

City of Capitola Agenda



Mayor/Chair: Jacques Bertrand
Vice Mayor/Chair: Kristen Petersen
Council/Board
Members: Ed Bottorff
Yvette Brooks
Jacques Bertrand

JOINT BUDGET STUDY SESSION

CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

WEDNESDAY, MAY 15, 2019

6:00 PM

**CITY COUNCIL CHAMBERS
420 CAPITOLA AVENUE, CAPITOLA, CA 95010**

All correspondences received prior to 5:00 p.m. on the Tuesday preceding a City Council/Successor Agency Joint Budget Study Session will be distributed to Council/Agency Members to review prior to the meeting. Information submitted after 5 p.m. on that Tuesday may not have time to reach Council/Agency Members, nor be read by them prior to consideration of an item.

All matters listed on the Joint Budget Study Session of the City Council/Successor Agency Agenda shall be considered as Public Hearings.

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council/Board Members Jacques Bertrand, Kristen Petersen, Ed Bottorff, Yvette Brooks, and Council Member Sam Storey

2. ADDITIONAL MATERIALS

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

3. ADDITIONS AND DELETIONS TO THE AGENDA

4. PUBLIC COMMENT

Oral Communications allows time for members of the Public to address the City Council/Successor Agency on any item not on the Agenda. Presentations will be limited to three minutes per speaker. Individuals may not speak more than once during Oral Communications. All speakers must address the entire legislative body and will not be permitted to engage in dialogue. All speakers are requested to print their name on the sign-in sheet located at the podium so that their name may be accurately recorded in the minutes. A MAXIMUM of 30 MINUTES is set aside for Oral Communications at this time.

5. CITY COUNCIL / SUCCESSOR AGENCY / CITY TREASURER / STAFF COMMENTS

City Council/Successor Agency/City Treasurer/Staff may comment on matters of a general nature or identify issues for staff response or future Council/Agency consideration.

6. 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 public or 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.

1. Consider Approval of the January 10, 2019, Successor Agency Meeting Minutes
RECOMMENDED ACTION: Approve minutes.

7. 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. Presentation of the Proposed 2019/2020 Fiscal Year Budget for the City of Capitola General Fund and the Capitola Successor Agency
RECOMMENDED ACTION: Receive the proposed budgets, provide staff direction, and continue deliberations to the next scheduled joint budget hearing on May 29.

8. ADJOURNMENT

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 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 and at Capitola City Hall and at the Capitola Branch Library, 2005 Wharf Road, Capitola, 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.

CAPITOLA CITY COUNCIL /SUCCESSOR AGENCY JOINT BUDGET STUDY
SESSIONAGENDA
May 15, 2019

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 by clicking on the Home Page link "Meeting Video." Archived meetings can be viewed from the website at any time.



JOINT BUDGET STUDY SESSION CAPITOLA CITY COUNCIL/ SUCCESSOR AGENCY AGENDA REPORT

MEETING OF MAY 15, 2019

FROM: City Manager Department

SUBJECT: Consider Approval of the January 10, 2019, Successor Agency Meeting Minutes

RECOMMENDED ACTION: Approve minutes.

DISCUSSION: Attached for review and approval are the minutes of the Successor Agency meeting of January 10, 2019.

ATTACHMENTS:

1. 1-10-19 draft minutes

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

5/10/2019

**DRAFT
MINUTES OF THE CITY OF CAPITOLA AS SUCCESSOR AGENCY
TO THE FORMER CAPITOLA REDEVELOPMENT AGENCY
THURSDAY, JANUARY 10, 2019
AFTER THE ADJOURNMENT OF THE CITY COUNCIL MEETING**

1. CALL TO ORDER AND ROLL CALL

Chair Bertrand called the meeting to order at 9:11 p.m.

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

2. ADDITIONAL MATERIALS - None

3. ADDITIONS AND DELETIONS TO THE AGENDA - None

4. PUBLIC COMMENTS - None

5. BOARD MEMBER/STAFF COMMENTS - None

6. CONSENT CALENDAR

MOTION:	APPROVE AS RECOMMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Kristen Petersen, Board Member
SECONDER:	Ed Bottorff, Board Member
AYES:	Bertrand, Bottorff, Brooks, Petersen, Storey

A. Consider the June 28, 2018, City of Capitola as Successor Agency to the Former Capitola Redevelopment Agency Minutes
RECOMMENDED ACTION: Approve minutes.

B. Approval of Successor Agency Check Register January 1- December 31, 2018
RECOMMENDED ACTION: Approve the 2018 Successor Agency Check Register.

7. GENERAL GOVERNMENT/PUBLIC HEARINGS

A. Consider Approval of the Recognized Obligation Payment Schedule for July 1, 2019, to June 30, 2020 (ROPS 19-20) [780-30]
RECOMMENDED ACTION: Approve the Recognized Obligation Payment Schedule.

Executive Director Jamie Goldstein presented the staff report, noting there are three projects remaining from the former Redevelopment Agency.

Board members clarified that the Rispin project’s payment status remains open to allow for final Americans with Disabilities Act work on the property if needed.

Attachment: 1-10-19 draft minutes (Approval of Minutes)

CAPITOLA SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY
REGULAR MEETING MINUTES
January 10, 2019

MOTION:	APPROVE THE PAYMENT SCHEDULE AS RECOMMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Ed Bottorff, Board Member
SECONDER:	Sam Storey, Board Member
AYES:	Bertrand, Bottorff, Brooks, Petersen, Storey

8. ADJOURNMENT

The meeting adjourned at 9:17 p.m.

Jacques Bertrand, Chairperson

ATTEST:

Linda Fridy, Secretary

DRAFT

Attachment: 1-10-19 draft minutes (Approval of Minutes)



JOINT BUDGET STUDY SESSION CAPITOLA CITY COUNCIL/ SUCCESSOR AGENCY AGENDA REPORT

MEETING OF MAY 15, 2019

FROM: Finance Department

SUBJECT: Presentation of the Proposed 2019/2020 Fiscal Year Budget for the City of Capitola General Fund and the Capitola Successor Agency

RECOMMENDED ACTION: Receive the proposed budgets, provide staff direction, and continue budget deliberations to the next scheduled joint budget hearing on May 29.

DISCUSSION: The City of Capitola proposed Fiscal Year (FY) 2019/20 and FY 2020/21 Budget is a two-year financial plan for the City. The proposed budget was prepared based on a combination of known factors, such as increases in CalPERS (Public Employees' Retirement System) costs, and conservative estimates for both revenues and expenditures.

The budget is the City's operating plan and a primary mechanism by which the Council's goals and vision for the City are transmitted to staff for implementation.

The document is organized to present information in several ways. General Fund revenues and expenditures are shown to provide information about longer-term patterns and overall fiscal stability, then revenues and expenditures for the City's various funds and departments are shown to provide additional detail and information about the City's programs and projects.

Overall, the FY 2019/20 proposed budget reflects a local economy that continues to grow, however, at a slower pace than in recent years. The budget maintains a high level of services for residents of Capitola. Nevertheless, the City must also remain focused on the long-term budget picture, which includes dramatically increasing CalPERS costs. Those increasing PERS costs will likely result in challenging budgetary decisions in coming years.

The draft budget has been distributed and is available for public review in the City Hall lobby, as well as on the City's website.

ATTACHMENTS:

1. 2020 Proposed Budget

Report Prepared By: Jim Malberg
Finance Director

Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget
May 15, 2019

Reviewed and Forwarded by:

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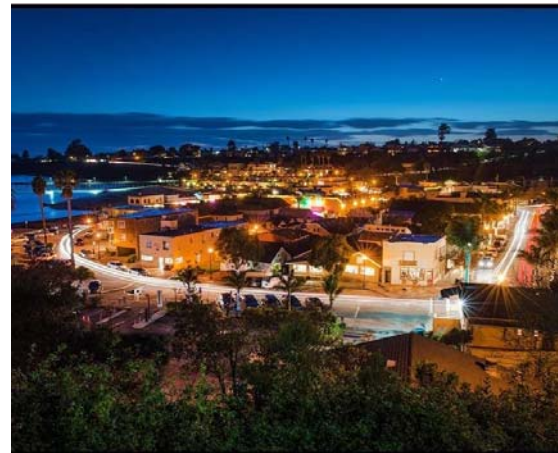
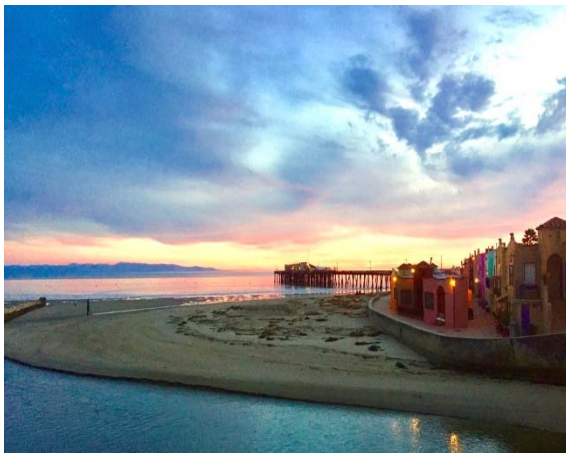
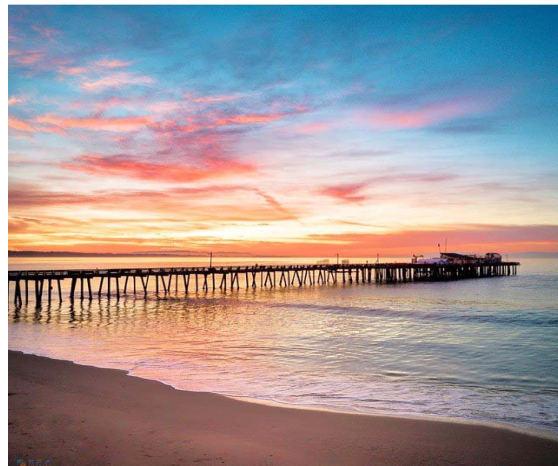
Jamie Goldstein, City Manager

5/10/2019



PROPOSED BUDGET

FISCAL YEAR 2019-20



CITY OF CAPITOLA
& CAPITOLA SUCCESSOR AGENCY
Capitola, California

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)



CITY COUNCIL

Jacques Bertrand, Mayor
Kristen Petersen, Vice Mayor
Ed Bottorff
Yvette Brooks
Sam Storey

Jamie Goldstein, City Manager

Terry McManus, Chief of Police
Katie Herlihy, Community Development Director
Steve Jesberg, Public Works Director
Jim Malberg, Finance Director / Treasurer
Larry Laurent, Assistant to the City Manager
Linda Fridy, City Clerk

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MISSION STATEMENT

MISSION

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

VISION

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

VALUES

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

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

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TO: City Council

FROM: City Manager

SUBJECT: FY 2019/20 Proposed and FY 2020/21 Planned Budget.

CITY MANAGER'S MESSAGE - STATE OF THE CITY

On behalf of City staff, I am pleased to submit for review and consideration a balanced proposed budget for Fiscal Year (FY) 2019/20. While the local economy continues to grow, that growth appears to be slowing. Both sales tax and transient occupancy tax (TOT) revenue appear to be leveling out after several years of steady growth. The proposed FY 2019/20 projections include no growth in sales tax, 4.5 percent property tax growth, and 1.0 percent TOT growth.

The Fund Balance in the General Fund is projected to remain positive for the next fiscal year, however, based on known increases related to CalPERS pension costs and assumptions in our long-term financial model, the General Fund is currently projected to become structurally imbalanced in FY 2020/21. The proposed budget provides ample resources to maintain a high level of services for Capitola residents this coming fiscal year. Nevertheless, the City must also remain focused on the long-term budget picture, which includes dramatically increasing pension costs. These increasing pension costs will likely result in challenging budgetary decisions in upcoming years. In the coming fiscal year staff will focus on the long-term structural budget issues, closely monitor sales tax performance, and develop options for Council consideration to balance the near- and longer-term budgets.

Construction of the new Capitola Branch Library began in late 2018 with an estimated completion date of early 2020. The planning for a new Capitola Branch Library started in 1999 when the City entered an agreement with the County of Santa Cruz to begin construction on the new library by 2019. The funding for the new library comes from several sources, including the voter-approved Measure S, the former RDA trust fund that was held by the County, a fundraising campaign, and funding from the General Fund.

The Capitola Mall remains a major funding source for the City, however long-term national and local trends have put significant pressure on existing brick-and-mortar retailers to remain competitive with internet options. The Mall was purchased three years ago by Merlone Geier Partners, which also acquired the old Sears building late last year. In 2018 the new owners initiated a public process, including a public meeting and regional survey of residents to begin evaluating options for the Mall moving forward.

City staff remains actively engaged with Mall ownership to help it understand the City's interests and development review processes. Obviously, the long-term fiscal health of the City is closely related to a successful Mall that meets the community's needs. As the outcome of any potential Mall redevelopment is unknown at this time, the site remains a major opportunity, and challenge, as the City evaluates its long-term fiscal position.

In 2016 voters passed Measure F to extend a temporary quarter percent local sales tax for an additional 10 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 proposed FY 2019/20 budget continues to implement these commitments.

Constructing improvements to the jetty and rebuilding the flume that conveys water from the seasonal lagoon and allows the City to maintain a world-class beach during the summer are the first Measure F projects that will be constructed. While construction of both these projects was anticipated for Fall 2019, the City has delayed them to allow the State to consider a grant request to help fund these projects. That funding decision is expected in Spring 2020, with construction of both projects now scheduled for Fall 2020.

Finalizing a design for the Wharf renovation project will be a second important focus for the Measure F funding. Capitola's Wharf is a historic icon for the City, allowing countless residents and visitors to experience the Monterey Bay Marine Sanctuary in a unique way. The Wharf renovation project will focus on improving the Wharf's long-term resilience in the face of rising sea levels and powerful winter storms. Hearings to consider wharf design alternatives will begin in Spring 2019 and are planned to be completed early in the 19/20 fiscal year. From there, staff anticipates completing environmental review for the Wharf late in FY 19/20, with construction targeted for FY 20/21.

While the adopted FY 2018/19 Budget anticipated no increase in the General Fund balance, the actual revenues exceeded actual expenses, resulting in a fund balance increase of approximately \$338,600 to approximately \$1,334,900. During the budget hearing process, staff will outline possible uses for the fund balance, understanding the need to achieve multiple City goals and objectives, while also maintaining a reserve to offset the impacts of structural budget issues in coming years.

BUDGETARY GOALS AND PRINCIPLES

The FY 2019/20 General Fund budget was developed with an emphasis on financial stability, capital improvements, and enhanced levels of programs and services for Capitola residents and visitors. As a first step in developing the Budget, the City Council identified its budget principles as well as key projects and programs for FY 2019/20. Those key projects and programs provide a tool for the City to clearly articulate its priorities to the community and to evaluate performance on an annual basis.

The following page includes the Council's identified budget principles and a workplan for key projects and programs.

Budget Principles

Fiscal Policy	Public Service	Public Improvements
Maintain a balanced budget that ensures ongoing expenditures can be met with ongoing revenues	Maintain, and improve upon, the transparency of City operations and accessibility of government	Maintain the City's infrastructure by providing maximum funding for the pavement management system
Use one-time revenues for one-time expenditures	Recognize the high priority the community places on the public's safety	Maintain and improve Capitola's natural resources and sustainable green programs
Ensure the budget plans for future cost increases and attainable revenue estimates	Analyze future service level increases with their long-term financial impacts to ensure financial stability	Ensure maintenance and cleanliness of City facilities, sidewalks, and streets

Key Projects/Programs - Workplan

Budget Principle	Key Project/Program	Lead Department	Expected FY Outcome
Fiscal	Develop options for Council consideration to address rising CalPERS costs	Finance	Identify options in budget. Continue monitoring long term revenue-expenditure projections with FAC and Council
	Complete review & evaluation of Community Grant Program	City Manager	Bring results of evaluation to Council to consider implementing recommendations
	Work with FAC to identify future revenue options	Finance	Bring FAC revenue recommendations to City Council for review
Public Service	Continue working with Capitola Mall ownership group to redevelop the mall	Community Development	Work with Mall owners to prepare mall redevelopment submittal and establish City's technical review team
	Evaluate parking meter technology	Police	Re-program Cale pay-stations to improve ease of use and develop plan to replace 2G meters on Cap Ave
	A&C focus on 41st corridor and library	City Manager	Work with A&C to develop public art projects for Council consideration
	Complete Recreation strategic plan	Recreation	Complete public process and prepare draft plan for Council consideration
	Work toward Coastal Commission certification of zoning code update	Community Development	Prepare submittal to Coastal Commission for zoning code update, excluding geologic hazards and non-conforming uses and structures
	Complete licensing of two cannabis retail locations and develop audit & inspection plan	Police	Issue two retail cannabis permits Develop plan for bi-annual inspection of cannabis business
	Use dedicated children's fund for youth programming	City Manager	Options identified in proposed budget
	Consider reallocating freed up General Fund for Community Center	City Manager	Options identified in proposed budget
Grow relationship with Central Fire for lifeguard services	Recreation	Develop contract with Central Fire for all lifeguard services	

	"State of the City" report	City Manager	State of City report to be incorporated into City Manager Budget Message and presentation
Public Improvements	Complete funded CIPs. 18/19 CIPs	Public Works	Projects progression toward completion maximized
	Complete library construction and wharf design	Public Works	Library construction complete, Wharf CEQA document prepared
	Evaluate unfunded CIP's	Public Works	Complete review of overall CIP Program
	Complete Rispin Park	Public Works	Complete construction

OTHER BUDGETARY HIGHLIGHTS AND PROPOSED CHANGES



The Budget includes resources to implement the key projects and programs identified -previously. In addition, while the budget was largely prepared to maintain existing services, a number of changes are proposed in this budget.

New Recreation Programing

Consistent with Council direction, Recreation division staff is developing a new partnership with the school district to offer youth afterschool programing. While the details of the program are still in development, the concept represents an exciting opportunity to expand the services the City can offer the community and strengthen the City's partnership with the Soquel Union Elementary School District.

The proposed budget also includes completion of a five-year strategic plan for the division. That plan will evaluate community needs, overall trends in public recreation programs, and develop a tool to help guide future decision making.

Youth Funding and Business Group Funding

With the passage of Measure J in 2018, Capitola became one of the first cities in the state to establish a children's fund that is supported by a dedicated tax measure. This proposed budget includes allocation of \$28,636 from the children's fund to support local nonprofits that work with youth in our community, and an additional \$22,864 in funding to be allocated during the budget hearings. The budget also includes funding for the Chamber of Commerce and the Village Business Improvement District, also using the restricted Measure J funding.

Community Grant Funding

The propose budget includes funding for the City's community grant recipients at the levels indicated in the two-year contracts approved last year. That funding includes a 2 percent increase for all grant recipients. In addition, the proposed workplan for FY 2019/20 includes resources necessary to evaluate the City's community grant process and identify possible opportunities for improvement.

Public Works Operational Adjustments

The proposed budget includes funding for a new street sweeper to help maintain storm water quality and the cleanliness of our streets. Historically the City has operated a single industrial-scale street sweeper as the primary mechanism to clean streets. That large scale sweeper has required replacement approximately every five years due to the heavy workload and nearly 30-

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

hour usage each week. To improve efficiencies, Public Works is proposing to purchase a smaller scale sweeper, at much lower cost, which would be used to clean smaller residential streets. The goal is to reduce run-time on the large sweeper to extend its operational life and extend its depreciation schedule. The new sweeper acquisition is proposed in the Equipment Fund.

In addition, to improve vehicle and parking meter maintenance, the proposed budget includes transitioning a half time position from the Public Works field crew to the Fleet division.

Police Department

The proposed budget includes funding for all authorized positions in the Police Department. Additionally, the proposed budget includes funding for the implementation of a new Records Management System that will improve upon county-wide interoperability and information sharing.

General Fund Balance

Due to the diligent work of the City Council in taking a pragmatic approach to budgeting, the oversight of the City's Department Head team, and contributions from every City staff member, the City is projected to be able to close this fiscal year with a budget surplus of approximately \$339,000. This funding is in addition to the City's established Contingency and Emergency reserves set at 15 and 10 percent of total expenditures. Staff recommends maintaining a fund balance of approximately \$800,000 to help offset minor budget variances during any year, to maintain the City's cash flow position, and to help better manage the next economic downturn. Staff will be reviewing potential options for the excess fund balance with the Finance Advisory Committee that will include evaluating additional funding for capital improvement projects and reducing long term obligations.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2018/19 the City accomplished several significant projects, which placed the City in a stronger fiscal position and provided residents and visitors with increased recreational and public art opportunities, while continuing to strengthen public safety and community development activities. Some of the City's accomplishments in FY 2018/19 include:

- Finalized successor Memoranda of Understanding with the POA
- Broke ground on the Capitola Branch Library
- Worked with City franchisee to increase participation in waste diversion programs
- Worked with businesses to reduce use of non-reusable bags and plastics
- Continued to work on improving medicines and sharps takeback program at pharmacies and Capitola Police station
- Successfully recruited several new employees, including a shared Building Official with Scotts Valley
- Continued process to scan and make available public records in electronic format
- Worked to increased public outreach with monthly City Hall updates published on website and in local newspaper
- Advised and informed the City Council on policy and action matters
- Finalized the financing plan for the Library including working with the Friends of the Capitola Library setting up accounts for their fund-raising campaign
- Completed CAD and CLETS systems upgrades.
- Assisted with the Santa Cruz County gun buyback event.

- Complete Critical Incident Training for all police officers.
- Hired 1 lateral officer and 3 police recruits.
- Promoted 1 captain and 2 sergeants.
- Upgraded all parking pay stations.
- Began construction of new library building
- Measure F Projects
 - Obtained permits for Flume and Jetty Project
 - Completed application for grant funding for Flume & Jetty Project
 - Continued study of design options for Wharf
- Continued to participate in local and regional storm water pollution prevention activities
- Completed 38th Avenue Sidewalks
- Completed Slurry Seal Project
- Installed traffic calming measures in the Jewel Box
- Continue to work on update to the City's Local Coastal Program (LCP).
- Adopted a bicycle parking ordinance.
- Adopted an ordinance permitting two retail cannabis licenses and amending the Regional Commercial zoning district to conditionally allow retail cannabis establishments.
- Contracted with Central Fire Protection District to provide testing and training services that meet or exceed US Lifesaving Association standard.
- Through the Junior Lifeguard Captains Corps and the Camp Capitola Junior Leader program, provided opportunities for teens to train for future summer employment as Junior Lifeguard Instructors and Camp Leaders
- Offered new classes with a focus on youth recreation activities.
- Opened a new exhibit, "Capitola Obscura. Little-Known Facts About Capitola"
- Published Historical Museum Coloring Book and A Companion to Capitola
- Worked to improve the documentation of the Museum collections.
- Continue to add interviews to the Capitola Memories Project
- Hosted Santa Cruz County History Fair.
- Art for public buildings created by New Brighton Students
- Completion of Mural at Monte Skatepark.
- Completion of the Sea Lion climbable sculpture.
- Thirteen Twilight Concerts, six Sunday Concerts, and four movies in 2018.

CONCLUSION

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

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

SUMMARY INFORMATION



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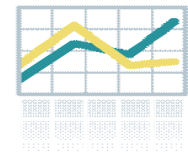
Budget Process Overview

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

Capitola municipal code (3.200.010 E.) defines a balanced budget as one in which "financing uses including expenditures, inter-fund transfers out, reserves and contingencies should equal financing sources including beginning available fund balance, revenues and inter-fund transfers in." A key concept in the developmental process for the General Fund Budget revolves around City fiscal policy that current year expenditures are balanced with current year revenue.

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

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



Basis of Accounting

The City’s operating budget consists of governmental funds that include the General Fund, Special Revenue Funds, Internal Service Funds, Debt Service Funds and Capital Project Funds for both the City and the Successor Agency. Governmental fund types and agency fund budgets are developed using the modified accrual basis of accounting. This method is consistent with the presentation of the City’s Annual Financial Statements. Under this basis, revenues are estimated for the fiscal year under the condition that they are identifiable and will be collected within sixty (60) days, and sales tax within ninety (90) days, of the close of the fiscal year. Principal and interest on general long-term debt are budgeted as expenditures when due, whereas other expenditures are budgeted for liabilities expected to be incurred during the current period or shortly thereafter.

Level of Budget Control

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

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

Budget Adjustments

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

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

Financial Committees and Boards

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

Finance Advisory Committee

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

Oversight Board to the Successor Agency of the Former Redevelopment Agency

As part of the Redevelopment Agency Dissolution Act, the City of Capitola elected to be the Successor Agency to the former Redevelopment Agency (RDA). As part of the dissolution process, a seven-member oversight board was established to review and approve recognized obligation payments of the Successor Agency, with the fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from property tax distributions. The Capitola oversight board was transitioned to the County-wide oversight board during FY 2018-19.

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

General Fund Summary

The General Fund remains stable in Fiscal Year 2019/20. The projected General Fund FY 2018/19 ending fund balance totals \$1,335,000. This amount does not include \$300,000 designated for the employee down payment assistance program or the \$55,000 staff is recommending transferring to the Emergency and Contingency Reserves. The General Fund balance is anticipated to increase by approximately \$338,600 due to revenues exceeding original projections by \$163,000 and expenditures below original estimates by \$172,500.

The chart below summarizes projected and historical General Fund revenues, expenditures, and fund balances. The table illustrates the effects the improving local economy has had on general fund revenue. Revenue variances primarily include an increase in sales and property tax revenues.

An overview of district taxes (Measure O and F), reserves, and internal service funds are provided within this summary section.

Major Categories	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenues						
Taxes	\$ 12,228,390	\$ 12,198,312	\$ 12,527,136	\$ 12,797,590	\$ 13,104,469	\$ 13,534,084
Licenses and permits	597,896	680,142	644,704	600,900	607,300	608,954
Intergovernmental revenues	134,865	189,800	141,000	112,300	108,000	108,000
Charges for services	1,809,353	1,757,663	1,850,723	1,807,330	2,089,924	2,073,504
Fines and forfeitures	557,117	556,560	543,500	542,500	563,500	563,500
Use of money & property	76,082	118,385	101,200	116,200	131,200	131,200
Other revenues	74,232	127,844	66,850	61,150	56,000	56,163
Revenues Totals	\$15,477,935	\$15,628,706	\$15,875,113	\$16,037,970	\$16,660,394	\$17,075,404
Expenditures						
Personnel	\$8,668,590	\$8,335,863	\$9,140,487	\$8,974,984	\$9,866,589	\$10,521,666
Contract services	2,629,762	2,790,989	2,871,000	2,874,200	2,935,425	2,974,790
Training & Memberships	83,058	85,108	126,850	94,850	128,070	129,070
Supplies	526,946	544,148	503,250	536,600	543,911	548,311
Grants and Subsidies	269,884	269,884	272,288	272,288	269,647	275,000
Capital outlay	-	7,121	15,000	-	-	-
Internal service fund charges	1,159,000	1,246,350	1,209,105	1,212,605	1,176,081	1,218,623
Other financing uses	1,646,995	3,622,550	1,733,843	1,733,843	1,737,471	1,818,221
Expenditures Totals	\$14,984,235	\$16,902,013	\$15,871,823	\$15,699,370	\$16,657,193	\$17,485,681
Impact on Fund Balance	\$ 493,700	\$ (1,273,307)	\$ 3,290	\$ 338,600	\$ 3,201	\$ (410,277)
Budgetary Fund Balance	\$ 2,324,594	\$ 1,051,287	\$ 1,054,577	\$ 1,334,887	\$ 1,338,088	\$ 927,811

Revenue Summary

	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
General Fund	\$ 15,477,935	\$ 15,628,706	\$ 15,875,113	\$ 16,037,970	\$ 16,660,394	\$ 17,075,404
Designated Reserves						
Contingency Reserve	10,000	133,000	-	-	25,000	105,250
PERS Contingency Reserve	8,186	507,670	10,000	10,000	10,000	10,000
Emergency Reserve	15,000	67,000	-	-	30,000	71,000
Donations	-	-	10,000	-	-	-
Facility Reserve	110,000	110,000	90,000	90,000	108,000	50,000
Total Designated Reserves	\$ 143,186	\$ 817,670	\$ 110,000	\$ 100,000	\$ 173,000	\$ 236,250
Debt Service						
Pac Cove Lease Financing	165,701	166,360	165,066	165,066	165,066	165,066
Pacific Cove Park	89,192	89,004	89,004	89,004	88,616	88,416
Total Debt Service	\$ 254,893	\$ 255,364	\$ 254,070	\$ 254,070	\$ 253,682	\$ 253,482
Capital Improvement Fund	\$ 901,280	\$ 901,280	\$ 1,132,663	\$ 795,839	\$ 1,132,663	\$ 1,082,663
Internal Service Funds						
Stores Fund	\$ 35,217	\$ 37,444	\$ 37,250	\$ 37,260	\$ 37,250	\$ 37,250
Information Techology	206,468	282,268	296,241	299,741	251,400	251,400
Equipment Replacement	154,269	381,185	280,000	280,000	257,400	254,265
Self-Insurance Liability	428,000	428,000	419,301	419,301	403,486	423,660
Workers Compensation	415,000	321,000	304,813	304,813	310,045	325,547
Compensated Absences	200,000	200,000	209,939	209,939	238,127	200,000
Total Internal Service Funds	\$ 1,438,954	\$ 1,649,897	\$ 1,547,544	\$ 1,551,054	\$ 1,497,708	\$ 1,492,123
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 104,415	\$ 100,225	\$ 100,400	\$ 100,400	\$ 100,400	\$ 100,400
TOT Restricted Revenue	-	-	56,000	56,000	109,377	110,471
Gas Tax	236,872	217,970	261,423	225,000	279,855	279,855
RTC Streets	11,254	514,963	300,000	305,000	500,000	300,000
Library	847,386	2,215,993	10,137,363	4,849,410	5,575,590	-
SB1 RMRA	-	59,545	168,750	169,050	175,000	175,000
Wharf	96,041	142,060	85,100	85,100	92,800	92,800
General Plan Update and Maint	56,275	98,291	50,000	51,300	50,000	50,000
Green Building Education	8,064	32,840	22,000	20,000	15,000	15,000
Public Arts Fee	3,330	37,224	100,000	10,000	100,000	50,000
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Technology Fee	11,848	16,223	11,500	11,500	11,500	11,500
PEG-Public Education and Gov.	16,975	17,083	16,200	16,200	16,500	16,500
BIA-Capitola Village-Wharf BIA	71,414	77,004	89,750	87,956	104,000	104,500
CDBG Grants	278,363	198,610	-	-	-	-
CDBG Program Income	30,190	7,853	-	29,350	-	-
HOME Reuse	21,567	13,070	11,500	325,000	-	-
Housing Trust	24,763	263,480	28,000	36,050	30,000	30,000
Cap Hsg Succ- Program Income	141,096	2,728	-	31,000	-	-
Total Special Revenue Funds	\$ 2,059,852	\$ 4,115,162	\$ 11,537,986	\$ 6,508,316	\$ 7,260,022	\$ 1,436,026
Successor Agency	\$ 711,024	\$ 308,375	\$ 264,387	\$ 242,363	\$ -	\$ -
Total Revenues - All Funds	\$ 20,987,125	\$ 23,676,453	\$ 30,721,763	\$ 25,489,612	\$ 26,977,469	\$ 21,575,948

Expenditure Summary

	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
General Fund	\$14,984,235	\$16,902,013	\$15,871,823	\$ 15,699,370	\$ 16,657,193	\$ 17,485,681
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	-	-	-	-	-	-
Donations	-	10,120	-	-	-	-
Facilities Reserve	-	33,521	125,000	125,000	50,000	50,000
Total Designated Reserves	\$ -	\$ 43,641	\$ 125,000	\$ 125,000	\$ 50,000	\$ 50,000
Debt Service						
Pac Cove Lease Financing	165,189	165,065	165,056	165,066	165,066	165,066
Pac Cove Park	89,192	89,004	89,004	89,004	88,616	88,416
Total Debt Service Funds	\$ 254,381	\$ 254,069	\$ 254,060	\$ 254,070	\$ 253,682	\$ 253,482
Capital Improvement Fund	\$ 2,051,648	\$ 2,113,307	\$ 467,200	\$ 601,200	\$ 1,082,663	\$ 1,082,663
Internal Service Funds						
Stores	\$ 33,727	\$ 28,215	\$ 37,250	\$ 34,500	\$ 37,250	\$ 37,250
Information Technology	239,084	248,258	289,000	289,000	247,900	247,900
Equipment Replacement	107,898	430,418	91,000	91,000	266,500	243,500
Self-Insurance Liability	388,016	534,455	419,299	419,299	404,486	424,660
Workers' Compensation	408,513	313,697	304,814	304,814	310,045	325,547
Compensated Absences	226,128	213,069	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 1,403,365	\$ 1,768,111	\$ 1,341,363	\$ 1,338,613	\$ 1,466,181	\$ 1,478,858
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 194,297	\$ 98,063	\$ 98,000	\$ 92,500	\$ 78,000	\$ 78,000
TOT Restricted Revenue	-	-	56,000	56,000	109,377	110,471
Gas Tax	196,748	217,970	261,000	224,337	280,337	279,837
RTC Streets	-	108,602	300,000	332,174	890,000	300,000
Library	450,591	724,209	10,090,000	4,109,393	8,200,000	-
SB1 RMRA	-	58,000	-	-	345,000	-
Wharf	96,458	182,955	94,600	94,600	126,150	89,150
General Plan Update and Maint.	89,730	38,378	47,000	30,500	46,000	46,000
Green Building Education	1,956	-	38,000	1,000	38,000	38,000
Public Arts Fee	7,635	80,600	103,000	43,200	59,000	59,000
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Technology Fee	13,990	8,566	15,000	9,500	12,500	12,500
PEG-Public Education and Gov.	110	14,232	24,400	14,400	27,000	27,000
BIA-Capitola Village-Wharf BIA	59,563	66,611	104,037	96,000	110,780	110,780
CDBG Grants	122,607	182,371	-	2,500	6,200	6,200
CDBG Program Income	-	-	-	100	-	-
HOME Reuse	3,200	3,200	3,200	-	3,700	3,700
Housing Trust	25,000	25,000	50,000	50,000	25,000	25,000
Cap Hsg Succ- Program Income	54,526	24,281	32,500	32,500	37,500	37,500
Total Special Revenue Funds	\$ 1,416,410	\$ 1,933,038	\$11,416,737	\$ 5,288,704	\$ 10,494,544	\$ 1,323,138
Successor Agency	\$ 165,951	\$ 373,617	\$ 264,387	\$ 217,024	\$ 145,000	\$ -
Total Expenditures - All Funds	\$20,275,990	\$23,387,796	\$29,740,570	\$ 23,523,981	\$ 30,149,263	\$ 21,673,821

Five-year Financial Plan

Identifying future financial milestones is a critical component of long-term fiscal planning. The following list identifies those changes that will impact the City’s budget in future years. The future financial challenges facing the City include increasing pension costs. The future financial model shows the City can expect to remain positive in future years with declining funds available for capital improvement projects. Excluding Measure F from the calculations, the Fiscal Year 2020/21 will have a negative position.

Key future milestones:

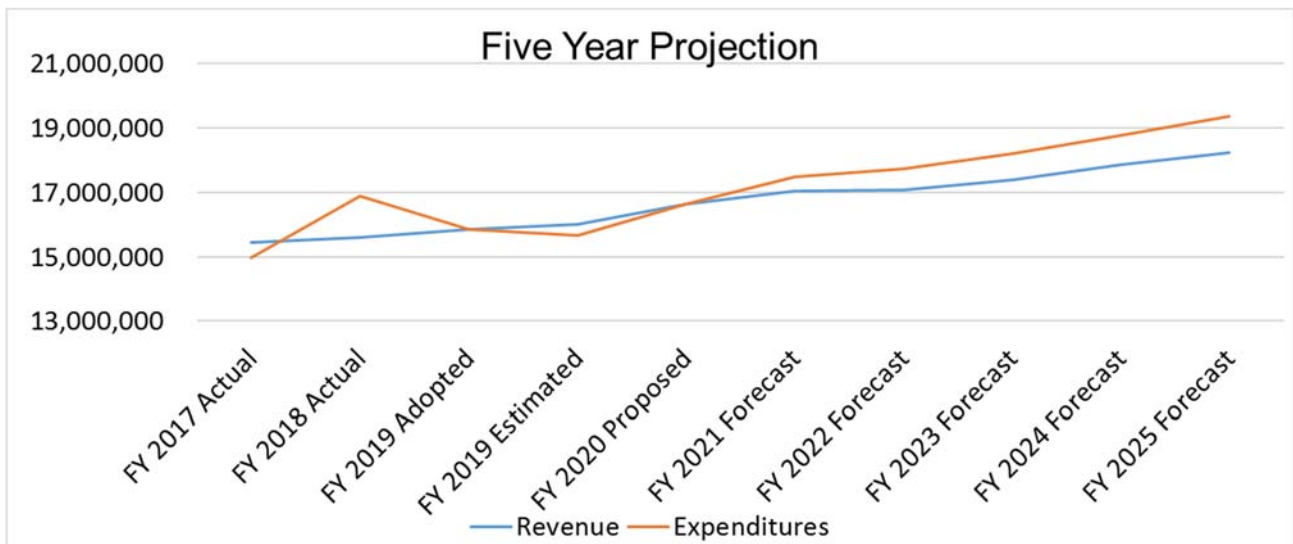
- FY 19/20
 - Scheduled completion of the Capitola Library project
 - First full fiscal year of new TOT revenue
 - Anticipate one-half year of new cannabis business tax revenue
- FY 20/21
 - Scheduled completion of Jetty and Flume projects
- FY 27/28
 - Expiration of Measure F
- FY 28/29
 - Final Pacific Cove Lease Financing Payment

Financial Model Assumptions:

- Slowing revenue growth.
- Stability of sales tax base.
- Measure F revenue directed 100% to Measure F priorities.
- Personnel and retirement contributions increase based on known factors.
- Projected known PERS payments.
- Contracts and supplies increase based on inflationary factor.

Future Challenges:

- Statewide changes in tax policy.
- Increases in retirement unfunded liability payments based on PERS actuarial reports.
- Impact of a slowdown in the local, state and federal economy.
- Potential impact from Mall revitalization.
- Over reliance on sales tax revenue.



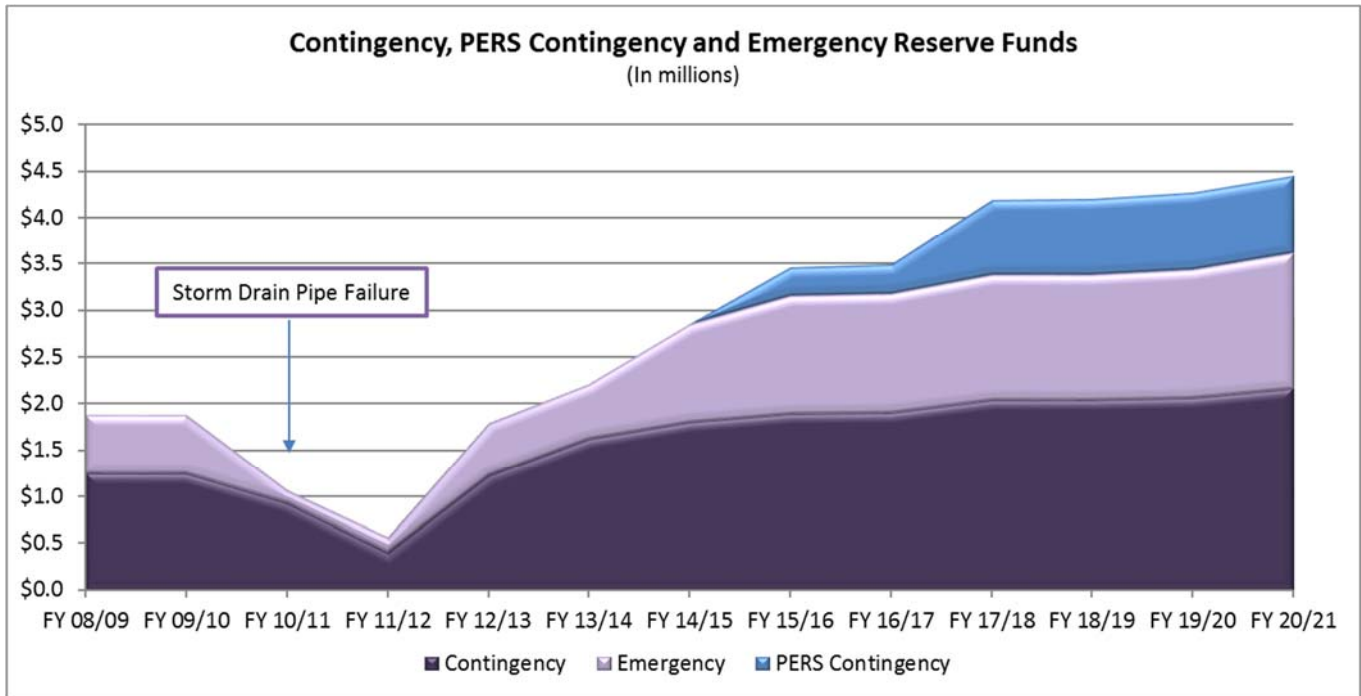
Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

Emergency, PERS Contingency and Contingency Reserves

In 2000 the City adopted Financial Management policies, establishing a fifteen percent Contingency and a ten percent Emergency Reserve Fund. The Contingency Reserve provides a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements. The Emergency Reserve protects against significant one-time costs, which might arise from major unpredictable emergency events.

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

In FY 15/16 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 17/18, the City Council directed staff to put an additional \$500,000 in the PERS trust fund.



Attachment: 2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

OPEB and PERS Trust Funds

The City has been proactive in planning for future liabilities. The City has established two trust funds for future retirement costs. The two trust funds are the OPEB (Other Post-Employment Benefits) Trust Fund, which is used for retiree health premiums, and the PERS Trust Fund, which is used for future PERS retirement costs.

OPEB Trust Fund:

Balance 6/30/2018	\$290,116
FY 2018/19 Contributions	60,000
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2019	\$360,116

PERS Trust Fund:

Balance 6/30/2018	\$815,856
<u>Estimated Interest Earned</u>	<u>30,000</u>
Estimated Balance 6/30/2019	\$845,856

Capital Projects

The adopted budget includes several capital improvement projects utilizing various funding sources. The list below summarizes the projects.

Library Fund

Committed Revenue:	
Measure S	\$10.00 Million
RDA Country Trust Fund	2.67 Million
General Fund transfer	1.55 Million
Fundraising Campaign	600,000
Other Sources	295,000
Total	\$15.15 Million

Equipment Fund

Mini Street Sweeper	\$105,000
Ditch Witch-PW	57,000
Police Sergeant Vehicle	60,000
Police Motorcycle	34,500
Total	\$256,500

Measure F Funds (CIP)

Estimated Revenue	\$1,082,663
Wharf	982,663
Flume	50,000
Jetty	40,000

RTC - Measure D Local Funds

Estimated Revenue	\$ 300,000
Park Avenue Sidewalk	\$ 300,000

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

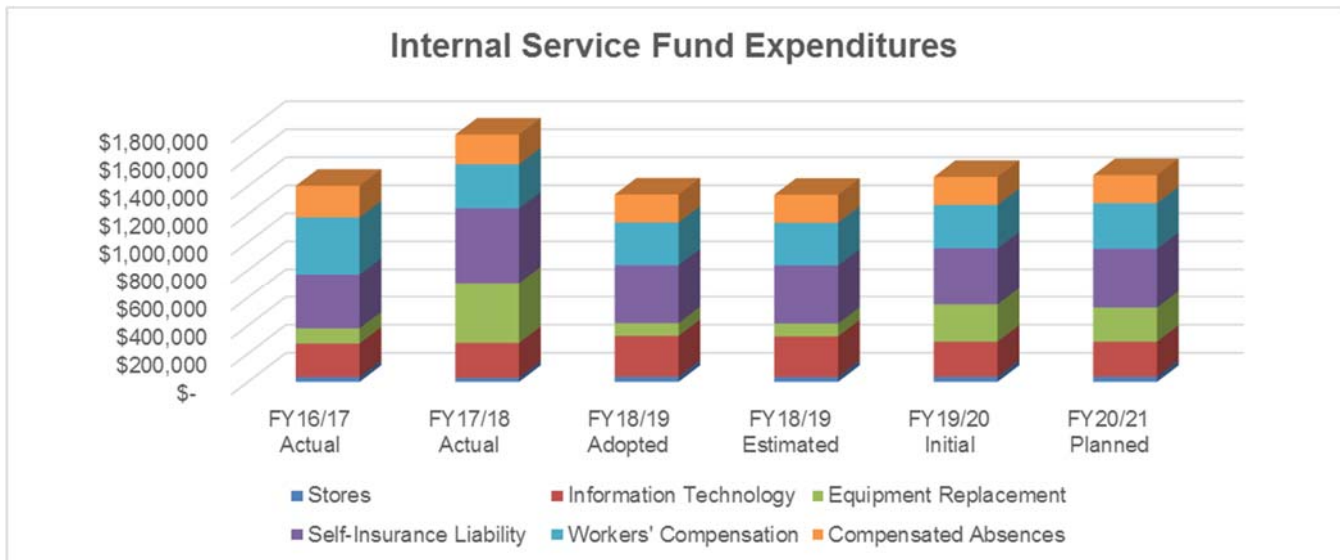
General Fund Resources

General Fund resources include reserve funds (Emergency, Contingency, PERS Contingency, Facilities) and Internal Service Funds designated for funding equipment purchases, risk management, workers' compensation and compensated absences. The reserve funds have specific purposes and require a vote of the Council to expend.

The following table shows the estimated General Fund available resources:

Estimated Year End Fund Balance	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
General Fund	\$1,334,887	\$1,338,088	\$ 927,811
Designated Reserves			
Emergency	1,344,206	1,374,206	1,445,206
Contingency	2,036,346	\$2,061,346	2,166,596
PERS Contingency	825,856	835,856	845,856
Facilities Reserve	381,349	439,349	439,349
Donations	-	-	-
Internal Service Funds			
Stores	35,307	35,307	35,307
Information Technology	158,115	161,615	165,115
Equipment Replacement	310,316	301,216	311,982
Self-Insurance Liability	92,773	91,773	90,773
Workers' Compensation	335,646	335,646	335,646
Compensated Absences	(38,127)	-	-
Total General Fund Resources	\$6,816,672	\$6,974,400	\$6,763,639

The corresponding chart and graph illustrate internal service fund expenditures and the impact of transfers on the affected funds.



Fund Balance Summary

FY 2019/20

	Estimated Balance 7/1/2019	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2020
General Fund	\$ 1,334,887	\$ 16,660,394	\$ -	\$ 14,919,722	\$ 1,737,471	\$ 1,338,088
Designated Reserves						
Contingency Reserve	\$ 2,036,346	\$ 25,000	\$ -	\$ -	\$ -	\$ 2,061,346
PERS Contingency Reserve	825,856	10,000	-	-	-	835,856
Emergency Reserve	1,344,206	-	-	-	-	1,344,206
Donations	-	10,000	-	-	-	10,000
Facility Reserve	381,349	-	108,000	50,000	-	439,349
Total Designated Reserves	\$ 4,587,756	\$ 45,000	\$ 108,000	\$ 50,000	\$ -	\$ 4,690,756
Debt Service						
Pac Cove Lease Financing	133,327	-	165,066	165,066	-	133,327
Pac Cove Park	(39,185)	-	88,616	88,616	-	(39,185)
Total Debt Service	\$ 94,143	\$ -	\$ 253,682	\$ 253,682	\$ -	\$ 94,143
Capital Improvement Fund	\$ 680,288	\$ 50,000	\$ 1,082,663	\$ 1,082,663	\$ -	\$ 730,288
Internal Service Funds						
Stores	\$ 35,307	\$ 37,250	\$ -	\$ 37,250	\$ -	\$ 35,307
Information Technology	158,115	251,400	-	247,900	-	161,615
Equipment Replacement	310,316	177,400	80,000	266,500	-	301,216
Self-Insurance Liability	92,773	403,486	-	404,486	-	91,773
Workers' Compensation	335,646	310,045	-	310,045	-	335,646
Compensated Absences	(38,127)	238,127	-	200,000	-	-
Total Internal Service Funds	\$ 894,030	\$ 1,417,708	\$ 80,000	\$ 1,466,181	\$ -	\$ 925,557
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 18,001	\$ 100,400	\$ -	\$ 78,000	\$ -	\$ 40,401
TOT Restricted Revenue	-	109,377	-	109,377	-	-
Gas Tax	663	279,855	-	280,337	-	181
RTC Streets	390,441	500,000	-	890,000	-	441
Library	2,624,410	5,575,590	-	8,200,000	-	-
SB1 RMRA	170,595	175,000	-	345,000	-	595
Wharf	33,615	92,800	-	126,150	-	265
General Plan Update and Maint	107,493	50,000	-	46,000	-	111,493
Green Building Education	176,413	15,000	-	38,000	-	153,413
Public Arts Fee	171,107	100,000	-	59,000	-	212,107
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	57,090	11,500	-	12,500	-	56,090
PEG-Public Education and Gov.	79,741	16,500	-	27,000	-	69,241
Capitola Village/Wharf BIA	14,198	75,000	29,000	110,780	-	7,418
CDBG Grants	39,403	-	-	6,200	-	33,203
CDBG Program Income	58,611	-	-	-	-	58,611
HOME Reuse	531,674	-	-	3,700	-	527,974
Housing Trust	250,598	30,000	-	-	25,000	255,598
Cap Hsg Succ- Program Income	179,568	-	-	37,500	-	142,068
Total Special Revenue Funds	\$ 4,904,359	\$ 7,131,022	\$ 129,000	\$ 10,369,544	\$ 125,000	\$ 1,669,837
Successor Agency	\$ 372,983	\$ -	\$ -	\$ 145,000	\$ -	\$ 227,983
Tot. Fund Balance - All Funds	\$ 12,868,445	\$ 25,304,124	\$ 1,653,345	\$ 28,286,792	\$ 1,862,471	\$ 9,676,651

Attachment: i2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

Fund Balance Summary

FY 2020/21

	Estimated Balance 7/1/2020	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2021
General Fund	\$ 1,338,088	\$ 17,075,404	\$ -	\$ 15,667,460	\$ 1,818,221	\$ 927,811
Designated Reserves						
Contingency Reserve	\$ 2,061,346	\$ -	\$ 87,274	\$ -	\$ -	\$ 2,148,620
PERS Contingency Reserve	835,856	10,000	-	-	-	845,856
Emergency Reserve	1,344,206	-	71,541	-	-	1,415,747
Donations	10,000	-	-	-	-	10,000
Facility Reserve	439,349	-	10,000	50,000	-	399,349
Total Designated Reserves	\$ 4,690,756	\$ 10,000	\$ 168,815	\$ 50,000	\$ -	\$ 4,819,571
Debt Service						
Pac Cove Lease Financing	133,327	-	165,066	165,066	-	133,327
Pac Cove Park	(39,185)	-	88,416	88,416	-	(39,185)
Total Debt Service	\$ 94,143	\$ -	\$ 253,482	\$ 253,482	\$ -	\$ 94,143
Capital Improvement Fund	\$ 730,288	\$ -	\$ 1,082,663	\$ 1,082,663	\$ -	\$ 730,288
Internal Service Funds						
Stores	\$ 35,307	\$ 37,250	\$ -	\$ 37,250	\$ -	\$ 35,307
Information Technology	161,615	251,400	-	247,900	-	165,115
Equipment Replacement	301,216	184,265	70,000	243,500	-	311,982
Self-Insurance Liability	91,773	423,660	-	424,660	-	90,773
Workers' Compensation	335,646	325,547	-	325,547	-	335,646
Compensated Absences	-	-	200,000	200,000	-	-
Total Internal Service Funds	\$ 925,557	\$ 1,222,123	\$ 270,000	\$ 1,478,858	\$ -	\$ 938,822
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 40,401	\$ 100,400	\$ -	\$ 78,000	\$ -	\$ 62,801
TOT Restricted Revenue	-	110,471	-	110,471	-	-
Gas Tax	181	279,855	-	279,837	-	199
RTC Streets	441	300,000	-	300,000	-	441
Library	-	-	-	-	-	-
SB1 RMRA	595	175,000	-	-	-	175,595
Wharf	265	92,800	-	89,150	-	3,915
General Plan Update and Maint	111,493	50,000	-	46,000	-	115,493
Green Building Education	153,413	15,000	-	38,000	-	130,413
Public Arts Fee	212,107	50,000	-	59,000	-	203,107
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	56,090	11,500	-	12,500	-	55,090
BIA-Capitola Village-Wharf BIA	7,418	75,000	29,500	110,780	-	1,138
CDBG Grants	33,203	-	-	6,200	-	27,003
CDBG Program Income	58,611	-	-	-	-	58,611
HOME Reuse	527,974	-	-	3,700	-	524,274
Housing Trust	255,598	30,000	-	-	25,000	260,598
Cap Hsg Succ- Program Income	142,068	-	-	37,500	-	104,568
Total Special Revenue Funds	\$ 1,669,837	\$ 1,290,026	\$ 129,500	\$ 1,171,138	\$ 125,000	\$ 1,723,984
Successor Agency	\$ 227,983	\$ -	\$ -	\$ -	\$ -	\$ 227,983
Tot. Fund Balance - All Funds	\$ 9,676,651	\$ 19,597,553	\$ 1,904,460	\$ 19,703,601	\$ 1,943,221	\$ 9,462,601

Attachment: i2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

GENERAL FUND REVENUES



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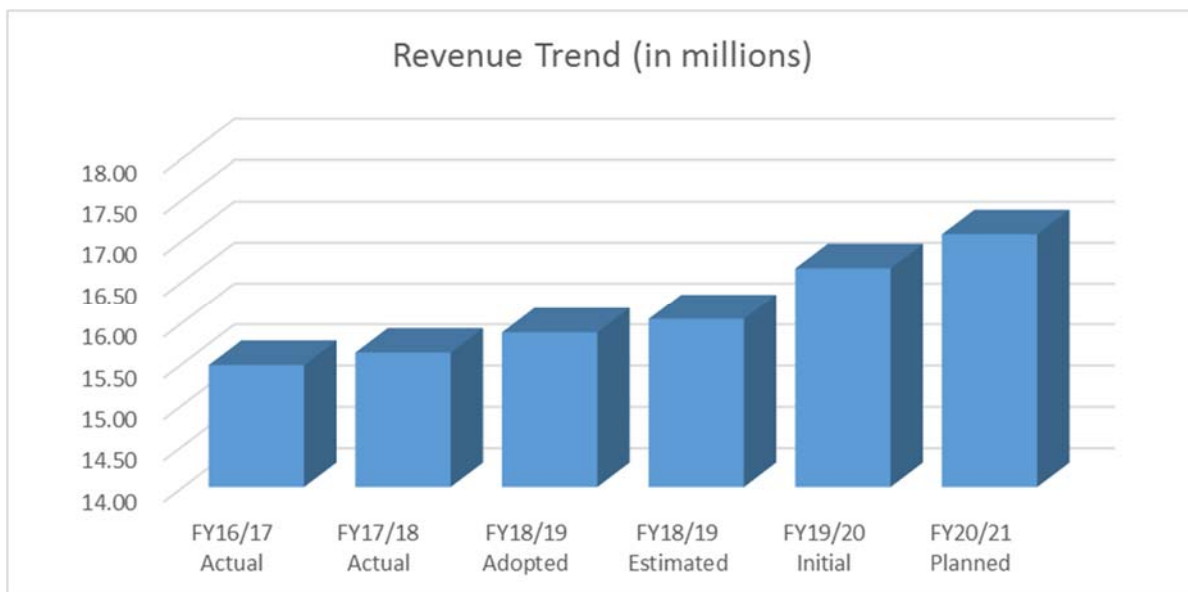
General Fund Revenues

Revenues for the FY 2019/20 General Fund operating budget total \$16.66 million, an increase of approximately \$785,000 or 4.95 percent, with property tax, sales tax, charges for services and the new cannabis business tax primarily responsible for the increase offset by reductions in intergovernmental and other revenues. Property tax revenues remain strong as assessed values (basis for property tax levies) continue to increase with changes in ownership, reinstatement of assessed values lowered during the Great Recession, and an additional 2% CPI increase per Prop 13 provisions. Sales tax collections slightly increase with strong taxable sales driven by a few sectors of the local economy offset by small reductions in other sectors. Transient Occupancy Tax (TOT) is expected to increase with the passage of Measure J in 2018. Sales tax and TOT revenue growth has continued to slow from the growth rates of the last three fiscal years but is still slightly increasing.

A summary of major revenue changes between the FY 2018/19 adopted and FY 19/20 proposed budgets is listed below:

- Property Taxes incl. Motor Vehicle In-Lieu \$ 160,653 (6.46%)
- Sales Tax 126,252 (2.23%)
- Cannabis Business Tax 250,000 (100%)
- Other Taxes – Franchise Fee, TOT, etc. 40,428 (1.80%)
- Other Revenue Categories 207,947 (6.21%)
- \$ 785,281

General Fund Revenues						
	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
	Actual	Actual	Adopted	Estimated	Initial	Planned
Taxes	\$ 12,228,390	\$12,198,312	\$12,527,136	\$12,797,590	\$13,104,469	\$13,534,084
Licenses and permits	597,896	680,142	644,704	600,900	607,300	608,954
Intergovernmental revenues	134,865	189,800	141,000	112,300	108,000	108,000
Charges for services	1,809,353	1,757,663	1,850,723	1,807,330	2,089,924	2,073,504
Fines and forfeitures	557,117	556,560	543,500	542,500	563,500	563,500
Use of money & property	76,082	118,385	101,200	116,200	131,200	131,200
Other revenues	74,232	127,844	66,850	61,150	56,000	56,163
General Fund Revenues	\$ 15,477,935	\$15,628,706	\$15,875,113	\$16,037,970	\$16,660,394	\$17,075,404



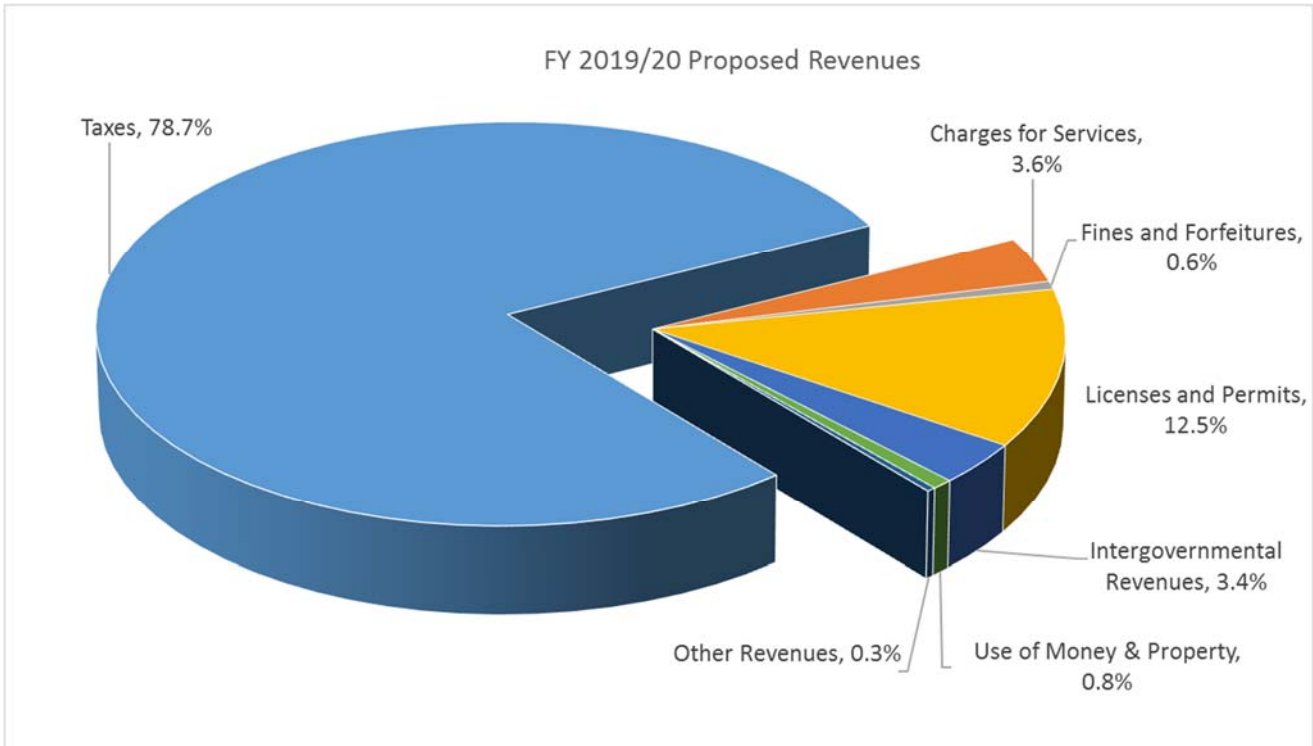
General Revenue Information

The City does not receive General Fund revenues in equal monthly increments. While the City receives some revenue regularly throughout the fiscal year, some is received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola's lowest cash balances occur in April and again in mid-December prior to property tax revenue being received. Mid-December in prior years was significantly lower due to the State's Triple-Flip. The State reduced our sales tax by 0.25 percent and reimbursed the City, through property tax, in December. With the Triple-flip completed, we now receive our sales tax revenue consistently throughout the year. The City developed a cash flow model to assist with on-going cash flow variability and to identify reserve requirements. While monitoring the City's cash flow has always been a priority, the need to identify patterns became more critical during the disaster recovery period when reserves were nearly depleted. In FY 2012/13 the City approved increasing the Contingency Reserve balance from 10 percent to 15 percent to assist in covering potential cash flow deficits. The City has maintained these increased reserves and the FY 2019/20 budget does not utilize any reserve funds.

Projections for each source of revenue include a review of historical trends, the local economy, new business development, and pending legislation. Due to significant changes, the City is closely monitoring the following five core revenues, which represent over 80 percent of the General Fund:

• Sales Tax	\$7,965,326
• Transient Occupancy Tax	1,640,657
• Parking Meters	857,924
• Parking Fines	378,800
• Property Taxes	<u>2,598,486</u>
	\$13,441,193

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



Attachment: 2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

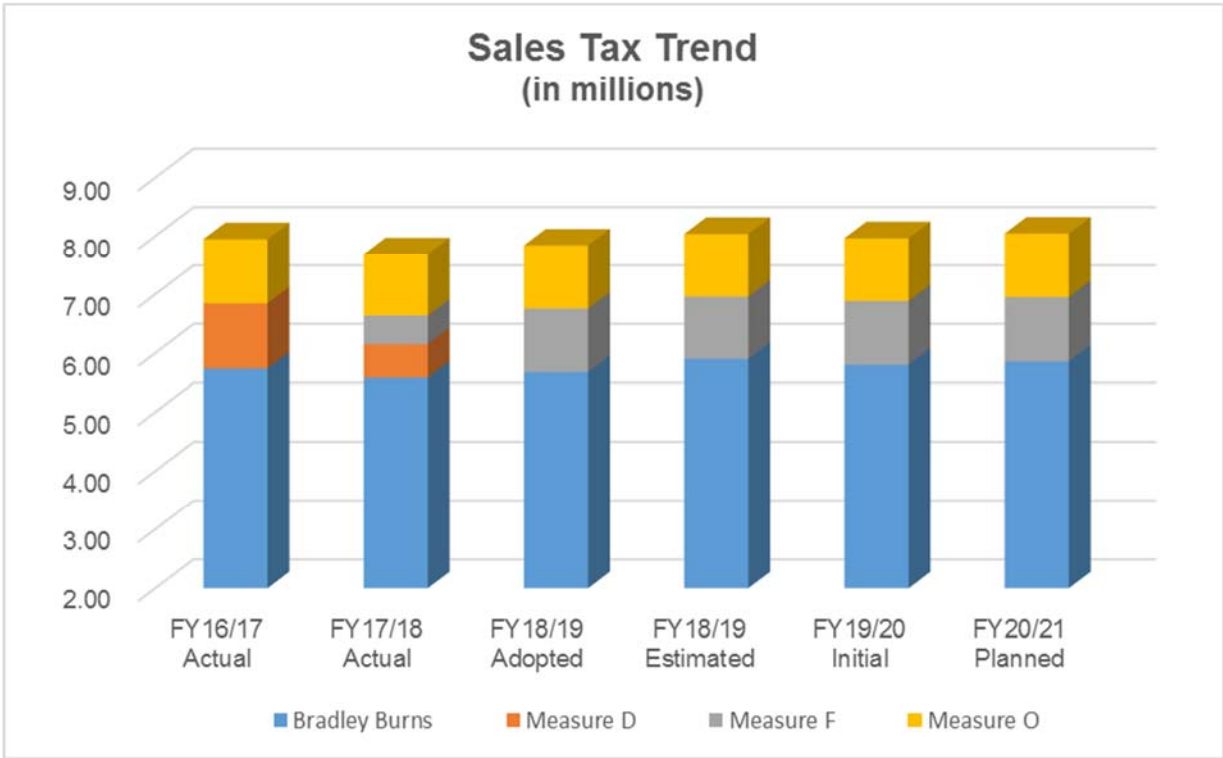
Sales Tax

The City of Capitola sales tax consists of one percent Bradley Burns, a quarter percent Capitola District Tax (Measure F), and a permanent quarter percent Capitola District Tax (Measure O). In FY 2019/20 annual sales tax revenue is estimated to be \$7.97 million, with approximately \$2.2 million in revenues contributed by Measure O, and Measure F.

Sales tax by Geographic Area	
Area	% of Total
41st Ave. Corridor	84.4%
Capitola Village	8.4%
Upper Village	5.9%
Light Industrial Distr.	1.3%
	100.0%

The Finance Department works closely with HdL, the City’s sales tax consultant, on tax recovery, statistics, and projections. Sales tax projections are based on a combination of “most likely” estimates provided by HdL, internal quarter over quarter analyses, and the impact of one-time events. In FY 2019/20, Bradley Burns sales tax revenue is anticipated to increase by approximately 2.23 percent, or \$126,252, over the FY 2018/19 budgeted amount. The City’s sales tax collections are heavily dependent on the top five generators and are anticipated to grow slightly despite the loss of both Sears and Orchard Supply Hardware in late 2018.

The chart below illustrates sales tax performance including the sunset of Measure D and start of Measure F.



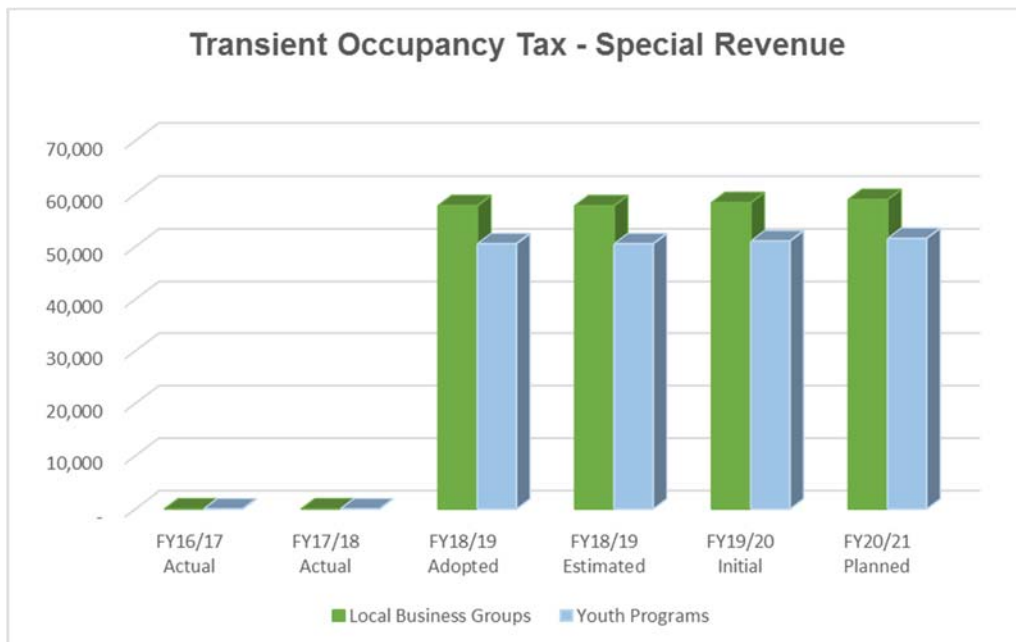
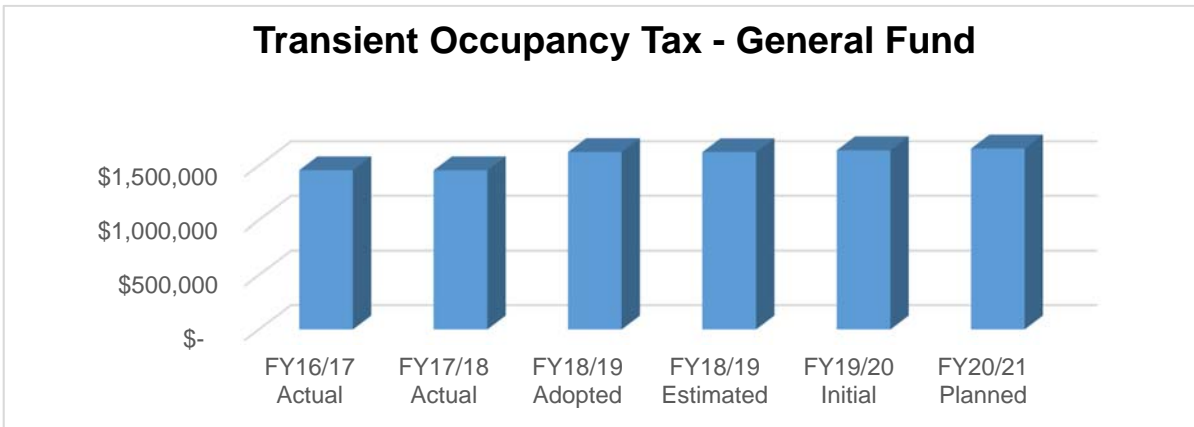
Transient Occupancy Taxes (TOT)

Hotel tax, also known as the Transient Occupancy Tax (TOT), charges rental accommodation of less than 30 days a 12 percent tax of which 0.75% is restricted for local business groups and youth programs. In FY 2019/20 TOT tax accounts for approximately ten percent of General Fund operating revenues. The City's TOT revenues come from the following sources:

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

The City's TOT collections have been leveling off the last two fiscal years following eight years consistent growth. The projected increase for FY 2019/20 is one percent over the amended FY 2018-19 budget that includes the two percent increase related to the passage of Measure J. The reason for the slowed growth is primarily due to a lack of available rooms. For the last several years, hotels have experienced high occupancy rates leaving little room for increased TOT revenues.

The following chart illustrates the continued growth of TOT revenues within the City. Due to Capitola's seaside location, proximity to regional attractions, and continued signs of economic recovery, the City is continuing efforts to attract another hotel to the area.



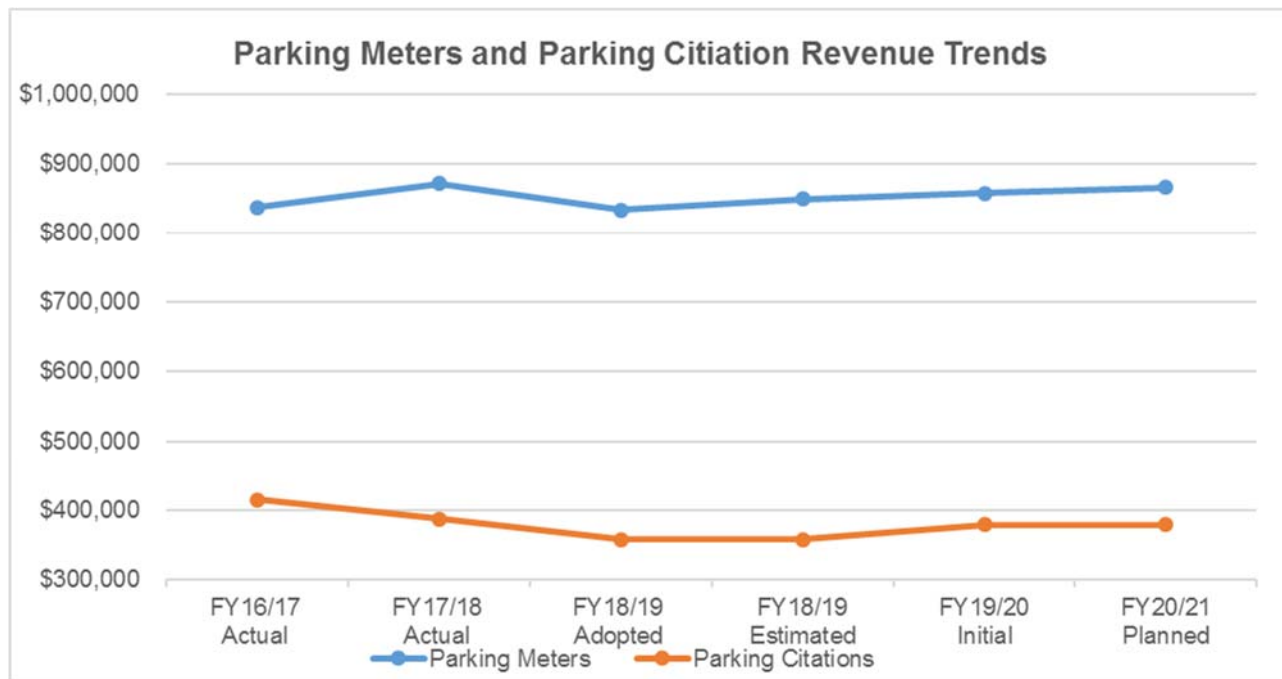
Attachment: 2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

Parking Meters and Parking Fines

In FY 2019/20 parking meter and parking fine revenues are estimated to contribute approximately \$1.24 million to the General Fund. Revenue sources include fees collected from the meters and fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. At the end of FY 2013/14, a 226-space parking lot opened adjacent to the existing Pacific Cove Parking Lot and City Hall. The FY 2019/20 budget includes a \$100,000 general fund transfer to the parking reserve fund to help meet debt service obligations related to the opening of parking lot. During the summer, the City offers shuttle bus service from the parking lots to the Village, beach, and Capitola Wharf. Projected revenues for each location are estimated below:

Location	Spaces		FY19/20 Initial		Avg. Meter Rev. per Space
Village	195	\$	595,900	\$	3,056
Cliff Drive	65	\$	96,910	\$	1,491
Pacific Cove - Upper Lot	232	\$	116,150	\$	501
Pacific Cove - Lower Lot	226	\$	48,965	\$	217

The following chart illustrates parking meter revenue and parking citation revenue trends within the City. Overall, the revenue trend has increased for the last several years with an estimated decrease in FY 2016/17 due to a wet winter that reduced visitors. In FY 2015/16 the City implemented 3-hour parking in the Village. The change has had a positive impact on meter revenue while decreasing citations.



The FY 2019/20 budget projects parking meter and parking fine revenue will increase one percent compared to the estimated prior year receipts.

Property Taxes

Property Taxes, an Ad Valorem Tax imposed on real property and tangible personal property, are levied at one percent of the assessed value of the property. The City receives 7.47 percent of each one percent, or 75 cents per \$1,000, of assessed property value.

In FY 2019/20 property tax revenue is estimated to be \$2.6 million, representing a four and one-half percent increase over the estimated collection amount from FY 2018/19. The City's collections are consistent with information from the County Auditor-Controller's Office, which indicated that property valuations in Capitola are rising at a rate of four to four and one-half percent annually.

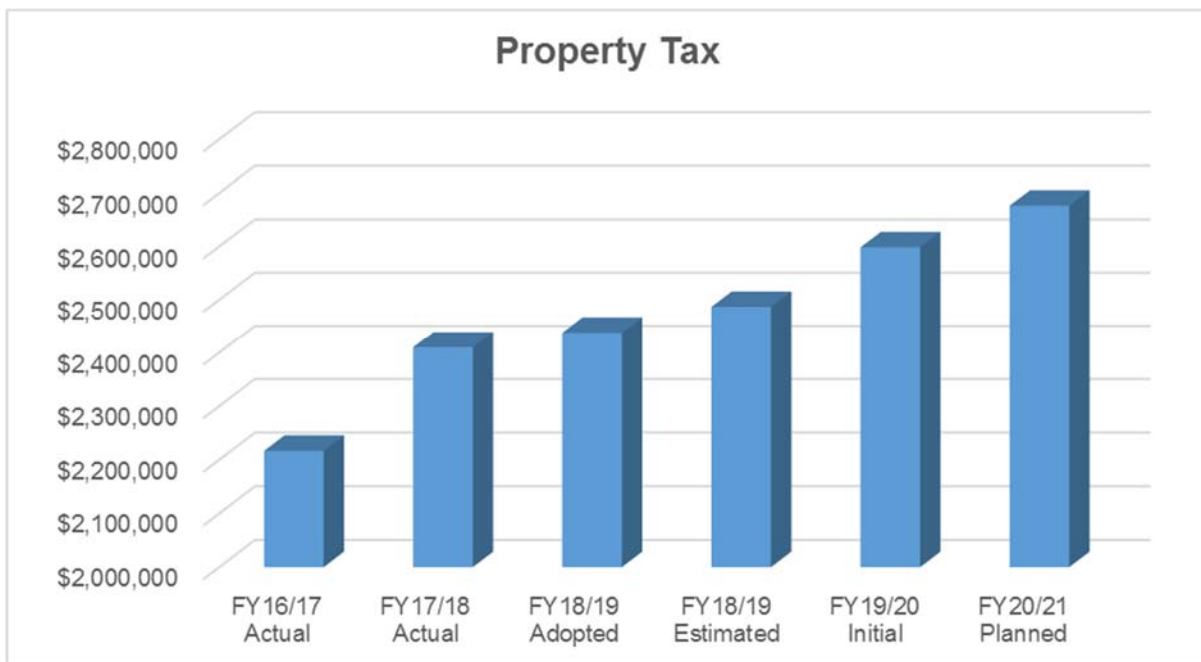
In the FY 2019/20 budget, base property tax revenues are projected to increase approximately four and one-half percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. A growth factor of four percent of the assessed property valuation was used to estimate FY 2020/21 property tax revenue.

Property taxes are received based on the following distribution schedule:

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

Property Taxes in-lieu-of Vehicle License Fees

Property Tax in-lieu-of Vehicle License Fee revenue has increased an average of six percent per year over the last several years. However, staff used the same four and one-half percent increase projected in FY 2019/20. This increase continues to be consistent with the rising property values outlined by the Auditor-Controller's Office. Due to the relatively flat history associated with these revenues, conservative estimates of three percent have been applied to the upcoming fiscal years.



Revenue Summary

	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Taxes						
Property Taxes	\$ 2,216,455	\$ 2,409,907	\$ 2,437,833	\$ 2,486,590	\$ 2,598,486	\$ 2,676,441
Sales Tax- Bradley Burns	5,737,543	5,582,863	5,673,748	5,900,000	5,800,000	5,858,000
Sales Tax- Measure D	1,107,022	565,592	-	-	-	-
Sales Tax- Measure O	1,103,267	1,053,313	1,082,664	1,079,000	1,082,664	1,093,491
Sales Tax- Measure F	-	486,191	1,082,662	1,058,000	1,082,662	1,093,489
Document Transfer Tax	71,885	88,074	85,000	90,000	90,000	90,000
Franchise Tax	534,513	555,474	540,816	560,000	560,000	565,600
Transient Occupancy Tax	1,457,704	1,456,898	1,624,413	1,624,000	1,640,657	1,657,064
Cannabis Retail Tax	-	-	-	-	250,000	500,000
Total	\$ 12,228,390	\$ 12,198,312	\$ 12,527,136	\$ 12,797,590	\$ 13,104,469	\$ 13,534,084
Licenses and permits						
Business License	\$ 301,445	\$ 308,236	\$ 302,304	\$ 310,000	\$ 305,300	\$ 306,827
Building Permits	163,173	227,993	210,000	160,000	165,000	165,000
Cannabis Annual License Fee	-	-	-	-	5,100	5,228
Encroachment Permits	32,604	33,568	30,000	32,000	30,000	30,000
Special events permit	1,083	1,311	1,000	1,000	1,100	1,100
Entertainment permit	3,322	3,424	4,000	4,000	4,000	4,000
Parking Permits	42,852	43,405	41,100	41,100	40,500	40,500
Planning Permits	53,362	62,093	55,500	52,000	55,500	55,500
Other Permits	56	112	800	800	800	800
Total	\$ 597,896	\$ 680,142	\$ 644,704	\$ 600,900	\$ 607,300	\$ 608,954
Intergovernmental revenues						
Federal and State Grants	\$ 88,624	\$ 153,542	\$ 105,300	\$ 76,600	\$ 72,300	\$ 72,300
Gen gov't - OSB admin	40,000	30,000	30,000	30,000	30,000	30,000
Gen gov't BIA - Fin. support svcs.	4,200	4,200	4,200	4,200	4,200	4,200
Gen gov't CVC - Fin. support svcs.	2,041	2,058	1,500	1,500	1,500	1,500
Total	\$ 134,865	\$ 189,800	\$ 141,000	\$ 112,300	\$ 108,000	\$ 108,000
Charges for Svcs.						
Gen gov't ROPS repmt	\$ -	\$ -	\$ 47,363	\$ -	\$ -	\$ -
Gen gov't Pay stations-Village	585,026	600,150	576,710	590,000	595,900	601,859
Gen gov't Pay stations-Cliff Dr.	99,302	96,411	95,950	95,950	96,910	97,879
Gen gov't Pay station-upper Pac Cove	107,965	120,897	113,120	115,000	116,150	117,312
Gen gov't Pay stations-lower Pac Cove	45,530	53,833	48,480	48,480	48,965	49,454
Gen gov't Green Bldg. Program	-	-	-	-	-	-
Public safety Vehicle release fee	11,471	6,948	10,000	7,500	8,000	8,000
Public safety Police reports	752	415	400	500	500	500
Public safety Booking fees	1,251	750	1,200	-	-	-
Public safety DUI collections	4,100	4,285	2,500	6,000	5,000	5,000
Public Safety Cannabis Application Fee	-	-	-	22,400	-	-
Public safety Spec. events - Police Svcs.	19,357	20,285	14,000	17,000	10,000	10,000
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public works Special events - pw Svcs.	4,660	3,950	2,500	3,500	2,500	2,500
Public works Trash/Cleanup Removal Agmt	2,000	-	-	-	-	-
Public works Stormwater dev. Review	2,046	1,678	1,000	1,000	1,000	1,000
Building fees Building plan check fees	104,710	111,522	110,000	85,000	100,000	100,000
Bldg. Official Reimbursement	-	-	74,000	74,000	95,000	95,000
Comm dev Planning fee - Sr./Assoc plnr cost	47,870	39,680	10,000	10,000	35,000	35,000
Comm Planning fee - assist plnr cost	32,670	24,920	27,000	27,000	25,000	25,000
Comm dev Planning fee - director cost	17,033	4,306	2,000	2,000	10,000	10,000
Comm dev Subdivisions	-	1,903	1,500	1,500	1,500	1,500
Comm dev Planning plan check fee	14,255	25,487	15,000	15,000	10,000	10,000
Comm dev Planning application fee	4,278	222	-	1,500	2,000	2,000
Comm dev Planning - Gen Plan	52,000	25,000	20,000	25,000	25,000	25,000

	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Comm dev Billing to Green Building	-	-	-	-	20,000	5,000
Comm dev Planning - other fees	7,580	12,443	5,000	7,500	56,500	56,500
Comm dev Planning - Code Enforcement	3,039	1,058	3,000	500	3,000	3,000
Recr. fees Class fees	259,757	240,397	275,000	240,000	250,000	250,000
Recr. fees Jr. guard fees	257,798	238,393	265,000	265,000	275,000	265,000
Recr. fees Camp Capitola fees	100,479	96,049	105,000	120,000	175,000	175,000
Recr. Youth Programs	-	-	-	-	97,000	97,000
Recr. fees Sports fees	21,425	23,681	22,000	23,000	22,000	22,000
Total	\$ 1,809,353	\$ 1,757,663	\$ 1,850,723	\$ 1,807,330	\$ 2,089,924	\$ 2,073,504
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 42,579	\$ 69,564	\$ 60,000	\$ 70,000	\$ 60,000	\$ 60,000
Parking Cititation	414,997	387,009	357,500	357,500	378,800	378,800
General Fines	99,541	99,987	126,000	115,000	124,700	124,700
Total	\$ 557,117	\$ 556,560	\$ 543,500	\$ 542,500	\$ 563,500	\$ 563,500
<u>Use of money & property</u>						
Investment earnings	\$ 24,790	\$ 64,788	\$ 50,000	\$ 65,000	\$ 80,000	\$ 80,000
Rents Jade Street facility	6,216	8,333	7,000	7,000	7,000	7,000
Rents Esplanade restaurants	4,244	4,379	4,000	4,000	4,000	4,000
Rents Esplanade - surf trailer	1,532	1,585	1,200	1,200	1,200	1,200
Rents Esplanade bandstand	4,300	4,300	4,000	4,000	4,000	4,000
Lease Rev. Vehicles/Equip.	35,000	35,000	35,000	35,000	35,000	35,000
Total	\$ 76,082	\$ 118,385	\$ 101,200	\$ 116,200	\$ 131,200	\$ 131,200
<u>Other revenues</u>						
Grants, donations, contrib	\$ 8,248	\$ 6,700	\$ 12,000	\$ 2,500	\$ 10,000	\$ 10,000
Arts-Twilight Concert Sponsors	15,600	16,200	16,800	16,800	16,800	16,800
Arts-Movies at the Beach Sponsor	2,000	2,000	2,000	3,500	2,000	2,000
Arts-Art at the Beach Booth Fee	500	1,090	3,000	4,000	3,000	3,000
Arts-Sunday Art & Music Sponsors	5,475	3,270	5,000	5,000	5,000	5,000
Art & Culture Sponsors	-	-	1,200	-	1,200	1,200
Museum donations-Box Revenue	2,081	2,610	1,500	2,000	1,500	1,500
Museum Donations-Fundraising	3,842	4,495	5,000	7,000	5,000	5,000
Memorial plaques and benches	11,718	17,114	5,000	5,000	5,000	5,000
Miscellaneous revenues	24,768	74,365	15,350	15,350	6,500	6,663
Total	\$ 74,232	\$ 127,844	\$ 66,850	\$ 61,150	\$ 56,000	\$ 56,163
Grand Totals	\$ 15,477,935	\$ 15,628,707	\$ 15,875,113	\$ 16,037,970	\$ 16,660,394	\$ 17,075,404

GENERAL FUND EXPENDITURES



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General Fund Expenditures

The FY 2019/20 General Fund expenditure budget proposes increases of \$769,547 from the FY 2018/19 Adopted Budget. Increases in personnel and contract services are the primary reason for the increase. Key differences between the two fiscal years include:

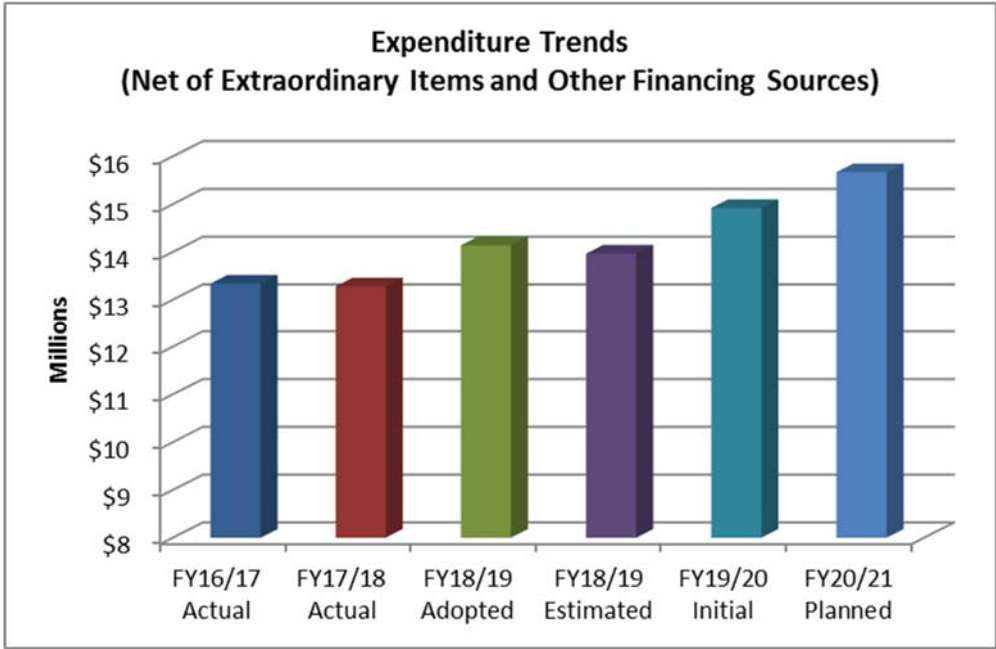
- Total personnel costs (salary and benefits) increased \$726,101 from the FY 2018/19 Adopted Budget due to increased contributions to CalPERS Retirement fund and inflation.
 - Salary costs are \$415,245 higher due to inflation, step increases, and the addition of new programs in recreation.
 - Salary – Permanent increased \$318,144 due to step increases and a 2.25% cost of living adjustment
 - Salary – Temp increased \$97,100 due to added hours related to new recreation programs
 - Overtime decreased \$36,250 primarily due to a decrease in the Police Dept.
- Contract services increased by \$30,225, or 1.05%, above the prior year which is well below the San Francisco area 2018 inflation rate of 3.87%.

The following chart provides an overview of expenditures for FY 2016/17 to FY 2020/21. A complete description of major changes will follow in the related expenditure detail pages.

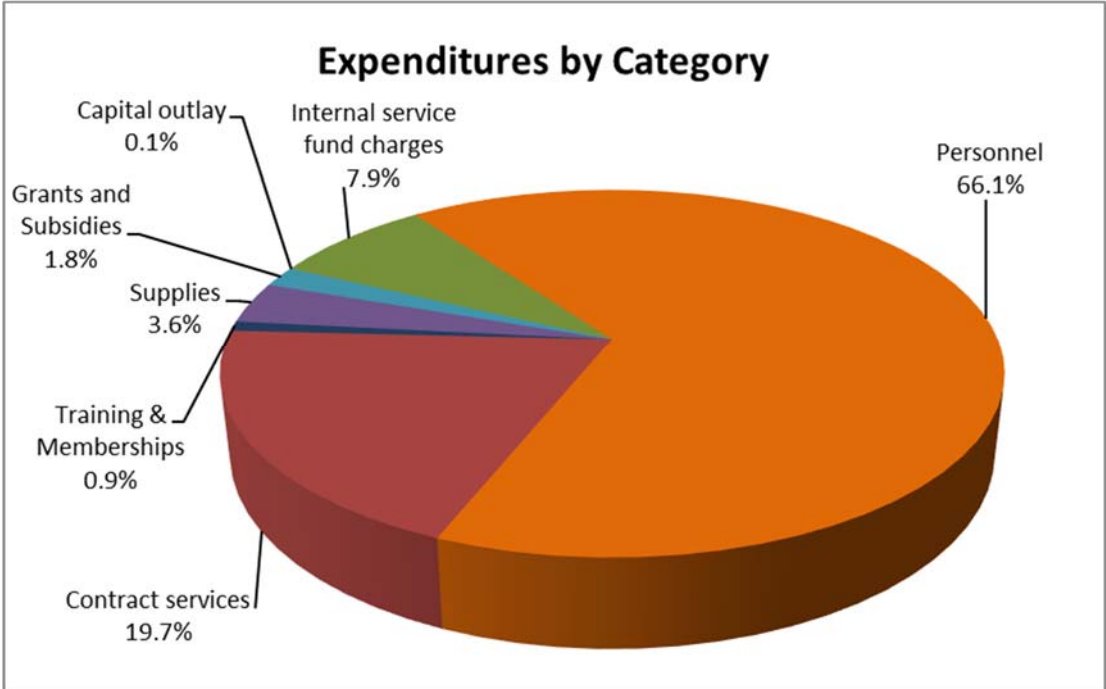
General Fund Expenditures Summary

Major Categories	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Personnel	\$8,668,590	\$8,335,863	\$9,140,487	\$8,974,984	\$9,866,589	\$10,521,666
Contract services	2,629,762	2,790,989	2,871,000	2,874,200	2,935,425	2,974,790
Training & Memberships	83,058	85,108	126,850	94,850	128,070	129,070
Supplies	526,946	544,148	503,250	536,600	543,911	548,311
Grants and Subsidies	269,884	269,884	272,288	272,288	269,647	275,000
Capital outlay	-	7,121	15,000	-	-	-
Internal service fund	1,159,000	1,246,350	1,209,105	1,212,605	1,176,081	1,218,623
Subtotal	\$13,337,240	\$13,279,463	\$14,137,980	\$13,965,527	\$14,919,723	\$15,667,460
Other financing uses	1,646,995	3,622,550	1,733,843	1,733,843	1,737,471	1,818,221
Expenditure Total	\$14,984,235	\$16,902,013	\$15,871,823	\$15,699,370	\$16,657,194	\$17,485,681

The following chart provides an overview of expenditure trends, excluding transfers. Expenditures are trending upward mainly due to personnel and contract service increases.

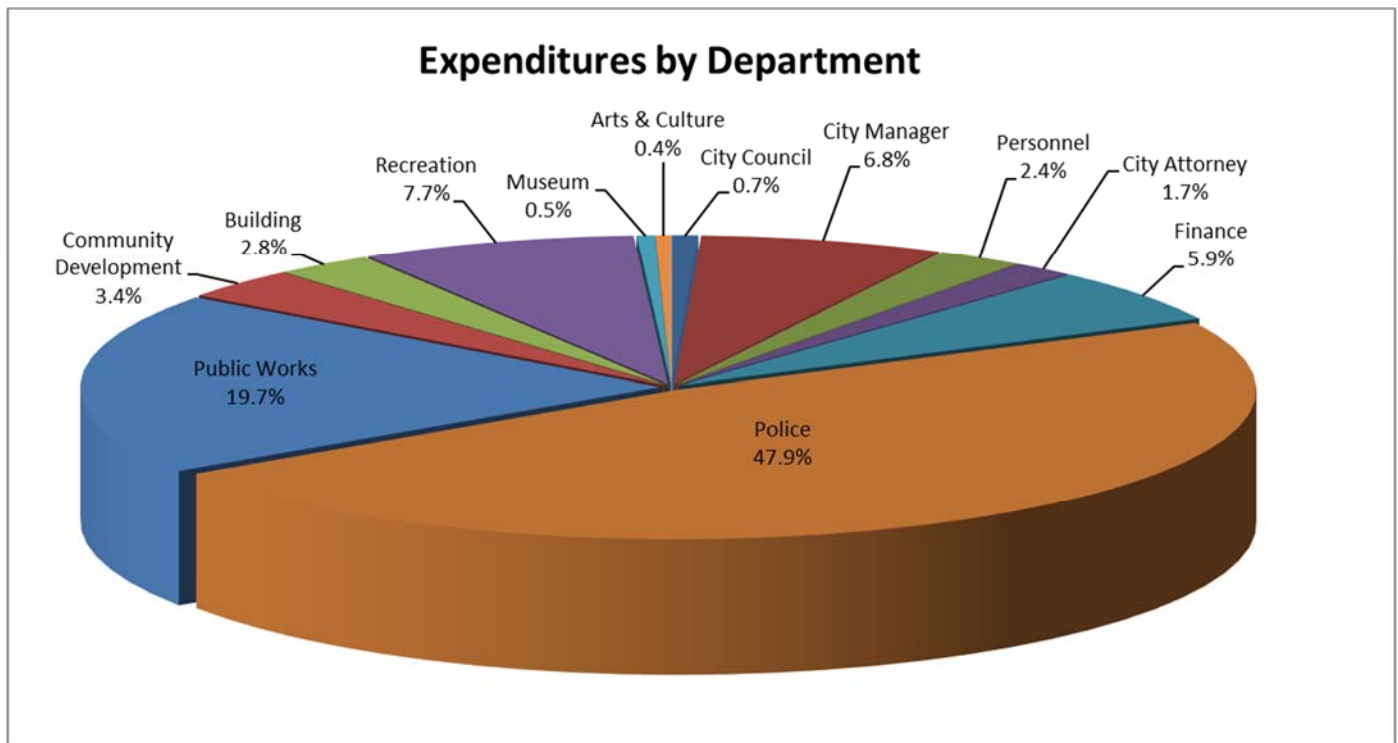


A chart displaying the percentage of expenditures by category is also provided for reference. Since personnel costs increased \$726,101 over the prior fiscal year, the ratio of personnel services to total expenditures increased from 64.7 percent to 66.2 percent. Other notable changes were in contract services, which decreased from 20.3 percent to 19.5 percent, and internal service charges, which decreased from 8.5 percent to 7.9 percent.



General Fund Department Expenditures

Department	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
City Council	\$150,530	\$149,811	\$160,400	\$160,400	\$108,637	\$106,231
City Manager	792,273	784,431	873,274	873,274	999,679	1,066,738
Personnel	328,821	349,636	345,908	328,192	358,422	379,939
City Attorney	268,056	272,869	280,000	280,000	255,000	255,000
Finance	814,287	793,547	840,792	835,492	867,774	907,495
Community Grants	269,884	269,884	272,288	272,288	269,647	275,000
Police - Law Enforcement	5,774,756	5,691,459	5,903,410	5,963,919	6,325,034	6,693,059
Police - Pkg. Enforcement	541,809	504,408	534,920	519,620	528,870	546,120
Police - Lifeguard Svcs.	75,519	89,043	80,754	80,754	87,446	87,564
Police - Animal Services	24,954	39,184	54,902	54,902	72,361	84,599
Public Works - Streets	1,407,390	1,478,558	1,571,392	1,556,392	1,583,649	1,660,921
Public Works-Storm Water	147,152	124,972	150,177	150,177	156,029	160,705
Public Works - Facilities	192,246	197,271	228,692	228,392	261,980	262,376
Public Works - Fleet	276,119	304,280	345,284	343,284	402,458	417,835
Public Works - Parks	473,366	453,449	472,776	456,356	474,740	490,233
Community Development	511,545	449,916	470,678	468,402	491,932	521,403
Building	236,626	233,753	379,133	361,497	406,571	431,435
Recreation	919,506	952,250	1,017,264	1,017,264	1,131,528	1,178,512
Museum	68,486	73,575	70,306	70,306	74,344	77,334
Art & Cultural	63,915	67,169	63,869	62,469	63,621	64,961
Subtotal	\$13,337,240	\$13,279,465	\$14,116,219	\$14,083,380	\$14,919,722	\$15,667,460
Transfers & Other	\$1,646,995	\$3,622,550	\$1,733,843	\$1,733,843	\$1,737,471	\$1,818,221
Expenditure Total	\$14,984,235	\$16,902,015	\$15,850,062	\$15,817,223	\$16,657,193	\$17,485,681



General Fund Expenditures

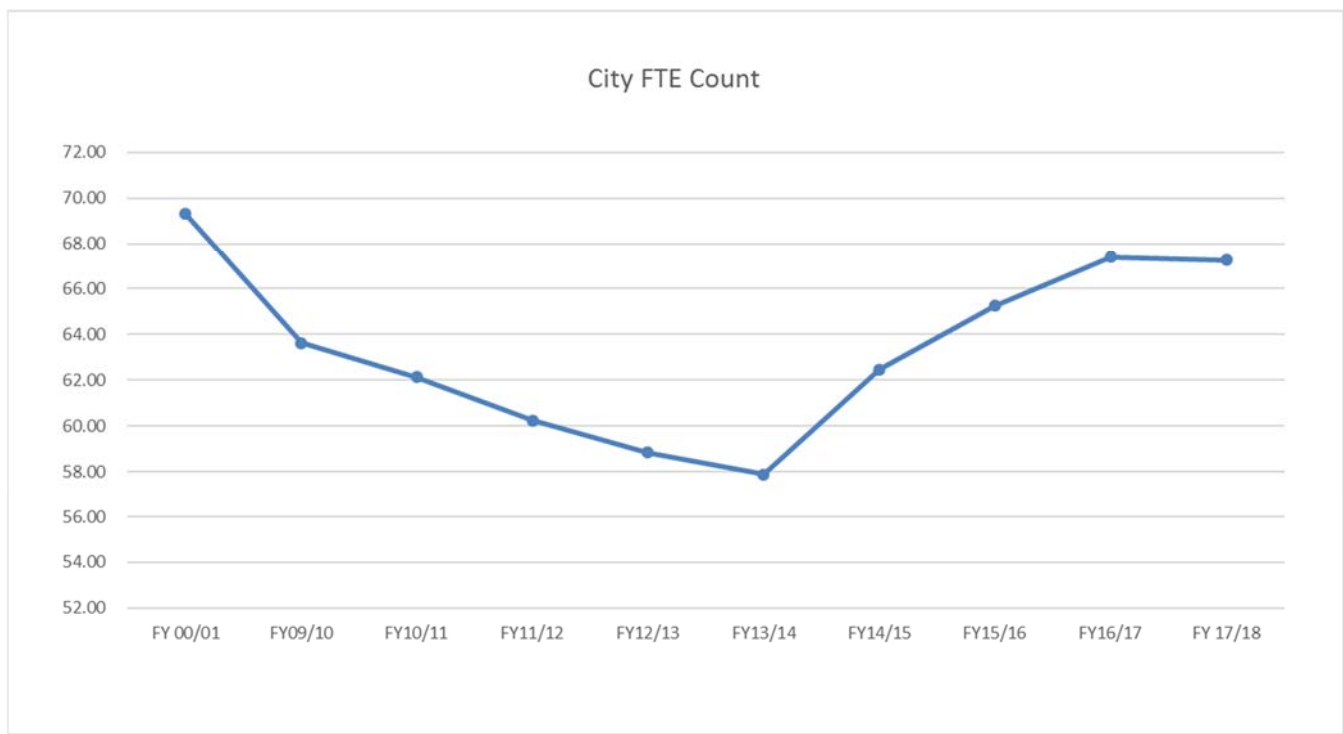
SALARIES & BENEFITS

All positions listed in the General Fund are fully funded with full benefit costing. Fully benefited positions are budgeted at their current step plus an assumption that they will move to the next step unless they are already at the top step of their classification. Specialty pays are budgeted as a separate line item.

New positions budgeted for in FY 2019/20 include increasing the current three-quarter time Recreation Assistant to a full-time position and adding an additional full-time Recreation Assistant. Other personnel changes include the Information Specialist that was added with the FY 2018-19 budget amendment and moving the Mechanic I to full-time rather than half time as a Mechanic I and half time as a Maintenance Worker I.

The table below summarizes the total FTE count by department, and the following page provides a detail summary of the staffing budget changes.

General Fund	FY 00/01 Actual	FY09/10 Actual	FY10/11 Actual	FY11/12 Actual	FY12/13 Actual	FY13/14 Actual	FY14/15 Actual	FY15/16 Actual	FY16/17 Actual	FY 17/18 Actual	FY 18/19 Adopted	FY 19/20 Proposed
Elected												
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0
Elected - Total FT	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00
Fully Benefited by Dept												
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	4.38	4.38	3.95	3.38	4.33	3.91	4.50	4.50	4.50	3.75	3.75
City Manager	5.50	6.75	6.75	7.00	7.00	7.00	6.90	6.00	7.00	6.00	6.00	7.00
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50	0.50
Police	31.30	30.25	30.25	29.59	28.59	27.59	30.65	31.50	31.65	31.50	30.50	30.50
CDD	6.67	6.17	4.67	4.12	3.79	3.12	4.50	5.00	5.00	5.00	6.00	6.00
Public Works	14.33	12.33	12.33	11.83	12.33	12.33	13.00	14.00	15.00	16.00	16.00	15.00
Recreation	4.50	3.00	3.00	3.00	3.00	2.75	2.75	3.75	3.75	3.75	3.75	5.00
Dept - Total FTEs	69.30	63.63	62.13	60.24	58.84	57.87	62.46	65.25	67.40	67.25	66.50	67.75
Change from prior year		(6.00)	(1.50)	(1.89)	(1.40)	(0.97)	4.59	2.79	2.15	(0.15)	(0.75)	1.25



General Fund Expenditures

SALARIES & BENEFITS

City services are primarily staff delivered, therefore staffing is the most significant expenditure. The FY 2019/20 budget staffing costs total \$9,866,589. This represents a 6.64% increase from the FY 2018/19 Adopted Budget. This is due to increased costs related to the CalPERS Retirement Fund and inflation.

Staffing by Category	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Salary	\$5,162,829	\$5,262,295	\$5,556,829	\$5,447,413	\$5,874,973	\$6,109,972
Salary Temp	268,787	352,047	347,052	358,863	444,152	460,178
Overtime	243,249	214,939	205,750	185,000	169,500	169,500
Specialty Pay	287,742	296,734	303,796	303,797	303,452	315,590
Benefits	2,705,983	2,209,848	2,727,060	2,679,911	3,074,511	3,466,426
Total	\$8,668,590	\$8,335,863	\$9,140,487	\$8,974,984	\$9,866,589	\$10,521,666

Staffing by Department	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
City Council	\$36,783	\$34,744	\$35,483	\$35,483	\$35,049	\$37,373
City Manager	631,652	595,561	659,615	659,615	805,497	858,902
Personnel	254,622	260,485	283,216	254,000	287,269	306,315
Finance	523,684	505,332	520,372	520,372	550,023	586,490
Law Enforcement	4,348,996	4,215,309	4,527,175	4,400,000	4,825,463	5,146,312
Pkg. Enforcement	240,847	184,923	207,236	207,236	220,991	235,643
Streets	955,099	988,556	1,055,547	1,055,547	1,071,740	1,142,796
Storm Water	60,967	60,971	64,677	64,677	70,529	75,205
Fleet	122,943	132,412	173,629	173,629	220,004	234,590
Parks	229,989	188,753	206,632	206,632	216,826	231,201
Planning	440,919	387,887	403,176	407,000	429,772	458,266
Building	204,593	113,786	316,936	304,000	367,137	391,478
Recreation	562,427	613,475	633,170	633,170	708,649	755,632
Museum	40,033	38,683	37,351	37,351	41,156	43,884
Art & Cultural	15,036	14,986	16,272	16,272	16,486	17,579
Total	\$8,668,590	\$8,335,863	\$9,140,487	\$8,974,984	\$9,866,589	\$10,521,666

General Fund Expenditures

Salaries & Benefits - Salary Assumptions

There are five bargaining groups in the City. Management employees are hired by the City Manager pursuant to a City Council approved compensation plan. Hourly employees are not included in any of these groups and are not represented by a union. The following table lists the different groups and the start and end dates of their current agreements.

<u>Group</u>	<u>Current Agreement</u>	<u>Expiration Date</u>
Assoc. of Capitola Employees/Gen. Govt.	7/1/2018	6/30/2020
Confidential	7/1/2018	6/30/2020
Mid-Management	7/1/2018	6/30/2020
Police Captains	7/1/2018	6/30/2020
Police Officers Association (POA)	11/13/2018	6/30/2021

Overtime

The following table provides the detail for the overtime budget. The overtime budget for the Police Department decreases this year after an increase in recent years due to multiple vacancies.

<u>Overtime</u>	<u>FY16/17 Actual</u>	<u>FY17/18 Actual</u>	<u>FY18/19 Adopted</u>	<u>FY18/19 Estimated</u>	<u>FY19/20 Initial</u>	<u>FY20/21 Planned</u>
City Manager	\$1,322	\$138	\$1,250	\$0	\$1,000	\$1,000
Finance	0	2,230	2,500	0	1,500	1,500
Police*	205,665	192,272	177,500	162,800	142,500	142,500
Public Works	19,494	10,900	20,000	12,000	20,000	20,000
Community Development	0	456	0	200	0	0
Recreation	16,768	8,943	4,500	10,000	4,500	4,500
Total	\$243,249	\$214,939	\$205,750	\$185,000	\$169,500	\$169,500
<i>*Funding Sources for Police Overtime</i>						
General Fund	\$197,743	\$166,424	\$150,000	\$150,000	\$130,000	\$130,000
Grant Funded	7,922	25,848	27,500	12,800	12,500	12,500
	\$205,665	\$192,272	\$177,500	\$162,800	\$142,500	\$142,500

Specialty Pay

The FY 2018/19 budget includes the following specialty pays in the calculation of staffing costs, which are also included in overtime calculations: education, longevity, bilingual, motorcycle, detective pay, senior officer, canine, and shift differential pay.

<u>Specialty Pay</u>	<u>FY16/17 Actual</u>	<u>FY17/18 Actual</u>	<u>FY18/19 Adopted</u>	<u>FY18/19 Estimated</u>	<u>FY19/20 Initial</u>	<u>FY20/21 Planned</u>
City Manager	\$1,540	\$4,079	\$8,113	\$8,113	\$5,211	\$5,328
Finance	2,135	2,372	2,224	2,224	2,204	\$2,254
Police	236,701	247,625	256,017	256,017	269,477	\$275,540
Public Works	36,849	29,490	23,892	23,892	11,793	\$12,059
Community Dev.	2,808	3,367	3,342	3,342	3,185	\$3,257
Recreation	7,710	9,801	10,209	10,209	-	0
Total	\$287,742	\$296,734	\$303,797	\$303,797	\$291,870	\$298,437

General Fund Expenditures

Salaries & Benefits – Retirement Assumptions

Benefits – Post Retirement Medical Benefit

The City of Capitola contributes the minimum amount toward retired employees' health insurance premiums in accordance with Government Code Section 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA). This expenditure is accounted for in the City Manager's personnel department budget. Below is a table showing the PEMHCA minimum going back to 2012.

• January 1, 2012	\$112
• January 1, 2013	\$115
• January 1, 2014	\$119
• January 1, 2015	\$122
• January 1, 2016	\$125
• January 1, 2017	\$128
• January 1, 2018	\$133
• January 1, 2019	\$136

Benefits – Public Employee Retirement System (PERS)

The City offers various defined benefit retirement plans to safety and miscellaneous employees. These retirement plans are administered by the California Public Employee Retirement System ("CalPERS" or "PERS"). The safety plan benefit formula is 3% @ 50 and the miscellaneous plan is 2.5% @ 55 for "classic" PERS members. For employees hired after January 1, 2013, who are subject to the Public Employees' Pension Reform Act (PEPRA), the safety benefit formula is 2.7% @ 57 and the miscellaneous plan is 2% @ 62. A CalPERS member becomes eligible for retirement benefits upon reaching the age of 50 with at least 5 years of service credit (total service across all CalPERS employers).

The City's retirement costs are defined as a percentage of payroll, along with a fixed dollar amount to address the City's Unfunded Actuarial Liability (UAL), which is actuarially determined annually by CalPERS. The UAL in FY 2018/19 was \$1,216,016 and is increasing to \$1,533,072 in FY 2019/20. The most recent CalPERS actuarial reports estimate the UAL through FY 2024/25 at an amount of \$2,340,100 which equates to an increase of approximately 143% in an eight-year span.

PERS Rates. The FY 2019/20 PERS total rate for classic safety members is 30.9%, with employees paying 15% and the city 15.9%. Safety PEPRA members are responsible for 12% and the city pays 13.0%. For classic miscellaneous members, the total contribution rate is 19.4%, with employees paying 13.4% and the city 6.0%. Miscellaneous PEPRA employees pay 6.75% and the city pays 7.0%.

The FY 2018/19 PERS total rate for classic safety members was 32.2%, with employees paying 15% and the city 17.2%. Safety PEPRA members are responsible for 12.0% and the city pays 12.1%. For classic miscellaneous members, the total contribution rate is 20.1%, with employees paying 13.4% and the city 6.7%. Miscellaneous PEPRA employees pay 6.25% and the city pays 6.8%.

Public Employees Pension Reform Act (PEPRA). On September 12, 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA became effective on January 1, 2013, and requires all employees who are not previously members of the PERS reciprocal system to be placed in an alternate retirement plan. The City's PEPRA plan for Safety employees is 2.7% at 57 and 2% at 62 for Miscellaneous employees. This new plan requires that the City and plan members contribute an equivalent share of retirement costs. The rates for public safety and miscellaneous employees are 12% and 6.25%, respectively.

Retirement Costs Summary

Retirement Costs	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Ret. cost - PERS Safety	\$ 372,738	\$ 348,903	\$ 336,474	\$ 336,474	\$ 371,877	\$ 386,753
Ret. cost - PERS Safety UAL	318,780	469,908	613,978	613,978	741,462	871,600
Ret. cost - PERS Miscellaneous	201,739	207,893	206,141	206,141	233,142	242,468
Ret. cost - PERS Misc UAL	351,027	501,393	602,038	602,038	738,592	852,000
Ret. cost - Retirement PARS	3,928	3,787	3,791	3,791	5,706	5,834
Ret. cost - POB	670,922	668,882	-	-	-	-
Ret. health OPEB - Retiree health	31,940	29,700	28,200	28,200	27,267	27,267
OPEB Trust Fund	53,600	60,000	65,000	65,000	57,233	57,233
Total Retirement Costs	\$2,004,674	\$2,290,466	\$1,855,622	\$ 1,855,622	\$2,175,280	\$2,443,155
Total Employee Paid Costs	\$ 586,497	\$ 723,172	\$ 575,243	\$ 575,243	\$ 674,337	\$ 757,378
Total City Paid Costs	\$2,004,674	\$2,290,466	\$1,855,622	\$ 1,855,622	\$2,175,280	\$2,443,155
Total Costs Employee and City	\$2,591,171	\$3,013,638	\$2,430,864	\$ 2,430,865	\$2,849,617	\$3,200,533
Unfunded Actuarial Liability-Safety	7,144,975	8,473,025	11,019,924	11,019,924	11,227,125	11,227,125
Unfunded Actuarial Liability-Misc	7,118,107	8,208,756	10,462,813	10,462,813	10,449,759	10,449,759
Unfunded OPEB Liability	618,900	834,061	604,437	604,437	584,737	584,737
Funding Ratio PERS Safety	77.5%	76.5%	71.3%	71.30%	72.40%	72.40%
Funding Ratio PERS Misc	75.2%	74.7%	69.7%	69.70%	71.00%	71.00%

General Fund Expenditures - Contract Services (5 pages)

Department	Contract Description	FY 18/19 Adopted	FY 19/20 Proposed	FY 20/21 Planned
City Council	Gen/Admin Winter Shelter	\$30,000	-	-
City Council	Gen/Admin SCC Homeless Shelter Ptnrshp	\$3,000	-	-
City Council	Gen/Admin Chamber of Commerce	30,000	-	-
City Council	Gen/Admin - Community TV	12,000	12,000	12,000
City Council	Gen/Admin Contracts - General, Legal Notices	5,000	10,000	5,000
	Total	\$80,000	\$22,000	\$17,000
City Manager	Gen/Admin Muni code - Codification Svcs.	\$4,000	4,000	4,000
City Manager	Gen/Admin Rcrd Mgmt-Doc. Imaging	5,000	2,500	2,500
City Manager	Gen/Admin Records Mgmt-Storage	3,500	3,500	3,500
City Manager	Gen/Admin Newsletter	8,000	8,000	8,000
City Manager	Gen/Admin Council Election	12,000	-	12,000
City Manager	Gen/Admin Contracts - General	5,000	5,000	5,000
City Manager	Environ. Svcs - Cntrl Cst Recycling Media	1,000	5,000	5,000
City Manager	Environ. Svcs Garage Sale Day	1,500	1,500	1,500
City Manager	Environ. Svcs SCC-Hzrds Waste Disp Fee	23,000	24,000	24,000
City Manager	Environ. Svcs Recycling Svcs.	7,200	7,500	7,500
City Manager	Environ. Svcs JPA-Pollution Control	4,000	5,000	5,000
City Manager	Other Contract services - Legal Notices	-	1,000	1,000
City Manager	Mosquito and Vector Control	150	150	150
City Manager	CS-Temp. Staff & Instr. Temporary staff	3,200	3,000	3,000
City Manager	Contract Svcs. Unanticipated Events	8,000	8,000	8,000
	Total	\$85,550	\$78,150	\$90,150
Personnel	Legal svcs Labor/Personnel	5,000	15,000	15,000
Personnel	Personnel Svcs Recruitment Svcs.	5,000	5,000	5,000
Personnel	Personnel Svcs Bkgrnd Invest.	5,000	10,000	10,000
Personnel	Personnel Svcs Medical Exams	5,000	5,000	5,000
Personnel	Personnel Svcs Ed. Reimbrsmnt	7,500	7,500	7,500
Personnel	Contract Svcs. Flex-Hlth-Dntl-Vsn Admin	4,000	4,000	4,000
Personnel	Contract Svcs. Advertising	5,000	3,000	3,000
Personnel	CS-Gen/Admin Contracts - general	2,000	-	-
	Total	\$38,500	\$49,500	\$49,500
City Attorney	Gen/Admin Contracts - General	\$20,000	\$20,000	\$20,000
City Attorney	Legal Svcs Legal Svcs. - General	135,000	135,000	135,000
City Attorney	Legal Svcs Special Svcs.	75,000	100,000	100,000
	Total	\$230,000	\$255,000	\$255,000

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

Department	Contract Description	FY 18/19 Adopted	FY 19/20 Proposed	FY 20/21 Planned
Finance	Gen/Admin Contracts - General	\$3,400	\$5,000	\$5,000
Finance	Legal Svcs Dissolution Legal Fees	-	-	-
Finance	Fin Svcs Collection Svcs.	-	-	-
Finance	Fin Svcs Financial Consultant	-	7,500	7,500
Finance	Fin Svcs OPEB Valuation	4,000	4,500	5,000
Finance	Fin Svcs Audit-Annual Financial Audits	49,794	50,890	52,060
Finance	Fin Svcs Audit-Sales Tax	12,500	12,500	12,500
Finance	Fin Svcs Sales Tax Report	5,000	6,000	6,000
Finance	Fin Svcs State Mandated Claims Svcs	2,000	2,000	2,000
Finance	Fin Svcs Credit Card Merchant Fees	2,400	2,500	2,500
Finance	Fin Svcs SCC-Property tax admin fee	12,600	12,000	12,000
Finance	Fin Svcs State Admin Fee - Bradley Burns	71,593	70,000	70,000
Finance	Fin Svcs State Admin Fee - Measure D/F	30,000	30,000	30,000
Finance	Fin Svcs State Admin Fee - SB 1186	1,200	1,200	1,200
Finance	Fin Svcs State Admin Fee - Measure O	30,000	30,000	30,000
Finance	Fin Svcs Credit Card Fee	7,500	7,500	7,500
Finance	Fin Svcs St Admin fee	-	-	-
	Total	\$231,987	\$241,590	\$243,260
Law Enforcement	Police Svcs SCC-Booking fees	5,000	-	-
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	1,000	700	700
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	13,200	13,200	13,200
Law Enforcement	Personnel Svcs Background investigations	500	-	-
Law Enforcement	Other contract services Uniform cleaning services	10,000	10,000	10,000
Law Enforcement	Police Svcs Red light enforcement	55,000	55,000	55,000
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	7,700	7,700	7,700
Law Enforcement	Fin Svcs Collections-booking fees	400	-	-
Law Enforcement	Fin Svcs Collections-DUI cost recovery	900	1,500	1,500
Law Enforcement	Prop & equip Comm - local & long distance	6,700	7,500	7,700
Law Enforcement	Prop & equip Comm - T-1 line	12,000	14,000	14,400
Law Enforcement	Prop & equip Comm - mobile phone	35,000	35,000	35,000
Law Enforcement	Police Svcs Hazardous material response - SV	5,700	5,700	5,800
Law Enforcement	Police Svcs Towing service	1,000	1,500	1,500
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	38,363	49,416	51,887
Law Enforcement	Police Svcs SCCECC-911 JPA	506,154	524,486	550,710
Law Enforcement	Prop & equip Property alarm service	1,000	1,200	1,200
Law Enforcement	Prop & equip Property repairs & maintenance	1,500	1,500	1,500
Law Enforcement	Prop & equip Equipment repairs & maintenance	12,500	15,000	15,400
Law Enforcement	Rental contracts Equipment and vehicles	3,600	3,600	3,700
Law Enforcement	Other contract services Outside security service	8,800	10,000	10,300
	Total	\$744,017	\$775,002	\$805,197

Attachment: i2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

Department	Contract Description	FY 18/19 Adopted	FY 19/20 Proposed	FY 20/21 Planned
Pkg. Enforcement	Police Svcs State of CA-DMV processing fee	\$6,000	5,200.00	5,200.00
Pkg. Enforcement	Police Svcs State of CA-Equip Assess	200	200	200
Pkg. Enforcement	Police Svcs State of CA-Reg assess	58,000	48,300	48,300
Pkg. Enforcement	Police Svcs State of CA-Immed & Critical nd	20,000	16,800	16,800
Pkg. Enforcement	Police Svcs State of CA-St Court Facilities	9,700	8,400	8,400
Pkg. Enforcement	Police Svcs State of CA-Trial Court Trust Fd	20,000	16,800	16,800
Pkg. Enforcement	Police Svcs SCC-Citation processing	33,000	46,000	46,000
Pkg. Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	9,700	8,400	8,400
Pkg. Enforcement	Police Svcs SCC-Courthouse surcharge	9,700	8,400	8,400
Pkg. Enforcement	Fin Svcs Courier-Cash & Coin	3,000	3,000	3,000
Pkg. Enforcement	Fin Svcs Credit card merchant fees	60,000	60,000	60,000
Pkg. Enforcement	Prop & equip Property repairs & maintenance	500	-	-
Pkg. Enforcement	Prop & equip Equipment repairs & maintenance	500	-	-
Pkg. Enforcement	Prop & equip Wheelchair purchase and repairs	15,000	6,000	6,200
Pkg. Enforcement	Prop & equip Pkg Meter Repairs	5,000	5,000	5,100
Pkg. Enforcement	Prop & equip Pay Station Repair & Maintenance	40,000	40,000	41,000
	Total	\$290,300	\$272,500	\$273,800
Lifeguard Svcs.	Police Svcs Lifeguard Svcs.	\$74,665	83,200	83,200
	Total	\$74,665	\$83,200	\$83,200
Animal Svcs.	Police Svcs Animal Svcs.	\$53,611	71,100	83,300
	Total	\$53,611	\$71,100	\$83,300
Streets	PW & Trans. Transportation-Beach shuttle svc	30,000	35,000	35,000
Streets	PW & Trans. Soquel Crk monitoring-fish	37,500	45,000	45,000
Streets	PW & Trans. Inspections	33,000	-	-
Streets	PW & Trans. Electrical services	-	-	-
Streets	Prop & equip Comm - mobile phone	10,000	12,000	12,000
Streets	Gen/Admin Contracts - general	10,000	10,000	10,000
Streets	PW & Trans. Lagoon grading	15,000	15,000	15,000
Streets	PW & Trans. PW Engineering services	30,000	30,000	30,000
Streets	Prop & equip Eucalyptus maintenance -Park Ave	4,000	4,000	4,000
Streets	Prop & equip Riparian Restoration	13,000	13,500	13,500
Streets	Rental contracts Union Pacific RR yearly	1,000	1,000	1,000
Streets	Temp. Staff & Instr. Temporary staff	75,000	80,000	80,000
Streets	Temp. Staff & Instr. Hope Services	13,000	16,000	16,000
Streets	Prop & equip Esplanade sidewalk cleaning	15,000	13,000	13,000
Streets	Other contract services Unanticipated events	5,000	10,000	10,000
Storm Water	PW & Trans. Soquel Crk monitoring-water qual	30,000	30,000	30,000
Storm Water	PW & Trans. CA NPDES-storm water mgmt prog	55,000	55,000	55,000
Storm Water	PW & Trans. Regional Water Mgmt Foundation	500	500	500
	Total	\$377,000	\$370,000	\$370,000

Department	Contract Description	FY 18/19 Adopted	FY 19/20 Proposed	FY 20/21 Planned
Facilities	PW & Trans. ADA compliance	50,000	50,000	50,000
Facilities	Prop & equip Comm - local & long distance	2,600	2,200	2,200
Facilities	Prop & equip Comm - T-1 line	7,500	7,500	7,500
Facilities	Prop & equip Utility serv - gas & electric	41,750	44,850	44,850
Facilities	Prop & equip Utility serv - sanitation distr	8,200	7,000	7,000
Facilities	Prop & equip Utility serv - water	8,550	9,000	9,000
Facilities	Prop & equip Janitorial services	20,000	20,000	20,000
Facilities	Prop & equip Property alarm service	3,600	3,500	3,500
Facilities	Prop & equip Property repairs & maintenance	21,250	19,500	19,500
Facilities	Prop & equip Equipment repairs & maintenance	5,000	7,000	7,000
Facilities	Rental contracts Equipment and vehicles	2,000	2,000	2,000
	Total	\$170,450	\$172,550	\$172,550
Fleet	Prop & Equip Equipment Repair and Maint.	\$5,000	5,000.00	5,000.00
	Total	\$5,000	\$5,000	\$5,000
Parks	PW & Trans. Tree Svcs.	\$25,000	25,000	25,000
Parks	Prop & Equip Utility serv - gas and elec.	6,020	5,000	5,000
Parks	Prop & Equip Utility serv - sanitation distr	15,000	15,000	15,000
Parks	Prop & Equip Utility serv - water	92,200	94,587	94,587
Parks	Prop & Equip Janitorial Svcs.	22,500	24,000	24,000
Parks	Prop & Equip Property Repair and Maint.	3,000	10,500	10,500
Parks	Prop & Equip Equip. Repair and Maint.	500	1,000	1,000
Parks	Rental contracts Equipment and vehicles	3,000	4,500	4,500
Parks	Bike Track Maintenance	4,000	4,000	4,000
	Total	\$171,220	\$183,587	\$183,587
Planning	Gen/Admin Contracts - General	\$5,000	\$ 5,000	\$ 5,000
Planning	Plng & Hsg Hsg grant admin & CDD tech	-	3,000	\$ 3,000
Planning	Plan Svc Library Planning	-	-	\$ -
Planning	Contract Svcs. Legal	3,000	-	\$ -
Planning	Contract Svcs. Legal notices	3,000	-	\$ -
	Total	\$11,000	\$8,000	\$8,000
Building	Info Tech Contracts Bldg permit system	\$0	\$0	\$0
Building	Bldg Svcs Engineering & Inspections	2,000	2,000	2,000
Building	CS-Gen/Admin Contracts - general	-	-	0
Building	Bldg Svcs Bldg plan checks - Consultant Svc	3,000	-	0
Building	Bldg Svcs Bldg plan checks - outsourced	15,000	8,000	8,000
	Total	\$20,000	\$10,000	\$10,000

Department	Contract Description	FY 18/19 Adopted	FY 19/20 Proposed	FY 20/21 Planned
Recreation	Gen/Admin Contracts - General	\$3,500	34,500	\$34,500
Recreation	Fin Svcs Credit card merchant fees	16,000	16,000	16,000
Recreation	Personnel Svcs Background investigations	300	1,586	1,586
Recreation	PW & Trans. Transportation-Rec program	15,000	26,000	26,000
Recreation	Temp. Staff/Instr. Rec contract inst/sports off	143,000	143,000	143,000
Recreation	Temp. Staff/Instr. Rec youth volunteers	6,000	8,000	8,000
Recreation	Prop & Equip Comm - local & long distance	3,000	3,000	3,000
Recreation	Prop & Equip Comm - T-1 line	6,500	6,500	6,500
Recreation	Prop & Equip Property Repair and Maint.	1,000	15,000	2,000
Recreation	Rental contracts Equipment and vehicles	1,400	1,400	1,400
Recreation	Contract Svcs. Events liability insurance	1,000	1,400	1,400
Recreation	Contract Svcs. Advertising	250	1,500	1,500
Recreation	Contract Svcs. Mailing Service	10,000	6,000	6,000
Recreation	Contract Svcs. Copying, printing and binding	30,000	20,800	20,800
Recreation	Contract Svcs. Photography	5,100	4,000	4,000
	Total	\$242,050	\$288,686	\$275,686
Museum	Prop & Equip Comm - Local & Long Distance	\$250	\$60	\$60
Museum	Rental contracts Land and Buildings	5,000	6,000	6,000.00
Museum	Other contract services Museum oral history	8,000	8,000	8,000.00
	Total	\$13,250	\$14,060	\$14,060
Arts & Cultural	Events & Tourism Art at the Beach Coordinator	\$3,500	\$3,500	\$3,500
Arts & Cultural	Events & Tourism Twilight Concert-Sound Engr	10,500	10,500	10,500
Arts & Cultural	Events & Tourism Twilight Concert-Band Costs	15,600	15,600	15,600
Arts & Cultural	Events & Tourism Art in Public Places	3,500	3,500	3,500
Arts & Cultural	Events & Tourism Sunday Art and Music	2,500	2,400	2,400
	Total	\$35,600	\$35,500	\$35,500
	Grand Total	\$2,874,200	\$2,935,425	\$2,974,790

Community Based Social Service Providers

Community Based Social Service Providers are funded by the General Fund and restricted Transient Occupancy Tax revenue. Each year a determination is made for funds available and allocation. The FY 2019/20 distributions represent the second year of the grant program approved in FY 2018-19.

AGENCY	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Community Services						
Advocacy, Inc.	\$ 7,680	\$ 7,680	\$ 7,991	\$ 7,991	\$ 8,151	
Cabrillo College Stroke and Disability Center	7,168	7,168	7,458	7,458	7,608	
Central Coast Center for Independent Living	10,095	10,095	10,503	10,503	10,714	
Community Action Board, Inc.	1,378	1,378	1,435	1,435	1,464	
Community Bridges	113,324	113,324				
Community Bridges - Lift Line			30,600	30,600	31,212	
Community Bridges - Live Oak						
Community Resources			5,346	5,346	5,453	
Community Bridges - Meals on Wheels			61,725	61,725	62,960	
Conflict Resolution Program	3,215	3,215	3,345	3,345	3,412	
Arts Council of Santa Cruz County	977	977	1,038	1,038	1,059	
Dientes Community Dental Care	1,403	1,403	1,460	1,460	1,490	
Diversity Center	1,072	1,072	1,115	1,115	1,138	
Encompass Santa Cruz AIDS Project	7,588	7,588	7,895	7,895	8,053	
Family Service Agency of Santa Cruz	8,917	8,917	12,236	12,236	12,481	
Grey Bears, Inc.	14,864	14,864	15,465	15,465	15,775	
Homeless Svcs. Center	2,680	2,680	2,789	2,789	2,845	
Hospice Caring Project	1,608	1,608	1,673	1,673	1,707	
Monarch Services Servidios Monarca	3,873	3,873	3,951	3,951	4,031	
Native Animal Rescue	1,200	1,200	1,249	1,249	1,274	
Second Harvest Food Bank	10,455	10,455	10,878	10,878	11,096	
Senior Citizens Legal Services	8,836	8,836	10,574	10,574	10,786	
Senior Network Services	2,563	2,563	2,667	2,667	2,721	
Srs Council - SCC/San Benito Co.	3,437	3,437	8,883	8,883	9,061	
Survivors' Healing Center	492	492	0	0		
United Way	7,446	7,446				
United Way - 2-1-1 Help Line			2,081	2,081	2,123	
Vista Center for the Blind	1,898	1,898	1,975	1,975	2,015	
Volunteer Center of Santa Cruz County	3,215	3,215	3,345	3,345	3,412	
Women Care	2,352	2,352	-	-		
	\$ 227,736	\$ 227,736	\$ 217,677	\$ 217,677	\$ 222,041	

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

AGENCY	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Children/Youth Services (General Fund)						
Big Brothers/Big sisters	\$ 2,886	\$ 2,886	\$1,472	\$1,472		
Campus Kids Connection - After School	15,638	15,638				
Community Bridges - Child Development Division			\$472	\$472		
Court-Appointed Special Advocates	3,107	3,107	\$1,616	\$1,616		
Encompass Youth Services Counseling	7,305	7,305	\$3,726	\$3,726		
Families in Transition - Santa Cruz Co.	2,521	2,521				
O'Neill Sea Odyssey	2,943	2,943	\$1,501	\$1,501		
Parents Center, Inc.	6,500	6,500	\$3,315	\$3,315		
Toddler Care Center	1,248	1,248	\$637	\$637		
United Way - Community Assessment Project			\$1,020	\$1,020		
	\$42,148	\$42,148	\$13,759	\$13,759	\$0	
Other						
Local Critical Need Fund			\$10,000	\$10,000	\$10,000	
Community Grant Assessment Study			7,000	7,000		
Recreation Program Strategic Plan*			13,758	13,758		
Regional Homeless Needs			10,094	10,094	37,606	
			\$40,852	\$40,852	\$47,606	
General Fund Total	\$ 269,884	\$ 269,884	\$272,288	\$ 272,288	\$269,647	\$275,000
Children / Youth Services (TOT Children's Fund)						
Big Brothers/Big sisters			\$1,531	\$1,531	\$3,064	
Community Bridges - Child Development Division			491	491	983	
Court-Appointed Special Advocates			1,681	1,681	3,363	
Encompass Youth Services Counseling			3,876	3,876	7,754	
O'Neill Sea Odyssey			1,562	1,562	3,125	
Parents Center, Inc.			3,448	3,448	6,899	
Toddler Care Center			663	663	1,325	
United Way - Community Assessment Project			1,061	1,061	2,123	
Santa Cruz Museum of Discovery	-	-	6,000	6,000		
Boys and Girls Club of Santa Cruz County			6,000	6,000		
TOT Youth Funding Total			\$26,313	\$26,313	\$28,636	
Estimated Children's Fund Revenue			\$25,500	\$25,500	\$51,500	\$52,000
Remaining Funds			-\$813	-\$813	\$22,864	\$52,000
Total Social Service Program Funding			\$284,030	\$284,030	\$321,147	\$327,000

*Not included in Social Service Program total

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

GENERAL FUND EXPENDITURES

SUPPLIES

The following table provides a history of the supply budgets by department. Additional information is available in the General Fund Department section.

Supplies	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
City Council	\$1,855	\$2,977	\$3,000	\$3,000	\$3,000	\$3,000
City Manager	4,980	9,081	17,150	10,150	12,500	14,500
Finance	2,148	1,956	3,500	3,500	3,200	3,200
Police Department	92,459	72,353	82,400	82,400	79,900	82,300
Public Works	344,687	376,506	299,250	345,500	357,961	357,961
Community Development	2,844	1,157	6,400	1,900	6,400	6,400
Recreation	52,733	57,047	69,650	69,650	59,050	59,050
Museum	18,455	15,403	14,000	14,000	14,000	14,000
Arts & Culture	6,785	7,668	7,900	6,500	7,900	7,900
Total	\$526,946	\$544,148	\$503,250	\$536,600	\$543,911	\$548,311

TRAINING AND MEMBERSHIPS

The following table provides a history of the training and memberships budgets by department. Refer to the General Fund Department section for additional information.

	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
City Council	\$22,318	\$21,798	\$27,000	\$27,000	\$35,250	\$35,250
City Manager	7,323	9,583	12,750	12,750	12,750	12,750
Finance	3,398	2,844	10,300	5,000	5,250	5,250
Police	36,746	34,502	52,000	32,600	42,500	43,500
Public Works	2,457	7,854	5,000	3,000	3,500	3,500
Community Development	4,332	1,158	11,500	6,200	14,000	14,000
Recreation	6,484	7,369	8,300	8,300	14,820	14,820
Total	\$83,058	\$85,108	\$126,850	\$94,850	\$128,070	\$129,070

INTERNAL SERVICES

Internal Service Funds finance special activities and services performed by one City department for another on a cost and reimbursement basis. These funds share costs, designate targeted reserves levels, and allocate costs to all departments benefiting from the activities and services. The methodology for cost allocation for each Internal Service Fund is described in the Internal Service Fund section.

The FY 2019/20 proposed budget includes increased transfers to the Equipment Fund & Workers' Compensation Fund and decreased transfers to the Information Technology and Self-Insurance funds. The Equipment Fund transfer includes funding for a new police vehicle and other public work's needs.

Internal Services	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Stores	\$ 35,000	\$ 37,250	\$ 37,250	\$ 37,250	\$ 37,250	\$ 37,250
Information Technology	203,000	278,800	292,741	296,241	247,900	247,900
Equipment Replacement	78,000	181,300	155,000	155,000	177,400	184,265
Self-Insurance Liability	428,000	428,000	419,301	419,301	403,486	423,660
Workers' Compensation	415,000	321,000	304,813	304,813	310,045	325,547
Total	\$1,159,000	\$1,246,350	\$1,209,105	\$1,212,605	\$1,176,081	\$1,218,623

GENERAL FUND TRANSFERS

General Fund Transfers move funds from the General Fund to a specific fund for a designated purpose. The CIP is detailed in a separate section and debt issuances are detailed in the Multi-Year Assets and Obligations section. Below is a summary of the transfers from the General Fund to other funds/reserves.

General Fund Transfers	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Contingency Reserves	\$ 10,000	\$ 133,000	\$ -	\$ -	\$ -	\$ 105,250
Emergency Reserves	15,000	67,000	-	-	-	71,000
Facilities Fund	110,000	110,000	90,000	90,000	108,000	50,000
PERS Contingency Reserve	-	500,000	-	-	-	-
CIP Capital Projects	752,047	467,200	1,082,663	1,082,663	1,082,662	1,093,489
Information Technology	-	-	-	-	-	-
Equipment Replacement	50,000	150,000	100,000	100,000	80,000	70,000
Interfund transfer out Library fund	-	1,331,129	47,363	47,363	-	-
Compensated Absences	200,000	200,000	209,939	209,939	238,127	200,000
RTC Streets	-	200,000	-	-	-	-
Gas Tax	40,124	-	-	-	-	-
Wharf Fund	-	47,800	-	-	-	-
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Pension Obligation Bond	240,000	187,351	-	-	-	-
OPEB Trust Fund	566	-	-	-	-	-
Pacific Cove Lease	40,066	40,066	15,066	15,066	40,066	40,066
Pacific Cove Park	89,192	89,004	88,812	88,812	88,616	88,416
	-	-	-	-	-	-
Total	\$1,646,995	\$3,622,550	\$1,733,843	\$1,733,843	\$1,737,471	\$1,818,221

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DEPARTMENTAL BUDGETS



CITY COUNCIL

GENERAL GOVERNMENT

DEPARTMENT PURPOSE

The City Council is composed of five generally elected Council Members, serving four-year staggered terms. Council members select a Mayor and Vice Mayor annually. In 2002, the voters approved a consecutive term limit of two terms for Council Members. The City's Municipal elections are held the first Tuesday of November in even-numbered years. The Council meets regularly twice monthly, on the second and fourth Thursday.

The City Council establishes local law, sets policy, approves programs, allocates funds, and provides direction to the City Manager and staff to implement its policy. Council also appoints members to local and regional committees, commissions, and boards. Capitola is a General Law City, organized under the general laws of the state. Local laws are established by ordinance, compiled in the Municipal Code, and enforceable by the City. Other directives and policies of the City Council are implemented through Council Resolutions and recorded in Council Minutes.

ESTABLISHED PRINCIPLES OF THE CITY

- **Fiscal Policy** – practice sound financial management
- **Public Service** – uphold the public trust
- **Public Improvement** – maintain a safe and healthy environment

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Provided services, staff, and equipment to ensure public safety and trust
- Approved projects and programs to maintain and enhance quality of life in Capitola
- Finalized successor Memoranda's of Understanding with bargaining units
- Broke ground on the Capitola Branch Library

FISCAL YEAR GOALS - 2019/20 and 2019/21

- Maintain a balanced budget and ensure fiscal stability
- Complete construction of Capitola Branch Library
- Provide services, staff, and equipment to ensure public safety and trust
- Develop projects and programs to maintain and enhance the quality of life in Capitola
- Review plans for Measure F projects to renovate the Jetty, Wharf, and Flume.

CITY COUNCIL

	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
1000-10-10-000	Actual	Actual	Adopted	Estimated	Initial	Planned
Revenues						
General Fund	\$ 150,530	\$ 149,811	\$ 145,400	\$ 145,400	\$ 108,637	\$ 106,231
TOT-Chamber			\$ 15,000	\$ 15,000	\$ -	\$ -
Revenue Total	\$ 150,530	\$ 149,811	\$ 160,400	\$ 160,400	\$ 108,637	\$ 106,231
Expenditures						
Personnel	\$ 36,783	\$ 34,744	\$ 35,483	\$ 35,483	\$ 35,049	\$ 37,373
Contract services	77,010	75,667	80,000	80,000	22,000	17,000
Training & Memberships	22,318	21,798	27,000	27,000	35,250	35,250
Supplies	1,855	2,977	3,000	3,000	3,000	3,000
Internal service fund charges	12,564	14,625	14,917	14,917	13,338	13,609
Expenditure Totals	\$ 150,530	\$ 149,811	\$ 160,400	\$ 160,400	\$ 108,637	\$ 106,231
Authorized Positions						
	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	
	Actual	Actual	Adopted	Initial	Planned	
Mayor	1.00	1.00	1.00	1.00	1.00	1.00
Vice Mayor	1.00	1.00	1.00	1.00	1.00	1.00
Council Members	3.00	3.00	3.00	3.00	3.00	3.00
FTE Total	5.00	5.00	5.00	5.00	5.00	5.00

CITY ATTORNEY

GENERAL GOVERNMENT

DEPARTMENT PURPOSE

The City Attorney represents the City as primary Counsel in all legal matters. The City Attorney is appointed by the City Council. The City Attorney provides legal analysis and advice on interpretation and application of municipal code, State law, and Federal law, drafting legal documents, and labor-related issues. The City Attorney is currently a contract position with the firm of Atchison, Barisone, Condotti & Kovacevich.

KEY CHANGES

No significant change in 2018/2019

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Advised City on matters associated with pending legal actions
- Advised City on legal matters related to City policies and procedures
- Represented the City in litigation

FISCAL YEAR GOALS – 2019/20 and 2020/21

FISCAL POLICY

- Advise Council on potential and pending litigation
- Assist and advise staff on contracts, labor relations, and other legal assessments
- Resolve existing litigation

CITY ATTORNEY						
	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
1000-10-16-000	Actual	Actual	Adopted	Estimated	Initial	Planned
Revenue						
General Fund	\$268,056	\$272,869	\$280,000	\$ 280,000	\$255,000	\$255,000
Revenue Totals	\$268,056	\$272,869	\$280,000	\$ 280,000	\$255,000	\$255,000
Expenditures						
Outside Legal Services	\$ 59,489	\$ 25,400	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
City Attorney Contract	133,560	130,487	135,000	135,000	135,000	135,000
City Attorney Special Services	75,007	116,982	125,000	125,000	100,000	100,000
Expenditure Totals	\$268,056	\$272,869	\$280,000	\$ 280,000	\$255,000	\$255,000

CITY MANAGER SUMMARY

GENERAL GOVERNMENT

MISSION STATEMENT

The City Manager serves the Council and the Community by bringing together resources to meet City needs, provide excellent customer service, and prioritize available resources.

DEPARTMENT PURPOSE

The City of Capitola is a Council-Manager form of government, under which City Council appoints a City Manager who serves as the City's chief administrative officer and is responsible for implementing Council policies.

The City Manager Department is responsible for overall administration of City objectives. The City Manager is the lead position within the City administrative structure and is appointed by Council. The City Manager provides administrative direction and leadership to all City departments, and directly oversees Personnel, City Clerk, Information Systems, and the Assistant to the City Manager

KEY CHANGES

The contracted Information Systems duties were brought back in house with full-time city staff.

FISCAL YEAR 2018/19 ACCOMPLISHMENTS

- Submitted a balanced budget
- Continued process to scan and make available public records in electronic format
- Worked to increased public outreach with monthly City Hall updates published on website and in local newspaper
- Advised and informed the City Council on policy and action matters
- Worked with City franchisee to increase participation in waste diversion programs
- Worked with businesses to reduce use of non-reusable bags and plastics
- Worked with businesses to educate and find environmentally friendly food packaging
- Continued to work on improving medicines and sharps takeback program at pharmacies and Capitola Police station.
- Assisted departments in recruiting and retaining employees
- Successfully recruited several new employees, including a shared Building Official with Scotts Valley.
- Worked to improve risk management and reduce potential liability
- Worked with Art and Cultural Commission on events and new public art projects
- Completed public art projects.
- Worked with Capitola Museum to improve access and communication.

FISCAL YEAR GOALS - 2019/20 and 2020/21

FISCAL POLICY

- Maintain a balanced budget and ensure fiscal stability
- Work with Capitola Mall to improve the mall facility
- Work with library system and local Friends chapter to help with funding for the Capitola Branch Library
- Complete review & evaluation of Community Grant Program
- Continue to work to create a safer work environment and reduce employee injuries
- Maintain City reserves at Fiscal Policy levels
- Review and prioritize City services
- Support economic development
- Seek opportunities to partner with other agencies for greater outcome or savings

PUBLIC SERVICE

- Encourage and improve citizen participation and communication
- City Manager will provide "State of the City" report
- Ensure programs in place to respond to public and private development projects
- Continue to improve public meeting access
- Improve communication capabilities with public
- Continue efforts to increase transparency, including through the website, public records, and outreach
- Art and Cultural Commission to focus on 41st corridor and library
- Use dedicated children's fund for youth programming
- Consider reallocating available General Fund for Community Center Improvements

PUBLIC IMPROVEMENT

- Continue recycling efforts and increase participation in waste diversion
- Open Rispin Park to the public
- Continue increased street and facility maintenance through use of Measure D resources
- Work to develop projects to protect and enhance valuable City resources.

CITY MANAGER SUMMARY

City Manager Summary	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 1,117,772	\$ 1,130,643	\$ 1,215,182	\$ 1,197,466	\$ 1,354,101	\$ 1,442,677
Licenses and permits	3,322	3,424	4,000	4,000	4,000	4,000
Revenue Totals	\$ 1,121,094	\$ 1,134,067	\$ 1,219,182	\$ 1,201,466	\$ 1,358,101	\$ 1,446,677
Expenditures						
Personnel	\$ 886,274	\$ 856,046	\$ 942,831	\$ 913,615	\$ 1,092,766	\$ 1,165,217
Contract services	117,237	136,294	120,850	139,350	127,650	139,650
Training & Memberships	7,323	9,583	12,750	12,750	12,750	12,750
Supplies	4,980	9,081	17,150	10,150	12,500	14,500
Internal service fund charges	105,280	123,063	125,601	125,601	112,435	114,560
Expenditure Totals	\$ 1,121,094	\$ 1,134,067	\$ 1,219,182	\$ 1,201,466	\$ 1,358,101	\$ 1,446,677

Authorized Positions	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY19/20 Initial	FY20/21 Planned
City Manager	0.85	1.00	1.00	1.00	1.00
City Clerk	0.90	1.00	1.00	1.00	1.00
Admin. Svcs. Dir.	0.75	-	-	-	-
Assistant to the City Manager	0.50	1.00	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Information System Specialist	-	-	-	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00
FTE Total	6.00	6.00	6.00	7.00	7.00

Attachment: i2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

CITY MANAGER ADMINISTRATION

GENERAL GOVERNMENT

MISSION STATEMENT

The mission of the City Manager's Office is to ensure that all City programs and services are provided effectively and efficiently.

DEPARTMENT PURPOSE

The purpose of this division is to implement the policies of the City Council and provide leadership and direction to the city departments. Core services of the City Manager's Office are administrative direction and leadership for City departments, programs, and services to ensure the community receives a high level of service.

In addition, the City Manager's administrative arm oversees the Council agenda process, oversees public records, provides staff support to the Art and Cultural Commission and Library Advisory Commission, manages sustainability programs, manages the Community Grant process, and oversees Personnel, Information Systems, and the Historical Museum. The department maintains solid waste and recycling programs, management of franchise agreements, and human resources programs including liability and risk management, employee training, safety programs, and benefits administration.

CITY MANAGER ADMINISTRATION

	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
1000-10-11-000	Actual	Actual	Adopted	Estimated	Initial	Planned
Revenues						
General Fund	\$ 788,951	\$ 781,007	\$ 869,274	\$ 869,274	\$ 995,679	\$1,062,738
Licenses and permits	3,322	3,424	4,000	4,000	4,000	4,000
Revenue Totals	\$ 792,273	\$ 784,431	\$ 873,274	\$ 873,274	\$ 999,679	\$1,066,738
Expenditures						
Personnel	\$ 631,652	\$ 595,561	\$ 659,615	\$ 659,615	\$ 805,497	\$ 858,902
Contract services	58,206	67,053	82,350	82,350	78,150	90,150
Training & Memberships	7,323	9,583	12,750	12,750	12,750	12,750
Supplies	2,139	1,533	5,150	5,150	2,500	2,500
Internal service fund charges	92,953	110,701	113,409	113,409	100,782	102,436
Expenditure Totals	\$ 792,273	\$ 784,431	\$ 873,274	\$ 873,274	\$ 999,679	\$1,066,738
Authorized Positions						
	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	
	Actual	Actual	Adopted	Initial	Planned	
City Manager	0.65	0.80	0.80	0.80	0.80	
City Clerk	0.90	1.00	1.00	1.00	1.00	
Admin. Svcs. Dir.	0.75	-	-	-	-	
Assistant to the City Manager	-	0.50	0.50	0.50	0.50	
Executive Assistant	0.50	0.50	0.50	0.50	0.50	
Information System Specialist	-	-	-	1.00	1.00	
Records Coordinator	1.00	1.00	1.00	1.00	1.00	
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00	
FTE Total	4.80	4.80	4.80	5.80	5.80	

CITY MANAGER PERSONNEL

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

Personnel functions are the responsibility of the City Manager. Functions include employee recruitment and selection, benefits coordination, insurance and retirement programs, labor negotiations, compensation plan maintenance, regulatory training, and risk management.

CITY MANAGER PERSONNEL

	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
1000-10-12-000	Actual	Actual	Adopted	Estimated	Initial	Planned
Revenues						
General Fund	\$328,821	\$349,636	\$345,908	\$328,192	\$358,422	\$379,939
Revenue Totals	\$328,821	\$349,636	\$345,908	\$328,192	\$358,422	\$379,939
Expenditures						
Personnel	\$254,622	\$260,485	\$283,216	\$254,000	\$287,269	\$306,315
Contract services	59,031	69,241	38,500	57,000	49,500	49,500
Training & Memberships	-	-	-	-	-	-
Supplies	2,841	7,548	12,000	5,000	10,000	12,000
Internal service fund charges	12,327	12,362	12,192	12,192	11,653	12,124
Expenditure Totals	\$328,821	\$349,636	\$345,908	\$328,192	\$358,422	\$379,939
Authorized Positions						
	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	
	Actual	Actual	Adopted	Initial	Planned	
City Manager	0.20	0.20	0.20	0.20	0.20	
Admin. Svcs. Dir.	-	-	-	-	-	
Assistant to the City Manager	0.50	0.50	0.50	0.50	0.50	
Executive Assistant	0.50	0.50	0.50	0.50	0.50	
FTE Total	1.20	1.20	1.20	1.20	1.20	

FINANCE

GENERAL GOVERNMENT

MISSION STATEMENT

The Finance Department's mission is to present timely, accurate and transparent financial information to the public while providing City Management with financial data to facilitate informed decision-making on the allocation of City resources. The department strives to provide excellent customer service to the public, elected officials, and all departments within the City.

DEPARTMENT PURPOSE

The Finance Department oversees all financial transactions of the City to ensure legal and accounting policies are adhered to. The Department maintains all City funds and oversees budget development, the Comprehensive Annual Financial Report, accounts payable, payroll, accounts receivable, cash receipts, banking, business licenses, and transient occupancy tax. The Department provides quarterly and annual financial reports to City Council and the public.

KEY CHANGES

Following the passage of Measure K in November 2018 the Finance Director became the appointed City Treasurer.

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Finalized the financing plan for the Library including working with the Friends of the Capitola Library setting up accounts for their fund-raising campaign
- Selected Vavrinek, Trine, Day, & Co LLP as City's auditors and completed FY 2018 annual audit
- Provided analytical support to operations departments
- Selected HdL Companies as sales and use, TOT, and cannabis tax consultants
- Provided support for the Successor Agency wind-down

FISCAL YEAR GOALS – 2019/20 and 2020/21

- Prepare and maintain a balanced budget
- Develop options for Council consideration to address rising CalPERS costs
- Work with the Finance Advisory Committee to identify future revenue options
- Launch TOT and Short-term Vacation Rental audit & enforcement program
- Meet regulatory financial reporting requirements and provide reports on the City website
- Develop long term financial plan for Measure F
- Continue partnerships with departments to maintain financial accountability and transparency
- Continue to improve City financial transparency to the public

FINANCE

1000-10-17-000	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
	Actual	Actual	Adopted	Estimated	Initial	Planned
Revenue						
General Fund	\$ 495,524	\$ 566,568	\$ 522,038	\$ 516,288	\$ 544,474	\$ 584,195
Taxes	301,545	308,236	302,304	302,304	305,300	305,300
Intergovernmental	6,241	6,258	5,700	5,700	5,700	5,700
Use of money & property	10,076	10,264	9,200	9,200	9,800	9,800
Other revenue	901	2,483	1,550	2,000	2,500	2,500
Revenue Totals	\$ 814,287	\$ 893,809	\$ 840,792	\$ 835,492	\$ 867,774	\$ 907,495

Expenditures

Personnel	\$ 523,684	\$ 505,332	\$ 520,372	\$ 520,372	\$ 550,023	\$ 586,490
Contract services	219,925	209,783	231,987	231,987	241,590	243,260
Training & Memberships	3,398	2,844	10,300	5,000	5,250	5,250
Supplies	2,148	1,956	3,500	3,500	3,200	3,200
Internal service fund charges	65,132	73,632	74,633	74,633	67,710	69,295
Expenditure Totals	\$ 814,287	\$ 793,547	\$ 840,792	\$ 835,492	\$ 867,774	\$ 907,495

	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21
Authorized Positions	Actual	Actual	Adopted	Initial	Planned
Finance Director	1.00	1.00	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	-	-	-
Accountant I	-	-	1.00	1.00	1.00
Accts Receivable Clerk	0.75	0.75	0.75	0.75	0.75
Account Technician	0.75	0.75	-	-	-
FTE Total	4.50	4.50	3.75	3.75	3.75

Elected Official

City Treasurer	1.00	1.00	1.00	0.00	0.00
City Treasurer Annual Pay	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	\$ -

POLICE SUMMARY

POLICE

MISSION STATEMENT

The Capitola Police Department prides itself in providing the highest level of safety and service to enhance the quality of life of our community through professional, engaged and empowered employees.

VISION STATEMENT

A police department comprised of professional and dedicated members who strive to demonstrate high character, fairness, compassion, and the non-biased delivery of police services.

CORE VALUES

We pride ourselves on representing the City of Capitola and providing police services based upon these *values*:

- Human Life - nothing is more valuable than the preservation of life
- Loyalty - simple loyalty to our best convictions
- Honesty - the essence of moral character
- Respect - our success is measured by how we treat others
- Integrity - values and morals that represent our sincerity and commitment
- Diversity - we value differences
- Ethics - our commitment to principles that govern behavior

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Completed CAD and CLETS systems upgrades.
- Assisted with the Santa Cruz County gun buyback event.
- Complete Critical Incident Training for all officers.
- Hired 1 lateral officer and 3 police recruits.
- Promoted 1 captain and 2 sergeants.

FISCAL YEAR GOALS – 2019/20 and 2020/21

- Continue efforts to expand the Neighborhood Watch Program.
- Implement new Records Management System and improve upon county-wide interoperability and information sharing.
- Complete licensing of two retail cannabis locations and develop audit & inspection plan.
- Continue efforts related to emergency operation planning.
- Fill vacant police officer position.
- Successfully complete training program for new officers.

POLICE SUMMARY

Police Department Summary	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 5,710,891	\$ 5,554,766	\$ 6,021,049	\$ 5,870,557	\$ 6,327,584	\$ 6,736,341
Licenses and permits	43,991	44,828	42,900	42,900	41,700	41,700
Intergovernmental revenues	67,582	133,946	57,300	55,000	57,300	57,300
Charges for services	36,931	32,682	28,100	36,000	23,500	23,500
Fines and forfeitures	557,117	556,560	543,500	522,500	563,500	563,500
Other revenues	-	-	-	-	-	-
Revenue Totals	\$ 6,416,512	\$ 6,322,782	\$ 6,692,849	\$ 6,526,957	\$ 7,013,584	\$ 7,422,341
Expenditures						
Personnel	\$4,589,843	\$4,400,232	\$4,734,411	\$4,607,236	\$5,046,454	\$5,381,955
Contract services	1,016,341	1,101,371	1,162,593	1,143,276	1,201,802	1,245,497
Training & Memberships	36,746	34,502	52,000	32,600	42,500	43,500
Supplies	92,459	72,353	82,400	82,400	79,900	82,300
Capital outlay	-	-	-	-	-	-
Internal service fund charges	681,123	714,324	661,445	661,445	642,927	669,088
Expenditure Totals	\$ 6,416,512	\$ 6,322,782	\$ 6,692,849	\$ 6,526,957	\$ 7,013,583	\$ 7,422,339

Authorized Positions	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY19/20 Initial	FY20/21 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	5.00	5.00
Police Officer	16.00	16.00	16.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	3.00	3.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.90	0.75	0.75	0.75
FTE Total	31.50	31.65	30.50	30.50	30.50

LAW ENFORCEMENT

POLICE

LAW ENFORCEMENT

1000-20-20-000	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 5,483,606	\$ 5,309,140	\$ 5,707,973	\$ 5,572,781	\$ 6,017,707	\$ 6,396,858
Licenses and permits	43,991	44,828	42,900	42,900	41,700	41,700
Intergovernmental revenues	67,582	133,946	57,300	55,000	57,300	57,300
Charges for services	36,931	32,682	28,100	36,000	23,500	23,500
Fines and forfeitures	142,120	169,551	186,000	165,000	184,700	184,700
Other revenues	-	-	-	-	-	-
Revenue Totals	\$ 5,774,230	\$ 5,690,147	\$ 6,022,273	\$ 5,871,681	\$ 6,324,907	\$ 6,704,058
Expenditure Totals						
Personnel	\$ 4,348,996	\$ 4,215,309	\$ 4,527,175	\$ 4,400,000	\$ 4,825,463	\$ 5,146,312
Contract services	658,654	695,746	744,017	740,000	775,002	805,197
Training & Memberships	36,746	34,502	52,000	32,600	42,500	43,500
Supplies	80,963	62,500	69,400	69,400	69,400	71,600
Capital outlay	-	-	-	-	-	-
Internal service fund charges	648,871	682,090	629,681	629,681	612,542	637,448
Expenditure Totals	\$ 5,774,230	\$ 5,690,147	\$ 6,022,273	\$ 5,871,681	\$ 6,324,907	\$ 6,704,058

Authorized Positions	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY19/20 Initial	FY20/21 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	5.00	5.00
Police Officer	16.00	16.00	16.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.75	0.75	0.75	0.75
FTE Total	28.50	28.50	28.50	28.50	28.50

Attachment: i2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

PARKING ENFORCEMENT

POLICE

DEPARTMENT PURPOSE

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

KEY CHANGES

Reduced a full-time parking enforcement officer position to part time and moved the meter and pay station maintenance duties to Public Works.

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Upgraded all pay stations.
- Hire part time parking enforcement officer.
- Issued more than 1,300 residential and employee parking permits.

FISCAL YEAR GOALS – 2019/20 and 2020/21

- Assess parking meter program/equipment and consider viable options for replacement and upgrade.
- Improve user experience with parking pay stations

PARKING ENFORCEMENT

1000-20-21-000	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 126,812	\$ 117,399	\$ 177,420	\$ 162,120	\$ 150,070	\$ 167,320
Fines and forfeitures	414,997	387,009	357,500	357,500	378,800	378,800
Revenue Totals	\$ 541,809	\$ 504,408	\$ 534,920	\$ 519,620	\$ 528,870	\$ 546,120
Expenditures						
Personnel	\$ 240,847	\$ 184,923	\$ 207,236	\$ 207,236	\$ 220,991	\$ 235,643
Contract services	265,102	285,451	290,300	275,000	272,500	273,800
Supplies	8,053	6,669	10,500	10,500	9,500	9,700
Internal service fund charges	27,807	27,365	26,884	26,884	25,879	26,977
Expenditure Totals	\$ 541,809	\$ 504,408	\$ 534,920	\$ 519,620	\$ 528,870	\$ 546,120
Authorized Positions						
Parking Enforcement Officer	3.00	3.00	2.00	2.00	2.00	2.00
FTE Total	3.00	3.00	2.00	2.00	2.00	2.00
Seasonal Parking Enforcement Officer Hours	-	-	-	990	990	

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

LIFEGUARDS

POLICE

DEPARTMENT PURPOSE

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

KEY CHANGES

Contract with City of Santa Cruz Fire Department for lifeguard services expired in October 2018.

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Negotiated a 1-year extension with SCFD to provide lifeguard services through October 2020.

FISCAL YEAR GOALS – 2019/20 and 2020/21

- Continue to work with other departments and agencies to improve beach safety.

LIFEGUARDS

	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
1000-20-22-000	Actual	Actual	Adopted	Estimated	Initial	Planned
Revenues						
General Fund	\$ 75,519	\$ 89,043	\$ 80,754	\$ 80,754	\$ 87,446	\$ 87,564
Revenue Totals	\$ 75,519	\$ 89,043	\$ 80,754	\$ 80,754	\$ 87,446	\$ 87,564
Expenditures						
Contract services	\$ 68,500	\$ 81,797	\$ 74,665	\$ 74,665	\$ 83,200	\$ 83,200
Supplies	3,381	3,184	2,000	2,000	500	500
Internal service fund charges	3,638	4,062	4,089	4,089	3,746	3,864
Expenditure Totals	\$ 75,519	\$ 89,043	\$ 80,754	\$ 80,754	\$ 87,446	\$ 87,564

ANIMAL SERVICES

POLICE

DEPARTMENT PURPOSE

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

ANIMAL SERVICES

1000-20-23-000	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 24,954	\$ 39,184	\$ 54,902	\$ 54,902	\$ 72,361	\$ 84,599
Charges for services	-	-	-	-	-	-
Revenue Totals	\$ 24,954	\$ 39,184	\$ 54,902	\$ 54,902	\$ 72,361	\$ 84,599
Expenditures						
Contract services	\$ 24,085	\$ 38,377	\$ 53,611	\$ 53,611	\$ 71,100	\$ 83,300
Supplies	62	-	500	500	500	500
Internal service fund charges	807	807	791	791	761	799
Expenditure Totals	\$ 24,954	\$ 39,184	\$ 54,902	\$ 54,902	\$ 72,361	\$ 84,599

PUBLIC WORKS SUMMARY

PUBLIC WORKS

MISSION STATEMENT

The Public Works Department's mission is to provide a broad base of essential services and infrastructure to the Community's residents and businesses.

DEPARTMENT PURPOSE

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

KEY CHANGES

During 2018/19 the department completed a transition to new crew leadership and incorporated the project manager into the management team.

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Began construction of new library building
- Measure F Projects
 - Obtained permits for Flume and Jetty Project
 - Completed application for grant funding for Flume & Jetty Project
 - Continued study of design options for Wharf
- Continued to participate in local and regional storm water pollution prevention activities
- Completed 38th Avenue Sidewalks
- Completed Slurry Seal Project
- Installed traffic calming measures in the Jewel Box

FISCAL YEAR GOALS - 2019/20 and 2020/21

PUBLIC IMPROVEMENT

- Complete Construction of Capitola Branch Library and wharf design
- Complete Construction of Park Avenue Sidewalk Projects
- Continue development, permitting, and funding for the Wharf
- Complete Rispin Park Project
- Continue to move funded CIP projects toward completion
- Complete full review and evaluation of CIP program

PUBLIC WORKS SUMMARY

Public Works Summary	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 2,425,655	\$ 2,483,075	\$ 2,720,321	\$ 2,676,701	\$ 2,837,856	\$ 2,951,070
Licenses and permits	32,604	33,568	30,000	30,000	30,000	30,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	11,706	8,628	6,500	6,700	7,000	7,000
Other revenues	26,308	33,259	11,500	21,200	4,000	4,000
Revenue Totals	\$ 2,496,273	\$ 2,558,530	\$ 2,768,321	\$ 2,734,601	\$ 2,878,856	\$ 2,992,070

Expenditures						
Personnel	\$ 1,368,998	\$ 1,370,692	\$ 1,500,485	\$ 1,500,485	\$ 1,579,098	\$ 1,683,792
Contract services	633,459	616,586	756,670	693,700	731,137	731,137
Training & Memberships	2,457	7,854	5,000	3,000	3,500	3,500
Supplies	344,687	376,506	299,250	345,500	357,961	357,961
Capital outlay	-	7,121	15,000	-	-	-
Internal service fund charges	146,672	179,771	191,915	191,916	207,159	215,680
Expenditure Totals	\$ 2,496,273	\$ 2,558,530	\$ 2,768,320	\$ 2,734,601	\$ 2,878,855	\$ 2,992,070

Authorized Positions	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY19/20 Initial	FY20/21 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	-	-	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	-	-
Field Supervisor	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I & II	9.00	8.00	9.50	7.00	7.00
Maintenance Worker III	-	-	1.00	2.00	2.00
Mechanic	1.00	1.00	1.50	2.00	2.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00
FTE Total	14.00	13.00	17.00	15.00	15.00

STREETS

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

The Street Department provides for maintenance and improvement of the City's streets. It also provides maintenance of Soquel Creek, Capitola Lagoon, City owned buildings and the municipal wharf. Project design and construction, pavement program management, and transportation and related grant oversight is also performed by this department. Public Works staffs the Capitola Traffic and Parking Commission and the Commission on the Environment.

STREETS

1000-30-30-000	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenues						
General Fund	\$ 1,340,535	\$ 1,404,781	\$ 1,525,892	\$ 1,500,892	\$ 1,543,649	\$ 1,620,921
Licenses and permits	32,604	33,568	30,000	30,000	30,000	30,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	9,660	6,950	5,500	5,500	6,000	6,000
Other revenues	24,591	33,259	10,000	20,000	4,000	4,000
Revenue Totals	\$ 1,407,390	\$ 1,478,558	\$ 1,571,392	\$ 1,556,392	\$ 1,583,649	\$ 1,660,921
Expenditures						
Personnel	\$ 955,099	\$ 988,556	\$ 1,055,547	\$ 1,055,547	\$ 1,071,740	\$ 1,142,796
Contract services	268,272	258,322	291,500	291,500	284,500	284,500
Training & Memberships	81	625	500	500	2,000	2,000
Supplies	87,248	93,420	69,500	69,500	69,500	69,500
Capital Outlay	-	7,121	15,000	-	-	-
Internal service fund charges	96,690	130,514	139,345	139,345	155,909	162,125
Expenditure Totals	\$ 1,407,390	\$ 1,478,558	\$ 1,571,392	\$ 1,556,392	\$ 1,583,649	\$ 1,660,921
Authorized Positions						
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	-	-	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	-	-	-
Field Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I & II	5.00	5.00	6.50	5.00	5.00	5.00
Maintenance Worker III	-	-	-	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	9.00	9.00	11.50	10.00	10.00	10.00

STORMWATER

PUBLIC WORKS

MISSION STATEMENT

The Public Works Stormwater Pollution Prevention and Protection Program implements regulations and inspections to control the discharge of pollutants into the stormwater system, sensitive creek habitats, and the Monterey Bay.

DIVISION PURPOSE

The Stormwater Pollution Prevention and Protection Program ensures compliance with the provisions of the California State Water Resources Control Board's National Pollution and Discharge Elimination System(NPDES) General Permit

STORM WATER

1000-30-30-301	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenues						
General Fund	\$ 145,106	\$ 123,294	\$ 149,177	\$ 148,977	\$ 155,029	\$ 159,705
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	2,046	1,678	1,000	1,200	1,000	1,000
Other revenues	-	-	-	-	-	-
Revenue Totals	\$ 147,152	\$ 124,972	\$ 150,177	\$ 150,177	\$ 156,029	\$ 160,705
Expenditures						
Personnel	\$ 60,967	\$ 60,971	\$ 64,677	\$ 64,677	\$ 70,529	\$ 75,205
Contract services	86,185	64,001	85,500	85,500	85,500	85,500
Training & Memberships	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Internal service fund charges	-	-	-	-	-	-
Expenditure Totals	\$ 147,152	\$ 124,972	\$ 150,177	\$ 150,177	\$ 156,029	\$ 160,705

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

FACILITIES

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

Maintenance and operation of all city owned buildings, including City Hall, Jade Street Community Center, Corporation Yard, and the Municipal Wharf.

FACILITIES

1000-30-31-xxx	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenues						
General Fund	\$192,246	\$197,271	\$228,692	\$ 228,392	\$261,980	\$262,376
Other revenues	-	-	-	-	-	-
Revenue Totals	\$192,246	\$197,271	\$228,692	\$ 228,392	\$261,980	\$262,376
Expenditures						
Contract services Totals	\$112,942	\$112,824	\$203,450	\$ 142,500	\$172,550	\$172,550
Supplies	69,743	74,462	15,350	76,000 ▲	80,100 ▲	80,100
Internal service fund charges	9,561	9,985	9,892	9,892 ▲	9,330 ▲	9,726
Expenditure Totals	\$192,246	\$197,271	\$228,692	\$ 228,392	\$261,980	\$262,376

FLEET**PUBLIC WORKS****MISSION STATEMENT**

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

DEPARTMENT PURPOSE

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

FLEET

1000-30-32-000	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenues						
General Fund	\$274,402	\$304,280	\$343,784	\$342,084	\$402,458	\$417,835
Other revenues	1,717	-	1,500	1,200	-	-
Revenue Totals	\$276,119	\$304,280	\$345,284	\$343,284	\$402,458	\$417,835
Expenditures						
Personnel	\$122,943	\$132,412	\$173,629	\$173,629	\$220,004	\$234,590
Contract services	-	1,044	5,000	3,000	5,000	5,000
Supplies	140,035	158,070	150,000	150,000	160,500	160,500
Internal service fund charges	13,141	12,754	16,655	16,655	16,954	17,745
Expenditure Totals	\$276,119	\$304,280	\$345,284	\$343,284	\$402,458	\$417,835
Authorized Positions						
Mechanic/Sr. Mechanic	1.00	1.00	1.50	2.00	2.00	2.00
FTE Total	1.00	1.00	1.50	2.00	2.00	2.00
Temporary Mechanic Hours	400	255	350	0	0	0

PARKS

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

To maintain City parks and landscaped areas throughout the City in a safe manner while conserving water and other resources.

KEY CHANGES

Maintenance of new park facilities at McGregor and Rispin. The department proposal includes an additional Maintenance Worker I/II in FY 16/17 to accommodate the increased workload.

PARKS

1000-30-33-xxx	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenues						
General Fund	\$473,366	\$453,449	\$472,776	\$ 456,356	\$474,740	\$490,233
Revenue Totals	\$473,366	\$453,449	\$472,776	\$ 456,356	\$474,740	\$490,233

Expenditures

Personnel	\$229,989	\$188,753	\$206,632	\$ 206,632	\$216,826	\$231,201
Contract services	166,060	180,395	171,220	171,200	183,587	183,587
Training & Memberships	2,376	7,229	4,500	2,500	1,500	1,500
Supplies	47,661	50,554	64,400	50,000	47,861	47,861
Internal service fund charges	27,280	26,518	26,024	26,024	24,967	26,084
Expenditure Totals	\$473,366	\$453,449	\$472,776	\$ 456,356	\$474,740	\$490,233

Authorized Positions	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY19/20 Initial	FY20/21 Planned
Maintenance Worker I & II	4.00	3.00	3.00	2.00	2.00
Maintenance Worker III	0.00	0.00	0.00	1.00	1.00
FTE Total	4.00	3.00	3.00	3.00	3.00

COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

During the past fiscal year, the City negotiated an agreement with the City of Scotts Valley for a shared Building Official and filled the position. A full-time Development Service Technician was hired to assist the building department and provide administrative services for the City's housing program. Also, an Assistant Planner left the department and a new Assistant Planner was hired. The past year has been a year of transition for the department with a focus on customer service and training.

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Continue to work on update to the City's Local Coastal Program (LCP).
- Adopted a bicycle parking ordinance.
- Adopted an ordinance permitting two retail cannabis licenses and amending the Regional Commercial zoning district to conditionally allow retail cannabis establishments.
- 132 planning permits issued, July 1, 2018 through April 30, 2019.
- Issued 405 building permits / total valuation of just under \$11 million, July 1, 2018 through April 30, 2019.
- Responded to 25 code enforcement complaints, July 1, 2017 through April 30, 2018.

FISCAL YEAR GOALS – 2019/20 and 2020/21

FISCAL POLICY

- Continue to process discretionary permit applications in a timely and cost-effective manner.
- Continue to perform timely building inspection services and efficiently process building permit applications.
- Seek grant opportunities to advance affordable housing goals and public infrastructure projects.
- Issue two conditional use permits for licensed cannabis retail establishments in the Regional Commercial district.

PUBLIC SERVICE

- Work with mall owners to facilitate mall redevelopment.
- Complete Zoning Code update and submit to the Coastal Commission for LCP certification.
- Update the Green Building Ordinance.
- Continue to work with regional partners toward a regional bicycle share program.
- Continue to implement customer service improvements (applicant guidance documents, website improvements, etc.).

COMMUNITY DEVELOPMENT

Community Development	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 248,201	\$ 147,042	\$ 162,811	\$ 391,499	\$ 353,003	\$ 407,338
Licenses and permits	216,535	290,086	265,500	216,000	216,500	216,500
Charges for services	280,396	245,483	346,500	147,400	233,500	233,500
Intergovernmental Revenue	-	-	74,000	74,000	95,000	95,000
Fines and forfeitures	3,039	1,058	1,000	1,000	500	500
Revenue Totals	\$ 748,171	\$ 683,669	\$ 849,811	\$ 829,899	\$ 898,503	\$ 952,838

Expenditures

Personnel	\$ 645,512	\$ 501,673	\$ 720,112	\$ 711,000	\$ 796,909	\$ 849,744
Contract services	32,627	112,981	45,100	44,100	18,000	18,000
Training & Memberships	4,332	1,158	11,500	6,200	14,000	14,000
Supplies	2,844	1,157	6,400	1,900	6,400	6,400
Internal service charges	62,856	66,700	66,698	66,699	63,195	64,694
Expenditure Totals	\$ 748,171	\$ 683,669	\$ 849,810	\$ 829,899	\$ 898,504	\$ 952,838

	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY19/20 Initial	FY20/21 Planned
Authorized Positions					
Community Dev. Director	1.00	1.00	1.00	1.00	1.00
Senior Planner	1.00	1.00	1.00	-	-
Associate Planner	-	-	-	1.00	1.00
Assistant Planner	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	1.00	1.00	1.00
Development Services Tech	-	-	-	1.00	1.00
FTE Total	5.00	5.00	5.00	6.00	6.00

Officials Positions

Planning Commissioners	5.00	5.00	5.00	5.00	5.00
Arch & Site Committee	2.00	2.00	2.00	2.00	2.00
Total	7.00	7.00	7.00	7.00	7.00

Officials Annual Pay

Planning Commissioners	\$ 9,250	\$ 9,250	\$ 7,500	\$ 7,500	\$ 7,500
Arch & Site Committee	1,600	1,600	1,200	6,000	6,000
Total	\$ 10,850	\$ 10,850	\$ 8,700	\$ 13,500	\$ 13,500

RECREATION

CULTURE & LEISURE

MISSION

The City of Capitola Recreation Division's mission is to enhance recreation, healthy lifestyles, and quality of life for Capitola and the surrounding neighbors through affordable and fun activities and opportunities. The department has a commitment to excellence and continually strives to improve its programs, procedures, and services, to best meet the needs and interests of the community.

DEPARTMENT PURPOSE

The Recreation Division manages recreation and leisure services offered to residents of Capitola and the broader community. These services include City-staffed programs such as Junior Lifeguards, Camp Capitola, and Adult Sports Leagues, as well as over 500 classes offered by contract instructors. The department also manages the Capitola Community Center, Jade Street Park, and Monterey Park.

Camp Capitola and Junior Guards have enrollment of over 1,000 children annually. The Recreation Department receives an additional 3,000 class enrollments throughout the year. The department also represents the City through programs offered, class instructors selected, seasonal youth hired and trained, and condition of facilities. The Recreation Program provides training for young people through the Junior Lifeguard Captains Corps and Camp Capitola Junior Leader Program.

KEY CHANGES

The City entered into a contract with Central Fire Protection District to provide testing and training services that meet or exceed United States Lifesaving Association (USLA) for the Junior Lifeguard Instructors.

Adjusted at CPI for Camp Capitola and Junior Guard. Modified Camp Capitola registration to offer program options for older youth.

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Contracted with Central Fire Protection District to provide testing and training services that meet or exceed USLA standard.
- Through the Junior Lifeguard Captains Corps and the Camp Capitola Junior Leader program, provided opportunities for teens to train for future summer employment as Junior Lifeguard Instructors and Camp Leaders
- Provided a diverse class schedule for adults and seniors
- Produced updated Capitola Recreation brochures offering new programs, events and promotion of City sponsored events
- Partnered with Police Department to provide community event at skatepark.
- Offered new classes with a focus on youth recreation activities.

FISCAL YEAR GOALS - 2019/20

- Grow relationship and contract with Central Fire Protection District to provide Lifeguard Services, including USLA standard training for Junior Lifeguard Instructor, for Capitola Beach.
- Complete strategic plan and initiate process that engages the community and identifies feasibility of desired services.
- Pilot an afterschool program for teen and younger youth in partnership with Soquel Union Elementary School District and other community partners
- Complete American Camp Accreditation process for Camp Capitola
- Paint the Community Center and other building stewardship projects
- Offer smaller events that focus on family and community building

RECREATION

Recreation Summary 1000-50-50-xxx	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 273,831	\$ 345,397	\$ 343,264	\$ 328,264	\$ 305,028	\$ 352,012
Recreation Classes	\$ 259,757	\$ 240,397	\$ 275,000	\$ 275,000	\$ 250,000	\$ 250,000
Capitola Junior Guards	257,798	238,393	265,000	265,000	275,000	275,000
Camp Capitola	100,479	96,049	105,000	120,000	175,000	175,000
Youth Programs	-	-	-	-	97,000	97,000
Sports Teams	21,425	23,681	22,000	22,000	22,000	22,000
Total Charges for Svcs.	\$ 639,459	\$ 598,520	\$ 667,000	\$ 682,000	\$ 819,000	\$ 819,000
Use of money & property	\$ 6,216	\$ 8,333	\$ 7,000	\$ 7,000	\$ 7,500	\$ 7,500
Revenue Totals	\$ 919,506	\$ 952,250	\$1,017,264	\$1,017,264	\$1,131,528	\$1,178,512
Expenditures						
Personnel	\$562,427	\$613,475	\$633,170	\$ 633,170	\$ 708,649	\$ 755,632
Contract services	221,496	209,867	242,050	242,050	288,686	288,686
Training & Memberships	6,484	7,369	8,300	8,300	14,820	14,820
Supplies	52,733	57,047	69,650	69,650	59,050	59,050
Internal service fund charges	76,366	64,492	64,094	64,094	60,324	60,324
Expenditure Totals	\$ 919,506	\$ 952,250	\$1,017,264	\$1,017,264	\$1,131,528	\$1,178,512
Authorized Positions						
	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY19/20 Initial	FY20/21 Planned	
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00	
Recreation Coordinator	1.50	1.50	1.50	1.50	1.50	
Recreation Assistant	0.75	0.75	0.75	2.00	2.00	
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	
FTE Total	3.75	3.75	3.75	5.00	5.00	
Hourly Allocation						
Beach Lifeguard Captain	-	-	720	-	-	
Jr. Lifeguard Instructor	8,350	8,350	8,200	7,200	7,200	
Jr. Lifeguard Coordinator	800	800	800	1,200	1,200	
Camp Capitola Leader	2,450	2,450	2,500	4,800	4,800	
Camp Capitola Coordinator	-	-	400	1,200	1,200	
CC Jr. Leader Coordinator	700	700	400	500	500	
Youth Program Coordinator	-	-	-	720	720	
Youth Program Leader	-	-	-	2,880	2,880	
Recreation Admin Temps	1,285	1,285	2,400	1,560	1,560	
Sports Scorekeepers	865	865	900	900	900	
Recreation Facilities Assistant	-	-	-	-	-	
Hours Total	14,450	14,450	16,320	20,960	20,960	

MUSEUM

CULTURE & LEISURE

MISSION

The Capitola Historical Museum preserves and promotes the history of Capitola through photos, displays, and stories.

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Opened a new exhibit, “Capitola Obscura. Little-Known Facts About Capitola”
- Received more than 500 donated volunteer hours, and welcomed over 6,000 guests to the museum volunteer program
- Provided walking tours and lectures for local organizations and the public
- Published Historical Museum Coloring Book and A Companion to Capitola
- Worked to improve the documentation of the Museum collections.
- Continue to add interviews to the Capitola Memories Project
- Hosted Santa Cruz County History Fair.
- Added content to the Museum YouTube Channel.

FISCAL YEAR GOALS - 2019/20 and 2019/20

- Continue to improve community outreach to increase number of Museum volunteers
- Digitize media for long term preservation of historical resources.
- Install new exhibit

MUSEUM

Capitola Museum 1000-50-51-000	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 62,563	\$ 66,470	\$ 63,806	\$ 61,806	\$ 67,344	\$ 70,334
Other revenues	5,923	7,105	6,500	8,500	7,000	7,000
Revenue Totals	\$ 68,486	\$ 73,575	\$ 70,306	\$ 70,306	\$ 74,344	\$ 77,334
Expenditures						
Personnel	\$40,033	\$38,683	\$37,351	\$ 37,351	\$ 41,156	\$ 43,884
Contract services	4,866	14,357	13,250	13,250	14,060	14,060
Training & Memberships	-	-	-	-	-	-
Supplies	18,455	15,403	14,000	14,000	14,000	14,000
Internal service fund charges	5,132	5,132	5,705	5,705	5,128	5,390
Expenditure Totals	\$ 68,486	\$ 73,575	\$ 70,306	\$ 70,306	\$ 74,344	\$ 77,334
Authorized Positions						
Museum Curator	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	0.50	0.50	0.50	0.50	0.50	0.50

ART & CULTURE

CULTURE & LEISURE

MISSION

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

DEPARTMENT PURPOSE

The first Arts Commission was created in 1984. The commission was reorganized by Ordinance #851 effective May 10, 2003 under the new title of Art & Cultural Commission. With the adopted Arts & Cultural Master Plan, the Commission develops and reviews Public Art projects and creates opportunities for a variety of art and cultural experiences for City Council approval. The Commission continues to off-set nearly 50% of its budget by obtaining sponsors for the events.

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Obtained sponsors obtained to continue funding summer events
- Art for public buildings created by New Brighton Students
- Completion of Mural at Monte Skatepark.
- Completion of the Sea Lion climbable sculpture.
- Thirteen Twilight Concerts, six Sunday Concerts, and four movies in 2018.
- All events were free to attend

FISCAL YEAR GOALS - 2019/20 and 2020/21

PUBLIC IMPROVEMENT

- Continue to offer free, family events and entertainment in Capitola
- Display art work by community members at City facilities
- Public Art focus on 41st corridor and library

ART & CULTURE

Art & Cultural Commission 1000-50-52-000	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Revenue						
General Fund	\$ 32,092	\$ 29,260	\$ 25,869	\$ 32,469	\$ 26,421	\$ 27,761
Other revenues	31,823	31,823	38,000	30,000	37,200	37,200
Revenue Totals	\$ 63,915	\$ 61,083	\$ 63,869	\$ 62,469	\$ 63,621	\$ 64,961
Expenditures						
Personnel	\$15,036	\$14,986	\$16,272	\$ 16,272	\$ 16,486	\$ 17,579
Contract services	38,219	40,640	35,600	35,600	35,500	35,500
Supplies	6,785	7,668	7,900	6,500	7,900	7,900
Internal service fund charges	3,875	3,875	4,097	4,097	3,735	3,982
Expenditure Totals	\$ 63,915	\$ 67,169	\$ 63,869	\$ 62,469	\$ 63,621	\$ 64,961
<u>Hourly Employee Allocation</u>						
Hours	503	516	480	480	480	480

INTERNAL SERVICE FUNDS



Attachment: 2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

INTERNAL SERVICE FUNDS

Stores (City Manager): The Stores Fund accounts for general supplies, postage, and rental of office equipment.

Information Technology (City Manager): The Information Technology Fund provides funding for replacement and upgrade of the existing computer network. The number of personal computers, laptops, printers, and servers each department uses forms the basis for department allocations.

Equipment Replacement (Public Works): The Equipment Replacement Fund provides funding for the replacement of city vehicles, including passenger cars, parks maintenance vehicles, police vehicles and other specialty vehicles. Departments contribute to this replacement fund based on the depreciation expense of existing vehicles. This fund also receives the revenue received from the sale, or trade-in, of surplus vehicles.

Self-Insurance Liability (City Manager): The Self-Insurance Liability Fund collects funding from departments to pay for self-insured liability and property protection insurance premiums provided through the Monterey Bay Area Self Insurance Authority (MBASIA) joint powers authority.

Workers' Compensation (City Manager): The Workers' Compensation Fund collects funding from departments to pay for Workers' Compensation coverage through the MBASIA.

Compensated Absences (Finance): The Compensated Absences Fund accumulates money to pay future employee benefit costs, such as vacation and sick leave payouts, at termination or retirement. The City Council sets the policy to ensure the City can fulfill future obligations.

STORES FUND

The Stores Fund accounts for general supplies and postage. This also includes the rental of the postage machine and the repair and maintenance of shared office equipment.

SOURCES AND USES						
Fund - 2210	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
	Actual	Actual	Adopted	Estimated	Initial	Planned
Beginning Fund Balance	\$ 21,827	\$ 23,317	\$ 32,547	\$ 32,547	\$ 35,307	\$ 35,307
Revenue						
Other Revenues	\$ 217	\$ 194	\$ -	\$ 10	\$ -	\$ -
Internal Service Charges	35,000	37,250	37,250	37,250	37,250	37,250
Revenue Totals	\$35,217	\$37,444	\$37,250	\$ 37,260	\$ 37,250	\$ 37,250
Expenditures						
Contract Services	\$ 5,807	\$ 6,596	\$10,250	\$ 7,500	\$ 10,250	\$ 10,250
Supplies	27,920	21,619	27,000	27,000	27,000	27,000
Expenditure Totals	\$33,727	\$28,215	\$37,250	\$ 34,500	\$ 37,250	\$ 37,250
Fund Balance at 06/30	\$23,317	\$32,547	\$32,547	\$ 35,307	\$ 35,307	\$ 35,307

INFORMATION TECHNOLOGY FUND

The Information Technology Fund collects and designates funds for the future replacement of citywide hardware and software. Annual on-going information technology costs are allocated based on the distribution of resources.

SOURCES AND USES

Fund - 2211	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Beginning Fund Balance	\$ 145,980	\$ 113,364	\$ 147,374	\$ 147,374	\$ 158,115	\$ 161,615
Revenue						
Other Revenues	\$ 3,468	\$ 3,468	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Internal Service Charges	203,000	278,800	292,741	296,241	247,900	247,900
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$206,468	\$282,268	\$296,241	\$299,741	\$251,400	\$251,400
Expenditures						
Contract Services	\$142,547	\$147,275	\$163,000	\$163,000	\$111,400	\$111,400
Training & Memberships	120	160	1,000	1,000	1,500	1,500
Supplies	71,873	61,026	70,000	70,000	115,000	115,000
Capital Outlay	24,544	39,797	55,000	55,000	20,000	20,000
Expenditure Totals	\$239,084	\$248,258	\$289,000	\$289,000	\$247,900	\$247,900
Fund Balance at 06/30	\$113,364	\$147,374	\$154,615	\$158,115	\$161,615	\$165,115

EQUIPMENT REPLACEMENT FUND

The Equipment Replacement Fund is designed to provide funding for replacement of City vehicles, including passenger cars, maintenance vehicles, police vehicles and other specialty vehicles. Departments contribute to this replacement fund based on the depreciation costs of existing vehicles. This fund receives revenue from trade-ins and surplus equipment sales. The General Fund charges for services based on the prior year fleet depreciation costs adjusted by the CPI index.

During the annual budget process, the Public Works and the Police Department review the current vehicle inventory listing and make recommendations for vehicle acquisitions and replacements, considering on-going maintenance costs. In FY 13/14, \$198,730 was transferred from the General Fund to assist in restoring the Equipment Fund's balance and to purchase a street sweeper. Typically, new street sweepers are financed with gas tax revenues. However, to achieve interest savings and maintain the City's debt ratio, the General Fund purchased the equipment. The operating lease with the Gas Tax Fund covers the cost of the street sweeper.

FY 19/20 CAPITAL OUTLAY

Mini Sweeper	\$105,000
Ditch Witch – PW	57,000
Police Sergeant Vehicle	60,000
Police Motorcycle	<u>34,500</u>
Total	\$256,500

FY 19/20 CAPITAL OUTLAY

Mini-Excavator - PW	\$ 50,000
Flat-bed Truck - PW	30,000
Pick-up Truck - PW	25,000
Patrol Vehicle – PD	54,000
Motorcycle - PD	34,500
Life Guard Towers	<u>50,000</u>
Total	\$243,500

SOURCES AND USES

	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Fund - 2212	Actual	Actual	Adopted	Estimated	Initial	Planned
Beginning Fund Balance	\$ 124,178	\$ 170,549	\$ 121,316	\$ 121,316	\$ 310,316	\$ 301,216
Revenue						
Other revenues	\$ 14,495	\$ 7,500	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	78,000	181,300	155,000	155,000	177,400	184,265
Other Financing Sources	61,774	192,385	125,000	125,000	80,000	70,000
Revenue Totals	<u>154,269</u>	<u>381,185</u>	<u>280,000</u>	<u>280,000</u>	<u>257,400</u>	<u>254,265</u>
Expenditures						
Capital Outlay	\$107,898	\$430,418	\$ 91,000	\$ 91,000	\$ 266,500	\$243,500
Expenditure Totals	<u>\$107,898</u>	<u>\$430,418</u>	<u>\$ 91,000</u>	<u>\$ 91,000</u>	<u>\$ 266,500</u>	<u>\$243,500</u>
Fund Balance at 06/30	\$170,549	\$121,316	\$310,316	\$310,316	\$ 301,216	\$311,982

SELF-INSURANCE LIABILITY FUND

The Self-Insurance Liability Fund accumulates funds for deductible expenditures and excess incidents above the City's liability coverage. The fund pays for the following expenses:

- Excess Insurance Premiums - The City belongs to the Monterey Bay Area Self Insurance Authority (MBASIA) joint powers authority. MBASIA covers all liability expenses, fire, property protection, and general liability claims up to \$10,000 per occurrence.
- Property Insurance – The City receives property insurance through the Public Entity Property Insurance Program and is insured by Lexington. The City's premium is \$20,000.
- Vehicle and Equipment Insurance Coverage - Coverage for vehicles and equipment with a purchase value of \$25,000 or more. The annual premium is \$4,000 with a \$2,000 deductible.
- Unemployment Insurance - The California Employment Development Department (EDD) defines the City as a "State Unemployment Insurance Reimbursement Client". The City does not pay unemployment insurance premiums to the State. When an employee files for and receives unemployment benefits from the State, the City is responsible for that benefit.

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

SOURCES AND USES

Fund - 2213	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Initial	FY20/21 Planned
Beginning Fund Balance	\$ 159,241	\$ 199,225	\$ 92,771	\$ 92,771	\$ 92,773	\$ 91,773
Revenue						
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	428,000	428,000	419,301	419,301	403,486	423,660
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$428,000	\$428,000	\$419,301	\$419,301	\$403,486	\$ 423,660
Expenditures						
Contract Services	\$388,016	\$534,455	\$419,299	\$419,299	\$403,486	\$ 423,660
Supplies	-	-	-	-	1,000	1,000
Expenditure Totals	\$388,016	\$534,455	\$419,299	\$419,299	\$404,486	\$ 424,660
Fund Balance at 06/30	\$ 199,225	\$ 92,771	\$ 92,773	\$ 92,773	\$ 91,773	\$ 90,773

WORKERS' COMPENSATION FUND

The Workers' Compensation Fund satisfies the requirements of Capitola municipal code section 3.24.030, which states, "The City Manager and City Treasurer shall establish a reserve fund for purposes of paying future workers' compensation claims and shall, hereafter, make such annual deposits into that fund as the city is advised are actually necessary to provide a suitable reserve". This program also covers City volunteers.

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

The annual premium that is assessed to each of the participating cities in the JPA is based on three primary factors: the number of employees in each of the two major categories (Safety & Miscellaneous), the experience rate (cost incurred) of each participating agency, and debt service allocation.

When an employee files a claim, the City pays the employee's salary portion directly from the general fund based upon the standard workers' compensation formula, for the "temporary" claim. The formulas for employees receiving workers' compensation are as follows:

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

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

Distribution to General Fund Departments:

The allocation methodology for workers' compensation charges to the General Fund Departments corresponds closely to the cost allocation method used by the JPA. The City divides employees into three classifications: Sworn, Non-Sworn and Volunteers, with cost per FTE calculated. A fund balance accommodates future premium fluctuations, deductibles and excess liability.

SOURCES AND USES

	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Fund - 2214	Actual	Actual	Adopted	Estimated	Initial	Planned
Beginning Fund Balance	\$ 321,857	\$ 328,344	\$ 335,647	\$ 335,647	\$ 335,646	\$ 335,646
Revenue						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$ 415,000	\$ 321,000	\$ 304,813	\$ 304,813	\$ 310,045	\$ 325,547
Revenue Totals	\$ 415,000	\$ 321,000	\$ 304,813	\$ 304,813	\$ 310,045	\$ 325,547
Expenditures						
Contract Services	\$ 408,513	\$ 313,697	\$ 304,814	\$ 304,814	\$ 310,045	\$ 325,547
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	\$ 408,513	\$ 313,697	\$ 304,814	\$ 304,814	\$ 310,045	\$ 325,547
Fund Balance at 06/30	\$ 328,344	\$ 335,647	\$ 335,646	\$ 335,646	\$ 335,646	\$ 335,646

COMPENSATED ABSENCES LIABILITY FUND

The Compensated Absences Liability Fund accumulates reserves to pay for employee cash-outs, such as accumulated sick leave and vacation, due to employees upon termination or retirement. The following is an itemized description of the various liabilities of this fund.

Vacation > 360 hours: An employee who has accumulated more than 360 hours (504 hours for POA) as of the last pay period in April of any year shall be paid in cash at a rate equal to 100% of his/her current hourly rate for hours exceeding 360 (504 for POA). The hourly rate includes specialty pays.

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

Police Captain Cashable Sick Leave: Refer to contract.

Final Pay: Upon resignation, employees are eligible for vacation cash outs.

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

City Manager	12 months
Police Chief	6 months
Public Works Director	4 months
Community Development Director	4 months
Finance Director	4 months

SOURCES AND USES

	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Fund - 2216	Actual	Actual	Adopted	Estimated	Initial	Planned
Beginning Fund Balance	\$ (8,869)	\$ (34,997)	\$ (48,066)	\$ (48,066)	\$ (38,127)	\$ -
Revenue						
Other financing sources	\$200,000	\$200,000	\$209,939	\$209,939	\$238,127	\$200,000
Revenue Totals	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$209,939</u>	<u>\$209,939</u>	<u>\$238,127</u>	<u>\$200,000</u>
Expenditures						
Personnel	\$226,128	\$213,069	\$200,000	\$200,000	\$200,000	\$200,000
Expenditure Totals	<u>\$226,128</u>	<u>\$213,069</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>
Fund Balance at 06/30	\$ (34,997)	\$ (48,066)	\$ (38,127)	\$ (38,127)	\$ -	\$ -

The City's estimated non-current Compensated Absence Liability based on Governmental Accounting Standards Board Statement No. 16 for the fiscal year ended June 30, 2018, is \$810,662.

SPECIAL REVENUE FUNDS



SPECIAL REVENUE FUNDS

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

Restricted Transient Occupancy Tax (TOT) (City Council): Capitola voters passed Measure J in 2018 increasing the TOT from 10% to 12% and restricting 0.4% for local business groups and 0.35% for childhood and youth programming.

Road Maintenance and Rehabilitation Act (Public Works): Funds received from the state and used for road maintenance, rehabilitation, and critical safety projects on local streets and roads.

Regional Transportation Commission (RTC) Streets (Public Works): 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.

Gas Tax (Public Works): Funds received from gasoline tax revenue from the state and used for new construction, maintenance and the reconstruction of City streets.

Wharf (Public Works): Accounts for rental income generated from wharf operations and expended on operations and major repairs and improvements.

General Plan Update and Maintenance (Community Development): Funds received as General Plan Maintenance Fee to support future updates to the City's General Plan, implementing ordinances and plans.

Green Building (Community Development): Green Building funds are solely for program management, training, publications, public educational purposes, incentive programs, materials and supplies to promote sustainable development, water conservation, storm water pollution prevention, and climate action planning.

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

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

Technology Fee (Community Development): 5% of building permit fee funds permit processing technology.

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

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

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

Community Development Block Grant Program Income (Community Development): This fund accounts for income from housing loans that are funded with Community Development Block Grant funds. Loans and interest repaid to the fund are restricted to CDBG approved uses.

Library (City Manager): The Capitola Branch Library has been planned for many years. The City will begin construction of a new Capitola Branch Library in 2018.

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

Housing Trust (Community Development): City Council adopted an Inclusionary Housing Ordinance in November 2004, which created an Affordable Housing Trust Fund. It is funded from in-lieu fees, which can be used for new affordable housing and rehabilitation of existing affordable housing.

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

SUPPLEMENTAL LAW ENFORCEMENT SERVICES

POLICE

The City of Capitola receives money each year from the State of California Citizens Option for Public Safety (COPS) program. The COPS program requires the funds to be for front-line law enforcement services and not supplant existing funding. These funds were used last year to fund police vehicles and equipment.

The City purchased new police vehicles in FY 2016/17, FY 2017/18 and FY 2018-19. In addition to front line equipment, the Police Department transferred \$25,000 to the Equipment Fund to pay for a portion of the Police Communications Radio Tower relocation.

SOURCES AND USES

Fund - 1300 SLESF	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY20/21 Planned
Beginning Fund Balance	\$ 97,821	\$ 7,939	\$ 10,101	\$ 10,101	\$ 18,001	\$ 40,401
Revenue						
Intergovernmental revenues	\$100,000	\$100,000	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	415	225	400	400	400	400
Other revenues	4,000	-	-	-	-	-
Revenue Totals	\$104,415	\$100,225	\$100,400	\$ 100,400	\$100,400	\$100,400
Expenditures						
Contract services	\$ 2,509	\$ 2,365	\$ 3,000	\$ 2,500	\$ 3,000	\$ 3,000
Supplies	22,105	3,456	45,000	10,000	45,000	45,000
Capital outlay	169,683	57,242	25,000	55,000	30,000	30,000
Other financing uses	-	35,000	25,000	25,000	-	-
Expenditure Totals	\$194,297	\$ 98,063	\$ 98,000	\$ 92,500	\$ 78,000	\$ 78,000
Fund Balance at 06/30	\$ 7,939	\$ 10,101	\$ 12,501	\$ 18,001	\$ 40,401	\$ 62,801

RESTRICTED TRANSIENT OCCUPANY TAX (TOT)

CITY COUNCIL

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 childhood and youth programming.

SOURCES AND USES

Fund - 13XX	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
TOT Restricted Revenue	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transient Occupancy Tax	\$ -	\$ -	\$ 56,000	\$ 56,000	\$ 109,377	\$ 110,471
Use of money & property	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Revenue Totals	\$ -	\$ -	\$ 56,000	\$ 56,000	\$ 109,377	\$ 110,471
Expenditures						
Contract services	\$ -	\$ -	\$ 56,000	\$ 56,000	\$ 109,377	\$ 110,471
Supplies	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ -	\$ 56,000	\$ 56,000	\$ 109,377	\$ 110,471
Fund Balance at 06/30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

ROAD MAINTENANCE & REHABILITATION ACT (SB1)

PUBLIC WORKS

This fund accounts for receipt and expenditure of revenue as provided by state law. The Road Maintenance & Rehabilitation Act Fund is primarily used to cover the expenses related to street maintenance and rehabilitation projects on City roads and streets.

SOURCES AND USES

Fund - 1308 RMRA SB 1	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY20/21 Planned
Beginning Fund Balance				\$ 1,545	\$ 170,595	\$ 595
Revenue						
Intergovernmental revenues	\$ -	\$ 59,545	\$168,750	\$168,750	\$ 175,000	\$175,000
Other financing sources	-	-	-	300	-	-
Revenue Totals	\$ -	\$ 59,545	\$168,750	\$169,050	\$ 175,000	\$175,000
Expenditures						
Contract services						
Capital outlay	\$ -	\$ 58,000	\$ -	\$ -	\$ 345,000	\$ -
Expenditure Totals	\$ -	\$ 58,000	\$ -	\$ -	\$ 345,000	\$ -
Fund Balance at 06/30	\$ -	\$ 1,545	\$168,750	\$170,595	\$ 595	\$175,595

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

REGIONAL TRANSPORTATION COMMISSION (RTC) STREETS**PUBLIC WORKS**

This fund accounts for receipts and expenditures of money received from the Santa Cruz County Regional Transportation Commission. A description of proposed projects is listed in the summary section of this budget.

SOURCES AND USES

Fund - 1309	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
RTC Streets	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance		\$ 11,254	\$417,615	\$417,615	\$ 390,441	\$ 441
Revenue						
Intergovernmental revenues	\$ 11,254	\$312,311	\$300,000	\$300,000	300,000	\$300,000
Other financing sources	-	202,652	-	5,000	200,000	-
Revenue Totals	\$ 11,254	\$514,963	\$300,000	\$305,000	\$ 500,000	\$300,000
Expenditures						
Contract services	\$ -			-	-	
Capital outlay	-	108,602	300,000	332,174	890,000	300,000
Expenditure Totals	\$ -	\$108,602	\$300,000	\$332,174	\$ 890,000	\$300,000
Fund Balance at 06/30	\$ 11,254	\$417,615	\$417,615	\$390,441	\$ 441	\$ 441

GAS TAX**PUBLIC WORKS**

This fund accounts for receipt and expenditure of gasoline tax revenue as provided by state law. The Gas Tax Fund is primarily used to cover the expenses related to maintenance and operation of the City's traffic signals and streetlights. Other Gas Tax Fund programs includes street maintenance patching and striping project, street sweeper lease payments, and engineering.

The Gas Tax funds must be spent within 5 years of receipt. Future Gas Tax funds cannot be pledged for current projects with future repayment, therefor the funds can only be spent once they have been received.

SOURCES AND USES

Fund - 1310	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Gas Tax	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ (40,124)	\$ 0	\$ 0	\$ 0	\$ 663	\$ 181
Revenue						
Intergovernmental revenues	\$196,748	\$217,970	\$261,423	\$ 225,000	\$279,855	\$279,855
Use of money & property	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Other financing sources	40,124	-	-	-	-	-
Revenue Totals	\$236,872	\$217,970	\$261,423	\$ 225,000	\$279,855	\$279,855
Expenditures						
Capital Outlay	\$191,411	\$212,633	\$261,000	\$ 219,000	\$275,000	\$274,500
Debt service	5,337	5,337	-	5,337	5,337	5,337
Interfund Transfer	-	-	-	-	-	-
Expenditure Totals	\$196,748	\$217,970	\$261,000	\$ 224,337	\$280,337	\$279,837
Fund Balance at 06/30	\$ 0	\$ 0	\$ 423	\$ 663	\$ 181	\$ 199

WHARF**PUBLIC WORKS**

The Wharf Fund accounts for rental income generated from wharf operations and expended on operating costs as well as major repairs and improvements. The Wharf Fund accumulates these revenues in order to help meet the majority of its expenditure demands. Major repairs that tend to occur in a 3-5 year cycle require occasional general fund support in order to keep this key public facility open.

With the passage of Measure F, the City will begin to design and construct an improved wharf. The Measure F funds are accounted for in the Capital Improvement Fund (CIP). The Wharf Funds are for maintenance and repair of the current Wharf.

SOURCES AND USES						
Fund - 1311	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Wharf	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 84,426	\$ 84,009	\$ 43,115	\$ 43,115	\$ 33,615	\$ 265
Revenue						
Use of money & property	96,041	94,260	85,100	85,100	92,800	92,800
Other financing sources	-	47,800	-	-	-	-
Revenue Totals	\$ 96,041	\$142,060	\$ 85,100	\$ 85,100	\$ 92,800	\$ 92,800
Expenditures						
Contract services	\$ 85,393	\$ 54,003	\$ 85,100	\$ 85,100	\$ 78,650	\$ 78,650
Supplies	11,065	6,335	9,500	9,500	10,500	10,500
Capital Outlay	-	122,617	-	-	37,000	-
Expenditure Totals	\$ 96,458	\$182,955	\$ 94,600	\$ 94,600	\$126,150	\$ 89,150
Fund Balance at 06/30	\$ 84,009	\$ 43,115	\$ 33,615	\$ 33,615	\$ 265	\$ 3,915

GENERAL PLAN UPDATE & MAINTENANCE

COMMUNITY DEVELOPMENT

In 2002, the State Legislature passed AB 2936 to enable cities to collect fees “reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations”. The General Plan Maintenance Fee is currently 0.5% of the total building valuation with a cap of \$100,000 to cover the cost of a future comprehensive update of the City’s General Plan.

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

The City adopted a General Plan Update in June, 2014, and a Climate Action Plan and General Plan Housing Element in 2015. Staff recently completed a comprehensive update to the Zoning Code. The adopted budget provides adequate resources to fund consultant contracts and staff time to continue these efforts.

SOURCES AND USES

Fund - 1313 General Plan	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY20/21 Planned
Beginning Fund Balance	\$ 60,235	\$ 26,780	\$ 86,693	\$ 86,693	\$107,493	\$111,493
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	55,737	97,121	50,000	50,000	50,000	50,000
Use of money & property	538	1,171	-	1,300	-	-
Revenue Totals	\$ 56,275	\$ 98,291	\$ 50,000	\$ 51,300	\$ 50,000	\$ 50,000
Expenditures						
Contract services	\$ 88,662	\$ 37,705	\$ 46,000	\$ 30,000	\$ 45,000	\$ 45,000
Supplies	1,068	673	1,000	500	1,000	1,000
Expenditure Totals	\$ 89,730	\$ 38,378	\$ 47,000	\$ 30,500	\$ 46,000	\$ 46,000
Fund Balance at 06/30	\$ 26,780	\$ 86,693	\$ 89,693	\$107,493	\$111,493	\$115,493

GREEN BUILDING

COMMUNITY DEVELOPMENT

The Green Building Ordinance (Chapter 17.10 to the Capitola Municipal Code) was adopted in May 2008 and later amended in November 2014. The Green Building Ordinance establishes the Green Building Fund, which provides funding for the administration and implementation of the Green Building program and related sustainability initiatives. The intent of the Green Building fund is to provide resources for programs and initiatives which promote environmental sustainability, resource conservation, greenhouse gas emission reductions, and solid waste reduction.

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

SOURCES AND USES

Fund - 1314	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Green Building	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$118,464	\$124,573	\$157,413	\$157,413	\$176,413	\$153,413
Revenue						
Charges for services	\$ 8,064	\$ 32,840	\$ 22,000	\$ 20,000	\$ 15,000	\$ 15,000
Revenue Totals	\$ 8,064	\$ 32,840	\$ 22,000	\$ 20,000	\$ 15,000	\$ 15,000
Expenditures						
Contract services	\$ -	\$ -	\$ 35,000	\$ -	\$ 35,000	\$ 35,000
Training & Memberships	-	-	1,000	1,000	1,000	1,000
Supplies	1,956	-	2,000	-	2,000	2,000
Expenditure Totals	\$ 1,956	\$ -	\$ 38,000	\$ 1,000	\$ 38,000	\$ 38,000
Fund Balance at 06/30	\$124,573	\$157,413	\$141,413	\$176,413	\$153,413	\$130,413

PUBLIC ART

CITY MANAGER

The City established a Public Arts fee in 2004. The purpose is to ensure that 2% of the cost of eligible municipal capital improvement, renovation, or restoration projects funded in whole or in part by the City of Capitola or any private, non-residential development project with a total building permit valuation of \$250,000 or more is set aside for the acquisition of works of art to be displayed in or about public places within the City. For a private development, there is an in lieu option to contribute 1% of the total budget to the Public Art Program. As part of the program expenses, up to 20% of the art allocations may be expended on program administration, project management and community outreach activities. There will be 125 hours of the Administrative Assistant for the Art & Cultural Commission time allocated to administering projects.

Completed Art Projects

- Mural at Monte Skatepark
- Sea Lion climbable sculpture

SOURCES AND USES

Fund - 1315	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Public Art	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$251,988	\$247,683	\$204,307	\$204,307	\$171,107	\$212,107
Revenue						
Charges for services	\$ 3,330	\$ 37,224	\$100,000	\$ 10,000	\$100,000	\$ 50,000
Revenue Totals	\$ 3,330	\$ 37,224	\$100,000	\$ 10,000	\$100,000	\$ 50,000
Expenditures						
Personnel	\$ 1,112	\$ -	\$ 3,000	\$ -	\$ 3,000	\$ 3,000
Contract services	6,468	80,600	100,000	40,000	53,000	53,000
Supplies	55	-	-	3,200	3,000	3,000
Expenditure Totals	\$ 7,635	\$ 80,600	\$103,000	\$ 43,200	\$ 59,000	\$ 59,000
Fund Balance at 06/30	\$247,683	\$204,307	\$201,307	\$171,107	\$212,107	\$203,107

PARKING RESERVE

PUBLIC WORKS

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

SOURCES AND USES

Fund - 1316	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Parking Reserve	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737
Revenue						
Other financing sources	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Revenue Totals	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Expenditures						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	100,000	100,000	100,000	100,000	100,000	100,000
Expenditure Totals	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Fund Balance at 06/30	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737

TECHNOLOGY FEE**COMMUNITY DEVELOPMENT**

On November 12, 2009, the City of Capitola adopted a resolution establishing the Technology Fee. The fee is 5% of the Community Development and Public Works permit fees. The City has updated building, planning, and public works permitting software. The system better coordinates plan review activities among departments and will allow the public to inquire and search records and monitor progress of applications through the internet. The City will continue to make changes to the system in order to provide better service to the public and to improve internal processes. The zoning update process and its implementation will also benefit from the system's data resources and enhanced reporting capabilities.

SOURCES AND USES

Fund - 1317 Technology Fee	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY20/21 Planned
Beginning Fund Balance	\$ 49,576	\$ 47,434	\$ 55,090	\$ 55,090	\$ 57,090	\$ 56,090
Revenue						
Charges for services	\$ 11,848	\$ 16,223	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500
Revenue Totals	\$ 11,848	\$ 16,223	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500
Expenditures						
Contract services	\$ 8,783	\$ 7,332	\$ 10,000	\$ 7,500	\$ 7,500	\$ 7,500
Supplies	5,206	1,234	5,000	2,000	5,000	5,000
Expenditure Totals	\$ 13,990	\$ 8,566	\$ 15,000	\$ 9,500	\$ 12,500	\$ 12,500
Fund Balance at 06/30	\$ 47,434	\$ 55,090	\$ 51,590	\$ 57,090	\$ 56,090	\$ 55,090

PUBLIC EDUCATION/GOVERNMENT CABLE TV ACCESS (PEG)

CITY MANAGER

This Special Revenue Fund accounts for Public, Education & Government (PEG) cable television fees. The PEG Access fee from all cable service providers is 64 cents per subscriber and is due to the City concurrent with the Franchise Fee Payments. The City is required to segregate PEG access fees and related purchases.

The funds received through PEG fees are retained by the City and utilized for capital equipment purchases in support of PEG access only. PEG channels are set aside for the following purposes:

- Public - available for use by the public
- Education - available for use by educational institutions for educational programming
- Government – available for programming by local governments

SOURCES AND USES

Fund - 1320	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
Public Education & Gov't.	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 58,225	\$ 75,090	\$ 77,941	\$ 77,941	\$ 79,741	\$ 69,241
Revenue						
Licenses and permits	\$ 16,505	\$ 16,024	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Use of money & property	471	1,059	200	200	500	500
Revenue Totals	\$ 16,975	\$ 17,083	\$ 16,200	\$ 16,200	\$ 16,500	\$ 16,500
Expenditures						
Contract services	\$ 110	\$ -	\$ 5,000	\$ -	\$ 2,000	\$ 2,000
Supplies	-	14,232	14,400	14,400	15,000	15,000
Capital Outlay	-	-	5,000	-	10,000	10,000
Expenditure Totals	\$ 110	\$ 14,232	\$ 24,400	\$ 14,400	\$ 27,000	\$ 27,000
Fund Balance at 06/30	\$ 75,090	\$ 77,941	\$ 69,741	\$ 79,741	\$ 69,241	\$ 58,741

CAPITOLA VILLAGE/WHARF BUSINESS IMPROVEMENT AREA (BIA)

FINANCE

In June 2005, the City of Capitola adopted Ordinance No. 889, which added Chapter 5.10 to the Capitola Municipal Code establishing the Capitola Village and Wharf Business Improvement Area (BIA). It was established to generate revenue for the sole purpose of promoting business in Capitola village and on the wharf. State law requires certain annual actions and public hearing to continue this assessment district. The program is run with the assistance of a BIA Board of Directors, which provides city council with an annual budget proposal.

SOURCES AND USES

Fund - 1321 CVWBIA	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY20/21 Planned
Beginning Fund Balance	\$ (2)	\$ 11,849	\$ 22,242	\$ 22,242	\$ 14,198	\$ 7,418
Revenue						
Charges for services	\$ 71,228	\$ 73,298	\$ 74,600	\$ 72,156	\$ 74,450	\$ 74,450
Use of money & property	186	517	150	800	550	550
Other revenue	-	3,189	15,000	15,000	29,000	29,500
Revenue Totals	\$ 71,414	\$ 77,004	\$ 89,750	\$ 87,956	\$104,000	\$104,500
Expenditures						
Contract services	\$ 41,592	\$ 43,898	\$ 86,877	\$ 78,000	\$ 92,180	\$ 92,180
Supplies	17,970	22,713	17,160	18,000	18,600	18,600
Expenditure Totals	\$ 59,563	\$ 66,611	\$104,037	\$ 96,000	\$110,780	\$110,780
Fund Balance at 06/30	\$ 11,849	\$ 22,242	\$ 7,955	\$ 14,198	\$ 7,418	\$ 1,138

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

COMMUNITY DEVELOPMENT

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

In recent years, the City has been awarded with CDBG grants to fund the Green Economy/Environmental Economic Analysis and 41st Avenue/Capitola Mall Re-Visioning Plan and a 2008 Disaster Recovery Initiative (DRI) grant for \$250,000 to develop the City's Local Hazard Mitigation Plan (LHMP) and Safety Element of the General Plan Update. In 2014, the City was awarded with a \$500,000 CDBG grant to reinstate the City's Housing Rehabilitation and Mortgage Assistance Programs. The City has applied for a \$2.7 million in CDBG funds and anticipates receiving notification in FY 2018/19.

SOURCES AND USES

Fund - 1350	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
CDBG Grants	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$(130,092)	\$ 25,664	\$ 41,903	\$ 41,903	\$ 39,403	\$ 33,203
Revenue						
Intergovernmental revenues	\$ 278,363	\$ 198,610	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 278,363	\$ 198,610	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract services	\$ 8,880	\$ 10,600	\$ -	\$ 2,500	\$ 6,200	\$ 6,200
Supplies	\$ 27					
Grants and subsidies	113,700	171,771	-	-	-	-
Expenditure Totals	\$ 122,607	\$ 182,371	\$ -	\$ 2,500	\$ 6,200	\$ 6,200
Fund Balance at 06/30	\$ 25,664	\$ 41,903	\$ 41,903	\$ 39,403	\$ 33,203	\$ 27,003

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME

COMMUNITY DEVELOPMENT

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

If the total amount of Program Income received in any fiscal year is less than \$25,000, the funds received are not subject to Federal CDBG regulations. If the amount exceeds \$25,000, all Program Income received during that fiscal year is restricted to CDBG-approved Federal spending guidelines. Fiscal Year 07/08 was the last time the City qualified under this requirement. The applicable funds have since been distributed and the restricted fund closed.

SOURCES AND USES

Fund - 1351	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
CDBG Program Income	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ (1,094)	\$ 21,508	\$ 29,361	\$ 29,361	\$ 58,611	\$ 58,611
Revenue						
Use of money & property	\$ 30,190	\$ 7,853	\$ -	\$ 29,350	\$ -	\$ -
Revenue Totals	\$ 30,190	\$ 7,853	\$ -	\$ 29,350	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -
Available Fund Balance at 06/30	\$ 21,508	\$ 29,361	\$ 29,361	\$ 58,611	\$ 58,611	\$ 58,611

LIBRARY

CITY MANAGER

This special revenue fund accounts for revenue and expenses related to the design and construction of the new Capitola Branch Library. The former Redevelopment Agency contributed \$2.6 million to the County of Santa Cruz which was held in a trust fund for the future construction of a new branch library.

The Voters of Santa Cruz County authorized the Santa Cruz Libraries Facilities Financing Authority to issue general obligation bonds in an aggregate principal amount not exceeding \$67 million. The City of Capitola will receive \$10.0 million from the bonds to be used towards the construction of the new branch library bringing the City's total available funds to \$12.6 million.

The City started utilizing the County Trust Fund money in FY 2016/17 to hire a project manager to oversee the development of plans and ultimately the construction of the Library. Under the trust fund agreement, the City can utilize 15 percent of the funds for pre-construction activities.

The City began construction of the new Library in November 2018 with an anticipated completion date in early 2020. The FY 2019/20 proposed budget includes funds to continue the construction of the library.

SOURCES AND USES

Fund - 1360 Library	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY20/21 Planned
Beginning Fund Balance	\$ (4,187)	\$ 392,608	\$ 1,884,392	\$ 1,884,392	\$ 2,624,410	\$ (0)
Revenue						
Intergovernmental	\$846,254	\$ 690,794	\$10,090,000	\$4,849,410	\$ 5,575,590	\$ -
Other financing sources	1,132	1,525,200	47,363		-	-
Revenue Totals	\$847,386	\$2,215,993	\$10,137,363	\$4,849,410	\$ 5,575,590	\$ -
Expenditures						
Capital outlay	\$450,591	\$ 724,209	\$10,090,000	\$4,109,393	\$ 8,200,000	\$ -
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$450,591	\$ 724,209	\$10,090,000	\$4,109,393	\$ 8,200,000	\$ -
Fund Balance at 06/30	\$392,608	\$1,884,392	\$ 1,931,755	\$2,624,410	\$ (0)	\$ (0)

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

HOME PROGRAM REUSE**COMMUNITY DEVELOPMENT**

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

Annual revenue of \$12,300 represents principal and interest payments on the 30 year \$238,000 Wharf Road Manor Mobile Home Owners Association Acquisition and Rehabilitation Project loan. The funds were loaned in October 2004 with payments deferred until January 2008 after completion of on-site rehabilitation work, including hazardous material abatement and demolition of a building on site, and installation of two new mobile homes.

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

SOURCES AND USES

Fund - 1370	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
HOME Reuse	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$178,438	\$ 196,805	\$ 206,674	\$ 206,674	\$ 531,674	\$ 527,974
Revenue						
Use of money & property	\$ 21,567	\$ 13,070	\$ 11,500	\$ 325,000	\$ -	\$ -
Revenue Totals	\$ 21,567	\$ 13,070	\$ 11,500	\$ 325,000	\$ -	\$ -
Expenditures						
Contract services	\$ 3,200	\$ 3,200	\$ 3,200	\$ -	\$ 3,700	\$ 3,700
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 3,200	\$ 3,200	\$ 3,200	\$ -	\$ 3,700	\$ 3,700
Available Fund Balance at 06/30	\$196,805	\$ 206,674	\$ 214,974	\$ 531,674	\$ 527,974	\$ 524,274

HOUSING TRUST

COMMUNITY DEVELOPMENT

In November 2004, the City Council adopted an inclusionary housing ordinance as part of the City's ongoing efforts to provide affordable housing. This ordinance created the Affordable Housing Trust Fund to use as a flexible local source of funding for the creation of new affordable housing, rehabilitation of existing affordable 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. This housing activity is funded through in-lieu fees collected from development projects and do not impact the General Fund.

The Affordable Inclusionary Housing Ordinance refers to a City Municipal Code Section that requires that fifteen percent (15%) of the units in a new for-sale residential construction project be made available to low or moderate-income buyers. Condominium conversion projects are also covered under this ordinance. As outlined in the ordinance, project developers provide the affordable set-aside units or under certain conditions can -lieu fee.

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

SOURCES AND USES

Fund - 1372 Housing Trust	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY20/21 Planned
Beginning Fund Balance	\$ 26,306	\$ 26,069	\$264,548	\$264,548	\$250,598	\$255,598
Revenue						
Charges for services	\$ 24,763	\$258,083	\$ 28,000	\$ 35,000	\$ 30,000	\$ 30,000
Other revenue	\$ -	\$ 5,397	\$ -	\$ 1,050	\$ -	\$ -
Revenue Totals	\$ 24,763	\$263,480	\$ 28,000	\$ 36,050	\$ 30,000	\$ 30,000
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	25,000	25,000	50,000	50,000	25,000	25,000
Expenditure Totals	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000
Fund Balance at 06/30	\$ 26,069	\$264,548	\$242,548	\$250,598	\$255,598	\$260,598

CAPITOLA HOUSING SUCCESSOR

COMMUNITY DEVELOPMENT

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

A further requirement of the legislation is establishment of a program income fund to segregate loan payoffs received by the Housing Successor after the dissolution of the Redevelopment Agency. These funds were initially restricted in their use, repayment, and reuse and the Housing Successor continues this restriction. As payments are received on loans associated with the original RDA Low and Moderate Income Housing Fund or the Capitola Housing Successor it will be applied to the Capitola Housing Successor.

Newly implemented SB341 requires annual reporting on the Housing Successor Assets to be included with the Annual Financial Statements and the Housing and Community Development (HCD) Annual Progress Report on the Housing Element of the General Plan.

SOURCES AND USES

Fund - 5552 Capitola Housing	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY20/21 Planned
Beginning Fund Balance	\$110,378	\$ 202,621	\$ 181,068	\$ 181,068	\$ 179,568	\$ 142,068
Revenue						
Use of money & property	\$140,314	\$ 2,703	\$ -	\$ 29,000	\$ -	\$ -
Other revenues	782	25	-	2,000	-	-
Revenue Totals	\$141,096	\$ 2,728	\$ -	\$ 31,000	\$ -	\$ -
Expenditures						
Contract Services	\$ 24,420	\$ 3,240	\$ -	\$ -	\$ 5,000	\$ 5,000
Supplies	50	-	-	-	-	-
Grants and Subsidies	30,056	21,041	32,500	32,500	32,500	32,500
Expenditure Totals	\$ 54,526	\$ 24,281	\$ 32,500	\$ 32,500	\$ 37,500	\$ 37,500
Available Fund Balance at 06/30	\$202,621	\$ 181,068	\$ 148,568	\$ 179,568	\$ 142,068	\$ 104,568

RESERVES



RESERVES

Emergency Reserves (Finance Department): The City Council established the Emergency Reserve Fund to accumulate funds to meet future unanticipated needs. The City of Capitola Administrative Policy III-3, Financial Management Policy, amended on February 28, 2013, to increase the required level of emergency reserves from five to ten percent of operating expenditures.

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

PERS Contingency Reserve (Finance Department): The City Council established the PERS Contingency Reserve Fund in FY 2015/16. The Council discussed possible uses of a General Fund positive ending balance, and wanted to set aside funds for future PERS increases. In FY 2017-18 an additional \$500,000 was deposited into the Trust to add to the original \$300,000 deposit.

Facilities Reserve (Finance Department): The City Council established the Facilities Reserve Fund to serve as a resource to fund capital improvements and major repairs on City facilities. Based on the National Research Council Stewardship of Federal Facility guidelines, the City's goal is to provide annual contributions equal to two percent of the facility replacement values. This annual contribution will be determined each budget year.

EMERGENCY RESERVES

The City of Capitola adopted an Emergency Reserve Policy as part of the City's Financial Management Policies. This reserve protects against significant one-time costs that arise from major unpredictable emergency events. In FY 2012/13, the City amended the Financial Management Policies to increase the funding level of Emergency Reserves from five to ten percent of the General Fund budgeted expenditures, or approximately \$1,260,000, by 2016.

The Emergency Reserve fund was nearly depleted in March of 2011 due to an underground storm drain failure that flooded Capitola Village and the surrounding area. The City was required to recognize a \$1.4 million extraordinary loss on the FY 2010/11 and FY 2011/12 financial statements. An additional \$200,000 was needed to fund a related retaining wall project. In FY 2012/13, a settlement was reached with the City's insurance carrier to pay \$1.35 million in damages to the City.

The March 2011 pipe failure repairs were paid from the City's Emergency Reserve Fund. As funding in the Emergency Reserve Fund fell short of the flood-related costs, additional funding to respond to the flood event was provided through interfund loans from the Contingency Reserve Fund and Capital Improvement Fund. In FY 2011/12, the Emergency Reserve Fund balance was \$410,000 lower than the targeted balance. In FY 2012/13, funds were transferred from the internal service funds, Measure O revenue receipts, and the General Fund operating balance to assist in replenishing the reserves.

In FY 2014/15 and FY 2015/16, \$465,100 and \$213,000, respectively, were budgeted for transfer to the fund to prepare for any unforeseeable emergencies and to meet the new Emergency Reserve targeted levels. As the chart below shows, the reserve balance met its target level in FY 2015/16. The FY 2019/20 budget of \$30,000 ensures that the reserve continues to meet or exceed its target level based on new expenditure levels.

SOURCES AND USES

Fund - 1020	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 1,262,206	\$ 1,277,206	\$ 1,344,206	\$ 1,344,206	\$ 1,344,206	\$ 1,374,206
Revenue						
Other Financing Sources	\$ 15,000	\$ 67,000	\$ -	\$ -	\$ 30,000	\$ 71,000
Revenue Totals	\$ 15,000	\$ 67,000	\$ -	\$ -	\$ 30,000	\$ 71,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 1,277,206	\$ 1,344,206	\$ 1,344,206	\$ 1,344,206	\$ 1,374,206	\$ 1,445,206
Gen. Fund Exp. - Excl. Tfirs & Isf	\$12,183,346	\$12,038,221	\$12,909,826	\$12,816,287	\$13,740,641	\$14,443,838
Target Balance (10%)	\$ 1,218,335	\$ 1,203,822	\$ 1,290,983	\$ 1,281,629	\$ 1,374,064	\$ 1,444,384
Over / (Short) of Target	\$ 58,871	\$ 140,384	\$ 53,223	\$ 62,577	\$ 142	\$ 822

Attachment: i2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

CONTINGENCY RESERVES

The City of Capitola adopted a Contingency Reserve Policy as part of the City's Financial Management Policies. This reserve was established to provide a prudent level of financial resources to protect against temporary revenue shortfalls, unanticipated operating costs, and/or to meet short-term cash flow requirements. In FY 2012/13, the City amended the Financial Management Policies to increase the Contingency Reserve target from 10 to 15 percent of General Fund budgeted expenditures, or approximately \$1,890,000, by 2016.

Due to the expenses associated with the March 2011 pipe failure, a loan was made from the Contingency Reserves Fund to the Emergency Reserves Fund. As a result, Contingency Reserves were \$727,000 below their Financial Management Policy funding goal in FY 2011/12. In FY 2012/13, funds were transferred from the Internal Service Funds, Measure O revenue receipts, and the General Fund operating balance to assist in replenishing and building the reserves.

In FY 2014/15 and FY 2015/16, a total of \$182,600 and \$89,400 were transferred to the fund to meet the new Contingency Reserve targeted levels. The FY 2019/20 budget of \$125,000 ensures that the reserve fund continues to meet or exceed its target level based on new expenditure levels.

SOURCES AND USES

	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY19/20
Fund - 1010	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 1,893,346	\$ 1,903,346	\$2,036,346	\$2,036,346	\$2,036,346	\$2,061,346
Revenue						
Other Financing Sources	\$ 10,000	\$ 133,000	\$ -	\$ -	\$ 25,000	\$ 105,250
Revenue Totals	\$ 10,000	\$ 133,000	\$ -	\$ -	\$ 25,000	\$ 105,250
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 1,903,346	\$2,036,346	\$2,036,346	\$2,036,346	\$2,061,346	\$2,166,596
Gen. Fund Exp. - Excl. Tfirs & Isf	\$12,183,346	\$12,038,221	\$12,909,826	\$12,816,287	\$13,740,641	\$14,443,838
Target Balance (15%)	\$ 1,827,502	\$ 1,805,733	\$ 1,936,474	\$ 1,922,443	\$ 2,061,096	\$ 2,166,576
Over / (Short) of Target	\$ 75,844	\$ 230,613	\$ 99,872	\$ 113,903	\$ 250	\$ 20

PERS CONTINGENCY RESERVES

The City of Capitola established a PERS Contingency Reserve as part of the FY 2015/16 Budget process. The fund was setup to help stabilize the City's finances and help manage future increases in PERS contributions.

The PERS Contingency Fund initially funded with a \$300,000 transfer from the General Fund. The \$300,000 allows for two years of PERS projected increases and time to evaluate options to address the larger unfunded liability and yearly obligations

In December 2016, \$300,000 was invested in a moderately conservative trust fund with Public Agency Retirement Services (PARS). The FY 17/18 budget transferred an additional \$500,000 into the PERS trust fund to offset rising pension costs.

SOURCES AND USES

Fund - 1015	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 300,000	\$ 308,186	\$ 815,856	\$ 815,856	\$ 825,856	\$ 835,856
Revenue						
Use of money & property	8,186	7,670	10,000	10,000	10,000	10,000
Other Financing Sources	-	\$ 500,000	-	-	-	-
Revenue Totals	\$ 8,186	\$ 507,670	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 308,186	\$ 815,856	\$ 825,856	\$ 825,856	\$ 835,856	\$ 845,856

FACILITIES RESERVES

The Facilities Reserve Fund was established in FY 2014/15 to serve as a resource to fund capital improvements and major repairs on City facilities. The National Research Council Stewardship of Federal Facilities recommends setting aside two to four percent of building replacement costs to preserve or extend the life of facilities. The estimated replacement value of the City's facilities is \$17.5 million.

The Facilities Reserve is used to fund future facility needs of the City. The proposed FY 2019/20 budget includes funds for facility maintenance.

SOURCES AND USES

Fund - 1025	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 229,870	\$ 339,870	\$ 416,349	\$ 416,349	\$ 381,349	\$ 439,349
Revenue						
Other Financing Sources	110,000	110,000	90,000	90,000	108,000	50,000
Revenue Totals	\$ 110,000	\$ 110,000	\$ 90,000	\$ 90,000	\$ 108,000	\$ 50,000
Expenditures						
Contract Services	\$ -	\$ 33,521	\$ 125,000	\$ 125,000	\$ 50,000	\$ 50,000
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ 33,521	\$ 125,000	\$ 125,000	\$ 50,000	\$ 50,000
Fund Balance at 06/30	\$ 339,870	\$ 416,349	\$ 381,349	\$ 381,349	\$ 439,349	\$ 439,349

MULTI-YEAR ASSETS & OBLIGATIONS



Attachment: 2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

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MULTI-YEAR ASSETS & OBLIGATIONS

City & Joint Powers Authority (JPA) Multi-Year Obligations: The City of Capitola has seven multi-year obligations, three of which are part of a Joint Powers Authority. The obligations are paid from various funding sources.

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

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

CITY/JOINT POWERS AUTHORITY MULTI-YEAR ASSETS & OBLIGATIONS

GENERAL GOVERNMENT

The City of Capitola has seven multi-year obligations, three of which are part of a Joint Powers Authority. The obligations are paid from various funding sources. All obligations are shown in the budgets of the applicable funds and all payments are current.

City Multi-Year Obligations	Principal balance June 30, 2019	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 810,662	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 21,676,884	Actuarial	N/A	Pension Liability to CalPERS.
Pacific Cove Lease Financing	\$ 1,189,629	Financing Lease	20 years	\$2,390,000 loan - 20 year term beginning 9/2012, 3.25% fixed rate through 10 years, then resets to 10 Yr. T-Bill + 1.5%.
Beach & Village Parking Lot II Lease Financing	\$ 1,084,577	Tax Exempt Lease	20 years	\$1,372,500 I-Bank loan - 20 year term beginning FY 2013/14, 2.26% interest.
Total City Multi-Year Obligation	\$ 24,761,752			

(a) Compensated absences and Net Pension Liability are as of June 30, 2017.

JPA Bond Obligations	Original Principal	Form of payment	Original Obligation	Other Terms
Monterey Bay Area Self-Insurance Authority (MBASIA) JPA Bond	\$ 5,150,000	JPA membership and paid via premiums	30 years	On Oct. 1, 2004, MBASIA issued \$5.15 million in debt. The debt service is included in the MBASIA budget and used to determine each member agency's premium.
Santa Cruz Consolidated Emergency Communications Center (SCCECC) JPA Bond	\$ 3,965,000	JPA membership and paid via premiums	22 years	In 2002, SCCECC issued \$5.76 million in lease revenue refunding bonds, which were refinanced in April 2012, at \$3,965,000. Payments are made to Santa Cruz Regional 911 from the Police Department's contracts services budget. The Use Agreement between Capitola and SCCECC is effective through 2024.

PACIFIC COVE LEASE FINANCING

DEBT SERVICE

The City of Capitola owns 426 Capitola Avenue, which formerly housed the 41 mobile home Pacific Cove Mobile Home Park. On March 24, 2011, a 72" storm drain that carries Noble Gulch Creek water from Bay Avenue to Soquel Creek catastrophically failed following a heavy rain storm. This resulted in flooding of the Pacific Cove Mobile Home Park, City Hall and village residences and businesses. The initial estimate to bring the park up to code was \$1.33 million. Due to the high cost and potential for future liability, Capitola City Council approved a Relocation Impact Report (RIR) for the closure of Pacific Cove Mobile Home Park in January 2012. The RIR provided a cost estimate for relocating residents and professional relocation consultants to help displaced residents find suitable replacement housing. The City executed a \$2.39 million lease/sublease agreement using the existing City Hall site and adjacent upper parking lot as the pledged property. The City verified income status as part of the relocation process and determined that a percentage of Housing Trust Fund monies could be used to repay the debt service at a proportion no greater than the number of low income mobile home occupants that were relocated. The funding sources for debt service payments will be determined annually. Any General Fund monies for the share of allowable costs from other funding sources may be reimbursed in subsequent years as funds become available.

At the time the loan was issued, there was some uncertainty as to whether the property would be developed for public or private use. This resulted in the City entering into a 20-year taxable lease/sublease agreement at an interest rate of 5.14%. In FY 12/13, the City determined that the site would be converted to a public parking lot, now named Beach & Village Parking Lot II (BVPL II). This public use allows the City to refinance the existing debt at a 3.25% tax-exempt interest rate with a 10-year Treasury Bill reset + 1.5% in year 10. As a result of the refinancing, annual loan payments were reduced by approximately \$28,000, with an estimated nine-year interest savings of approximately \$350,000. In FY 12/13 the City reached a \$1.35 million insurance settlement related to the pipe failure. This resulted in a principal reduction of \$476,200, with a prepayment penalty of \$23,800.

SOURCES AND USES

Fund - 1420	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Adopted	FY20/21 Planned
Beginning Fund Balance	\$ 131,520	\$ 132,032	\$ 133,327	\$ 133,327	\$ 133,327	\$ 133,327
Revenue						
Use of money & property	\$ 635	\$ 1,294	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	165,066	165,066	165,066	165,066	165,066	165,066
Revenue Totals	\$ 165,701	\$ 166,360	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066
Expenditures						
Contract Services	\$ 124	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	165,066	165,065	165,056	165,066	165,066	165,066
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 165,189	\$ 165,065	\$ 165,056	\$ 165,066	\$ 165,066	\$ 165,066
Fund Balance at 06/30	\$ 132,032	\$ 133,327	\$ 133,337	\$ 133,327	\$ 133,327	\$ 133,327

Pacific Cove Financing Lease Debt Service

Payment Date	Principal	Interest /Prepmt penalty	Total	Fiscal Year
9/1/2012	\$ 30,815	\$ 53,893	\$ 84,708	
3/1/2013	35,871	60,632	96,503	
6/28/2013	476,200	23,810	500,010	\$ 681,221
9/1/2013	42,440	22,843	65,283	
3/1/2014	53,207	29,326	82,533	147,816
9/1/2014	46,196	36,337	82,533	
3/1/2015	46,947	35,586	82,533	165,066
9/1/2015	47,710	34,823	82,533	
3/1/2016	48,485	34,048	82,533	165,066
9/1/2016	49,273	33,260	82,533	
3/1/2017	50,074	32,459	82,533	165,066
9/1/2017	50,887	31,645	82,533	
3/1/2018	51,714	30,819	82,533	165,066
9/1/2018	52,555	29,978	82,533	
3/1/2019	53,409	29,124	82,533	165,066
9/1/2019	54,277	28,256	82,533	
3/1/2020	55,159	27,374	82,533	165,066
9/1/2020	56,055	26,478	82,533	
3/1/2021	56,966	25,567	82,533	165,066
9/1/2021	57,891	24,641	82,533	
3/1/2022	58,832	23,701	82,533	165,066
9/1/2022	59,788	22,745	82,533	
3/1/2023	60,760	21,773	82,533	165,066
9/1/2023	61,747	20,786	82,533	
3/1/2024	62,751	19,782	82,533	165,066
9/1/2024	63,770	18,763	82,533	
3/1/2025	64,807	17,726	82,533	165,066
9/1/2025	65,860	16,673	82,533	
3/1/2026	66,930	15,603	82,533	165,066
9/1/2026	68,017	14,515	82,533	
3/1/2027	69,123	13,410	82,533	165,066
9/1/2027	70,246	12,287	82,533	
3/1/2028	71,387	11,145	82,533	165,066
9/1/2028	72,548	9,985	82,533	
3/1/2029	57,304	7,887	65,191	147,724
9/1/2029	-	-	-	
3/1/2030	-	-	-	-
9/1/2030	-	-	-	
3/1/2031	-	-	-	-
9/1/2031	-	-	-	
3/1/2032	-	-	-	-
TOTAL	\$2,390,000	\$897,681	\$3,287,681	\$ 3,287,681

Attachment: !2020 Proposed Budget (Joint CC & SA Mtg - Proposed 2019/2020 Fiscal Year Budget)

BEACH & VILLAGE PARKING II – LEASE FINANCING**DEBT SERVICE**

In April 2013, the City of Capitola received \$1,372,000 in funding from the California Infrastructure and Economic Development Bank (I-Bank) for development of a parking lot on the former Pacific Cove Mobile Home Park site. The funding was used to create the 226 space Beach & Village Parking Lot II. The project included grading, pay station installation, shuttle bus stops, landscaping, pedestrian walkways, and pay stations for the upper parking lot. The I-Bank loan is 2.26% tax exempt reimbursement financing.

This project improved parking capacity for Capitola Village, Capitola Beach, and Capitola Wharf, and is especially helpful during peak seasons. The additional parking spaces are also anticipated to facilitate the development of a hotel. The parking lot contributes about \$44,000 annual revenue to the General Fund and the I-Bank annual debt service of \$165,000 is paid with funds transferred from the General Fund.

SOURCES AND USES

Fund - 1421	FY16/17	FY17/18	FY18/19	FY18/19	FY19/20	FY20/21
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)
Revenue						
Interfund Transfers	\$ 89,192	\$ 89,004	\$ 89,004	\$ 89,004	\$ 88,616	\$ 88,416
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 89,192	\$ 89,004	\$ 89,004	\$ 89,004	\$ 88,616	\$ 88,416
Expenditures						
Construction Svcs. & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	89,192	89,004	89,004	89,004	88,616	88,416
Expenditure Totals	\$ 89,192	\$ 89,004	\$ 89,004	\$ 89,004	\$ 88,616	\$ 88,416
Fund Balance at 06/30	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)

Beach & Village Parking Lot II Lease Financing Debt Service

Payment Dates	Principal	Interest	Total	Fiscal Year
8/1/2014	\$ 55,040	15,922	70,962	
2/1/2015		14,887	14,887	\$ 85,849
8/1/2015	56,284	18,840	75,124	
2/1/2016		14,251	14,251	89,375
8/1/2016	57,556	18,035	75,591	
2/1/2017		13,601	13,601	89,192
8/1/2017	58,857	17,212	76,069	
2/1/2018		12,936	12,936	89,004
8/1/2018	60,187	16,370	76,557	
2/1/2019		12,256	12,256	88,812
8/1/2019	61,547	15,509	77,056	
2/1/2020		11,560	11,560	88,616
8/1/2020	62,938	14,629	77,567	
2/1/2021		10,849	10,849	88,416
8/1/2021	64,360	13,729	78,089	
2/1/2022		10,122	10,122	88,211
8/1/2022	65,815	12,809	78,624	
2/1/2023		9,378	9,378	88,002
8/1/2023	67,302	11,868	79,170	
2/1/2024		8,618	8,618	87,788
8/1/2024	68,823	10,905	79,728	
2/1/2025		7,840	7,840	87,568
8/1/2025	70,379	9,921	80,300	
2/1/2026		7,045	7,045	87,344
8/1/2026	71,969	8,915	80,884	
2/1/2027		6,231	6,231	87,116
8/1/2027	73,596	7,886	81,482	
2/1/2028		5,400	5,400	86,881
8/1/2028	75,259	6,833	82,092	
2/1/2029		4,549	4,549	86,641
8/1/2029	76,960	5,757	82,717	
2/1/2030		3,680	3,680	86,396
8/1/2030	78,699	4,657	83,356	
2/1/2031		2,790	2,790	86,146
8/1/2031	80,478	3,531	84,009	
2/1/2032		1,881	1,881	85,890
8/1/2032	82,297	2,380	84,677	
2/1/2033		951	951	85,627
8/1/2033	84,156	1,204	85,360	85,360
Total	\$ 1,372,500	\$ 375,736	\$ 1,748,236	\$ 1,748,236

SUCCESSOR AGENCY



SUCCESSOR AGENCY

CAPITOLA OVERSIGHT BOARD

California Redevelopment Agencies were dissolved February 1, 2012. The City of Capitola elected to become the Successor Agency of the former Capitola Redevelopment Agency and oversee the winding down of its obligations. The full obligations of the Successor Agency were approved by the California State Department of Finance (DOF), the State Controller's Office (SCO), and the Santa Cruz County Auditor-Controller's Office. Subsequent actions of the Successor Agency in paying these obligations are reviewed, approved, and audited by each these agencies, as well as by a representative seven-member Oversight Board. Payments are authorized through Recognized Obligation Payment Schedules (ROPS) and paid for with allocations of property tax proceeds. The DOF, SCO, and County Auditor-Controller audit each ROPS submission, prior period reconciliation, and Redevelopment Property Tax Trust Fund (RPTTF) cash flow and balance.

FISCAL YEAR ACCOMPLISHMENTS - 2018/19

- Received approval for ROPS 18-19
- Transitioned to County-wide oversight board
- Completed annual SB341 Housing Successor Status

FISCAL YEAR GOALS - 2019/20

FISCAL POLICY

- Receive Department of Finance approval for future ROPS submissions
- Wind down Successor Agency obligations in an expedient manner

SOURCES AND USES

Fund - 5501 Successor Agency	FY16/17 Actual	FY17/18 Actual	FY18/19 Adopted	FY18/19 Estimated	FY19/20 Adopted	FY20/21 Planned
Beginning Fund Balance	\$ (132,187)	\$ 412,886	\$ 347,644	\$ 347,644	\$ 372,983	\$ 227,983
Revenue						
Intergovernmental	\$ 711,024	\$ 308,375	\$ 264,387	\$ 242,363	\$ -	\$ -
Revenue Totals	\$ 711,024	\$ 308,375	\$ 264,387	\$ 242,363	\$ -	\$ -
Expenditures						
Contract Services	\$ 40,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Grants and subsidies	124,612	79,812	187,024	187,024	115,000	-
Debt service	1,339	-	47,363	-	-	-
Other financing uses	-	263,805	-	-	-	-
Expenditure Totals	\$ 165,951	\$ 373,617	\$ 264,387	\$ 217,024	\$ 145,000	\$ -
Fund Balance at 06/30	\$ 412,886	\$ 347,644	\$ 347,644	\$ 372,983	\$ 227,983	\$ 227,983