

# City of Capitola Agenda



Mayor: Yvette Brooks  
Vice Mayor: Sam Storey  
Council Members: Jacques Bertrand  
Margaux Keiser  
Kristen Petersen

## CAPITOLA CITY COUNCIL REGULAR MEETING

THURSDAY, JANUARY 14, 2021

7 PM

### CLOSED SESSION – 6 PM

*An announcement regarding the items to be discussed in Closed Session will be made in the City Hall Council Chambers prior to the Closed Session. Members of the public may, at this time, address the City Council on closed session items only. There will be a report of any final decisions in City Council Chambers during the Open Session Meeting.*

#### CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

(Gov' t Code § 54956.9(d)(4).

Initiation of litigation, one potential case

#### CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(Gov' t Code § 54956.8)

Property: Wharf House, 1400 Wharf Road, Capitola, CA

City Negotiator: Larry Laurent

Negotiating Parties: Willie Case

Under Negotiation: Price & terms of payment

### REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 7 PM

*All correspondences received prior to 5:00 p.m. on the Wednesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Wednesday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.*

*All matters listed on the Regular Meeting of the Capitola City Council Agenda shall be considered as Public Hearings.*

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA  
January 14, 2021

**1. ROLL CALL AND PLEDGE OF ALLEGIANCE**

Council Members Kristen Petersen, Jacques Bertrand, Margaux Keiser, Sam Storey, and Mayor Yvette Brooks

**2. PRESENTATIONS**

*Presentations are limited to eight minutes.*

- A. Introduction of New Employee Account Clerk Leda Laidlaw-Hunter
- B. Introduction of New Employee Personnel Analyst Renee DeMar
- C. Presentation from Santa Cruz Metropolitan Transit District CEO Alex Clifford

**3. REPORT ON CLOSED SESSION**

**4. ADDITIONAL MATERIALS**

*Additional information submitted to the City after distribution of the agenda packet.*

**5. ADDITIONS AND DELETIONS TO AGENDA**

**6. PUBLIC COMMENTS**

*Refer to the Notice of Remote Access for instructions.*

**7. CITY COUNCIL / STAFF COMMENTS**

*City Council Members/Staff may comment on matters of a general nature or identify issues for staff response or future council consideration. No individual shall speak for more than two minutes.*

**8. CONSENT CALENDAR**

*All items listed in the "Consent Calendar" will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Council votes on the action unless members of the City Council request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Government.*

*Note that all Ordinances which appear on the public agenda shall be determined to have been read by title and further reading waived.*

- A. Consider the December 10, 2020, City Council Regular Meeting Minutes  
RECOMMENDED ACTION: Approve minutes.
- B. Approval of City Check Registers Dated November 20, December 4, December 11 and December 18  
RECOMMENDED ACTION: Approve check registers.
- C. Receive Audit Report for Fiscal Year 2019-20  
RECOMMENDED ACTION: Receive report.

- D. Consider an Amended 2021 Meeting Schedule for the City Council/Successor Agency  
RECOMMENDED ACTION: Adopt the amended regular meeting schedule for 2021.
- E. Receive Update on the City's Pandemic Response  
RECOMMENDED ACTION: Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action.

**9. GENERAL GOVERNMENT / PUBLIC HEARINGS**

*All items listed in "General Government" are intended to provide an opportunity for public discussion of each item listed. The following procedure pertains to each General Government item: 1) Staff explanation; 2) Council questions; 3) Public comment; 4) Council deliberation; 5) Decision.*

- A. Consider Extending the Temporary COVID-19 Outdoor Activities and Encroachment Agreement to a Date Certain.  
RECOMMENDED ACTION: Direct staff to prepare the necessary documentation to allow outdoor dining and other commercial outdoor activities to continue until May 31st.
- B. Review Council Appointments  
RECOMMENDED ACTION: Appoint representatives to City advisory bodies and review appointments on County/Regional boards, committees, and commissions.
- C. Consider Entering a Lifeguarding Contract with the City of Santa Cruz Marine Safety Division  
RECOMMENDED ACTION: Authorize the City Manager to sign two-year contract in an amount not to exceed \$91,500 per year with the City of Santa Cruz Marine Safety Division.
- D. Junior Guard Instructor Training Contract  
RECOMMENDED ACTION: Authorize the City Manager to sign two-year contract in an amount not to exceed \$17,000 per year with Central Fire Protection District.
- E. Consider Increasing the Number of Available Surf & Coffee Permits for 2021  
RECOMMENDED ACTION: Receive report and consider increasing the maximum number of Morning Village Parking Permit Program Surf and Coffee Permit from 50 to 75 to allow for expanded program participation.

**10. ADJOURNMENT**

**NOTICE OF REMOTE ACCESS**

In accordance with the current Santa Cruz County Health Order outlining social distancing requirements and Executive Order N-29-20 from the Executive Department of the State of California, the City Council meeting is not physically open to the public and in person attendance cannot be accommodated.

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA  
January 14, 2021

**To watch:**

- 1) Online <http://capitolaca.igam2.com/Citizens/Default.aspx>
- 2) Spectrum Cable Television channel 8
- 3) Join the Zoom Meeting (below)

**Zoom Link:**

<https://us02web.zoom.us/j/82090727491?pwd=VHFIVng0aHFTa0J1UXI0RG1oYVlxdz09>

- 1) ID # 820 9072 7491
- 2) Enter [password](#) **432002**

**Zoom Phone Call:**

CALL **669 900 6833** OR **1 408 638 0968** OR **1 346 248 7799**

- 1) ID # 820 9072 7491
- 2) Enter [password](#) **432002**

**To submit public comment:**

When submitting public comment, one comment (via phone **or** email, not both), per person, per item is allowed. If you send more than one email about the same item, the last received will be read.

1. Zoom Meeting (Via Computer or Phone) Link:
  - A. IF USING COMPUTER:
    - § Use participant option to “raise hand” during the public comment period for the item you wish to speak on. Once unmuted, you will have up to 3 minutes to speak
  - B. IF CALLED IN OVER THE PHONE:
    - § Press \*9 on your phone to “raise your hand” when the mayor calls for public comment. Once unmuted, you will have up to 3 minutes to speak
1. Send Email:
  - A. During the meeting, send comments via email to [publiccomment@ci.capitola.ca.us](mailto:publiccomment@ci.capitola.ca.us)
    - § Emailed comments on items will be accepted after the start of the meeting until the Mayor announces that public comment for that item is closed.
    - § Emailed comments should be a maximum of 450 words, which corresponds to approximately 3 minutes of speaking time.
    - § Each emailed comment will be read aloud for up to three minutes and/or displayed on a screen.
    - § Emails received by [publiccomment@ci.capitola.ca.us](mailto:publiccomment@ci.capitola.ca.us) outside of the comment period outlined above will not be included in the record.

**Note:** Any person seeking to challenge a City Council decision made as a result of a proceeding in which, by law, a hearing is required to be given, evidence is required to be taken, and the discretion in the determination of facts is vested in the City Council, shall be required to commence that court action within ninety (90) days following the date on which the decision becomes final as provided in Code of Civil Procedure §1094.6. Please refer to code of Civil Procedure §1094.6 to determine how to calculate when a decision becomes “final.” Please be advised that in most instances the decision become “final” upon the City Council’s announcement of its decision at the completion of the public hearing. Failure to comply with this 90-day rule will preclude any person from challenging the City Council decision in court.

**Notice regarding City Council:** The City Council meets on the 2nd and 4th Thursday of each month at 7:00 p.m. (or in no event earlier than 6:00 p.m.), in the City Hall Council Chambers located at 420

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA  
January 14, 2021

Capitola Avenue, Capitola.

**Agenda and Agenda Packet Materials:** The City Council Agenda and the complete Agenda Packet are available for review on the City's website: [www.cityofcapitola.org](http://www.cityofcapitola.org) and at Capitola City Hall prior to the meeting. Agendas are also available at the Capitola Post Office located at 826 Bay Avenue, Capitola. Need more information? Contact the City Clerk's office at 831-475-7300.

**Agenda Materials Distributed after Distribution of the Agenda Packet:** Pursuant to Government Code §54957.5, materials related to an agenda item submitted after distribution of the agenda packet are available for public inspection at the Reception Office at City Hall, 420 Capitola Avenue, Capitola, California, during normal business hours.

**Americans with Disabilities Act:** Disability-related aids or services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Assisted listening devices are available for individuals with hearing impairments at the meeting in the City Council Chambers. Should you require special accommodations to participate in the meeting due to a disability, please contact the City Clerk's office at least 24 hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.

**Televised Meetings:** City Council meetings are cablecast "Live" on Charter Communications Cable TV Channel 8 and are recorded to be rebroadcasted at 8:00 a.m. on the Wednesday following the meetings and at 1:00 p.m. on Saturday following the first rebroadcast on Community Television of Santa Cruz County (Charter Channel 71 and Comcast Channel 25). Meetings are streamed "Live" on the City's website at [www.cityofcapitola.org](http://www.cityofcapitola.org) by clicking on the Home Page link "**Meeting Agendas/Videos**." Archived meetings can be viewed from the website at any time.



# CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 14, 2021

FROM: Finance Department

SUBJECT: Introduce New Employee Account Clerk Leda Laidlaw-Hunter

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BACKGROUND/DISCUSSION: The Finance Department is happy to welcome new Account Clerk Leda Laidlaw-Hunter.

Report Prepared By: Jim Malberg  
Finance Director

**Reviewed and Forwarded by:**

A handwritten signature in black ink, appearing to be "JG", written over a horizontal line.

Jamie Goldstein, City Manager

1/7/2021



## CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 14, 2021

FROM: City Manager Department

SUBJECT: Introduce New Employee Personnel Analyst Renee DeMar

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BACKGROUND/DISCUSSION: The City Manager Department is happy to welcome new Personnel Analyst Renee DeMar.

Report Prepared By: Larry Laurent  
Assistant to the City Manager

**Reviewed and Forwarded by:**

A handwritten signature in black ink, appearing to be "JG", written over a horizontal line.

Jamie Goldstein, City Manager

1/7/2021



# CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF JANUARY 14, 2021**

FROM: City Manager Department

SUBJECT: Presentation from Santa Cruz Metropolitan Transit District CEO Alex Clifford

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BACKGROUND/DISCUSSION: Alex Clifford, CEO of the Santa Cruz Metropolitan Transit District, will present an update regarding METRO operations and challenges during the COVID-19 pandemic.

Report Prepared By: Chloe Woodmansee  
Interim City Clerk

**Reviewed and Forwarded by:**

A handwritten signature in black ink, appearing to be "JG", is written over a horizontal line.

Jamie Goldstein, City Manager

1/7/2021





## CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 14, 2021

FROM: City Manager Department

SUBJECT: Consider the December 10, 2020, City Council Regular Meeting Minutes

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RECOMMENDED ACTION: Approve minutes.

DISCUSSION: Attached for Council review and approval are the minutes of the regular meeting on November 24, 2020.

ATTACHMENTS:

1. 12-10 draft

Report Prepared By: Chloe Woodmansee  
Interim City Clerk

**Reviewed and Forwarded by:**

A handwritten signature in black ink, appearing to be "J. Goldstein".

Jamie Goldstein, City Manager

1/7/2021

**DRAFT CAPITOLA CITY COUNCIL  
REGULAR MEETING MINUTES  
THURSDAY, DECEMBER 10, 2020 - 6 PM**

**REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 6 PM**

**1. ROLL CALL AND PLEDGE OF ALLEGIANCE**

Council Member Ed Bottorff: Present, Council Member Jacques Bertrand: Remote, Council Member Sam Storey: Remote, Mayor Kristen Petersen: Remote, Vice Mayor Yvette Brooks: Remote.

**2. PRESENTATIONS**

A. Retirement Proclamation for Senior Mechanic Jim Turcotte

**3. ELECTION BUSINESS**

A. Recognition of Outgoing Council Member Bottorff

Mayor Petersen thanked Councilmember Bottorff for his work and dedication to the City.

During Public Comment, the Police Officers Association honored Councilmember Bottorff with a plaque and County Supervisor Friend thanked him for his work. TJ Welch also spoke about Bottorff's dedication to the City's employees.

Councilmember Bottorff presented a short speech about his eight years on Council and thanked members of staff, council, and the community.

B. Consider a Resolution Confirming and Approving the Canvass of Returns and Results of the General Municipal Election

RECOMMENDED ACTION: Adopt the proposed resolution confirming election results.

There was no public comment.

<b>MOTION:</b>	<b>ADOPT PROPOSED RESOLUTION &amp; CONFIRM ELECTION RESULTS</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Ed Bottorff
<b>SECONDER:</b>	Yvette Brooks
<b>AYES:</b>	Bottorff, Bertrand, Storey, Petersen, Brooks

C. Oath-of-Office Ceremony for Newly Elected (and Re-elected) Council Members

RECOMMENDED ACTION: Administer the oath of office and receive comments from new Council Members.

Clerk Woodmansee administered the Oaths of Office for incumbent member Kristen Petersen and new member Margaux Keiser.

Attachment: 12-10 draft (Approve Council Minutes)

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES  
December 10, 2020

D. Council Reorganization for 2021

RECOMMENDED ACTION: City Council members nominate and elect a new Mayor and Vice-Mayor.

<b>MOTION:</b>	<b>NOMINATE YVETTE BROOKS AS CITY COUNCIL'S 2021 MAYOR</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Sam Storey
<b>SECONDER:</b>	Jacques Bertrand
<b>AYES:</b>	Bottorff, Bertrand, Storey, Petersen, Brooks

<b>MOTION:</b>	<b>NOMINATE SAM STOREY AS CITY COUNCIL'S 2021 VICE-MAYOR</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Kristen Petersen
<b>SECONDER:</b>	Jacques Bertrand
<b>AYES:</b>	Bottorff, Bertrand, Storey, Petersen, Brooks

4. **ADDITIONAL MATERIALS**

5. **ADDITIONS AND DELETIONS TO AGENDA – none**

6. **PUBLIC COMMENTS – none**

7. **CITY COUNCIL / STAFF COMMENTS**

City Manager Goldstein said that COVID-19 cases have never been more prevalent in our own community than they are now and urged Council and the public to stay vigilant in wearing face coverings, washing hands, and practicing social distancing.

8. **CONSENT CALENDAR**

<b>MOTION:</b>	<b>APPROVE, ADOPT, AND DETERMINE AS RECOMMENDED</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Sam Storey
<b>SECONDER:</b>	Jacques Bertrand
<b>AYES:</b>	Bottorff, Bertrand, Storey, Petersen, Brooks

A. Consider the November 24, 2020, City Council Regular Meeting Minutes  
RECOMMENDED ACTION: Approve minutes.

B. Consider the 2020 Planning Commission and Architectural and Site Committee Schedule  
RECOMMENDED ACTION: Approve the schedule.

C. Update Hourly and Seasonal Salary Schedule  
RECOMMENDED ACTION: Adopt the proposed resolution amending the hourly and seasonal Pay Schedule.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES  
December 10, 2020

- D. Adopt a Resolution Setting the Interest Rate for Tenants' Security Deposits for 2021 at Zero Percent (0.00%)  
RECOMMENDED ACTION: Adopt proposed resolution.
- E. Receive Update on the City's Pandemic Response  
RECOMMENDED ACTION: Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action.

## 9. GENERAL GOVERNMENT / PUBLIC HEARINGS

- A. Review Initial Council Appointments  
RECOMMENDED ACTION: Appoint representatives to City advisory bodies with early January meetings and review appointments on County/Regional boards, committees, and commissions.

After a brief staff report by Clerk Woodmansee, Council made the following appointments

Planning Commission:

- Councilmember Bertrand appointed Ed Newman
- Councilmember Keiser appointed Susan Westman
- Councilmember Petersen appointed Peter Wilk
- Vice-Mayor Storey appointed Mick Routh
- Mayor Brooks appointed Courtney Christiansen

Area Agency on Aging:

- Jacques Bertrand as representative
- Alternate still needed

AMBAG:

- Kristen Petersen as representative
- Margaux Keiser as alternate

Sanitation District:

- Jacques Bertrand as representative
- Sam Storey as alternate

METRO:

- Kristen Petersen as representative
- Jacques Bertrand as alternate

Central Coast Community Energy:

- Yvette Brooks as representative
- Margaux Keiser as alternate

- B. Fiscal Year 2020-21 Budget Update  
RECOMMENDED ACTION: Receive Fiscal Year 2020-21 first quarter budget update and adopt proposed resolution amending the Fiscal Year 2020-21 Budget.

Finance Director Malberg presented the staff report.

Vice-Mayor Storey asked about the Finance Advisory Committee's recommendation to set aside

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES  
December 10, 2020

money for COVID relieve, and the mechanism used to do so. City Manager Goldstein clarified that the committee had suggested setting aside between \$4 to 600,000 to act as a buffer in case of further COVID restrictions and cuts, which could be done in a similar way as how funds are for the employee first time homebuyer program. Vice-Mayor Storey confirmed that the projected administrative costs associated with the SB2 Grant would be chargeable to the grant.

Councilmember Bertrand stated that he was enthusiastic about the parking card idea and said he looks forward to the results from the sales tax consultant. He also asked about the new half-time positions and City Manager Goldstein explained that they had been approved by prior Council action.

<b>MOTION:</b>	<b>RECEIVE BUDGET UPDATE AND ADOPT PROPOSED RESOLUTION AMMENDING FY 2020-21 BUDGET, DIRECT STAFF TO SET ASIDE \$600,000 AS COVID-19 CONTINGENCY FUND AND APPROVE SUSPENDING PARKING FEES IN THE VILLAGE FROM DECEMBER 13 TO DECEMBER 25, 2020.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Sam Storey
<b>SECONDER:</b>	Kristen Petersen
<b>AYES:</b>	Bottorff, Bertrand, Storey, Petersen, Brooks

- C. Consider Approval of Memoranda of Understandings with Labor Groups and Adopt Salary Schedule for December 27, 2020 - June, 26, 2021

RECOMMENDED ACTION:

1. Authorize the City Manager to execute the side letter agreements to existing Memoranda of Understanding (MOU) with negotiated changes from December 27, 2020, through June 26, 2021 for the following:
  - a. Association of Capitola Employees (ACE)
  - b. Mid-Management Employees Bargaining Unit;
  - c. Confidential Employees Bargaining Unit;
  - d. Police Captains
2. Approve changes to the Management Compensation Plan
3. Approve changes to City Manager Employee Contract
4. Adopt a Resolution approving the new salary schedule

Mayor Brooks read a verbal report. Assistant to the City Manager Laurent presented the staff report.

There was not public comment.

<b>MOTION:</b>	<b>AUTHORIZE CITY MANAGER TO EXECUTE AGREEMENTS WITH INDICATED EMPLOYEE GROUPS; APPROVE CHANGES TO MANAGEMENT COMPENSATION PLAN, CITY MANAGER CONTRACT; ADOPT RESOLUTOIN APPROVING THE SALARY SCHEDULE</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Kristen Petersen
<b>SECONDER:</b>	Margaux Keiser
<b>AYES:</b>	Bottorff, Bertrand, Storey, Petersen, Brooks

- D. Council Compensation

RECOMMENDED ACTION: Affirm that Council's monthly salary should return to the amount specified in the Municipal Code beginning on December 27, 2020.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES  
December 10, 2020

Finance Director Malberg presented the staff report.

There was no public comment.

<b>MOTION:</b>	<b>AFFIRM THAT COUNCIL’S MONTHLY SALARY SHOULD RETURN TO THE AMOUNT SPECIFIED IN CODE, BEGINNING DECEMBER 27, 2020</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jacques Bertrand
<b>SECONDER:</b>	Kristen Petersen
<b>AYES:</b>	Bottorff, Bertrand, Storey, Petersen, Brooks

- E. Consider Approval of Contract Change Orders No. 9 and 10 for the Capitola Branch Library Project  
RECOMMENDED ACTION: Receive report and approve Contract Change Orders 9 and 10 with Otto Construction for the Capitola Branch Library Project in the total amount of \$89,257.

Public Works Director Jesberg presented the staff report.

Vice-Mayor Storey asked about the project’s completion date; Director Jesberg said that the construction should be complete around mid to late February thought the building would not be ready to open to the public until the end of April due to the need for Library staff to outfit the building.

Councilmember Bertrand asked about taking a tour of the building.

There was no public comment.

<b>MOTION:</b>	<b>APPROVE CONTRACT CHANGE ORDERS 9 &amp; 10</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Sam Storey
<b>SECONDER:</b>	Jacques Bertrand
<b>AYES:</b>	Bottorff, Bertrand, Storey, Petersen, Brooks

**10. ADJOURNMENT**

The meeting was closed at 8:30pm.

\_\_\_\_\_  
Yvette Brooks, Mayor

ATTEST:

\_\_\_\_\_  
Chloé Woodmansee, City Clerk

Attachment: 12-10 draft (Approve Council Minutes)



# CAPITOLA CITY COUNCIL AGENDA REPORT

## MEETING OF JANUARY 14, 2021

FROM: Finance Department

SUBJECT: Approval of City Check Registers Dated November 20, December 4, December 11 and December 18

**RECOMMENDED ACTION:** Approve check registers.

<b>Account: City Main</b>				
Date	Starting Check #	Ending Check #	Payment Count	Amount
11/20/2020	96899	96943	45	\$ 52,792.23
12/04/2020	96944	97003	70	\$ 201,579.55
12/11/2020	97004	97047	49	\$ 131,341.90
12/18/2020	97048	97090	43	\$ 204,281.93

The main account check register dated November 13, 2020, ended with check #96898.

<b>Account: Library</b>				
Date	Starting Check/EFT #	Ending Check/EFT #	Payment Count	Amount
11/20/2020	228	231	4	\$ 383,836.39
12/04/2020	232	233	2	\$ 2,004.90
12/18/2020	234	234	1	\$ 2,877.48

The library account check register dated November 13, 2020, ended with check #227.

<b>Account: Payroll</b>				
Date	Starting Check/EFT #	Ending Check/EFT #	Payment Count	Amount
11/20/2020	15797	15888	93	\$ 152,592.40
12/04/2020	15889	15977	92	\$ 152,720.66
12/18/2020	15978	16067	92	\$ 146,506.07

The payroll account check register dated November 6, 2020, ended with EFT #15796.

Following is a list of payments issued for more than \$10,000 and descriptions of the expenditures:

Check/EFT	Issued to	Dept	Description	Amount
96924	PG&E	PW	November gas & electricity	\$ 14,345.99

Approval of City Check Registers  
January 14, 2021

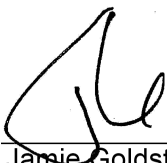
229	John F. Otto Inc. Escrow	PW	Library construction retainer	\$ 18,552.51
230	Noll & Tam Architects	PW	Library construction admin., remove HVAC unit	\$ 11,643.73
231	Otto Construction Inc.	PW	Library construction	\$ 352,497.65
1042	IRS	FN	Federal taxes & Medicare PPE 11/14/20	\$ 23,484.38
1044	CalPERS Member Services	FN	PERS contributions PPE 11/14/20	\$ 49,063.41
1046	CalPERS Health	FN	December health insurance	\$ 52,735.22
1051	CalPERS Member Services	FN	PERS contributions PPE 11/28/20	\$ 46,954.27
1053	IRS	FN	Federal taxes & Medicare PPE 11/28/20	\$ 22,032.08
97055	Burke Williams & Sorensen	CM	October legal services	\$ 24,128.25
97063	Granite Rock Company	PW	Jetty mobilization, rock installation	\$ 122,265.00
97075	PG&E	PW	December gas & electricity	\$ 14,264.54

ATTACHMENTS:

1. 11-20-20 Check Register
2. 12-4-20 Check Register
3. 12-11-20 Check Register
4. 12-18-20 Check Register

Report Prepared By: Mark Sullivan  
Senior Accountant

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

1/7/2021




City main account checks dated November 20, 2020, numbered 96899 to 96943, totaling \$52,792.23, 4 library checks totaling \$383,836.39 and 92 payroll EFTs totaling \$152,592.40, for a grand total of \$589,221.02, have been reviewed and authorized for distribution by the City Manager.

As of November 20, 2020, the unaudited cash balance is \$2,747,897.72.

**CASH POSITION - CITY OF CAPITOLA  
November 20, 2020**

	11/20/2020
General Fund	(\$3,176,338.99)
Payroll Payables	\$152,735.95
Contingency Reserve Fund	\$2,061,345.66
Facilities Reserve Fund	\$522,829.72
Capital Improvement Fund	\$2,002,068.23
Stores Fund	\$54,518.76
Information Technology Fund	\$230,270.47
Equipment Replacement	\$478,832.92
Self-Insurance Liability Fund	(\$38,509.73)
Workers' Comp. Ins. Fund	\$315,845.54
Compensated Absences Fund	\$144,299.19
<b>TOTAL UNASSIGNED GENERAL FUNDS</b>	<b>\$2,747,897.72</b>

The Emergency Reserve Fund balance is \$1,374,205.54 (not included above).  
The PERS Contingency Fund balance is \$930,446.47 (not included above).  
The Library Fund balance is \$3,858,626.76 (not included above).

 Jamie Goldstein, City Manager	11/25/20 Date
 Jim Malberg, City Treasurer	11/20/20 Date

Attachment: 11-20-20 Check Register (Approval of City Check Registers)

# City Checks Issued November 20, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96899	11/16/2020		Description	CHARGON ELECTRIC, INC.	Amount \$65.00
			License refund		\$65.00
96900	11/16/2020			Lewis Tree Service	\$500.00
	Invoice	Date	Description		Amount
	20-0235	10/08/2020	Tree deposit refund	4455 Diamond St. #20-0235	\$500.00
96901	11/16/2020			Lewis Tree Service	\$500.00
	Invoice	Date	Description		Amount
	20-0236	10/08/2020	Tree deposit refund	4480 Diamond St. #20-0236	\$500.00
96902	11/20/2020			ADAMS ASHBY GROUP INC	\$750.00
	Invoice	Date	Description		Amount
	3268	11/02/2020	CDBG application updates 1350 - CDBG Grants		\$750.00
96903	11/20/2020			AMAZON CAPITAL SERVICES	\$1,192.21
	Invoice	Date	Description		Amount
	167P-YCQ6-GWN7	11/12/2020	Air purifiers (2)		\$458.76
	1TFX-J1VN-YWFT	11/12/2020	Boots		\$254.96
	1TV1-C3NP-1F1P	11/13/2020	Floor cable protector		\$87.20
	1FMV-XXVK-6RKM	11/13/2020	Air purifiers		\$304.11
	1H76-X7T6-6YFJ	11/18/2020	Webcams (2)		\$87.18
			1000 - General Fund	\$1,105.03	
			2211 - IT	\$87.18	
96904	11/20/2020			CALE AMERICA INC.	\$1,829.00
	Invoice	Date	Description		Amount
	161413	10/30/2020	October CALE meters		\$1,829.00
96905	11/20/2020			CALIF COAST UNIFORM CO	\$803.04
	Invoice	Date	Description		Amount
	8299	10/27/2020	Polo shirts, embroidery charges, black pants		\$495.07
	8296	10/27/2020	Add stripes & pink patches to 3 shirts		\$60.00
	8293	10/27/2020	Uniform tailoring changes		\$35.00
	8294	10/27/2020	Uniform pink patch		\$20.00
	8295	10/27/2020	Add shoulder patches to uniform shirts		\$20.00
	8297	10/27/2020	Add pink shoulder and corp. patches to shirt		\$22.00
	8298	10/27/2020	Add pink hash marks to shirt		\$6.00
	8300	10/27/2020	Shirt, add zipper, cut shirt tails, taper sleeves		\$144.97
96906	11/20/2020			CAPITOLA SELF STORAGE	\$8,436.00
	Invoice	Date	Description		Amount
	50189	11/16/2020	Annual museum storage rent unit #2829		\$3,000.00
	50188	11/16/2020	Museum annual rent unit #2810		\$5,436.00
96907	11/20/2020			CSG Consultants Inc.	\$1,102.50
	Invoice	Date	Description		Amount
	B201397	11/02/2020	October plan review services		\$662.50
	33760	11/16/2020	October building inspections		\$440.00

Attachment: 11-20-20 Check Register (Approval of City Check Registers)

# City Checks Issued November 20, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96908	11/20/2020			FLYERS ENERGY LLC	\$3,237.97
	Invoice	Date	Description		Amount
	20-208905	10/29/2020	100 gallons diesel		\$304.53
	20-208898	10/29/2020	385 gallons gasoline		\$1,214.16
	20-213346	11/05/2020	421 gallons gasoline		\$1,345.19
	20-213347	11/05/2020	121 gallons diesel		\$374.09
96909	11/20/2020			GALLS LLC	\$50.78
	Invoice	Date	Description		Amount
	016513406	09/18/2020	Equipment belt, performance shirt		\$120.53
	016742447	10/19/2020	Returned equipment belt		(\$69.75)
96910	11/20/2020			GARDAWORLD	\$209.67
	Invoice	Date	Description		Amount
	10602547	11/01/2020	November armored car service		\$209.67
96911	11/20/2020			HUMBOLDT PETROLEUM LLC	\$32.50
	Invoice	Date	Description		Amount
	089591	10/31/2020	October car washes		\$19.50
	089623	11/10/2020	November car washes		\$13.00
96912	11/20/2020			INTERNAT'L BRONZE PLAQUE CO	\$278.00
	Invoice	Date	Description		Amount
	20-56816	11/16/2020	Memorial bench plaque		\$139.00
	20-56815	11/16/2020	Memorial bench plaque		\$139.00
96913	11/20/2020			JANELLE COX	\$23.20
	Invoice	Date	Description		Amount
	JC111120	11/16/2020	BIA USPS reimbursement 1321 - BIA		\$23.20
96914	11/20/2020			KBA Document Solutions LLC	\$154.63
	Invoice	Date	Description		Amount
	55Y1134392	11/10/2020	City Hall copier usage charges		\$14.33
	55Y1135872	11/16/2020	City Hall copier usage charges 2211 - IT		\$140.30
96915	11/20/2020			KIMLEY HORN AND ASSOC INC	\$4,825.00
	Invoice	Date	Description		Amount
	17666306	10/31/2020	October local hazard mitigation plan update 1314 - Green Building		\$4,825.00
96916	11/20/2020			KING'S PAINT AND PAPER INC.	\$86.55
	Invoice	Date	Description		Amount
	A0304782	11/12/2020	Paint		\$86.55

Attachment: 11-20-20 Check Register (Approval of City Check Registers)

# City Checks Issued November 20, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96917	11/20/2020			LUXLAUNDER	\$532.87
	Invoice	Date	Description		Amount
	LL103120	10/31/2020	October uniform cleaning		\$532.87
96918	11/20/2020			MASTER CLEANERS	\$314.13
	Invoice	Date	Description		Amount
	MC103120	10/31/2020	October uniform cleaning		\$314.13
96919	11/20/2020			METRO MOBILE COMM	\$129.45
	Invoice	Date	Description		Amount
	055850	10/01/2020	High gain antennas (3)		\$129.45
96920	11/20/2020			MID COUNTY AUTO SUPPLY	\$23.71
	Invoice	Date	Description		Amount
	MID-1046357	11/10/2020	Oil filters		\$23.71
	MID-1050567	11/13/2020	Mini bulb		\$2.51
	MID-1050664	11/13/2020	Mini bulb returned		(\$2.51)
96921	11/20/2020			MILLER'S TRANSFER & STORAGE	\$352.55
	Invoice	Date	Description		Amount
	92530	11/08/2020	November record storage and warehouse handling		\$352.55
96922	11/20/2020			MISSION LINEN SUPPLY	\$128.76
	Invoice	Date	Description		Amount
	513618816	11/11/2020	Fleet towels, uniform cleaning		\$35.99
	513618817	11/11/2020	Corp. yard linen service, mats, towels		\$92.77
96923	11/20/2020			OUTDOOR SUPPLY HARDWARE	\$74.86
	Invoice	Date	Description		Amount
	C02173	11/10/2020	LED flashlights		\$28.32
	C03223	11/12/2020	Center wheel, coil chain, misc. tools		\$46.54
96924	11/20/2020			PACIFIC GAS & ELECTRIC	\$14,345.99
	Invoice	Date	Description		Amount
	PGE111320-acct5	11/13/2020	Pacific Cove parking lot utilities		\$966.80
	PGE111220-acct0	11/12/2020	Wharf Road Rispin Mansion utilities		\$8.48
	PGE111320-acct9	11/13/2020	November gas & electricity		\$13,370.71
			1000 - General Fund	\$5,217.92	
			1300 - SLESF	\$117.21	
			1310 - Gas Tax	\$6,727.58	
			1311 - Wharf	\$2,283.28	

Attachment: 11-20-20 Check Register (Approval of City Check Registers)

# City Checks Issued November 20, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96925	11/20/2020			PALACE BUSINESS SOLUTIONS	\$38.37
	Invoice	Date	Description		Amount
	594026-0	11/13/2020	Webcam		\$38.37
96926	11/20/2020			ROBERT M PATTERSON	\$200.00
	Invoice	Date	Description		Amount
	RMP110520	11/05/2020	Parking citation admin. hearings (4)		\$200.00
96927	11/20/2020			ROYAL WHOLESALE ELECTRIC	\$196.26
	Invoice	Date	Description		Amount
	7719-665695	11/12/2020	Gloves		\$47.07
	7719-665810	11/17/2020	Low profile lamp holder, lamp head		\$149.19
96928	11/20/2020			SALINAS VALLEY PRO SQUAD	\$136.45
	Invoice	Date	Description		Amount
	310204	09/29/2020	Shirt, pants, name strip		\$136.45
96929	11/20/2020			SC MUNICIPAL UTILITIES	\$296.66
	Invoice	Date	Description		Amount
	SCMU103120	10/31/2020	October water service for medians		\$296.66
96930	11/20/2020			SANTA CRUZ TOYOTA	\$3.95
	Invoice	Date	Description		Amount
	395992	11/13/2020	Auto bulb		\$3.95
96931	11/20/2020			SIRCHIE	\$185.59
	Invoice	Date	Description		Amount
	0466135-IN	10/24/2020	Evidence gun boxes		\$185.59
96932	11/20/2020			SOQUEL CREEK WATER DISTRICT	\$166.81
	Invoice	Date	Description		Amount
	06-14476-0011420	11/04/2020	430 Kennedy Drive water service		\$166.81
96933	11/20/2020			STATE WATER RESOURCES CONTROL BOARD	\$5,994.00
	Invoice	Date	Description		Amount
	SW-0195029	11/10/2020	Annual permit fee		\$5,994.00

Attachment: 11-20-20 Check Register (Approval of City Check Registers)

# City Checks Issued November 20, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96934	11/20/2020			SUMMIT UNIFORMS	\$1,143.85
	Invoice	Date	Description		Amount
	69768	10/10/2020	Vest		\$872.91
	70102	10/23/2020	Wool pants, adjust waist		\$270.94
96935	11/20/2020			THOMAS DIXON	\$174.79
	Invoice	Date	Description		Amount
	TD102420	10/24/2020	Boot reimbursement		\$174.79
96936	11/20/2020			TRAVIS HUTTO	\$200.00
	Invoice	Date	Description		Amount
	TH111620	11/16/2020	Boot reimbursement		\$200.00
96937	11/20/2020			UNITED PARCEL SERVICE	\$23.74
	Invoice	Date	Description		Amount
	0000954791450	11/07/2020	PD shipping		\$6.90
	0000954791460	11/14/2020	PD shipping		\$16.84
96938	11/20/2020			VMI INC.	\$977.70
	Invoice	Date	Description		Amount
	301756	03/31/2020	Laser projector, screen, cables, installation 1300 - SLESF		\$977.70
96939	11/20/2020			WELLS FARGO BANK	\$2,481.59
	Invoice	Date	Description		Amount
	WF110320	11/03/2020	October credit card charges		\$2,481.59
			1000 - General Fund	\$2,157.08	
			2210 - Stores	\$12.36	
			2211 - IT	\$312.15	
			No purchases over \$500		
96940	11/20/2020			WITMER-TYSON IMPORTS INC.	\$201.65
	Invoice	Date	Description		Amount
	T13789	11/10/2020	K-9 supplies		\$201.65
96941	11/20/2020			Daniel Beck	\$96.00
	Invoice	Date	Description		Amount
	200130724	11/09/2020	Citation refund		\$96.00
96942	11/20/2020			Lynn Card Company	\$46.45
	Invoice	Date	Description		Amount
	2201022-010	11/02/2020	Holiday cards		\$46.45
96943	11/20/2020			Wall and Wall Mural Painting	\$250.00
	Invoice	Date	Description		Amount
	1268	11/12/2020	Depot Hill stairs sketch fee 1315 - Public Art		\$250.00
Check Totals:					\$52,792.23

Attachment: 11-20-20 Check Register (Approval of City Check Registers)

# City Checks Issued November 20, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
<b>Library</b>					
228	11/20/2020			BUTANO GEOTECHNICAL ENG	\$1,142.50
	Invoice	Date	Description		Amount
	4946	08/06/2020	Library compaction testing, trench observation		\$480.00
	5070	11/10/2020	Library compaction testing, staff engineer services		\$662.50
229	11/20/2020			JOHN F OTTO INC ESCROW NO 02-701154	\$18,552.51
	Invoice	Date	Description		Amount
	13726retainer	11/12/2020	October library retainer		\$6,334.32
	13708retainer	11/12/2020	August library retainer		\$12,218.19
230	11/20/2020			NOLL AND TAM ARCHITECTS	\$11,643.73
	Invoice	Date	Description		Amount
	0058806	11/11/2020	Library construction admin., remove HVAC unit		\$11,643.73
231	11/20/2020			OTTO CONSTRUCTION INC.	\$352,497.65
	Invoice	Date	Description		Amount
	13726	11/12/2020	October library construction		\$120,352.04
	13708	11/12/2020	August library construction		\$232,145.61
<b>Library Totals:</b>					<b>\$383,836.39</b>
<b>CITY - Main City Totals</b>					
				<b>Count</b>	<b>Total</b>
Checks				45	\$52,792.23
EFTs				0	\$0.00
All				45	\$52,792.23
<b>Library - Library Total</b>					
Checks				4	\$383,836.39
EFTs				0	\$0.00
All				4	\$383,836.39
<b>WELLS - Payroll Totals</b>					
Checks				1	\$0.00
EFTs				92	\$152,592.40
All				93	\$152,592.40
<b>Grand Totals:</b>					
Checks				50	\$436,628.62
EFTs				92	\$152,592.40
All				142	\$589,221.02

Attachment: 11-20-20 Check Register (Approval of City Check Registers)

City main account checks dated December 4, 2020, numbered 96944 to 97003, totaling \$54,932.70, 10 EFTs totaling \$146,646.85, 2 library checks totaling \$2,004.90, and 3 payroll checks and 89 payroll EFTs totaling \$152,720.66, for a grand total of \$356,305.11, have been reviewed and authorized for distribution by the City Manager.

As of December 4, 2020, the unaudited cash balance is \$3,126,229.38.

**CASH POSITION - CITY OF CAPITOLA  
December 4, 2020**

	12/4/2020
General Fund	\$ (2,726,597.36)
Payroll Payables	\$ 121,515.78
Contingency Reserve Fund	\$ 2,061,345.66
Facilities Reserve Fund	\$ 522,829.72
Capital Improvement Fund	\$ 2,001,914.54
Stores Fund	\$ 54,291.31
Information Technology Fund	\$ 227,420.87
Equipment Replacement	\$ 478,832.92
Self-Insurance Liability Fund	\$ (38,509.73)
Workers' Comp. Ins. Fund	\$ 315,845.54
Compensated Absences Fund	\$ 107,340.13
<b>TOTAL UNASSIGNED GENERAL FUNDS</b>	<b>\$ 3,126,229.38</b>

The Emergency Reserve Fund balance is \$1,374,205.54 (not included above).  
The PERS Contingency Fund balance is \$930,466.47 (not included above).  
The Library Fund balance is \$3,856,646.86 (not included above).

  
\_\_\_\_\_  
Jamie Goldstein, City Manager 12/3/20  
Date

  
\_\_\_\_\_  
Jim Malberg, City Treasurer 12/3/20  
Date

Attachment: 12-4-20 Check Register (Approval of City Check Registers)



## City of Capitola

## City Checks Issued December 4, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96944	12/04/2020			A TOOL SHED	\$200.17
	Invoice	Date	Description		Amount
	1461221-5	11/24/2020	Stump grinder rental		\$200.17
96945	12/04/2020			AFLAC	\$1,241.18
	Invoice	Date	Description		Amount
	364374	11/30/2020	November supplemental insurance 1001 - Payroll		\$1,241.18
96946	12/04/2020			ALAMEDA COUNTY SHERIFF'S OFFICE	\$2,094.00
	Invoice	Date	Description		Amount
	ACSO120220	12/02/2020	Motorcycle training for 523 POST reimbursable		\$2,094.00
96947	12/04/2020			ALBION ENVIRONMENTAL INC.	\$642.78
	Invoice	Date	Description		Amount
	20200350103	11/12/2020	#19-0221 322 Capitola Ave natural & cultural consulting		\$642.78
96948	12/04/2020			ALLIED UNIVERSAL	\$1,083.85
	Invoice	Date	Description		Amount
	10675720	12/03/2020	December McGregor skate park foot patrol		\$356.42
	10675721	12/03/2020	December Esplanade park foot patrol		\$382.50
	10675702	12/03/2020	December Jade St. park patrol		\$344.93
96949	12/04/2020			ALVAREZ TECHNOLOGY GROUP INC	\$232.50
	Invoice	Date	Description		Amount
	57391	11/29/2020	December antivirus 2211 - IT		\$232.50
96950	12/04/2020			AMAZON CAPITAL SERVICES	\$360.72
	Invoice	Date	Description		Amount
	1CVL-Y1GF-9JWT	11/19/2020	Desktop CO2 monitor and data logger		\$112.84
	1X1P-R74X-MHKY	11/18/2020	Vacuum		\$163.49
	17WD-9HY9-LTF7	11/21/2020	Secchi disk with lanyard for water quality testing		\$32.69
	1YJG-76M6-13X3	11/06/2020	Welcome banner, nameplates, calendar pocket chart, bunting		\$51.70
96951	12/04/2020			AT&T/CALNET 3	\$924.62
	Invoice	Date	Description		Amount
	00015616674	11/13/2020	November T-1 access		\$924.62
96952	12/04/2020			AUTOMATION TEST ASSOCIATES	\$40.00
	Invoice	Date	Description		Amount
	48990	11/22/2020	November wharf meter reading 1311 - Wharf		\$40.00
96953	12/04/2020			AXCIENT	\$125.00
	Invoice	Date	Description		Amount
	FY20INEF1063094	11/30/2020	November AppAssure storage 2211 - IT		\$125.00
96954	12/04/2020			BAY AREA POLYGRAPH	\$300.00
	Invoice	Date	Description		Amount
	1013	11/20/2020	Police officer background check		\$300.00
96955	12/04/2020			BEAR ELECTRICAL SOLUTIONS INC	\$879.90
	Invoice	Date	Description		Amount
	11684	10/31/2020	October traffic signal maintenance services - response		\$233.10
	11622	10/31/2020	October traffic signal maintenance services - routine 1310 - Gas Tax		\$646.80

Attachment: 12-4-20 Check Register (Approval of City Check Registers)

## City of Capitola

## City Checks Issued December 4, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96956	12/04/2020			CA DEPARTMENT OF TRANSPORTATION	\$153.69
	Invoice	Date	Description		Amount
	CalTrans12220	12/02/2020	Capitola Ave. sidewalk design publications 1200 - CIP		\$153.69
96957	12/04/2020			CA DEPT OF TAX AND FEE ADMIN.	\$397.64
	Invoice	Date	Description		Amount
	438358257	11/13/2020	Annual water rights fee		\$397.64
96958	12/04/2020			CAPITOLA PEACE OFFICERS ASSOC.	\$1,376.50
	Invoice	Date	Description		Amount
	POA112020	11/20/2020	POA and gym dues PPE 11/14/20 1001 - Payroll		\$1,376.50
96959	12/04/2020			CASEY PRINTING	\$2,183.91
	Invoice	Date	Description		Amount
	42522011	11/20/2020	Art contest postcards		\$2,183.91
96960	12/04/2020			COMMUNITY TELEVISION OF SCC	\$795.50
	Invoice	Date	Description		Amount
	2873	11/16/2020	October televised meetings		\$795.50
96961	12/04/2020			DELL MARKETING LP	\$2,464.00
	Invoice	Date	Description		Amount
	10435933137	11/05/2020	IT support		\$2,035.00
	10430608108	10/14/2020	Hardware warranty repair 2211 - IT		\$429.00
96962	12/04/2020			ELEVATOR SERVICE COMPANY INC.	\$180.00
	Invoice	Date	Description		Amount
	30563	12/01/2020	Quarterly lube and inspection		\$180.00
96963	12/04/2020			ENTENMANN-ROVIN CO.	\$113.73
	Invoice	Date	Description		Amount
	0155265-IN	11/18/2020	K-9 Dante badge		\$113.73
96964	12/04/2020			FERGUSON ENTERPRISES INC	\$3.95
	Invoice	Date	Description		Amount
	8869882	11/17/2020	Jade st. hardware		\$3.95
96965	12/04/2020			FIRST ALARM	\$215.16
	Invoice	Date	Description		Amount
	576373	11/15/2020	Community Center quarterly intrusion system monitoring		\$215.16
96966	12/04/2020			FLYERS ENERGY LLC	\$1,619.87
	Invoice	Date	Description		Amount
	20-218166	11/13/2020	421 gallons gasoline		\$1,331.09
	20-218167	11/13/2020	91 gallons diesel		\$288.78
96967	12/04/2020			GRANICUS LLC	\$1,190.70
	Invoice	Date	Description		Amount
	133800	12/01/2020	December legislative management software 1320 - PEG		\$1,190.70
96968	12/04/2020			GUARDIAN PUBLIC SAFETY BCKGRND INVSG.	\$1,400.00
	Invoice	Date	Description		Amount
	316	11/24/2020	Law enforcement background investigation		\$1,400.00

Attachment: 12-4-20 Check Register (Approval of City Check Registers)

## City of Capitola

## City Checks Issued December 4, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96969	12/04/2020			HOME DEPOT CREDIT SERVICES	\$1,703.05
	Invoice	Date	Description		Amount
	0623883	11/23/2020	Black paint, gloves, screwdriver set		\$39.03
	7511078	11/06/2020	Hose reel cart		\$34.86
	7622819	11/16/2020	Sharpies, tape measure		\$34.78
	6031812	11/17/2020	Lag screws, flat washers		\$56.24
	9012994	11/24/2020	Plywood		\$108.12
	1509652	10/23/2020	Surveyor vests (11)		\$149.46
	7060940	10/27/2020	Socket adapters		\$12.33
	5034367	10/29/2020	Jade St. park lumber		\$11.47
	9010528	11/04/2020	Museum supplies		\$140.61
	8241595	11/05/2020	Work boots		\$158.04
	4011079	11/09/2020	Wharf ceiling swivels, s-hooks, socket set, loop chain		\$86.23
	7642887	11/16/2020	LED light, gas water heater install kit, 50 gallon water heater		\$698.64
	6643040	11/17/2020	LED lights		\$32.63
	4012469	11/19/2020	Perry park clear optix acrylic		\$140.61
			1000 - General Fund	\$1,616.82	
			1311 - Wharf	\$86.23	
96970	12/04/2020			INTERNATIONAL BRONZE PLAQUE COMPANY	\$556.00
	Invoice	Date	Description		Amount
	20-56815-2	11/16/2020	Memorial plaques		\$417.00
	20-57006	11/30/2020	Memorial bench plaque		\$139.00
96971	12/04/2020			KATHLEEN ASTON	\$560.00
	Invoice	Date	Description		Amount
	ASTON120120	12/01/2020	Museum art collection inventory		\$560.00
96972	12/04/2020			KBA Document Solutions LLC	\$41.35
	Invoice	Date	Description		Amount
	55Y1136808	11/20/2020	Recreation copier usage charges		\$3.25
	55Y1138943	12/01/2020	City Hall & Recreation copier usage charges		\$38.10
			1000 - General Fund	\$13.25	
			2211 - IT	\$28.10	
96973	12/04/2020			KING'S PAINT AND PAPER INC.	\$156.83
	Invoice	Date	Description		Amount
	A0305081	11/20/2020	Paint, tray liner, recycle tray, cover		\$109.20
	A0305397	11/30/2020	Street curb paint		\$47.63
96974	12/04/2020			LIUNA PENSION FUND	\$896.00
	Invoice	Date	Description		Amount
	DY9622	11/20/2020	LIUNA pension dues PPE 11/14/20		\$896.00
			1001 - Payroll		
96975	12/04/2020			MID COUNTY AUTO SUPPLY	\$30.38
	Invoice	Date	Description		Amount
	MID-1053732	11/16/2020	Oil filters		\$30.38
96976	12/04/2020			MISSION LINEN SUPPLY	\$375.16
	Invoice	Date	Description		Amount
	513664616	11/18/2020	Fleet uniform cleaning, towels		\$35.99
	513646873	11/16/2020	Recreation mats, mops, towels		\$75.00
	513664617	11/18/2020	Corp. yard linen service, mats, towels		\$96.40
	513710066	11/25/2020	Corp. yard linen service, mats, towels		\$92.77
	513738485	11/30/2020	Recreation mats, mops, towels		\$75.00

Attachment: 12-4-20 Check Register (Approval of City Check Registers)

## City of Capitola

## City Checks Issued December 4, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96977	12/04/2020			MISSION PRINTERS	\$227.45
	Invoice	Date	Description		Amount
	61176	11/23/2020	1500 window envelopes 2210 - Stores		\$227.45
96978	12/04/2020			NORTH BAY FORD	\$29.67
	Invoice	Date	Description		Amount
	278953	11/18/2020	2011 F250 rods, screw		\$29.67
96979	12/04/2020			O'REILLY AUTO PARTS	\$56.64
	Invoice	Date	Description		Amount
	2763-173207	11/16/2020	Diesel exhaust fluid		\$56.64
96980	12/04/2020			OUTDOOR SUPPLY HARDWARE	\$623.00
	Invoice	Date	Description		Amount
	C07217	11/18/2020	Gloves, mobile charger, braided light cable		\$57.74
	C05916	11/16/2020	Trowel, wetpatch roof coating, yellow fabric		\$53.38
	C07213	11/18/2020	Pocket light, sealant, countersinks		\$72.99
	C11821	11/25/2020	Stop rust spray		\$10.88
	C11058	11/24/2020	Stop rust spray		\$10.88
	C10393	11/23/2020	Gorilla glue, wrench set, pocket tool bag		\$108.97
	C06587	11/17/2020	Leaf rake, gloves		\$33.77
	C06623	11/17/2020	Pocket light, socket, lag screws		\$139.48
	B99317	11/06/2020	Packing tape		\$4.13
	C02156	11/10/2020	Carbon monoxide detector		\$130.78
			1000 - General Fund	\$483.52	
			1311 - Wharf	\$139.48	
96981	12/04/2020			PALACE BUSINESS SOLUTIONS	\$226.17
	Invoice	Date	Description		Amount
	4024210-0	11/12/2020	Paint, crayons, glue, paper, chalk, tape, magnet discs		\$78.02
	594995-0	11/24/2020	Paper		\$98.08
	4026986-0	11/24/2020	Color book, tea timer, supplies		\$50.07
96982	12/04/2020			PAST CONSULTANTS LLC	\$1,000.00
	Invoice	Date	Description		Amount
	PAST92920	09/29/2020	#20-0103 216 Central Ave. preliminary design review letter		\$1,000.00
96983	12/04/2020			PHIL ALLEGRI ELECTRIC INC.	\$334.83
	Invoice	Date	Description		Amount
	27989	11/30/2020	Jade St. photocell contactor replaced		\$334.83
96984	12/04/2020			PRAXAIR DISTRIBUTION INC.	\$210.43
	Invoice	Date	Description		Amount
	60165185	11/19/2020	Wire		\$80.48
	60254715	11/22/2020	Acetylene rental		\$129.95
96985	12/04/2020			PREFERRED BENEFIT INS. ADMIN.	\$4,893.20
	Invoice	Date	Description		Amount
	EIA34970	11/30/2020	November dental and vision insurance		\$4,893.20
			1000 - General Fund	\$179.50	
			1001 - Payroll	\$4,713.70	
96986	12/04/2020			RYDIN DECAL	\$1,617.79
	Invoice	Date	Description		Amount
	375185	11/05/2020	2021 Residential parking permits		\$1,617.79

Attachment: 12-4-20 Check Register (Approval of City Check Registers)

## City of Capitola

## City Checks Issued December 4, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96987	12/04/2020			SCC TAX COLLECTOR	\$1,995.97
	Invoice	Date	Description		Amount
	1449965	11/19/2020	Wharf sanitation district charges 1311 - Wharf		\$1,995.97
96988	12/04/2020			SCC TAX COLLECTOR	\$888.16
	Invoice	Date	Description		Amount
	1449307	11/19/2020	City Hall sanitation district charges		\$888.16
96989	12/04/2020			SCC TAX COLLECTOR	\$6,369.42
	Invoice	Date	Description		Amount
	1452466	11/19/2020	Esplanade sanitation district charges		\$6,369.42
96990	12/04/2020			SCC TAX COLLECTOR	\$175.68
	Invoice	Date	Description		Amount
	1450203	11/19/2020	Library sanitation district charges		\$175.68
96991	12/04/2020			SANTA CRUZ WAVES	\$800.00
	Invoice	Date	Description		Amount
	8915	12/01/2020	BIA half page ad 1321 - BIA		\$800.00
96992	12/04/2020			SHORELIFE COMMUNITY CHURCH	\$150.00
	Invoice	Date	Description		Amount
	102	11/01/2020	OST room rentals		\$150.00
96993	12/04/2020			SOQUEL CREEK WATER DISTRICT	\$2,021.35
	Invoice	Date	Description		Amount
	08-15299-0111720	11/17/2020	Monterey Ave. water		\$124.44
	08-15562-0111720	11/17/2020	Cliff and Fair View water		\$40.40
	09-15964-0111720	11/17/2020	Monterey Ave. Esplanade		\$1,478.81
	13-10919-0112020	11/20/2020	2000 Wharf Road water		\$40.40
	10-16317-0111720	11/17/2020	420 Capitola Ave. water		\$188.23
	10-16315-0111720	11/17/2020	504 Beulah Dr. water		\$57.94
	10-16316-0111720	11/17/2020	426 Capitola Ave. water		\$91.13
96994	12/04/2020			T MOBILE	\$193.68
	Invoice	Date	Description		Amount
	TM112120	11/21/2020	November cell phone usage		\$193.68
96995	12/04/2020			THE HOME DEPOT PRO	\$1,890.30
	Invoice	Date	Description		Amount
	585620107	11/19/2020	Janitorial supplies		\$1,748.99
	585806813	11/19/2020	Purell		\$141.31
96996	12/04/2020			UNITED WAY OF SCC	\$20.00
	Invoice	Date	Description		Amount
	UW113020	11/20/2020	November United Way contributions 1001 - Payroll		\$20.00
96997	12/04/2020			UPEC LIUNA LOCAL 792	\$855.00
	Invoice	Date	Description		Amount
	4252	11/20/2020	November UPEC dues 1001 - Payroll		\$855.00
96998	12/04/2020			US BANK PARS	\$1,000.88
	Invoice	Date	Description		Amount
	PARS112020	11/20/2020	PARS contributions PPE 11/14/20 1001 - Payroll		\$1,000.88

Attachment: 12-4-20 Check Register (Approval of City Check Registers)

City of Capitola

## City Checks Issued December 4, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
96999	12/04/2020			VERIZON WIRELESS	\$2,992.69
	Invoice	Date	Description		Amount
	9866754213	11/10/2020	November telephone charges		\$2,992.69
97000	12/04/2020			ZEP SALES & SERVICE	\$126.25
	Invoice	Date	Description		Amount
	9005739873	11/20/2020	Hand cleaner		\$126.25
97001	12/04/2020			Corrina Wolver	\$946.00
	Invoice	Date	Description		Amount
	2005046.002	11/25/2020	OST program refund		\$946.00
97002	12/04/2020			Murals of Baltimore LLC	\$250.00
	Invoice	Date	Description		Amount
	CA-0001	11/19/2020	Designs for stair mural 1315 - Public Art		\$250.00
97003	12/04/2020			Thomas & Michelle Pipitone	\$500.00
	Invoice	Date	Description		Amount
	20-0403	12/02/2020	Tree deposit refund #20-0403		\$500.00
Check Totals:					\$54,932.70
EFT					
1041	11/23/2020			EMPLOYMENT DEVELOPMENT DEPT	\$6,546.11
	Invoice	Date	Description		Amount
	1-152-829-216	11/20/2020	State taxes PPE 11/14/20 1001 - Payroll		\$6,546.11
1042	11/23/2020			INTERNAL REVENUE SERVICE	\$23,484.38
	Invoice	Date	Description		Amount
	53433041	11/20/2020	Federal taxes and Medicare PPE 11/14/20 1001 - Payroll		\$23,484.38
1043	11/23/2020			STATE DISBURSEMENT UNIT	\$767.53
	Invoice	Date	Description		Amount
	33973740	11/20/2020	Employee garnishments PPE 11/14/20 1001 - Payroll		\$767.53
1044	11/24/2020			CalPERS Member Services Division	\$49,063.41
	Invoice	Date	Description		Amount
	1001713039-42	11/20/2020	PERS contributions PPE 11/14/20 1001 - Payroll		\$49,063.41
1045	11/24/2020			VOYA FINANCIAL	\$8,459.95
	Invoice	Date	Description		Amount
	VOYA112020	11/20/2020	457 contributions PPE 11/14/20 1001 - Payroll		\$8,459.95
1046	12/01/2020			CalPERS Health Insurance	\$52,735.22
	Invoice	Date	Description		Amount
	1001716218	12/01/2020	December health insurance 1000 - General Fund \$3,081.60 1001 - Payroll \$49,653.62		\$52,735.22
1047	12/01/2020			EMPLOYMENT DEVELOPMENT DEPT	\$1,415.13
	Invoice	Date	Description		Amount
	1-479-677-728	11/27/2020	State tax employee final paycheck 1001 - Payroll		\$1,415.13

Attachment: 12-4-20 Check Register (Approval of City Check Registers)

City of Capitola

## City Checks Issued December 4, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
1048	12/01/2020			INTERNAL REVENUE SERVICE	\$4,034.66
	Invoice	Date	Description		Amount
	33805691	11/27/2020	Federal tax & Medicare for employee final paycheck 1001 - Payroll		\$4,034.66
1049	11/25/2020			DISCOVERY BENEFITS	\$135.00
	Invoice	Date	Description		Amount
	0001242517-IN	10/31/2020	October FSA/COBRA admin		\$135.00
1050	11/24/2020			HOME DEPOT CREDIT SERVICES	\$5.46
	Invoice	Date	Description		Amount
	1015798	10/23/2020	Jade st supplies less credit		\$5.46
EFT Totals:					\$146,646.85
Library					
232	12/04/2020			BOGARD CONSTRUCTION INC	\$1,500.00
	Invoice	Date	Description		Amount
	160707-51	11/30/2020	November library project management services		\$1,500.00
233	12/04/2020			KBM HOGUE	\$504.90
	Invoice	Date	Description		Amount
	70254	10/14/2020	Warehouse storage for library furniture		\$504.90
Library Check Totals					\$2,004.90
CITY - Main City Totals					
				Count	Total
Checks				60	\$54,932.70
EFTs				10	\$146,646.85
All				70	\$201,579.55
Library - Library Total					
Checks				2	\$2,004.90
EFTs				0	\$0.00
All				2	\$2,004.90
WELLS - Payroll Totals					
Checks				3	\$11,526.75
EFTs				89	\$141,193.91
All				92	\$152,720.66
Grand Totals:					
Checks				65	\$68,464.35
EFTs				99	\$287,840.76
All				164	\$356,305.11

Attachment: 12-4-20 Check Register (Approval of City Check Registers)

City main account checks dated December 11, 2020, numbered 97004 to 97047, totaling \$46,846.70, and 5 EFTs totaling \$84,495.20, for a grand total of \$131,341.90, have been reviewed and authorized for distribution by the City Manager.


As of December 11, 2020, the unaudited cash balance is \$3,025,089.47.

**CASH POSITION - CITY OF CAPITOLA  
December 11, 2020**

	12/11/2020
General Fund	\$ (2,732,750.21)
Payroll Payables	\$ 35,076.34
Contingency Reserve Fund	\$ 2,061,345.66
Facilities Reserve Fund	\$ 522,829.72
Capital Improvement Fund	\$ 2,001,914.54
Stores Fund	\$ 53,937.07
Information Technology Fund	\$ 219,227.49
Equipment Replacement	\$ 478,832.92
Self-Insurance Liability Fund	\$ (38,509.73)
Workers' Comp. Ins. Fund	\$ 315,845.54
Compensated Absences Fund	\$ 107,340.13
<b>TOTAL UNASSIGNED GENERAL FUNDS</b>	<b>\$ 3,025,089.47</b>

The Emergency Reserve Fund balance is \$1,374,205.54 (not included above).  
The PERS Contingency Fund balance is \$930,466.47 (not included above).  
The Library Fund balance is \$3,856,616.86 (not included above).

  
\_\_\_\_\_  
Jamie Goldstein, City Manager 12/14/20  
Date

  
\_\_\_\_\_  
Jim Malberg, City Treasurer 12/14/20  
Date

Attachment: 12-11-20 Check Register (Approval of City Check Registers)



# City Checks Issued December 11, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
97004	12/11/2020			ADT SECURITY SERVICES INC.	\$213.46
	Invoice	Date	Description		Amount
	ADT112920	11/29/2020	Corp yard & museum ADT monitoring		\$213.46
97005	12/11/2020			ALLSAFE LOCK COMPANY	\$16.28
	Invoice	Date	Description		Amount
	53036	11/06/2020	PW keys		\$16.28
97006	12/11/2020			AMAZON CAPITAL SERVICES	\$34.91
	Invoice	Date	Description		Amount
	1GRW-N77C-GPLN	12/06/2020	iPhone case		\$15.25
	1KDJ-7RJG-34MQ	12/04/2020	Black certificate award plaque		\$19.66
			1000 - General Fund	\$19.66	
			2211 - IT	\$15.25	
97007	12/11/2020			AMERICAN CAMP ASSOCIATION	\$1,128.00
	Invoice	Date	Description		Amount
	A-9120734-2021	12/08/2020	Camp fee membership renewal		\$1,128.00
97008	12/11/2020			AVENU MUNISERVICES	\$1,700.00
	Invoice	Date	Description		Amount
	INV06-010435	12/03/2020	CAFR direct and overlapping debt, principal employers reports		\$1,700.00
97009	12/11/2020			BAYSIDE OIL II INC.	\$650.00
	Invoice	Date	Description		Amount
	40218	12/03/2020	Recycle used oil, contaminated waste		\$650.00
97010	12/11/2020			CALE AMERICA INC.	\$5,487.00
	Invoice	Date	Description		Amount
	158490	02/29/2020	February CALE meters		\$1,829.00
	160258	07/24/2020	July CALE meters		\$1,829.00
	161818	11/30/2020	November CALE meters		\$1,829.00
97011	12/11/2020			CAPITOLA PEACE OFFICERS ASSOC.	\$1,363.88
	Invoice	Date	Description		Amount
	POA112820	12/04/2020	POA and gym dues PPE 11/28/20		\$1,363.88
			1001 - Payroll		
97012	12/11/2020			CLEAN BUILDING MAINTENANCE CO.	\$5,576.92
	Invoice	Date	Description		Amount
	26374	11/30/2020	November janitorial services		\$5,576.92
			1000 - General Fund	\$4,787.48	
			1311 - Wharf Fund	\$789.44	
97013	12/11/2020			CRYSTAL SPRINGS WATER CO.	\$349.80
	Invoice	Date	Description		Amount
	CSW113020	11/30/2020	November drinking water		\$349.80
97014	12/11/2020			D & G SANITATION	\$982.95
	Invoice	Date	Description		Amount
	276317	11/30/2020	Esplanade park hand wash station		\$119.90
	276318	11/30/2020	Skate park hand wash station, portable toilets		\$623.25
	276319	11/30/2020	Jade St. park hand wash station rental		\$119.90
	276320	11/30/2020	Cortez park hand wash station		\$119.90
97015	12/11/2020			ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE	\$1,600.00
	Invoice	Date	Description		Amount
	93943050	11/30/2020	ArcGIS licensing		\$1,600.00
			2211 - IT		

Attachment: 12-11-20 Check Register (Approval of City Check Registers)

## City of Capitola

## City Checks Issued December 11, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
97016	12/11/2020			FRANK PERRY	\$94.85
	Invoice	Date	Description		Amount
	FP120220	12/02/2020	Museum supplies reimbursement		\$94.85
97017	12/11/2020			HOME DEPOT CREDIT SERVICES	\$36.52
	Invoice	Date	Description		Amount
	3524370	11/30/2020	Magnetic tray		\$14.04
	2513708	12/01/2020	River pebbles, anvil wood float, gauging trowel		\$22.48
97018	12/11/2020			HOSE SHOP	\$322.85
	Invoice	Date	Description		Amount
	430380	12/03/2020	Crimp fitting, hydraulic hose, hose assembly, adapter, elbows		\$322.85
97019	12/11/2020			HUMBOLDT PETROLEUM LLC	\$6.50
	Invoice	Date	Description		Amount
	089686	11/30/2020	November car wash		\$6.50
97020	12/11/2020			KING'S PAINT AND PAPER INC.	\$97.12
	Invoice	Date	Description		Amount
	A0305565	12/04/2020	Graffiti paint		\$97.12
97021	12/11/2020			LARRY LAURENT	\$39.23
	Invoice	Date	Description		Amount
	LL120920	12/09/2020	Paper 2210 - Stores		\$39.23
97022	12/11/2020			LUXLAUNDER	\$532.58
	Invoice	Date	Description		Amount
	LL113020	11/30/2020	November uniform cleaning		\$532.58
97023	12/11/2020			MASTER CLEANERS	\$110.99
	Invoice	Date	Description		Amount
	MC113020	11/30/2020	November uniform cleaning		\$110.99
97024	12/11/2020			MEDCO SUPPLY COMPANY	\$234.51
	Invoice	Date	Description		Amount
	IN83211626	11/20/2020	Instant cold packs		\$234.51
97025	12/11/2020			MID COUNTY AUTO SUPPLY	\$268.34
	Invoice	Date	Description		Amount
	MID-1075702	12/04/2020	Returned battery		(\$17.44)
	MID-1075705	12/04/2020	Starter		\$141.36
	MID-1075124	12/03/2020	Battery		\$137.29
	MID-1072924	12/02/2020	Socket adapters		\$7.13
97026	12/11/2020			MILLER'S TRANSFER & STORAGE CO.	\$215.80
	Invoice	Date	Description		Amount
	92590	12/06/2020	December record storage and warehouse handling		\$215.80
97027	12/11/2020			MISSION LINEN SUPPLY	\$168.38
	Invoice	Date	Description		Amount
	513754045	12/02/2020	Fleet towels, uniform cleaning		\$35.99
	513710065	11/25/2020	Fleet towels, uniform cleaning		\$35.99
	513754046	12/02/2020	Corp. yard linen service, mats, towels		\$96.40
97028	12/11/2020			MUNICIPAL CODE CORPORATION	\$4,000.00
	Invoice	Date	Description		Amount
	00349766	10/19/2020	Website enhancement 2211 - IT		\$4,000.00

Attachment: 12-11-20 Check Register (Approval of City Check Registers)

# City Checks Issued December 11, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
97029	12/11/2020			OUTDOOR SUPPLY HARDWARE	\$149.45
	Invoice	Date	Description		Amount
	C16709	12/02/2020	Wharf supplies		\$10.89
	C16886	12/02/2020	Sand paper, sanding disc, gloves, epoxy syringe		\$48.10
	C15275	11/30/2020	Perry park supplies		\$90.46
			1000 - General Fund	\$138.56	
			1311 - Wharf Fund	\$10.89	
97030	12/11/2020			PALACE BUSINESS SOLUTIONS	\$85.19
	Invoice	Date	Description		Amount
	4029105-0	12/03/2020	Hi-liters, gift cards		\$24.95
	4029561-0	12/04/2020	Gift cards, wall calendar, thermal pouch, calendars		\$60.24
97031	12/11/2020			RAY ALLEN MANUFACTURING LLC	\$491.00
	Invoice	Date	Description		Amount
	RINV158309	11/20/2020	K-9 supplies		\$491.00
97032	12/11/2020			SCC INFORMATION SERVICES	\$640.81
	Invoice	Date	Description		Amount
	SCISD113020	11/30/2020	December open query SCAN charges		\$640.81
97033	12/11/2020			SOQUEL CREEK WATER DISTRICT	\$4,346.10
	Invoice	Date	Description		Amount
	42-14952-0113020	11/30/2020	Cortez Park irrigation		\$129.40
	42-15297-0113020	11/30/2020	426 Capitola Ave irrigation		\$125.63
	42-15751-0113020	11/30/2020	2005 Wharf Road irrigation		\$78.09
	42-15969-0113020	11/30/2020	Lawn Way irrigation		\$297.13
	42-16122-0113020	11/30/2020	Esplanade fountain irrigation		\$60.20
	42-10504-0113020	11/30/2020	Cliff Drive irrigation		\$54.20
	42-11090-0113020	11/30/2020	Capitola Road irrigation		\$125.63
	42-11467-0113020	11/30/2020	Jade St. park irrigation		\$1,672.51
	42-11517-0113020	11/30/2020	41st Ave. irrigation		\$125.63
	42-14404-0113020	11/30/2020	Monterey Ave. Nobel Gulch Park irrigation		\$261.00
	42-16130-0113020	11/30/2020	Wharf Road irrigation		\$54.55
	42-16136-0113020	11/30/2020	1400 Wharf Road irrigation		\$520.17
	42-16407-0113020	11/30/2020	Bay Ave. irrigation		\$54.20
	34-18508-0112520	11/25/2020	1510 McGregor Drive water service		\$48.55
	42-14431-0113020	11/30/2020	Monterey Ave. irrigation		\$603.27
	42-17688-0113020	11/30/2020	Lawn Way irrigation		\$81.74
	42-18238-0113020	11/30/2020	Capitola Road irrigation		\$54.20
			1000 - General Fund	\$3,825.93	
			1311 - Wharf Fund	\$520.17	
97034	12/11/2020			SPECTRUM BUSINESS	\$4,324.39
	Invoice	Date	Description		Amount
	0000178120120	12/01/2020	December internet service		\$4,324.39
			1000 - General Fund	\$2,153.94	
			2211 - IT	\$2,170.45	
97035	12/11/2020			SUMMIT UNIFORMS	\$128.92
	Invoice	Date	Description		Amount
	70858	11/21/2020	Uniform pants		\$128.92
97036	12/11/2020			THE HOME DEPOT PRO	\$1,953.05
	Invoice	Date	Description		Amount
	587503780	12/01/2020	Lemon and lime wipes		\$65.40
	587574120	12/02/2020	Janitorial supplies		\$1,503.49
	587785510	12/02/2020	Janitorial supplies		\$384.16
97037	12/11/2020			TODD HANSON	\$2,760.68
	Invoice	Date	Description		Amount
	0003	12/03/2020	BIA communication & marketing, social media boost, website		\$2,760.68
			1321 - BIA		

Attachment: 12-11-20 Check Register (Approval of City Check Registers)

City of Capitola

City Checks Issued December 11, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
97038	12/11/2020			TPX COMMUNICATIONS	\$1,530.50
	Invoice	Date	Description		Amount
	136979806-0	11/23/2020	November phone service		\$1,530.50
			1000 - General Fund \$833.82		
			2211 - IT \$696.68		
97039	12/11/2020			TRAFFIC DATA SERVICE CA LLC	\$2,675.00
	Invoice	Date	Description		Amount
	20060	12/01/2020	Jewel box traffic volume counts		\$2,675.00
97040	12/11/2020			TRANSPORTATION ALLIANCE BANK INC.	\$987.00
	Invoice	Date	Description		Amount
	660964	12/04/2020	Sweeper motor G/B		\$987.00
			1310 - Gas Tax		
97041	12/11/2020			TRAVIS HUTTO	\$181.85
	Invoice	Date	Description		Amount
	TH120820	12/08/2020	Work pants reimbursement		\$181.85
97042	12/11/2020			US BANK EQUIPMENT FINANCE	\$315.01
	Invoice	Date	Description		Amount
	429914633	11/27/2020	City Hall copier lease		\$315.01
			2210 - Stores		
97043	12/11/2020			US BANK PARS Acct 6746022400	\$580.11
	Invoice	Date	Description		Amount
	PARS112820	12/04/2020	PARS contributions PPE 11/28/20		\$580.11
			1001 - Payroll		
97044	12/11/2020			VOLGISTICS INC.	\$72.00
	Invoice	Date	Description		Amount
	26693388	06/18/2020	Museum 6 months volunteer records management		\$72.00
97045	12/11/2020			WATSONVILLE BLUEPRINT	\$26.77
	Invoice	Date	Description		Amount
	96276	11/10/2020	Seawall drawings reimbursed by customer		\$26.77
97046	12/11/2020			Caryn Scotto	\$118.00
	Invoice	Date	Description		Amount
	2005047.002	12/04/2020	Class refund		\$118.00
97047	12/11/2020			Jolene Rose Russell	\$250.00
	Invoice	Date	Description		Amount
	0000170	11/24/2020	Depot Hill mural design submission		\$250.00
			1315 - Public Art		
Check Totals:					\$46,846.70
EFT					
1051	12/08/2020			CalPERS Member Services Division	\$46,954.27
	Invoice	Date	Description		Amount
	1001728715-8	12/04/2020	PERS contributions PPE 11/28/20		\$46,954.27
			1001 - Payroll		
1052	12/08/2020			EMPLOYMENT DEVELOPMENT DEPARTMENT	\$6,306.66
	Invoice	Date	Description		Amount
	0-547-936-032	12/04/2020	State taxes PPE 11/28/20		\$6,306.66
			1001 - Payroll		
1053	12/08/2020			INTERNAL REVENUE SERVICE	\$22,032.08
	Invoice	Date	Description		Amount
	22711290	12/04/2020	Federal taxes & Medicare PPE 11/28/20		\$22,032.08
			1001 - Payroll		

Attachment: 12-11-20 Check Register (Approval of City Check Registers)

# City Checks Issued December 11, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
1054	12/08/2020			STATE DISBURSEMENT UNIT	\$652.61
	Invoice	Date	Description		Amount
	34138941	12/04/2020	Employee garnishments PPE 11/28/20 1001 - Payroll		\$652.61
1055	12/08/2020			VOYA FINANCIAL	\$8,549.58
	Invoice	Date	Description		Amount
	VOYA120420	12/04/2020	457 contributions PPE 11/28/20 1001 - Payroll		\$8,549.58
Type EFT Totals:					\$84,495.20
CITY - Main City Totals				Count	Total
Checks				44	\$46,846.70
EFTs				5	\$84,495.20
All				49	\$131,341.90

Attachment: 12-11-20 Check Register (Approval of City Check Registers)


City main account checks dated December 18, 2020, numbered 97048 to 97090, totaling \$204,281.93, one library check for \$2,877.48, and 2 payroll checks and 90 EFTs totaling \$146,506.07, for a grand total of \$353,665.48, have been reviewed and authorized for distribution by the City Manager.

As of December 18, 2020, the unaudited cash balance is \$2,804,741.17.


**CASH POSITION - CITY OF CAPITOLA  
December 18, 2020**

	12/18/2020
General Fund	\$ (2,939,345.59)
Payroll Payables	\$ 155,249.17
Contingency Reserve Fund	\$ 2,061,345.66
Facilities Reserve Fund	\$ 522,829.72
Capital Improvement Fund	\$ 1,868,986.59
Stores Fund	\$ 53,754.81
Information Technology Fund	\$ 218,411.95
Equipment Replacement	\$ 478,832.92
Self-Insurance Liability Fund	\$ (38,509.73)
Workers' Comp. Ins. Fund	\$ 315,845.54
Compensated Absences Fund	\$ 107,340.13
<b>TOTAL UNASSIGNED GENERAL FUNDS</b>	<b>\$ 2,804,741.17</b>

The Emergency Reserve Fund balance is \$1,374,205.54 (not included above).  
The PERS Contingency Fund balance is \$930,466.47 (not included above).  
The Library Fund balance is \$3,853,739.38 (not included above).

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

12/21/20  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Jim Malberg, City Treasurer

12/17/20  
 \_\_\_\_\_  
 Date

Attachment: 12-18-20 Check Register (Approval of City Check Registers)

# City Checks Issued December 18, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
97048	12/18/2020			ADRIENNE HARRELL	\$743.16
	Invoice	Date	Description		Amount
	AH121420	12/14/2020	Instructor payment		\$743.16
97049	12/18/2020			AMAZON CAPITAL SERVICES	\$609.46
	Invoice	Date	Description		Amount
	1K1K-LJW4-R64Q	12/11/2020	PW pants (5 ea)		\$217.95
	1XPX-N66X-GKH6	12/11/2020	Community center outswing strike and keeper		\$37.00
	133C-VF6J-1H93	12/12/2020	Neck gaiters, pants		\$136.56
	1JYJ-KVPJ-QGND	12/16/2020	PW jeans (5 ea)		\$217.95
97050	12/18/2020			AT&T	\$9.20
	Invoice	Date	Description		Amount
	ATT120120	12/01/2020	December long distance charges		\$9.20
			1000 - General Fund \$4.53		
			2211 - IT Fund \$4.67		
97051	12/18/2020			BEAR ELECTRICAL SOLUTIONS INC.	\$1,646.70
	Invoice	Date	Description		Amount
	11828	11/30/2020	November traffic signal maintenance services - response		\$646.80
	11749	11/28/2020	November traffic signal maintenance services - routine		\$999.90
			1310 - Gas Tax		
97052	12/18/2020			BIG CREEK LUMBER	\$259.16
	Invoice	Date	Description		Amount
	1456585	12/07/2020	Wharf house lumber, nitrile gloves		\$259.16
			1311 - Wharf		
97053	12/18/2020			BIOBAG AMERICAS INC.	\$2,740.00
	Invoice	Date	Description		Amount
	477092	12/09/2020	Dog waste bags		\$2,740.00
97054	12/18/2020			BROADCAST MUSIC INC.	\$364.00
	Invoice	Date	Description		Amount
	9829803	12/02/2020	Music licensing		\$364.00
97055	12/18/2020			BURKE WILLIAMS AND SORENSEN LLP	\$24,128.25
	Invoice	Date	Description		Amount
	262041	11/30/2020	October labor and employment legal services		\$241.50
	262042	11/30/2020	October city attorney services		\$14,222.00
	262043	11/30/2020	October planning legal services		\$2,427.75
	262044	11/30/2020	October police legal services		\$208.00
	262045	11/30/2020	October legal services		\$78.00
	262046	11/30/2020	October legal services		\$427.50
	262047	11/30/2020	October housing updates		\$1,282.50
	262048	11/30/2020	October legal services		\$4,617.00
	262049	11/30/2020	October PW legal services		\$624.00
97056	12/18/2020			CA DEPARTMENT OF JUSTICE	\$228.00
	Invoice	Date	Description		Amount
	481948	12/03/2020	Employee fingerprinting		\$66.00
	483125	12/03/2020	November employee fingerprinting		\$162.00
97057	12/18/2020			CAPITOLA-SOQUEL CHAMBER OF COMMERCE	\$8,059.96

Attachment: 12-18-20 Check Register (Approval of City Check Registers)

# City Checks Issued December 18, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
	Invoice	Date	Description		Amount
	CSCC103120	10/31/2020	July - Oct. TOT allocation 1305 - Restricted TOT		\$8,059.96
97058	12/18/2020			CITY OF SANTA CRUZ	\$2,250.00
	Invoice	Date	Description		Amount
	SCLGTower	12/14/2020	Lifeguard tower		\$2,250.00
97059	12/18/2020			CRAIG FEENEY	\$1,250.00
	Invoice	Date	Description		Amount
	125	11/20/2020	Preventative HVAC maintenance		\$1,250.00
97060	12/18/2020			EXTREME TOWING	\$250.00
	Invoice	Date	Description		Amount
	016005	12/03/2020	Ford F250 tow		\$250.00
97061	12/18/2020			FARWEST NURSERY	\$172.68
	Invoice	Date	Description		Amount
	369108	12/10/2020	Village plants		\$172.68
97062	12/18/2020			GINA ENRIQUEZ	\$4,903.03
	Invoice	Date	Description		Amount
	GE121420	12/14/2020	Instructor payment		\$4,903.03
97063	12/18/2020			GRANITE ROCK COMPANY	\$122,265.00
	Invoice	Date	Description		Amount
	993741	12/15/2020	Jetty mobilization, furnish & install rocks 1200 - CIP		\$122,265.00
97064	12/18/2020			HOME DEPOT CREDIT SERVICES	\$48.97
	Invoice	Date	Description		Amount
	5525460	12/08/2020	Long nose pliers, drain opener		\$48.97
97065	12/18/2020			HOSE SHOP	\$257.53
	Invoice	Date	Description		Amount
	430645	12/15/2020	Hydraulic hose, crimp fitting, SS clamp, hose assembly		\$257.53
97066	12/18/2020			INTERSTATE BATTERY SYSTEM OF SAN JOSE INC	\$259.13
	Invoice	Date	Description		Amount
	120110815	12/04/2020	Batteries		\$259.13
97067	12/18/2020			KBA Document Solutions LLC	\$26.28
	Invoice	Date	Description		Amount
	55Y1141995	12/11/2020	City Hall copier usage charges 2211 - IT Fund		\$26.28
97068	12/18/2020			KIMLEY HORN AND ASSOCIATES INC	\$862.95
	Invoice	Date	Description		Amount
	097763118-1120	12/08/2020	Construction assistance - traffic signal adaptive control system 1200 - CIP		\$862.95

Attachment: 12-18-20 Check Register (Approval of City Check Registers)



# City Checks Issued December 18, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
97069	12/18/2020			KING'S PAINT AND PAPER INC.	\$50.95
	Invoice	Date	Description		Amount
	A0305952	12/16/2020	Jade St. paint		\$50.95
97070	12/18/2020			LAURA ALIOTO	\$390.00
	Invoice	Date	Description		Amount
	LA121420	12/14/2020	Instructor payment		\$390.00
97071	12/18/2020			MID COUNTY AUTO SUPPLY	\$20.36
	Invoice	Date	Description		Amount
	MID-1076260	12/04/2020	Sweeper supplies 1310 - Gas Tax		\$20.36
97072	12/18/2020			MISSION LINEN SUPPLY	\$128.76
	Invoice	Date	Description		Amount
	513793330	12/09/2020	Fleet towels, uniform cleaning		\$35.99
	513793331	12/09/2020	Corp. yard linen service, towels		\$92.77
97073	12/18/2020			NICHOLS CONSULTING ENGINEERS CHTD	\$9,800.00
	Invoice	Date	Description		Amount
	303085511	09/29/2020	Park Ave. storm damage additional work 1200 - CIP		\$9,800.00
97074	12/18/2020			OUTDOOR SUPPLY HARDWARE	\$322.31
	Invoice	Date	Description		Amount
	C23102	12/10/2020	Steel flat bar weld		\$32.68
	C18590	12/04/2020	LED lights, wreath		\$156.86
	C23864	12/11/2020	Wharf entrance mulch		\$97.94
	C23916	12/11/2020	Mulch, gloves		\$34.83
97075	12/18/2020			PACIFIC GAS & ELECTRIC	\$14,264.54
	Invoice	Date	Description		Amount
	PGE120720-acct7	12/07/2020	Library electricity 9/23 - 11/12/20		\$273.15
	PGE121120-acct0	12/11/2020	Wharf Road Rispin Mansion utilities		\$9.86
	PGE121320-acct5	12/13/2020	Pacific Cove parking lot utilities		\$969.44
	PGE121320-acct9	12/13/2020	December gas & electricity		\$13,012.09
			1000 - General Fund	\$5,680.40	
			1300 - SLESF	\$117.86	
			1310 - Gas Tax	\$6,711.20	
			1311 - Wharf	\$1,755.08	
97076	12/18/2020			PALACE BUSINESS SOLUTIONS	\$19.71
	Invoice	Date	Description		Amount
	4031877-0	12/11/2020	Glue, glitter, pencils, paper		\$19.71
97077	12/18/2020			RDO EQUIPMENT CO.	\$87.97
	Invoice	Date	Description		Amount
	P2166339	12/16/2020	Pawl, bushings, v-belt, snap ring		\$87.97
97078	12/18/2020			SAN LORENZO LUMBER	\$648.71
	Invoice	Date	Description		Amount
	55-0601018	12/07/2020	Wharf house wrecking bar, gloves, lumber, sun glasses, screw		\$456.57
	55-0601637	12/09/2020	Wharf lumber 1311 - Wharf		\$192.14

Attachment: 12-18-20 Check Register (Approval of City Check Registers)

# City Checks Issued December 18, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
97079	12/18/2020			SANTA CRUZ LIVE SCAN INC	\$150.00
	Invoice	Date	Description		Amount
	1538	10/01/2020	Recreation live scan fees		\$150.00
97080	12/18/2020			SANTA CRUZ MUNICIPAL UTILITIES	\$311.45
	Invoice	Date	Description		Amount
	SCMU113020	11/30/2020	November water service for medians		\$311.45
97081	12/18/2020			SHORELIFE COMMUNITY CHURCH	\$150.00
	Invoice	Date	Description		Amount
	103	12/01/2020	OST room rentals		\$150.00
97082	12/18/2020			SOQUEL CREEK WATER DISTRICT	\$124.32
	Invoice	Date	Description		Amount
	06-14476-0012320	12/03/2020	430 Kennedy Drive water service		\$124.32
97083	12/18/2020			THE HOME DEPOT PRO	\$1,727.54
	Invoice	Date	Description		Amount
	588959486	12/09/2020	Janitorial supplies		\$1,333.73
	589236900	12/10/2020	Janitorial supplies		\$384.16
	589442300	12/10/2020	Janitorial supplies		\$9.65
97084	12/18/2020			US BANK EQUIPMENT FINANCE	\$187.37
	Invoice	Date	Description		Amount
	430365478	12/03/2020	City Hall & Recreation copier leases		\$187.37
			1000 - General Fund	\$26.05	
			2210 - Stores	\$161.32	
97085	12/18/2020			US BANK EQUIPMENT FINANCE	\$103.55
	Invoice	Date	Description		Amount
	430365304	12/03/2020	Recreation copier lease		\$103.55
97086	12/18/2020			US BANK EQUIPMENT FINANCE	\$288.85
	Invoice	Date	Description		Amount
	430365767	12/03/2020	PD copier lease		\$288.85
97087	12/18/2020			WATCHGUARD VIDEO	\$394.59
	Invoice	Date	Description		Amount
	CMINV0000760	10/18/2020	Cloud storage July - Sept.		\$394.59
			2211 - IT Fund		
97088	12/18/2020			WATSONVILLE BLUEPRINT	\$117.79
	Invoice	Date	Description		Amount
	96791	12/08/2020	Capitola Ave. sidewalk improvement plans		\$117.79
97089	12/18/2020			WELLS FARGO BANK	\$3,567.00
	Invoice	Date	Description		Amount
	WF120320	12/03/2020	November credit card charges		\$3,567.00
			1000 - General Fund	\$3,156.06	
			2210 - Stores	\$20.94	
			2211 - IT	\$390.00	
			Purchases over \$500:		
			Ben Davis Co.	\$735.75	PW work pants

Attachment: 12-18-20 Check Register (Approval of City Check Registers)

# City Checks Issued December 18, 2020

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
97090	12/18/2020			Lois Alford	\$92.70
	Invoice	Date	Description		Amount
	2005048.002	12/09/2020	Class refund		\$92.70

Check Totals: \$204,281.93

Library	Invoice	Date	Description	Payee Name	Transaction Amount
234	12/18/2020			IRONSMITH INC.	\$2,877.48
	Invoice	Date	Description		Amount
	IS121520	12/15/2020	Library compass rose deposit		\$2,877.48

Library Totals: \$2,877.48

Main City Totals	Count	Total
Checks	43	\$204,281.93
EFTs	0	\$0.00
All	43	\$204,281.93
<b>Library Totals</b>		
Checks	1	\$2,877.48
EFTs	0	\$0.00
All	1	\$2,877.48
<b>Payroll Totals</b>		
Checks	2	\$46.17
EFTs	90	\$146,459.90
All	92	\$146,506.07
<b>Grand Totals:</b>		
Checks	46	\$207,205.58
EFTs	90	\$146,459.90
All	136	\$353,665.48

Attachment: 12-18-20 Check Register (Approval of City Check Registers)



## CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 14, 2021

FROM: Finance Department

SUBJECT: Receive Audit Report for Fiscal Year 2019-20

**RECOMMENDED ACTION:** Receive report.

**BACKGROUND:** The City of Capitola is required by state statute to publish a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards. The audit must be conducted by a firm of licensed certified public accountants.

The City's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020, has again received an "unmodified" opinion, which indicates the auditor believes the financial statements are presented fairly in all material respects. The City's annual audit and CAFR meet all state and federal requirements and will be available to the public at City Hall as well as on the City's website.

**DISCUSSION:** The financial report presents the financial condition, results of operations, and current economic condition for the City and component units' Fiscal Year ended June 30, 2020. Financial information for the Successor Agency is presented as a separate Private Purpose Trust Fund within the CAFR.

The independent audit firm Eide Bailly LLP issued the following opinion on the City's financial records, found on page two of the CAFR: "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Capitola, California, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America."

The Fiscal Year (FY) 2019-20 CAFR will be submitted to the Government Finance Officers' Association for the Excellence in Financial Reporting Award. The City's CAFR has received this prestigious award for the last eight fiscal years. Previously, the City had received the California Society of Municipal Finance Officers Award for the Outstanding Financial Reporting every year since FY 2000.

In addition to the CAFR, the auditor also issues a Management Letter and the Letter of Required Disclosures to the Governing Body and Statement of Auditing Standards (SAS) 114. The Management Letter discusses the City's internal control over financial reporting and makes

Audit Report  
January 14, 2021

recommendations, if necessary, of controls that need to be strengthened. The SAS 114 Letter is a document that discusses, among other matters, any significant audit findings. Neither document identified any areas of concern.

FISCAL IMPACT: The following are key financial highlights of the FY 2019-20 CAFR:

- **Net Position**

○ Current and other assets	\$ 26,337,682
○ Capital assets	<u>29,448,944</u>
○ <b>Total Assets</b>	<b>\$ 55,786,626</b>
○ <b>Total Deferred Outflows of Resources</b>	<b><u>\$ 6,366,417</u></b>
○ Other Liabilities	\$ 2,331,255
○ Long term liabilities	
§ Due in one year	175,959
§ Due in more than one year	<u>28,384,457</u>
○ <b>Total Liabilities</b>	<b><u>\$ 30,891,671</u></b>
○ <b>Total Deferred Inflows of Resources</b>	<b><u>\$ 2,287,504</u></b>
○ Net Position:	
○ Net investment in capital assets	\$ 27,367,459
○ Restricted	14,492,914
○ Unrestricted	<u>(12,886,505)</u>
○ <b>Total Net Position</b>	<b><u>\$ 28,973,868</u></b>

- **Revenues**

○ General Revenues:	
○ Taxes:	
§ Sales and use taxes	\$ 7,440,745
§ Property taxes	2,711,883
§ Transient occupancy taxes	1,262,816
§ Franchise taxes	556,708
§ Business license taxes	329,711
○ Motor vehicle in-lieu	233,459
○ Investment income	699,199
○ Miscellaneous revenue	16,383
○ Program Revenues:	
§ Charges for services	2,875,646
§ Operating grants and contributions	500,949
§ Capital contributions and grants	<u>7,357,094</u>
○ <b>Total Revenues</b>	<b><u>\$ 23,984,593</u></b>

- **Expenses**

○ General Government	\$ 3,876,025
○ Public Safety	7,809,697
○ Community Development	1,097,095
○ Culture and Recreation	1,792,763
○ Public Works	3,263,492
○ Interest and other charges	<u>68,132</u>

Audit Report  
January 14, 2021

○ <b>Total Expenses</b>	<b><u>\$ 17,907,204</u></b>
○ <b>Change in Net Position</b>	<b>6,077,389</b>
○ <b>Beginning Net Position</b>	<b><u>22,896,479</u></b>
○ <b>Ending Net Position</b>	<b><u>\$ 28,973,868</u></b>
<b>• General Fund</b>	
○ Fund balance:	
○ Non-spendable:	
§ Prepaid items	\$ 0
○ Assigned:	
§ Emergency Reserve	1,374,206
§ Contingency Reserve	2,061,346
§ PERS Retirement Trust	916,861
○ Unassigned	<u>2,952,670</u>
○ <b>Total Fund Balance</b>	<b><u>\$ 7,305,083</u></b>
<b>• Capital Assets:</b>	
○ Land	\$ 4,883,789
○ Building & Improvements	2,398,168
○ Equipment	4,170,592
○ Infrastructure	30,713,295
○ Construction in Progress	<u>14,494,833</u>
○ <b>Total Capital Assets</b>	<b><u>\$ 56,660,677</u></b>
○ <b>Less Depreciation</b>	<b><u>27,211,733</u></b>
○ <b>Capital Assets Net of Depreciation</b>	<b><u>\$ 29,448,944</u></b>
<b>• Long-Term Debt / Liability</b>	
○ Pacific Cove Capital Lease	1,058,455
○ Beach & Village Parking Lease	1,023,030
○ Compensated Absences	758,313
○ Net OPEB Obligation	1,572,208
○ Net Pension Liability	<u>24,148,410</u>
○ <b>Total Long-Term Debt</b>	<b><u>\$ 28,560,437</u></b>

The next opportunity to review the City's financial picture, including updated revenue and expenditure forecasts, will be at the Mid-Year Budget Review in early March.

ATTACHMENTS:

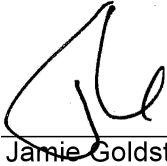
1. City of Capitola 2020 CAFR
2. Governance Communication Letter
3. Internal Control Compliance Report

Report Prepared By: Jim Malberg

Audit Report  
January 14, 2021

Finance Director

**Reviewed and Forwarded by:**



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Jamie Goldstein, City Manager

1/7/2021

# Comprehensive Annual Financial Report



Attachment: City of Capitola 2020 CAFR (Audit Report)

City of Capitola, California  
Fiscal Year Ended June 30, 2020



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# CITY OF CAPITOLA, CALIFORNIA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Attachment: City of Capitola 2020 CAFR (Audit Report)

Prepared by the Capitola Finance Department

**City of Capitola  
Comprehensive Annual Financial Report  
Year Ended June 30, 2020**

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**City of Capitola  
Comprehensive Annual Financial Report  
Year Ended June 30, 2020**

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**City of Capitola  
Comprehensive Annual Financial Report  
Year Ended June 30, 2020**

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**INTRODUCTORY SECTION**

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December 8, 2020

Honorable Mayor,  
Members of the City Council, and  
Citizens of the City of Capitola

SUBJECT: Comprehensive Annual Financial Report - June 30, 2020

The Comprehensive Annual Financial Report (CAFR) for the City of Capitola for the fiscal year ended June 30, 2020, is hereby submitted.

## REPORT PURPOSE AND ORGANIZATION

State law requires the accounts and fiscal affairs of all municipal entities be audited annually by an independent certified public accountant. The City's independent auditor Eide Bailly LLP has audited the City's financial statements and issued an unmodified opinion that the financial statements for fiscal year ended June 30, 2020, are fairly presented in conformity with generally accepted accounting principles (GAAP). This opinion, along with the basic financial statements of the City, are hereby submitted as the Comprehensive Annual Financial Report (CAFR) for the City of Capitola for the fiscal year ended June 30, 2020 and included in the financial section of this report in fulfillment of the above requirement.

The independent audit of the financial statements is also typically conducted in conjunction with the federally mandated Single Audit. The standards governing the Single Audit require the independent auditor to report on items beyond fair presentation of the financial statements, including internal controls and compliance with legal requirements involving the administration of federal awards. A Single Audit Report on Federal Award Programs was not required or prepared in fiscal year 2020 because the City had less than \$750,000 in federal grant expenditures. The City's last required Single Audit Report is available for the year ended June 30, 2012.

This report consists of City management's representations concerning the finances of the City of Capitola. Consequently, management assumes full responsibility for completeness, accuracy of data, and fairness of presentation, including all footnotes and disclosures. Management believes the data presented are accurate in all material respects and that they are presented in a manner designed to fairly set forth the financial position and results of operations of the City. To provide a reasonable basis for making these representations, City management has established a comprehensive framework of internal controls designed both to protect the City's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements. The audit provides users with reasonable assurance that the information presented is free from material misstatements. As management, we assert that to the best of our knowledge, this financial report is complete and reliable in all material respects.



GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found in the Financial Section of this document, immediately following the report of the independent auditor.

## **CITY OF CAPITOLA PROFILE**

The City of Capitola is a small coastal community located in Santa Cruz County that occupies approximately two square miles and serves a population of about 10,250. Located on the northern edge of Monterey Bay, approximately 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 sandy 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 Capitola Beach Festival, Capitola Art and Wine Festival, and the annual Wharf to Wharf race.

Named the Most Walkable Beach Town in the United States by Elle Décor Magazine, voted one of the best beach locations on the California Coast by Sunset Magazine, and recently named one of the "9 Most Unspoiled Vacation Spots" by the Fishing Booker website, Capitola offers fishing and boating, along with beachfront restaurants, shops and entertainment. Other visitor attractions include the Capitola Historical Museum, Capitola Wharf, and the Capitola Mall.

Although Capitola is considered a central coast beach destination, it is also one of two major retail centers in Santa Cruz County. The Capitola Mall, combined with Brown Ranch and 41st Avenue businesses, is the retail hub of the central county. With major retailers such as Target, Macy's, Kohl's, CVS, Ross, and Bed Bath and Beyond, Capitola is a "net regional retail provider" with retail sales several times higher than the retail demand of Capitola city residents. The City also has two major car dealerships.

Capitola is also fortunate to have outstanding educational opportunities. In addition to 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. According to the U.S. Census Bureau's 2010 data, 94% of Capitola residents are high school graduates and 39% possess a Bachelors' Degree or higher-level degree.

### **Form of Government**

Capitola is a General Law City, which was incorporated on January 11, 1949. The City is subject to the framework and procedures established by State Law and operates under the Council – City Manager form of government. The Council is comprised of four Council Members and a Mayor, all of whom are directly elected by the citizens. The Council Members serve four-year staggered terms; and the Mayor and Vice-Mayor are elected annually by the Council. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject only to the limitations of the City Municipal Code and the State legislation.

The City Council appoints a City Manager to serve as the City's chief administrative officer. The City Manager provides direction and leadership to all City departments and ensures that all City Council policies are implemented.

**City Services**

The City provides police protection, street, park and facilities maintenance, recreation, building, planning, zoning, administrative, and financial services for Capitola. Independent special districts provide fire protection, water, sewer, and limited drainage services.

The CAFR includes all financial activities of the City and the Successor Agency to the former Redevelopment Agency of the City of Capitola; two separate legal entities. City Council members also serve as the governing board members of the Successor Agency and the City Manager serves as its Executive Director. Financial activities of the Successor Agency are also subject to approval by an independent Oversight Board.

Financial data for all funds through which services are provided by the City have been included in this report based on the criteria adopted by the Government Accounting Standards Board (GASB), which is the authoritative body in establishing United States GAAP for local governments.

**Budgetary Policy and Control**

The City’s budgetary records are maintained on a modified accrual basis. Revenues are recorded when measurable and available and expenditures are recorded when goods or services are received, and the liability incurred. The City produces a two-year annual budget, which serves as the foundation for the City of Capitola’s financial planning and control. Based on the City’s Financial Management Policies, the City is required to maintain a balanced operating budget; along with using one-time revenues to fund non-recurring expenditures. In the budget development process, the City references the following Budgeting Principles to identify key projects and goals: Fiscal Policy, Public Service, and Public Improvements.

In accordance with the City’s Municipal Code, the budget is adopted by resolution on or before June 30th for the ensuing fiscal year. Expenditures authorized in the final budget resolution are appropriated at the budget unit level. Capital projects are budgeted at the individual project level. City Council may appropriate, amend, or transfer funds by an affirmative vote of three or more Council members at any regular or special Council meeting.

The Successor Agency’s two-year budget is incorporated into the City’s budget process; however, all obligations are subject to annual approval by the County Oversight Board and the California State Department of Finance.

**Factors Affecting Financial Condition**



The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment in which the City operates.

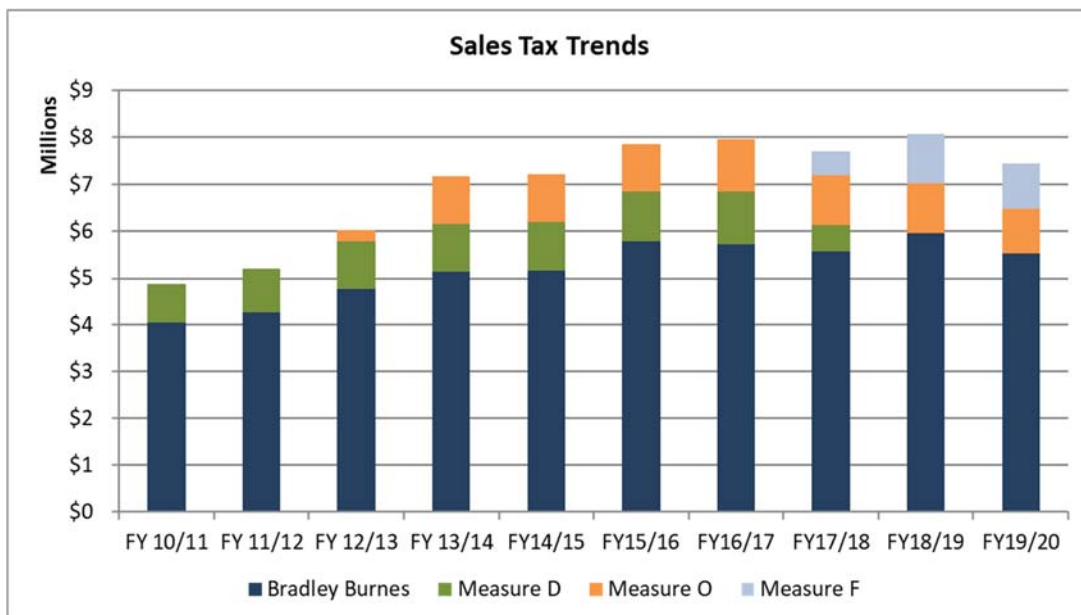
### Local Economy

The City of Capitola had seen the local economy level off after several years of growth. This appeared to be the case again in FY 2020, however with the onset of the global Coronavirus Pandemic (COVID-19) in March 2020 city revenues were severely impacted during the fourth quarter of FY 2020. The City acted promptly in response to COVID-19 by reducing revenue projections and eliminating all non-essential expenses beginning in mid-March. Additionally, the City froze six vacant positions and began negotiating concessions with all labor groups to address the projected revenue shortfalls. General Fund operations resulted in a net decrease in fund balance of \$1,326,545. Revenues were \$1,241,670 below the amended FY 2020 budget and \$1,056,231 below the prior year while expenses were \$692,409 below the amended budget but were \$998,936 higher than the prior year. With all the unknown fiscal impacts related to COVID-19, a conservative approach was taken in developing the City’s two-year budget plan, with an emphasis placed on navigating through the fiscal impacts of COVID-19 while maintaining core City services without sacrificing the financial future of the City.

The three major sources of General Fund revenue include Sales Tax, Property Tax, and Transient Occupancy Tax (TOT). These three revenues account for approximately 75% of all General Fund Revenues.

Sales tax is the City’s largest source of revenue, accounting for just under 50% of the General Fund Revenues. The City sales tax consists of 1% Bradley Burns, 0.25% Capitola District Tax (Measure O), and a 0.25% Capitola District Tax (Measure F) that is effective from January 1, 2018 through December 31, 2027. In FY 2019/20, the combined sales tax receipts of \$7.44 million were \$524,583 (6.59%) lower than budgetary estimates and \$635,840 (7.87%) below the prior year primarily due to the effects of COVID-19.

Sales tax receipts are volatile and reflect the current local, state, and national economic condition. Sales Tax collections for the City of Capitola decreased year over year after slightly increasing in the prior year. In FY 2009/10, the economy began to slowly show signs of recovery however sales tax revenues have been relatively flat since FY 2015-16. The following chart shows sales tax trends over the past ten years as well as demonstrates the proportional share of District and Bradley Burns Sales taxes.



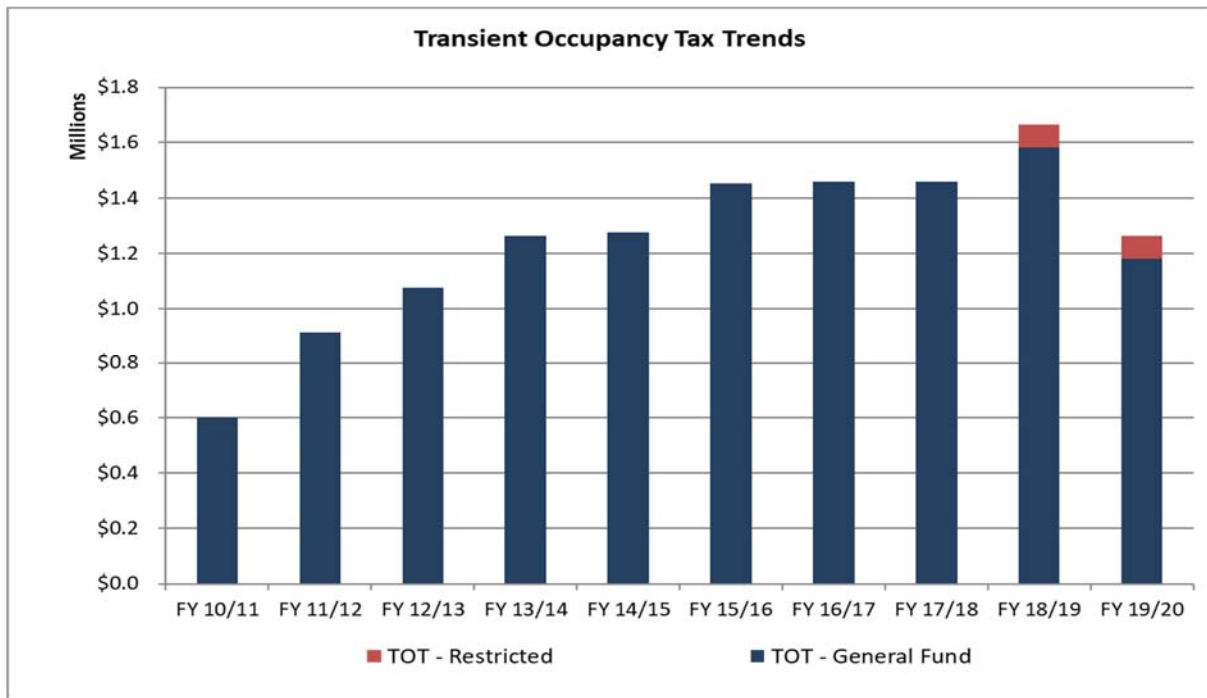
Capitola's second major source of revenue is property tax. In FY 2019/20 the General Fund received \$2.45 million in property tax receipts, prior to inclusion of Documentary Transfer Tax and Residual RDA distributions. This base amount was approximately \$91,172 more than the prior year however was \$11,121 below the final budgeted amount. Over the last five fiscal years the City has averaged approximately 6% growth in annual property tax collections however in FY 2019/20 the increase was approximately 3.9% over the prior year.

Due to the dissolution of the Capitola Redevelopment Agency (RDA), the RDA's tax increment revenues are distributed to the Successor Agency Redevelopment Property Tax Trust Fund (RPTTF) in amounts that are only sufficient to fund obligations approved by the independent Oversight Board. Before the RDA dissolution, the City and RDA received over \$2 million a year. FY 2019-20 marked the first year since the dissolution of the RDA that the City did not receive residual distributions of RPTTF revenues. The end of the Required Obligation Payment Schedule (ROPS) is in June 2021 and the City is utilizing approximately \$248,000 of existing fund balance to meet the remaining obligations.

The City's property tax revenues do not respond to economic conditions as quickly as sales tax revenues. This delayed response, along with less volatility, assists the City in adjusting to economic downturns by lessening the immediacy of revenue loss. The following chart includes Property Tax Revenue, as well as Property Tax In-Lieu of Vehicle License Fees. Based on the historical data, property tax revenues have remained relatively consistent due to appreciating property values. Staff anticipates this trend, while showing signs of slowing, will continue into the next fiscal year.



Transient occupancy tax (TOT) represents approximately 10% of General Fund revenues. While tourism and economic growth have remained stable, TOT revenue remained flat from FY 2015-16 through FY 2017-18 due to limitations on hotel and vacation rental room inventory. In November 2018 Capitola voters approved an increase in the TOT rate from 10% to 12% with 0.40% dedicated to local business groups and 0.35% dedicated to Early Childhood and Youth programs. The new TOT rate became effective on January 1, 2019 boosting TOT revenues in FY 2018-19 however, TOT revenues were the most impacted revenues due to COVID-19 and saw a significant reduction during the fourth quarter of FY 2019-20. The chart below provides a 10-year history of TOT revenues.



### Long-term Financial Planning

In the past, the City has made strategic decisions to help maintain resiliency in difficult economic times. As a continuation of this practice, the City is focusing on the following planning measures:

#### Planning for Sales Tax Revenues

The City of Capitola sales tax revenue consists of 1% Bradley Burns Sales tax and two 0.25% District taxes. The first District sales tax, Measure O, is a permanent 0.25% sales tax that was approved by voters in November 2012 and went into effect April 1, 2013. Measure O was implemented with the goal of replenishing reserves, funding CIP projects, and providing support for public safety initiatives. The City developed a five-year plan to ensure that Measure O funds were applied to their stated priorities. Each of the district taxes collect approximately \$1.1 million in General Fund revenues annually.

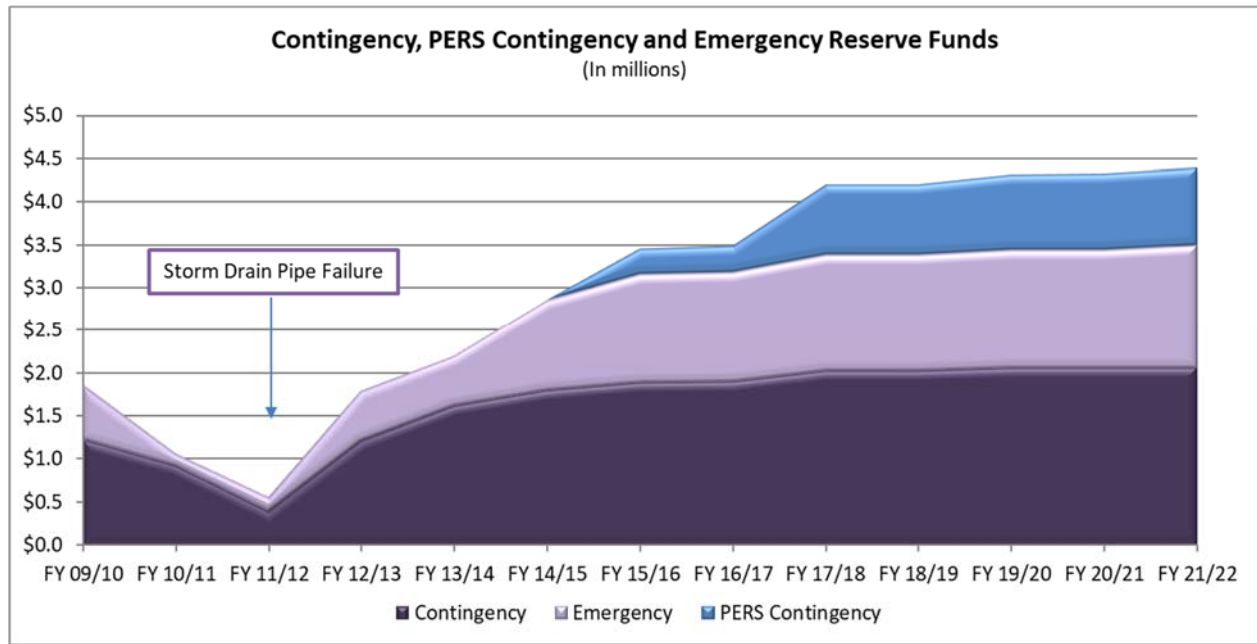
The second District tax, Measure F, was passed by voters in 2016 to extend Measure D, a temporary quarter of one percent sales tax, for an additional ten years. The City is committed to using this funding source to protect the wharf and beach from storms and rising sea levels, maintain police services, and improve sidewalks, parks, and bike safety. The adopted FY 2019/20 budget continued implementing these commitments as Measure F went into effect on January 1, 2018.

Replenishing and Increasing Reserves

The City has been proactive in establishing a stable reserve level. A portion of Measure O revenues were set aside to replenish the Contingency and Emergency Reserve Funds. The City’s reserves were depleted in March of 2011 when an underground storm drain failed, which resulted in damage to the Pacific Cove Mobile Home Park, City Hall, and portions of Capitola Village. As a result, the City paid \$1.4 million in flood related costs over a two-year period and assumed a \$2.39 million debt to relocate residents of the City-owned Pacific Cove mobile home park. This incident reduced the City’s reserves from \$1.87 million in FY 2009/10 to \$561,000 in FY 2011/12. This incident, along with the economic downturn, emphasized the need to review reserve policy levels to ensure the City was maintaining a sufficient balance to effectively manage unforeseen events.

In FY 2012/13 the City increased the Emergency Reserve funding level from 5% to 10% of operating expenditures and the Contingency Reserve funding level from 10% to 15% to ensure sufficient reserves are available to offset the effects of the next economic downturn and unforeseen emergencies.

In FY 2015/16 the City implemented a PERS Contingency Reserve Fund to ensure future funding availability for potential CalPERS contribution increases. The initial funding came from a \$300,000 transfer from the General Fund. The City invested the funds with Public Agency Retirement Services (PARS) in a moderately conservative trust fund that allows for a higher rate of return. During FY 2017/18, the City put an additional \$500,000 in the PERS trust fund.



Maintain the Facilities Reserve Fund

The City created a Facilities Reserve Fund in FY 2014/15. The purpose of the Facilities Reserve Fund is to create a mechanism to fund future facility maintenance projects. Examples of projects that could be financed through the fund include replacing roofs, painting exteriors, replacing mechanical/electrical equipment, and maintenance of adjoining parking spaces. The Facilities Reserve Fund ended FY 2019/20 with a cash balance of \$522,830. Due to COVID-19, the FY 2020/21 budget does not include any funding into the Facilities Reserve Fund to offset anticipated expenditures of \$50,000. Staff anticipates restoring annual contributions to the Facilities Reserve in FY 2021-22.

Attachment: City of Capitola 2020 CAFR (Audit Report)

### Funding Other Post-Employment Benefits Obligation (OPEB)

The City created an OPEB trust fund in FY 2013/14. Before prefunding the OPEB Liability, the City historically contributed the Minimum Employer Contribution required under the Public Employees' Medical and Hospital Care Act (PEMHCA). The transition from "pay as you go" financing to full funding, reduced the City's long-term liability from \$1,011,800 to \$657,500. In May 2014 the Actuarial Standards Board adopted standard number 6 (ASOP 6) requiring the calculation of the "Implicit Rate Subsidy". The implicit rate is an inherent subsidy of retiree healthcare costs by active employee healthcare costs when healthcare premiums paid by retirees and actives are the same. This was a highly controversial standard and the City's previous actuary did not include the calculation in prior OPEB actuarial valuations.

Following the advice of the City's external auditors as well as the new Actuarial Consultant, the current OPEB Actuarial Valuation now includes the Implicit Rate Subsidy calculation. This one change caused the Unfunded Actuarial Accrued Liability to increase \$1,201,442 increasing the balance from \$584,737 on June 30, 2019 to \$1,572,208 on June 30, 2020. In the FY 2020-21 Adopted Budget the City reduced funding to the OPEB Trust by \$65,000 due to the financial impacts related to COVID-19. The City will continue to make the "pay as you go" payments for retiree healthcare premiums and anticipates restoring funding to the OPEB Trust to the Annual Required Contribution amount of \$60,250 in FY 2021-22.

### Controlling Personnel Costs

Being a service-oriented organization, personnel costs make up the largest General Fund expenditure. The personnel budget comprises approximately 71% of the General Fund.

In FY 2013/14 all bargaining units agreed to multi-year contracts through June 30, 2018, with a cost sharing of CalPERS contributions, cost of living adjustments (COLA) based on the Consumer Price Index, and Flex Health Care spending increases. All bargaining units, with the exception of the Police Officers Association, agreed to new two-year contracts with similar cost sharing of CalPERS contributions, COLA's, and Flex Health Care spending increases in June 2018. The Police Officers Association agreed to a new three-year contract with similar cost sharing elements in October 2018.

Recent changes in CalPERS' risk pools have had a significant negative impact on the City. These changes will result in annual increases in CalPERS costs of 18% in FY 2020/21, 13.5% in FY 2021/22, and projected average increases of 5.5% over the following four years. Understanding that existing employees were already contributing more than the CalPERS-designated "employee share," the City's current labor contracts set future employee CalPERS contribution rates at a fixed percentage of compensation to reduce the impact on employees.

The number of positions city-wide increased 1.25 FTE in FY 2019/20, due to bringing the Information Technology Specialist position back in-house, a new after-school program offered by Recreation and reducing Public Works staff by one position. The total city-wide FTE's in FY 2019/20 is 67.75. Due to COVID-19 six vacant positions were frozen in March 2020 with an additional three positions frozen in June 2020.

### **Major Initiatives**

#### Capitola Mall Redevelopment

The City has continued to seek redevelopment opportunities to update and upgrade the City's major retail corridor and mall area. Upgrades to the Capitola Mall are now anticipated with the

April 2016 purchase of the Mall by Merlone Geier Partners, a private real estate investment company focused on the acquisition, development, and redevelopment of retail and retail-driven mixed-use properties on the West Coast. The City received a development application from Merlone Geier Aug. 27, 2019, however, due to COVID-19 the project has been put on hold by the developer.

### Funding Measure F Commitments

In November 2016 voters of Capitola approved extending an existing quarter of one percent sales tax for an additional ten years. The city has committed this sales tax revenue to protecting the beach and wharf from rising sea levels and storms, supporting bike and pedestrian safety projects, and maintaining police staffing levels.

While the FY 2020/21 adopted budget does not include the allocation of Measure F funding to the Capital Improvement Project (CIP) fund due to COVID-19, the flume reconstruction and jetty reconstruction projects are fully funded with both projects anticipated to be completed in FY 2020-21. Work began on these projects in FY 2017/18 along with the use of Measure F funds to replace the 20-year-old front end loader for beach maintenance. Additionally, the City was awarded a \$2 million grant from the State for the Wharf project.

### New Capitola Branch Library

In 1999 the City of Capitola built a temporary 4,320 square foot library at the corner of Clares Street and Wharf Road. The City's former RDA entered a contract with the County to construct a permanent library and contributed \$2.67 million to a County-held trust fund that would be used to help build the Capitola library. Measure S, which was approved by voters on June 7, 2016, will provide an additional \$10 million which is \$2 million more than originally anticipated. The current project budget is \$15.15 million and is fully funded by the above-mentioned former RDA and Measure S funds as well as General Fund transfers and fundraising by the Capitola Library Capital Campaign Committee. The City broke ground on the new Library on November 9, 2018 and anticipates completion during FY 2020/21.

## **Relevant Financial Policies**

### Financial Management Policies

The City has developed comprehensive Financial Management Policies to assist with the management of the operating and capital budgeting process and to standardize and rationalize the issuance of debt. This document focuses on Capital Budgeting and Reserves – Issuance of Debt, Operating Budgeting and Reserves and Other Policies, which addresses conformance with Generally Accepted Accounting Principles (GAAP), and Internal Borrowings. This policy requires the City to maintain a balanced operating budget; along with the use of one-time revenues to fund non-recurring expenditures.

A key component of this policy focuses on reserve requirements. Each fiscal year, the final adopted General Fund budget is required to have a Contingency Reserve appropriation equal to 15% of the General Fund operating expenditures and an Emergency Reserve appropriation equal to 10% of the General Fund operating expenditures. The purpose of the Contingency Reserve is to provide a prudent level of financial resources to protect against temporary revenue shortfalls, unanticipated operating costs, and/or to meet short-term cash flow requirements. The purpose of the Emergency Reserve Fund is to protect against one-time significant costs that may arise from major unpredictable emergency events.



Investment Policy

The City’s Investment Policy governs the investment of temporary cash excesses. Investments are prioritized based on the following order of importance: Safety of principal, liquidity, and yield. Various low risk investments, such as U.S. Treasury bills are permitted. During the year, all excess cash balances, which were not held by a fiscal agent, were invested in the California Local Agency Investment Fund (LAIF) and U.S. Treasury. At no time during the year was the City’s cash invested in a manner that violates this policy.

**AWARD FOR EXCELLENCE IN FINANCIAL REPORTING**



The Government Finance Officers Association of the United States and Canada (GFOA) also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Capitola’s CAFR for the fiscal years ended June 30, 2012 through June 30, 2018. Staff is currently working with GFOA regarding the Certificate of Achievement Award for the FY 2019 CAFR. This Certificate of Achievement is a prominent national award recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A GFOA Certificate of Achievement is valid for a period of only one year. The City of Capitola believes the FY 2020 CAFR conforms to the Certificate of Achievement program requirements and will be submitting it to GFOA for review.

Prior to receiving the GFOA Award, the City received the Certificate for Outstanding Financial Reporting for its Comprehensive Annual Financial Report (CAFR) by the California Society of Municipal Finance Officers (CSMFO). This award was received consistently since FY 1999/00. Once a GFOA Award is received, CSMFO prohibits cities from applying and receiving both awards.

**ACKNOWLEDGEMENTS**



The preparation of this report would not have been possible without the efficient and dedicated services of the entire Finance Department staff. I would like to also express our appreciation to the partners and staff of our auditors for their assistance and support.

I wish to express my thanks and appreciation to the Mayor and members of the City Council for their unfailing leadership and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Jamie Goldstein  
City Manager

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**LIST OF PRINCIPAL OFFICIALS**  
**FOR**  
**FISCAL YEAR ENDED JUNE 30, 2020**

**ELECTED OFFICIALS**

Mayor – Kristen Petersen  
Vice Mayor – Yvette Brooks  
Council Member – Jacques Bertrand  
Council Member – Ed Bottorff  
Council Member – Sam Storey

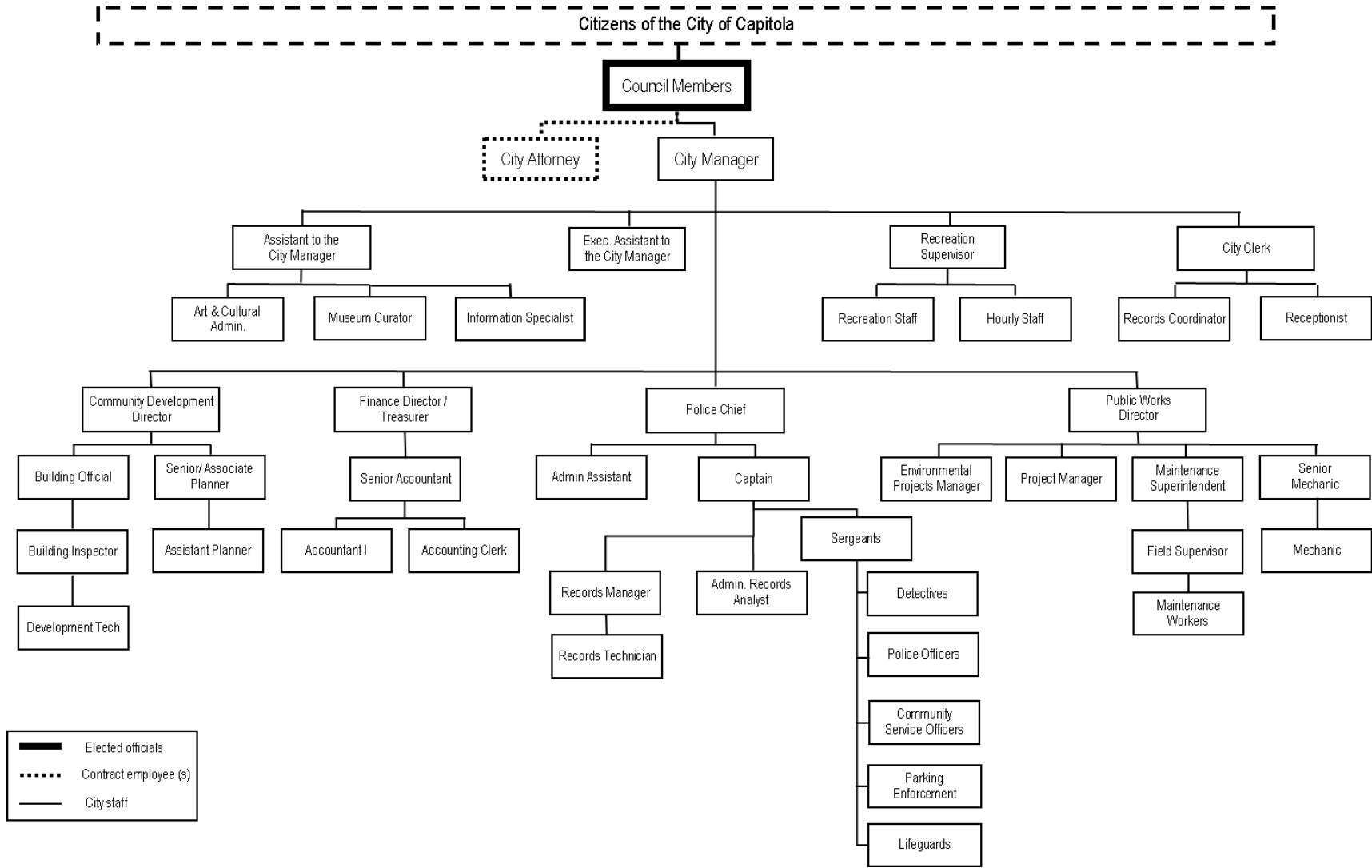
**APPOINTED OFFICIALS**

City Manager – Jamie Goldstein  
City Attorney – Burke, Williams & Sorensen, LLP

**DEPARTMENT HEADS/ADMINISTRATORS**

Assistant to the City Manager – Larry Laurent  
Chief of Police – Terry McManus  
City Clerk – Chloe Woodmansee  
Community Development Director – Katie Herlihy  
Finance Director – Jim Malberg  
Public Works Director – Steve Jesberg

# CITY OF CAPITOLA ORGANIZATIONAL CHART



Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**

**GFOA Awards**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Capitola  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

Attachment: City of Capitola 2020 CAFR (Audit Report)

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR’S REPORT

The Honorable City Council  
City of Capitola, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Capitola, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, Schedule of City's Proportionate Share of the Plan's Net Pension Liability, Schedule of Pension Contributions, Schedules of Budgetary Comparison Schedules for the General Fund and each Major Special Revenue Fund, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



San Mateo, California  
December 8, 2020

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## Management's Discussion and Analysis

As management of the City of Capitola, California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal and the basic financial statements.

### FINANCIAL HIGHLIGHTS

#### *Government-Wide Highlights*

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28.97 million (net position).
- Total net position increased by \$6.08 million from the prior year.
- The City's net capital assets increased by \$8.62 million from the prior year.
- The City's long-term liabilities increased by \$2.56 million from the prior year. See Notes 6 and 10 for details.

#### *Fund Highlights*

- The City's governmental funds reported combined fund balances of \$24.04 million, a decrease of \$0.79 million from the prior year. Of the \$24.04 million fund balance, \$3.95 million is assigned and \$4.68 million is unassigned, or available for spending at the City's discretion. An additional \$15.41 million is restricted for specific purposes by their providers through constitutional provisions or by enabling legislation in accordance with generally accepted accounting principles, which is further described in Note 1.
- The \$0.79 million decrease in the combined governmental fund balances was primarily attributable to a decrease in the tax revenues under the General Fund.
- The Unassigned fund balance for the General Fund was \$5.04 million, or 35% of General Fund operating expenditures, a decrease of 7.0% compared to the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as the introduction to the City’s basic financial statements. The City’s basic financial statements are comprised of the following three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. This report also contains supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods.

The Government-Wide Financial Statements distinguish functions of the City of Capitola that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development, culture and recreation, and transportation. The City does not have any business-type activities.

The Government-Wide Financial Statements include the City of Capitola (known as the primary government).

The Government-Wide Financial Statements can be found on pages 17-18 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds* are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City’s near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City currently has six major governmental funds: General Fund, Federal Home Loan Reuse Fund, Capitola Housing Successor Fund, RTC Streets Fund, Library Fund and the Capital Projects Fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the other governmental funds are combined into a single, aggregated presentation. The City maintains six internal service funds that provide goods and services solely for governmental activities. The activities are eliminated at the end of the fiscal year and any residual fund balances are combined with the General Fund.

The City adopts an annual appropriated budget for all funds. A budgetary comparison statement is provided for each of the City's governmental funds to demonstrate compliance with this budget. This comparison for the General Fund and the Capital Projects Fund is presented in the Required Supplementary Information section of this document. The budgetary comparison statements for Non-Major Governmental Funds and Fiduciary Funds are presented in the Supplementary Information Section of this report. All budget amendments require City Council approval for amounts over \$25,000.

The basic governmental fund financial statements can be found on pages 17-26 of this report.

*Fiduciary Funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because these resources are not available to support the City's programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are presented in the Basic Financial Statement section of this document. The City's only agency fund is the Auto Center Assessment District. The Private Purpose Trust Fund includes the Successor Agency to the Capitola Redevelopment Agency.

### **Notes to the Financial Statements**

The Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28-68 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the City of Capitola's net other postemployment benefits liability and contributions for the Healthcare Plan, the schedule of the City's proportionate share of the plans' net pension liability and related ratios, the schedule of plan contributions, and budget to actual comparisons, as noted in the table of contents.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of the City's financial position. For the fiscal year ended June 30, 2020, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$28.97 million.

	Governmental Activities	
	2020	2019
Current and other assets	\$ 26,337,682	\$ 26,648,552
Capital assets	29,448,944	20,827,364
<b>Total Assets</b>	<b>\$ 55,786,626</b>	<b>\$ 47,475,916</b>
<b>Total Deferred Outflows of Resources</b>	<b>6,366,417</b>	<b>5,385,146</b>
Other liabilities	2,331,255	1,854,520
Long term liabilities		
Due in one year	175,959	252,686
Due in more than one year	28,384,457	25,744,751
<b>Total Liabilities</b>	<b>30,891,671</b>	<b>27,851,957</b>
<b>Total Deferred Inflows of Resources</b>	<b>2,287,504</b>	<b>2,112,626</b>
Net Position:		
Net investment in capital assets	27,367,459	18,563,270
Restricted	14,492,914	14,896,470
Unrestricted	(12,886,505)	(10,563,261)
<b>Total Net Position</b>	<b>\$ 28,973,868</b>	<b>\$ 22,896,479</b>

The largest portion of the City's net position, \$27.37 million, is reflected in its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

Although the City of Capitola's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used. An additional portion of the City's net position, \$14.49 million, represented resources that were subject to external restrictions on how they may be used. The remaining negative \$12.89 million of the City's net position, were "unrestricted," and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted portion of net position is negative mainly due to the City's \$24.15 million net pension liability.

Further analysis is provided in the governmental activities section of this report.

**Governmental Activities**

Governmental activities increased the City of Capitola’s net position by \$6.08 million. The increase is due primarily to the inflow of bond funds related to construction of the new Capitola Library. The table below shows the changes between fiscal years 2019 and 2020:

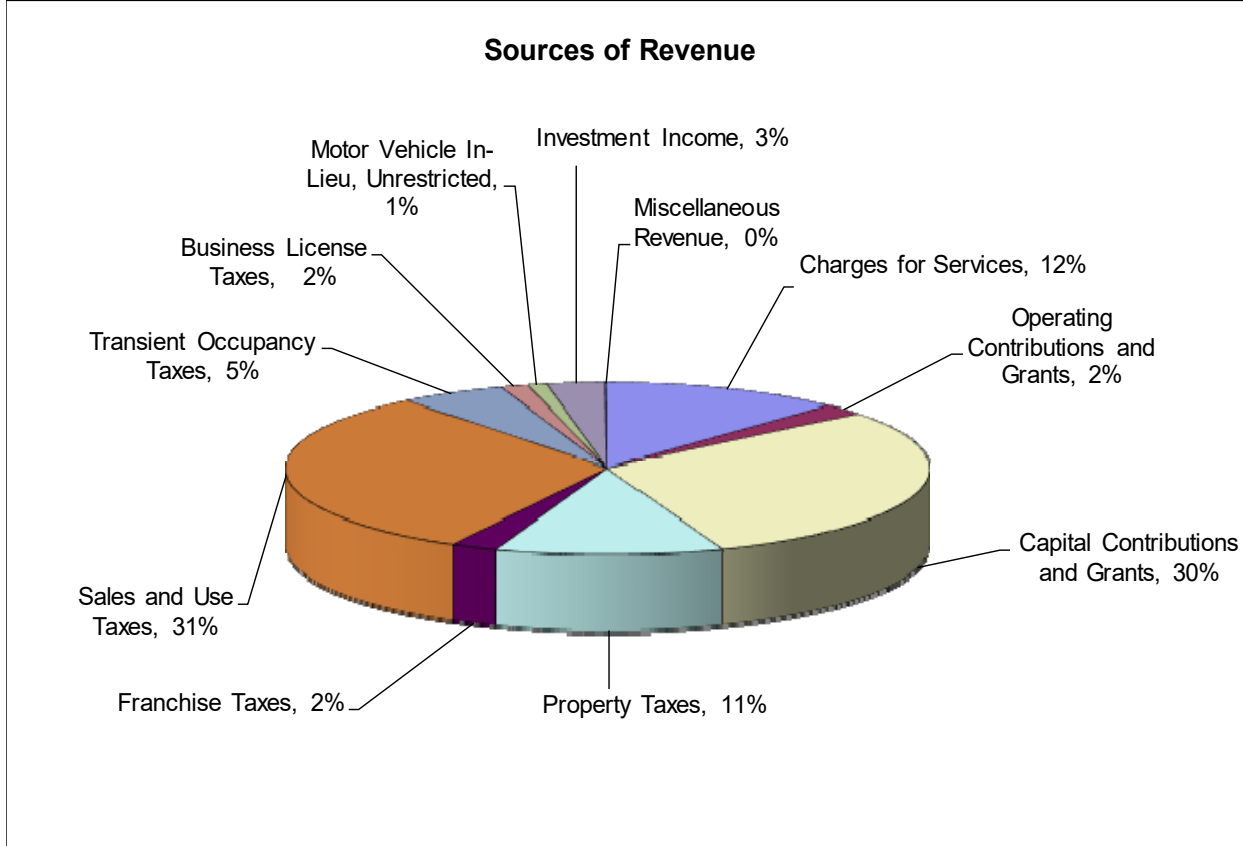
	2020	2019
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,875,646	\$ 2,896,409
Operating grants and contributions	500,949	649,513
Capital contributions and grants	7,357,094	5,678,088
General revenues:		
Taxes:		
Property taxes	2,711,883	2,629,964
Franchise taxes	556,708	545,424
Sales and use taxes	7,440,745	8,076,583
Transient occupancy taxes	1,262,816	1,581,864
Business license taxes	329,711	307,930
Motor vehicle in-lieu, unrestricted	233,459	224,139
Investment income, unrestricted	699,199	450,099
Miscellaneous revenue	16,383	119,011
<b>Total revenues</b>	<b>23,984,593</b>	<b>23,159,024</b>
<b>Expenses</b>		
General government	3,876,025	3,595,348
Public safety	7,809,697	7,037,088
Community development	1,097,095	955,803
Culture and recreation	1,792,763	1,192,148
Transportation	3,263,492	3,384,254
Interest and other charges	68,132	76,329
<b>Total expenses</b>	<b>17,907,204</b>	<b>16,240,969</b>
<b>Change in Net Position</b>	<b>6,077,389</b>	<b>6,918,055</b>
<b>Beginning Net Position</b>	<b>22,896,479</b>	<b>15,978,424</b>
<b>Ending Net Position</b>	<b>\$ 28,973,868</b>	<b>\$ 22,896,479</b>

Attachment: City of Capitola 2020 CAFR (Audit Report)



Revenues

As shown in the Statement of Activities, revenues for FY 2019/20 totaled \$23.98 million. The following graph includes program and general revenues and shows the percentage of governmental revenues by source:



Revenues increased by \$0.83 million, or 3.6%, from the prior year. This was primarily due to the following factors:

- Operating grants and contributions – Decreased \$148,564 from the prior year. The decrease was primarily due to recognizing unavailable revenue rather than showing it as a deferred inflow of resources in the prior year.
- Property taxes – Increased \$81,919 over the prior year. This increase was consistent with property valuation increases provided by the County Auditor Controller.
- Sales and use taxes – Decreased \$635,838 from the prior year primarily due the economic impacts related to COVID-19.
- Capital contributions and grants – Increased \$1,679,006 from the prior year. The increase was primarily due to the inflow of county wide bond funds related to construction of the new Capitola Branch Library.

Attachment: City of Capitola 2020 CAFR (Audit Report)

*Cost of Services*

Based on generally accepted accounting principles, program revenues are derived directly from programs or from parties outside the reporting government’s taxpayers or citizenry. These revenues reduce the net cost of the function to be financed from the government’s general revenues. General revenues are all other revenues not categorized as program revenues and include taxes, unrestricted grants, contributions, investment earnings, and miscellaneous revenues. Total program revenues from governmental activities were \$10.73 million.

The table below shows the costs and revenues of each of the City’s programs:

	Total Cost of Services	Program Revenues	Net Cost of Services
General government	\$ 3,876,025	\$ 1,306,830	\$ (2,569,195)
Public safety	7,809,697	831,036	(6,978,661)
Community development	1,097,095	7,358,804	6,261,709
Culture and recreation	1,792,763	670,340	(1,122,423)
Transportation	3,263,492	566,679	(2,696,813)
Interest and other charges	68,132	-	(68,132)
<b>Totals</b>	<b>\$ 17,907,204</b>	<b>\$ 10,733,689</b>	<b>\$ (7,173,515)</b>

A description of each program is listed below:

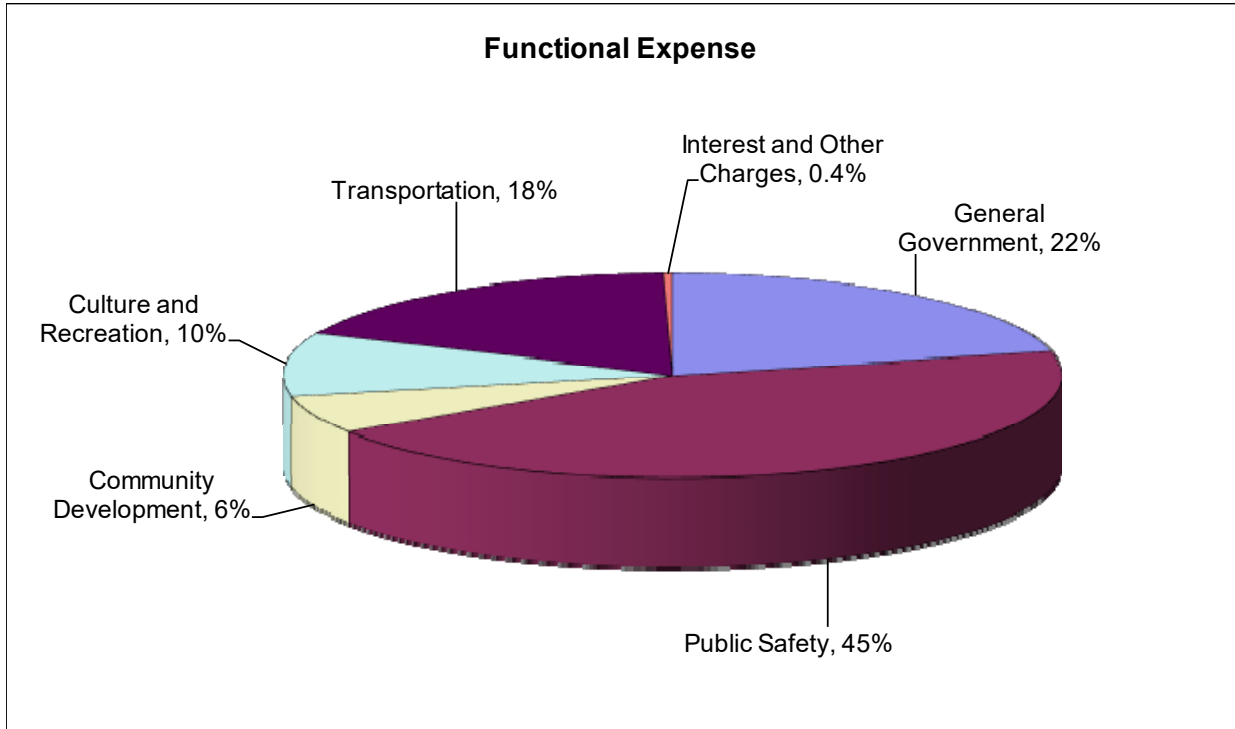
- General Government expenses comprise approximately 21.6% of all government expenses. This includes City Council, City Manager, City Clerk, City Attorney, Finance, Administrative Services, and Risk Management. These programs are offset by parking meter collections, grants, and administrative support fees.
- Public Safety expenses comprise 43.6% of all governmental expenses. Revenues from fines, citations, grants, and animal services partially offset the cost of this program.
- Community Development expenses comprise approximately 6.1% of all governmental expenses. Various building and planning fees, along with grant revenues, assist in funding these program costs.
- Culture and Recreation expenses comprise 10.0% of all governmental expenses. These programs are primarily funded through recreational classes and sports fees.
- Transportation/Public Works expenses comprise 18.2% of all governmental expenses. This includes street, facility, park, and fleet maintenance. Costs are partially offset by motor vehicle fuel taxes and various fees.
- Interest expense and other charges comprise 0.4% of all governmental expenses. This interest expense is used to pay long-term debt obligations.

Attachment: City of Capitola 2020 CAFR (Audit Report)

*Expenses*

As shown in the Statement of Activities, expenses increased from the prior year by 10.3%. This was primarily due to increased expenses in general government and public safety related to filling previously vacant positions and new recreation programs. It should be noted that due to COVID-19 the City ended FY 2020 with nine vacant positions.

A distribution of expenses by function is provided below:



**Financial Analysis of the City's Funds**

As noted earlier, the City of Capitola uses fund accounting to comply with finance-related legal requirements.

*Governmental Funds*

The focus of the City of Capitola's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Capitola's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Attachment: City of Capitola 2020 CAFR (Audit Report)

At the end of the current fiscal year, the City of Capitola’s governmental funds reported a combined ending fund balance of \$24.04 million, a decrease of \$0.79 million compared with the prior year. Of this fund balance, \$15.41 million is externally restricted for particular purposes, \$3.95 million is assigned by the management to multiple priorities, and \$4.68 million is available for spending at the City’s discretion.

*General Fund* - The General Fund is the chief operating fund of the City of Capitola and had a fund balance of \$7.31 million at year end. This represents a decrease of \$0.55 million, or 7.0% from the prior year. Approximately \$5.04 million was unassigned fund balance, which was available for spending at the City’s discretion.

A reconciliation of the General Fund operating activities presented in the City budget documents to the Governmental General Fund Financial Statements is presented below:

	City Budget Documents	General Plan / Open Space / Donations	Emergency / Contingency / Facilities Reserve / PERS	Internal Service Funds	Financial Statements
Beginning Fund Balance	\$ 2,084,696	\$ 113,665	\$ 4,697,072	\$ 963,194	\$ 7,858,627
Revenues	14,116,096	75,843	49,773	1,236,422	15,478,134
Expenditures	13,300,336	43,786	34,603	1,081,431	14,460,156
Net Operating Difference	815,760	32,057	15,170	154,991	1,017,978
Financing Sources/Uses	(2,014,522)	-	163,000	280,000	(1,571,522)
Net Change in Fund Balance	(1,198,762)	32,057	178,170	434,991	(553,544)
Ending Fund Balance	\$ 885,934	\$ 145,722	\$ 4,875,242	\$ 1,398,185	\$ 7,305,083

It should be noted that the presentation of the General Fund for the City’s budget document is different than its presentation in the Governmental Fund Financial Statements. This is primarily due to the consolidation of the following funds for financial statement reporting purposes: General Fund, Contingency Reserve, PARS Contingency, Emergency Reserve, Facilities Reserve, General Plan Update and Maintenance, Stores, Information Technology, Equipment Replacement, Self-Insurance Liability, Workers Compensation, and Compensated Absences.

*Federal Home Loan Reuse* - The Federal Home Loan Reuse Fund receives loan payments from recipients of HOME Program loans and uses these revenues to fund additional affordable housing activities. All housing funded activities must be within the City and be in accordance with the Federal Home Reuse Guidelines. The revenues represent the receipt of principal and interest payments from loan recipients.

Attachment: City of Capitola 2020 CAFR (Audit Report)

*Capitola Housing Successor* - This fund is used to account for the assets of the former RDA Low- and Moderate-Income Fund and related housing activities. The funds are restricted in their use, reuse, and repayment pursuant to the original program requirements. As loan payments are received, the revenue generated provides a funding source for new housing assistance programs. Additional information regarding this transition can be found in Note 14.

*Capital Projects Fund* – This fund is used to account for financial resources to be used for the acquisition or construction of public 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.

## GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2020, is presented as Required Supplementary Information following the notes to the financial statements. This information can be found on page 69. Key budgetary differences are provided below:

### *Revenues:*

Actual revenues were below final budgeted amounts by \$1,217,760. This was primarily due to reduced sales tax and transient occupancy tax receipts as a result COVID-19.

### *Expenses:*

Expenses, prior to transfers, were \$585,678 below the final budget total due primarily to the city reducing or eliminating all non-essential expenditures in response to COVI-19.

### *Appropriations:*

Variances between the Original and Final budgets are primarily due to the inclusion of continuing appropriations for special projects from the prior year, mid-year adjustments to reflect updated revenue and expenditure estimates, and new funding appropriated for additional CIP projects.

*Fund Balance:*

The General Fund’s ending fund balance was \$7.31 million as of June 30, 2020. This amount was approximately \$4.51 million less than the final budget projection based on the revenue and expenditure information noted above. A breakdown of General Fund fund balance is provided below. An additional discussion of the City’s Contingency and Emergency Reserves can be found in the Financial Management Policies section of the Transmittal letter.

Fund balance:	
Restricted:	
Retiree benefits	\$ 916,861
Assigned:	
Emergency reserve	1,344,206
Unassigned:	
Contingencies	2,614,176
Unassigned	2,429,840
	<hr/>
Total fund balance	<u>\$ 7,305,083</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City’s value of governmental capital assets (net of accumulated depreciation) at the end of FY 2019/20 was \$29.45 million. This investment in capital assets includes land, building, equipment, vehicles and infrastructure. The infrastructure classification typically includes roads, streets, sidewalks, medians, and bridges. The total increase in the City’s investment in capital assets for the current fiscal year was \$8.62 million, or 41.4%. The increase is due to an increase in construction in progress related to the Capitola Library project. Additional information on the City of Capitola’s capital assets can be found in Note 4 to the financial statements.

Statement of Net Position	
Asset Type	
Land	\$ 4,883,789
Buildings and improvements	2,398,168
Equipment	4,170,592
Infrastructure	30,713,295
Construction in progress	14,494,833
Total fixed assets	<hr/> 56,660,677
Less Depreciation	<hr/> (27,211,733)
Capital Assets net of Depreciation	<u>\$ 29,448,944</u>

**Long-Term Debt**

The City’s long-term debt at the end of FY 2019/20 was \$2.84 million, a decrease of \$0.21 compared to FY 2018/19. The change is due to the scheduled principal payments during the fiscal year. An overview of all long-term obligations is presented below while comprehensive information can be found in Note 6.

Loans payable:	
Capital lease payable - Pacific Cove financing	\$ 1,058,455
Capital lease payable - Beach and Village financing	1,023,030
Notes payable	-
Compensated absences	<u>758,313</u>
 Total long-term debt	 <u><u>\$ 2,839,798</u></u>

**ECONOMIC FACTORS, NEXT YEAR’S BUDGETS AND RATES**



On June 13, 2019, the Council adopted the FY 2019/20 Budget with a total appropriation of \$28.7 million and a General Fund appropriation of \$17.2 million. Adequate resources were projected to be available to fund the proposed expenditures. The General Fund budget reflects a conservative growth estimate with projected sales tax revenues remaining flat, transient occupancy tax revenues up 1.0% and property tax revenues increasing 4.5%. General Fund expenditures are budgeted to exceed General Fund revenues by approximately \$549,000 due to the utilization of \$550,000 of General Fund fund balance for Capital Improvement Projects.

The City has negotiated contracts with the Police Officers Association through FY 2020/21 and all remaining bargaining units through FY 2019/20, which include fixed cost of living adjustments (COLA’s). The City implemented caps on pension costs prior to the FY 2015/16 budget but modified the cap to ensure employees didn’t experience large decreases in net pay due to the projected contribution rate increases. Those caps remain in place under the new contracts.

**Prospects for the Future**

When the voters of Capitola passed Measure O, a quarter of one percent sales tax for a period of ten years, the City committed to replenishing reserves, maintaining police staffing levels and completing major street improvements during the five-year overlap with Measure D. Measure O sales tax revenues have been utilized to fully fund reserves at the City Council adopted funding levels as well as to increase street projects and maintain police department and public works staffing levels. Measure O expired on December 31, 2017.

In 2016 voters passed Measure F to extend the temporary quarter of one percent sales tax for an additional ten years. The City is committed to using this funding source to protect the wharf and beach from storms and rising sea levels, maintain police services, and improve sidewalks, parks, and bike safety. The adopted FY 2019/20 budget continued implementing these commitments as Measure F went into effect on January 1, 2018.

Opportunities for development include the Capitola Branch Library, Wharf resiliency improvements, flume repair or replacement, and jetty improvements. The new Capitola Branch Library began construction in November 2018, the flume and jetty projects are scheduled to be completed during FY 2020-21 while the wharf project is currently in the permitting phase with an anticipated start date during FY2021-22. The funding for the new library comes from several sources, including the recently passed countywide Measure S, the former RDA trust fund held by the County, fundraising, and contributions from the General Fund for the remainder.

The City has successfully completed all current RDA dissolution and Assembly Bill 1484 (AB 1484) reporting and audit requirements and received approval for repayment of the \$618,028 loan made to the former RDA. The final payment was made during FY 2018/19. Additional information can be found in the transmittal letter, as well as Note 14.

### *Local, State, and National Economy*

In 2008 events in the local, state, and national economies led to a significant downturn in financial markets. In FY 2011/12, there were beginning signs of economic recovery, with increased sales tax, TOT, and an increasing demand for building/planning services. This trend continued through FY 2016/17, however, Capitola's annual sales tax and transient occupancy tax leveled off in FY 2017/18. In November 2018 Capitola voters approved increasing the TOT rate from 10% to 12% with three-quarters of one percent dedicated to local business groups and Early Childhood and Youth programs. Increased home sales and prices have resulted in continued growth in property tax revenue which is consistent with statewide economic conditions.

In March 2020 both Santa Cruz County and the State of California issued Shelter-in-Place orders in response to COVID-19. This had severe negative impacts to City revenues at the end of the 3<sup>rd</sup> quarter and the entire 4<sup>th</sup> quarter of FY 2019-20. The City reduced expenditures to the greatest extent possible and negotiated concessions with all labor groups. These actions have helped navigate the fiscal impacts of COVID-19 since the onset of the pandemic and have enabled the City to maintain its reserve funds. Maintaining the reserve funds will assist the City in continuing to navigate the fiscal impacts related to COVID-19 while continuing to provide services to the residents of Capitola.

In early 2017 the CalPERS Board approved a decrease in the discount rate it uses to project future funding needs. The discount rate is the expected rate of return on investments. The decreased discount rate has a major impact to the City's yearly unfunded actuarial liability (UAL) payment.

The City's FY 2019/20 UAL payment is approximately \$1.5 million which is a 25% increase over the prior year. Current projections show the City's UAL increasing to \$2 million by FY 2021/22 and \$2.5 million by FY 2025/26. These rising pension costs will likely pose significant challenges in coming fiscal years.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for its fiscal activities to citizens, taxpayers, investors, creditors, and any other interested parties. If you have questions about this report or need additional information please contact the Finance Director at 420 Capitola Avenue, Capitola, California 95010.



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**BASIC FINANCIAL STATEMENTS**

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**CITY OF CAPITOLA**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 15,067,241
Ristricted cash and investments	916,861
Accounts receivable	127,010
Due from other governments	1,496,597
Loans receivable	8,729,973
Capital assets:	
Non-depreciable:	
Land	4,883,789
Construction in progress	14,494,833
Depreciable:	
Equipment	4,170,592
Buildings and improvements	2,398,168
Infrastructure	30,713,295
Accumulated depreciation	(27,211,733)
Total Assets	<u>55,786,626</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	5,190,738
OPEB related	1,175,679
Total Deferred Outflows of Resources	<u>6,366,417</u>
<b>LIABILITIES</b>	
Accounts payable	1,777,739
Accrued liabilities	183,867
Interest payable	29,843
Unearned revenue	4,400
Deposits payable	335,406
Noncurrent liabilities:	
Due within one year	175,959
Due in more than one year	2,663,839
Net other postemployment liability due in more than one year	1,572,208
Net pension liability due in more than one year	24,148,410
Total Liabilities	<u>30,891,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	2,104,572
OPEB related	182,932
Total Deferred Inflows of Resources	<u>2,287,504</u>
<b>NET POSITION</b>	
Net investment in capital assets	27,367,459
Restricted for:	
Public safety	71,562
Transportation	25,967
Community development	14,220,537
Culture and recreation	174,848
Unrestricted	(12,886,505)
Total Net Position	<u>\$ 28,973,868</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Statement of Activities**  
**Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
<b>Governmental activities:</b>					<b>Governmental Activities</b>
General government	\$ 3,876,025	\$ 1,022,489	\$ 238,885	\$ 45,456	\$ (2,569,195)
Public safety	7,809,697	553,899	177,137	100,000	(6,978,661)
Community development	1,097,095	618,730	-	6,740,074	6,261,709
Culture and recreation	1,792,763	633,081	37,259	-	(1,122,423)
Transportation	3,263,492	47,447	47,668	471,564	(2,696,813)
Interest and other charges	68,132	-	-	-	(68,132)
<b>Total Governmental Activities</b>	<b>\$ 17,907,204</b>	<b>\$ 2,875,646</b>	<b>\$ 500,949</b>	<b>\$ 7,357,094</b>	<b>(7,173,515)</b>
<b>General Revenues:</b>					
<b>Taxes:</b>					
Property taxes					2,711,883
Franchise taxes					556,708
Sales and use taxes					7,440,745
Transient occupancy taxes					1,262,816
Business license taxes					329,711
Motor vehicle in-lieu, unrestricted					233,459
Investment income, unrestricted					699,199
Miscellaneous revenue					16,383
<b>Total General Revenues</b>					<b>13,250,904</b>
<b>Change in Net Position</b>					<b>6,077,389</b>
<b>Net Position, Beginning of Year</b>					<b>22,896,479</b>
<b>Net Position, End of Year</b>					<b>\$ 28,973,868</b>

Attachment: City of Capitola 2020 CAFR (Audit Report)

The accompanying notes are an integral part of these financial statements.

## GOVERNMENTAL FUNDS

### Major Governmental Funds

#### GENERAL FUND

General Fund - Accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund for the City.

#### SPECIAL REVENUE FUNDS

Federal Home Loan Reuse Fund - This fund accounts for housing loan principal and interest payments that will be available for a similar future federal program.

Capitola Housing Successor Fund - This fund is used to account for the assets of the former RDA Low and Moderate Income Fund, and related housing activities. The funds are restricted in their use, reuse, and repayment pursuant to the original program requirements. It is anticipated that as loan payments are received, the revenue generated would fund new housing activities.

#### Regional Transportation Commission (RTC) Streets

Santa Cruz County voters passed a 0.5 percent user sales tax to fund local roads. The RTC Streets fund will be utilized to increase the City's street program.

#### CAPITAL PROJECTS FUND

Capital Projects Fund - Accounts for financial resources segregated for the acquisition of major capital facilities and equipment by the City.

Library Fund - This fund accounts for library project financial resources segregated for the acquisition of major capital facilities and equipment by the City.

### Non-Major Governmental Funds

Other Governmental Funds - These funds constitute all other governmental funds that do not meet the major fund test of assets, liabilities and deferred inflows of resources, revenues or expenditures for the governmental funds. These funds consist of other Special Revenue Funds, and Debt Service Funds of the City for the year ended.

**CITY OF CAPITOLA**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

	General	Special Revenue Funds		
		Federal Home Loan Reuse	Capitola Housing Successor	RTC Streets
<b>Assets</b>				
Cash and investments	\$ 5,598,370	\$ 552,971	\$ 162,832	\$ 433,038
Restricted cash and investments	916,861	-	-	-
Accounts receivable	118,249	-	-	-
Due from other governments	1,457,331	2,021	599	1,446
Loans receivables	-	3,924,453	4,190,798	-
<b>Total Assets</b>	<b>\$ 8,090,811</b>	<b>\$ 4,479,445</b>	<b>\$ 4,354,229</b>	<b>\$ 434,484</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 285,255	\$ -	\$ 5,367	\$ 760,090
Accrued liabilities	183,867	-	-	-
Unearned revenue	4,400	-	-	-
Deposits payable	312,206	-	-	-
<b>Total Liabilities</b>	<b>785,728</b>	<b>-</b>	<b>5,367</b>	<b>760,090</b>
<b>Fund Balances</b>				
Restricted	916,861	4,479,445	4,348,862	-
Assigned	1,344,206	-	-	-
Unassigned	5,044,016	-	-	(325,606)
<b>Total Fund Balances</b>	<b>7,305,083</b>	<b>4,479,445</b>	<b>4,348,862</b>	<b>(325,606)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,090,811</b>	<b>\$ 4,479,445</b>	<b>\$ 4,354,229</b>	<b>\$ 434,484</b>

Attachment: City of Capitola 2020 CAFR (Audit Report)

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund		Non-Major Governmental Funds	Totals
Capital Projects	Library		
\$ 2,925,818	\$ 4,707,839	\$ 686,373	\$ 15,067,241
-	-	-	916,861
-	-	8,761	127,010
-	16,962	18,238	1,496,597
-	-	614,722	8,729,973
<u>\$ 2,925,818</u>	<u>\$ 4,724,801</u>	<u>\$ 1,328,094</u>	<u>\$ 26,337,682</u>
\$ 370,631	\$ 303,334	\$ 53,062	\$ 1,777,739
-	-	-	183,867
-	-	-	4,400
7,200	15,000	1,000	335,406
<u>377,831</u>	<u>318,334</u>	<u>54,062</u>	<u>2,301,412</u>
-	4,406,467	1,258,140	15,409,775
2,547,987	-	55,078	3,947,271
-	-	(39,186)	4,679,224
<u>2,547,987</u>	<u>4,406,467</u>	<u>1,274,032</u>	<u>24,036,270</u>
<u>\$ 2,925,818</u>	<u>\$ 4,724,801</u>	<u>\$ 1,328,094</u>	<u>\$ 26,337,682</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)



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**CITY OF CAPITOLA**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2020**

Fund Balances of Governmental Funds	\$ 24,036,270
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets net of depreciation have not been included in governmental fund activity:	
Capital assets	56,660,677
Accumulated depreciation	(27,211,733)
Pension related deferred inflows and outflows of resources are not reported in the governmental funds:	
Deferred outflows	5,190,738
Deferred inflows	(2,104,572)
OPEB related deferred inflows and outflows of resources are not reported in the governmental funds:	
Deferred outflows	1,175,679
Deferred inflows	(182,932)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.	
	(29,843)
Long-term debt has not been included in the governmental fund activity:	
Capital lease financing	(1,058,455)
Lease-back financing	(1,023,030)
Net pension liability	(24,148,410)
Compensated absences	(758,313)
Net OPEB liability	(1,572,208)
Net position of governmental activities	\$ 28,973,868

Attachment: City of Capitola 2020 CAFR (Audit Report)

The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2020**

	General	Special Revenue Funds		
		Federal Home Loan Reuse	Capitola Housing Successor	RTC Streets
<b>REVENUES</b>				
Taxes	\$ 11,988,156	\$ -	\$ -	\$ -
Licenses and permits	673,832	-	-	-
Fines and forfeitures	519,855	-	-	-
Intergovernmental	132,876	-	-	308,522
Charges for services	1,813,473	-	-	-
Use of money and property	229,762	107,004	126,578	7,928
Other revenue	120,180	-	-	-
<b>Total Revenues</b>	<b>15,478,134</b>	<b>107,004</b>	<b>126,578</b>	<b>316,450</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,866,554	-	-	-
Public safety	6,421,799	-	-	-
Community development	846,093	500	24,161	-
Culture and recreation	1,660,294	-	-	-
Transportation	2,462,920	-	-	-
Capital outlay	202,496	-	-	1,053,171
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>14,460,156</b>	<b>500</b>	<b>24,161</b>	<b>1,053,171</b>
Excess (Deficiency) of Revenues over (Under) Expenditures	1,017,978	106,504	102,417	(736,721)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,896	-	-	-
Transfers out	(1,580,418)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,571,522)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(553,544)</b>	<b>106,504</b>	<b>102,417</b>	<b>(736,721)</b>
Fund Balances, Beginning of Year	7,858,627	4,372,941	4,246,445	411,115
Fund Balances, End of Year	\$ 7,305,083	\$ 4,479,445	\$ 4,348,862	\$ (325,606)

Attachment: City of Capitola 2020 CAFR (Audit Report)

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund		Non-Major Governmental Funds	Totals
Capital Projects	Library		
\$ -	\$ -	\$ 318,765	\$ 12,306,921
37,098	-	15,384	726,314
-	-	-	519,855
76,781	6,740,074	263,042	7,521,295
-	-	145,715	1,959,188
-	126,717	101,210	699,199
-	128,175	3,466	251,821
<u>113,879</u>	<u>6,994,966</u>	<u>847,582</u>	<u>23,984,593</u>
42,900	1,167	54,722	2,965,343
-	-	45,698	6,467,497
-	-	92,464	963,218
-	-	50,139	1,710,433
4,200	-	246,386	2,713,506
921,294	7,175,941	345,000	9,697,902
-	-	186,167	186,167
-	-	70,629	70,629
<u>968,394</u>	<u>7,177,108</u>	<u>1,091,205</u>	<u>24,774,695</u>
<u>(854,515)</u>	<u>(182,142)</u>	<u>(243,623)</u>	<u>(790,102)</u>
1,351,736	-	373,174	1,733,806
-	-	(153,388)	(1,733,806)
<u>1,351,736</u>	<u>-</u>	<u>219,786</u>	<u>-</u>
497,221	(182,142)	(23,837)	(790,102)
<u>2,050,766</u>	<u>4,588,609</u>	<u>1,297,869</u>	<u>24,826,372</u>
<u>\$ 2,547,987</u>	<u>\$ 4,406,467</u>	<u>\$ 1,274,032</u>	<u>\$ 24,036,270</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended June 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (790,102)

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	9,534,605
Depreciation	(913,025)

Repayment of debt service principal and capital lease liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.

186,167

Governmental funds report all contributions as expenditures in relation to Pensions and OPEB, however, in the statement of activities, OPEB and pension expenses are based on the change in these liabilities.

Change in net pension liability and related deferrals	(1,882,218)
Change in net OPEB	(83,679)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences payable	23,144
Change in accrued interest expense	2,497

Change in net position of governmental activities	<u><u>\$ 6,077,389</u></u>
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Attachment: City of Capitola 2020 CAFR (Audit Report)

The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2020**

	<u>Private Purpose Trust Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 194,978
Due from others	<u>-</u>
Total Assets	<u>194,978</u>
<b>LIABILITIES</b>	
Deposits	<u>-</u>
Total Liabilities	<u>-</u>
<b>NET POSITION</b>	
Held in trust for successor agency and other purposes	<u>194,978</u>
Total Net Position (Deficit)	<u><u>\$ 194,978</u></u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2020**

	Private Purpose Trust Fund
<b>ADDITIONS</b>	
RPTTF distributions	\$ -
<b>DEDUCTIONS</b>	
Enforceable obligations	54,000
Change in Net Position	(54,000)
Net Position, Beginning of Year	248,978
Net Position, End of Year	\$ 194,978

Attachment: City of Capitola 2020 CAFR (Audit Report)

The accompanying notes are an integral part of these financial statements.

**City of Capitola  
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Year Ended June 30 2020**

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**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Reporting Entity**

The City of Capitola (the City) was incorporated in 1949 under the laws of the State of California. Capitola is a General Law City and is subject to the framework and procedures established by State law. The City operates under the Council-City Manager form of government. The City provides police protection, street, park and facilities maintenance; recreation, building, planning, zoning, administrative, and financial services for Capitola. Independent special districts provide fire protection, water, sewer, and limited drainage services.

**B. Basis of Presentation**

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All City activities are governmental; no business-type activities are reported in the statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers the majority of revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City's only exception to this timeline is Sales Tax receipts which are recorded as revenues if received within 90 days.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefits and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, transient occupancy taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**General Fund**

The General Fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund for the City.

**Federal Home Loan Reuse Fund**

The Federal Home Loan Reuse 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.

**Capital Projects Fund**

The Capital Projects Fund accounts for financial resources segregated for the acquisition of major capital facilities and equipment by the City.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (continued)**

**Capitola Housing Successor Fund**

This fund is used to account for the assets of the former RDA Low and Moderate Income Fund, and related housing activities. The funds are restricted in their use, reuse, and repayment pursuant to the original program requirements. It is anticipated that as loan payments are received, the revenue generated would fund new housing activities.

**Library Fund**

This fund accounts for library project financial resources segregated for the acquisition of major capital facilities and equipment by the City.

**RTC Streets**

This fund accounts for a 0.5 percent user sales tax revenues to fund local roads.

All remaining governmental are aggregated and reported as nonmajor funds.

The City also reports the following:

**Agency Fund**

The Agency Fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains the following Agency fund as an agent for bondholders: Auto Center Assessment City. The fund was closed during the fiscal year 2019/2020.

**Private Purpose Trust Funds**

The Private Purpose Trust Fund accounts for the activities of the City of Capitola as Successor Agency to the Capitola Redevelopment Agency. The Successor Agency's primary purpose is to expedite the dissolution of the former Redevelopment Agency's assets in accordance with AB X1 26 and AB 1484.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

**1) Cash and Investments**

Investments are reported in the accompanying balance sheet at fair value, except for nonparticipating certificates of deposit and investment contracts that would be reported at cost because they are not transferable and they have terms that are not affected by changes in interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)**

**1) Cash and Investments (continued)**

The City pools cash and investments of all funds. Each fund’s share in this pool is displayed in the accompanying financial statements as cash and investments.

The City pools idle cash from all funds in order to increase income earned through its investment program. Investment income from pooled investments is allocated to those funds that are required by law or administrative action to receive interest. Investment income is allocated on a quarterly basis based on the cash balance in each fund.

**2) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and such amounts are offset equally by a fund balance reserve account that indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

**3) Property Taxes**

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property’s assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property’s fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Date(s)	January 1	January 1
Levy Date(s)	July 1	July 1
Due Date(s)	November 1 (50%) February 1 (50%)	August 1
Delinquency Date(s)	December 10 (Nov.) April 10 (Feb.)	August 31

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity, (continued)**

**3) Property Taxes (continued)**

The City adopted an alternative method of property tax distribution (the “Teeter Plan”). Under this method, the City receives 100% of its secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The City receives payments as a series of advances made by the County throughout the fiscal year. The secured property tax levy is recognized as revenue upon receipt including the final payment, which generally is received within 60 days after the fiscal year.

**4) Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at acquisition value as of the date received. City policy is to capitalize all tangible property with a useful life of five or more years and a cost or assigned value exceeding \$5,000, with the exception of infrastructure valued at \$50,000 or more.

The City recorded all its public domain (infrastructure) capital assets placed in service after June 30, 1980, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, in accordance with generally accepted accounting principles.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal year’s pro rata share of the cost of capital assets. Generally accepted accounting principles requires that all capital assets with limited useful lives be depreciated over the estimated useful lives. Depreciation is provided using the straight-line method which means the cost of the assets is divided by its expected useful life in years and the result is charged to expense each fiscal year until the assets are fully depreciated. The City has assigned the useful lives listed below to capital assets.

Structures and Improvements	50 years
Equipment	5 – 20 years
Infrastructure	15 – 50 years

**5) Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements. The City accounts for such items using the consumption method.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity, (continued)**

**6) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of the net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**7) Compensated Absences**

In compliance with generally accepted accounting principles, the City has established a liability for accrued vacation in relevant funds. Based on prior MOU language, a sick leave liability is also accrued for one remaining employee. For governmental fund types, the current liability appears in the respective funds, if due and payable, and the long-term liability appears in the government-wide financial statements. This liability is set up for the current employees at the current rates of pay. If vacation and the sick leave balances are not used by employees during the term of employment, compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

**8) Reclassifications and Eliminations**

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities and business-type activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that the expenses are reported only once - in the function in which they are allocated.

**9) Use of Estimates**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts or disclosures based on estimates and assumptions by management. Actual results could differ from those amounts.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity, (continued)**

**10) Fund Equity**

The City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. These classifications and constraints have been incorporated into the City's Fund Balance Policy, Administrative Policy III-10.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

**Nonspendable** – Amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

**Restricted** – Amounts that have constraints placed on them by third-party providers (grantors, bondholders, and higher levels of government) or by law through constitutional provisions or by enabling legislation.

**Committed** – Amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority. This includes an action by the City Council passing a resolution. The Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it previously employed to commit those amounts.

**Assigned** – Amounts the City intends to use for a specific purpose but are neither restricted nor committed. Intended use can be established by the City Council, or by a City official designated as having that authority, such as the City Manager or Finance Director.

**Unassigned** – Amounts that are for any purpose; positive amounts are reported only in the General Fund.

When an expenditure is incurred for which both restricted and unrestricted (committed, assigned, or unassigned) are available, it is the City's policy to consider restricted amounts first, then unrestricted resources. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance appropriations could be used, it is the City's Policy that committed amounts would be used first, followed by assigned, and then unassigned fund balance classifications.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity, (continued)**

**11) Pension Plans**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**12) Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**E. New Accounting Pronouncements**

**Effective this Fiscal Year**

GASB Statement No. 95 – In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 or later. For the City, the requirements became effective for FY 2019/2020. The dates noted below were modified to include the postponement.



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**E. New Accounting Pronouncements (continued)**

**Effective in Future Fiscal Years**

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, or the FY 2020/2021. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2020, or FY 2021/2022. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 or FY 2021/2022. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 61*. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. The City is evaluating the impact of this Statement on the financial statements.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**E. New Accounting Pronouncements (continued)**

**Effective in Future Fiscal Years, (continued)**

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 or FY 2022/2023. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement is to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except for Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement is to address those and other accounting and reporting implications resulting from the replacement of an IBOR by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced and providing clarification to the hedge accounting termination provisions, removing LIBOR as a benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022 or FY 2022/2023. The City is evaluating the impact of this Statement on the financial statements.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**E. New Accounting Pronouncements (continued)**

**Effective in Future Fiscal Years, (continued)**

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this Statement improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. 1*). The objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022. The City is evaluating the impact of this Statement on the financial statements.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**2. CASH AND INVESTMENTS**

Cash and investments held by the City at June 30, 2020, are classified in the accompanying financial statement as follows:

Statement of Net Position:	
Cash and investments	\$ 15,984,102
Statement of Fiduciary Net Position:	
Cash and investments	194,978
Total cash and investments	<u>\$ 16,179,080</u>

Cash and investment held by the City consisted of the following:

Petty cash	\$ 1,449
Demand deposits	1,780,708
Investments with LAIF	11,645,341
Certificates of Deposit	1,795,536
PARS	916,861
Total cash and investments	<u>\$ 16,139,895</u>

Investments Authorized by the California Government Code and the City of Capitola's Investment Policy:

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase.

The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code (or the City's investment policy, if more restrictive). The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U. S. Treasury Bills	5 years	60%	None
Negotiable Certificates of Deposit (CD)	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65,000,000
<b>Authorized by Debt Agreements</b>			
Guaranteed Investment Contracts	15 months	None	None

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**2. CASH AND INVESTMENTS, (continued)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. As of June 30, 2020, the City had the following investments.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1 year	1-5 years
Investments with LAIF	\$ 11,645,341	\$ 11,645,341	\$ -
Certificates of Deposit	1,795,536	-	1,795,536
PARS	916,861	916,861	-
Total Investments	<u>\$ 14,357,738</u>	<u>\$ 12,562,202</u>	<u>\$ 1,795,536</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments in LAIF and in PARS were not rated as of June 30, 2020. Investments in the negotiable certificates of deposit were fully insured by the Federal Deposit Insurance Corporation (FDIC).

**Concentration of Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total City investments required to be disclosed.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**2. CASH AND INVESTMENTS, (continued)**

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2020, the City had deposits with financial institutions in excess of federal depository insurance limits by \$1,523,878 that were held in collateralized accounts. As of June 30, 2020, the Successor Agency had no deposits with financial institutions in excess of federal depository insurance limits.

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF was established in 1977 under the California Government Code Section 16429.1 et seq. as an investment alternative for local California governments and cities. LAIF oversight is governed by a five-member board designated by law, with the State Treasurer as Board Chairman. The State Treasurer elected to invest these monies as part of the State's Pooled Money Investment Account (PMIA) to achieve the maximum rate of return, while maintaining the goals of safety, liquidity, and yield. All LAIF funds are insulated from State borrowing including State General Fund transfers or loans and AB 55 loans. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro rata share of the fair value provided by LAIF (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded as an amortized cost basis. LAIF is not registered with the SEC.

**Fair Value Measurements**

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than those in Level 1; and
- Level 3: Unobservable inputs.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**2. CASH AND INVESTMENTS, (continued)**

**Fair Value Measurements, (continued)**

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices.

At June 30, 2020, the City had the following recurring fair value measurements:

<u>Investment Type</u>	<u>June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Uncategorized</u>
Investments with LAIF	\$ 11,645,341	\$ -	\$ -	\$ 11,645,341
Certificates of Deposit	1,795,536	1,795,536	-	-
PARS	916,861	-	916,861	-
Total Investments	<u>\$ 14,357,738</u>	<u>\$ 1,795,536</u>	<u>\$ 916,861</u>	<u>\$ 11,645,341</u>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, are as follows:

	Transfer In			Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	
Transfers Out				
General Fund	\$ -	\$ 1,351,736	\$ 228,682	\$ 1,580,418
Non-Major Governmental Funds	8,896	-	144,492	153,388
Total	<u>\$ 8,896</u>	<u>\$ 1,351,736</u>	<u>\$ 373,174</u>	<u>\$ 1,733,806</u>

The General Fund transferred \$1,351,736 to the Capital Projects fund for the wharf, jetty, and flume projects. The General Fund transferred \$25,000 to the Contingency Reserve, \$30,000 to the Emergency Reserve, and \$108,000 to the Facilities Reserve Fund to continue to build the reserve fund balances. In addition, the General Fund transferred \$200,000 to the Compensated Absences fund as well as \$88,616 to the Beach Village Lot and \$40,066 to the Pacific Cover Debt Financing Fund for debt service payments. The General Fund transferred \$80,000 to the Equipment Acquisition fund for the purchase of replacement vehicles and equipment. Additional transfers to the Pacific Cove Lease Financing Fund for debt service payments originated from the following Non-Major Funds: Parking Reserve for \$100,000, and the Affordable Housing Trust for \$50,000.



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**4. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2020, is as follows:

	Ending Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,883,789	\$ -	\$ -	\$ 4,883,789
Construction in progress	5,444,019	9,050,814	-	14,494,833
Total capital assets, not being depreciated	10,327,808	9,050,814	-	19,378,622
Capital assets, being depreciated:				
Equipment	4,014,001	161,591	(5,000)	4,170,592
Building and improvements	2,392,272	5,896	-	2,398,168
Infrastructure	30,391,991	321,304	-	30,713,295
Total capital assets, being depreciated	36,798,264	488,791	(5,000)	37,282,055
Less accumulated depreciation for:				
Equipment	(3,171,940)	(263,409)	2,917	(3,432,432)
Building and improvements	(1,596,346)	(48,339)	-	(1,644,685)
Infrastructure	(21,530,422)	(604,194)	-	(22,134,616)
	(26,298,708)	(915,942)	2,917	(27,211,733)
Total capital assets, being depreciated, net	10,499,556	(427,151)	(2,083)	10,070,322
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 20,827,364</u>	<u>\$8,623,663</u>	<u>\$ (2,083)</u>	<u>\$29,448,944</u>

**Depreciation Allocations**

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental Activities:	
General government	\$ 454,564
Public safety	101,001
Cultural and recreation	40,493
Transportation	319,884
Total Depreciation Expense - Governmental Activities	<u>\$ 915,942</u>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**5. OTHER LONG-TERM RECEIVABLES**

**Housing and Community Development Loan Program**

The City uses Federal Home Loan Reuse, Affordable Housing and CDBG Program Income funds to provide housing loans to eligible applicants. Such loans are made to low and moderate-income households to improve or rehabilitate residences. These loans have been reflected in the financial statements as loans receivable. The City accounts for this program in the Special Revenue Funds. Total detail of loans receivable of \$8.7 million at June 30, 2020, is listed below:

	CDBG Program Income	Federal Home Loan Reuse	Affordable Housing	Capitola Housing Successor	Total
Individual Loans	\$ 411,909	\$ 241,199	\$ -	\$ 569,871	\$1,222,979
Bay Avenue Senior Apartments	-	3,523,362	-	1,806,536	5,329,898
Millennium Housing	-	-	202,813	1,814,391	2,017,204
Wharf Road Manor	-	159,892	-	-	159,892
Totals	<u>\$ 411,909</u>	<u>\$3,924,453</u>	<u>\$ 202,813</u>	<u>\$4,190,798</u>	<u>\$8,729,973</u>

**6. LONG-TERM DEBT**

A summary of changes in long-term debt for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Lease - Cove Financing	\$ 1,179,517	\$ -	\$ 121,062	\$ 1,058,455	\$ 113,021
Beach and Village Lot II Financing	1,084,577	-	61,547	1,023,030	62,938
Note Payable	3,558	-	3,558	-	-
Compensated Absences	781,457	437,498	460,642	758,313	-
Totals	<u>\$ 3,049,109</u>	<u>\$ 437,498</u>	<u>\$ 646,809</u>	<u>\$ 2,839,798</u>	<u>\$ 175,959</u>

**Capital Leases Payable - Pacific Cove Debt Financing**

On March 23, 2012, the City executed a \$2.39 million lease/sublease agreement to facilitate relocating the residents of the Pacific Cove Mobile Home Park. The City-owned mobile home park was permanently closed for safety reasons after a pipe failure flooded the park. This lease agreement used the existing City Hall site and the adjacent Upper Pacific Cove Parking lot as the subject lease property. The original lease agreement was for 20 years at 5.14% fixed interest rate for the first 10 years, with a reset to 10-year T-Bill plus 3%. The lease was renegotiated during fiscal year 2012/13 to a tax-exempt lease with a 3.25% interest rate, with a reset in year 10 to a 10-year T-Bill plus 1.5%. As a result of the refinancing, annual loan payments were reduced by approximately \$28,000. Savings on interest over the first nine years is estimated to be \$350,000.

In FY 2012/13, the City made a decision to apply \$500,000 from the disaster recovery insurance settlement to the Pacific Cove Lease. This resulted in a principal reduction of \$476,190, with a prepayment penalty of \$23,810.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**6. LONG-TERM DEBT, (continued)**

**Capital Leases Payable - Pacific Cove Debt Financing, (continued)**

Future lease payments under the capital lease as of June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 113,021	\$ 52,045	\$ 165,066
2022	116,724	48,342	165,066
2023	120,548	44,518	165,066
2024	124,498	40,568	165,066
2025	128,577	36,489	165,066
2026-2030	455,087	101,507	556,594
Total	<u>\$ 1,058,455</u>	<u>\$ 323,469</u>	<u>\$ 1,381,924</u>

**Capital Leases Payable - Beach and Village Lot II Financing**

On March 14, 2014, the City of Capitola executed a \$1,372,500 low-interest loan with the California Infrastructure and Economic Development Bank (IBank). This loan is considered a lease-lease back obligation with the General Fund as the source of repayment; and the City Public Works Corporation Yard serving as the leased asset. The loan term is 20 years at a fixed 2.26% interest rate.

Future lease payments under the capital lease as of June 30, 2020, are as follows:

Ending June 30,	Principal	Interest	Total
2021	\$ 62,938	\$ 25,478	\$ 88,416
2022	64,360	23,851	88,211
2023	65,815	22,187	88,002
2024	67,302	20,485	87,787
2025	68,823	18,745	87,568
2026-2030	368,162	66,216	434,378
2031-2035	325,630	17,394	343,024
Total	<u>\$ 1,023,030</u>	<u>\$ 194,356</u>	<u>\$ 1,217,386</u>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**6. LONG TERM DEBT, (continued)**

**Note Payable**

On January 26, 2012, the City Council approved the City's participation in a financing program and retrofit project with PG&E to place LED fixtures in City-owned streetlights. The City has executed a loan document with PG&E in the amount of \$38,249. The terms of the loan were at 0% interest. During the fiscal year ended June 30, 2020, the City paid off the remaining principal amount.

**Compensated Absences**

Governmental Accounting Standards Board Statement No. 16 identifies certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.

City employees accumulate earned but unused benefits that can be converted to cash at termination of employment. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, totals \$758,313 as of June 30, 2020.

**7. FUND BALANCES**

The details of the fund balances as of June 30, 2020, are presented below:

	<u>General Fund</u>	<u>Federal Home Loan Reuse</u>	<u>Capitola Housing Successor</u>	<u>Capital Projects</u>
Restricted for:				
Public Safety	\$ -	\$ -	\$ -	\$ -
Transportation	-	-	-	-
Community Development	-	4,479,445	4,348,862	-
Culture and Recreation	-	-	-	-
Retiree benefits	916,861	-	-	-
Assigned to:				
Debt Service	-	-	-	-
Other Capital Projects	-	-	-	2,547,987
Emergency Reserve	1,344,206	-	-	-
Unassigned:				
Contingencies	2,614,176	-	-	-
Unassigned	2,429,840	-	-	-
<b>Total</b>	<u><u>\$ 7,305,083</u></u>	<u><u>\$ 4,479,445</u></u>	<u><u>\$4,348,862</u></u>	<u><u>\$2,547,987</u></u>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**7. FUND BALANCES, (continued)**

	Library Fund	RTC Streets Fund	Non-Major Governmental Funds	Total Governmental Funds
Restricted for:				
Public Safety	\$ -	\$ -	\$ 71,562	\$ 71,562
Transportation	-	-	25,967	25,967
Community Development	4,406,467	-	985,763	14,220,537
Culture and Recreation	-	-	174,848	174,848
Retiree benefits	-	-	-	916,861
Assigned to:				
Debt Service	-	-	55,078	55,078
Other Capital Projects	-	-	-	2,547,987
Emergency Reserve	-	-	-	1,344,206
Unassigned:				
Contingencies	-	-	-	2,614,176
Unassigned	-	(325,606)	(39,186)	2,065,048
<b>Total</b>	<b><u>\$ 4,406,467</u></b>	<b><u>\$ (325,606)</u></b>	<b><u>\$ 1,274,032</u></b>	<b><u>\$ 24,036,270</u></b>

**Deficit Fund Balances**

The following fund reported deficit fund balances at June 30, 2020:

RTC Streets Fund	\$ (325,606)
Beach and Village Lot II Debt Financing Fund	\$ <u>(39,186)</u>

This deficit is expected to be reduced by future revenues or transfers from other funds.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**8. RISK MANAGEMENT**

The City participates in the Monterey Bay Area Self-Insurance Agency (the Authority), a joint powers agency comprising the City and nine other local jurisdictions, created pursuant to California law for liability and workers compensation insurance services. The Authority's Board of Directors is elected from representatives of the member governments, and controls operations of the fund, including selection of management and approval of operating budgets. It is independent of the individual member influence, except for their representation on the board, and is therefore not a component unit of the City for reporting purposes.

The City is exposed to various risks including worker injuries, tort liability, theft, damage or destruction of assets, errors and omissions, and natural disasters. With respect to risks other than workers' compensation, the City and other pool participants pay an annual premium estimated by the pool administrator to be sufficient to cover all liability claims for which the pool is obligated. If a covered entity's losses exceed its premiums, there is no individual supplemental assessment, and if a covered entity's losses are lower than its assessment, it does not receive a refund. However, annual budget appropriations are experience-based. The pool views its activities in the aggregate and makes overall adjustments to the premiums charged and is therefore intended to be self-sustaining through member contributions (premiums). Risk of loss is retained by the City for general liability claims up to \$10,000 per occurrence. The fund carries excess loss coverage for general liability claims between \$990,000 and \$20,000,000 per insured event and is uninsured for losses in excess of \$20,000,000 per event. Unpaid claims at fiscal year-end, as reported by the fund, were not material. There was no reduction in the City's insurance coverage as compared to the previous fiscal year, nor have there been any losses exceeding coverage during any of the five previous years.

Premium payment amounts are determined by the fund's Board and are charged to the City's general fund as expenditures when paid.

In the proper course of operation, the Authority issued debt in the aggregate principal amount of \$5,150,000 on October 1, 2004. The Authority is required to collect and disburse the loan premiums in accordance with the loan agreement, Article VI, Section 6.03. The Member agencies are required by the Amended and Restated Joint Powers Agreement Relating to the Authority, Article 20 to pay to the Authority their individual debt service amount and associated expenses, as determined by the Authority. Furthermore, the Member Agencies contribution will be payable from any source of available funds of the Member, including amounts on deposit in the general fund of the Member. Audited financial statements of the Authority can be obtained at 1 Civic Center Drive, Scotts Valley, CA 90566.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**9. JOINT VENTURES**

**Santa Cruz Consolidated Emergency Communications Center**

The City is a member of the Santa Cruz Consolidated Emergency Communications Center, a Joint Powers Authority created to establish and operate a consolidated communications center which provides emergency call receiving and dispatching services. Other members of the Authority include the Cities of Santa Cruz and Watsonville, and the County of Santa Cruz. The members, including the City of Capitola, are responsible for funding the operations of the Authority through annual assessments. The annual assessments are based on percentages calculated for each member. Audited financial statements of the Authority can be obtained at 495 Upper Park Road, Santa Cruz, CA 95065.

In addition, the Authority and member agencies have entered into a Use Agreement relating to the issuance of the Authority's Santa Cruz County Public Financing Authority 2002 Lease Revenue Refunding Bonds, Series A, in the aggregate principal amount of \$5,760,000. These bonds were refunded in May as 2012 Lease Revenue Bonds, Series A with a principal of \$3,965,000. The proceeds were used to refinance the existing debt that was used for building costs; purchase additional equipment and make a lease termination payment to the County to acquire space that is currently being used for the Emergency Operations Center (EOC). The term bonds are due on June 15, 2034.

**Other Activities**

The City participates in other joint activities for the provisions of law enforcement activities, including the Santa Cruz County Narcotics Enforcement Team (SCCNET) and the Criminal Justice Council. None of these activities are conducted as a separate legal entity; therefore, they are not joint ventures, but are cost-sharing arrangements only. No separate financial statements are prepared for these activities, nor is the City exposed to risk of additional costs beyond reimbursement of its share of on-going operating costs.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration.



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS, (continued)**

**Benefits Provided (continued)**

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Earliest retirement age	50	52
Monthly benefits, as a % of eligible compensation	2%-2.5%	1.0%-2.5%
Required employee contribution rates	7.95%	6.75%
Required employer contribution rates*	11.43%	6.99%

\*Annual employer UAL payment of \$738,888 is not included.

	Safety	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Membership date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.0%-2.7%
Required employee contribution rates	6.75%	12.00%
Required employer contribution rates*	6.99%	13.03%

\*Annual employer UAL payment of \$731,899 is not included.

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 for Safety Plan and Miscellaneous Plan were \$1,199,415 and \$913,110, respectively.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS, (continued)**

**Net Pension Liability**

The City of Capitola's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

	Miscellaneous	Safety
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases <sup>(1)</sup>	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return <sup>(2)</sup>	7.15%	7.15%
Mortality Rate Table <sup>(3)</sup>	Derived using CALPERS' membership data for all Funds.	Derived using CALPERS' membership data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

<sup>(1)</sup> Annual increases vary by category, entry age, and duration of service.

<sup>(2)</sup> Net pension plan investment and administrative expenses; includes inflation.

<sup>(3)</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of the 2014 CalPERS actuarial experience study for the period from 1997 to 2014, including updates to salary increase, mortality and retirement rates. The 2017 Experience Study report can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS, (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS, (continued)**

**Discount Rate, (continued)**

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class <sup>(1)</sup>	Current Target Allocation	Real Return Years 1–10 <sup>(2)</sup>	Real Return Years 11+ <sup>(3)</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

(1) In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidities included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

**Pension Plan Fiduciary Net Position**

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS, (continued)**

**Proportionate Share of Net Pension Liability**

The following table shows the Plans' proportionate share of the net pension liability over the measurement period.

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Miscellaneous plan	\$ 11,628,468	\$ 2,368,291	\$ 1,154,581	\$ 1,818,746
Safety plan	12,519,942	2,822,447	949,991	2,175,997
Total pension plans	<u>\$ 24,148,410</u>	<u>\$ 5,190,738</u>	<u>\$ 2,104,572</u>	<u>\$ 3,994,743</u>

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The City's proportionate share of the net pension liability for the Plan as of the June 30, 2019 and 2020 was as follows:

	Miscellaneous	Safety
Proportionate Share of NPL - June 30, 2019	0.286406%	0.197182%
Proportionate Share of NPL - June 30, 2020	0.290385%	0.200559%
Change - Increase (Decrease)	<u>0.003979%</u>	<u>0.003376%</u>

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15 percent) or 1 percentage point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous plan	\$ 17,102,046	\$ 11,628,468	\$ 7,110,416
Safety plan	18,697,834	12,519,942	7,455,038
Total pension plans	<u>\$ 35,799,880</u>	<u>\$ 24,148,410</u>	<u>\$ 14,565,454</u>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS, (continued)**

**Recognition of Gains and Losses**

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C). The EARSL for the Plan is 3.8 years.

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2020, the City incurred a pension expense of \$1,818,746 and \$2,175,997 for the Miscellaneous plan and Safety plan, respectively.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS, (continued)**

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)**

As of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 913,110	\$ -
Contributions in excess of proportionate share	-	(477,496)
Changes in assumptions	554,499	(196,565)
Difference in expected and actual experience	807,646	(62,576)
Adjustment due to differences in proportions	93,036	(214,642)
Net differences between projected and actual earnings on plan investments	-	(203,302)
<b>Total</b>	<b><u>\$ 2,368,291</u></b>	<b><u>\$ (1,154,581)</u></b>
Safety Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,199,415	\$ -
Contributions in excess of proportionate share	-	(634,871)
Changes in assumptions	513,171	(100,145)
Difference in expected and actual experience	817,439	-
Adjustment due to differences in proportions	292,422	(42,742)
Net differences between projected and actual earnings on plan investments	-	(172,233)
<b>Total</b>	<b><u>\$ 2,822,447</u></b>	<b><u>\$ (949,991)</u></b>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**10. DEFINED BENEFIT PENSION PLANS, (continued)**

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)**

The Contributions subsequent to the measurement date with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Miscellaneous Plan	
Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2021	\$ 479,353
2022	(265,691)
2023	45,857
2024	41,081
	\$ 300,600

Safety Plan	
Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2021	\$ 677,903
2022	(119,400)
2023	81,027
2024	33,511
	\$ 673,041



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

## 11. PUBLIC AGENCY RETIREMENT PLAN

### Overview

The Federal Omnibus Budget Reconciliation Act of 1990 (FOBRA 90), mandated that all public-sector employees not covered by their employers' existing retirement system(s) as of January 1, 1992, be covered by Social Security or an alternate plan. The City has provided these employees with a plan called The Public Agency Retirement System, which qualifies under *Internal Revenue Code* Sections 401(a) and 501.

### Plan Description

The Public Agency Retirement System (PARS) is a defined contribution plan covering part-time, temporary or seasonal employees and all employees not covered by another retirement plan. The Plan is sponsored and paid for by employees and employer contributions. Members are 100% vested. Benefits are paid to the members in lump sum payments at termination, or if payment is in excess of \$3,500, the employee has the option of a lump sum payment at termination or at normal retirement age (60).

The City has the right to terminate or amend the Plan at any time.

### Contributions

A total annual contribution of 7.5% of covered earnings is contributed to the PARS account for each eligible employee. The City contributes 1.3% and the employee contributes 6.2%. During the fiscal year ending June 30, 2020, contributions totaled \$24,607. This included contributions of \$4,266 by the City and \$20,342 by employees. The City acts as administrator with a trustee managing the investments and accounts. Fees are charged by the trustee and are paid from member earnings. Employer liabilities under the Plan are limited to the amount of the current contributions.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS**

**Plan Description**

The City's defined benefit postemployment healthcare plan, (City of Capitola Retiree Healthcare Plan, CRHP), provides medical benefits to eligible retired City employees and spouses. CRHP is an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statute within the Public Employees' Retirement Law. The CRHP's plan provisions are established and may be amended through negotiation and Memoranda of Understanding between the City Council and the various bargaining units. All contracts with CalPERS are approved through City resolution. CalPERS issues publicly available reports that can be found on the CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Employees Covered**

At the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	Active employees	71
Inactive employees or beneficiaries currently receiving benefits payments	19	90
	90	90

**Contributions**

The obligation of the City to contribute to the plan is based on an actuarial determined rate. For the fiscal year ended June 30, 2020, the City's cash contributions were \$60,250 in payments to the trust and the estimated implied subsidy was \$31,350 resulting in total payments of \$91,600. The City makes contributions and participates in the California Employers' Retiree Benefit Trust (CERBT) Fund for the purpose of prefunding obligations for past services. Through this plan, the California Public Employees' Retirement System (CalPERS) Board of Administration has the sole and exclusive control and power over the administration and investment of the prefunding plan.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS, (continued)**

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was based on the following actuarial methods and assumptions:

Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	7.00%
Mortality Rate	Mortality Rates from 2017 CalPERS Experience Study
Healthcare Trend Rate	5.00% per annum

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (Strategy 2)	5-Year Return (Strategy 2)
Global Equity	40%	6.4%
Global Debt Securities	43%	4.6%
Inflation Assets	5%	1.7%
REITs	8%	5.4%
Commodities	4%	-13.2%
	<u>100%</u>	

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS, (continued)**

**Discount Rate**

The discount rate used to measure the total OPEB Liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in Net OPEB Liability**

The changes in the net OPEB liability for the City's Plan are as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 874,612	\$ 289,875	\$ 584,737
Changes recognized for year:			
Service Cost	32,631	-	32,631
Interest	62,516	-	62,516
Changes of benefit terms	-	-	-
Difference in expected and actual experience	(203,258)	-	(203,258)
Changes of assumptions	1,202,217	-	1,202,217
Contributions	-	88,801	(88,801)
Net investment income	-	17,834	(17,834)
Administrative expenses	-	-	-
Benefit payments, including refunds of employee contributions	(28,801)	(28,801)	-
Net changes	1,065,305	77,834	987,471
Balance at June 30, 2020	\$ 1,939,917	\$ 367,709	\$ 1,572,208

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS, (continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower (6 percent) or one percentage point higher (8 percent) than the current rate, for measurement period ended June 30, 2019:

Net OPEB Liability		
Discount Rate -1% (6%)	Current Discount Rate (7%)	Discount Rate +1% (8%)
\$ 1,785,042	\$ 1,572,208	\$ 1,388,929

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage higher than the current rate, for measurement period ended June 30, 2019:

Net OPEB Liability		
Healthcare Cost		
Trend Rate - 1% (4.00%)	Trend Rates (5.0%)	Trend Rate +1% (6.00%)
\$ 1,349,127	\$ 1,572,208	\$ 1,842,382

**OPEB expense and Deferred Items Summary**

For the year ended June 30, 2020, the City recognized OPEB expenses of \$175,279. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 91,600	\$ -
Changes of Assumptions	1,081,995	-
Differences between Expected and Actual Experiences	-	(182,932)
Net differences between projected and actual earnings on plan investments	2,084	-
Total	\$ 1,175,679	\$ (182,932)

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS, (continued)**

**OPEB expense and Deferred Items Summary, (continued)**

For the year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB in the amount of \$91,600 for its contributions subsequent to the measurement date. This amount will be recognized as an OPEB expense in fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized as OPEB expense as follows:

Year Ended June 30		
2021	\$	100,425
2022		100,425
2023		100,424
2024		100,394
2025		99,896
Thereafter		399,583
Total	\$	<u>901,147</u>

**13. COMMITMENTS AND CONTINGENT LIABILITIES**

Claims and lawsuits have been filed against the City in the normal course of business. The outcome of these matters is not presently determinable. However, in the opinion of management, the resolution of these matters is not expected to have a significant impact on the financial condition of the City.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**14. SUCCESSOR AGENCY TO THE FORMER CAPITOLA REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 that provided for the dissolution of all redevelopment agencies in the State of California. Most cities in California established a redevelopment agency that was included in the reporting entity of the city as a blended component unit (since the governing board of the city or county in many cases, also served as the governing board for those agencies). The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government could agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council met and created a Successor Agency in accordance with the Bill as part of City resolution number 3906.

After the law was enacted on June 28, 2011, redevelopment agencies in the State of California could not enter into new projects, obligations or commitments. Upon the date of dissolution, February 1, 2012, significant matters previously controlled by the City Councils of the cities that created each redevelopment agency were now subject to the approval of the seven-member Oversight Board, and typically the California Department of Finance (DOF):

- Sale and distribution of assets
- Any change in obligation of terms
- Prepayment or defeasance of debt
- Acceptance of grants
- Funding of debt service reserves
- Budget for any remaining activities

In the current and future years, successor agencies are only allocated tax revenue in the amount that is necessary to pay the estimated annual payments on approved Recognized Obligation Payment Schedules (ROPS) until all enforceable obligations are paid in full. All obligations listed on the Capitola ROPS were approved by the Successor Agency and the Oversight Board, however the Department of Finance disallowed payment requests on two City/RDA loans. These loans included a \$618,028 Loan and Repayment Agreement and a \$1.35 million loan to purchase the City-owned Rispin Mansion property.

In June 2012, the California legislature passed AB 1484. This legislation provided clarification regarding the dissolution process and imposed new requirements. AB 1484 declared Successor Agencies are separate legal entities distinct from the sponsoring government, clarified matters pertaining to the affordable housing programs previously performed by the former RDA; and clarified matters pertaining to Enforceable Obligation and Recognized Obligation Payment Schedules (EOPS/ROPS). The legislation also established a requirement for all Successor Agencies to complete a due diligence review, established a process to receive a Finding of Completion that will provide significant benefits to local agencies (allowing them to begin spending debt proceeds and providing a formula for the repayment of money previously borrowed from the sponsoring government); and made a number of other significant changes in the dissolution process and the post-dissolution activities of Successor Agencies.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**14. SUCCESSOR AGENCY TO THE FORMER CAPITOLA REDEVELOPMENT AGENCY,  
(continued)**

In FY 2012/13, the Successor Agency completed two Due Diligence Reviews as required by the legislation. The Due Diligence review resulted in a recapture of the residual fund balance in the Successor Agency's primary operating account of \$89,536 and a disallowed payment to the City in the amount of \$47,895 for a City/RDA loan. While the Successor Agency and the City disagreed with this determination, the combined amount of \$137,431 was remitted to the County Auditor-Controller to maintain compliance. The completion of these two reviews resulted in the Successor Agency receiving a finding of Completion on May 24, 2013.

The Bill also directed the California State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers was not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller was required to order the available assets to be transferred to the public body designated as the Successor Agency. The Capitola Successor Agency completed the Asset Transfer Review on October 7, 2013. The report findings required the City to return \$52,313 to the Successor Agency for an interest payment on a City/RDA loan. The Successor Agency and the City also disagreed with this determination.

The Successor Agency and Oversight Board have approved reinstatement of the \$618,028 Loan and Repayment Agreement at a reduced interest rate; however, this reinstatement was initially denied by the Department of Finance. The Department of Finance has indicated that application for this reinstatement should be subject to the timelines established in AB 1484.

The Successor Agency, City, and the Oversight Board approved a resolution to terminate the Rispin Property Purchase Loan in exchange for the return of the property. This would result in the reduction of \$1.35 million dollars in Successor Agency debt. The Department of Finance requested the Oversight Board reconsider this decision; and the Oversight Board unanimously reaffirmed their property transfer decision in August. The City did not receive a response from the Department of Finance in relation to this action, and the statutory time to deny the action has elapsed. The City's RDA attorney believed the action was effective due timing; however, the official property transfer was delayed until after the Successor Agency successfully completed a Long-Range Property Management Plan. This plan was completed on March 21, 2014; followed by the termination of the Rispin Purchase Loan and the City's acceptance of the property by Resolution on October 10, 2013. This transaction relieved the Successor Agency of all capital assets.

After the date of dissolution, activities of the dissolved redevelopment agency are reported in a fiduciary trust fund (private purpose trust fund) in the financial statements of the City. The assets and liabilities relating to the Successor Agency are provided in the following sections:

**Long-Term Debt**

In accordance with the provisions of California AB X 1 26 (Bill), the obligations of the former Redevelopment Agency became vested with the funds established for the Successor Agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former Redevelopment Agency are distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**15. RISKS AND UNCERTAINTIES**

**Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**City/Successor Agency Obligations**

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2020 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. Over the last fiscal year, the Successor Agency has been successful in receiving funding for all approved obligations, with the exception of City/RDA loans. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time as to be immaterial or not.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF CAPITOLA**  
**Required Supplementary Information**  
**Year Ended June 30, 2020**

Schedule of Changes in Net OPEB Liability and Related Ratios  
Last Ten Years\*

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 32,631	\$ 27,267	\$ 26,537
Interest	62,516	57,232	51,739
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(203,258)	-	-
Change of assumptions	1,202,217	-	-
Benefit payments, included refunds of employee contributions	(28,801)	(27,697)	(26,632)
Net change in total OPEB liability	1,065,305	56,802	51,644
Total OPEB liability - beginning of year	874,612	817,810	766,166
Total OPEB liability - end of year (a)	<u>\$ 1,939,917</u>	<u>\$ 874,612</u>	<u>\$ 817,810</u>
Fiduciary Net Position			
Net investment income	\$ 17,834	\$ 16,868	\$ 15,205
Contributions			
Employer	88,801	87,697	81,540
Employee	-	-	-
Benefit payments, including refunds of employee contributions	(28,801)	(27,697)	(26,632)
Administrative expense	-	(397)	(127)
Other	-	31	-
Net change in plan fiduciary net position	77,834	76,502	69,986
Fiduciary net position - beginning of year	289,875	213,373	143,387
Fiduciary net position - end of year (b)	367,709	289,875	213,373
Net OPEB liability - end of year = (a) - (b)	<u>\$ 1,572,208</u>	<u>\$ 584,737</u>	<u>\$ 604,437</u>
Fiduciary net position as a percentage of the total OPEB liability	18.95%	33.14%	26.09%
Covered employee payroll	\$ 5,567,350	\$ 5,361,855	\$ 5,787,564
Measurement date	06/30/19	06/30/18	06/30/17

\* Fiscal year 2018 was the first year of implementation of the OPEB standards.

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Required Supplementary Information**  
**Year Ended June 30, 2020**

Schedule of OPEB Contributions  
 Last Ten Years\*

	2020	2019	2018
Actuarially determined contribution	\$ 91,600	\$ 88,801	\$ 86,090
Contributions in relation to the actuarially determined contribution	(91,600)	(88,801)	(86,090)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$5,757,120	\$5,567,350	\$5,361,855
Contributions as a percentage of covered employee payroll	1.59%	1.60%	1.61%

\* Fiscal year 2018 was the first year of implementation of the OPEB standards.

**CITY OF CAPITOLA**  
**Required Supplementary Information**  
**Year Ended June 30, 2020**

Schedule of City's Proportionate Share of the Plan's Net Pension Liability and Related Ratios  
 Last 10 Years\*

<b>Miscellenaous Plan</b>	2020	2019	2018
Proportion of the Collective Net Pension Liability	0.29038%	0.28641%	0.27777%
Proportionate Share of the Collective Net Pension Liability	\$11,628,468	\$10,793,804	\$10,949,665
Covered Payroll	\$ 3,504,309	\$ 3,434,216	\$ 3,370,438
Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	331.83%	314.30%	324.87%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.26%	73.31%
Measurement Date	6/30/2019	6/30/2018	6/30/2017
<b>Safety Plan</b>	2020	2019	2018
Proportion of the Collective Net Pension Liability	0.20056%	0.19718%	0.19088%
Proportionate Share of the Collective Net Pension Liability	\$12,519,942	\$11,569,787	\$11,405,601
Covered Payroll	\$ 2,381,492	\$ 2,487,719	\$ 2,402,133
Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	525.72%	465.08%	474.81%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	73.37%	73.39%	71.74%
Measurement Date	6/30/2019	6/30/2018	6/30/2017

\* Fiscal year 2015 was the first year of implementation of the pension standards.

2017	2016	2015
0.27444%	0.27813%	0.23223%
\$ 9,533,602	\$ 7,630,270	\$ 5,739,418
\$ 3,245,529	\$ 3,147,103	\$ 3,184,595
386.26%	242.45%	180.22%
74.06%	78.40%	79.82%
6/30/2016	6/30/2015	6/30/2014

2017	2016	2015
0.19118%	0.18590%	0.17280%
\$ 9,901,586	\$ 7,660,071	\$ 6,481,759
\$ 2,308,245	\$ 2,283,732	\$ 2,256,980
386.26%	335.42%	287.19%
72.69%	77.27%	78.83%
6/30/2016	6/30/2015	6/30/2014

Attachment: City of Capitola 2020 CAFR (Audit Report)



**CITY OF CAPITOLA**  
**Required Supplementary Information**  
**Year Ended June 30, 2020**

Schedule of Pension Contributions  
Last 10 Years\*

<b>Miscellenaous Plan</b>	2020	2019	2018
Contractually Determined Contribution	\$ 913,110	\$ 838,617	\$ 832,631
Contributions in Relation to the Contractually Determined Contribution	(913,110)	(838,617)	(832,631)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$3,799,393	\$3,504,309	\$3,434,216
Contributions as a Percentage of Covered Payroll	24.03%	23.93%	24.25%
<b>Safety Plan</b>	2020	2019	2018
Contractually Determined Contribution	\$ 1,199,415	\$ 954,292	\$ 937,396
Contributions in Relation to the Contractually Determined Contribution	(1,199,415)	(954,292)	(937,396)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$2,371,092	\$2,381,492	\$2,487,719
Contributions as a Percentage of Covered Payroll	50.58%	40.07%	37.68%

\* Fiscal year 2015 was the first year of implementation of the pension standards.

2017	2016	2015
\$ 516,728	\$ 448,910	\$ 261,550
(1,770,027)	(448,910)	(261,550)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$3,370,438 33%	\$3,245,529 14%	\$3,147,103 8%

2017	2016	2015
\$ 536,507	\$ 741,692	\$ 640,785
(1,770,027)	(741,692)	(640,785)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$2,402,133 33%	\$2,308,245 32%	\$2,283,732 28%

**CITY OF CAPITOLA**  
**Required Supplementary Information**  
**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 13,104,469	\$ 12,929,469	\$ 11,988,156	\$ (941,313)
Licenses and permits	602,200	612,200	673,832	61,632
Fines and forfeitures	566,500	596,500	519,855	(76,645)
Intergovernmental	108,000	121,500	132,876	11,376
Charges for services	2,058,025	2,037,025	1,813,473	(223,552)
Use of money and property	96,200	116,200	229,762	113,562
Other revenue	279,000	283,000	120,180	(162,820)
Total revenues	16,814,394	16,695,894	15,478,134	(1,217,760)
Expenditures:				
Current:				
General government:				
City council	112,137	109,137	96,777	12,360
City manager	999,679	1,002,679	1,006,133	(3,454)
Personnel	358,422	358,422	453,717	(95,295)
City attorney	255,000	248,500	191,591	56,909
Finance	860,773	859,273	837,290	21,983
Community grants	269,647	269,647	281,046	(11,399)
Public safety	6,988,527	7,027,027	6,421,799	605,228
Community development	944,504	1,022,804	846,093	176,711
Culture and recreation	1,744,365	1,737,355	1,660,294	77,061
Transportation	2,404,116	2,360,990	2,462,920	(101,930)
Capital Outlay	50,000	50,000	202,496	(152,496)
Total expenditures	14,987,170	15,045,834	14,460,156	585,678
Excess (deficiency) of revenues over (under) expenditures	1,827,224	1,650,060	1,017,978	(1,803,438)
Other financing sources (uses):				
Transfers In	-	4,000	8,896	4,896
Transfers out	2,304,344	2,304,344	(1,580,418)	(3,884,762)
Total Other Financing Sources (Uses)	2,304,344	2,308,344	(1,571,522)	(3,879,866)
Net change in fund balance	4,131,568	3,958,404	(553,544)	(4,511,948)
Fund balance, beginning of year	7,858,627	7,858,627	7,858,627	-
Fund balance, end of year	\$ 11,990,195	\$ 11,817,031	\$ 7,305,083	\$ (4,511,948)

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Required Supplementary Information**  
**Federal Home Loan Reuse Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 107,004	\$ 107,004
Expenditures:				
Current:				
Community development	3,700	3,700	500	3,200
Net change in fund balance	(3,700)	(3,700)	106,504	110,204
Fund balance, beginning of year	4,372,941	4,372,941	4,372,941	-
Fund balance, end of year	<u>\$ 4,369,241</u>	<u>\$ 4,369,241</u>	<u>\$ 4,479,445</u>	<u>\$ 110,204</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA  
 Required Supplementary Information  
 Capitola Housing Successor Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 126,578	\$ 126,578
Expenditures:				
Current:				
Community development	37,500	37,500	24,161	13,339
Net change in fund balance	(37,500)	(37,500)	102,417	139,917
Fund balance, beginning of year	4,246,445	4,246,445	4,246,445	-
Fund balance, end of year	<u>\$ 4,208,945</u>	<u>\$ 4,208,945</u>	<u>\$ 4,348,862</u>	<u>\$ 139,917</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Required Supplementary Information**  
**RTC Streets Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 308,522	\$ (191,478)
Use of money and property	-	-	7,928	7,928
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>316,450</u>	<u>(183,550)</u>
Expenditures:				
Capital outlay	<u>890,000</u>	<u>890,000</u>	<u>1,053,171</u>	<u>(163,171)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(390,000)</u>	<u>(390,000)</u>	<u>(736,721)</u>	<u>(20,379)</u>
Net change in fund balance	(390,000)	(390,000)	(736,721)	(20,379)
Fund balance, beginning of year	<u>411,115</u>	<u>411,115</u>	<u>411,115</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 21,115</u></u>	<u><u>\$ 21,115</u></u>	<u><u>\$ (325,606)</u></u>	<u><u>\$ (20,379)</u></u>

**CITY OF CAPITOLA**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2020**

**BUDGETS AND BUDGETARY ACCOUNTING**

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The City's budget ordinance requires that in April of each fiscal year, the City Manager must submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council in June of the following fiscal year. After adoption of the final budget, transfers of appropriations within a general fund department, or within each fund can be made by the City Manager. Budget modifications between funds, increases or decreases to a fund's overall budget, transfers between general fund departments or transfers that affect capital projects must be approved by the City Council or Agency Board. Numerous properly authorized amendments are made during the fiscal year. Appropriations lapse at fiscal year-end.

Budgetary control is enhanced by integrating the budget into the general ledger. Encumbrance accounting is employed (e.g., purchase orders) to avoid over-expenditure. Encumbrances outstanding at fiscal year-end are automatically rebudgeted in the following fiscal year, unless specifically cancelled by Council action. Per *Capitola Municipal Code* 3.20.060.C: "The appropriation for the uncompleted balance of executory contracts should not lapse at year-end but is automatically appropriated for the succeeding fiscal year unless specifically cancelled by council action".

There were no excess expenditures over appropriations in the General Fund departments. The excess of expenditures over appropriations in individual funds are listed below:

Funds*	Appropriations	Expenditures	Variance
Major Governmental:			
RTC Streets	\$ 890,000	\$ 1,053,171	\$ (163,171)
Non-Major Governmental:			
CDBG	-	2,090	(2,090)
CDBG Program Income	-	50	(50)
Restricted TOT	-	22,392	(22,392)

\*Sufficient revenues in listed funds were used to subsidize the excess expenditures.

**SUPPLEMENTARY INFORMATION**



**CITY OF CAPITOLA  
Capital Projects Fund  
Major Capital Projects Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 115,000	\$ 115,000	\$ 37,098	\$ (77,902)
Intergovernmental	-	505,264	76,781	(428,483)
Other revenue	-	32,500	-	(32,500)
Total revenues	<u>115,000</u>	<u>652,764</u>	<u>113,879</u>	<u>(538,885)</u>
Expenditures:				
General government	38,000	38,000	42,900	(4,900)
Transportation	59,000	59,000	4,200	54,800
Capital outlay	<u>1,632,662</u>	<u>2,170,426</u>	<u>921,294</u>	<u>1,249,132</u>
Total expenditures	<u>1,729,662</u>	<u>2,267,426</u>	<u>968,394</u>	<u>1,299,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,614,662)</u>	<u>(1,614,662)</u>	<u>(854,515)</u>	<u>(1,837,917)</u>
Other financing sources (uses):				
Transfers in	<u>1,632,662</u>	<u>1,632,662</u>	<u>1,351,736</u>	<u>(280,926)</u>
Net change in fund balance	18,000	18,000	497,221	479,221
Fund balance, beginning	<u>2,050,766</u>	<u>2,050,766</u>	<u>2,050,766</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 2,068,766</u></u>	<u><u>\$ 2,068,766</u></u>	<u><u>\$ 2,547,987</u></u>	<u><u>\$ 479,221</u></u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Capital Projects Fund**  
**Library Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,575,590	\$ 5,575,590	\$ 6,740,074	\$ 1,164,484
Use of money and property	-	-	126,717	126,717
Other revenue	-	-	128,175	128,175
Total revenues	5,575,590	5,575,590	6,994,966	1,419,376
Expenditures:				
Current:				
General government:	-	-	1,167	(1,167)
Capital outlay	8,200,000	8,200,000	7,175,941	1,024,059
Total expenditures	8,200,000	8,200,000	7,177,108	1,022,892
Excess (deficiency) of revenues over (under) expenditures	(2,624,410)	(2,624,410)	(182,142)	2,442,268
Net change in fund balance	(2,624,410)	(2,624,410)	(182,142)	2,442,268
Fund balance, beginning of year	4,588,609	4,588,609	4,588,609	-
Fund balance, end of year	<u>\$ 1,964,199</u>	<u>\$ 1,964,199</u>	<u>\$ 4,406,467</u>	<u>\$ 2,442,268</u>

**CITY OF CAPITOLA  
Non-Major Governmental Funds  
Combining Statements  
June 30, 2020**

**NON-MAJOR FUNDS**

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**SB1 Road Rehab Fund** - This fund accounts for receipts and expenditures received from the passage of Senate Bill 1 – Road Repair and Accountability Act of 2017.

**Supplemental Law Enforcement Fund** - This fund accounts for the receipt and expenditure of Supplemental Law Enforcement revenues provided by the State of California.

**Gas Tax Fund** - This fund accounts for receipts and expenditures of gasoline tax revenues as provided by State law.

**Wharf Fund** - In accordance with the State law and contractual commitments, this fund accounts for wharf operating revenues and expenditures.

**Parking Reserve Fund** - This fund accounts for 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.

**Technology Fees Fund** - This fund accounts for revenues received from technology fees to be used for new permit processing program.

**PEG Cable TV Access Fee Fund** - This fund accounts for Public Education and Government (PEG) Cable TV access fees.

**Capitola Village and Wharf BIA Fund** - This fund accounts for the receipt and expenditure of assessments for the Business Improvement Area.

**Community Development Block Grants (CDBG) Fund** - This fund accounts for grant revenue applied for and received from the Federal Department of Housing and Urban Development (HUD) through the California Small Cities Grant Program administered by California Department of Housing and Community Development (HCD) to address local community development needs.

**CDBG Program Income** - This fund accounts for housing loan principal and interest repayments for the Community Development Block Grant (CDBG) Program. This fund did not have an adopted budget.

**Affordable Housing** – This fund accounts for a flexible local source of funding for the creation of new affordable housing, rehabilitation of existing affording housing, funding of local programs to assist lower and moderate income buyers purchase affordable housing, or as leverage of local funds for larger State and Federal grants.

**CITY OF CAPITOLA  
Non-Major Governmental Funds  
Combining Statements  
June 30, 2020**

**Restricted Transient Occupancy Tax (TOT) Fund** - This fund accounts for the 0.75% of restricted Transient Occupancy Tax (TOT) as approved by Capitola voters in 2018. The Restricted TOT Fund is used receive and distribute the 0.40% of restricted TOT revenues for local business groups and the 0.35% of restricted TOT revenue dedicated to early childhood and youth programming.

**DEBT SERVICE FUNDS**

**Beach and Village Lot II Debt Financing Fund** - This fund accounts for the debt proceeds and the corresponding expenditures for the Beach and Village Lot II project. This fund is also used for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the long-term debt issued by the City.

**Pacific Cove Debt Financing Fund** - This fund accounts for the debt proceeds and the corresponding expenditures for the Pacific Cove Mobile Home Park Relocation Plan. This fund is also used for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the long-term debt issued by the City.

**2007 POB Debt Service Fund** - Accounts for the accumulation of resources for, and payment of long-term debt principal and interest related to the 2007 Pension Obligation Bonds. This fund did not have an adopted budget.

**CITY OF CAPITOLA**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	SPECIAL REVENUE FUNDS		
	SB1	Supplemental	
	Road Rehab and Maintenance	Law Enforcement	Gas Tax
<b>ASSETS</b>			
Cash and investments	\$ 4,116	\$ 78,761	\$ 12,587
Accounts receivable	-	-	-
Due from other governments	12,770	252	6
Loans receivables, net	-	-	-
Total Assets	<u>\$ 16,886</u>	<u>\$ 79,013</u>	<u>\$ 12,593</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 7,451	\$ 4,249
Deposits payable	-	-	-
Total Liabilities	<u>-</u>	<u>7,451</u>	<u>4,249</u>
<b>FUND BALANCES</b>			
Restricted	16,886	71,562	8,344
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>16,886</u>	<u>71,562</u>	<u>8,344</u>
Total Liabilities and Fund Balances	<u>\$ 16,886</u>	<u>\$ 79,013</u>	<u>\$ 12,593</u>

SPECIAL REVENUE FUNDS

Wharf	Parking Reserve	Technology Fees	PEG Cable TV Access Fee	Capitola Village and Wharf BIA	CDBG
\$ 92,355	\$ 737	\$ 68,747	\$ 79,520	\$ 38,733	\$ 39,313
1,692	-	4,488	-	2,581	-
347	-	-	4,110	-	-
-	-	-	-	-	-
<u>\$ 94,394</u>	<u>\$ 737</u>	<u>\$ 73,235</u>	<u>\$ 83,630</u>	<u>\$ 41,314</u>	<u>\$ 39,313</u>
\$ 2,176	\$ -	\$ -	\$ -	\$ -	\$ -
1,000	-	-	-	-	-
<u>3,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
91,218	737	73,235	83,630	41,314	39,313
-	-	-	-	-	-
-	-	-	-	-	-
<u>91,218</u>	<u>737</u>	<u>73,235</u>	<u>83,630</u>	<u>41,314</u>	<u>39,313</u>
<u>\$ 94,394</u>	<u>\$ 737</u>	<u>\$ 73,235</u>	<u>\$ 83,630</u>	<u>\$ 41,314</u>	<u>\$ 39,313</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet (continued)**  
**June 30, 2020**

	SPECIAL REVENUE FUNDS		
	CDBG Program Income	Affordable Housing	Restricted Transient Occupancy Tax
<b>ASSETS</b>			
Cash and investments	\$ 80,632	\$ 111,800	\$ 24,044
Accounts receivable	-	-	-
Due from other governments	296	407	-
Loans receivables, net	411,909	202,813	-
Total Assets	<u>\$ 492,837</u>	<u>\$ 315,020</u>	<u>\$ 24,044</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Deposits payable	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	492,837	315,020	24,044
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>492,837</u>	<u>315,020</u>	<u>24,044</u>
Total Liabilities and Fund Balances	<u>\$ 492,837</u>	<u>\$ 315,020</u>	<u>\$ 24,044</u>

DEBT SERVICE FUNDS			
Beach & Village Lot II Debt Financing	Pacific Cove Debt Financing	2007 POB Debt Service	Non-Major Governmental Funds
\$ -	\$ 55,028	\$ -	\$ 686,373
-	-	-	8,761
-	50	-	18,238
-	-	-	614,722
<u>\$ -</u>	<u>\$ 55,078</u>	<u>\$ -</u>	<u>\$ 1,328,094</u>
\$ 39,186	\$ -	\$ -	\$ 53,062
-	-	-	1,000
<u>39,186</u>	<u>-</u>	<u>-</u>	<u>54,062</u>
-	-	-	1,258,140
-	55,078	-	55,078
<u>(39,186)</u>	<u>-</u>	<u>-</u>	<u>(39,186)</u>
<u>(39,186)</u>	<u>55,078</u>	<u>-</u>	<u>1,274,032</u>
<u>\$ -</u>	<u>\$ 55,078</u>	<u>\$ -</u>	<u>\$ 1,328,094</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)



**CITY OF CAPITOLA**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Year Ended June 30, 2020**

	SPECIAL REVENUE FUNDS		
	SB1 Road Rehab and Maintenance	Supplemental Law Enforcement	Gas Tax
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 236,866
Licenses and permits	-	-	-
Intergovernmental	163,042	100,000	-
Charges for services	-	-	-
Use of money and property	1,886	667	276
Other revenue	-	-	-
Total Revenues	<u>164,928</u>	<u>100,667</u>	<u>237,142</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public safety	-	45,698	-
Community development	-	-	-
Culture and recreation	-	-	-
Transportation	-	-	246,386
Capital outlay	345,000	-	-
Debt service:			
Principal	-	-	3,113
Interest	-	-	-
Total Expenditures	<u>345,000</u>	<u>45,698</u>	<u>249,499</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(180,072)</u>	<u>54,969</u>	<u>(12,357)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(180,072)	54,969	(12,357)
Fund Balances, beginning of year	<u>196,958</u>	<u>16,593</u>	<u>20,701</u>
Fund Balances, end of year	<u>\$ 16,886</u>	<u>\$ 71,562</u>	<u>\$ 8,344</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

SPECIAL REVENUE FUNDS					
Wharf	Parking Reserve	Technology Fees	PEG Cable TV Access Fee	Capitola Village and Wharf BIA	CDBG
\$ -	\$ -	\$ -	\$ -	\$ 2,348	\$ -
-	-	-	15,384	-	-
-	-	-	-	-	-
-	-	14,383	-	73,946	-
76,699	-	-	1,664	916	-
-	-	-	-	1,000	-
<u>76,699</u>	<u>-</u>	<u>14,383</u>	<u>17,048</u>	<u>78,210</u>	<u>-</u>
-	-	-	14,288	-	-
-	-	-	-	-	-
-	-	6,557	-	85,407	500
50,139	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>50,139</u>	<u>-</u>	<u>6,557</u>	<u>14,288</u>	<u>85,407</u>	<u>500</u>
<u>26,560</u>	<u>-</u>	<u>7,826</u>	<u>2,760</u>	<u>(7,197)</u>	<u>(500)</u>
-	100,000	-	-	19,492	-
-	(100,000)	-	-	-	-
-	-	-	-	19,492	-
26,560	-	7,826	2,760	12,295	(500)
<u>64,658</u>	<u>737</u>	<u>65,409</u>	<u>80,870</u>	<u>29,019</u>	<u>39,813</u>
<u>\$ 91,218</u>	<u>\$ 737</u>	<u>\$ 73,235</u>	<u>\$ 83,630</u>	<u>\$ 41,314</u>	<u>\$ 39,313</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures (continued)**  
**and Changes in Fund Balances**  
**Year Ended June 30, 2020**

	SPECIAL REVENUE FUNDS		
	CDBG Program Income	Affordable Housing	Restricted Transient Occupancy Tax
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 79,551
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	57,386	-
Use of money and property	12,030	6,792	-
Other revenue	-	2,466	-
Total Revenues	<u>12,030</u>	<u>66,644</u>	<u>79,551</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	40,434
Public safety	-	-	-
Community development	-	-	-
Culture and recreation	-	-	-
Transportation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>40,434</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>12,030</u>	<u>66,644</u>	<u>39,117</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(25,000)	(23,492)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(25,000)</u>	<u>(23,492)</u>
Net change in fund balances	12,030	41,644	15,625
Fund Balances, beginning of year	480,807	273,376	8,419
Fund Balances, end of year	<u>\$ 492,837</u>	<u>\$ 315,020</u>	<u>\$ 24,044</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

DEBT SERVICE FUNDS			
Beach and Village Lot II Debt Financing	Pacific Cove Debt Financing	2007 POB Debt Service	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 318,765
-	-	-	15,384
-	-	-	263,042
-	-	-	145,715
-	280	-	101,210
-	-	-	3,466
-	280	-	847,582
-	-	-	54,722
-	-	-	45,698
-	-	-	92,464
-	-	-	50,139
-	-	-	246,386
-	-	-	345,000
61,990	121,064	-	186,167
26,627	44,002	-	70,629
88,617	165,066	-	1,091,205
(88,617)	(164,786)	-	(243,623)
88,616	165,066	-	373,174
-	-	(4,896)	(153,388)
88,616	165,066	(4,896)	219,786
(1)	280	(4,896)	(23,837)
(39,185)	54,798	4,896	1,297,869
\$ (39,186)	\$ 55,078	\$ -	\$ 1,274,032

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Senate Bill 1 – Road Rehab Fund**  
**Non-Major Governmental Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 175,000	\$ 175,000	\$ 163,042	\$ (11,958)
Use of money and property	-	-	1,886	1,886
Total revenues	<u>175,000</u>	<u>175,000</u>	<u>164,928</u>	<u>(10,072)</u>
Expenditures:				
Capital Outlay	<u>345,000</u>	<u>345,000</u>	<u>345,000</u>	<u>-</u>
Total expenditures	<u>345,000</u>	<u>345,000</u>	<u>345,000</u>	<u>-</u>
Net change in fund balance	(170,000)	(170,000)	(180,072)	(10,072)
Fund balance, beginning of year	<u>196,958</u>	<u>196,958</u>	<u>196,958</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 26,958</u></u>	<u><u>\$ 26,958</u></u>	<u><u>\$ 16,886</u></u>	<u><u>\$ (10,072)</u></u>

**CITY OF CAPITOLA**  
**Supplemental Law Enforcement Fund**  
**Non-Major Governmental Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of money and property	400	400	667	267
Total revenues	100,400	100,400	100,667	267
Expenditures:				
Current:				
Public safety	48,000	48,000	45,698	2,302
Capital outlay	30,000	30,000	-	30,000
Total expenditures	78,000	78,000	45,698	32,302
Net change in fund balance	22,400	22,400	54,969	32,035
Fund balance, beginning of year	16,593	16,593	16,593	-
Fund balance, end of year	\$ 38,993	\$ 38,993	\$ 71,562	\$ 32,035

**CITY OF CAPITOLA  
Gas Tax Fund  
Non-Major Governmental Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 279,855	\$ 279,855	\$ 236,866	\$ (42,989)
Use of money and property	-	-	276	276
Total revenues	279,855	279,855	237,142	(42,713)
Expenditures:				
Current:				
Transportation	274,518	274,518	246,386	28,132
Debt service:				
Principal	5,337	5,337	3,113	2,224
Total expenditures	279,855	279,855	249,499	30,356
Net change in fund balance	-	-	(12,357)	(12,357)
Fund balance, beginning of year	20,701	20,701	20,701	-
Fund balance, end of year	\$ 20,701	\$ 20,701	\$ 8,344	\$ (12,357)

**CITY OF CAPITOLA  
Wharf Fund  
Non-Major Governmental Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 92,800	\$ 92,800	\$ 76,699	\$ (16,101)
Expenditures:				
Current:				
Culture and recreation	126,150	126,150	50,139	76,011
Net change in fund balance	(33,350)	(33,350)	26,560	(92,112)
Fund balance, beginning of year	64,658	64,658	64,658	-
Fund balance, end of year	<u>\$ 31,308</u>	<u>\$ 31,308</u>	<u>\$ 91,218</u>	<u>\$ (92,112)</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)



**CITY OF CAPITOLA  
 Parking Reserve Fund  
 Non-Major Governmental Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Transfers out	(100,000)	(100,000)	(100,000)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	737	737	737	-
Fund balance, end of year	\$ 737	\$ 737	\$ 737	\$ -

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA  
Technology Fees Fund  
Non-Major Governmental Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 11,500	\$ 11,500	\$ 14,383	\$ 2,883
Expenditures:				
Current:				
Community development	12,500	12,500	6,557	5,943
Net change in fund balance	(1,000)	(1,000)	7,826	8,826
Fund balance, beginning of year	65,409	65,409	65,409	-
Fund balance, end of year	<u>\$ 64,409</u>	<u>\$ 64,409</u>	<u>\$ 73,235</u>	<u>\$ 8,826</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA  
PEG Cable TV Access Fee Fund  
Non-Major Governmental Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 16,000	\$ 16,000	\$ 15,384	\$ (616)
Use of money and property	500	500	1,664	1,164
Total revenues	<u>16,500</u>	<u>16,500</u>	<u>17,048</u>	<u>548</u>
Expenditures:				
Current:				
General government:				
City manager	17,000	17,000	14,288	2,712
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>27,000</u>	<u>27,000</u>	<u>14,288</u>	<u>12,712</u>
Net change in fund balance	(10,500)	(10,500)	2,760	13,260
Fund balance, beginning of year	<u>80,870</u>	<u>80,870</u>	<u>80,870</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 70,370</u></u>	<u><u>\$ 70,370</u></u>	<u><u>\$ 83,630</u></u>	<u><u>\$ 13,260</u></u>

**CITY OF CAPITOLA**  
**Capitola Village and Wharf BIA Fund**  
**Non-Major Governmental Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 29,000	\$ 29,000	\$ 2,348	\$ (26,652)
Charges for services	74,600	74,600	73,946	(654)
Use of money and property	400	400	916	516
Total revenues	<u>104,000</u>	<u>104,000</u>	<u>78,210</u>	<u>(25,790)</u>
Expenditures:				
Current:				
Community development	<u>110,780</u>	<u>110,780</u>	<u>85,407</u>	<u>25,373</u>
Net change in fund balance	(6,780)	(6,780)	12,295	19,075
Fund balance, beginning of year	<u>29,019</u>	<u>29,019</u>	<u>29,019</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 22,239</u></u>	<u><u>\$ 22,239</u></u>	<u><u>\$ 41,314</u></u>	<u><u>\$ 19,075</u></u>

**CITY OF CAPITOLA  
CDBG Fund  
Non-Major Governmental Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Community development	\$ 6,200	\$ 6,200	\$ 500	\$ 5,700
Net change in fund balance	(6,200)	(6,200)	(500)	5,700
Fund balance, beginning of year	39,813	39,813	39,813	-
Fund balance, end of year	<u>\$ 33,613</u>	<u>\$ 33,613</u>	<u>\$ 39,313</u>	<u>\$ 5,700</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

**CITY OF CAPITOLA**  
**Affordable Housing Fund**  
**Non-Major Governmental Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 57,386	\$ 27,386
Use of money and property	-	-	6,792	6,792
Other revenue	-	-	2,466	2,466
 Total revenues	 30,000	 30,000	 66,644	 36,644
Other financing sources (uses):				
Transfers out	(25,000)	(25,000)	(25,000)	-
 Net change in fund balance	 5,000	 5,000	 41,644	 36,644
 Fund balance, beginning of year	 273,376	 273,376	 273,376	 -
 Fund balance, end of year	 <u>\$ 278,376</u>	 <u>\$ 278,376</u>	 <u>\$ 315,020</u>	 <u>\$ 36,644</u>

**CITY OF CAPITOLA  
Restricted TOT Fund  
Non-Major Governmental Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 109,377	\$ 109,377	\$ 79,551	\$ (29,826)
Expenditures:				
Current:				
General government:	60,013	60,013	40,434	19,579
Net change in fund balance	49,364	49,364	15,625	(72,897)
Fund balance, beginning of year	8,419	8,419	8,419	-
Fund balance, end of year	<u>\$ 57,783</u>	<u>\$ 57,783</u>	<u>\$ 24,044</u>	<u>\$ (72,897)</u>

**CITY OF CAPITOLA**  
**Beach and Village Lot II Debt Financing Fund**  
**Non-Major Governmental Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Debt service expenditures:				
Principal	\$ 61,500	\$ 61,500	\$ 61,990	\$ (490)
Interest	27,116	27,116	26,627	489
Total expenditures	<u>88,616</u>	<u>88,616</u>	<u>88,617</u>	<u>(1)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,616)</u>	<u>(88,616)</u>	<u>(88,617)</u>	<u>1</u>
Other financing sources (uses):				
Transfers in	<u>88,616</u>	<u>88,616</u>	<u>88,616</u>	<u>-</u>
Net change in fund balance	-	-	(1)	1
Fund balance, beginning of year	<u>(39,185)</u>	<u>(39,185)</u>	<u>(39,185)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (39,185)</u></u>	<u><u>\$ (39,185)</u></u>	<u><u>\$ (39,186)</u></u>	<u><u>\$ 1</u></u>



**CITY OF CAPITOLA**  
**Pacific Cove Debt Financing Fund**  
**Non-Major Governmental Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 280	\$ 280
Debt service expenditures:				
Principal	125,000	125,000	121,064	3,936
Interest	40,066	40,066	44,002	(3,936)
Total expenditures	165,066	165,066	165,066	-
Excess (deficiency) of revenues over (under) expenditures	(165,066)	(165,066)	(164,786)	280
Other financing sources (uses):				
Transfers in	165,066	165,066	165,066	-
Net change in fund balance	-	-	280	280
Fund balance, beginning of year	54,798	54,798	54,798	-
Fund balance, end of year	\$ 54,798	\$ 54,798	\$ 55,078	\$ 280

**CITY OF CAPITOLA**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Fiduciary Funds – Agency Funds**  
**Year Ended June 30, 2020**

<b>AUTO CENTER ASSESSMENT DISTRICT</b>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$ 21,302	\$ 309	\$ (21,611)	\$ -
Due from other governments	136	-	(136)	-
Total assets	<u>\$ 21,438</u>	<u>\$ 309</u>	<u>\$ (21,747)</u>	<u>\$ -</u>
<b>Liabilities</b>				
Deposits	\$ 21,302	\$ 509	\$ (21,811)	\$ -
Total liabilities	<u>\$ 21,302</u>	<u>\$ 509</u>	<u>\$ (21,811)</u>	<u>\$ -</u>

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CITY OF CAPITOLA  
 Comprehensive Annual Financial Report  
 Statistical Section (Unaudited)  
 Table of Contents  
 Fiscal Year Ended June 30, 2020

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This part of The City of Capitola's Comprehensive Annual Financial Report presents detailed information as context for understanding the information in the financial statements, note disclosures, and required supplementary information and provides additional information useful in assessing the City's economic condition.

Financial Trends

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The financial trends shown on the following charts are designed to help the reader understand the City's performance trends and relative well-being over time.

Net Position by Component	108
Changes in Net Position	109
Fund Balances of Government Funds	111
Change in Fund Balances of Governmental Funds	113
General Revenues by Source	115

Revenue Capacity

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The sources and relative value of revenues shown on the following charts are designed to assist the reader in assessing the City's most significant sources of revenue and the performance of these sources over time.

Net Taxable Assessed Value History	116
Assessed Value of Taxable Property	117
Direct and Overlapping Property Tax Rates	118
Top Ten Property Taxpayers	119
Property Tax Levies and Collections	120
Top 25 Sales Tax Taxpayers	121

CITY OF CAPITOLA  
 Comprehensive Annual Financial Report  
 Statistical Section (Unaudited)  
 Table of Contents, Continued  
 Fiscal Year Ended June 30, 2020

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Debt Capacity

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Debt is a useful tool for financing capital acquisition, construction, and meeting long term financing needs. The following charts present information to help the reader assess the City's current debt levels and capacity for future debt.

Ratios of Outstanding Debt by Type	122
Ratios of General Bonded Debt Outstanding	123
Direct and Overlapping Debt	124
Legal Debt Margin Information	125
Pledged-Revenue Coverage	126

Demographic and Economic Information

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The demographic and economic information provided in the charts below is designed to help the reader understand the general socio-economic environment in which the City's financial activities take place.

Demographic and Economic Statistics	127
Principal Employers - Top Ten	128
Full-time and Part-time City Employees by Function	129

Operating Information

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The following charts provide information to show the size and nature of the City's operations in order to assist the reader in understanding the services the City is able to provide and activities it is able to undertake within its available financial framework.

Operating Indicators by Function	130
Capital Asset Statistics by Function	131

Unless otherwise noted, the source of the information noted in the tables below were from the prior year's City's Comprehensive Annual Financial Reports.

CITY OF CAPITOLA, CALIFORNIA  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	2011	2012	2013	2014	2015*	2016	2017	2018	2019	2020
Primary Government activities										
Net Investment in Capital Assets	\$ 15,054	\$ 11,918	\$ 11,521	\$ 12,751	\$ 11,604	\$ 13,154	\$ 14,457	\$ 15,773	\$ 18,563	\$ 27,367
Restricted for										
Public Safety	10	51	101	119	101	98	8	10	17	72
Transportation	184	2,445	1,513	416	393	113	119	420	630	26
Community Development	1,256	1,141	3,511	3,852	6,357	6,599	8,811	11,191	14,105	14,221
Culture and Recreation	185	88	77	116	141	143	159	121	146	175
Total Restricted	1,635	3,725	5,202	4,503	6,992	6,953	9,097	11,742	14,896	14,493
Unrestricted	3,249	4,134	4,893	5,957	(9,381)	(8,884)	(9,883)	(11,536)	(10,563)	(12,887)
Total Primary Government net position	\$ 19,938	\$ 19,777	\$ 21,616	\$ 23,211	\$ 9,215	\$ 11,223	\$ 13,671	\$ 15,978	\$ 22,896	\$ 28,974

NOTES: The City of Capitola has no business-type activities; governmental and primary government figures are the same.

\*FY 2014/15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71, which resulted in a prior period restatement of (\$15,436,035) to the Governmental Activities.

Source: City of Capitola Finance Department.

CITY OF CAPITOLA, CALIFORNIA  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

EXPENSES:	Fiscal Year				
	2011	2012	2013	2014	2015*
Primary government activities					
General government	\$ 5,453	\$ 4,851	\$ 4,862	\$ 3,403	\$ 3,582
Public safety	5,422	5,491	5,411	5,412	6,181
Community development	2,068	3,471	727	741	809
Culture and recreation	995	1,010	1,398	970	974
Transportation	2,445	2,556	2,456	3,070	2,866
Interest and other charges	448	419	288	211	217
Total primary government expenses	16,831	17,798	15,142	13,807	14,629
<b>PROGRAM REVENUES:</b>					
Primary government activities					
Charges for services:					
General government	759	1,059	948	1,109	1,012
Public safety	902	759	732	782	806
Community development	1,077	1,145	523	683	633
Culture and recreation	655	751	685	749	765
Transportation	54	166	145	131	120
Operating grants and contributions	1,040	3,131	2,292	313	657
Capital grants and contributions	421	-	3	15	12
Total primary govt program revenues	4,908	7,011	5,328	3,782	4,005
NET PRIMARY GOVT REV/(EXP)	(11,923)	(10,787)	(9,814)	(10,025)	(10,624)
<b>GENERAL REVENUES AND OTHER</b>					
<b>CHANGES IN NET POSITION:</b>					
Primary government activities					
Taxes:					
Property Taxes	4,107	2,993	1,778	1,849	2,041
Transaction and Use Tax (.25%)	850	932	1,510	-	-
Sales and Use tax	3,002	3,322	4,531	2,036	7,330
Transient occupancy taxes	602	913	1,074	1,263	1,276
Franchise taxes	477	483	479	497	508
Business license tax	267	281	292	287	284
Other taxes					
Intergovernmental	1,323	947	241	327	265
Investment income	185	190	131	107	119
Other general revenues	289	309	497	238	242
Transfers					
Extraordinary Item	(795)	380	1,118	-	-
Total primary government activities	10,307	10,750	11,651	6,604	12,065
<b>CHANGES IN NET POSITION:</b>					
Total primary government activities	\$ (1,616)	\$ (37)	\$ 1,837	\$ (3,421)	\$ 1,441

\* Fiscal year 2014-15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71, which resulted in a prior restatement of (\$15,436,035) to the Governmental Activities. GASB 75 restatement was reflected in 2018 for \$172,688.

Source: City of Capitola Finance Department

Fiscal Year					
2016	2017	2018	2019	2020	
\$ 3,557	\$ 3,975	\$ 3,594	\$ 3,595	\$ 3,876	
6,211	7,462	6,822	7,037	7,810	
1,076	1,090	1,057	956	1,097	
1,150	1,302	1,228	1,192	1,793	
3,218	3,212	3,382	3,384	3,263	
158	119	77	76	68	
<u>15,370</u>	<u>17,160</u>	<u>16,161</u>	<u>16,241</u>	<u>17,907</u>	
970	911	1,057	1,132	1,022	
701	597	601	579	554	
727	637	695	528	619	
751	640	636	614	633	
112	116	34	44	47	
400	3,329	1,832	650	501	
511	146	413	5,678	7,357	
4,172	6,376	5,267	9,224	10,734	
<u>(11,198)</u>	<u>(10,784)</u>	<u>(10,893)</u>	<u>(7,017)</u>	<u>(7,174)</u>	
2,194	2,288	2,498	2,630	2,712	
-	-	-	-	-	
7,860	7,959	7,688	8,077	7,441	
1,452	1,458	1,457	1,582	1,263	
524	535	555	545	557	
298	302	308	308	330	
226	201	223	224	233	
227	264	237	450	699	
424	225	406	119	16	
-	-	-	-	-	
<u>13,205</u>	<u>13,232</u>	<u>13,374</u>	<u>13,935</u>	<u>13,251</u>	
<u>\$ 2,007</u>	<u>\$ 2,448</u>	<u>\$ 2,480</u>	<u>\$ 6,918</u>	<u>\$ 6,077</u>	

Attachment: City of Capitola 2020 CAFR (Audit Report)



CITY OF CAPITOLA, CALIFORNIA  
Fund Balances of Government Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016
<b>GENERAL FUND</b>						
Fund Balance GASB 54						
Nonspendable	1,973	1,970	2,024	620	618	524
Restricted	-	-	-	-	-	300
Assigned	-	-	570	584	1,049	1,262
Unassigned	2,786	2,608	2,846	3,686	4,338	4,599
Total General Fund	4,759	4,578	5,440	4,890	6,005	6,685
<b>ALL OTHER GOVERNMENT FUNDS</b>						
Fund Balance GASB 54						
Nonspendable	109	586	-	-	-	-
Restricted	1,705	1,858	1,497	1,043	985	736
Assigned	1,564	1,045	1,046	1,764	2,457	2,745
Unassigned	(19)	(148)	(19)	(2)	(41)	(215)
Total All Other Govt Funds	3,359	3,341	2,524	2,805	3,401	3,266
TOTAL	\$ 8,118	\$ 7,919	\$ 7,964	\$ 7,695	\$ 9,406	\$ 9,951

Source: City of Capitola Finance Department.

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2017	2018	2019	2020
426	58	21	-
300	816	867	917
1,277	1,277	1,344	1,344
5,345	4,603	5,627	5,044
<u>7,348</u>	<u>6,755</u>	<u>7,859</u>	<u>7,305</u>
-	-	-	-
834	11,742	14,896	14,493
1,927	1,633	2,110	2,603
(39)	(39)	(39)	(365)
<u>2,722</u>	<u>13,336</u>	<u>16,968</u>	<u>16,731</u>
<u>\$ 10,070</u>	<u>\$ 20,091</u>	<u>\$ 24,826</u>	<u>\$ 24,036</u>

Attachment: City of Capitola 2020 CAFR (Audit Report)

CITY OF CAPITOLA  
 Change in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (amounts expressed in thousands)

	2011	2012	2013	2014	2015
<b>REVENUES:</b>					
Taxes	\$10,335	\$ 9,878	\$ 9,607	\$11,112	\$11,416
Licenses & permits	474	630	520	703	629
Intergovernmental	2,426	2,755	837	637	757
Fines and forfeitures	702	724	688	731	671
Charges for services	1,278	1,907	1,862	2,053	2,078
Use of money and property	492	403	235	219	228
Other	173	90	238	128	132
Total revenues	15,880	16,387	13,987	15,583	15,911
<b>EXPENSES:</b>					
Current:					
General government	4,483	4,034	3,865	2,749	2,443
Public safety	5,468	5,436	5,369	5,838	5,917
Community development	1,986	3,458	712	722	823
Culture and recreation	1,009	1,041	1,118	966	978
Transportation	2,294	2,204	2,157	2,782	2,577
Capital outlay	665	757	551	3,328	535
Subtotal	15,905	16,930	13,772	16,385	13,273
Debt service:					
Debt issuance costs	-	43	38	12	-
Principal retirement	704	673	1,031	616	699
Interest and agent fees	447	394	320	210	229
Subtotal	1,151	1,110	1,389	838	928
Total expenditures	17,056	18,040	15,161	17,223	14,201
<b>Excess/(deficiency) of revenues over/(under) expenditures</b>	<b>(1,176)</b>	<b>(1,653)</b>	<b>(1,174)</b>	<b>(1,640)</b>	<b>1,710</b>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Sale of capital assets	-	2,390	99	-	-
Transfers in	1,945	2,272	2,151	1,861	2,091
Transfers out	(1,945)	(2,272)	(2,151)	(1,861)	(2,091)
Issuance of bonds	-	-	-	1,372	-
Total other financing sources/(uses)	-	2,390	99	1,372	-
Special Items					
Flood Disaster loss/recovery	(795)	(623)	1,118	-	-
Gain/Loss on RDA dissolution	-	(190)	-	-	-
<b>Net change in fund balances</b>	<b>(1,971)</b>	<b>(76)</b>	<b>43</b>	<b>(268)</b>	<b>1,710</b>
Beginning fund balance, as restated	9,019	7,995	7,920	7,963	7,695
Changes in fund balance	(1,971)	(75)	43	(268)	1,710
Ending fund balance	\$ 7,048	\$ 7,920	\$ 7,963	\$ 7,695	\$ 9,405
Debt Service as a percentage of non-capital expenditures					
Total Expenditures	\$17,056	\$18,040	\$15,161	\$17,223	\$14,201
Capitalized Portion of Capital Outlay	430	824	306	3,809	(153)
Total Non-Capitalized Expenditures	16,626	17,216	14,855	13,414	14,354
Debt service: Principal and Interest	1,151	1,110	1,389	838	928
Debt service as a percentage of noncapital expenditures	6.92%	6.45%	9.35%	6.25%	6.47%

Note: Debt service as a percentage of noncapital expenditures reflects total governmental fund expenditures less the capital outlay shown separately in the Changes in Fund Balances schedule and any expenditures for capitalized assets contained within the functional expenditure categories. The sum of these items is reported in this calculation, as well as appearing as a reconciling item in the reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.

2016	2017	2018	2019	2020
\$12,250	\$12,436	\$12,416	\$13,097	\$12,307
671	626	766	663	726
656	560	558	522	520
787	1,475	2,250	6,030	7,521
2,165	1,970	2,007	2,020	1,959
324	376	237	450	699
328	114	406	378	252
<u>17,181</u>	<u>17,557</u>	<u>18,641</u>	<u>23,159</u>	<u>23,985</u>
2,712	3,153	2,824	2,819	2,965
6,134	6,495	6,333	6,552	6,467
1,005	976	967	913	963
1,039	1,137	1,154	1,130	1,710
2,744	2,637	2,852	2,981	2,714
2,074	2,113	1,924	3,770	9,698
<u>15,708</u>	<u>16,511</u>	<u>16,054</u>	<u>18,165</u>	<u>24,518</u>
-	-	-	-	-
764	788	829	182	186
163	139	95	78	71
<u>927</u>	<u>927</u>	<u>924</u>	<u>259</u>	<u>257</u>
<u>16,635</u>	<u>17,438</u>	<u>16,977</u>	<u>18,424</u>	<u>24,775</u>
546	119	1,664	4,735	(790)
-	-	-	-	-
2,784	1,815	2,865	1,676	1,734
(2,784)	(1,815)	(2,865)	(1,676)	(1,734)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>546</u>	<u>119</u>	<u>1,664</u>	<u>4,735</u>	<u>(790)</u>
<u>9,405</u>	<u>9,951</u>	<u>10,070</u>	<u>20,091</u>	<u>24,826</u>
546	119	1,664	4,735	(790)
<u>\$ 9,951</u>	<u>\$10,070</u>	<u>\$11,734</u>	<u>\$24,826</u>	<u>\$24,036</u>
\$16,635	\$17,438	\$16,977	\$18,424	\$24,775
2,079	2,231	2,063	3,681	9,535
<u>14,556</u>	<u>15,207</u>	<u>14,914</u>	<u>14,743</u>	<u>15,240</u>
927	927	924	259	257
6.37%	6.10%	6.19%	1.76%	1.69%

Source: City of Capitola Finance Department.

CITY OF CAPITOLA, CALIFORNIA  
 General Revenues by Source  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)  
 General Revenue By Source

Fiscal Year	General Revenue By Source							Total General Revenues
	Sales Tax Revenue <sup>(1)</sup>	Property Taxes <sup>(2)</sup>	Transient Occupancy Tax	Franchise Taxes	Business Licenses	Investment Income	Miscellaneous, Intergovernmental and Other Revenues	
2011	\$ 4,890,518	\$ 4,107,291	\$ 601,726	\$ 477,084	\$ 266,948	\$ 185,346	\$ 573,436	\$ 11,102,349
2012	5,200,303	2,993,125	912,851	482,782	281,336	190,390	309,110	10,369,897
2013	6,040,542	1,778,037	1,074,507	478,627	291,642	131,166	398,320	10,192,841
2014	7,179,727	1,849,375	1,263,175	496,759	286,638	107,218	564,801	11,747,693
2015	7,330,443	2,041,248	1,275,716	507,517	284,474	118,770	506,803	12,064,971
2016	7,859,511	2,193,588	1,451,512	524,214	298,020	227,142	650,656	13,204,643
2017	7,959,086	2,288,341	1,457,704	534,513	301,545	264,040	426,525	13,231,754
2018	7,687,959	2,721,299	1,456,899	555,475	308,236	237,383	406,456	13,373,707
2019	8,076,583	2,854,103	1,581,864	545,424	307,930	450,099	119,011	13,935,014
2020	7,440,745	2,945,342	1,262,816	556,708	329,711	699,199	16,383	13,250,904

## NOTES:

<sup>(1)</sup> A 0.25% District Transactions and Use Tax took effect April 1, 2005 and in 2008 was extended through December 2017. An additional 0.25% Permanent Retail Transactions and Use Tax took effect April 1, 2013, bringing the local tax rate to 0.50%.

<sup>(2)</sup> As of 2006, Property Taxes In Lieu of Vehicle License Fees were included as part of Property Tax distributions by the State of California. Dissolution of California Redevelopment Agencies in February 2012 lowered agency property tax receipts by the size of the previous redevelopment tax increment.

Source: City of Capitola Finance Department.

CITY OF CAPITOLA, CALIFORNIA  
 Net Taxable Assessed Value History  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

City of Capitola					
Fiscal Year	Secured	Unsecured	SBE Nonunitary	Total Assessed Value	% Change
2011	\$ 1,701,476	\$ 70,118	\$ 579	\$ 1,772,173	0.80%
2012	1,717,637	66,695	579	1,784,911	0.72%
2013	1,726,023	71,136	83	1,797,242	0.69%
2014	1,784,629	75,387	84	1,860,100	3.50%
2015	1,906,637	81,887	84	1,988,608	6.91%
2016	2,026,035	76,862	83	2,102,980	5.75%
2017	2,156,464	77,622	84	2,234,170	6.24%
2018	2,294,174	84,389	84	2,378,647	6.47%
2019	2,412,636	87,922	111	2,500,669	5.13%
2020	2,530,955	81,815	111	2,612,882	4.49%

NOTES: California Constitution Article 13A establishes a county assessor "full cash value" property valuation formulated on varying base years and not at current fair market value. As a result, there is not a reasonable basis available for estimating actual value of taxable property for the City of Capitola for comparative purposes.

Source: HdL Companies, Santa Cruz County Assessor 2019-20 Combined Tax Rolls.

CITY OF CAPITOLA, CALIFORNIA  
 Assessed Value of Taxable Property  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential	\$ 1,224,372	\$ 1,241,453	\$ 1,233,173	\$ 1,289,844	\$ 1,413,964	\$ 1,515,227	\$ 1,590,959	\$ 1,681,534	\$ 1,782,996	\$ 1,878,890
Commercial	367,656	369,399	387,425	384,916	379,721	392,427	439,224	476,377	487,098	501,612
Industrial	15,520	14,239	13,869	14,079	14,130	14,437	14,612	19,124	19,557	21,914
Institutional	16,950	14,788	15,078	14,662	14,716	15,134	15,966	15,054	9,927	10,943
Miscellaneous	5	6	6	6	6	6	6	267	272	277
Recreational	10,121	10,197	10,401	10,609	8,844	9,705	9,791	9,996	10,311	10,525
Vacant	13,773	13,303	13,370	13,823	14,934	15,263	16,274	15,393	21,333	19,848
SBE Nonunitary	579	579	83	84	84	83	84	84	110	110
Cross Reference	53,079	54,252	52,701	56,690	60,322	63,836	69,632	76,429	81,138	86,943
Unsecured	70,118	66,695	71,136	75,387	81,887	76,862	77,622	84,389	87,922	81,815
TOTALS	\$ 1,772,173	\$ 1,784,911	\$ 1,797,242	\$ 1,860,100	\$ 1,988,608	\$ 2,102,980	\$ 2,234,170	\$ 2,378,648	\$ 2,500,664	\$ 2,612,877
Total Direct Property Tax Rate	0.18456	0.17987	0.18035	0.05510	0.05461	0.05456	0.05452	0.05452	0.05438	0.05441

NOTES: Exempt values are not included in Total.

In 1978, the voters of the State of California passed Proposition 13, which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL Companies, Santa Cruz County Assessor 2010-11 and 2019-20 Combined Tax Rolls.

CITY OF CAPITOLA, CALIFORNIA  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (Rate per \$100 of taxable value)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>City Direct Property Tax Rates</b>										
Basic Levy <sup>(1)</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Redevelopment Rate <sup>(2)</sup>	1.00000	1.00000	(2)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Direct Property Tax Rate <sup>(3)</sup>	0.18456	0.17987	0.18035	0.05510	0.05461	0.05456	0.05452	0.05452	0.05438	0.05441
<b>Overlapping Property Tax Rates <sup>(4)</sup></b>										
Santa Cruz High School	0.02336	0.02602	0.02615	0.02333	0.02087	0.01961	0.01848	0.04461	0.04272	0.03889
Soquel Elementary School	0.02435	0.02406	0.02435	0.02238	0.02045	0.01846	0.01811	0.04539	0.04251	0.03948
Live Oak Elementary School	0.05246	0.05295	0.05514	0.05383	0.05279	0.04600	0.03574	0.01988	0.02117	0.02072
Cabrillo College	0.03609	0.03896	0.04048	0.04047	0.03694	0.03669	0.03260	0.02425	0.02102	0.02117
Total Overlapping Property Tax Rate <sup>(3)</sup>	0.13626	0.14199	0.14612	0.14001	0.13105	0.12076	0.10493	0.13413	0.12742	0.12026
City Share of 1% levy per Proposition 13 <sup>(5)</sup>	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471
<b>Total Direct Rate <sup>(3)</sup></b>	<b>0.18456</b>	<b>0.17987</b>	<b>0.18035</b>	<b>0.05510</b>	<b>0.05461</b>	<b>0.05456</b>	<b>0.05452</b>	<b>0.05452</b>	<b>0.05438</b>	<b>0.05441</b>
<b>Total Direct &amp; Overlapping Rate</b>	<b>1.13626</b>	<b>1.14199</b>	<b>1.14612</b>	<b>1.14001</b>	<b>1.13105</b>	<b>1.12076</b>	<b>1.10493</b>	<b>1.13413</b>	<b>1.12743</b>	<b>1.12026</b>

## NOTES:

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012-13 and years thereafter.

(3) Because basic and debt rates vary by tax rate area individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

(4) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(5) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ration figures.

SOURCE: HdL Companies, Santa Cruz County Assessors Office.



CITY OF CAPITOLA, CALIFORNIA  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

Taxpayer	2019-20			2010-11		
	2019 Net Assessed Valuation	Rank	Percent of Total City Net Assessed Valuation	2010 Net Assessed Valuation	Rank	Percent of Total City Net Assessed Valuation
MGP XI Capitola LLC	\$ 97,396,446	1	3.73%			
Santa Cruz Seaside Company	32,368,961	2	1.24%			
Sertage SRC Finance LLC	23,569,430	3	0.90%			
Aspromonte Hotels LLC	20,901,484	4	0.80%			
Target Corporation	18,836,622	5	0.72%	\$ 15,094,921	3	0.85%
George Ow Jr. Trustees	15,376,852	6	0.59%	13,584,744	5	0.77%
Loma Vista Estates Owners Assoc. Inc.	13,761,833	7	0.53%			
Brown Ranch Properties	12,260,434	8	0.47%	10,595,346	6	0.60%
Blai LP	11,557,631	9	0.44%			
Melanie Kett Wirtanen Trustee	9,137,112	10	0.35%			
Macerich Partnership LP				67,573,275	1	3.81%
Capitola Beach Villas LLC				15,127,211	2	0.85%
Macerich Capitola Adjacent LP				14,626,696	4	0.83%
Macys West Inc.				7,757,705	7	0.44%
Sea Ridge LP				7,390,825	8	0.42%
1100 41st Avenue LLC				7,230,009	9	0.41%
Crossroads Associates				6,992,258	10	0.39%
	<u>\$ 255,166,805</u>		<u>9.77%</u>	<u>\$ 165,972,990</u>		<u>9.37%</u>
Memo: Gross Assessed Value	\$ 2,500,669,450		100.00%	\$ 1,758,168,185		100.00%

Attachment: City of Capitola 2020 CAFR (Audit Report)

Source: HdL Companies, Santa Cruz County Assessor 2010-11 and 2019-20 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

CITY OF CAPITOLA, CALIFORNIA  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Property Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2011	\$ 2,813,554	\$ 2,813,554	100%	\$ -	\$ 2,813,554	100%
2012	1,900,533	1,900,533	100%	-	1,900,533	100%
2013	899,974	899,974	100%	-	899,974	100%
2014	927,676	927,676	100%	-	927,676	100%
2015	1,060,919	1,060,919	100%	-	1,060,919	100%
2016	1,104,034	1,104,034	100%	-	1,104,034	100%
2017	1,203,689	1,203,689	100%	-	1,203,689	100%
2018	1,331,609	1,331,609	100%	-	1,331,609	100%
2019	1,406,900	1,406,900	100%	-	1,406,900	100%
2020	1,452,553	1,452,553	100%	-	1,452,553	100%

NOTES: Figures presented include City property taxes and Redevelopment Agency tax increment, as well as amounts collected by the City and Redevelopment Agency that are pass throughs for other agencies, and real and personal property. The figures do not include Property Taxes In Lieu of Vehicle License Fees. In FY 1993-94, Santa Cruz County adopted the Teeter Plan under which the City of Capitola receives its entire tax levy, regardless of delinquencies as long as it qualifies for the Teeter Plan.

Reduction in property taxes levied from 2011 through 2020 reflects the 2/1/2012 State of California dissolution of Redevelopment Agencies and the associated elimination of tax increment received by the City of Capitola.

Source: Santa Cruz County Auditor-Controller, City of Capitola Finance Department.

CITY OF CAPITOLA, CALIFORNIA  
 Top 25 Sales Tax Taxpayers  
 Listed alphabetically

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**TOP 25 SALES TAX TAXPAYERS**

As of June 30, 2020

Ajs Fuel Market Of Capitola  
 BevMo  
 Capitola Coast  
 Capitola Shell  
 Chevron  
 CVS Pharmacy  
 Gayles Bakery & Rosticceria  
 Kohls  
 Macys  
 Nob Hill General Store  
 O Neills Surf Shop  
 Pizza My Heart  
 Ross  
 Santa Cruz Mazda  
 Santa Cruz Subaru  
 Santa Cruz Toyota  
 Shadowbrook  
 Sierra Utility Sales  
 Target  
 Toyota Lease Trust  
 Toyota Of Santa Cruz  
 Trader Joes  
 Ulta Beauty  
 Verizon Wireless  
 Whole Foods Market

NOTES:

The list is in alphabetical order and is not indicative of relative nor total sales volume.

Source: HdL

CITY OF CAPITOLA, CALIFORNIA  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(amounts expressed in dollars unless otherwise noted)

Government/Total Primary Government Activities							
Fiscal Year Ended June 30	General Obligation Bonds	Lease Revenue Bonds	Other debt	Tot. Gov't./ Primary Gov't. Activities	Debt as a % of Taxable Assessed Property Value	Debt as a % of Total Personal Income	Debt per Capita
2011	\$ 3,830,000	\$ -	\$ 2,667,940	\$ 6,497,940	0.37%	1.97%	637
2012	3,375,000	-	2,428,249	5,803,249	0.33%	1.76%	581
2013	2,890,000	-	1,882,272	4,772,272	0.27%	1.43%	478
2014	2,375,000	-	3,153,788	5,528,788	0.30%	1.55%	545
2015	1,830,000	-	3,000,243	4,830,243	0.24%	1.32%	483
2016	1,255,000	-	2,811,059	4,066,059	0.19%	1.07%	401
2017	645,000	-	2,632,952	3,277,952	0.15%	0.84%	323
2018	-	-	2,449,251	2,449,251	0.10%	0.58%	232
2019	-	-	2,267,652	2,267,652	0.09%	0.58%	221
2020	-	-	2,081,485	2,081,485	0.08%	0.47%	206

NOTES: The City of Capitola has no business-type activities; governmental and total primary government figures are the same. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

In July 2007, the City of Capitola issued a \$5,040,000 Pension Obligation Bond (POB), which was used to pay off the City's CalPERS unfunded pension liability as of that point in time.

Other debt includes tax anticipation notes, county library long term debt, capital leases, notes payable, and RDA deferred pass throughs. Compensated absences, OPEB liability and net pension liability amounts are no longer included per GASB implementation guidelines.

Source: City of Capitola Financial Statements .

CITY OF CAPITOLA, CALIFORNIA  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(amounts expressed in dollars unless otherwise noted)

Fiscal Year Ended June 30	Government/Total Primary Government Activities			
	General Obligation Bonds	Debt as a % of Taxable Assessed Property Value	Debt as a % of Total Personal Income	Debt per Capita
2011	\$ 3,830,000	0.22%	1.16%	\$ 376
2012	3,375,000	0.19%	1.02%	338
2013	2,890,000	0.16%	0.87%	289
2014	2,375,000	0.13%	0.67%	234
2015	1,830,000	0.10%	0.50%	183
2016	1,255,000	0.06%	0.33%	124
2017	645,000	0.03%	0.17%	63
2018	-	0.00%	0.00%	-
2019	-	0.00%	0.00%	-
2020	-	0.00%	0.00%	-

NOTES: The City of Capitola has no business-type activities; governmental and total primary government figures are the same. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

In July 2007, the City of Capitola issued a \$5,040,000 Pension Obligation Bond (POB), which was used to pay off the City's CalPERS unfunded pension liability as of that point in time.

CITY OF CAPITOLA, CALIFORNIA  
 Direct and Overlapping Debt  
 Fiscal Year ended June 30, 2019

2019-20 Assessed Valuation		\$ 2,613,684,913	
	(1)	Total Debt 6/30/2020	City's Share of Debt 6/30/2020
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Cabrillo Joint Community College District	5.380%	\$ 114,961,609	\$ 6,184,935
Santa Cruz City High School District	11.623%	114,887,508	13,353,375
Live Oak School District	6.372%	10,231,000	651,919
Soquel Union School District	39.274%	46,220,000	18,152,443
Santa Cruz Libraries Facilities Community Facilities District	5.993%	39,080,000	2,342,064
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$ 325,380,117</b>	<b>\$ 40,684,736</b>
Santa Cruz County Certificates of Participation	5.421%	\$ 70,733,864	\$ 3,834,483
Santa Cruz County Office of Education Certificates of Participation	5.421%	8,158,808	442,289
Santa Cruz City High School District Certificates of Participation	11.623%	2,107,738	244,982
Live Oak School District Certificates of Participation	6.372%	12,208,973	777,956
Santa Cruz City Schools Certificates of Participation	11.623%	1,000,000	116,230
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$ 94,209,383</b>	<b>\$ 5,415,940</b>
<b>TOTAL CITY'S DIRECT DEBT</b>			<b>\$ 2,081,485</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 46,100,676</b> (2)
<b>RATIOS TO 2019-20 ASSESSED VALUATION:</b>			
Total Overlapping Tax and Assessment Debt			1.56%
Total Direct Debt			0.08%
Combined Total Debt			1.76%

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: MuniServices, LLC, City of Capitola Finance Department

Attachment: City of Capitola 2020 CAFR (Audit Report)

CITY OF CAPITOLA  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Valuation	\$ 1,772,173	\$ 1,784,911	\$ 1,797,242	\$ 1,860,100	\$ 1,988,608	\$ 2,102,980	\$ 2,234,170	\$ 2,378,648	\$ 2,500,669	\$ 2,612,882
RDA Base Valuation	243,413	238,631	242,272	246,771	256,500	264,195	272,121	280,284	288,693	297,353.79
Adj. assessed valuation	1,528,760	1,546,280	1,554,970	1,613,329	1,732,108	1,838,785	1,962,049	2,098,364	2,211,976	2,315,528
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	229,314	231,942	233,246	241,999	259,816	275,818	294,307	314,755	331,796	347,329
Total net applicable debt										
Gen. obligation bonds	3,830	3,375	2,890	2,375	1,830	1,255	645	-	-	-
Legal debt margin	<u>\$ 225,484</u>	<u>\$ 228,567</u>	<u>\$ 230,356</u>	<u>\$ 239,624</u>	<u>\$ 257,986</u>	<u>\$ 274,563</u>	<u>\$ 293,662</u>	<u>\$ 314,755</u>	<u>\$ 331,796</u>	<u>\$ 347,329</u>
Ratio of Total Net Applicable Debt to Debt Limit	1.70%	1.48%	1.25%	0.99%	0.71%	0.46%	0.22%	0.00%	0.00%	0.00%

NOTES: The bonded indebtedness of the City may not in the aggregate exceed the sum of fifteen (15%) of the total assessed valuation of property within the City, exclusive of any indebtedness that has been or may hereafter be incurred for the purposes of acquiring, constructing, extending, or maintaining municipally owned assets for which purposes a further indebtedness may be incurred by the issuance of bonds, subject only to the provisions of the City of Capitola bylaws and the State Constitution.

Source: Santa Cruz County Auditor-Controller, Santa Cruz County Assessor, City of Capitola Finance Department.

CITY OF CAPITOLA  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Other Revenue Bonds				Tax Allocation Bonds			
	Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2011	\$ -	\$ -	\$ -	n/a	\$ -	\$ -	\$ -	n/a
2012	-	-	-	n/a	-	-	-	n/a
2013	-	-	-	n/a	-	-	-	n/a
2014	-	-	-	n/a	-	-	-	n/a
2015	-	-	-	n/a	-	-	-	n/a
2016	-	-	-	n/a	-	-	-	n/a
2017	-	-	-	n/a	-	-	-	n/a
2018	-	-	-	n/a	-	-	-	n/a
2019	-	-	-	n/a	-	-	-	n/a
2020								

NOTES: The City of Capitola has no tax allocation bonds or other revenue bonds.

SOURCE: City of Capitola Finance Department.



CITY OF CAPITOLA  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Calendar Year	Population	Total Personal Income (In Thousands)	Per Capita Personal Income	Median Age	Unemployment Rate
2010	10,198	\$ 329,905	\$ 32,350	38.3	7.3%
2011	9,981	330,271	33,090	42.9	6.9%
2012	9,988	334,029	33,443	41.1	5.5%
2013	10,136	357,112	35,232	40.9	5.0%
2014	10,004	364,656	36,451	41.5	7.0%
2015	10,150	381,027	37,540	43.3	6.0%
2016	10,162	390,369	38,414	42.8	5.5%
2017	10,563	421,494	39,902	42.6	3.3%
2018	10,240	388,326	37,922	42.0	2.2%
2019	10,108	440,760	43,605	42.7	1.4%

NOTES: Figures have been realigned to correctly reflect the calendar years as presented. Calendar year 2020 is not complete as of June 30, 2020, therefore years 2010-2019 are shown.

Sources: HdL Companies, California State Department of Finance, California Employment Development Department, ESRI, U. S. Census Bureau, American Community Survey.

CITY OF CAPITOLA  
Principal Employers - Top Ten  
Current year and nine years ago

Employer	2019-20			2010-11		
	Ranking	Number of Employees	% of Total Employment	Ranking	Number of Employees	% of Total Employment
Subaru, Toyota, Kia of Santa Cruz	1	200	4.20%	2	149	2.50%
Target*	2	159	3.30%			
Shadowbrook	3	150	3.10%	5	120	2.00%
Whole Foods Market	4	145	3.00%	4	123	2.10%
Pacific Coast Manor*	5	142	3.00%	9	90	1.50%
Trader Joe's	6	120	2.50%	10	90	1.50%
City of Capitola**	7	95	2.00%			
Kohls	8	94	2.00%	6	108	1.80%
Soquel Union Elementary USD	9	92	1.90%			
Gayle's Bakery and Rosticceria	10	88	1.80%	3	140	2.30%
Macy's				1	150	2.50%
Orchard Supply Hardware				7	100	1.70%
Sears				8	95	1.60%
Total top 10 Employers						
Total City Labor Force					1165	19.50%
		1,285	26.80%			
Total City Labor Force					Not available	
		4,800	100.00%			

\*Includes full-time and part-time employees.

\*\*Includes full-time and seasonal employees.

SOURCE: MuniServices, LLC and FY 2010-11 CAFR.

CITY OF CAPITOLA  
Full-time and Part-time City Employees by Function  
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General government</b>										
City Manager	7.50	7.75	7.65	7.65	7.65	7.65	6.50	6.50	6.00	7.50
Finance	4.38	4.38	4.38	4.50	4.50	4.50	4.50	3.75	3.75	3.75
City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
	<u>12.88</u>	<u>13.13</u>	<u>13.03</u>	<u>13.15</u>	<u>13.15</u>	<u>13.15</u>	<u>12.00</u>	<u>11.25</u>	<u>10.75</u>	<u>11.25</u>
<b>Police</b>										
Chief, Captain, Sgts.	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00
Officers	15.50	15.00	15.00	15.00	15.00	16.00	16.00	16.00	15.00	15.00
CSOs	2.00	2.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Administrative	4.75	3.75	4.25	4.65	4.65	4.65	4.50	4.50	4.50	4.50
	<u>30.25</u>	<u>29.75</u>	<u>30.25</u>	<u>31.65</u>	<u>30.65</u>	<u>31.65</u>	<u>31.50</u>	<u>31.50</u>	<u>30.50</u>	<u>30.50</u>
<b>Public Works</b>										
Streets	7.33	7.33	7.33	8.00	9.00	9.00	11.00	12.00	11.50	10.00
Parks	4.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00
Fleet Maintenance	1.00	1.00	1.00	1.00	1.50	1.25	1.00	1.00	1.50	2.00
	<u>12.33</u>	<u>11.33</u>	<u>12.33</u>	<u>13.00</u>	<u>14.50</u>	<u>14.25</u>	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>	<u>15.00</u>
<b>Recreation</b>										
Supervisor	1.00	1.00	1.00	1.00	2.00	2.00	2.50	2.50	2.50	1.00
Other - full year	1.50	1.50	2.00	2.00	2.25	2.75	1.25	1.25	1.25	4.00
	<u>2.50</u>	<u>2.50</u>	<u>3.00</u>	<u>3.00</u>	<u>4.25</u>	<u>4.75</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>	<u>5.00</u>
<b>Community Development</b>	3.67	1.67	2.00	2.50	3.00	3.50	3.50	3.50	3.00	3.00
<b>Building</b>	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
<b>Total City Employees</b>	<u><u>63.13</u></u>	<u><u>60.38</u></u>	<u><u>62.61</u></u>	<u><u>65.30</u></u>	<u><u>67.55</u></u>	<u><u>69.30</u></u>	<u><u>68.75</u></u>	<u><u>68.00</u></u>	<u><u>67.00</u></u>	<u><u>67.75</u></u>

NOTES: Full time equivalents (FTE); does not include temporary or seasonal employees.

SOURCE: City of Capitola Finance Department.

Attachment: City of Capitola 2020 CAFR (Audit Report)

CITY OF CAPITOLA  
 Operating Indicators by Function  
 Last Ten Fiscal Years (except as noted)

INDICATOR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Police department</u>										
Adult arrests	731	766	693	856	956	904	939	692	587	503
Calls for service (thousands)	19	20	16	20	18	17	20	19	15	19
<u>Public works</u>										
Miles paved	26	26	26	26	26	26	26	26	26	26
<u>New construction</u>										
<u>Commercial units</u>										
Valuation (millions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 5	\$ 2	\$ 2	\$ -
<u>Residential units <sup>(1)</sup></u>										
Valuation (millions)	\$ 3	\$ 7	\$ 9	\$ 9	\$ 3	\$ 3	\$ 9	\$ 6	\$ 8	\$ 9
<u>Recreation Revenue (thousands)</u>										
Classes	\$ 325	\$ 329	\$ 298	\$ 338	\$ 282	\$ 275	\$ 260	\$ 240	\$ 231	\$ 214
Sports fees	61	60	53	41	32	19	21	24	23	19
Junior Guard	220	241	240	268	312	328	258	238	244	156
Camp Capitola	102	121	94	103	139	129	100	96	111	100
Aquatics	-	-	-	-	-	-	-	-	-	24
Net Class Revenue	\$ 708	\$ 751	\$ 685	\$ 750	\$ 765	\$ 751	\$ 639	\$ 598	\$ 609	\$ 513
Jade St. Rental	5	6	7	5	7	7	6	8	5	5
Net Recreation Rev	\$ 713	\$ 757	\$ 692	\$ 755	\$ 772	\$ 758	\$ 645	\$ 606	\$ 614	\$ 518

(1) Residential units and associated valuations are total additional, new or substantially new (by code definition) units.

Source: City of Capitola Building, Finance, Police, and Public Works Departments.

CITY OF CAPITOLA  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Indicator	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public works</b>										
Streets (miles)	26	26	26	26	26	26	26	26	26	26
Streetlights	71	71	71	71	71	71	71	71	71	71
Traffic signals	8	8	8	8	8	8	8	8	8	8
<b>Parks and recreation</b>										
Parks	7	7	8	8	8	8	8	8	8	8
Community centers	1	1	1	1	1	1	1	1	1	1
<b>General</b>										
Commercial buildings	2	2	2	2	2	2	2	2	2	2

Source: City of Capitola Public Works Department.

Attachment: City of Capitola 2020 CAFR (Audit Report)



December 8, 2020

To the Honorable Members of the City Council of  
City of Capitola  
Capitola, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for City of Capitola (City) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 8, 2020. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our planning letter dated April 27, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 8, 2020.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

There was no significant accounting estimate noted.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City's financial statements relate to the NPL and the NOL. The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

There was no corrected or uncorrected misstatement.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated December 8, 2020.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

**Modification of the Auditor's Report**

We have made no modification to our auditor's report.

**Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing board and management of the City and is not intended to be and should not be used by anyone other than these specified parties.



San Mateo, California





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of the City Council of the City of Capitola  
Capitola, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Capitola (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Mateo, California  
December 8, 2020



## CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF JANUARY 14, 2021**

FROM: City Manager Department

SUBJECT: Consider an Amended 2021 Meeting Schedule for the City Council/Successor Agency

**RECOMMENDED ACTION:** Adopt the amended regular meeting schedule for 2021.

**BACKGROUND/DISCUSSION:** At the November 11, 2020, meeting, City Council adopted the 2021 regular meeting schedule for the City Council/Successor Agency. Since then, staff noticed an error; the approved July regular meeting date is July 29 which, because of the way the 2021 dates fall, is the fifth Thursday of that month and not the fourth. In the summer months of July and August, City Council traditionally holds a single fourth-Thursday meeting rather than meet on both the second and fourth Thursdays. As such, staff has amended the regular meeting schedule with the July meeting corrected and on the fourth Thursday (July 22, 2021).

The full meeting schedule is included as Attachment 1 with the new date highlighted for clarity. No other amendments to the schedule have been made.

Upon approval, the meeting schedule will be posted on the City's website and at City Hall. It will also be distributed to newspapers and interested parties.

**FISCAL IMPACT:** None

**ATTACHMENTS:**

1. 2021 Meeting Schedule Council-Successor

Report Prepared By: Chloe Woodmansee  
Interim City Clerk

**Reviewed and Forwarded by:**

Jamie Goldstein, City Manager

1/7/2021

## 2021 CITY OF CAPITOLA City Council and Successor Agency Regular Meeting Dates

MEETING DATE <sup>1</sup>
JANUARY 14
JANUARY 28
FEBRUARY 11
FEBRUARY 25
MARCH 11
MARCH 25
APRIL 8
APRIL 22
MAY 13
MAY 27
JUNE 10
JUNE 24
<b>JULY 22</b>
AUGUST 26
SEPTEMBER 9
SEPTEMBER 23
OCTOBER 14
OCTOBER 28
**WEDNESDAY, NOVEMBER 10
**TUESDAY, NOVEMBER 23
DECEMBER 9

Items received less than two weeks prior to the meeting date may be scheduled for the next available agenda.

NOTE: \*\*Due to Veteran's Day Holiday, the first November meeting will be held on Wednesday. Due to Thanksgiving Holiday, the second November meeting will be held on Tuesday.

This schedule was approved at the \_\_\_\_ City Council Meeting.

<sup>1</sup> Regular Meetings of the City Council/Successor Agency are typically held on the second and fourth Thursdays of each month. The Regular City Council meetings begin at 7 p.m. (or in no event earlier than 6 p.m.) in the Capitola City Hall Council Chambers, 420 Capitola Avenue, Capitola, CA.



## CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF JANUARY 14, 2021**

FROM: City Manager Department

SUBJECT: Receive Update on the City's Pandemic Response

**RECOMMENDED ACTION:** Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action.

**BACKGROUND:** In December 2019, an outbreak of a respiratory illness linked to the novel coronavirus (COVID-19) was first identified. In March 2020, the state of California, the County of Santa Cruz, and the City of Capitola each declared a state of emergency due to the virus. Also in March, the World Health Organization declared COVID-19 a pandemic.

Since March, State and local health officers have issued health orders to stop the spread of COVID-19; in Santa Cruz County this included March, April, and May Shelter-In-Place orders that were more restrictive than statewide guidance. Since then, the County Health Officer has incorporated all Orders of the State Public Health Officer, which set baseline statewide restrictions on travel and non-residential business activities.

*Blueprint for a Safer Economy & Local Tier Status*

On August 28, 2020, the State Monitoring List was replaced by the Blueprint for a Safer Economy. In this new system, every county in California is assigned to a tier based on its rate of new COVID-19 cases and positivity. The tiers, from most restrictive to least, are: Purple-Widespread; Red- Substantial; Orange- Moderate; and Yellow- Minimal.

At the start of this system on August 31, Santa Cruz County was placed in the Purple-Widespread tier. Originally, tier assignments were announced weekly, on Tuesdays. Since the surge in November, the California Department of Public Health (CDPH) has announced that tier assignments may be announced at any time and could occur more than once a week. The table below shows where Santa Cruz County has fallen within the tier system since its implementation.

Date	Tier Assignment	Weeks in Tier
August 31	Widespread Tier	Two
September 8	Substantial Tier	Seven

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January 14, 2021

October 27	Moderate Tier	Two
November 10	Substantial Tier	Two
November 16	Widespread Tier	Seven+

*California State Regional Stay-Home Order*

On December 3, Governor Newsom announced a new Regional Stay-Home Order, to go in effect in any region with less than 15% of Intensive Care Unit (ICU) hospital availability. California has been divided into five regions for the purposes of the order, with Santa Cruz County in the Bay Area Region. The Order mandates restrictions for the entire region, additional to those required under any County's current tier assignment.

Under this Order, within 48 hours of reaching the <15% threshold, regions following must adhere to the following restrictions:

- No private gatherings of any size
- Sector operations (except for critical infrastructure and retail) close
- 100% masking and physical distancing in all other sectors

In the Bay Area Region, the Order commenced on Thursday, December 17, at 11:59pm, and was implemented because data released by the state showed ICU capacity fell below the threshold of 15% availability. The Order states that once triggered, it will remain in effect for at least three weeks. After that period, the order will only be lifted when a region's projected ICU capacity meets or exceeds 15%, which will be assessed on a weekly basis after the initial three-week period. As of January 8, the Bay Area Region's ICU capacity is 3.5%.

In summary, the Regional Stay Home orders the following:

- Residents stay home except for when conducting essential business and exercising or conducting other permitted outdoor activities
- A prohibition on leisure travel (hotels and lodging entities cannot accept or honor in-state reservations for non-essential travel)
- Grocery stores to limit capacity to 35%
- Other retail to limit capacity to 20%
- Remote work whenever possible
- Restaurants must limit services to delivery and take-out options (no indoor or outdoor dining is allowed)
- Bars, breweries, wineries, and distilleries must close entirely other than internal production and retail operations

*Local Case Numbers and Statistics*

On December 3, the total COVID-19 case number within Santa Cruz County was 4,750.

On January 8, 2021, the COVID-19 total case number was 10,108; 245 of the known cases are in the City of Capitola. There have been 104 deaths in our County.

In Santa Cruz County, the rate of new cases per day per 100k is at 46.2, with an adjusted case rate for tier assignment of 41.1%. There is an overall positivity rate of 9.4%.

DISCUSSION: Due to the City, County, and State's emergency declarations, City departments

COVID-19 Emergency- Update 17  
January 14, 2021

continue to implement strategies to protect the community and employees while maintaining essential levels of service to the public.

On Wednesday, January 6, Governor Newsom announced two action items in his 2021-22 State Budget proposal; one to extend the eviction moratorium enacted by Assembly Bill 3088 to further protect California renters, and one to create a Golden State Stimulus program to help low-income Californians.

The eviction moratorium enacted by AB 3088 currently expires on January 31, 2021. The Governor proposed that this moratorium be extended. He also asked that the state deploy \$2.6 billion in federal renter relief targeted at low-income California households. The bill states that California renters who are experiencing and declare hardship related to the COVID-19 pandemic and continue to pay at least 25% of their monthly rent cannot be evicted for unpaid rent.

The proposed Golden State Stimulus outlines a \$600 tax refund to all 2019 taxpayers who received a California Earned Income Tax Credit (CalEITC) in 2020, and to 2020 taxpayers with Individual Taxpayer Identification Numbers who are eligible to receive the CalEITC in 2021. This program is designed to benefit low-income individuals, as those with annual incomes of \$30,000 or less may be eligible for the CalEITC.

#### *City Staffing and Personnel Updates*

Due to the stricter requirements of the Regional Stay Home Order, members of staff that can work remotely have been identified and do so on a rotating basis; ensuring there are still staff present to help members of the public from City Hall. To keep City Hall open to the public, several strategies have been put in place to follow COVID-19 protocols and keep employees and members of the public safe from prolonged contact and infection.

The City has extended the COVID-19 employee leave program established by the State's Families First Coronavirus Response Act (FFCRA) through March 31, 2021. The Federal FFCRA requirements ended on December 31, 2020. The existing employee leave balances created by the FFCRA program will continue unless Federal or State requirements mandate a change.

If significant changes occur within Santa Cruz County between the date of agenda publication and the City Council meeting, further updates on the regional and local coronavirus response can be provided in a verbal report at the meeting.

FISCAL IMPACT: Fiscal impacts from the pandemic have been accounted for in the updated FY 20/21 Budget. Those impacts are being reviewed on a quarterly basis by the City Council. In addition, the City Council has set aside \$600,000 to help ensure the City has available resources should the pandemic result in further unforeseen impacts. The next scheduled budget review will occur in early March.

Report Prepared By: Chloe Woodmansee  
Interim City Clerk

COVID-19 Emergency- Update 17  
January 14, 2021

**Reviewed and Forwarded by:**



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

1/7/2021





## CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF JANUARY 14, 2021**

FROM: Community Development

SUBJECT: Consider Extending the Temporary COVID-19 Outdoor Activities and Encroachment Agreement to a Date Certain.

**RECOMMENDED ACTION:** Direct staff to prepare the necessary documentation to allow outdoor dining and other commercial outdoor activities to continue until May 31st.

**BACKGROUND:** On May 28, 2020, City Council directed staff to establish policies allowing local restaurants and business to utilize outdoor spaces for expanded commercial activities. Emergency Order 4-2020, which included the Temporary COVID-19 Outdoor Activities and Encroachment Agreement, was adopted on June 2, 2020 by the Director of Emergency Services/ City Manager and ratified by Council on June 11, 2020. The Temporary COVID-19 Outdoor Activities and Encroachment Agreement allows businesses to operate outside of the brick and mortar establishment within private property and the public right-of-way. Currently, 29 businesses have agreements in place, the majority of which are restaurants and hair/nail salons.

Staff recommends that City Council direct staff to modify the Temporary COVID-19 Outdoor Activities and Encroachment Agreement to extend the agreement to a date certain.

Currently, the existing agreement for temporary outdoor activities and encroachments is connected to the timing of State and County health emergency requirement for social distancing, as follows:

“7. Duration of Outdoor Activities. Initial agreement will be in place through September 30, 2020, with automatic monthly extensions through the life of the State or County mandated social distancing requirements.”

Per the current agreement, the temporary outdoor activities are extended automatically in monthly increments.

**DISCUSSION:** Staff recommends extending the expiration date for allowed temporary-outdoor-use because it will provide restaurants with certainty needed to make good business decisions in the uncertain circumstances tied to the pandemic. In early December, staff developed guidance for winterizing outdoor spaces. The guidance summarizes fire and safety requirements for temporary tents and canopies, heaters, stormwater, and lighting. Since the guidance was published only two restaurants have invested in tents. Some businesses have explained that they are hesitant to invest in tents and outdoor infrastructure due to the uncertainty of when the temporary outdoor dining will expire. Capitola is not the first municipality in the region to suggest setting a longer expiration date for the temporary outdoor activities. The

Extend Termination Date for Outdoor Dining  
January 14, 2021

City of Scotts Valley extended its temporary outdoor activity permits through May 31, 2021, and the City of Santa Cruz through October 1, 2021

Under the current Regional Stay Home Order, restaurants are limited to delivery and take-out services only, with no onsite dining allowed. Thus, outdoor dining in the Village has temporarily been converted to curbside pick-up with a 15-minute parking limit. Once outdoor dining is permitted by the state, and assuming the state does not impose additional restrictions, the City will revert to the original outdoor dining configuration within the Village. Staff is seeking direction for this extension to the outdoor dining now, to allow restaurant owners to plan accordingly for the future season.

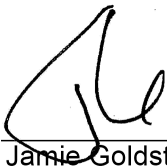
If the City Council supports extending the temporary outdoor to a date certain, staff recommends extending the program to May 31, 2021. The Village hosts multiple special events throughout the summer, the first being the 15th Annual Car Show scheduled for June 12 and 13. While it is not yet clear if the Car Show can occur as planned, the current configuration of the outdoor dining would have a major impact on the operations of the Car Show.

If City Council directs staff to extend the outdoor dining program to a date certain, staff will prepare the necessary documentation and return to a future Council meeting for final approval.

FISCAL IMPACT: Staff estimates a 23% reduction in revenues from parking fees due to outdoor dining, as the outdoor dining set-up occupies about 23% of available parking spaces. Using this percentage as a guide, staff estimates that, from January to May, the City will not receive approximately \$55,000-\$60,000 in fees. If outdoor dining was permitted for longer, Staff estimates an additional loss of \$65,000-\$70,000 for the months June through October.

Report Prepared By: Katie Herlihy  
Community Development Director

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager 1/7/2021



# CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 14, 2021

FROM: City Manager Department

SUBJECT: Review Council Appointments

**RECOMMENDED ACTION:** Appoint representatives to City advisory bodies and review appointments on County/Regional boards, committees, and commissions.

**BACKGROUND:** Some of the City of Capitola's advisory bodies have terms that expired in December 2020 and now require the City Council or individual Council members to make appointments for 2021. In addition, Council Members sit on several County and Multi-Jurisdiction boards of which some have appointments that are reviewed annually.

**DISCUSSION:** Staff recommends appointments to the following boards and commissions:

City Committees/Commissions:

*Architecture and Site Review Committee:* All current members with terms that expired at the end of 2020 have indicated interest in serving and additional two-year term. No applications were received during open recruitment.

- Frank Phanton, architect
- Daniel Gomez, alternate architect
- Daniel Townsend, alternate architect
- Carolyn Swift, historian

*Art and Cultural Commission:* The City Council representative is reviewed annually. Staff recommends that Council review their appointments and take action if necessary.

- Sam Storey, incumbent City Council representative

*Commission on the Environment:* The terms of all five members expired in December 2020, including the one Council Representative. All appointees have indicated interest in serving an additional two-year term. No applications were received during open recruitment.

- Cathlin Atchison, Incumbent Petersen appointee
- Meredith Keet, Incumbent Storey appointee
- Michelle Beritzhoff-Law, Incumbent Brooks appointee
- Peter Wilk, Incumbent, previously Bottorff appointee
- Jacques Bertrand, Council Representative

Remaining Advisory Body Appointments  
January 14, 2021

*Finance Advisory Commission:* The terms of all members expired in December 2020. All current non-Council members have indicated their interest in being reappointed for a second two-year term. One application was received during open recruitment (attached). Per Resolution No. 3770, “the Mayor and Vice-Mayor shall serve on this committee, when either the Mayor or Vice Mayor do not want to serve, other members of Council may be appointed by the Mayor in concurrence of the City Council”.

- Marilyn Warter, Incumbent Storey appointee
- Paul Estey, Incumbent, previously Bottorff appointee
- Laura Alioto, Incumbent Bertrand appointee
- Pete Cullen, Business Representative
- Anthony Rovai, applicant

Multi-Jurisdiction Agencies:

The following appointments do not expire. Staff recommends that Council review their appointments and take action if necessary.

*Criminal Justice Council of Santa Cruz County:* Meets quarterly. Council reviews following seating of new members. Current representatives listed below:

- Yvette Brooks
- Jacques Bertrand

*Santa Cruz County Flood Control & Water Conservation District:* Meeting March 23, 2021, at 10:45am. Council reviews appointments annually, current representatives listed below:

- Jacques Bertrand
- Kristen Petersen, alternate

*Santa Cruz County Library Financing Authority:* Meeting January 27, 2021 at 6pm. Council reviews appointments annually, current representatives listed below:

- Jacques Bertrand
- Kristen Petersen, alternate

*Santa Cruz County Regional Transportation Commission:* Meets the first and third Thursday of each month; except for the first meeting of 2021 which is January 14 at 9am. Council reviews appointments annually, current representatives listed below:

- Jacques Bertrand
- Sam Storey, alternate

The following appointment is vacant; staff recommends making a new appointment.

*Library Advisory Commission:* Meeting January 25, 2021. Capitola’s Council appointee, Bob White, sadly died earlier in 2020. Two applications were received to fill this position (attached).

- Laura Alioto, applicant
- Michael Termini, applicant

Remaining Advisory Body Appointments  
January 14, 2021

FISCAL IMPACT: None.

ATTACHMENTS:

1. FAC\_Rovai
2. LAC\_Alioto
3. LAC\_Termini

Report Prepared By: Chloe Woodmansee  
Interim City Clerk

**Reviewed and Forwarded by:**



\_\_\_\_\_  
Jamie Goldstein, City Manager      1/7/2021











## CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF JANUARY 14, 2021**

FROM: City Manager Department

SUBJECT: Consider Entering a Lifeguarding Contract with the City of Santa Cruz Marine Safety Division

**RECOMMENDED ACTION:** Authorize the City Manager to sign two-year contract in an amount not to exceed \$91,500 per year with the City of Santa Cruz Marine Safety Division.

**BACKGROUND:** In 2012, the Capitola City Council authorized a contract with the City of Santa Cruz to provide lifeguard services on Capitola beaches. In 2013, the City Council authorized an extension of the contract through 2015 and then an additional three-year extension through September 2018. For the summer of 2019 and 2020, City Council authorized a one-year contract in anticipation of shifting to a contract with Central Fire Protection District for lifeguard services the following summer. Due to the COVID-19 pandemic, the City of Capitola and the City of Santa Cruz mutually terminated the 2020 lifeguard services contract.

The Lifeguard Program protects swimmers, surfers, and waders on Capitola Beach 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, while also educating the public on various marine environmental issues.

For the future of this program, Capitola selected the Santa Cruz Marine Safety Division (SCMSD) as the ideal contracting partner given its proximity to Capitola, SCMSD's experience in managing similar beach geography and demographics, and expertise in lifeguard service provision.

Based upon an evaluation of community needs, priorities and available resources, and the the Lifeguard Program management experience at Capitola Beach, staff recommends the City extend the lifeguard contract with SCMSD for additional two years.

**DISCUSSION:** Under the proposed agreement, SCMSD will continue to assume full responsibility for lifeguard operations on Capitola Beach for the 2021 and 2022 season, providing services between Memorial Day and Labor Day. Additionally, should Capitola Beach lifeguard staffing needs extend beyond the established schedule, the contract includes provisions for those services to be rendered on an actual cost basis.

SCMSD will staff the two existing Capitola lifeguard towers and provide one roving Beach Lifeguard II for supervisor support on summer weekdays. During weekends, holidays, and periods of high surf advisory, SCMSD will staff additional roving lifeguards on the beach as precautionary measures dictate. The City of Santa Cruz will operate the Capitola Beach

Lifeguarding Contract  
January 14, 2021

Lifeguard Operations including recruiting, hiring, training, scheduling, organizing, administration, payroll, and equipment.

City staff is currently engaged in discussions with Central Fire Protection District to extend the separate Junior Guard Instructor Training contract, with the goal of contracting with Central Fire for the 2023 season to provide the full range of lifeguard services on Capitola Beach.

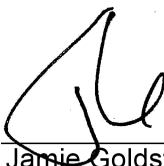
FISCAL IMPACT: The SCMSD proposed contract from May to September is \$91,119. This is an increase of approximately \$8,000 from the previous contract. The increase is due to increased hours and increased personnel costs. If approved, this annual contract amount will be included in the FY 2021-22 and FY 2022-23 budget.

ATTACHMENTS:

1. Capitola.SCMSD Lifeguard Contract summer 21 and 22

Report Prepared By: Jamie Goldstein  
City Manager

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

1/7/2021

## AGREEMENT FOR LIFEGUARD SERVICES

This Agreement for Lifeguard Services (Agreement) shall be effective as of May 1, 2021 and is made and entered into by and between the City of Capitola, a general law city and municipal corporation (Capitola) and the City of Santa Cruz, a charter city and municipal corporation (Santa Cruz), (hereinafter collectively referred to as the Parties and individually as the Party), both of which are public entities organized and existing under and by virtue of the laws of the State of California.

### RECITALS

WHEREAS, each Party to this Agreement provides lifeguard services at certain beaches within their respective jurisdictional limits (excluding beaches supervised and operated by the State of California);

WHEREAS, due to their proximity to one another and similar organization, the Parties wish to cooperate in the provision of lifeguard services;

WHEREAS, all employees of the Parties performing services pursuant to this Agreement shall remain employees of their respective jurisdiction and no express or implied employment contract exists for the same as a result of this Agreement;

WHEREAS, this Agreement provides a cost-effective option for sharing said lifeguard service functions.

NOW THEREFORE, the Parties agree as follows:

1. SERVICES. Commencing May 1, 2021, Santa Cruz lifeguards and lifeguard supervisors, employed as temporary seasonal employees by the City of Santa Cruz Fire Department, will provide lifeguard and lifeguard management services to Capitola at the Capitola Main Beach pursuant to the terms and conditions hereinafter set forth.

2. TERM. The term of this Agreement will commence on May 1, 2021 and terminate on October 31, 2022. The term of this Agreement may be extended annually, no later than October 1, each year by mutual agreement of the Parties evidenced in writing as an amendment to this Agreement.

3. SCHEDULE. The lifeguard and lifeguard management services provided by Santa Cruz pursuant to this Agreement will be provided in accordance with the following schedule and at the following levels of service.

A. Memorial Day Weekend through Labor Day Weekend, beginning in May 2021 and concluding in September 2022:

Weekday Schedule: Two lifeguards, one lifeguard per tower, eight hours per day (on average); and one lifeguard supervisor, six to eight hours per day (on average).

Attachment: Capitola.SCMSD Lifeguard Contract summer 21 and 22 (Lifeguarding Contract)

Weekday Schedule during Junior Guard Program: During the operation of the Capitola Junior Guard program from June 15, 2021 to August 7, 2021 Santa Cruz will provide one lifeguard, for the hours of 9:00 am to 11:00 am in addition to the weekday schedule.

Weekend/Holiday Schedule: Two lifeguards, one per lifeguard tower, eight hours per day (on average); one lifeguard supervisor, six to eight hours per day (on average); additional lifeguard(s) as needed dependent on conditions and determined by the lifeguard supervisor.

Total Budgeted Hours: Santa Cruz will provide in total approximately 3,800 hours of service at Capitola main beach on an annual basis between Memorial Day and Labor Day.

- B. Hours worked outside of this time period will be billed at the applicable hourly rate for the employee plus a 19.5% administrative fee. These hours will be generally used for lifeguard cover when warranted based on weather, surf, and crowds.

4. TRAINING/LEVEL OF SERVICE. Santa Cruz shall train all lifeguards and lifeguard supervisors. The Santa Cruz Fire Department, through its Marine Fire Captain, shall be responsible for all such training. At a minimum said training shall include twenty hours of recurrent training in lifeguarding, first aid and cardiopulmonary resuscitation (CPR). The Santa Cruz Fire Department Marine Safety Division is a United States Lifesaving Association (“USLA”) advanced agency member and all training, lifeguard and lifeguard management service provided pursuant to this Agreement shall adhere to and comply with USLA training, equipment and deployment standards. The operational level of lifeguard and lifeguard management service provided by Santa Cruz to Capitola pursuant to this Agreement shall correspond to the level of operational service that Santa Cruz provides at Main Beach and Cowell’s Beach in the City of Santa Cruz and similarly all lifeguard and lifeguard management operational procedures and practices employed by Santa Cruz in Capitola shall correspond to those employed by Santa Cruz in the City of Santa Cruz.

5. EQUIPMENT. Capitola will provide, and maintain in safe working condition, two lifeguard towers to be placed on the Capitola Main Beach at locations designated by the Santa Cruz Marine Safety Captain. Santa Cruz shall not be required to provide the services described herein until the lifeguard towers are physically placed at the designated locations, properly leveled, and set-up in a safe and operating condition, as approved by the City of Santa Cruz. Santa Cruz shall provide all other necessary equipment-including one personal watercraft to be stored at either Santa Cruz Harbor or Santa Cruz Main Beach, which may be used by lifeguards, lifeguard supervisors and other Santa Cruz Fire Department personnel to respond to incidents in the immediate Capitola vicinity or outside of the vicinity. Necessary equipment will be delivered by the Santa Cruz Fire Department to the Capitola Main Beach on a Santa Cruz Fire Department lifeguard truck which may respond to the Capitola Main Beach, as necessary, on both a periodic and emergency basis. Additional equipment related to water safety, including, but not limited to, swim buoys, shall be the responsibility of Capitola to purchase and maintain.

6. VEHICLE PARKING. Capitola will provide 3 parking passes for on-duty Lifeguards.

7. COMPENSATION. For all lifeguard and lifeguard supervisor services provided by Santa Cruz pursuant to this Agreement, including all equipment used by Santa Cruz in connection therewith and all expenses incurred by Santa Cruz in connection therewith, Capitola shall pay Santa Cruz a total of \$91,119. Said \$91,119 shall be remitted by Capitola to Santa Cruz in a three lump sum payments. Payment schedule shall be as follows.

Invoice date: April 1, amount \$ 10,000 \_\_\_

Invoice date: August 1, amount \$ 20,000 \_\_\_

Invoice date: November 1, amount \$ 61,119 \_\_\_

Within thirty days of its receipt of said invoices, Capitola shall satisfy the invoices in full. Santa Cruz shall have the right to request an adjustment to the compensation required by this Agreement should the costs to Santa Cruz to provide services set forth herein exceed the current estimates. Any such request from Santa Cruz to Capitola will be accompanied by a written request for a specified amount of additional compensation and documentation which demonstrates the increase in assigned personnel or hours of service forming the basis for the request. In the case of such a request, Capitola may request a reduction in service during the remainder of the current lifeguard service season in lieu of a compensation increase.

8. EMPLOYMENT STATUS. All lifeguard personnel hired and employed by Santa Cruz in connection with this Agreement, shall be and remain employees of Santa Cruz, and shall at all times be subject to the direct supervision and control of the Santa Cruz Fire Department. Santa Cruz shall therefore have full responsibility for payment of all compensation to said personnel, including provision of health plan and other benefits consistent with Santa Cruz policies and/or collective bargaining agreements. Santa Cruz shall further be responsible for all administrative employment matters concerning said personnel, including compliance with requirements for any and all applicable State and Federal income tax withholding, State and Federal unemployment and disability insurance withholding and contributions, social security tax withholding and contributions, worker's compensation coverage obligations, wage and hours obligations, Immigration Reform and Control Act obligations, and any other administrative employment requirements. Nothing in this Agreement shall be intended or construed to create an express or implied employer-employee relationship between Capitola and any of the Santa Cruz Fire Department personnel providing services pursuant to this Agreement. Santa Cruz acknowledges that as employer, it is and continues to be responsible for taking any necessary action, including disciplinary action, with respect to said personnel. As necessary and lawful, Capitola shall cooperate fully with Santa Cruz and provide the necessary assistance in reasonably investigating and supporting, through witnesses and documents, facts which may serve as the basis for Santa Cruz taking any disciplinary or corrective action against Santa Cruz employees.

9. APPLICABLE STATUTES, ORDINANCES AND REGULATIONS. In performing the lifeguard services required under this Agreement, Santa Cruz shall comply with applicable federal, state, and local statutes, ordinances and regulations. Nothing in this Agreement shall be construed in any way to reduce or detract from the obligations of Santa Cruz employees to comply with the policies and procedures of Santa Cruz, including but not limited to all applicable personnel policies and procedures and/or collective bargaining agreements, and conflict of interest policies. Santa Cruz shall not be required to establish any policies, procedures, and rules

and guidelines for lifeguard services that are in conflict with or which are otherwise inappropriate under Santa Cruz's applicable policies and procedures.

10. INSURANCE. Each of the Parties, at its sole cost and expense, shall insure its activities in connection with this Agreement and obtain, keep in force and maintain, or be permissibly and legally self-insured, as follows:

- i. Proof of coverage for \$1 Million per occurrence including products and completed operations, property damage, bodily injury, personal and advertising injury will be provided on Insurance Services Office (ISO) Form CG 00 01 covering CGL. If a general aggregate limit applies, either the general aggregate limit will apply separately to this project/location or the general aggregate limit will be at least twice the required occurrence limit.
- ii. Business Automobile Liability Insurance for owned, scheduled, non-owned, or hired automobiles with a combined single liability limit of not less than \$1,000,000 per occurrence or accident for bodily injury and property damage.
- iii. Worker's Compensation as required by California State law. Must include a waiver of subrogation.
- iv. Such other insurance in such amounts which from time to time may be reasonably required by the mutual consent of the Parties against other insurable risks relating to performance.

The coverages required shall not limit the liability of the Parties.

The coverages for each party referred to under subsections i and ii shall include the other party as an additional insured. Such a provision, however, shall apply only in proportion to and to the extent of the negligent acts or omissions of the other Party, its respective officers, employees, and agents. Each party upon the execution of this Agreement shall furnish the other Party with certificates of insurance evidencing compliance with all requirements. Certificates shall further provide for thirty (30) days (10 days for non-payment of premium) advance written notice to the other Party of any material modification, change, or cancellation of any of the above insurance coverages.

11. INDEMNIFICATION. Each Party ("Indemnitor") agrees to defend, indemnify, and hold harmless the other Party, its respective officials, officers, employees, agents and volunteers (collectively "Indemnitees") from any and all claims, demands, damages, liability, losses, expenses, attorneys fees or costs (collectively "Claims"), which Indemnitee may sustain or incur or which may be imposed upon it, but only in proportion to and to the extent such Claims result from, arise out of, or in any manner are caused by

Indemnitor's negligent or intentional acts or omissions relating to this Agreement. For purposes of this provision none of the Santa Cruz personnel who provide services pursuant to this Agreement shall be construed to be, or considered, Capitola officers, employees or agents.

Indemnitor further agrees to waive any rights of subrogation against Indemnitee.

12. TERMINATION WITHOUT CAUSE. Each Party may terminate this Agreement, without cause, by giving written notice to the other Party. Such termination shall be effective ninety (90) days following receipt of written notice. In case of termination payment for services provided within the 90 days will be made following submittal of an invoice.

13. TERMINATION FOR CAUSE. Should any Party be in default of any covenant or condition hereof, the other Party may terminate this Agreement for cause if the defaulting Party fails to cure the default within ten (10) calendar days of receiving a written notice of the default.

14. NON-ASSIGNABILITY. This Agreement shall not be assigned by either Party without first obtaining the express written consent of the other Party.

15. NOTICES. Any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to the Parties shall be in writing and shall be deemed duly served and given when personally or electronically delivered to the Party to whom directed or in lieu of such personal or electronic service when deposited in the United States mail, postage paid to:

City of Capitola  
420 Capitola Ave  
Capitola CA 95010  
Attn: City Manager  
Telephone: (831) 475-7300

City of Santa Cruz  
809 Center Street, Room 10  
Santa Cruz CA 95060  
Attn: City Manager  
Telephone: (831) 420-5010

16. LEGAL REPRESENTATION AND ADVICE. Each Party shall rely upon and consult with its respective jurisdiction's legal counsel regarding legal matters or issues related to its employees' performance pursuant to this Agreement. In the event that a legal matter or issue relates to two or more employees of differing jurisdictions, said jurisdictions shall meet and confer on appropriate legal representation and apportionment of costs, if applicable, consistent with the Parties' obligation under Section 10 above, Indemnification. Notwithstanding the

foregoing, no employee, officer or agent of any Party to this Agreement shall be considered an employee of the other Party to this Agreement for purposes of legal representation and advice.

18. ENTIRE AGREEMENT. The Parties agree that this Agreement constitutes the sole and only Agreement between them representing lifeguard and lifeguard management services and correctly sets forth their obligations and duties with respect to each other.

19. AMENDMENT. This Agreement may be amended only by written consent of the Parties.

20. SUBJECT HEADINGS. The subject headings of the paragraphs in this Agreement are included solely for the purposes of convenience and reference, and shall not be deemed to explain, modify, limit, amplify or aid in the meaning, construction or interpretation of any provision of this Agreement.

21. NO INTERPRETATION AGAINST DRAFTING. This Agreement has been negotiated at arm's length between the Parties hereto. Accordingly, any rule or law (including California Civil Code §1635 et seq.) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted the applicable provision, is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose and intent of the Parties.

22. EXECUTE IN COUNTERPARTS. The Parties agree that there shall be two originals of this Agreement, which shall be identical in all respects, including form and substance. The Parties may execute this Agreement in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument.

23. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

24. SEVERABILITY. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal



The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives.

Executed at Santa Cruz, California as follows:

City of Capitola, a Municipal Corporation

By: \_\_\_\_\_

Name: Jamie Goldstein

Its: City Manager

Date: \_\_\_\_\_

City of Santa Cruz, a Municipal Corporation

By: \_\_\_\_\_

Name: Martin Bernal

Its: City Manager

Date: \_\_\_\_\_

Attachment: Capitola.SCMSD Lifeguard Contract summer 21 and 22 (Lifeguarding Contract)



## CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 14, 2021

FROM: City Manager Department  
SUBJECT: Junior Guard Instructor Training Contract

**RECOMMENDED ACTION:** Authorize the City Manager to sign two-year contract in an amount not to exceed \$17,000 per year with Central Fire Protection District.

**BACKGROUND:** In 2012, the City contracted with Santa Cruz Marine Safety Division (SCMSD) to operate beach lifeguard services at Capitola Beach. Capitola contracted with SCMSD due to its well-established training protocols, access to significant resources, and operations on nearby beaches. City Council authorized extensions through September 2019.

Later in 2012, the California Surf Lifesaving Association (CSLSA) became concerned that the City's Junior Lifeguard Program was not being managed by a lifeguard agency. To address this, beginning in 2014, Capitola began working with SCMSD to train the City's Junior Lifeguard instructors according to United States Lifesaving Association (USLA) standards. After the summer of 2016, SCMSD notified the City it would be unable to continue training the City's Junior Guard program staff.

The City attempted to resolve the Junior Guard training needs with a staff solution in 2017 and 2018, however that solution proved unsustainable. For the 2019 season, Council authorized a contract with Central Fire Protection District (CFPD) to provide both CPR and Open Water Lifeguarding training according to USLA standards, Title 22. The City and CFPD began working together in 2019 with the intent to pursue a greater partnership with CFPD providing lifeguard services at Capitola Beach in addition to Junior Guard program staff training.

Central Fire then began a merger with the Aptos/La Selva Fire Protection District. Considering the merger and the current demands of the pandemic, CFPD indicated they would need to defer providing beach lifeguarding for the time being, but also indicated that they still intend to providing the service once the merger was complete. CFPD is able to continue training the City's Junior Guard program staff in both the 2021 and 2022 seasons.

Based on the success of the past seasons, staff recommends the City extend the contract with Central Fire for Junior Guard staff lifeguard training and testing services for an additional two years.

**DISCUSSION:** Under the proposed agreement with Central Fire, they will administer at least two 500-meter swim tests for Junior Guard staff candidates to determine eligibility for employment as Capitola Lifeguard/Junior Guard instructors and coordinators. CFPD will also provide training services for seasonal open water lifeguards according to USLA standard that

JG Instructor Training Contract  
January 14, 2021

will include at least 40 hours of course instruction in open water lifesaving and Title 22 First Aid or equivalent.

FISCAL IMPACT: The CFPD proposed contract for Junior Guard Program staff testing and training services is \$16,000 for 2021 and \$17,000 for 2022; a nearly \$3,500 increase from prior years. If approved, these annual contract amounts will be included in both the FY 2021-22 and FY 2022-23 budgets.

ATTACHMENTS:

1. Capitola.Central Lifeguard Training Contract 21.22

Report Prepared By: Nikki Bryant Bryant LeBlond  
Recreation Supervisor

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

1/7/2021

## AGREEMENT FOR LIFEGUARD TRAINING SERVICES

This Agreement for Seasonal Open Water Lifeguard Training Services (this “Agreement”) shall be effective as of the date of execution and entered into by and between the City of Capitola, a general law city and municipal corporation (“Capitola”) and the Central Fire Protection District of Santa Cruz County, a fire protection district created under the Fire Protection District Law of 1987 (the “District”), (hereinafter collectively referred to as “Parties” and individually as “Party”), both of which are public entities organized and existing under and by virtue of the laws of the State of California.

### RECITALS

WHEREAS, due to the Parties’ proximity to one another , the Parties wish to cooperate in the provision of lifeguard training services;

WHEREAS, all employees of Parties performing services pursuant to this Agreement shall remain employees of their respective jurisdiction and no express or implied employment contract exists for the same as a result of this Agreement;

WHEREAS, this Agreement provides a cost-effective option for sharing said lifeguard training functions;

NOW THEREFORE, the Parties agree as follows:

1. SERVICES. Commencing March 1, 2021, District shall provide Seasonal Open Water Lifeguard testing for work eligibility and training services to Capitola’s Beach Lifeguard/Junior Lifeguard Instructors (“Capitola Instructors”), pursuant to the terms and conditions hereinafter set forth.

2. TERM. The term of this Agreement will commence on day of execution and expire on June 30, 2022. The term of this Agreement may be extended annually by mutual agreement of the Parties evidenced in writing.

3. SCHEDULE. The training services provided by District pursuant to this Agreement will comply with the following schedule and at the following levels of service:

- A. Prior to December 24, 2020, District will coordinate with Capitola to determine work eligibility testing and training schedule.
- B. District shall administer no fewer than 2 testing opportunities for Capitola Instructors to meet the 500-meter ocean swim time of under 10 minutes pursuant to United States Lifesaving Association (“USLA”) requirements, prior to May 1, 2021 and again prior to May 1, 2022. The District shall assist Capitola in administering additional testing after May 1, 2021 and again May 1, 2022, as needed.
- C. Prior to June 15, 2021 and again in 2022, District shall provide Seasonal Open Water Lifeguard training for up to 30 Capitola Instructors, which meets or exceeds USLA standards.

- D. Prior to June 15, 2021 and again in 2022, District shall provide training that complies with the requirements of Title 22 of the California Code of Regulations “First Aid and CPR Standards and Training for Public Safety Personnel” (“Title 22 First Aid”) (pursuant to 22 CCR Chapter 1.5), to Capitola Instructors.

4. TRAINING/LEVEL OF SERVICE. District shall provide training to Capitola Instructors that is consistent with USLA standards as outlined in Brewster, C. B. Ed. (2017) Open Water Lifesaving: The United States Lifesaving Association Manual, Third Edition. New York, NY Pearson.

5. EQUIPMENT. Capitola shall provide non-reusable EMS training supplies, other individual materials, a venue for training services and currently available City-owned lifeguard equipment. The District shall provide all other necessary training equipment.

6. COMPENSATION. For all lifeguard training services provided by the District pursuant to this Agreement, including all equipment used by the District in connection therewith and all expenses incurred by the District in connection therewith, Capitola shall pay the District \$16,000 for 2021 and \$17,000 for 2022. Upon the completion of services provided by District pursuant to this Agreement, District shall submit a \$16,000 invoice to Capitola for 2021 and submit a \$17,000 invoice to Capitola for 2022. Within thirty days of its receipt of said invoice, Capitola shall pay the invoice in full in a single lump sum payment. If this Agreement is extended, the District shall provide an invoice to the City, and the City shall pay said invoice, on no less than an annual basis.

7. EMPLOYMENT STATUS. District Personnel: All training personnel hired or employed by District in connection with this Agreement shall be and remain employees of District and shall at all times be subject to the direct supervision and control of the District. District shall therefore have full responsibility for payment of all compensation to said personnel, including provision of benefits consistent with District policies and/or collective bargaining agreements. District shall further be responsible for all administrative employment matters concerning said personnel, including compliance with requirements for any and all applicable State and Federal income tax withholding, State and Federal unemployment and disability insurance withholding and contributions, social security tax withholding and contributions, worker’s compensation coverage obligations, wage and hours obligations, Immigration Reform and Control Act obligations, and any other administrative employment requirements. Nothing in this Agreement shall be intended or construed to create an express or implied employer-employee relationship between Capitola and any of the District personnel providing services pursuant to this Agreement. District acknowledges that as employer, it is and continues to be responsible for taking any necessary action, including disciplinary action, with respect to said personnel. As necessary and lawful, Capitola shall cooperate fully with District and provide the necessary assistance in reasonably investigating and supporting, through witnesses and documents, facts which may serve as the basis for District taking any disciplinary or corrective action against District employees.

Capitola Personnel: All personnel hired or employed by Capitola in connection with this Agreement shall be and remain employees of Capitola and shall at all times be subject to the direct supervision and control of Capitola. Capitola shall therefore have full responsibility for payment of all compensation to said personnel, including provision of benefits consistent with

City of Capitola policies and/or collective bargaining agreements. Capitola shall further be responsible for all administrative employment matters concerning said personnel, including compliance with requirements for any and all applicable State and Federal income tax withholding, State and Federal unemployment and disability insurance withholding and contributions, social security tax withholding and contributions, worker's compensation coverage obligations, wage and hours obligations, Immigration Reform and Control Act obligations, and any other administrative employment requirements. Nothing in this Agreement shall be intended or construed to create an express or implied employer-employee relationship between District and any of the Capitola personnel trained pursuant to this Agreement. Capitola acknowledges that as employer, it is and continues to be responsible for taking any necessary action, including disciplinary action, with respect to said personnel. As necessary and lawful, District shall cooperate fully with Capitola and provide the necessary assistance in reasonably investigating and supporting, through witnesses and documents, facts which may serve as the basis for Capitola taking any disciplinary or corrective action against Capitola employees.

8. APPLICABLE STATUTES, ORDINANCES AND REGULATIONS. In performing the training services required under this Agreement, District shall comply with and, upon request, inform the public of applicable federal, state, and Capitola statutes, ordinances and regulations. Nothing in this Agreement shall be construed in any way to reduce or detract from the obligations of District employees to comply with the policies and procedures of District, including but not limited to all applicable personnel policies and procedures and/or collective bargaining agreements, and conflict of interest policies. District shall not be required to establish any policies, procedures, and rules and guidelines for lifeguard training services that are in conflict with or which are otherwise incompatible under District's applicable policies and procedures.

9. INSURANCE. Each of the Parties, at its sole cost and expense, shall insure its activities in connection with this Agreement and obtain, keep in force and maintain, or be permissibly and legally self-insured, as follows:

- i. Commercial General Liability Insurance (contractual liability included) with minimum limits of \$1,000,000 per occurrence.
- ii. Business Automobile Liability Insurance for owned, scheduled, non-owned, or hired automobiles with a combined single liability limit of not less than \$1,000,000 per occurrence.
- iii. Worker's Compensation as required by California State law. Must include a waiver of subrogation.
- iv. The Parties may modify these requirements by mutual written consent, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

The coverages required shall not limit the liability of the Parties.

The evidence of insurance, coverages for each Party referred to under subsections i and ii shall include the other Party as an additional insured. Each Party upon the execution of this Agreement shall furnish the other Party with endorsements and certificates of insurance evidencing compliance with all requirements. Certificates shall further provide for thirty (30) days (10 days for non-payment of premium) advance written notice to the other Party of any material modification, change, or cancellation of any of the above insurance coverages.

Each Party shall provide notice to the other Party prior to any insurance policy cancellation.

**10. INDEMNIFICATION.** Each Party (“Indemnitor”) agrees to defend, indemnify, and hold harmless the other Party, its respective officials, officers, employees, agents and volunteers (collectively “Indemnitees”) from any and all claims, demands, damages, liability, losses, expenses, attorneys, fees or costs (collectively “Claims”), which Indemnitee may sustain or incur or which may be imposed upon it, to the extent such Claims result from, arise out of, or in any manner are caused by Indemnitor’s negligent or intentional acts or omissions relating to this Agreement. For purposes of this provision none of the District personnel who provide services pursuant to this Agreement shall be construed to be, or considered, Capitola officers, employees or agents.

**11. TERMINATION WITHOUT CAUSE.** Each Party may terminate this Agreement, without cause, by giving written notice to the other Party. Such termination shall be effective sixty (60) days following receipt of written notice.

**12. TERMINATION FOR CAUSE.** Should any Party be in default of any covenant or condition hereof, the other Party may immediately terminate this Agreement for cause if the defaulting Party fails to cure the default within ten (10) calendar days of receiving a written notice of the default.

**13. NON-ASSIGNABILITY.** This Agreement shall not be assigned by either Party without first obtaining the express written consent of the other Party.

**14. NOTICES.** Any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to the Parties shall be in writing and shall be deemed duly served and given when personally or electronically delivered to the Party to whom directed or in lieu of such personal or electronic service when deposited in the United States mail, postage paid to:

City of Capitola  
420 Capitola Ave  
Capitola CA 95010  
Attn: City Manager  
Telephone: (831) 475-7300

Central Fire Protection District  
 Administrative Division  
 930 17th Avenue  
 Santa Cruz, CA 95062  
 Attn: Fire Chief  
 Phone: (831) 479-6842

15. LEGAL REPRESENTATION AND ADVICE. Each Party shall rely upon and consult with its respective jurisdiction's legal counsel regarding legal matters or issues related to its employees' performance pursuant to this Agreement. In the event that a legal matter or issue relates to two or more employees of differing jurisdictions, said jurisdictions shall meet and confer on appropriate legal representation and apportionment of costs, if applicable, consistent with the Parties' obligation under Section 10 above, Indemnification. Notwithstanding the foregoing, no employee, officer or agent of any Party to this Agreement shall be considered an employee of the other Party to this Agreement for purposes of legal representation and advice.

16. ENTIRE AGREEMENT. The Parties agree that this Agreement constitutes the sole and only Agreement between them representing lifeguard and lifeguard management services and correctly sets forth their obligations and duties with respect to each other.

17. AMENDMENT. This Agreement may be amended only by written consent of the Parties.

18. SUBJECT HEADINGS. The subject headings of the paragraphs in this Agreement are included solely for the purposes of convenience and reference, and shall not be deemed to explain, modify, limit, amplify or aid in the meaning, construction or interpretation of any provision of this Agreement.

19. NO INTERPRETATION AGAINST DRAFTING. This Agreement has been negotiated at arm's length between the Parties hereto. Accordingly, any rule or law (including California Civil Code §1635 et seq.) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted the applicable provision, is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose and intent of the Parties.

20. EXECUTE IN COUNTERPARTS. The Parties agree that there shall be two originals of this Agreement, which shall be identical in all respects, including form and substance. The Parties may execute this Agreement in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument.

21. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

22. SEVERABILITY. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives.



City of Capitola

By: \_\_\_\_\_

Name: Jamie Goldstein

Its: City Manager

Date: \_\_\_\_\_

Central Fire Protection District

By: \_\_\_\_\_

Name: John Walbridge

Its: Interim Fire Chief

Date: \_\_\_\_\_

APPROVED AS TO FORM:

:

\_\_\_\_\_

Office of City Attorney

Attachment: Capitola.Central Lifeguard Training Contract 21.22 (JG Instructor Training Contract)



## CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF JANUARY 14, 2021**

FROM: Capitola Police Department

SUBJECT: Consider Increasing the Number of Available Surf & Coffee Permits for 2021

**RECOMMENDED ACTION:** Receive report and consider increasing the maximum number of Morning Village Parking Permit Program Surf and Coffee Permit from 50 to 75 to allow for expanded program participation.

**BACKGROUND:** In 2008, City Council approved Resolution No. 3715, directing staff to institute a new Surf and Coffee Permit that would exempt the holder from parking meter fees in Zone A (Capitola Village) between the hours of 8 a.m. and 10 a.m. year-round. The purpose of the program was to provide a parking permit for morning visitors who wish to support Village businesses and/or enjoy morning outdoor recreational activities. The City limited the Surf and Coffee Permits to a maximum of 50 permits per year with a cost of \$50 per permit.

**DISCUSSION:** The Surf and Coffee Permit program has been well received by those who chose to purchase permits and by the Capitola Village business community. Below is a breakdown of the number of permits sold by year since the program's inception.

Year Issued	Permits Issued
2008	33
2009	31
2010	34
2011	28
2012	41
2013	31
2014	41
2015	42
2016	42
2017	48
2018	50
2019	50
2020	50
2021	50

As reflected above, the City has sold-out of the morning Surf and Coffee permits for four

Surf & Coffee Permits 2021  
January 14, 2021

consecutive years beginning in 2018. The 2021 Surf and Coffee Permits sold out in just two days, resulting in staff receiving requests to consider increasing the number of annual permits issued.

As a result of these requests and in anticipation of this report, staff spoke with the Capitola BIA to seek their opinion and to explore other options to improve the program. The BIA appreciates the value and intent of the program and supports increasing the number of annual permits issued. They believe that the program meets the original goal of supporting local businesses and supporting outdoor activities.

According to parking enforcement staff, generally there are parking spaces available in the Village before 10 a.m.

FISCAL IMPACT: The annual revenue under the current model (50 permits at \$50 each) is \$2,500. Increasing the number of annual permits by 25 will increase the comparative revenue generated.

Report Prepared By: Terry McManus  
Police Chief

**Reviewed and Forwarded by:**



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Jamie Goldstein, City Manager

1/7/2021