report.
- Refinanced the Pacific Cove Mobile Home loan from a 5.14% to 3.25% interest rate
- Received the CSMFO Excellence in Financial Statement and Operating Budget Awards
- Adopted the State's Alternate Bidding Procedures to streamline the purchasing process
- Implemented desktop deposits to increase internal controls and expediently recognize revenue

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
• Maintain a balanced budget	Fiscal
• Increase City's ability to accept credit cards	Fiscal
• Review the potential implementation of a New World's payroll module to reduce ongoing payroll contract costs	Fiscal
• Secure low interest financing for the Pacific Cove Parking Lot	Fiscal
• Continue to publish innovative and information financial management reports to the City's website	Fiscal and Public Service
• Receive recognition from CSMFO or GFOA for Excellence in Financial Reporting and Budgeting	Fiscal and Public Service
• Review and revise the City's overall fee schedule	Fiscal and Public Service

FINANCE DEPARTMENT

BUDGET SUMMARY

Finance	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 286,598	\$ 363,942	\$ 420,300	\$ 508,921	\$ 458,677	\$ 468,601
Taxes	267,427	281,336	270,000	270,000	280,000	280,000
Charges for services/other	4,705	5,075	4,700	4,700	4,200	4,200
Revenue Totals	\$ 558,730	\$ 650,353	\$ 695,000	\$ 783,621	\$ 742,877	\$ 752,801

Expenditures						
Personnel	\$ 414,198	\$ 414,081	\$ 495,800	\$ 509,171	\$ 493,672	\$ 504,298
Contract services	104,896	199,308	152,300	225,450	196,550	195,245
Training & Memberships	4,603	3,298	4,300	6,000	6,000	6,000
Supplies	733	967	2,000	2,400	2,000	2,000
Internal service fund charges	34,300	32,700	40,600	40,600	44,655	45,258
Expenditure Totals	\$ 558,730	\$ 650,353	\$ 695,000	\$ 783,621	\$ 742,877	\$ 752,801

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Finance Director	0.00	0.41	1.00	1.00	1.00	1.00
Senior Accountant ⁽¹⁾	1.00	1.00	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	1.00	1.00	1.00	1.00
Accts Rec/Payable Clerk ⁽²⁾	1.38	1.38	1.38	1.38	1.38	1.38
Account Technician	1.00	0.16	0.00	0.00	0.00	0.00
TOTAL FTE's	4.38	3.95	4.38	4.38	4.38	4.38

Elected Official Treasurer (Annual Salary \$3,000)	1.00	1.00	1.00	1.00	1.00	1.00
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(1) Title change only in FY12/13 - Supervising Accountant to Senior Accountant

(2) Potential distribution changes based on Community Development restructure

POLICE DEPARTMENT – OVERVIEW

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

Filled vacant half time Records Clerk position as budgeted. Internally transferred a Parking Enforcement Officer to a village assigned Community Service Officer position in order to increase police presence.

FISCAL YEAR 2013 ACCOMPLISHMENTS

- Implemented medicine recycling program
- Reduced overall crime by 9%
- Increased social media presence with Nixle, Facebook and Twitter
- Extended lifeguard contract for three years, resulting in significant cost savings
- Assumed responsibility for entertainment permit program
- Expanded office hours
- Applied for and were awarded grant for National Night Out event

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none">• Develop stronger community partnerships to enhance a safer community	Public Service
<ul style="list-style-type: none">• Explore contract services opportunities to reduce costs and increase efficiency	Public Service and Fiscal
<ul style="list-style-type: none">• Complete radio system upgrade	Public Service

POLICE DEPARTMENT - SUMMARY

BUDGET SUMMARY

Police - Summary	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 4,430,807	\$ 4,465,380	\$ 5,058,869	\$ 4,790,905	\$ 4,883,898	\$ 5,016,375
Licenses and permits	33,364	37,444	34,200	34,200	34,800	34,800
Intergovernmental revenues	272,070	236,135	98,000	270,494	136,000	136,000
Charges for services	55,906	34,997	48,600	40,600	40,700	40,800
Fines and forfeitures	702,045	699,409	707,000	707,000	707,500	707,500
Other revenues	-	-	-	5,500	3,000	3,000
Revenue Totals	\$ 5,494,193	\$ 5,473,365	\$ 5,946,669	\$ 5,848,699	\$ 5,805,898	\$ 5,938,475

Expenditures						
Personnel	\$3,871,336	\$3,856,310	\$4,271,400	\$4,085,988	\$4,142,363	\$4,252,751
Contract services	939,030	931,880	966,300	1,028,450	1,002,600	1,006,300
Training & Memberships	18,858	12,609	12,400	25,200	23,600	24,400
Supplies	94,573	129,645	91,600	93,250	90,900	96,100
Capital outlay	10,696	-	-	10,842	5,000	5,000
Internal service fund charges	559,700	542,920	604,969	604,969	541,435	553,924
Expenditure Totals	\$ 5,494,193	\$ 5,473,365	\$ 5,946,669	\$ 5,848,699	\$ 5,805,898	\$ 5,938,475

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Chief of Police	0.50	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer*	15.00	15.00	15.00	15.00	15.00	15.00
Police Officer - Grant Funded	1.00	1.00	1.00	0.00	0.00	0.00
Community Service Officer ⁽¹⁾	2.00	2.00	2.00	3.00	3.00	3.00
Parking Enforcement Officer ⁽¹⁾	3.00	2.00	3.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Records Clerk ⁽²⁾	2.00	1.00	1.50	1.50	1.75	1.75
Administrative Records Analyst	-	0.84	1.00	1.00	1.00	1.00
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
TOTAL FTE's	30.25	29.59	31.25	30.25	30.50	30.50

Hourly Employee Allocation - Annual Hours

Temp Parking Enforcement Officer	900	900	900	900	1,800	900
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(1) Measure O funded transition: Delete 1.0 Parking Enforcement Officer, Add 1.0 Community Service Officer

(2) Records Clerk increase of .250 FTE at FY13/14 mid-year

POLICE DEPARTMENT – LAW ENFORCEMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

Reduced Police Officer positions by 1.0 FTE in FY 13/14 due to the expiration of the COPS hiring grant.

FISCAL YEAR 2013 ACCOMPLISHMENTS

- Strengthened local tobacco and firearm ordinances
- Through competitive grant process, obtained technology equipment for investigative purposes
- Reduced vehicle replacement expenditures by \$14,000
- Worked with Recreation department to establish grant funded women's self defense classes

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none">• Increase training opportunities to reduce workers' compensation claims and improve customer service	Public Service and Fiscal
<ul style="list-style-type: none">• Explore cost effective motorcycle replacement opportunities	Public Service and Fiscal
<ul style="list-style-type: none">• Relocate and consolidate property and evidence storage to reduce costs and improve efficiency levels	Public Service and Fiscal

POLICE DEPARTMENT - LAW ENFORCEMENT

BUDGET SUMMARY

Police - Law Enforcement	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 4,319,155	\$ 4,389,124	\$ 4,947,869	\$ 4,656,055	\$ 4,731,354	\$ 4,856,215
Licenses and permits	33,364	37,444	34,200	34,200	34,800	34,800
Intergovernmental revenues	272,070	236,135	98,000	270,494	136,000	136,000
Charges for services	51,576	31,780	44,100	36,100	36,200	36,200
Fines and forfeitures	252,838	263,523	242,000	242,000	242,500	242,500
Other revenues	-	-	-	5,500	3,000	3,000
Revenue Totals	\$ 4,929,004	\$ 4,958,006	\$ 5,366,169	\$ 5,244,349	\$ 5,183,854	\$ 5,308,715

Expenditures						
Personnel	\$ 3,580,664	\$ 3,621,617	\$ 4,030,100	\$ 3,845,238	\$ 3,896,849	\$ 4,002,059
Contract services	694,729	679,514	661,500	700,250	659,000	661,700
Training & Memberships	18,858	12,609	12,400	25,200	23,600	24,400
Supplies	81,558	119,846	77,900	83,550	79,900	84,000
Capital outlay	10,696	-	-	5,842	5,000	5,000
Internal service fund charges	542,500	524,420	584,269	584,269	519,505	531,556
Expenditure Totals	\$ 4,929,004	\$ 4,958,006	\$ 5,366,169	\$ 5,244,349	\$ 5,183,854	\$ 5,308,715

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer	15.00	14.50	15.00	15.00	15.00	15.00
Police Officer - Grant Funded	1.00	1.00	1.00	0.00	0.00	0.00
Community Service Officer ⁽¹⁾	1.50	1.50	2.00	3.00	3.00	3.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Records Clerk ⁽²⁾	2.00	1.00	1.50	1.50	1.75	1.75
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
Administrative Records Analyst	0.00	0.84	1.00	1.00	1.00	1.00
TOTAL FTE's	27.25	26.59	28.25	28.25	28.50	28.50

(1) Measure O funded transition: Delete 1.0 Parking Enforcement Officer, Add 1.0 Community Service Officer

(2) Records Clerk increase of .250 in FY13/14 mid-year

POLICE DEPARTMENT – PARKING ENFORCEMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

Filled budgeted Parking Enforcement Officer position.

FISCAL YEAR 2013 ACCOMPLISHMENTS

- Installed parking sensors to improve space turnover in the village

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none">• Replace Pacific Cove and Cliff Drive meters with pay stations and remove remaining change machines	Public Service and Fiscal
<ul style="list-style-type: none">• Update meters on Capitola Avenue	Public Service and Fiscal
<ul style="list-style-type: none">• Continue to explore expanding pay station opportunities to reduce costs and staff time	Public Service and Fiscal

POLICE DEPARTMENT - PARKING ENFORCEMENT

BUDGET SUMMARY

Police - Parking Enforcement	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 22,795	\$ (10,993)	\$ 25,400	\$ 43,250	\$ 55,189	\$ 61,965
Fines and forfeitures	449,207	435,886	465,000	465,000	465,000	465,000
Revenue Totals	\$ 472,002	\$ 424,893	\$ 490,400	\$ 508,250	\$ 520,189	\$ 526,965
Expenditures						
Personnel	\$ 221,803	\$ 184,739	\$ 241,300	\$ 240,750	\$ 245,514	\$ 250,692
Contract services	225,816	215,372	221,800	239,200	246,200	246,400
Supplies	10,183	9,181	10,000	6,000	9,000	10,000
Capital outlay	-	-	-	5,000	-	-
Internal service fund charges	14,200	15,600	17,300	17,300	19,475	19,873
Expenditure Totals	\$ 472,002	\$ 424,893	\$ 490,400	\$ 508,250	\$ 520,189	\$ 526,965
Authorized Positions						
	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Parking Enforcement Officer ⁽¹⁾	3.00	3.00	3.00	2.00	2.00	2.00
TOTAL FTE's	3.00	3.00	3.00	2.00	2.00	2.00

(1) Measure O funded transition: Delete 1.0 Parking Enforcement Officer, Add 1.0 Community Service Officer

Hourly Employee Allocation

Temp Parking Enforcement Officer	900	900	900	900	900	900
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POLICE DEPARTMENT – LIFEGUARD SERVICES

MISSION STATEMENT

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

DEPARTMENT PURPOSE

The Lifeguard Program protects swimmers, surfers, and waders in the Capitola Beach area during the summer months and the surrounding weekends. Lifeguards respond to water rescues, major and minor first aid calls, basic law enforcement issues on the beach and various animal calls, in addition to educating the public on a variety of marine environmental issues. Lifeguard services have been contracted to the City of Santa Cruz Fire Department since May 2012.

POLICE DEPARTMENT - LIFEGUARD SERVICES

BUDGET SUMMARY

Police - Lifeguard Services	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenues						
General Fund	\$ 74,502	\$ 76,422	\$ 72,900	\$ 74,900	\$ 77,465	\$ 77,596
Charges for services	-	350	1,000	1,000	1,000	1,000
Revenue Totals	\$ 74,502	\$ 76,772	\$ 73,900	\$ 75,900	\$ 78,465	\$ 78,596
Expenditures						
Personnel	\$ 68,870	\$ 49,954	\$ -	\$ -	\$ -	\$ -
Contract services	-	23,500	68,000	70,000	75,400	75,400
Supplies	2,832	618	2,700	2,700	1,000	1,100
Internal service fund charges	2,800	2,700	3,200	3,200	2,065	2,096
Expenditure Totals	\$ 74,502	\$ 76,772	\$ 73,900	\$ 75,900	\$ 78,465	\$ 78,596

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Community Service Officer	0.50	0.33	-	-	-	-
TOTAL FTE's	0.50	0.33	0.00	0.00	0.00	0.00

Hourly Employee Allocation

Senior Lifeguard	1,050	-	-	-	-	-
Lifeguard	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.

POLICE DEPARTMENT - ANIMAL SERVICES

BUDGET SUMMARY

Police - Animal Services	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 14,355	\$ 10,827	\$ 12,700	\$ 16,700	\$ 19,890	\$ 20,599
Charges for services	4,330	2,867	3,500	3,500	3,500	3,600
Revenue Totals	\$ 18,685	\$ 13,694	\$ 16,200	\$ 20,200	\$ 23,390	\$ 24,199
Expenditures						
Contract services	\$ 18,485	\$ 13,494	\$ 15,000	\$ 19,000	\$ 22,000	\$ 22,800
Supplies	-	-	1,000	1,000	1,000	1,000
Internal service fund charges	200	200	200	200	390	399
Expenditure Totals	\$ 18,685	\$ 13,694	\$ 16,200	\$ 20,200	\$ 23,390	\$ 24,199

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
None	-	-	-	-	-	-
TOTAL FTE's	-	-	-	-	-	-

PUBLIC WORKS DEPARTMENT – OVERVIEW

DEPARTMENT PURPOSE

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

KEY CHANGES

In FY 12/13, the Department of Public Works continued to maintain a standard level of service with reduced staffing levels and resources. As proposed in the FY 13/14 budget, using Measure O funds, the Public Works work force will return one frozen position to the crew this year and a second frozen position in FY14/15. The reinstatement of these positions will strengthen the department’s ability to meet our goals of providing a safe and inviting environment for our residents, merchants, and visitors.

The Department is also requesting an additional 2/3 of position to create a full time Environmental Projects Manager in lieu of the previously funded 1/3 Development Services Technician position. The Environmental Projects Manager is necessary to respond to the State mandated storm water programs which have recently been amended to require additional reporting, monitoring, and program management. This position will also assume management and other environmental programs for the City. Historically, this work has been completed through contract services. The City will realize a \$20,000 in contract savings which has been reflected in the budget.

The FY13/14 Public Works budget reflects a 6.7% increase in expenses when compared to the Adopted FY12/13 budget. Salaries account for the largest increase, with 22.3% related to the additional funded positions discussed above. A reduction in Contract services of 14.1% has been offset the personnel increases as it is anticipated that work will be brought in-house with additional staff. The capital outlays, training, and internal service budgets have minor changes. Projections for department related direct revenue remains relatively unchanged.

FISCAL YEAR 2013 ACCOMPLISHMENTS

- Managed the relocation of residents from the Pacific Cove Mobile Home Park
- Managed removal of the coaches from the Pacific Cove Mobile Home Park in conjunction with redevelopment of the site
- Completed the repaving of Cherry Avenue and two citywide slurry seal projects
- Completed traffic calming project on Reposa Avenue

FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"> • Review purchases of cleaning and other materials to make sure safest materials are used • Improve implementation of storm water and other programs 	Public Service and Improvement
<ul style="list-style-type: none"> • Open the Lower Pacific Cove Parking Lot 	Public Improvement and Fiscal
<ul style="list-style-type: none"> • Increase implementation of the city’s pavement management plan 	Public Improvement
<ul style="list-style-type: none"> • Implement resource management plans to control utility costs and reliance on outside contracts 	Public Service

PUBLIC WORKS DEPARTMENT - SUMMARY

BUDGET SUMMARY

Public Works - Summary	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 1,937,115	\$ 1,907,489	\$ 1,942,444	\$ 1,898,834	\$ 2,127,276	\$ 2,236,242
Licenses and permits	16,131	15,788	15,000	18,000	15,000	15,000
Intergovernmental revenues	-	-	46,000	250	46,000	-
Charges for services	72,253	48,000	58,000	56,500	11,500	11,500
Other revenues	36,181	42,526	43,000	50,000	46,000	45,000
Revenue Totals	\$ 2,061,680	\$ 2,013,804	\$ 2,104,444	\$ 2,023,584	\$ 2,245,776	\$ 2,307,742
Expenditures						
Personnel	\$ 1,090,084	\$ 1,052,112	\$ 1,008,600	\$ 1,030,890	\$ 1,233,336	\$ 1,286,709
Contract services	572,752	555,129	668,250	567,600	573,850	576,450
Training & Memberships	950	780	1,350	1,350	1,600	1,600
Capital outlay	278,594	286,024	316,500	314,000	314,800	317,300
Internal service fund charges	119,300	119,760	109,744	109,744	122,190	125,683
Expenditure Totals	\$ 2,061,680	\$ 2,013,804	\$ 2,104,444	\$ 2,023,584	\$ 2,245,776	\$ 2,307,742

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	0.50	-	1.00	1.00	1.00
Environmental Projects Manager	-	-	-	-	1.00	1.00
Str. & Facilities Maint. Supervisor	1.00	1.00	1.00	-	-	-
Development Services Tech	0.33	0.33	0.33	0.33	-	-
Maintenance Worker I & II ⁽¹⁾	8.00	7.00	7.00	8.00	8.00	8.00
Maintenance Worker III ⁽¹⁾	-	1.00	1.00	1.00	1.00	2.00
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL FTE's	12.33	11.83	11.33	12.33	13.00	14.00

⁽¹⁾ Addition of Measure O funded Maintenance Worker I/II in Fiscal Year 13/14 and Maintenance Worker III in FY 14/15.

PUBLIC WORKS DEPARTMENT – STREETS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

Public Works - Street Maintenance	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenues						
General Fund	\$ 948,140	\$ 943,018	\$ 933,168	\$ 943,858	\$ 1,106,601	\$ 1,206,633
Licenses and permits	16,130	15,788	15,000	18,000	15,000	15,000
Intergovernmental revenues	-	-	46,000	250	46,000	-
Charges for services	72,253	48,000	58,000	56,500	11,500	11,500
Other revenues	36,181	42,526	3,000	10,000	6,000	5,000
Revenue Totals	\$ 1,072,704	\$ 1,049,333	\$ 1,055,168	\$ 1,028,608	\$ 1,185,101	\$ 1,238,133
Expenditures						
Personnel	\$ 734,596	\$ 686,504	\$ 623,700	\$ 651,790	\$ 802,110	\$ 847,337
Contract services	218,549	236,188	323,800	269,150	261,000	263,500
Supplies	38,759	43,372	41,500	41,500	44,500	47,000
Internal service fund charges	80,800	83,270	66,168	66,168	77,491	80,296
Expenditure Totals	\$ 1,072,704	\$ 1,049,333	\$ 1,055,168	\$ 1,028,608	\$ 1,185,101	\$ 1,238,133
Authorized Positions						
	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	0.50	0.00	1.00	1.00	1.00
Environmental Projects Manager	-	-	-	-	1.00	1.00
Str. & Facilities Maint. Supervisor	1.00	1.00	1.00	0.00	0.00	0.00
Development Services Tech	0.33	0.33	0.33	0.33	0.00	0.00
Maintenance Worker I & II ⁽¹⁾	4.00	3.00	3.00	4.00	4.00	4.00
Maintenance Worker III ⁽¹⁾	-	1.00	1.00	1.00	1.00	2.00
TOTAL FTE's	7.33	6.83	6.33	7.33	8.00	9.00

⁽¹⁾ Addition of Measure O funded Maintenance Worker I/II in Fiscal Year 13/14 and Maintenance Worker III in FY 14/15.

PUBLIC WORKS DEPARTMENT – FACILITIES

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

PUBLIC WORKS DEPARTMENT - FACILITIES

BUDGET SUMMARY

Public Works - Facilities Maintenance	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenues						
General Fund	\$ 243,701	\$ 217,832	\$ 251,800	\$ 217,100	\$ 222,070	\$ 222,254
Revenue Totals	\$ 243,701	\$ 217,832	\$ 251,800	\$ 217,100	\$ 222,070	\$ 222,254
Expenditures						
Contract services	\$ 199,166	\$ 175,040	\$ 189,600	\$ 157,400	\$ 174,565	\$ 174,665
Supplies	40,335	39,692	57,800	55,300	43,100	43,100
Internal service fund charges	4,200	3,100	4,400	4,400	4,405	4,489
Expenditure Totals	\$ 243,701	\$ 217,832	\$ 251,800	\$ 217,100	\$ 222,070	\$ 222,254
Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FTE's	0.00	0.00	0.00	0.00	0.00	0.00

PUBLIC WORKS DEPARTMENT – PARKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

To maintain City parks and landscaped areas throughout the City.

PUBLIC WORKS DEPARTMENT - PARKS

BUDGET SUMMARY

Public Works - Park Maintenance	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenues						
General Fund	\$ 438,363	\$ 438,367	\$ 476,376	\$ 471,576	\$ 518,623	\$525,512
Revenue Totals	\$ 438,363	\$ 438,367	\$ 476,376	\$ 471,576	\$ 518,623	\$525,512
Expenditures						
Personnel	\$ 275,340	\$ 284,445	\$ 301,100	\$ 295,100	\$ 318,918	\$325,322
Contract services	116,588	108,291	113,850	115,050	133,285	133,285
Training & Memberships	950	780	1,350	1,350	1,600	1,600
Supplies	20,585	20,881	27,000	27,000	32,000	32,000
Internal service fund charges	24,900	23,970	33,076	33,076	32,820	33,305
Expenditure Totals	\$ 438,363	\$ 438,367	\$ 476,376	\$ 471,576	\$ 518,623	\$525,512
Authorized Positions						
Maintenance Worker I & II	4.00	4.00	4.00	4.00	4.00	4.00
TOTAL FTE's	4.00	4.00	4.00	4.00	4.00	4.00

PUBLIC WORKS DEPARTMENT – FLEET MAINTENANCE

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

PUBLIC WORKS DEPARTMENT - FLEET MAINTENANCE BUDGET SUMMARY

Public Works - Fleet Maintenance	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenues						
General Fund	\$ 306,911	\$ 308,272	\$ 281,100	\$ 266,300	\$ 279,982	\$281,843
Other revenues	-	-	40,000	40,000	40,000	40,000
Revenue Totals	\$ 306,911	\$ 308,272	\$ 321,100	\$ 306,300	\$ 319,982	\$321,843
Expenditures						
Personnel	\$ 80,148	\$ 81,163	\$ 83,800	\$ 84,000	\$ 112,308	\$114,050
Contract services	38,449	35,610	41,000	26,000	5,000	5,000
Supplies	178,915	182,079	190,200	190,200	195,200	195,200
Internal service fund charges	9,400	9,420	6,100	6,100	7,474	7,593
Expenditure Totals	\$ 306,911	\$ 308,272	\$ 321,100	\$ 306,300	\$ 319,982	\$321,843
Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL FTE's	1.00	1.00	1.00	1.00	1.00	1.00
Temporary Mechanic Hours (previously contract hours)					960	960

COMMUNITY DEVELOPMENT DEPARTMENT – OVERVIEW

MISSION STATEMENT

The Community Development Department (CDD) promotes safe and orderly development which provides economic vitality while preserving Capitola’s unique cultural and historic character. The Department is dedicated to providing responsive, high-quality services and programs which enhance the quality of life for the City’s residents, businesses, and visitors.

DEPARTMENT PURPOSE

The CDD administers the City's land use policies and standards adopted by the City Council including the General Plan, Local Coastal Program, zoning ordinance, and other regulations. The Department's key functions include: review of land development applications, application of the California Environmental Quality Act, maintenance of the General Plan, Housing Element, and Local Coastal Program, building plan check and inspection services, building and zoning code compliance, ordinance and policy development, preservation of neighborhood character, and implementation of affordable housing and CDBG programs. The Department provides staff support to the City Council, Planning Commission, Architectural and Site Review Committee, and the Commission on the Environment.

KEY CHANGES

A full-time Community Development Director was appointed near the end of FY 12/13.

FISCAL YEAR 2013 ACCOMPLISHMENTS

- Continued work on the General Plan including 8 public meetings with the General Plan Advisory Committee
- Completed planning and entitlement process for Pacific Cove Temporary Parking Lot
- Completed a draft General Plan Land Use Element
- Completed a Sea Level Rise Study
- Completed a Local Hazards Mitigation Plan

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
• Completed draft Sustainable General Plan, Local Coastal Plan and new Zoning Ordinance	Fiscal and Public Service
• Revision of the CDD Fee Structure	Fiscal
• Establish an In-Lieu Parking Program	Fiscal and Public Improvements
• Convene Library Subcommittee and review design options	Public Service and Public Improvements
• Develop land use plan for the McGregor Property	Public Improvements

COMMUNITY DEVELOPMENT DEPARTMENT - SUMMARY

BUDGET SUMMARY

Community Development - Summary	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 23,283	\$ (96,547)	\$ 190,860	\$ 281,464	\$ 258,042	\$ 243,732
Licenses and permits	135,049	271,591	134,500	89,600	170,800	176,300
Intergovernmental revenues	40,000	-	-	-	-	-
Charges for services	523,616	467,842	268,200	163,000	232,000	246,000
Fines and forfeitures	-	25,000	-	-	-	-
Revenue Totals	\$ 721,948	\$ 667,886	\$ 593,560	\$ 534,064	\$ 660,842	\$ 666,032

Expenditures						
Personnel	\$ 575,105	\$ 495,658	\$ 456,300	\$ 408,604	\$ 503,392	\$ 514,163
Contract services	91,680	103,233	74,400	69,200	92,400	87,400
Training & Memberships	3,891	5,830	6,100	3,500	12,600	11,600
Supplies	5,372	17,830	8,000	4,000	4,700	4,700
Internal service fund charges	45,900	45,335	48,760	48,760	47,750	48,169
Expenditure Totals	\$ 721,948	\$ 667,886	\$ 593,560	\$ 534,064	\$ 660,842	\$ 666,032

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Community Dev. Director	1.00	0.00	0.45	0.25	1.00	1.00
Senior Planner	1.00	1.00	1.00	1.00	1.00	1.00
Development Services Tech ⁽¹⁾	0.67	0.67	0.67	0.67	0.67	0.67
Housing & RDA Proj Manager	1.00	0.70	-	-	-	-
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	0.00	0.75	1.00	1.00	1.00	1.00
TOTAL FTE's	4.67	4.12	4.12	3.92	4.67	4.67

⁽¹⁾ Funding for this position included in the Non-Departmental position costs. Distribution or need to be evaluated.

Officials

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

COMMUNITY DEVELOPMENT DEPARTMENT – PLANNING

MISSION STATEMENT

To provide efficient and accurate services to the public and the City’s elected and appointed officials which accommodates growth, advances sustainable development principles, enhances Capitola’s unique community character, and promotes safe and livable communities.

DEPARTMENT PURPOSE

The CDD Planning section provides the following core services:

- Current Planning (reviews land development proposals including design review, subdivisions, rezones, and conditional use permits)
- Advance Planning (maintenance and updates of the City’s General Plan, zoning ordinance, Local Coastal Plan, and ordinance and policy development)
- Environmental Planning (implementation of CEQA and other City environmental regulations)
- Zoning Code Compliance (ensures compliance with City’s zoning ordinance and permit conditions)
- Housing and Community Planning and Development (CDBG, HOME, inclusionary housing programs, etc)

KEY CHANGES

A new permanent Senior or Associate Planner will be hired to fill the currently vacant Senior Planner position.

FISCAL YEAR 2013 ACCOMPLISHMENTS

- Continued work on the General Plan including 8 public meetings with the General Plan Advisory Committee
- Completed planning and entitlement process for Pacific Cove Temporary Parking Lot
- Completed a draft General Plan Land Use Element
- Completed a Sea Level Rise Study
- Completed a Local Hazards Mitigation Plan

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none">• Develop standard conditions of approval for discretionary permits	Public Service
<ul style="list-style-type: none">• Continue to efficiently process discretionary permit applications	Fiscal and Public Service
<ul style="list-style-type: none">• Develop ordinances which implement the City Council and Planning Commission’s policies and priorities	Fiscal and Public Service

COMMUNITY DEVELOPMENT DEPARTMENT - PLANNING

BUDGET SUMMARY

Community Development - Planning	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 49,454	\$ 82,207	\$ 135,550	\$ 201,454	\$250,008	\$ 243,660
Licenses and permits	5,665	6,887	3,000	4,000	5,000	5,500
Intergovernmental	40,000	-	-	-	-	-
Charges for services	443,749	349,450	188,200	93,000	152,000	164,000
Fines and forfeitures	-	25,000	-	-	-	-
Revenue Totals	\$ 538,868	\$ 463,544	\$ 326,750	\$ 298,454	\$407,008	\$ 413,160
Expenditures						
Personnel	\$ 463,873	\$ 337,010	\$ 253,400	\$ 205,104	\$301,253	\$ 307,678
Contract services	40,025	76,263	32,900	55,700	63,900	63,900
Training & Memberships	-	1,336	2,000	-	5,000	4,500
Supplies	1,869	16,260	4,000	3,200	2,400	2,400
Internal service fund	33,100	32,675	34,450	34,450	34,455	34,682
Expenditure Totals	\$ 538,868	\$ 463,544	\$ 326,750	\$ 298,454	\$407,008	\$ 413,160

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Community Dev. Director	1.00	-	0.45	0.25	1.00	1.00
Senior Planner	1.00	1.00	1.00	1.00	1.00	1.00
Development Svcs Tech ⁽¹⁾	0.67	0.67	0.67	0.67	0.67	0.67
Housing & RDA Proj. Mgr	1.00	0.70	-	-	-	-
TOTAL FTE's	3.67	2.37	2.12	1.92	2.67	2.67

⁽¹⁾ Funding for this position included in the Non-Departmental position costs. Distribution or need to be evaluated.

Officials

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

COMMUNITY DEVELOPMENT DEPARTMENT – BUILDING

MISSION STATEMENT

The CDD Building section is committed to safeguard life, health, property and public welfare through efficient administration and enforcement of the uniform building codes and the City's adopted ordinances and policies.

DEPARTMENT PURPOSE

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

KEY CHANGES

There are no key changes to report in the Building section.

FISCAL YEAR 2013 ACCOMPLISHMENTS

- Issued 338 building permits with a total valuation over \$9 million (07/12 – 05/13)
- Initiated an inspection and permit by appointment process to improve customer service

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none">• Continue to perform timely inspection services and efficiently process building permit applications	Fiscal and Public Service
<ul style="list-style-type: none">• Issue a contract to modernize building and permit tracking software	Fiscal and Public Service

COMMUNITY DEVELOPMENT DEPARTMENT - BUILDING

BUDGET SUMMARY

Community Development - Building	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ (26,171)	\$ (178,754)	\$ 55,310	\$ 80,010	\$ 8,034	\$ 72
Licenses and permits	129,384	264,704	131,500	85,600	165,800	170,800
Charges for services	79,868	118,392	80,000	70,000	80,000	82,000
Revenue Totals	\$ 183,081	\$ 204,341	\$ 266,810	\$ 235,610	\$253,834	\$ 252,872
Expenditures						
Personnel	\$ 111,232	\$ 158,647	\$ 202,900	\$ 203,500	\$202,139	\$ 206,485
Contract services	51,655	26,970	41,500	13,500	28,500	23,500
Training & Memberships	3,891	4,494	4,100	3,500	7,600	7,100
Supplies	3,503	1,569	4,000	800	2,300	2,300
Internal service fund charges	12,800	12,660	14,310	14,310	13,295	13,487
Expenditure Totals	\$ 183,081	\$ 204,341	\$ 266,810	\$ 235,610	\$253,834	\$ 252,872
Authorized Positions						
	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	0.75	1.00	1.00	1.00	1.00
TOTAL FTE's	2.00	1.75	2.00	2.00	2.00	2.00

RECREATION DEPARTMENT – OVERVIEW

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, Camp Capitola, and Adult Sports Leagues as well as over 500 Classes offered by Contract Instructors. The department also manages the Capitola Community Center, the Capitola Community Gymnasium, and Jade Street and Monterey Parks.

KEY CHANGES

The ¾-time Sports Coordinator position was reduced to ½-time and a ½-time Recreation Assistant Authorized position has been removed. All front office staffing is currently allocated as Hourly Employees. Junior Guard instructor staffing hours have increased in the past few years due to additionally required pre-season training and an increase in Guard participation.

FISCAL YEAR 2012-13 ACCOMPLISHMENTS

- Processed approximately 4,500 enrollments in over 500 regular classes
- Processed approximately 2,500 additional enrollments in 4 sessions of Camp Capitola.
- Planned, implemented and scheduled 12 adult sports leagues (65 teams/over 800 players) and over 800 open gym program participants.
- Interviewed and hired 60 independent contractors to be class Instructors;
- Recruited, conducted the hiring process, and trained approximately 40 seasonal employees.
- Coordinated use of City facilities for 30 groups using the Capitola Community Center and for 50 rental groups for use of the Capitola gymnasium at New Brighton Middle School, Jade Street Soccer field, Jade Street Softball field, and Monterey Park
- Produced 5 Capitola Recreation brochures

FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"> • Work to reduce expenditures and build revenues 	Fiscal
<ul style="list-style-type: none"> • Work to build revenues and program participation through new programs, evaluation of community needs and desires and other research and outreach 	Public Service and Fiscal
<ul style="list-style-type: none"> • Analyze participation/fee tradeoffs 	Public Service and Fiscal
<ul style="list-style-type: none"> • Continue promotional marketing, brochure analysis of production and mailings. Explore other promotional venues 	Public Service and Fiscal
<ul style="list-style-type: none"> • Maximize opportunities for groups & sports leagues 	Public Service and Fiscal

RECREATION DEPARTMENT - SUMMARY

BUDGET SUMMARY

Recreation - Summary	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 102,500	\$ 36,539	\$ 47,800	\$ 70,660	\$ 65,922	\$ 71,203
Charges for services	706,900	751,356	783,700	737,000	738,000	738,000
Use of money & property	5,542	5,761	6,000	6,000	5,000	5,000
Other revenues	-	7,000	1,000	-	-	-
Revenue Totals	\$ 814,941	\$ 800,656	\$ 838,500	\$ 813,660	\$ 808,922	\$ 814,203

Expenditures						
Personnel	\$474,325	\$457,713	\$460,600	\$453,810	\$444,182	\$448,447
Contract services	234,437	238,328	258,600	245,650	252,100	252,100
Training & Memberships	2,048	1,560	2,000	2,000	2,000	2,000
Supplies	59,331	59,794	69,700	64,600	65,200	65,200
Internal service fund charges	44,800	43,260	47,600	47,600	45,440	46,456
Expenditure Totals	\$ 814,941	\$ 800,656	\$ 838,500	\$ 813,660	\$ 808,922	\$ 814,203

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Class Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
Recreation Assistant *	0.50	0.50	0.00	0.50	0.75	0.75
Sports Coordinator	0.75	0.75	0.75	0.50	0.50	0.50
TOTAL FTE's	3.00	3.00	2.50	2.75	3.00	3.00

Hourly Employee	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Aquatics Coordinator	225	-	-	-	-	-
Aquatics Instructor	1,120	-	-	-	-	-
Sports Scorekeepers	2,350	2,100	2,100	2,100	2,100	2,100
Camp Capitola Coordinator	850	850	480	480	480	480
CC Jr. Leader Coordinator	400	400	400	400	400	400
CC Leader	3,000	2,900	2,500	2,500	2,500	2,500
Jr. Lifeguard Coordinator	450	450	450	450	450	450
Jr. Lifeguard Instructor	8,000	8,300	8,300	8,300	8,300	8,300
Assistant	3,500	3,300	3,300	3,300	1,740	1,740
Recreation Facility Assistant	1,350	1,100	1,100	1,100	1,100	1,100
SHOWN IN HOURS	21,245	19,400	18,630	18,630	17,070	17,070

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

RECREATION DEPARTMENT – JUNIOR GUARDS, CAMP CAPITOLA, CLASSES, SPORTS AND MORE



RECREATION DEPARTMENT - PROGRAM REVENUE

Recreation Program Revenue	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Recreation Classes	\$ 325,146	\$ 328,745	\$ 340,000	\$ 295,000	\$ 295,000	\$ 295,000
Capitola Junior Guards	220,076	248,001	249,000	264,000	265,000	265,000
Sports Teams	59,848	60,291	68,500	53,000	53,000	53,000
Camp Capitola	101,830	121,318	127,200	125,000	125,000	125,000
Total	\$ 706,900	\$ 758,356	\$ 784,700	\$ 737,000	\$ 738,000	\$ 738,000

Camp Capitola and Junior Guards receives over 2,500 enrollments annually. Of these enrollments, over 75% of the participants come from outside the City. These programs bring in both parents and children to the City. These visitors bring in additional City revenues associated with shopping, eating, parking, while building positive, enjoyable associations with the City of Capitola. In addition, the Recreation Department receives an additional 4,500 class enrollments throughout the year. The Department provides participants with an impression of Capitola through the programs offered, class instructors selected, seasonal youth hired and trained, smooth registration and participation processes, and condition of locations and facilities utilized.

In addition, the Recreation Program provides training for approximately 50 young people through the Junior Lifeguard Captains Corps and another 20-30 through the Camp Capitola Junior Leader Program.

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CAPITOLA MUSEUM

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

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

FISCAL YEAR 2012/13 ACCOMPLISHMENTS

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

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"> • Work to reduce expenditures and increase private donations. 	Public Service
<ul style="list-style-type: none"> • Continue work highlighted in FY12/13. Create a new exhibit. 	Public Service
<ul style="list-style-type: none"> • Maintain existing services to the public. 	Public Service
<ul style="list-style-type: none"> • Continue promotional marketing of the Museum to attract new visitors. 	Public Service

CAPITOLA MUSEUM

BUDGET SUMMARY

Capitola Museum	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 66,146	\$ 72,502	\$ 77,800	\$ 73,930	\$ 75,831	\$ 77,054
Charges for services	50	-	-	-	-	-
Other revenues	694	984	5,600	5,500	4,000	4,000
Revenue Totals	\$ 66,890	\$ 73,486	\$ 83,400	\$ 79,430	\$ 79,831	\$ 81,054
Expenditures						
Personnel	\$55,707	\$57,015	\$60,100	\$60,100	\$59,041	\$60,233
Contract services	230	4,305	5,600	5,600	4,600	4,600
Training & Memberships	460	385	-	30	125	125
Supplies	7,593	8,180	13,500	9,500	12,000	12,000
Internal service fund charges	2,900	3,600	4,200	4,200	4,065	4,096
Expenditure Totals	\$ 66,890	\$ 73,486	\$ 83,400	\$ 79,430	\$ 79,831	\$ 81,054
Authorized Positions						
	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Museum Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
TOTAL FTE's	0.75	0.75	0.75	0.75	0.75	0.75

CAPITOLA ART & CULTURAL COMMISSION

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

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

KEY CHANGES

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

FISCAL YEAR 2012/13 ACCOMPLISHMENTS

- 41st Ave project is on schedule to be completed summer 2013
- Public Art: Esplanade Kiosk project to be completed summer 2013
- Sponsors obtained to continue funding the concerts and movies
- Added new concert series; Jazz at the Beach
- Conducted children's art events at the Begonia Festival and Art & Wine Festival

FISCAL YEAR 2013/14 AND FISCAL YEAR 2014/15 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"> • Continue to offer twilight concerts, art in the park, music on Sundays and movies at the beach. • Display art work by community members at City Facilities • Complete the 41st Ave. Public Art Project • Implement a Public Art App. That would inform visitors of locations of public art in Capitola. • Identify new Public Art Projects. 	Public Services

CAPITOLA ART & CULTURAL COMMISSION

BUDGET SUMMARY

Capitola Art & Cultural Commission	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Revenue						
General Fund	\$ 16,807	\$ 21,712	\$ 21,800	\$ 21,800	\$ 23,480	\$ 22,298
Other revenues	20,546	20,200	21,200	21,200	21,200	22,400
Revenue Totals	\$ 37,353	\$ 41,912	\$ 43,000	\$ 43,000	\$ 44,680	\$ 44,698

Expenditures						
Personnel	\$4,813	\$10,411	\$12,200	\$12,200	\$12,200	\$12,200
Contract services	21,502	23,765	23,400	23,400	24,900	24,900
Supplies	9,139	5,936	5,500	5,500	5,600	5,600
Internal service fund charges	1,900	1,800	1,900	1,900	1,980	1,998
Expenditure Totals	\$ 37,353	\$ 41,912	\$ 43,000	\$ 43,000	\$ 44,680	\$ 44,698

Authorized Positions	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
None	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FTE's	0.00	0.00	0.00	0.00	0.00	0.00

<u>Hourly Employee Allocation</u>						
shown in hours	480	480	480	480	480	480

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INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

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

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

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

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

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

Public Employees Retirement Fund (PERS) (Finance): A PERS Fund was established in the FY04/05 budget process. This fund was closed in FY 12/13 due to a change in accounting practices.

INFORMATION TECHNOLOGY FUND

Funds are designated for the future replacement of citywide hardware and software. Annual on-going information technology costs are allocated based on the distribution of resources identified in Table 2.

SOURCES AND USES

Fund 2211	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 141,401	\$ 173,178	\$ 185,933	\$ 185,933	\$ 41,533	\$ 99,533
Revenue						
Other revenues	\$ -	\$ 867	\$ 3,000	\$ 3,000	\$ -	\$ -
Internal service fund	115,200	117,000	141,400	141,400	137,000	128,000
Other financing sources	-	-	-	-	114,000	-
Revenue Totals	\$ 115,200	\$ 117,867	\$ 144,400	\$ 144,400	\$ 251,000	\$ 128,000
Expenditures						
Contract services	\$ 47,871	\$ 56,589	\$ 89,300	\$ 89,300	\$ 77,000	\$ 57,000
Training & Memberships	1,132	234	1,000	1,000	1,000	1,000
Supplies	34,420	48,289	50,000	50,000	50,000	50,000
Capital outlay	-	-	36,300	36,300	65,000	65,000
Other financing uses	-	-	112,200	112,200	-	-
Expenditure Totals	\$ 83,423	\$ 105,113	\$ 288,800	\$ 288,800	\$ 193,000	\$ 173,000
Fund Balance at 06/30	\$ 173,178	\$ 185,933	\$ 41,533	\$ 41,533	\$ 99,533	\$ 54,533

Table 2						
Department	PC	Laptop	MDC	Printers	Servers	Hardware - only Annual Charge
Council	-	4.00	-	-	-	\$ 4,000
Finance	6.00	-	-	2.00	4.00	\$ 16,800
Attorney	-	-	-	-	-	\$ -
Manager	9.00	8.00	-	2.00	6.00	\$ 32,800
Personnel	1.00	-	-	-	-	\$ 700
Museum	1.00	0.50	-	-	-	\$ 1,200
Arts	1.00	-	-	-	-	\$ 700
Police - Law Enf	25.00	5.00	10.00	5.00	3.00	\$ 46,500
Police - Parking Enf	1.00	-	-	1.00	-	\$ 1,000
Police - Lifeguard	1.00	-	-	-	-	\$ 700
CDD	4.00	-	-	2.00	0.50	\$ 4,900
Building	2.00	-	-	1.00	0.25	\$ 2,500
Public Works						\$ -
Streets	4.00	-	-	-	0.25	\$ 3,400
Facilities	1.00	-	-	-	-	\$ 700
Parks	2.00	-	-	-	-	\$ 1,300
Fleet	-	-	-	-	-	\$ -
Recreation	7.00	-	-	1.00	1.00	\$ 8,000
Total	65.00	17.50	10.00	14.00	15.00	\$ 125,200
	PC	Laptop	MDC	Printers	Servers	
Replacement Cost/Each	\$ 2,000	\$ 3,000	\$ 7,000	\$ 1,500	\$ 12,000	
Estimated Life	3.00	3.00	5.00	4.00	4.00	
Total Replacement Cost	\$130,000	\$52,500	\$70,000	\$21,000	\$ 180,000	\$ 453,500
						25%
Replacement Budget - Target Balance 25% of Replacement Budget						\$ 113,400

SELF-INSURANCE LIABILITY FUND

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

- Excess Insurance Premiums - The City belongs to the Monterey Bay Area Self Insurance Authority (MBASIA) joint powers authority. MBASIA covers all liability expenses, fire, and property protection. Risk of loss is retained by the City for general liability claims up to \$10,000 per occurrence.
- Property Insurance: Insurance coverage is provided through the Public Entity Property Insurance Program and insured by Lexington. The City's premium is \$11,000.
- Vehicle and Equipment Insurance Coverage – Coverage for vehicles and equipment with a purchase value of \$35,000 or more. The annual premium is \$3,000 with a \$2,000 deductible.
- Unemployment Insurance - The City is defined as a "State Unemployment Insurance Reimbursement Client" by the California Employment Development Department (EDD). The City does not pay unemployment insurance premiums to the State. When an employee files for and receives unemployment benefits from the State, the City is responsible for that benefit.

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

SOURCES AND USES

Fund 2213	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 253,892	\$ 277,375	\$ 227,350	\$ 227,350	\$ 227,350	\$ 236,638
Revenue						
Internal service fund	\$ 142,800	\$ 128,400	\$ 146,450	\$ 146,450	\$ 194,996	\$ 199,396
Revenue Totals	142,800	128,400	146,450	146,450	194,996	199,396
Expenditures						
Contract services	\$ 119,317	\$ 178,178	\$ 145,950	\$ 145,950	\$ 184,708	\$ 188,900
Supplies	-	-	-	-	500	500
Grants and Subsidies	-	247	500	500	500	500
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 119,317	\$ 178,425	\$ 146,450	\$ 146,450	\$ 185,708	\$ 189,900
Fund Balance at 06/30	\$ 277,375	\$ 227,350	\$ 227,350	\$ 227,350	\$ 236,638	\$ 246,134

WORKERS' COMPENSATION FUND

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

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

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

WORKERS' COMPENSATION FUND

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

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

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

Distribution to General Fund Departments:

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

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

SOURCES AND USES

Fund 2214	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 174,999	\$ 174,779	\$ 175,135	\$ 175,135	\$ 175,235	\$ 201,813
Revenue						
Internal service fund	\$ 473,000	\$ 467,700	\$ 528,100	\$ 528,100	\$ 415,400	\$ 429,900
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$ 473,000	\$ 467,700	\$ 528,100	\$ 528,100	\$ 415,400	\$ 429,900
Expenditures						
Contract services	\$ 473,220	\$ 467,344	\$ 528,000	\$ 528,000	\$ 388,822	\$ 400,700
Other financing uses	-	-	-	-	-	-
Expenditure Totals	473,220	467,344	528,000	528,000	388,822	400,700
Fund Balance at 06/30	\$ 174,779	\$ 175,135	\$ 175,235	\$ 175,235	\$ 201,813	\$ 231,013

STORES FUND

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

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

SOURCES AND USES

Fund 2210	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 25,272	\$ 14,306	\$ 3,201	\$ 3,201	\$ 801	\$ 501
Revenue						
Other revenues	\$ 10	\$ 103	\$ -	\$ -	\$ -	\$ -
Internal service fund	28,500	30,700	34,450	34,450	40,000	40,000
Revenue Totals	\$ 28,510	\$ 30,803	\$ 34,450	\$ 34,450	\$ 40,000	\$ 40,000
Expenditures						
Contract services	\$ 12,759	\$ 10,678	\$ 7,050	\$ 7,050	\$ 12,500	\$ 12,500
Supplies	26,717	31,230	25,000	25,000	27,800	27,900
Other financing uses	-	-	4,800	4,800	-	-
Expenditure Totals	\$ 39,476	\$ 41,908	\$ 36,850	\$ 36,850	\$ 40,300	\$ 40,400
Fund Balance at 06/30	\$ 14,306	\$ 3,201	\$ 801	\$ 801	\$ 501	\$ 101

EQUIPMENT REPLACEMENT FUND

This Internal Service Fund has been established to provide adequate levels of funding for the replacement of various large equipment, and City vehicles. As vehicles are used for trade-in or sold as surplus, these proceeds are recorded as revenue to this Internal Service Fund. As funds are accumulated, they are generally not designated to any particular vehicle. The General Fund charges for services are based on the prior year fleet depreciation costs adjusted by the CPI index.

During the annual budget process, the Public Works and the Police Department review the current vehicle inventory listing and make recommendations for vehicle acquisitions and replacements. The vehicle replacement and on-going maintenance costs are taken into consideration. All budgeted vehicles are approved by the City Manager. In FY 13/14, \$283,000 was transferred to the General Fund to assist in replenishing reserves. In FY 13/14, an additional \$52,000 was transferred from the General Fund to assist in restoring the Equipment Fund's balance.

FY 13/14 Capital Outlay		FY 14/15 Capital Outlay	
Marked Police Vehicle	\$38,000	Police Dept. Pickup Truck	\$10,000
Police Motorcycle	18,000		
Public Works Vehicles	67,000		
Total	\$123,000	Total	\$10,000

SOURCES AND USES

Fund 2212	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 282,539	\$ 305,934	\$ 418,238	\$ 418,238	\$ 117,916	\$ 141,675
Revenue						
Internal service fund	\$ 100,000	\$ 103,000	\$ 89,973	\$ 89,973	\$ 105,529	\$ 105,529
Other financing sources	-	55,000	-	17,000	41,230	-
Revenue Totals	\$ 100,000	\$ 158,000	\$ 89,973	\$ 106,973	\$ 146,759	\$ 105,529
Expenditures						
Capital outlay	\$ 26,605	\$ 20,696	\$ 107,000	\$ 124,295	\$ 123,000	\$ 10,000
Other financing uses	50,000	25,000	283,000	283,000	-	-
Expenditure Totals	\$ 76,605	\$ 45,696	\$ 390,000	\$ 407,295	\$ 123,000	\$ 10,000
Fund Balance at 06/30	\$ 305,934	\$ 418,238	\$ 118,211	\$ 117,916	\$ 141,675	\$ 237,204

PUBLIC EMPLOYEES' RETIREMENT FUND

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

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

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

SOURCES AND USES

Fund 2215	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 520,525	\$ 473,732	\$ 209,248	\$ 209,248	\$ -	\$ -
Revenue						
Internal service fund	\$1,425,200	\$ 1,437,400	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$1,425,200	\$ 1,437,400	\$ -	\$ -	\$ -	\$ -
Expenditures						
Personnel	\$1,031,995	\$ 1,041,384	\$ -	\$ -	\$ -	\$ -
Other financing uses	439,998	660,500	171,431	209,248	-	-
Expenditure Totals	\$1,471,993	\$ 1,701,884	\$ 171,431	\$ 209,248	\$ -	\$ -
Fund Balance at 06/30	\$ 473,732	\$ 209,248	\$ 37,817	\$ -	\$ -	\$ -

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SPECIAL REVENUE FUNDS



SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENTAL LAW ENFORCEMENT SERVICES – POLICE

Continued funding for this program was unknown during the budget preparation process. This grant was from the State of California which distributed \$100,000,000 a year in funding to criminal justice agencies throughout California. These funds were used last year to fund Police Overtime and equipment.

SOURCES AND USES

	FY 10/11	FY 11/12	FY 12/13	FY 12/13	FY 13/14	FY 14/15
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Fund 1300						
Beginning Fund Balance	\$ 1,341	\$ 9,911	\$ 50,737	\$ 50,737	\$ 143,237	\$ 238,137
Revenue						
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
Use of money & property	-	105	-	100	100	100
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$ 100,000	\$ 100,105	\$ -	\$ 100,100	\$ 100,100	\$ 100,100
Expenditures						
Personnel	\$ 80,761	\$ 40,000	\$ -	\$ -	\$ -	\$ -
Contract services	10,669	2,367	-	2,400	1,700	1,800
Supplies	-	1,883	-	1,200	2,500	2,500
Capital outlay	-	15,030	-	4,000	1,000	-
Expenditure Totals	\$ 91,430	\$ 59,280	\$ -	\$ 7,600	\$ 5,200	\$ 4,300
Fund Balance at 6/30	\$ 9,911	\$ 50,737	\$ 50,737	\$ 143,237	\$ 238,137	\$ 333,937

SANTA CRUZ COUNTY ANTI-CRIME TEAM – POLICE

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

The City of Capitola contributes \$18,000 to the SCCACT for operations costs from the General Fund, which is budgeted in the Police Department, Contract Services. This program is essentially a pass-through of Byrne grant and HIDTA funds to the city with which we in-turn pay for clerical support of the county's narcotics task force. Additionally the City pays for an Administrative Assistant. Staffing costs are reimbursed by SCCACT from their Adjudicated Asset Forfeiture Account on a monthly basis.

SOURCES AND USES

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1301						
Beginning Fund Balance	\$ (387)	\$ 20	\$ 20	\$ 20	\$ 320	\$ 320
Revenue						
Other revenues	\$ 70,283	\$ 69,901	\$ 74,100	\$ 72,500	\$ 75,172	\$ 76,770
Revenue Totals	\$ 70,283	\$ 69,901	\$ 74,100	\$ 72,500	\$ 75,172	\$ 76,770
Expenditures						
Personnel	\$ 69,875	\$ 69,901	\$ 72,200	\$ 72,200	\$ 75,172	\$ 76,770
Contract services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Expenditure Totals	\$ 69,875	\$ 69,901	\$ 72,200	\$ 72,200	\$ 75,172	\$ 76,770
Fund Balance at 6/30	\$ 20	\$ 20	\$ 1,920	\$ 320	\$ 320	\$ 320

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. Gas Tax Fund Programs includes maintenance and operations of the traffic signals and streetlights, street maintenance activities, street sweeper lease payment. In the 2013-14 budget, a \$45,000 payment to the General Fund for street sweeper operating costs was discontinued so that additional maintenance projects can be completed with these funds.

SOURCES AND USES

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1310						
Beginning Fund Balance	\$ 64,581	\$ 53	\$ 3,612	\$ 3,612	\$ 45,712	\$ 32,906
Revenue						
Intergovernmental revenues	\$ 258,432	\$ 288,947	\$ 271,500	\$ 271,500	\$ 302,294	\$ 302,294
Use of money & property	41	30	-	-	-	-
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$ 258,473	\$ 288,977	\$ 271,500	\$ 271,500	\$ 302,294	\$ 302,294
Expenditures						
Contract services	\$ 279,062	\$ 243,654	\$ 258,000	\$ 176,000	\$ 272,600	\$ 272,600
Supplies	154	1,632	-	6,000	7,500	7,500
Capital outlay	-	-	-	38,300	-	-
Debt service	43,785	40,132	9,100	9,100	35,000	35,000
Expenditure Totals	\$ 323,001	\$ 285,418	\$ 267,100	\$ 229,400	\$ 315,100	\$ 315,100
Fund Balance at 6/30	\$ 53	\$ 3,612	\$ 8,012	\$ 45,712	\$ 32,906	\$ 20,100

WHARF – PUBLIC WORKS

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

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

SOURCES AND USES

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1311						
Beginning Fund Balance	\$ 38,110	\$ 46,413	\$ 36,644	\$ 36,644	\$ 244	\$ 1,144
Revenue						
Use of money & property	\$ 81,301	\$ 83,386	\$ 83,700	\$ 82,700	\$ 84,100	\$ 84,100
Other revenues	-	-	-	-	-	-
Other financing sources	-	25,000	-	-	-	-
Revenue Totals	\$ 81,301	\$ 108,386	\$ 83,700	\$ 82,700	\$ 84,100	\$ 84,100
Expenditures						
Contract services	\$ 67,509	\$ 103,098	\$ 78,700	\$ 114,100	\$ 83,200	\$ 83,200
Supplies	5,489	2,253	5,000	5,000	-	-
Capital outlay	-	12,804	-	-	-	-
Expenditure Totals	\$ 72,998	\$ 118,155	\$ 83,700	\$ 119,100	\$ 83,200	\$ 83,200
Fund Balance at 6/30	\$ 46,413	\$ 36,644	\$ 36,644	\$ 244	\$ 1,144	\$ 2,044

DEVELOPMENT FEES – PUBLIC WORKS

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

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

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

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

SOURCES AND USES

	<u>FY 10/11</u> <u>Actual</u>	<u>FY 11/12</u> <u>Actual</u>	<u>FY 12/13</u> <u>Adopted</u>	<u>FY 12/13</u> <u>Estimated</u>	<u>FY 13/14</u> <u>Adopted</u>	<u>FY 14/15</u> <u>Planned</u>
Fund 1312						
Beginning Fund Balance	\$ (1,415)	\$ 2,026	\$ 2,026	\$ 2,026	\$ 2,026	\$ 2,026
Revenue						
Charges for services	\$ 3,441	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	-	-	-	-	-	-
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$ 3,441	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GENERAL PLAN UPDATE & MAINTENANCE – COMMUNITY DEVELOPMENT

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

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

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

SOURCES AND USES

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1313						
Beginning Fund Balance	\$ 599,165	\$ 303,339	\$ 259,852	\$ 259,852	\$ 95,002	\$ (9,998)
Revenue						
Intergovernmental revenues	\$ -	\$ 17,450	\$ 65,000	\$ 65,000	\$ -	\$ -
Charges for services	53,660	163,311	100,000	80,000	70,000	70,000
Use of money & property	2,899	1,163	1,000	1,000	-	-
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$ 56,559	\$ 181,924	\$ 166,000	\$ 146,000	\$ 70,000	\$ 70,000
Expenditures						
Contract services	\$ 346,659	\$ 223,921	\$ 232,100	\$ 300,850	\$ 170,000	\$ 130,000
Supplies	5,726	1,490	10,000	10,000	5,000	5,000
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 352,385	\$ 225,411	\$ 242,100	\$ 310,850	\$ 175,000	\$ 135,000
Fund Balance at 6/30	\$ 303,339	\$ 259,852	\$ 183,752	\$ 95,002	\$ (9,998)	\$ (74,998)

GREEN BUILDING EDUCATION – BUILDING

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

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

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

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

SOURCES AND USES

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1314						
Beginning Fund Balance	\$ 45,397	\$ 48,705	\$ 93,452	\$ 93,452	\$ 90,452	\$ 90,452
Revenue						
Charges for services	\$ 4,104	\$ 47,509	\$ 10,000	\$ 10,000	\$ 13,000	\$ 13,000
Revenue Totals	\$ 4,104	\$ 47,509	\$ 10,000	\$ 10,000	\$ 13,000	\$ 13,000
Expenditures						
Contract services	\$ -	\$ 1,560	\$ 32,500	\$ 10,000	\$ 10,000	\$ 10,000
Training & Memberships	215	225	2,000	2,000	2,000	2,000
Supplies	582	977	1,000	1,000	1,000	1,000
Expenditure Totals	\$ 797	\$ 2,762	\$ 35,500	\$ 13,000	\$ 13,000	\$ 13,000
Fund Balance at 6/30	\$ 48,705	\$ 93,452	\$ 67,952	\$ 90,452	\$ 90,452	\$ 90,452

PUBLIC ART – CITY MANAGER

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

Completed Art Projects Include:

- Historical Directional signs
- Sea Kelp Medallion on Esplanade Park
- Sea Wall Tiles
- Graphic Traffic Box Art Project.
- Wharf Road Mural & 41st Ave Median Project
- Bay Ave. tile mural project
- 41st Ave Street Median Project – Summer 2013
- Esplanade Kiosk – Summer 2013

	SOURCES AND USES					
	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1315						
Beginning Fund Balance	\$ 162,754	\$ 127,748	\$ 398,793	\$ 398,793	\$ 150,093	\$ 139,093
Revenue						
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	\$ 5,972	\$ 296,396	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Revenue Totals	\$ 5,972	\$ 296,396	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Expenditures						
Personnel	\$ 6,700	\$ 859	\$ 6,700	\$ 6,700	\$ -	\$ -
Contract services	30,240	24,493	20,000	257,000	25,000	25,000
Supplies	38	-	-	-	1,000	1,000
Other financing uses	4,000	-	-	-	-	-
Expenditure Totals	\$ 40,978	\$ 25,352	\$ 26,700	\$ 263,700	\$ 26,000	\$ 26,000
Fund Balance at 6/30	\$ 127,748	\$ 398,793	\$ 387,093	\$ 150,093	\$ 139,093	\$ 128,093

PARKING RESERVE – PUBLIC WORKS

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

	SOURCES AND USES					
	FY 10/11	FY 11/12	FY 12/13	FY 12/13	FY 13/14	FY 14/15
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Fund 1316						
Beginning Fund Balance	\$ 78,649	\$ 180,719	\$ (2,902)	\$ (2,902)	\$ (2,902)	\$ 0
Revenue						
Other financing sources	127,099	90,802	84,800	162,800	100,000	100,000
Revenue Totals	\$ 127,099	\$ 90,802	\$ 84,800	\$ 162,800	\$ 100,000	\$ 100,000
Expenditures						
Contract services	\$ 25,028	\$ 6,144	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	218,279	-	78,000	12,298	15,200
Other financing uses	-	50,000	84,800	84,800	84,800	84,800
Expenditure Totals	\$ 25,028	\$ 274,423	\$ 84,800	\$ 162,800	\$ 97,098	\$ 100,000
Fund Balance at 6/30	\$ 180,719	\$ (2,902)	\$ (2,902)	\$ (2,902)	\$ 0	\$ 0

TECHNOLOGY FEE – COMMUNITY DEVELOPMENT

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

SOURCES AND USES

	FY 10/11	FY 11/12	FY 12/13	FY 12/13	FY 13/14	FY 14/15
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Fund 1317						
Beginning Fund Balance	\$ 3,902	\$ 11,288	\$ 25,194	\$ 25,194	\$ 28,394	\$ 30,694
Revenue						
Charges for services	\$ 7,386	\$ 13,906	\$ 5,900	\$ 8,200	\$ 7,300	\$ 7,300
Revenue Totals	\$ 7,386	\$ 13,906	\$ 5,900	\$ 8,200	\$ 7,300	\$ 7,300
Expenditures						
Supplies	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Expenditure Totals	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Fund Balance at 6/30	\$ 11,288	\$ 25,194	\$ 26,094	\$ 28,394	\$ 30,694	\$ 32,994

PUBLIC EDUCATION & GOVERNMENT CABLE TV ACCESS (PEG) – CITY MANAGER

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

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

	SOURCES AND USES					
	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1320						
Beginning Fund Balance	\$ 82,867	\$ 77,936	\$ 51,563	\$ 51,563	\$ 48,663	\$ 28,763
Revenue						
Licenses and permits	\$ 19,046	\$ 18,958	\$ 19,500	\$ 19,100	\$ 19,000	\$ 19,000
Use of money & property	396	258	600	100	100	100
Revenue Totals	\$ 19,442	\$ 19,216	\$ 20,100	\$ 19,200	\$ 19,100	\$ 19,100
Expenditures						
Contract services	\$ 24,374	\$ 45,589	\$ 24,500	\$ 22,100	\$ 39,000	\$ 19,000
Supplies	-	-	-	-	-	-
Expenditure Totals	\$ 24,374	\$ 45,589	\$ 24,500	\$ 22,100	\$ 39,000	\$ 19,000
Fund Balance at 6/30	\$ 77,936	\$ 51,563	\$ 47,163	\$ 48,663	\$ 28,763	\$ 28,863

CAPITOLA VILLAGE & WHARF BUSINESS IMPROVEMENT AREA (BIA) – FINANCE

In June 2005, the City of Capitola adopted Ordinance No. 889, which added Chapter 5.10 to the Capitola Municipal Code establishing the Capitola Village and Wharf Business Improvement Area (BIA). It was established to generate revenue for the sole purpose of promoting business in Capitola Village and on the Wharf. The governing State law requires certain annual actions and public hearing to continue this assessment district. The program is run with the assistances of a BIA Board of Directors. The BIA Directors will provide their budget proposal to Council in a separate document and public hearing during May and June 2012.

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1321						
Beginning Fund Revenue	\$ 7,437	\$ 5,455	\$ 5,431	\$ 5,431	\$ 4,851	\$ 2,351
Charges for services	\$ 70,335	\$ 67,049	\$ 70,200	\$ 69,420	\$ 66,500	\$ 66,500
Use of money &	137	121	100	100	-	-
Revenue Totals	\$ 70,472	\$ 67,170	\$ 70,300	\$ 69,520	\$ 66,500	\$ 66,500
Expenditures						
Contract services	\$ 57,041	\$ 52,745	\$ 58,600	\$ 58,600	\$ 57,000	\$ 56,850
Supplies	15,413	14,448	13,000	11,500	12,000	12,000
Expenditure Totals	\$ 72,454	\$ 67,194	\$ 71,600	\$ 70,100	\$ 69,000	\$ 68,850
Fund Balance at 6/30	\$ 5,455	\$ 5,431	\$ 4,131	\$ 4,851	\$ 2,351	\$ 1

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) – COMMUNITY DEVELOPMENT

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

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

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

	SOURCES AND USES					
	FY 10/11	FY 11/12	FY 12/13	FY 12/13	FY 13/14	FY 14/15
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Fund 1350						
Beginning Fund Balance	\$ 34,047	\$ (4,067)	\$ (21,553)	\$ (21,553)	\$ (53,753)	\$ (18,133)
Revenue						
Intergovernmental revenues	\$ 9,297	\$ 151,280	\$ 143,200	\$ 111,300	\$ 55,620	\$ -
Use of money & property	-	-	-	-	-	-
Revenue Totals	\$ 9,297	\$ 151,280	\$ 143,200	\$ 111,300	\$ 55,620	\$ -
Expenditures						
Contract services	\$ 47,411	\$ 168,766	\$ 174,389	\$ 143,500	\$ 20,000	\$ 20,000
Supplies	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Expenditure Totals	\$ 47,411	\$ 168,766	\$ 174,389	\$ 143,500	\$ 20,000	\$ 20,000
Fund Balance at 6/30	\$ (4,067)	\$ (21,553)	\$ (52,742)	\$ (53,753)	\$ (18,133)	\$ (38,133)

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) PROGRAM INCOME – COMMUNITY DEVELOPMENT

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

If the total amount of Program Income received in any fiscal year is less than \$25,000, then the funds received are not subject to Federal CDBG regulations. If the amount exceeds \$25,000, then all Program Income received during that fiscal year is restricted to CDBG-approved Federal spending guidelines. Fiscal year 2007-08 was the last time the City qualified under this requirement and those funds have since been distributed and the restricted fund closed.

In FY12/13, the City does not anticipate receiving more than \$25,000 in Program Income revenue. Fund balance will return to a positive balance as loans are repaid to the fund.

	SOURCES AND USES					
	FY 10/11	FY 11/12	FY 12/13	FY 12/13	FY 13/14	FY 14/15
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Fund: 1351/1352(cisd)						
Beginning Fund Balance	\$ (12,485)	\$ (15,439)	\$ (18,379)	\$ (18,379)	\$ (20,879)	\$ (25,879)
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	26	3,741	-	-	-	-
Other financing sources	5,343	-	-	-	-	-
Revenue Totals	\$ 5,369	\$ 3,741	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract services	\$ 3,000	\$ 2,950	\$ 2,500	\$ 2,500	\$ 5,000	\$ 5,000
Supplies	-	-	-	-	-	-
Grants and Subsidies	(20)	3,731	-	-	-	-
Other financing uses	5,343	-	-	-	-	-
Expenditure Totals	\$ 8,323	\$ 6,681	\$ 2,500	\$ 2,500	\$ 5,000	\$ 5,000
Fund Balance at 6/30	\$ (15,439)	\$ (18,379)	\$ (20,879)	\$ (20,879)	\$ (25,879)	\$ (30,879)

HOME PROGRAM REUSE – COMMUNITY DEVELOPMENT

This special revenue fund accounts for revenue from the repayment of Federal Home Investments Partnership Program (HOME) loans. Expenditures in this fund must be used for affordable housing activities in accordance with the Federal HOME Program Reuse Guidelines.

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

	SOURCES AND USES					
	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1370						
Beginning Fund Balance	\$ 5,131	\$ 5,129	\$ 8,207	\$ 8,207	\$ 15,507	\$ 22,807
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	12,303	12,306	12,200	12,300	12,300	12,300
Revenue Totals	\$ 12,303	\$ 12,306	\$ 12,200	\$ 12,300	\$ 12,300	\$ 12,300
Expenditures						
Contract services	\$ -	\$ -	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000
Supplies	-	-	-	-	-	-
Grants and Subsidies	12,306	9,228	-	-	-	-
Expenditure Totals	\$ 12,306	\$ 9,228	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000
Fund Balance at 6/30	\$ 5,129	\$ 8,207	\$ 10,407	\$ 15,507	\$ 22,807	\$ 30,107

HOME GRANT – COMMUNITY DEVELOPMENT

In January 2009, the City of Capitola entered into a Standard Agreement with the California Department of Housing and Community Development for a HOME grant in the amount of \$2,000,000 for rehabilitation expenses related to the 109-unit Bay Avenue Senior Apartments Project. Construction of the project was completed in May 2011. \$100,000 of the grant was used to cover administrative costs for the project. The balance of the grant was provided to First Community Housing, the Bay Avenue Senior Apartments project developer, as a residual receipts loan at 3% interest. In May, 2011, the HOME program increased the grant award by \$1.2 million dollars cover additional costs related to required rent level revisions, which are lower than estimated in the original pro-forma. The grant funds have been received and dispersed.

	SOURCES AND USES					
	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1371						
Beginning Fund Balance	\$ (7,521)	\$ 5,230	\$ 5,230	\$ 5,230	\$ 2,030	\$ (1,170)
Revenue						
Intergovernmental revenues	\$ 706,266	\$ 1,091,276	\$ -	\$ -	\$ -	\$ -
Use of money & property	-	-	-	-	-	-
Revenue Totals	\$ 706,266	\$ 1,091,276	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ 25,577	\$ 15,000	\$ 3,200	\$ 3,200	\$ 3,200
Supplies	-	-	-	-	-	-
Grants and Subsidies	693,515	1,065,699	-	-	-	-
Expenditure Totals	\$ 693,515	\$ 1,091,276	\$ 15,000	\$ 3,200	\$ 3,200	\$ 3,200
Fund Balance at 6/30	\$ 5,230	\$ 5,230	\$ (9,770)	\$ 2,030	\$ (1,170)	\$ (4,370)

HOUSING TRUST – COMMUNITY DEVELOPMENT

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

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

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

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

	SOURCES AND USES					
	FY 10/11	FY 11/12	FY 12/13	FY 12/13	FY 13/14	FY 14/15
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Fund 1372						
Beginning Fund Balance	\$ 367,805	\$ 343,131	\$ 176,340	\$ 176,340	\$ 184,540	\$ 155,540
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	3,122	9,648	5,000	45,000	40,000	40,000
Use of money & property	14,000	-	500	18,200	-	-
Revenue Totals	\$ 17,122	\$ 9,648	\$ 5,500	\$ 63,200	\$ 40,000	\$ 40,000
Expenditures						
Contract services	\$ 9,114	\$ 16,200	\$ 5,000	\$ 5,000	\$ 19,000	\$ 19,000
Supplies	464	341	-	-	-	-
Grants and Subsidies	32,218	159,897	-	-	-	-
Other financing uses	-	-	50,000	50,000	50,000	50,000
Expenditure Totals	\$ 41,796	\$ 176,438	\$ 55,000	\$ 55,000	\$ 69,000	\$ 69,000
Fund Balance at 6/30	\$ 343,131	\$ 176,340	\$ 126,840	\$ 184,540	\$ 155,540	\$ 126,540

BEGIN GRANT – COMMUNITY DEVELOPMENT

In February 2008, the City entered into a Standard Agreement with the California Department of Housing and Community Development (HCD) for a grant commitment from the Building Equity and Growth in Neighborhoods (BEGIN) Program in the amount of \$240,000. The exclusive purpose of the grant is to assist in the provision of First Time Homebuyer Loans for the eight Inclusionary housing units that were built as a part of the 55-unit Capitola Beach Villas condominium project on 41st Ave. Due to financial hardship ownership of the completed project has been transferred and the sale of the individual units has been delayed. \$60,000 of the \$240,000 was released to the City in 2008-09 and will be returned to HCD in 2012-13.

SOURCES AND USES

	FY 10/11	FY 11/12	FY 12/13	FY 12/13	FY 13/14	FY 14/15
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Fund 1380						
Beginning Fund Balance	\$ 60,000	\$ 59,977	\$ 60,171	\$ 60,171	\$ -	\$ -
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ (60,000)	\$ -	\$ -
Use of money & property	-	171	-	(171)	-	-
Revenue Totals	\$ -	\$ 171	\$ -	\$ (60,171)	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -
Supplies	23	(23)	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Expenditure Totals	\$ 23	\$ (23)	\$ 60,000	\$ -	\$ -	\$ -
Fund Balance at 6/30	\$ 59,977	\$ 60,171	\$ 60,171	\$ -	\$ -	\$ -

CAPITOLA HOUSING SUCCESSOR - COMMUNITY DEVELOPMENT

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

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

SOURCES AND USES

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 5552						
Beginning Fund Balance	\$ -	\$ -	\$ 1,437	\$ 1,437	\$ 71,582	\$ 57,682
Revenue						
Use of money & property	-	17,266	-	84,345	-	-
Other revenues	-	2,124	-	-	-	-
Extraordinary items	-	(697)	-	-	-	-
Revenue Totals	\$ -	\$ 18,693	\$ -	\$ 84,345	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ -	\$ 13,500	\$ 13,500	\$ 13,200	\$ 15,000
Training & Memberships	-	-	500	500	500	500
Supplies	-	-	500	200	200	200
Grants and Subsidies	-	17,256	-	-	-	-
Expenditure Totals	\$ -	\$ 17,256	\$ 14,500	\$ 14,200	\$ 13,900	\$ 15,700
Ending Fund Balance	\$ -	\$ 1,437	\$ (13,063)	\$ 71,582	\$ 57,682	\$ 41,982

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 Emergency Reserve Fund was established by the City Council to accumulate funds to meet future unanticipated needs. The City of Capitola Administrative Policy III-3, Financial Management Policy, was amended on February 28, 2013, to increase the required level of emergency reserves from 5% to 10% of operating expenditures.

Contingency Reserve (Finance Department): The Contingency Reserve Fund was established by the City Council to accumulate a prudent level of financial resources to protect the City against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements. The City of Capitola Administrative Policy III-3, Financial Management Policy, was amended on February 28, 2013, to increase the level of contingency reserves from 10% to 15% of operating expenditures.

Compensated Absences

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

Police Captain Cashable Sick Leave Refer to contract.

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

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

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

Retirement Program In FY 10/11 and FY 11/12 there were two significant retirements. In FY 12/13, the City approved an early retirement agreement which was funded through anticipated salary savings. The original full-time position was reduced to 3/4 time for the remainder of the fiscal year and was later staffed by an entry level employee. In FY 13/14 and FY 14/15, there are no anticipated retirements.

Severance Pay The City provides the following severance payout packages:

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

SOURCES AND USES

Fund - 2216	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 116,857	\$ 64,738	\$ 4,112	\$ 4,112	\$ 44,112	\$ 84,112
Revenue						
Other financing sources	\$ 120,000	\$ 110,000	\$ 94,000	\$ 153,000	\$ 130,000	\$ 130,000
Revenue Totals	\$ 120,000	\$ 110,000	\$ 94,000	\$ 153,000	\$ 130,000	\$ 130,000
Expenditures						
Personnel	\$ 172,119	\$ 170,626	\$ 74,000	\$ 74,000	\$ 90,000	\$ 90,000
Contract Services	-	-	-	39,000	-	-
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 172,119	\$ 170,626	\$ 74,000	\$ 113,000	\$ 90,000	\$ 90,000
Fund Balance at 06/30	\$ 64,738	\$ 4,112	\$ 24,112	\$ 44,112	\$ 84,112	\$ 124,112

The City's estimated noncurrent Compensated Absence Liability based on Governmental Accounting Standards Board Statement No. 16 for the fiscal year ended June 30, 2012 is \$590,625.

(Source: Capitola Comprehensive Annual Financial Reports for fiscal year ended June 30, 2012).

Emergency Reserves

The City of Capitola adopted an emergency reserve policy as part of the City's Financial Management Policies. This reserve was established to protect against significant one-time costs which may arise from major unpredictable emergency events. In FY 12/13, the City amended the Financial Management Policies to increase the funding level of Emergency Reserves from 5% to 10% of the General Fund budgeted expenditures.

The Emergency Reserve fund was nearly depleted in March of 2011 due to an underground storm drain failure that flooded Capitola Village and the surrounding area. The City was required to recognize an \$1.4 million extraordinary loss on the FY 10/11 and FY 11/12 financial statements. It is estimated that an additional \$200,000 will be needed in FY 13/14 to fund a related retaining wall project. Reimbursements were not received from CalEMA and FEMA; however in FY 12/13 a settlement was reached with the City's insurance carrier to pay \$1.35 million in damages to the City.

The March, 2011 pipe failure expenditures were paid through the City's Emergency Reserve Fund. As funding in the Emergency Reserve Fund fell short of the flood-related costs, additional funding to respond to the flood event was provided through interfund loans from the Contingency Reserve Fund and CIP. In FY 11/12, the Emergency Reserve Fund balance was over \$410,000 less than the targeted amount. In FY 12/13, funds were transferred from the internal service funds, Measure O revenue receipts, and the General Fund operating balance to assist in replenishing the reserves.

In FY 13/14 and FY 14/15, over \$150,000 has been budgeted in each year to assist in meeting the new Emergency Reserve target levels.

SOURCES AND USES

Fund - 1020	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 627,083	\$ 134,677	\$ 156,046	\$ 156,046	\$ 569,796	\$ 524,196
Other financing sources	\$ 312,256	\$ 867,500	\$ 133,250	\$ 413,750	\$ 154,400	\$ 159,800
Revenue Totals	\$ 312,256	\$ 867,500	\$ 133,250	\$ 413,750	\$ 154,400	\$ 159,800
Expenditures						
Contract services	\$ 796,173	\$ 614,762	\$ -	\$ -	\$ -	\$ -
Supplies	8,489	7,869	-	-	-	-
Other financing uses	-	223,500	-	-	200,000	-
Expenditure Totals	\$ 804,662	\$ 846,131	\$ -	\$ -	\$ 200,000	\$ -
Fund Balance at 06/30	\$ 134,677	\$ 156,046	\$ 289,296	\$ 569,796	\$ 524,196	\$ 683,996

Calculation of 5% Target:

Gen. Fund Expense - Excludes Transfers	\$11,836,271	\$ 11,322,080	\$11,785,362	\$11,849,731	\$12,021,865	\$12,181,474
Designated at 5% to 10% in FY 13/14	5%	5%	5%	10%	10%	10%
Target Balance	\$ 591,814	\$ 566,104	\$ 589,268	\$ 1,184,973	\$ 1,202,187	\$ 1,218,147
Over of Short of Target	\$ (457,136)	\$ (410,058)	\$ (299,972)	\$ (615,177)	\$ (677,990)	\$ (534,151)

Contingency Reserves

The City of Capitola adopted a Contingency Reserve policy as part of the City's Financial Management Policies. This reserve was established to provide a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements. In FY 12/13, the City amended the Financial Management Policies to increase the contingency appropriation for Contingency Reserves from 10% to 15% of the General Fund budgeted expenditures.

Due to the expenses associated with the March 2011 pipe failure, a loan was made from the Contingency Reserves to the Emergency Reserves. As a result, Contingency Reserves were \$727,000 below their Financial Management Policy funding requirement in FY 11/12. In FY 12/13, funds were transferred from the internal service funds, Measure O revenue receipts, and the General Fund operating balance to assist in replenishing the reserves.

In FY 13/14 and FY 14/15, over \$308,000 has been budgeted in each year to assist in meeting the new Contingency Reserve target levels.

SOURCES AND USES

Fund - 1010	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 1,247,152	\$ 934,896	\$ 404,896	\$ 404,896	\$ 1,222,646	\$ 1,531,346
Revenue						
Other financing sources	\$ -	\$ -	\$ 316,750	\$ 817,750	\$ 308,700	\$ 319,500
Revenue Totals	\$ -	\$ -	\$ 316,750	\$ 817,750	\$ 308,700	\$ 319,500
Expenditures						
Other financing uses	\$ 312,256	\$ 530,000	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 312,256	\$ 530,000	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 934,896	\$ 404,896	\$ 721,646	\$ 1,222,646	\$ 1,531,346	\$ 1,850,846

Calculation of 5% Target:

Gen. Fund Expense - Excludes Transfers	\$11,836,271	\$11,322,080	\$11,785,362	\$11,849,731	\$12,021,865	\$12,181,474
Designated at 10% to 15% in FY 13/14	10%	10%	10%	15%	15%	15%
Target Balance	\$ 1,183,627	\$ 1,132,208	\$ 1,178,536	\$ 1,777,460	\$ 1,803,280	\$ 1,827,221
Over of Short of Target	\$ (248,731)	\$ (727,312)	\$ (456,890)	\$ (554,814)	\$ (271,934)	\$ 23,625

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MULTI-YEAR ASSETS & OBLIGATIONS



MULTI-YEAR ASSETS & OBLIGATIONS

City & Joint Powers Authority (JPA) Multi-Year Obligations: The City of Capitola has various multi-year obligations, with debt service 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.

2007 Pension Obligation Bonds: The City of Capitola issued \$5,040,000 in pension obligation bonds (POB) dated June 30, 2007 to finance the public employee retirement system (PERS) unfunded liability.

Pacific Cove Lease Financing – 2012: In March 2011, a pipe failure flooded the City-owned Pacific Cove Mobile Home Park. The City of Capitola entered into a \$2,390,000 lease/sublease agreement to finance the relocation of mobile home residents and close the park.

Pacific Cove Park Lease Financing – 2014: The City of Capitola initiated a \$1,372,500 California Infrastructure and Economic Development Bank (I-Bank) loan to fund the development of a temporary parking lot and related improvements at the site of the former Pacific Cove Mobile Home Park.

OPEB Trust Fund – 2014: The City of Capitola has an actuarially accrued liability of \$1,006,369 for Other Post Employment Benefits (OPEB). The City plans to begin partially prefunding the actuarially accrued liability in FY 13/14. The balance presented reflects the deposits made into the OPEB Trust Fund, net of administrative expenses and/or interest earnings.

CITY & JOINT POWERS AUTHORITY MULTI-YEAR OBLIGATION LISTING

The City of Capitola has various multi-year obligations that are paid from various funding sources and in various forms (i.e. payroll, JPA premiums, etc.). All required current payments are included within the respective fund budgets. As of June 30, 2012, the City's multi-year obligations are summarized as follows:

City Multi-Year Obligations	Balance 6/30/12	Form	Years	Other Terms
Current employee compensated absences	\$ 590,625	accrued	on-going	On-going. No interest due. (Refer to Compensated Absence Fund)
Other Post Employment Benefits (OPEB) - Capitola Retiree Healthcare Plan (CRHP)	\$ 1,006,369	Financial Statement Footnote	on-going	The City of Capitola's OPEB unfunded actuarial accrued liability was determined to be \$1 million under the pay-as-you-go funding option. The City continues to contribute the PEMHCA minimum required monthly payment of \$115 per retiree on PERS Health for 2013.
Pension Obligation Bond	\$ 3,375,000	PERS payments	10	Original 18 yr term at 7.75% with CalPERS, Budget reflects the current status of year 6 of the 10 year pension obligation bond (POB) (Refer to Debt Service - POB).
Pacific Cove Lease Financing	\$ 2,390,000	Lease/Sublease Agmt	20	20 year term, fixed rate through 10 years, then resets to 10 Yr. T-Bill + 1.5%.
Pacific Cove Park Lease Financing	\$ -	Tax Exempt Lease	20	20 year term, fixed 2.26% interest until completion of project. \$1,372,500 IBank loan, begins FY 13/14.
Total City Multi-Year Obligation	\$ 7,361,994			

JPA Bonds	Original Principal	Form	Other Terms
Monterey Bay Area Self-Insurance Authority (MBASIA) JPA Bond	\$ 5,150,000	JPA membership and paid via premiums	On Oct. 1, 2004, MBASIA issued debt in the amount of \$5.150,000. Each year the debt service is included in the MBASIA budget and used to determine each member agency's premium. While the MBASIA debt is amortized over 30 years, the first fixed term is for five years. At the end of this initial five year term MBASIA has the option to a 30 day variable payment, indexed to 60 basis points above LIBOR or negotiate another fixed term for a yet to be determined interest rate.
Santa Cruz Consolidated Emergency Communications Center (SCCECC) JPA Bond	\$ 3,965,000	JPA membership and paid via premiums	In 2002, SCCECC issued lease revenue refunding bonds in the amount of \$5,760,000. This was refinanced in April, 2012 for \$3,965,000. Each member agency entered into a Use Agreement which obligates the member agencies to pay use payments each year as rental for the use and occupancy of the related facilities. These payments are included in the City's contracts services budget to SCCECC. The Use Agreement between Capitola and SCCECC is effective through 2024.

DEBT SERVICE 2007 PENSION OBLIGATION BOND

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

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

SOURCES AND USES

Fund - 1410	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ 468,186	\$ 252,932	\$ 480,427	\$ 480,427	\$ 479,427	\$ 478,427
Revenue						
Other Financing Sources	\$ 464,498	\$ 900,500	\$ 673,300	\$ 673,800	\$ 673,800	\$ 671,400
Revenue Totals	\$ 464,498	\$ 900,500	\$ 673,300	\$ 673,800	\$ 673,800	\$ 671,400
Expenditures						
Contract Services	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Debt Service	678,252	671,505	673,300	673,300	673,300	671,400
Expenditure Totals	\$ 679,752	\$ 673,005	\$ 674,800	\$ 674,800	\$ 674,800	\$ 672,900
Fund Balance at 06/30	\$ 252,932	\$ 480,427	\$ 478,927	\$ 479,427	\$ 478,427	\$ 476,927

2007 Pension Obligation Bond
Semi-Annual Debt Service

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

DEBT SERVICE PACIFIC COVE LEASE FINANCING

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

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

At the time the loan was issued, there was some uncertainty as to whether the property would be developed for public or private use. This resulted in the City entering into a 20-year taxable lease/sublease agreement at an interest rate of 5.14%. In FY 12/13, the City determined that the site would be converted to a public parking lot. This public use allowed the City to refinance the existing debt at a 3.25% tax-exempt interest rate with a Treasury Bill reset + 1.5% in year 10. As a result of the refinancing, annual loan payments will be reduced by approximately \$28,000. It is also estimated that the City will also save \$350,000 in interest during the first nine years of the loan.

SOURCES AND USES

Fund - 1420	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ -	\$ -	\$ 1,432,601	\$ 1,432,601	\$ 298,771	\$ 1
Revenue						
Other Financing Sources	-	2,392,976	181,211	701,114	149,482	165,066
Revenue Totals	\$ -	\$ 2,392,976	\$ 181,211	\$ 701,114	\$ 149,482	\$ 165,066
Expenditures						
Contract Services	\$ -	\$ 916,981	\$ 285,160	\$ 1,133,830	\$ 298,770	\$ -
Debt Service	-	43,394	181,211	701,114	149,482	165,066
Expenditure Totals	\$ -	\$ 960,375	\$ 466,371	\$ 1,834,944	\$ 448,252	\$ 165,066
Fund Balance at 06/30	\$ -	\$ 1,432,601	\$ 1,147,441	\$ 298,771	\$ 1	\$ 1

The expenditures related to the Pacific Cove Leasing Financing are listed in the table below:

	FY11/12 Actual	FY12/13 Estimated	FY13/14 Adopted	Totals
Pac Cove Lease Expenditures				
Relocation Services	\$ 133,144	\$ 103,930	\$ -	\$ 237,074
Coach Purchase Costs	168,115	599,300	298,770	1,066,185
Purchase Price Differential	582,969	425,000	-	1,007,969
Claims	18,225	5,600	-	23,825
Professional Services	14,528	-	-	14,528
	\$ 916,981	\$ 1,133,830	\$ 298,770	\$ 2,349,581

Semi-Annual Pacific Cove Debt Financing Service Schedule ^(a)

Payment Dates	Principal	Interest	Total	Fiscal Year
9/1/2012	30,815	53,893	84,708	
3/1/2013	35,848	60,632	96,480	
5/1/2013		19,903	19,903	201,091
9/1/2013	41,780	25,169	66,949	
3/1/2014	45,458	37,075	82,533	149,482
9/1/2014	46,196	36,337	82,533	
3/1/2015	46,947	35,586	82,533	165,066
9/1/2015	47,710	34,823	82,533	
3/1/2016	48,485	34,048	82,533	165,066
9/1/2016	49,273	33,260	82,533	
3/1/2017	50,074	32,459	82,533	165,066
9/1/2017	50,887	31,645	82,533	
3/1/2018	51,714	30,819	82,533	165,066
9/1/2018	52,555	29,978	82,533	
3/1/2019	53,409	29,124	82,533	165,066
9/1/2019	54,277	28,256	82,533	
3/1/2020	55,159	27,374	82,533	165,066
9/1/2020	56,055	26,478	82,533	
3/1/2021	56,966	25,567	82,533	165,066
9/1/2021	57,891	24,641	82,533	
20 Year Total	\$ 2,390,000	\$ 931,757	\$ 3,321,757	\$ 3,321,757

(a) Scheduled payments run through March 1, 2032. A ten-year amortization schedule is provided for reference.

DEBT SERVICE PACIFIC COVE PARK LEASE FINANCING

In April 2013, the City of Capitola applied for financing from the California Infrastructure and Economic Development Bank (I-Bank) to fund the development of a parking lot at the previous Pacific Cove Mobile Home Park site. This funding will be used to develop a 226 space public parking lot, which includes grading, pay stations, shuttle bus stops, public restrooms, landscaping, and pedestrian walkways. In addition, this project will also include pay stations for the upper parking lot. The I-Bank application was approved as a tax exempt lease in June 2013 for \$1,372,500 at a 2.26% interest rate. The loan is structured to reimburse the City for pre-approved project costs.

This project is planned to improve access to Capitola Village, Capitola Beach, and the wharf area, while increasing vehicle parking during peak seasonal periods. The additional parking spaces are also anticipated to facilitate the development of a hotel. To finance the construction, the City will transfer \$88,000 from the General Fund to the Pacific Cove Park Fund on an annual basis, with an estimated \$40,000 in annual revenues generated from the Pacific Cove Park lot. These revenues are anticipated to be less in the first year due to the timing of construction.

SOURCES AND USES

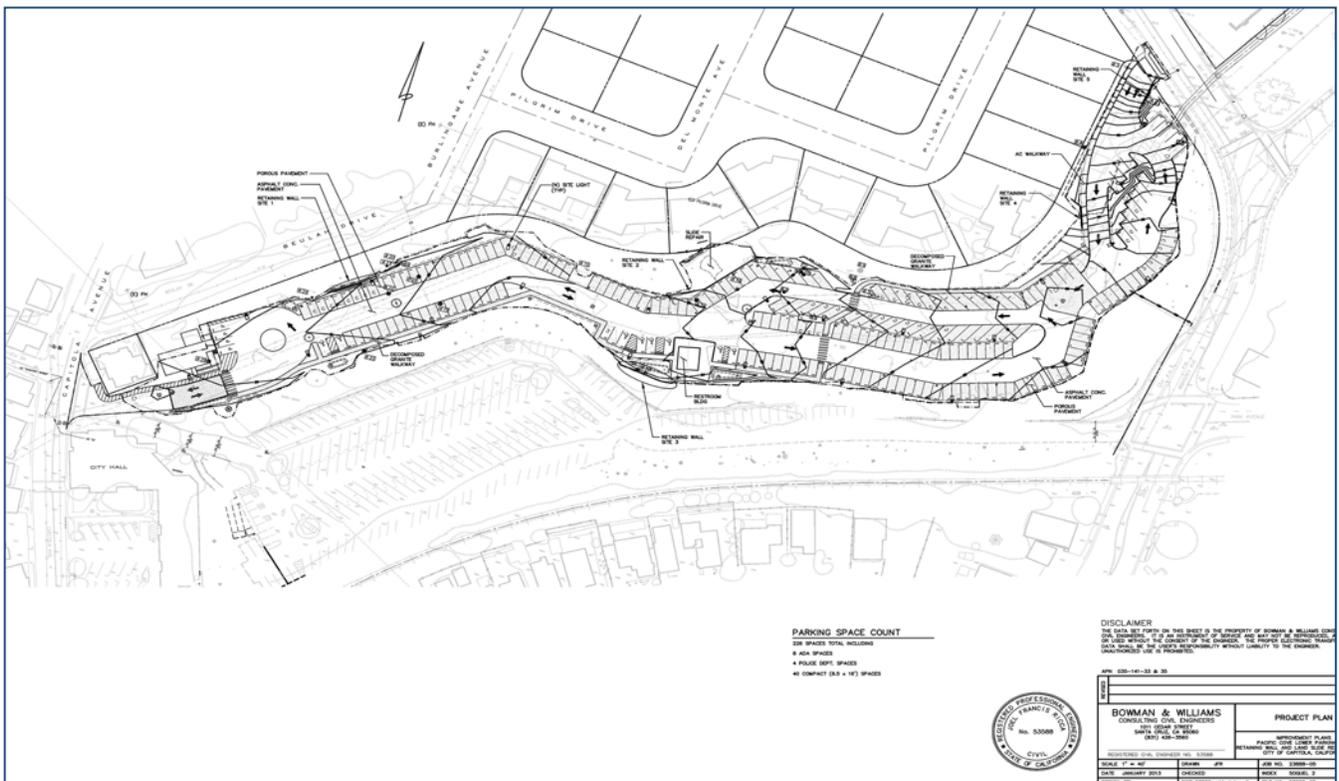
Fund - 1421	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue						
Other Financing Sources	-	-	-	-	1,460,500	88,000
Revenue Totals	\$ -	\$ -	\$ -	\$ -	\$ 1,460,500	\$ 88,000
Expenditures						
Contract Services	\$ -	\$ -	\$ -	\$ -	1,372,500	-
Debt Service	-	-	-	-	88,000	88,000
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ 1,460,500	\$ 88,000
Fund Balance at 06/30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Semi-Annual Pacific Cove Park Lease Financing Service Schedule ^(b)

Payment Dates	Principal	Interest	Total	Fiscal Year
2/1/2014		15,509	15,509	
8/1/2014	55,040	15,509	70,549	86,058
2/1/2015		14,887	14,887	
8/1/2015	56,284	14,887	71,171	86,058
2/1/2016		14,251	14,251	
8/1/2016	57,556	14,251	71,807	86,058
2/1/2017		13,601	13,601	
8/1/2017	58,857	13,601	72,457	86,058
2/1/2018		12,936	12,936	
8/1/2018	60,187	12,936	73,123	86,058
2/1/2019		12,256	12,256	
8/1/2019	61,547	12,256	73,803	86,058
2/1/2020		11,560	11,560	
8/1/2020	62,938	11,560	74,498	86,058
2/1/2021		10,849	10,849	
8/1/2021	64,360	10,849	75,209	86,058
2/1/2022		10,122	10,122	
8/1/2022	65,815	10,122	75,937	86,058
2/1/2023		9,378	9,378	
8/1/2023	67,302	9,378	76,680	86,058

20 Year Total	\$ 1,372,500	\$ 348,667	\$ 1,721,167	\$ 1,721,167
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(b) Scheduled payments run through August 1, 2033. A ten-year amortization schedule is provided for reference.



DEBT SERVICE OPEB TRUST FUND

The City's defined benefit postemployment healthcare plan provides medical benefits to eligible retired City employees and spouses. The City has historically contributed the Minimum Employer Contribution required under the Public Employees' Medical and Hospital Care Act (PEMHCA) on a pay-as-you go basis. On January 1, 2013, the monthly payment for each eligible retired employee was \$115, with an anticipated increase of \$4 in January 2014.

In accordance with GASB 45, the City has accrued an OPEB liability based on an actuarial determined amount. As of June 30, 2012, the actuarially accrued liability is \$1,006,369 with a net OPEB obligation of \$291,131.

In FY13/14, the City has budgeted \$30,000 to begin prefunding the actuarially accrued liability through a designated OPEB Trust Fund. Prefunding will allow the City to substantially reduce its unfunded actuarially accrued liability and increase its return on investment. The actuarially calculated discount rate for investments using a prefunded versus a pay-as-you-go basis is 7.5% and 4.5% respectively.

In determining which trust fund to utilize, the City will consider the option that minimizes risk, produces the best investment return, and provides the best value on trust administrative fees. The following table references the estimated value of the OPEB Trust fund contributions, net of administrative costs and interest earnings.

SOURCES AND USES

Fund - 1430	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Revenue						
Other Financing Sources	-	-	-	-	30,000	30,000
Revenue Totals	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000
Expenditures						
Contract Services	\$ -	\$ -	\$ -	\$ -	\$ -	-
Debt Service	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	-
Fund Balance at 06/30	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 60,000

CAPITAL IMPROVEMENT PROGRAM



CAPITAL IMPROVEMENT FUND

Capitola's Capital Improvement Fund is the data collection point for the City's Capital Improvement Program. It is designed to track the planning, design, and construction costs of the City's improvement projects. The CIP program is broken into five categories including facilities, parks, streets, creek enhancement, and neighborhood traffic projects. The project lists are developed through a collaborative effort involving city staff, the City Council and the community.

The City's facilities include City Hall and Police Station complex, the Corporation Yard, the Jade Street Park Community Center, the Community Gymnasium at New Brighton Middle School, Upper and Lower Pacific Cove Park Parking Lots, the Capitola Municipal Wharf, and library building. Parks include Monterey Park, Peery Park, Cortez Park, Esplanade Park, Nobel Gulch Park, Soquel Creek Park, Library Tot-lot, Hihn Park, and multiple City medians, streetscapes, and public art displays.

The Street system includes 9.3 miles of arterial roads, 3.4 miles of collector roads, and 13.5 miles of local roads. The City utilizes a Pavement Management Program to track pavement conditions and plan maintenance efforts on 112 individual roads.

Keeping up City infrastructure requires long range planning and prioritizing to plan for needed improvements, identify funding needs, and allocate available funding.

The following materials are provided for reference:

- FY 13/14 Project List
- Project Descriptions
- Pavement Management Program Information

SOURCES AND USES

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Adopted	FY 12/13 Estimated	FY 13/14 Adopted	FY 14/15 Planned
Fund 1200						
Beginning Fund Balance	\$ 418,536	\$ 1,053,861	\$ 552,996	\$ 552,996	\$ 442,577	\$ 278,477
Revenue						
Intergovernmental revenues	\$ 421,219	\$ -	\$ -	\$ 538,000	\$ 300,000	\$ 300,000
Other financing sources	868,000	50,000	22,500	587,100	890,900	508,000
Revenue Totals	\$1,289,219	\$ 50,000	\$ 22,500	\$1,125,100	\$1,190,900	\$ 808,000
Expenditures						
Contract services	\$ 653,894	\$ 525,865	\$ 22,500	\$1,235,519	\$1,355,000	\$ 552,000
Other financing uses	-	25,000	-	-	-	-
Expenditure Totals	\$ 653,894	\$ 550,865	\$ 22,500	\$1,235,519	\$1,355,000	\$ 552,000
Fund Balance at 6/30	\$1,053,861	\$ 552,996	\$ 552,996	\$ 442,577	\$ 278,477	\$ 534,477

Capital Improvement Program

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

Description:

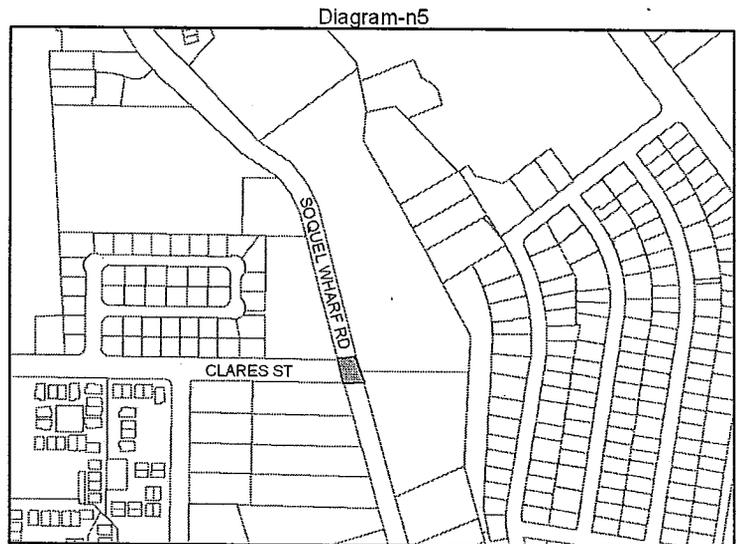
Construct traffic calming along Clares Street from 41st Avenue to Wharf Road. Original project concept was a condition placed on the Rispin Mansion project. Project to include use of chicanes, narrowed lanes, and center island medians. A preliminary plan was prepared by Harris & Associates and approved by the City on December 9, 2004.

General Plan Consistency:

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

Maintenance Impact:

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



Fiscal Estimate:

Fiscal Year	2013-14	2014-15	2015-16	2016-17	2017-18	Unprogrammed	Total
Project Construction	390,000	-	-	-	-	-	390,000
Planning & Permitting	-	-	-	-	-	-	-
Design	6% 23,400	-	-	-	-	-	23,400
Right of Way	-	-	-	-	-	-	-
Construction Management	-	-	-	-	-	-	-
Contingency	4% 16,600	-	-	-	-	-	16,600
Project Totals	430,000	-	-	-	-	-	430,000
Funding Sources							
RTC	120,000	-	-	-	-	-	120,000
TDA Funds	-	-	-	-	-	-	-
General Fund	310,000	-	-	-	-	-	310,000
Funding Totals	\$ 430,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,000

Funding Shortfall:

\$ -

Capital Improvement Program

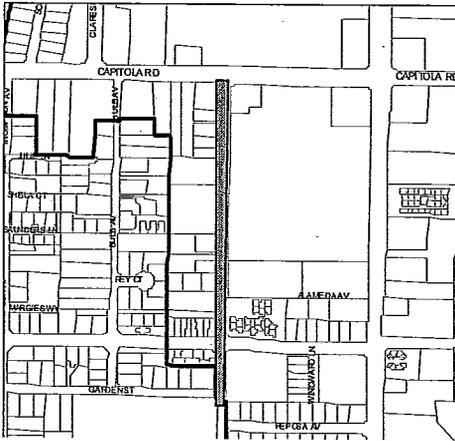
Project	Category	Location
38 th Avenue Overlay	Street	38 th Avenue from southern City limit to Capitola Road

Description:

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

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

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



Fiscal Estimate:

Fiscal Year		2013-14	2014-15	2015-16	2016-17	2017-18	Unprogrammed	Total
Project Construction		362,500	-	-	-	-	-	362,500
Planning & Permitting	10%	36,300	-	-	-	-	-	36,300
Design	25%	53,000	-	-	-	-	-	53,000
Right of Way	7%	65,000	-	-	-	-	-	65,000
Construction Management	0%	-	-	-	-	-	-	-
Contingency	20%	72,500	-	-	-	-	-	72,500
Project Totals		589,300	-	-	-	-	-	590,000
Funding Sources								
RSTPX		438,000	-	-	-	-	-	438,000
General Fund		152,000	-	-	-	-	-	152,000
Funding Totals		\$ 590,000	\$ -	\$ 590,000				

Funding Shortfall:
\$

Capital Improvement Program

Project	Category	Location
Utility Undergrounding	Streets	To Be Determined

Description:

Utilizing PG&E Rule 20A funding, convert existing electric and other utility lines from traditional overhead service to underground facilities. As of February, 2013 the City has allocation credits of \$1,816,536. The uses of these funds have various rules and restrictions. In 1999 the City adopted a resolution establishing an undergrounding district along the Bay Avenue corridor. The estimated cost of the project is currently \$2,500,000 and PG&E will not begin work on the project until it is fully funded. City staff is working with PG&E to redefine the boundaries of the district to reduce the costs.

General Plan Consistency:

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

Maintenance Impact:

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

Fiscal Estimate:

Fiscal Year	2013-14	2014-15	2015-16	2016-17	2017-18	Unprogrammed	Total
Project Construction	-	-	200,000	-	-	-	200,000
Planning & Permitting	10%	-	20,000	-	-	-	20,000
Design	-	-	-	-	-	-	-
Right of Way	20%	-	40,000	-	-	-	40,000
Construction Management	-	-	-	-	-	-	-
Contingency	20%	-	40,000	-	-	-	40,000
Project Totals	-	-	300,000	-	-	-	300,000
Funding Sources							
PG&E	133,000	-	-	-	-	-	133,000
	\$	\$	\$	\$	\$	\$	\$
Funding Totals	133,000	-	-	-	-	-	133,000

Funding Shortfall:

\$ 167,000

Capital Improvement Program

Project	Category	Location
Lower Pacific Cove Parking Lot Construction	Streets	Lower Pacific Cove Property

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

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

Fiscal Estimate:

<u>Fiscal Year</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Unprogrammed</u>	<u>Total</u>
<u>Project Construction</u>	1,100,000	-	-	-	-	-	1,100,000
<u>Planning & Permitting</u>	1% 11,000	-	-	-	-	-	11,000
<u>Design</u>	10% 110,000	-	-	-	-	-	110,000
<u>Right of Way</u>	0% -	-	-	-	-	-	-
<u>Construction Management</u>	0% -	-	-	-	-	-	-
<u>Contingency</u>	7% 79,000	-	-	-	-	-	79,000
<u>Project Totals</u>	1,300,000	-	-	-	-	-	1,300,000
 <u>Funding Sources</u>							
<u>CIP Loan</u>	1,300,000						1,300,000
							-
							-
<u>Funding Totals</u>	\$ 1,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000

Funding Shortfall:

\$ -

Capital Improvement Program

Project	Category	Location
Bay Avenue Streetscape & Paving	Streets	From Oak Drive to Monterey Avenue

Description: Repave portion of Bay Avenue between Oak Drive and Capitola Avenue. Add two landscaped drainage catchment areas next to sidewalk on south side of Bay Avenue between Capitola Avenue and Monterey Avenue.

Project is approximately 50% funded.

Maintenance Impact:

Increase in landscape maintenance.

Fiscal Estimate:

<u>Fiscal Year</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Unprogrammed</u>	<u>Total</u>
<u>Project Construction</u>	60,000	-	-	-	-	-	60,000
<u>Planning & Permitting</u>	1% 600	-	-	-	-	-	600
<u>Design</u>	10% 6,000	-	-	-	-	-	6,000
<u>Right of Way</u>	0% -	-	-	-	-	-	-
<u>Construction Management</u>	0% -	-	-	-	-	-	-
<u>Contingency</u>	10% 6,000	-	-	-	-	-	6,000
<u>Project Totals</u>	72,600	-	-	-	-	-	73,000
 <u>Funding Sources</u>							
<u>General Fund</u>	34,000	-	-	-	-	-	34,000
	-	-	-	-	-	-	-
<u>Funding Totals</u>	\$ 34,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,000

Funding Shortfall:

\$ 39,000

Capital Improvement Program

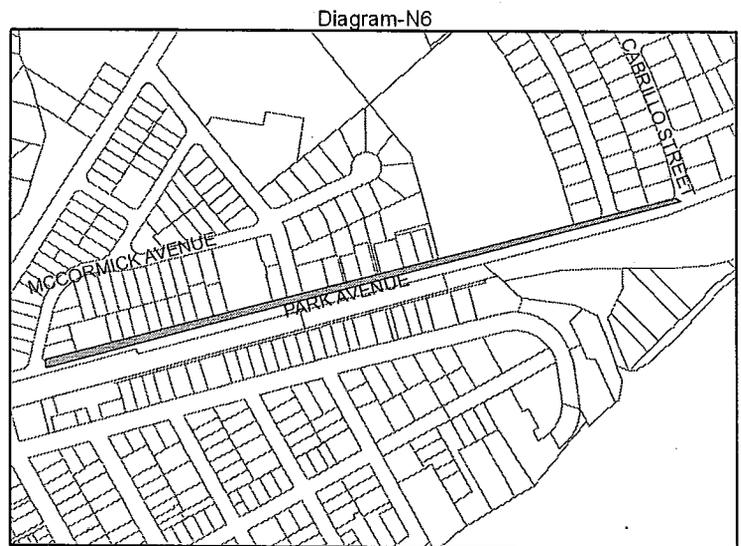
Project	Category	Location
Sidewalk construction	NTAC	Park Avenue

Description:

Construct curb, gutter, and sidewalk along the north side of Park Avenue from McCormick Avenue to Cabrillo Avenue, including crosswalks at Washburn Avenue and Cabrillo Avenue.

Maintenance Impact:

None



Fiscal Estimate:

<u>Fiscal Year</u>		<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Unprogrammed</u>	<u>Total</u>
Project Construction		283,900	-	-	-	-	-	283,900
Planning & Permitting	5%	14,200	-	-	-	-	-	14,200
Design	22%	62,500	-	-	-	-	-	62,500
Right of Way	4%	11,400	-	-	-	-	-	11,400
Construction Management	10%	28,400	-	-	-	-	-	28,400
Contingency	10%	49,600	-	-	-	-	-	49,600
Project Totals		450,000	-	-	-	-	-	450,000
<u>Funding Sources</u>								
RTC Grant		200,000						200,000
TDA Funds		100,000						100,000
General Fund		150,000						150,000
Funding Totals		\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,000

Funding Shortfall:

\$ -

Capital Improvement Program

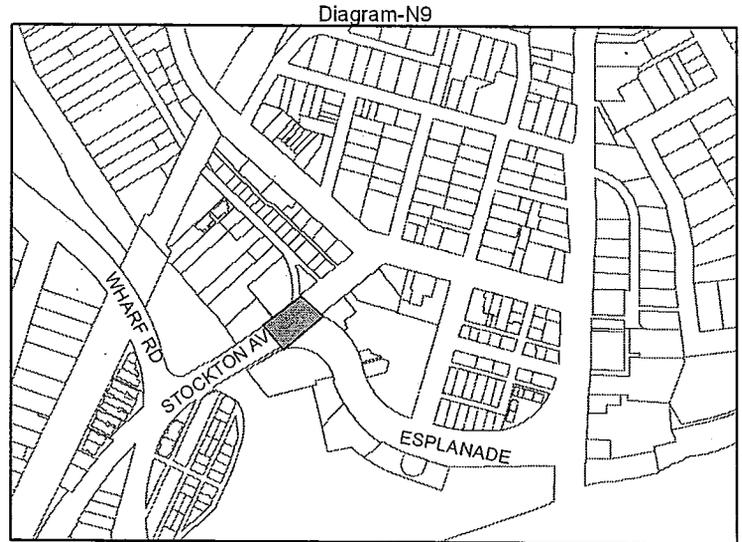
Project	Category	Location
Stockton Avenue and Esplanade Pedestrian Improvements	NTAC	Intersection of Stockton Ave and Esplanade

Description:

Construction of raised crosswalks or some other form of pedestrian safety devices at the Stockton Avenue/Esplanade intersection.

General Plan Consistency:

Chapter 9, Circulation, Policies 35 & 37 directs the development of safe pedestrian pathways.



Maintenance Impact:

None

Fiscal Estimate:

Fiscal Year	2013-14	2014-15	2015-16	2016-17	2017-18	Unprogrammed	Total
Project Construction	100,000	-	-	-	-	-	100,000
Planning & Permitting	5%	5,000	-	-	-	-	5,000
Design	10%	10,000	-	-	-	-	10,000
Right of Way	0%	-	-	-	-	-	-
Construction Management	15%	15,000	-	-	-	-	15,000
Contingency	20%	20,000	-	-	-	-	20,000
Project Totals	150,000	-	-	-	-	-	150,000
Funding Sources							
General Fund	150,000	-	-	-	-	-	150,000
	-	-	-	-	-	-	-
Funding Totals	150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000

Funding Shortfall:
\$ -

Capital Improvement Program

Project	Category	Location
Hill Street pedestrian improvements	Streets	South side of Hill Street between Capitola Avenue and Rosedale Avenue

Description:

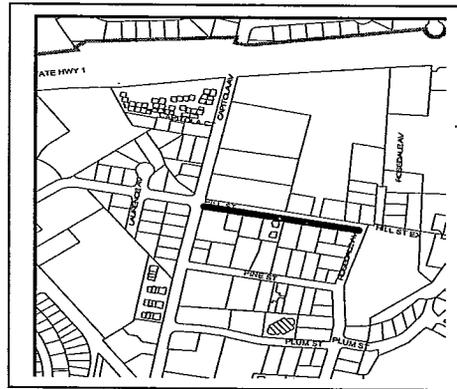
Hill Street between Capitola Ave and Rosedale Ave is narrow with parking on both sides of the street and no sidewalk or bike lanes. Pedestrians and cyclists are forced to compete with cars while in this area. This project would remove all parking along the southern side of Hill Street and construct either a Class II bike lane or a standard sidewalk.

General Plan Consistency:

Chapter 9, Circulation, Policies 35& 37 directs the development of safe pedestrian pathways

Maintenance Impact:

None



Fiscal Estimate:

Fiscal Year	2013-14	2014-15	2015-16	2016-17	2017-18	Unprogrammed	Total
Project Construction	46,100	-	-	-	-	-	46,100
Planning & Permitting	5% 2,300	-	-	-	-	-	2,300
Design	15% 6,900	-	-	-	-	-	6,900
Right of Way	5% 2,300	-	-	-	-	-	2,300
Construction Management	5% 2,300	-	-	-	-	-	2,300
Contingency	20% 9,200	-	-	-	-	-	9,200
Project Totals	69,100	-	-	-	-	-	70,000
Funding Sources							
General Fund	70,000	-	-	-	-	-	70,000
Funding Totals							
	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000

Funding Shortfall:

\$ -

Capital Improvement Program

Project	Category	Location
McGregor Park Multi-Use Infrastructure Development	Parks	City owner McGregor Property

Description: Construct the infrastructure for the development of a multi-use park facility on the McGregor property. The project is to potentially include area for a skatepark, dog park, bike park, parking lot, and restrooms. Other uses may be considered as the project progresses.

Maintenance Impact:
 Additional park maintenance and policing at estimated cost of \$25,000 per year.

Fiscal Estimate:

<u>Fiscal Year</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Unprogrammed</u>	<u>Total</u>
<u>Project Construction</u>	165,000	-	-	-	-	-	165,000
<u>Planning & Permitting</u>	1% 1,700	-	-	-	-	-	1,700
<u>Design</u>	8% 13,200	-	-	-	-	-	13,200
<u>Right of Way</u>	0%	-	-	-	-	-	-
<u>Construction Management</u>	0%	-	-	-	-	-	-
<u>Contingency</u>	20% 33,000	-	-	-	-	-	33,000
<u>Project Totals</u>	212,900	-	-	-	-	-	212,900
 <u>Funding Sources</u>							
<u>General Fund</u>	130,000						130,000
							-
							-
<u>Funding Totals</u>	\$ 130,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,000

Funding Shortfall:
\$ 82,900

PAVEMENT MANAGEMENT PROGRAM

The City conducted a pavement condition survey in September 2010; however a new study should be available in FY 13/14. The September 2010 information is provided for reference.

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

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

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

Classification	2010 PCI
Arterials	69
Collectors	62
Residential	68
Total System	68

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

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

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

Condition	Miles of street
Excellent	1.1
Very Good	13.3
Good	7.2
Poor	4.3
Very Poor	0.4

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

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

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

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

SUCCESSOR AGENCY



SUCCESSOR AGENCY

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

RDA Operations were converted to the “City of Capitola, as Successor Agency to the former Capitola Redevelopment Agency.” The Successor Agency is overseen by an Oversight Board composed of seven members. They are representatives of the County Board of Supervisors, the School District, the Community College District, Central Fire Protection District, the Capitola community, the mayor of the City of Capitola, the employees of the former RDA. The objective of the Oversight Board is to wind down the affairs of the Successor Agency. These plans and actions must be certified by the County Auditor-Controller and approved by the California Department of Finance and State Controller’s Office. Closeout of the financials for the Redevelopment Agency required detailed audits by the City /RDA financial auditors, the Santa Cruz County Auditor-Controller, as well as the Department of Finance.

Below is the Recognized Obligation Payment Schedule 13-14 (ROPS 13-14A) for the Successor Agency commitments. All obligations were originally certified by the Santa Cruz County Auditor-Controller and approved by the Department of Finance. Future payments made to the Successor Agency from property tax proceeds, Redevelopment Property Tax Trust Fund (RPTTF) payments, will be used to pay these officially approved and recognized obligations. The RPTTF is isolated and accounted for in a separate fund as required by law.

The Capitola Redevelopment Agency cash balance at its close was \$2.1 million, which was transferred to the Successor Agency for use to pay Capitola’s approved obligations as carried out by the Successor Agency and its Oversight Board.

FISCAL YEAR 2013 ACCOMPLISHMENTS

- Received Department of Finance Final Determinations on two required Due Diligence Audits
- Completed Santa Cruz County Auditor-Controller AUP Audit
- Received approval of ROPS III and 13-14A from the Capitola Oversight Board
- Developed a conceptual cash management plan to wind down the affairs of the former RDA

FISCAL YEAR 2014 AND FISCAL YEAR 2015 GOALS

Goal	Corresponding Principle
Receive Department of Finance approval of all ROPS	Fiscal Policy
Receive a Finding of Completion from the Department of Finance	Fiscal Policy
Determine the feasibility of reinstating any City/RDA loans	Fiscal Policy
Continue to provide support to low and moderate income residents of Capitola	Public Service

SUCCESSOR AGENCY

BUDGET SUMMARY

Successor Agency	FY10/11 Actual	FY11/12 Actual	FY12/13 Adopted	FY12/13 Estimated	FY 13/14 Adopted	FY14/15 Planned
Fund 5501						
Beginning Fund Balance	\$ -	\$ 2,411,623	\$ 1,830,815	\$ 1,830,815	\$ 3,329	\$ -
Revenue						
Taxes	-	1,234,757	1,092,024	534,065	-	-
Use of Money & Property		1,391				
Intergovernmental revenues	-		-		1,172,024	1,184,140
Other financing sources	-		-	152,520	-	-
Extraordinary items	-	-	-	47,895	-	-
Revenue Totals	\$ -	\$ 1,236,148	\$ 1,092,024	\$ 734,480	\$ 1,172,024	\$ 1,184,140
Expenditures						
Personnel	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -
Contract services	-	361,738	250,000	250,000	250,000	250,000
Grants and Subsidies	-		202,024	202,024	202,024	202,024
Debt service	-	445,550	1,840,000	1,972,511	720,000	732,116
Pass through	-	507,893	-		-	-
Other Financing Uses	-	500,275	-	137,431	3,329	-
Expenditure Totals	\$ -	\$ 1,816,956	\$ 2,292,024	\$ 2,561,966	\$ 1,175,353	\$ 1,184,140
Fund Balance at 6/30	\$ -	\$ 1,830,815	\$ 630,815	\$ 3,329	\$ -	\$ -

FY 13/14 and FY 14/15 reflect the currently DOF approved ROPS and Oversight Board approved cashflow projections.

**CAPITOLA SUCCESSOR AGENCY
APPROVED ROPS AND CASHFLOW PROJECTIONS (a)
09/20/13**

	Project Name / Debt Obligation	Total Outstanding at 06/30/2012	FY 2012-13 (ROPS II & III)	FY 2013-14 (ROPS 13-14A & B)	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Total FY 2012-13 through 2020-21
1)	Tax Allocation Note	\$ 1,021,243	\$ 1,021,243	RETIRED 9/7/2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,021,243
2)	Rispin Purchase Loan	DENIED BY DOF										
3)	Loan and Repayment Agreement	DENIED BY DOF										
4)	76-126 Capitola Library Trust	\$ 2,131,493	\$ 951,268	\$ 720,000	\$ 287,116	\$ 173,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,131,493
5)	Capitola Branch Library	REMOVED BY SA										
6)	Library District Section 3	RETIRED 6/30/12										
7)	Special District Section 4	RETIRED 6/30/12										
8)	Housing Rental Subsidy Program	\$ 918,216	\$ 102,024	\$ 102,024	\$ 102,024	\$ 102,024	\$ 102,024	\$ 102,024	\$ 102,024	\$ 102,024	\$ 102,024	\$ 918,216
9)	Castle MHP/Millennium Housing	\$ 900,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 900,000
10)	Reimbursement per ABX1 26 Section 34171 (b)	n/a	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ 1,500,000
11)	Mall Economic Dev Project	\$ 1,030,000	\$ -	\$ -	\$ 445,000	\$ 400,000	\$ 185,000	\$ -	\$ -	\$ -	\$ -	\$ 1,030,000
Total		\$ 6,000,952	\$ 2,424,535	\$ 1,172,024	\$ 1,184,140	\$ 1,025,133	\$ 637,024	\$ 452,024	\$ 202,024	\$ 202,024	\$ 202,024	\$ 7,500,952

(a) ROPS I, II, III, and 13-14A have been approved by the Successor Agency Oversight Board and the Department of Finance and obligations have been paid. ROPS 13-14B is due October 1, 2013. Projections beyond ROPS 13-14A have been reviewed and approved in concept by the Oversight Board.

SUPPLEMENTARY INFORMATION



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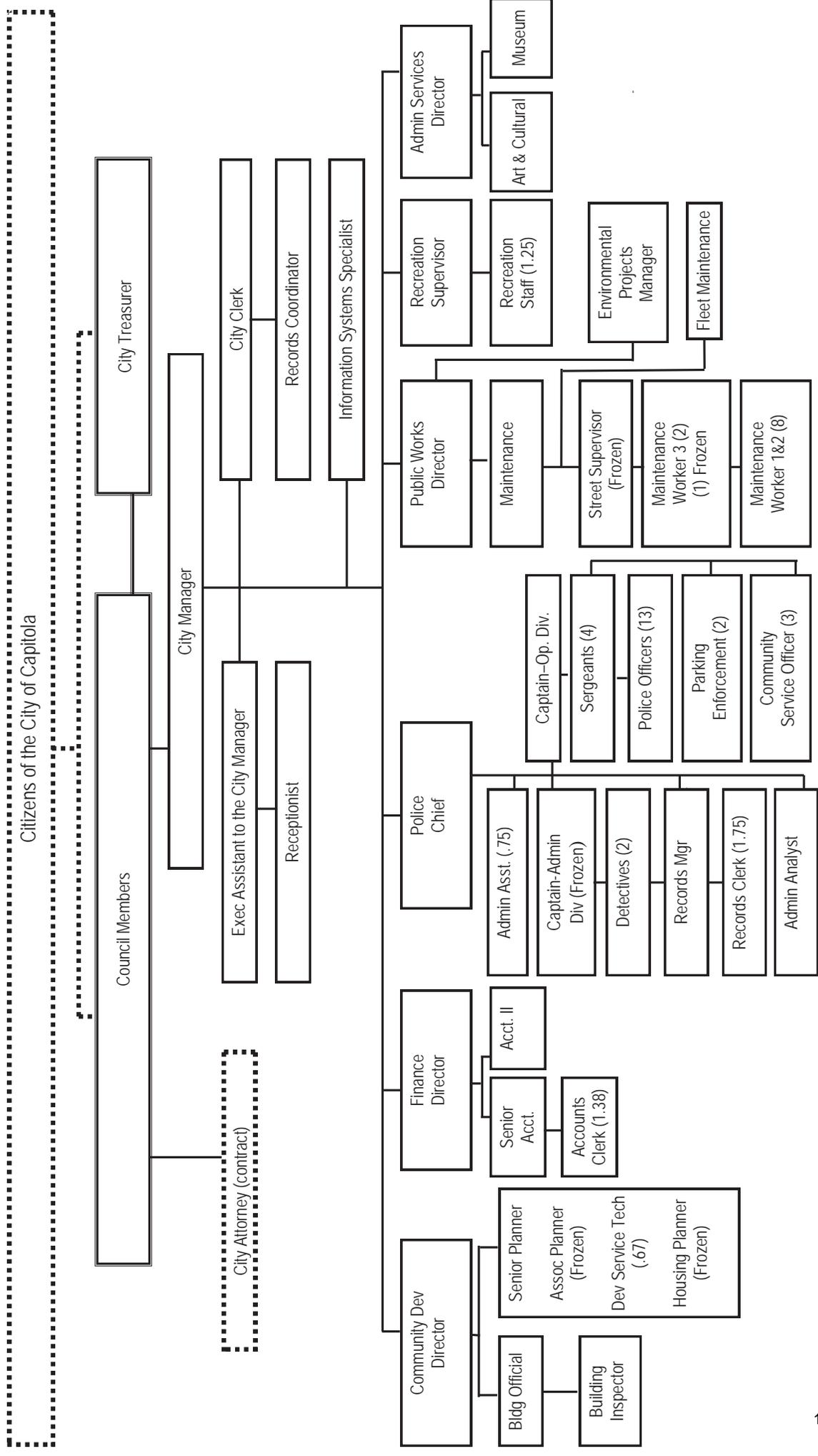
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ATTACHMENT A
ORGANIZATION CHART

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ATTACHMENT B
COMPARATIVE INFORMATION

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COMPARATIVE DATA

On February 23, 2012, the City Council approved funding for a Benchmark Study. This benchmark analysis was designed to assess the fiscal performance of the City of Capitola. The results were used to demonstrate how Capitola compares with other cities, while also providing reasonable assurance that the City was managing its fiscal affairs effectively. The completed study, which was presented to Council on September 27, 2012, suggested that the City had done an excellent job in managing its fiscal affairs in light of the recession, combined with the challenges associated with the March 2011 pipe failure.

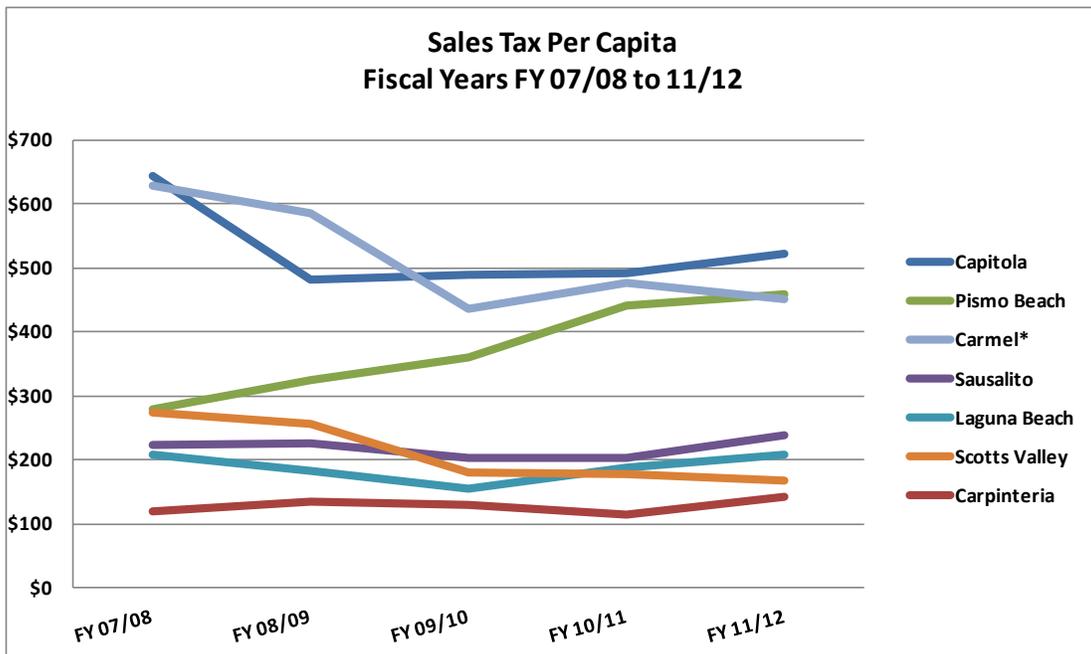
The comparable cities were chosen not only by comparable population size, but also by important service, economic, geographic and demographic characteristics. The following factors were considered in selecting benchmark cities:

- Population between 3,500 and 25,000
- Located in a coastal county
- Strong “sense of place/quality of life” community
- Economy based heavily on tourism
- Similar scope of services
- Management/governance reputation

The benchmarks in the original report were based on the comparable cities’ FY 10/11 Comprehensive Annual Financial Reports (CAFR). The following charts reference updated information from the FY 11/12 CAFR’s, unless an alternate source is cited.

Sales Tax Per Capita

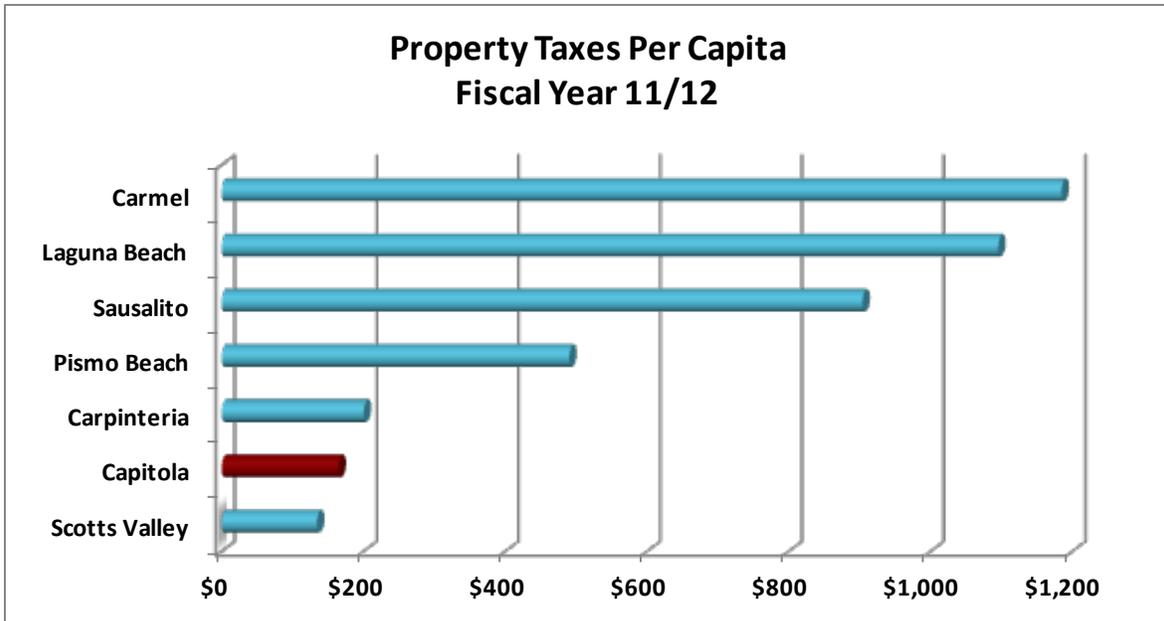
The City of Capitola’s sales tax is the largest single revenue stream. In FY 11/12, sales tax accounted for over 40% of General Fund operating revenues. The analysis shows all sales taxes, including locally administered sales tax measures approved by the electorate. Capitola improved upon the 2011 benchmark study from \$490 to \$521 per capita in FY 11/12, retaining the highest level of sales tax per capita in comparison to the benchmark cities.



*Estimated population of 3,720 for 2008 and 2009

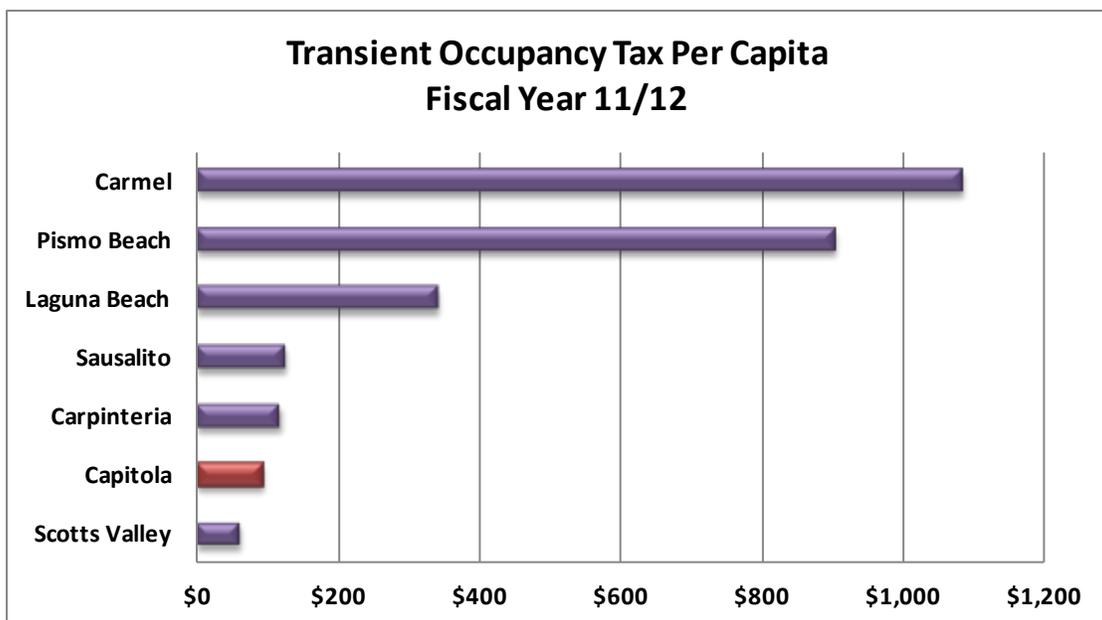
Property Taxes

Property taxes, which are based on assessed valuations, indicate the vitality of the local housing market. Carmel, Laguna Beach, and Sausalito show a very strong market for assessed valuations and the resultant property tax collection. Capitola increased by one position, with only a minimal change to the property tax revenues per capita.



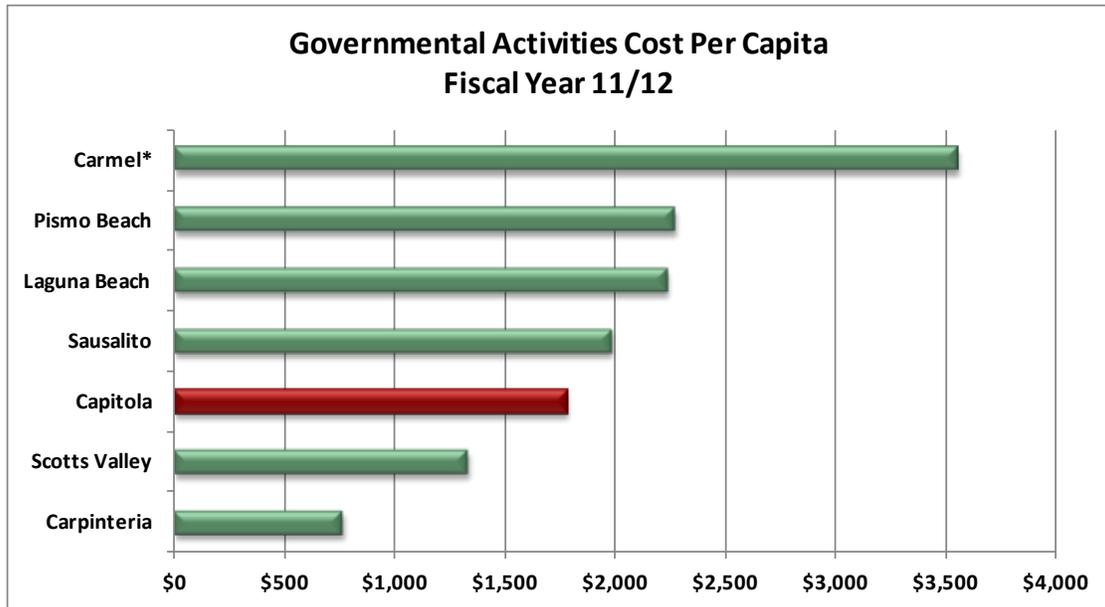
Transient Occupancy Taxes

One of the primary factors considered in the selection of benchmark cities was their reliance on tourism. This analysis shows each city's ability to obtain revenues from transient occupancy taxes. Each benchmark city charged a 10% tax on transient occupancy in FY 11/12, with the exception of Sausalito which charged 12%. The City of Capitola's transient occupancy tax increased from \$60 to \$91 per capita, while maintaining sixth highest position in this category.



Citywide Activity Costs

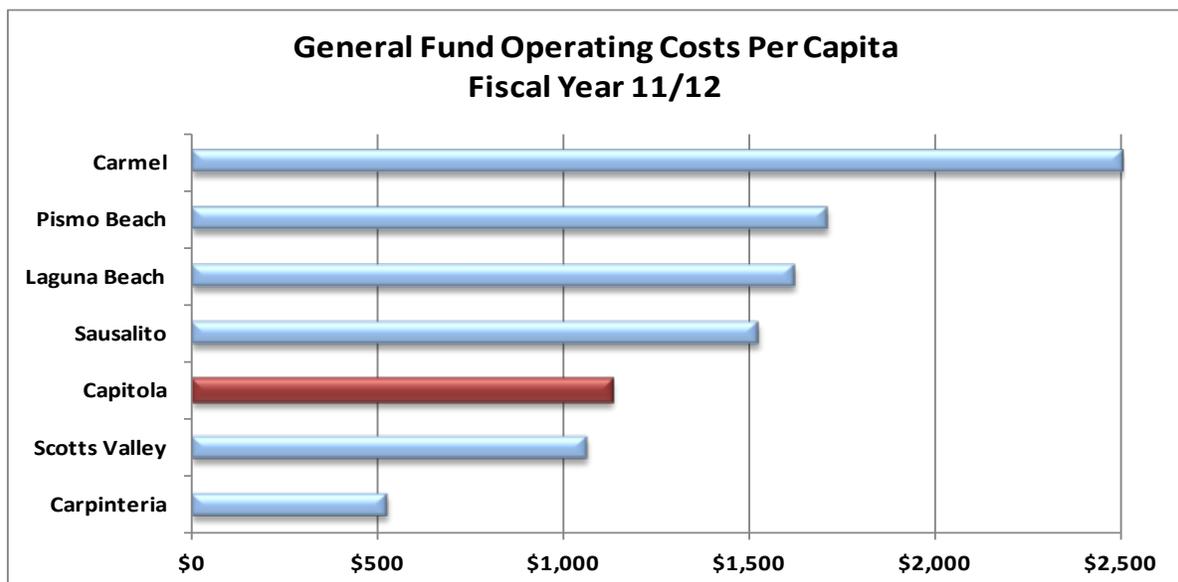
One of the ways to evaluate the citywide costs of providing government services is to review the Statement of Activities section of the CAFR. This graph shows comparable data for each city and excludes fire department and sewer expenses for consistency purposes. Capitola's ratio from the FY 10/11 benchmark study shows a slight increase from \$1,687 per capita to \$1,783 per capita; however Capitola still retained the third lowest position in this category.



*Includes a fiscal year 2012 \$13.76m expense reclassification to capitalize streets.

General Fund Operating Costs per Capita

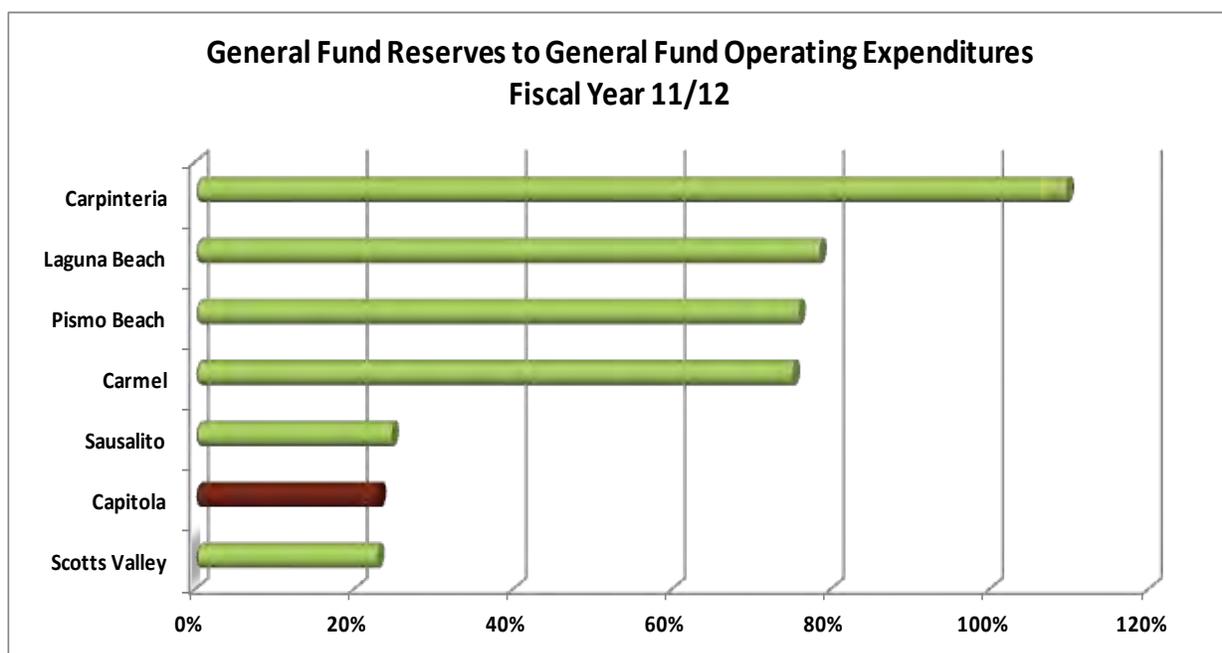
The following graph shows the operating costs per capita of each city's General Fund. The costs of fire and sewer have been removed from each municipality for consistency purposes. Capital outlay and debt service have also been removed to reflect only operating costs. Capitola's ratio remained relatively constant between fiscal years, with costs decreasing from \$1,183 to \$1,130 per capita. Capitola maintained the third lowest position in this category.



Ratio of General Fund Reserves to General Fund Operating Expenditures

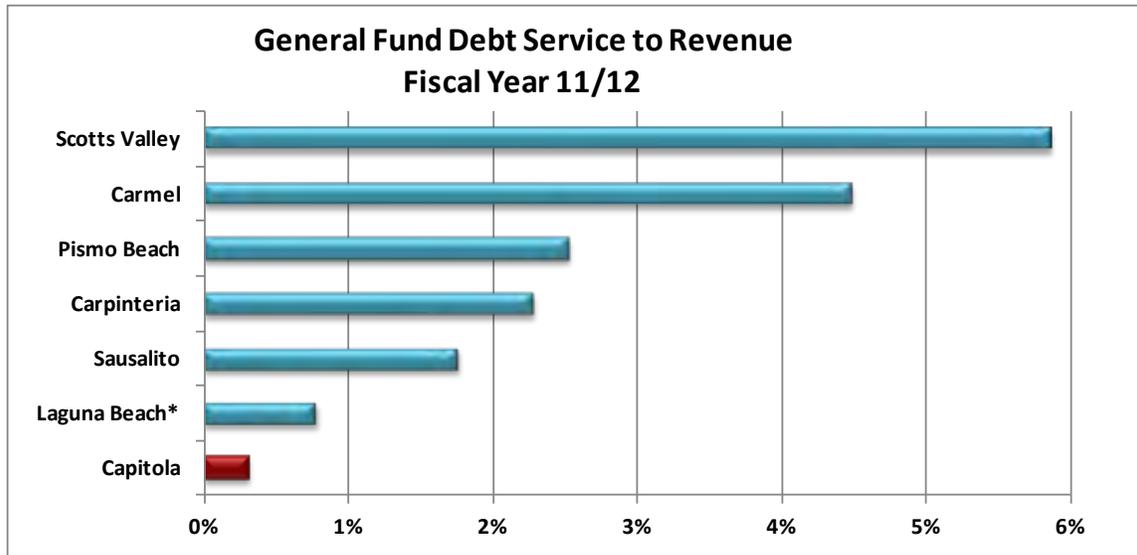
This ratio can be used as a risk management tool to assess how well a municipality can cover unplanned purchases or manage fiscal challenges. The City of Capitola's reserve ratio in this chart will differ from the method used to calculate the City's reserve policy requirements. The City's Financial Management Policies require the targeted reserve levels to be calculated on the ratio of reserves to the budgeted General Fund operating expenditures; while the City's CAFR combines the General Fund balances with reserves, internal service funds, and the General Plan. This chart references the CAFR calculation of spendable fund balances for benchmark comparability purposes,

Capitola's ratio remained relatively constant from FY 10/11 to FY 11/12; however the City's rank increased by one position in relation to the benchmark cities. In FY 12/13, the City's ratio is anticipated to increase due to a five-year reserve replenishment plan. An overview of this plan is included in the Summary Section of this document.



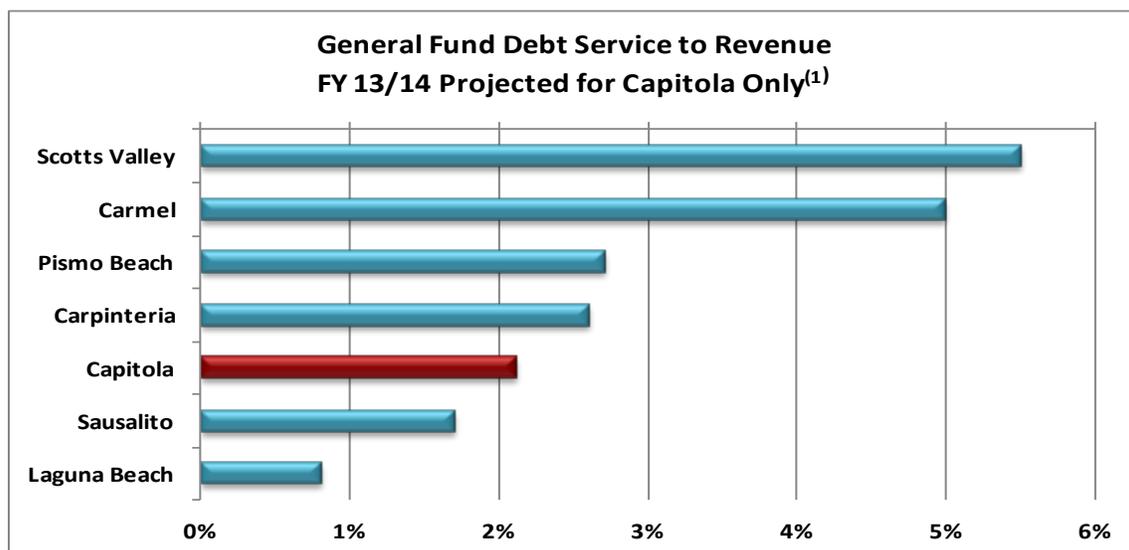
General Fund Debt Service to Revenue

A good measure of a city's financial management is the ratio of General Fund debt service to General Fund revenues. In FY 10/11, Capitola led the benchmark analysis by maintaining its principal and interest payments below .5% of General Fund revenues. Capitola's General Fund debt ratio remained constant from the FY 10/11 benchmark study at .3%, while maintaining the lowest debt service ratio in this category.



FY 13/14 Projected General Fund Debt Service to Revenue

The following graph compares the City's FY 13/14 debt service ratio with the FY 11/12 debt service ratios of the comparable cities. Although current information for the comparable cities wasn't available, the City wanted to review the effect of two new lease financing agreements when the City was compared to national standards and the benchmark cities. Although Capitola moved to the third position, it is still below the average benchmark amount and maintains a favorable national standard ratio of less than 6% of revenues.



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ATTACHMENT C
FINANCIAL MANAGEMENT POLICIES

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ADMINISTRATIVE POLICY

Number: III-3

Issued: June 8, 2000

Revised: March 14, 2013

June 13, 2013

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 fifteen percent (15%) 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 ten percent (10%) 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. INTERFUND LOANS

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. The City Manager is authorized to make temporary cash loans between and among the General Fund, internal service funds, and the Contingency Fund. All short-term loans and the changes in cash position will be presented to the City Council on a monthly basis. The Finance Director has the authority to initiate year-end accounting entries that create temporary interfund loans for the financial statement presentation purposes.

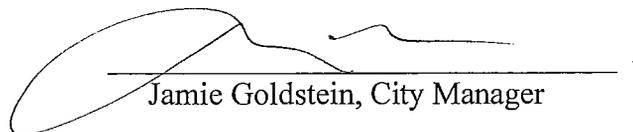
All short-term loans from other funds must be authorized by the City Council. This includes the Emergency Reserve Fund which has been designated as "Assigned" pursuant to Governmental Accounting Standards Board (GASB) Statement 54.

All interfund loans shall be repaid by the borrowing fund to the lending fund as soon as, in the opinion of the City Manager; it is fiscally prudent to do so. In addition, interest on interfund 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:



Jamie Goldstein, City Manager

ATTACHMENT D
FUND BALANCE POLICY

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ADMINISTRATIVE POLICY

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

FUND BALANCE POLICY

I. PURPOSE

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

II. SUMMARY

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

III. DEFINITIONS

The five new categories of ending fund balance are:

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

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

Unassigned Fund

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

IV. POLICY

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

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

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

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



Jamie Goldstein
City Manager

JG/lis

ATTACHMENT E
CITY INVESTMENT POLICY

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ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 9, 2001

Confirmed: May 24, 2012

Confirmed: May 23, 2013

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:

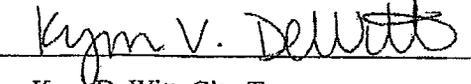
1. State of California Local Agency Investment Fund
2. U.S. Treasury T-Bills
3. Negotiable Certificates of Deposit
4. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months*

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.


Kym DeWitt, City Treasurer

[City Council Resolution No. 2788, 5/9/96; Amended 3/22/01 by Resolution No. 3120 and 8/9/01 by Resolution No. 3149; Confirmed: 6/12/03; 6/10/04; 6/9/05; 5/25/06; 5/24/07; 6/12/08; 5/28/09; 5/13/10; 5/26/11, 5/24/12, 5/23/13]

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ATTACHMENT F

GANN / APPROPRIATION LIMITS

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GANN / APPROPRIATION LIMIT

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

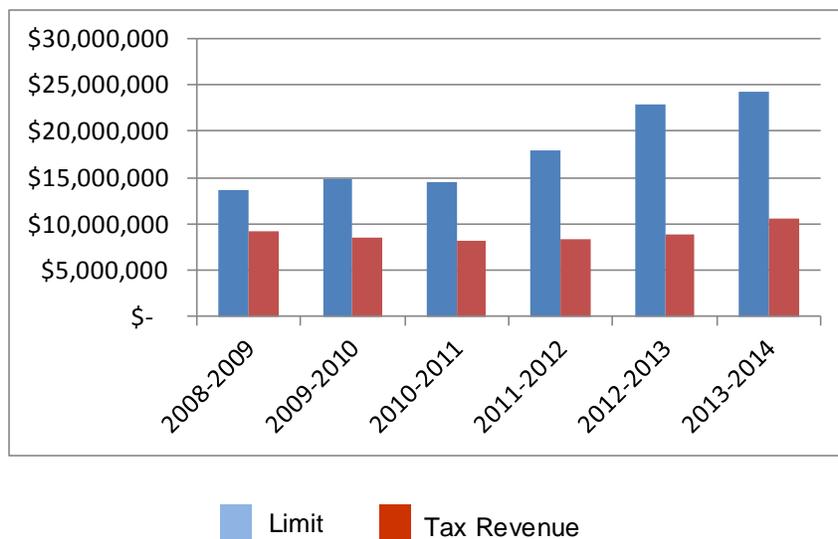
Two subsequent initiatives, Proposition 98 in 1988 and Proposition 111 in 1990, modify the appropriation limit requirements. Proposition 98 amends the methodology for allocation of excess revenues. Proposition 111 changes the population growth and cost-of-living factors to be used in calculating the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

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

The Appropriations Limit for a given fiscal year is established in the months prior to the beginning of a fiscal year. The California Revenue and Taxation Code, Section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population, “Annual Percent Change in Population Minus Exclusions”, to local governments. Each local jurisdiction uses this percentage change in population factor for January 1, 2013 in conjunction with the County-issued “Local Nonresidential Property Value Increment By Fund” or “Change in California Per Capita Income” to calculate the Appropriation Factor used in determining the Limit. The State Constitution requires that prior to June 30 of each year, Council ratify calculation factors and set the City’s appropriations limit for the upcoming fiscal year.

For FY13/14, the City has appropriated 43.45% of the calculated appropriation limit. Based on historical information, it is estimated that the City will not be impacted within the next few years by the Gann limit.

Historic Limit versus Tax Revenue



Capitola's 2013/14 calculation is:

	Annual % change in County Population minus Exclusions	X	Change in California per capita Income	=	Appropriation Factor	X	FY 2012-13 Appropriation Limit	=	FY 2013-14 Appropriation Limit
2013-14	1.005		1.0512		1.0565		\$22,924,774		\$24,220,024

The proposed 2013/14 Budget tax revenues are:

Source of Tax Revenue	2013-14 Budget
Sales Tax and Triple Flip (1%)	\$ 5,058,500
District Taxes (Measures D and O)	\$ 2,037,500
Property Tax and In-Lieu	\$ 1,681,900
Transient Occupancy Tax	\$ 984,300
Franchise Taxes	\$ 479,200
Business License Tax	\$ 280,000
Interest Income from tax revenue	\$ 1,430
	<u>\$ 10,522,830</u>

The 2013/14 percent of the appropriations limit used is:

For Fiscal Year ended:	2011-12	2012-13	2013-14
Appropriations Limit	\$ 17,915,578	\$ 22,924,774	\$ 24,220,024
Tax revenue	\$ 8,377,700	\$ 8,817,975	\$ 10,522,830
Remaining to limit	\$ 9,537,878	\$ 14,106,799	\$ 13,697,194
% of limit used	46.76%	38.46%	43.45%
Increase over prior year - \$	\$ 3,325,157	\$ 5,009,196	\$ 1,295,250
Increase over prior year - %	22.8%	28.0%	5.7%

The appropriations limit is \$24.2 million or an increase of \$1.3 million. It represents a 5.7% increase from 2012/13 to 2013/14.

RESOLUTION NO. 3957

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
SETTING THE 2013-2014 FISCAL YEAR APPROPRIATION LIMIT PURSUANT
TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION**

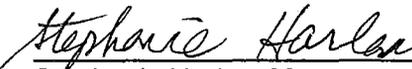
WHEREAS, before June 30 of each year, the City Council must select the factors to calculate the appropriation limit for the ensuing fiscal year and set the appropriation limit accordingly.

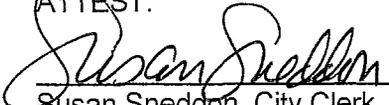
NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2013-2014 Fiscal Year Appropriation Limit shall be \$ 24,220,024 calculated as follows:

Population change within the county:	1.0050
Change in California per capita Income	1.0512
2012-13 Appropriation Limit:	\$ 22,924,774
Adjustment Factor (1.0050 x 1.0512)	x 1.0565
2013-14 Appropriation Limit:	<u>\$ 24,220,024</u>

I HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 13th day of June, 2013, by the following vote:

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


 Stephanie Harlan, Mayor

ATTEST:
 CMC
 Susan Sneddon, City Clerk

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ATTACHMENT G
BUDGET RESOLUTION

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RESOLUTION NO. 3959

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AND
THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY
ADOPTING THE 2013/2014 FISCAL YEAR CITY BUDGET
AND CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET**

WHEREAS, it is necessary to adopt the 2013/2014 Fiscal Year Budget for all City funds and Capital Improvement Program; and

WHEREAS, the City Council has conducted budget study sessions, has heard and considered public comments, and has modified the proposed budget accordingly, and wishes to adopt such budget for the fiscal year July 1, 2013 through June 30, 2014; and

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2013/2014 Fiscal Year Budget is hereby adopted as amended, including Exhibit A (Changes to Proposed Budget), Exhibit B (General Fund Overview), and Exhibit C (Summary by Fund) to this Resolution; and

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

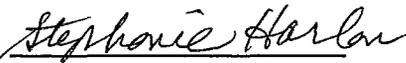
I HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 13th day of June, 2013, by the following vote:

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

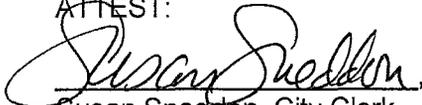
NOES: None

ABSENT: None

ABSTAIN: None


Stephanie Harlan, Mayor

ATTEST:

 CMC
Susan Sneddon, City Clerk

RESOLUTION NO. 3959
Changes to Proposed Budget

FY 12/13 Estimated		
FY12/13 Revenues/Resources	Acct #	Amount
Extraordinary Item - Insurance Proceeds	1000-00-00-000-3962010	\$ 1,118,086
Transfer In from General Fund (Contingency)	1010-00-00-000-3910.100	177,000
Transfer In from General Fund (Emergency)	1020-00-00-000-3910.100	118,000
Transfer in from General Fund (CIP)	1200-00-00-000-3910.100	350,000
Transfer in from General Fund (Pacific Cove Debt)	4910-00-00-000-3910.100	519,903
Proceeds from Surplus Equipment Sales	2212-00-00-000-3920.100	17,000
PTAF Settlement	1000-00-00-000-3700.300	110,000
McGregor increase	1000-00-00-000-3920.100	18,000
Total Revenue Changes - All Funds		\$ 2,427,989
FY12/13 Expenditures	Acct #	Amount
Pac Cove Interest	1420-00-00-000-4720.100	\$ 19,903
Capital Outlay - Equipment	2211-00-00-000-4650.400	17,000
City Manager Wages - General	1000-10-11-000-4110.010	12,505
Finance Wages - General	1000-10-17-000-4110.010	12,291
Community Development Wages - General	1000-40-40-000-4110.010	(24,796)
Transfer to the Pac Cove	1000-99-99-000-4910.420	500,000
City Attorney - Special Legal Fees	1000-10-16-000-4320.102	73,086
Transfer to Contingency Reserve	1000-99-99-000-4910.101	177,000
Transfer to Emergency Reserve	1000-99-99-000-4910.102	118,000
Transfer to CIP	1000-99-99-000-4910.200	377,500
Transfer to Pac Cove	1000-99-99-000-4910.420	19,903
Transfer to SA Fund	1000-99-99-000-4910.501	20
General Plan Consultants	1313-00-00-000-4345.100	75,000
Pacific Cove Principal	1420-00-00-000-4710.200	500,000
Total Expenditure Changes - All Funds		\$ 1,877,412

FY13/14 Proposed		
FY 13/14 Revenues /Resources	Acct #	Amount
Transfer in from General Fund (Pacific Cove Debt)	1420-00-00-000-3910.100	\$ (19,918)
Total Revenue Changes - All Funds		\$ (19,918)
FY 13/14 Expenditure	Acct #	Amount
Pac Cove Interest	1420-00-00-000-4720.100	\$ (56,230)
Pac Cove Principal	1420-00-00-000-4710.200	12,706
Various CIP Projects - Insurance Proceeds	1200-00-00-000-4390.400	350,000
Community Grants	1000-10-18-000-4600.XXX	4,270
Chamber of Commerce	1000-10-10-000-4305.106	6,500
Interfund Transfer Out - Equipment Acquisition	1000-99-99-000-4910-212	(10,770)
IT Fund - Capital Outlay	2211-00-00-000-4650.400	40,000
Transfer to Pac Cove	1000-99-99-000-4910.420	(19,918)
Total Expenditure Changes - All Funds		\$ 326,558

FY 14/15 Planned		
FY14/15 Expenditure	Acct #	Amount
Pac Cove Interest	1420-00-00-000-4720.100	\$ (42,671)
Pac Cove Debt	1420-00-00-000-4710.200	14,731
IT Fund - Capital Outlay	2211-00-00-000-4650.400	40,000
IT Fund - Finance Contracts	2211-00-00-000-4650.400	(20,000)
Transfer in from General Fund (Pacific Cove Debt)	1420-00-00-000-3910.100	(4,334)
Transfer to Pac Cove	1000-99-99-000-4910.420	4,334
Total Expenditure Changes - All Funds		\$ (7,940)

General Fund Overview

Major Categories	FY12/13 Adopted	FY12/13 Estimated	FY13/14 Proposed	FY14/15 Planned
Revenue				
Taxes	\$ 8,816,600	\$ 9,339,610	\$ 10,521,400	\$ 10,673,200
Licenses and permits	186,700	144,800	224,600	230,100
Intergovernmental revenues	176,000	370,244	229,200	183,200
Charges for services	2,068,200	1,906,800	1,980,400	2,012,500
Fines and forfeitures	707,000	707,000	707,500	707,500
Use of money & property	12,600	22,800	19,300	19,300
Other revenues	84,400	204,800	74,200	74,400
Other financing sources	85,000	1,221,086	-	-
Revenue Totals	\$ 12,136,500	\$ 13,917,140	\$ 13,756,600	\$ 13,900,200
Expenditures				
Personnel	\$ 7,477,200	\$ 7,343,867	\$ 7,768,290	\$ 7,932,074
Contract services	2,526,678	2,720,488	2,505,500	2,488,995
Training & Memberships	51,050	62,835	72,280	71,780
Supplies	540,500	521,765	523,600	530,800
Grants and Subsidies	249,561	249,561	254,270	250,000
Capital outlay	-	10,842	5,000	5,000
Internal service fund charges	940,373	940,373	892,925	902,825
Other financing uses	379,706	2,588,629	1,711,912	1,614,234
Expenditure Totals	\$ 12,165,068	\$ 14,438,360	\$ 13,733,777	\$ 13,795,708
Impact on Fund Balance	\$ (28,568)	\$ (521,220)	\$ 22,823	\$ 104,492
Budgetary Fund Balance	\$ 508,648	\$ 15,996	\$ 38,819	\$ 143,311

Summary By Fund

Fund Title	Estimated Balance 07/01/2013	Adopted Revenues	Adopted Expenses	Estimated Balance 06/30/2014
General Fund	\$ 15,996	\$ 13,756,600	\$ 13,733,777	\$ 38,819
Designated Reserves				
Contingency Reserve	\$ 1,222,646	\$ 308,700	\$ -	\$ 1,531,346
Emergency Reserve	569,796	154,400	200,000	524,196
Compensated Absence Fund	44,112	130,000	90,000	84,112
Debt Service				
Pension Obligation Bond	\$ 478,500	\$ 673,800	\$ 674,800	\$ 477,500
Pacific Cove Financing	298,771	149,482	448,252	1
Lower Pac Cove Financing	-	88,000	88,000	-
OPEB Fund	\$ -	\$ 30,000	\$ 30,000	\$ -
Capital Improvement Fund	\$ 586,500	\$ 1,190,000	\$ 1,355,000	\$ 421,500
Internal Service Funds				
Stores Fund	\$ 801	\$ 40,000	\$ 40,300	\$ 501
Information Technology	41,533	251,000	193,000	99,533
Equipment Replacement	118,211	146,759	123,000	141,970
Self-Insurance Liability	227,350	194,996	185,708	236,638
Workers Compensation	175,235	415,400	388,822	201,813
Special Revenue Funds				
SLESF - Supplemental Law Enforce	\$ 143,237	\$ 100,100	\$ 5,200	\$ 238,137
SCCACT - SCC ANTI CRIME TEAM	320	75,172	75,172	320
Gas Tax Fund	45,712	302,294	315,100	32,906
Wharf Fund	244	84,100	83,200	1,144
Development Fees Fund	2,026	-	-	2,026
General Plan Update and Maint	95,002	70,000	175,000	(9,998)
Green Building Education Fund	90,452	13,000	13,000	90,452
Public Arts Fee Fund	150,093	15,000	26,000	139,093
Parking Reserve Fund	(2,902)	100,000	96,298	800
Technology Fee Fund	28,394	7,300	5,000	30,694
PEG - Public Education and Gover	48,663	19,100	39,000	28,763
BIA - Capitola Village-Wharf BIA	4,851	66,500	69,000	2,351
CDBG Grants	(53,753)	55,620	20,000	(18,133)
CDBG Programs	(20,879)	-	5,000	(25,879)
HOME Reuse Funds	15,507	12,300	5,000	22,807
HOME Grant Fund	2,030	-	3,200	(1,170)
Housing Trust Fund	184,540	40,000	69,000	155,540
BEGIN Grant Fund	-	-	-	-
Total Special Revenue Funds	\$ 733,537	\$ 960,486	\$ 1,004,170	\$ 689,853
Redevelopment/Successor Agency				
RDA/Successor Agency	\$ 3,329	\$ 1,172,024	\$ 1,175,353	\$ -
Low Mod Housing / Housing Successor	71,572	-	13,900	57,672
Redevelopment/Successor Agency	\$ 74,901	\$ 1,172,024	\$ 1,189,253	\$ 57,672

ATTACHMENT H

GLOSSARY

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GLOSSARY OF BUDGET TERMS

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

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

Ad Valorem – property taxes levied on value of property. Includes the general obligation 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 – 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. Significant impacts of budgetary changes are shown.

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) - 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 – Basis of accounting under which transactions are recognized only when cash is received or disbursed.

CDBG (Community Development Block Grant Program) – A flexible program that provides federal funding, administered as pass through grants to the City. The funds are used to benefit low- and moderate- income persons within the City.

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 statement for the City. It meets the accounting requirements of the Governmental Accounting Standards Board and includes an audit opinion, basic financial statements and supporting schedules necessary to demonstrate compliance.

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.

Due Diligence Review – A qualified third party audit, defined by statute and required by the California Department of Finance, to determine the unobligated balances of former redevelopment agencies available for transfer to taxing entities. Review is composed of two separate reviews and reports – Low and Moderate Income Housing asset and non-Low and Moderate Income Housing assets.

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 – The 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 of Capitola's fiscal year begins July 1st and ends June 30th.

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

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

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

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

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

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

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

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

Fund Descriptions - The basic accounting and reporting entity for the City is a fund. A fund is “an independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created.” Funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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

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

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

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

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

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

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

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

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

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

Home Owners’ Property Tax Relief (HOPTR) – 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 Successor – The State of California eliminated Redevelopment Agencies as of February 1, 2012 and established Housing Successors to manage and continue low and moderate income housing projects underway or contractually committed, make payments on its enforceable obligations, and manage its programs, assets, and properties. The Housing Successor is governed by the local agency.

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 – 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.

Oversight Board – The Oversight Board was created by the State of California and its composition and directive defined in state legislation. When Redevelopment Agencies were eliminated as of February 1, 2012, Successor Agencies were established to manage redevelopment projects underway or contractually committed, make payments on its enforceable obligations, and dispose of its assets and properties. The Oversight Board supervises the Successor Agency and is comprised of representatives of the local agencies that serve the redevelopment project area.

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 Employees' Retirement System (PERS) – City employees' retirement fund, paid for by both the City and employee contributions and managed 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.

Redevelopment Property Tax Trust Fund (RPTTF) – Property tax allocated by the County Auditor-Controller to Successor Agencies based on formulas and procedures applicable to each jurisdiction and as identified and approved as an enforceable obligation of the dissolved 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.

Recognized Obligations Payment Schedule (ROPS) – Successor Agencies are responsible for drafting a ROPS document for each six month period, delineating the enforceable obligations of the City's former Redevelopment Agency and the source of the funds for the payment. The ROPS is subject to the approval of the Successor Agency's Oversight Board.

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.

Successor Agency – The State of California eliminated Redevelopment Agencies as of February 1, 2012 and established Successor Agencies to manage redevelopment projects underway or contractually committed, make payments on its enforceable obligations, and dispose of its assets and properties. The Successor Agency is governed by the same council as the local agency and supervised by a local oversight board defined by legislation.

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

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 - Accounts for the cost to provide worker's compensation insurance coverage to all employees in compliance with State of California requirements.

GLOSSARY OF AFFORDABLE HOUSING TERMS

Affordable Housing

Affordable housing is an extremely broad and non-technical term that basically includes rental and ownership housing that is affordable to a range of household incomes up to the moderate-income level. A rule of thumb says that to be “affordable” the combined total of all housing related costs (rent, mortgage, upkeep, utilities & taxes) should not exceed 30% of the household’s income. Most affordable housing funding sources utilize eligibility requirements that identify each income group by household size. Here are the basic State income limits for Santa Cruz County for 2013.

The Santa Cruz County Area Median Income for a family of four in 2013 is: \$87,000.

State of California Income Limits for Santa Cruz County 2013 Number of Persons In household

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

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

BEGIN Program

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

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

CDBG Program

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

CalHFA

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

First Time Homebuyer Loan Program

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

HOME Program

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

Home Rehabilitation Loan/grant Program

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

Housing Element

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

Inclusionary Housing Ordinance

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

MPROP

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

Regional Housing Needs Assessment (RHNA)

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

Resale Restricted Housing Units

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

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ATTACHMENT I
ACRONYMS

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ACRONYMS

AB	Assembly Bill
AB X1	First Extraordinary Session, California Assembly Bill
ADA	American with Disabilities Act
ASU	Animal Services Unit
BEGIN	Building Equity and Growth in Neighborhoods Program
BIA	Capitola Village & Wharf Business Improvement Area
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees' Retirement System
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CFPD	Central Fire Protection District
CHS	Capitola Housing Successor
CIP	Capital Improvement Program
COLA	Cost of living allowance
CPI	Consumer Price Index
CSMFO	California Society of Municipal Finance Officers
CSO	Community Service Officer
CVC	Santa Cruz County Conference & Visitors Council
CVWBIA	Capitola Village & Wharf Business Improvement Area
DA	District Attorney
DDR	Due Diligence Review
DEA	Drug Enforcement Agency
DOF	State of California Department of Finance
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FLSA	Fair Labor Standards Act

FTE	Full-Time Equivalentents
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GPAC	General Plan Advisory Committee
HCD	State of California Housing and Community Development Department
HOPTR	Home Owners' Property Tax Relief
HOME	Housing Investment Partnerships Program
HS	Housing Successor
HUD	U.S. Department of Housing and Urban Development
ISF	Internal Services Fund
IT	Information Technology
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
LAIF	Local Agency Investment Fund
LMIHF	Low and Moderate Income Housing Fund
MBASIA	Monterey Bay Area Self-Insurance Authority
MOU	Memorandum of Understanding
MVLI	Motor Vehicle in Lieu
NPDES	National Pollution Discharge Elimination System
OES	Office of Emergency Services
OPEB	Other Post Employment Benefits
OSB	Oversight Board of the <i>City of Capitola, as Successor Agency to the former Capitola Redevelopment Agency</i>
PEG	Public Education & Government Cable Access TV
PEPRA	Public Employees' Pension Reform Act

PERS	Public Employees' Retirement System
POA	Police Officers' Association
POB	Pension Obligation Bond
POST	Police Officer Standardized Training
RDA	Redevelopment Agency
ROPS	Recognized Obligation Payment Schedule
RPTTF	Redevelopment Property Tax Trust Fund
SA	City of Capitola, as Successor Agency to the former Capitola Redevelopment Agency
SCAN	Open query, Santa Cruz County Information Services Department
SCC	Santa Cruz County
SCCACT	Santa Cruz County Anti-Crime Team
SCCECC	Santa Cruz Consolidated Emergency Communications Center
SCO	California State Controller's Office
SCRMS	Santa Cruz Regional 9-1-1
TOT	Transient Occupancy Tax
UAAL	Unfunded Actuarial Accrued Liability

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