

# City of Capitola Agenda

Mayor: Stephanie Harlan  
Vice Mayor: Michael Termini  
Council Members: Ed Bottorff  
Jacques Bertrand  
Kristen Petersen  
Treasurer: Peter Wilk



## JOINT BUDGET STUDY SESSION

### CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

WEDNESDAY, MAY 31, 2017

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 Kristen Petersen, Michael Termini, Jacques Bertrand, Ed Bottorff, and Mayor Stephanie Harlan

**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.*

- A. Consider the May 17, 2017, City Council/Successor Agency Joint Meeting Minutes  
RECOMMENDED ACTION: Approve minutes.
- B. Consider a Resolution of Intention to Levy Business Improvement Assessments for Fiscal Year 2017-2018  
RECOMMENDED ACTION: Adopt a Resolution receiving the Capitola Village and Wharf Business Improvement Area Annual Report and the proposed Fiscal Year 2017-2018 Budget, and set and notice a public hearing.

**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. Discuss the Proposed 2017/2018 Fiscal Year Budget for the City of Capitola General Fund, the Capitola Successor Agency, and Capital Improvement Program  
RECOMMENDED ACTION: Receive a presentation on the Fiscal Year 2017/18 Proposed Budget and continue budget deliberations.

**8. ADJOURNMENT**

CAPITOLA CITY COUNCIL /SUCCESSOR AGENCY JOINT BUDGET STUDY  
SESSIONAGENDA  
May 31, 2017

**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](http://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.

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

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

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



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

MEETING OF MAY 31, 2017

FROM: City Manager Department

SUBJECT: Consider the May 17, 2017, City Council/Successor Agency Joint Meeting Minutes

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RECOMMENDED ACTION: Approve minutes.

DISCUSSION: Attached for review and approval are the minutes of the joint budget meeting of May 17, 2017.

ATTACHMENTS:

1. 5-17-17 Joint Budget Meeting Minutes

Report Prepared By: Linda Fridy  
City Clerk

**Reviewed and Forwarded by:**

Jamie Goldstein, City Manager

5/26/2017

**DRAFT  
CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY  
JOINT BUDGET STUDY SESSION MINUTES  
WEDNESDAY, MAY 17, 2017 - 6 PM**

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

Council Member Ed Bottorff: Present, Council Member Jacques Bertrand: Present, Mayor Stephanie Harlan: Present, Vice Mayor Michael Termini: Present, Council Member Kristen Petersen: Present.

Treasurer Peter Wilk was present.

**2. ADDITIONAL MATERIALS - None**

**3. ADDITIONS AND DELETIONS TO THE AGENDA - None**

**4. PUBLIC COMMENT - None**

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

Mayor Harlan said the County Artist of the Year Shelly Phillips will be presenting a free concert June 2 and offered her invitation to the Monterey Resources District Leadership Awards on June 22 to other Council Members.

Treasurer Wilk reported the Finance Advisory Committee (FAC) met ahead of this meeting to continue its review of the budget. It requested a summary list of funds and opportunities to address big-ticket projects, and asked for review matrix to help in its debate, which it will share with the Council.

Public Works Director Steve Jesberg updated the status of the Park Avenue road repairs following significant storm damage. To qualify for state and federal emergency funds, the repairs cannot be handled with a change order to the existing contract. Instead, Council will receive a notice of completion and new process for approval at the next regular meeting.

**6. CONSENT CALENDAR**

<b>MOTION:</b>	<b>APPROVE ITEMS AS RECOMMENDED</b>
<b>RESULT:</b>	<b>APPROVED [UNANIMOUS]</b>
<b>MOVER:</b>	Michael Termini, Vice Mayor
<b>SECONDER:</b>	Ed Bottorff, Council Member
<b>AYES:</b>	Bottorff, Bertrand, Harlan, Termini, Petersen
<b>ABSTAIN:</b>	Harlan (Item A)

A. Consider the January 12, 2017, Successor Agency Regular Meeting Minutes  
RECOMMENDED ACTION: Approve minutes.

B. Approval of Successor Agency Check Register January 1, 2017 - May 11, 2017 [780-30]  
RECOMMENDED ACTION: Approve the Successor Agency Check Register for January 1, 2017, to May 11, 2017.

Attachment: 5-17-17 Joint Budget Meeting Minutes (1858 : Approval of Joint Budget Meeting Minutes)

CAPITOLA CITY COUNCIL /SUCCESSOR AGENCY JOINT BUDGET STUDY SESSION  
MINUTES  
May 17, 2017

**7. GENERAL GOVERNMENT / PUBLIC HEARINGS**

- A. Presentation of the Proposed 2017/2018 Fiscal Year Budget for the City of Capitola General Fund, the Capitola Successor Agency, and an Overview of the Capital Improvement Program [330-05/780-30]

RECOMMENDED ACTION: Receive the proposed budgets, provide staff direction, and continue budget deliberations to the next scheduled budget hearing on May 31.

City Manager Jamie Goldstein and Senior Accountant Mark Sullivan presented the staff report and responded to Council questions. City Manager Goldstein explained it features status quo departmental budgets and new revenue from Measure S for the library and Measure D for streets from the Regional Transportation Commission (RTC). Gas tax income will increase in future years. Future PERS (Public Employees' Retirement System) costs remain a major concern and the city is overly reliant on sales tax, the most volatile of income sources.

The new major project is the library construction, which faces a \$1.75 million funding gap after the \$700,000 proposed from General Fund. Manager Goldstein anticipates starting the new fiscal year with a \$1.6 million fund balance. The pension obligation bond will be paid off this year. Liability insurance is not increasing for the first time in several years and the pool with partner cities is seeing a decrease in workers' compensation costs.

Staff projects modest increases in most revenue sources. For expenditures, there is a slight decrease in personnel but an increase in contracts. Staff is suggesting allocating Council travel and training on a per-member basis.

City Manager Goldstein broke out non-recurring projects. The largest is the library as previously discussed. Other categories are a half year of Measure F funding, estimated at \$550,000, which is targeted for the Wharf and beach/flume. Initial recommendations included \$40,000 for the Grand Avenue pathway, but that may change pending the recent geologist's report.

Several items are proposed for the equipment fund, including relocation of the police communication tower, currently on the library. Assistant to the City Manager Larry Laurent explained that the recommendation to move it to the Community Center at Jade Street Park follows a specialist's study, since the topography of city makes it hard to cover. He noted the emissions are not wifi, but a specific range for police radios. The project would be more expensive if a secure new structure needed to be built rather than placing it on the existing building.

The new RTC funding will support bike lane projects and slurry seal efforts.

The facilities reserve has \$330,000, with another \$110,000 proposed from the General Fund. This could cover improvements to both the inside and exterior of City Hall, repaving the Community Center parking lot, resurfacing the basketball courts at Jade Street, and/or purchasing senior exercise equipment.

Community Development Block Grant (CDBG) competitiveness improved under new calculations, and staff proposes submitting the Clares Street improvements for \$1.2 million. The project meets several criteria, so it should be a highly competitive application, due this fall. Previous partial funding for this project eroded with overages

CAPITOLA CITY COUNCIL /SUCCESSOR AGENCY JOINT BUDGET STUDY SESSION  
MINUTES

May 17, 2017

from other projects, but former RDA money remains and if the grant is successful, it may be possible to complete it in 2018.

The budget recommends maintaining a roughly \$500,000 buffer in the General Fund, leaving \$1.1 million to allocate to projects. Options include the PERS trust, additional library support, more slurry seal projects, and/or creating an employee housing down payment program, suggested since most new employees in the last 10 years have not been able to purchase a home in the county. The FAC suggested paying down the Pacific Cove debt since the five-year repayment penalty period is about to end. However, if the City finances some of the library project there may not be much benefit. Council Member Bertrand clarified the potential slurry seal augmentation and that roads now have a regular revenue stream as new RTC measure revenue must be dedicated to roads. Under the terms of the measure, funding cannot go into the Capital Improvement Plan and must be a separate fund. Council Member Bottorff confirmed the City may save for a large project, but cannot complete a big project and repay it with the funding.

During public comment, Zachary Bachmeier spoke in support of upgrading the Jade Street basketball courts. He noted recreational basketball provides safe, social opportunities and builds confidence and teamwork. The current state of the court surface causes safety concerns and he reiterated staff's note that timing improvements with the Community Center parking lot upgrade makes financial and scheduling sense.

Council Member Bertrand suggested a work plan item to Identify recreation goals with community outreach and input. He also suggested the City may be able to partner with the county on a regional economic development committee.

Council Member Bottorff does not favor using General Fund money for streets since there is now an ongoing revenue stream. He is gravely concerned about PERS and would like to put \$500,000 of the year-end fund balance into the trust fund. He also would support \$300,000 for the down payment program and another \$220,000 to the library for a total of \$1 million. He does not support \$110,000 for facility upgrades, but favors the \$25,000 for repairing the basketball courts along with the parking lot.

Council members discussed what form the exterior upgrades to City Hall may take and several expressed support for preserving the liquid amber tree if it can be prevented from doing more damage.

Members also asked about the timing and funding for Park Avenue sidewalks, which Director Jesberg estimated are 80 percent partially funded and undergoing engineering.

## 8. ADJOURNMENT

The meeting was adjourned at 7:16 p.m. to the May 31, 2017, joint budget meeting.

\_\_\_\_\_  
Stephanie Harlan, Mayor/Chairperson

ATTEST:

\_\_\_\_\_  
Linda Fridy, City Clerk/Secretary



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

**MEETING OF MAY 31, 2017**

FROM: Finance Department

SUBJECT: Consider a Resolution of Intention to Levy Business Improvement Assessments for Fiscal Year 2017-2018

**RECOMMENDED ACTION:** Adopt a Resolution receiving the Capitola Village and Wharf Business Improvement Area Annual Report and the proposed Fiscal Year 2017-2018 Budget, and set and notice a public hearing.

**BACKGROUND:** In June 2005, the City of Capitola adopted Ordinance No. 889, which established the Capitola Village and Wharf Business Improvement Area (CVWBIA) to generate revenue for the exclusive purpose of promoting business in the CVWBIA. State law requires certain annual actions and a public hearing to continue this assessment district.

**DISCUSSION:** In accordance with State law, the CVWBIA is required to submit an annual plan for each year for assessments to be levied in the CVWBIA. The annual report, Exhibit A to the proposed Resolution (Attachment 1), was prepared by the CVWBIA. It fulfills the requirement for Fiscal Year 2017-2018 and is submitted for Council review and approval. Assessment rates are unchanged from last year and a discount will be offered to businesses that pay by the due date.

The annual report also outlines the CVWBIA's Fiscal Year 2017-2018 planned activities and proposed budget. These include:

- Increasing the number of year-round visits;
- Increasing the number of people who stay, shop and dine;
- Improving ease of access to information via newsletters, the internet and print advertising;
- Providing fun, family-oriented events throughout the year;
- Improving and enhancing the appearance of the Village in cooperation with the City;
- Enhancing the ability of the CVWBIA to serve as a liaison between business owners, private and government agencies, and the City; and
- Increasing awareness outside of our community about the uniqueness of Capitola.

Pursuant to state law, staff recommends that City Council adopt the proposed resolution of intention providing notification of the City's intent to levy business improvement assessments for Fiscal Year 2017-2018; receiving the annual report and proposed budget of the CVWBIA;



Business Improvement Area Advisory Committee Intention  
May 31, 2017

setting the date for a public hearing to be held on Thursday, June 22, 2017; and outlining noticing requirements.

A representative of the CVWBIA will attend the meeting; however, the CVWBIA's presentation will be made at the public hearing on June 22.

A notice of public hearing (Attachment 2) will be sent to each business in the area, along with a copy of the adopted resolution of intention.

FISCAL IMPACT: There is no fiscal impact to the City. CVWBIA billing and accounts payable costs incurred by the City are reimbursed by the CVWBIA. The City and CVWBIA have reviewed amounts charged by the City for these services and agree that they are reasonable.

ATTACHMENTS:

1. CVWBIA FY17-18 Exhibit A (PDF)
2. CVWBIA mailed notice FY17-18 Public Hearing (PDF)

Report Prepared By: Linda Fridy  
City Clerk

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

5/26/2017

**DRAFT RESOLUTION**  
**RESOLUTION OF INTENTION OF THE CITY COUNCIL**  
**OF THE CITY OF CAPITOLA**  
**TO LEVY BUSINESS IMPROVEMENT ASSESSMENTS**  
**FOR FISCAL YEAR 2017/2018**

**WHEREAS**, the Capitola Village and Wharf Business Improvement Area (“CVWBIA”) has prepared a report to the City of Capitola for Fiscal Year 2017/2018 pertaining to the Business Improvement Area assessments for the CVWBIA under California Streets and Highways Code §36533; and

**WHEREAS**, Capitola Municipal Code §5.10.050 requires annual assessments to be imposed within the CVWBIA pursuant to a formula set forth in City Council Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CAPITOLA AS FOLLOWS:**

1. The Annual Report and Proposed Fiscal Year 2017/2018 Budget of the CVWBIA pertaining to business improvement assessments, as presented in Exhibit A attached hereto, is received.

2. The City Council intends to levy and collect assessments within the CVWBIA for Fiscal Year 2017/2018.

3. The proposed activities authorized by Capitola Municipal Code Chapter 5.10 are described in the afore-referenced CVWBIA Annual Report. These activities include a variety of promotional activities, including village maintenance and beautification programs, and extended holiday parking programs. Promotional information, media announcements, and publications will also be financed from these funds, including regional magazine advertising, broadcast advertising, and website advertising.

4. The Business Improvement Area is bounded per the map referenced in Municipal Code §5.10.020 and included in Ordinance 1003. The CVWBIA boundaries are not being altered this year.

5. The Annual Report of the CVWBIA and proposed assessments for Fiscal Year 2017/2018 are presented in Exhibit A attached hereto and on file with the City Clerk to provide a full and detailed description of the improvements and activities to be provided during Fiscal Year 2017/2018, the boundaries of the area, and the proposed assessments to be levied upon the businesses within the area for Fiscal Year 2017/2018.

6. The Capitola City Council will hold a public hearing in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California, at 7 p.m. on Thursday, June 22, 2017, to receive any oral or written protests or endorsements to the regularity or sufficiency of the proposed business improvement assessments. If written protests complying with Streets and Highways Code §36524 and §36525 are received from the owners of businesses which will pay fifty percent or more of the assessments, assessments will not be levied, the procedure will be terminated and will not be reconsidered until one full year has elapsed.

7. The City Clerk is directed to give notice of the public hearing to consider the levy of business improvement assessments for Fiscal Year 2017/2018 by publishing this Resolution of

Business Improvement Area Advisory Committee Intention  
May 31, 2017

Intention in a newspaper of general circulation in the City once, at least seven days prior to the public hearing.

8. The CVWBIA Advisory Committee is directed to give notice of the public hearing to each business owner in the area by mailing a copy of the Council's Resolution of Intention to each business within its boundaries.

**I HEREBY CERTIFY** that the above and foregoing resolution was passed and adopted by the City Council of the City of Capitola at its meeting held on the 31<sup>st</sup> day of May, 2017, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
Stephanie Harlan, Mayor

ATTEST:

\_\_\_\_\_  
Linda Fridy, City Clerk

## EXHIBIT A

(Resolution No. \_\_\_\_\_)

### Annual Report & Proposed Fiscal Year 2017-2018 Budget CVWBIA Assessment Basis CVWBIA Business Listing and Assessment Method

#### **Mission Statement**

The objective of the CVWBIA is to provide a unified organization to promote, stimulate and improve the business conditions in the designated area, primarily during the shoulder season, September – May. The belief is that if the lodging properties and short-term rentals are full, the rest of the businesses in the area will benefit.

This can be achieved by the CVWBIA continuing to fund activities and projects that will:

- Improve access to information regarding the businesses and services provided by the Village and Wharf BIA to likely visitors to the area via newsletters, the internet and print advertising.
- Provide fun, family-oriented events throughout the year emphasizing the attributes of the Village and Wharf, by working in partnership with the Capitola/Soquel Chamber of Commerce.
- Improve and enhance the appearance of the Village and Wharf in partnership with the City of Capitola.
- Enhance the ability of the CVWBIA to serve as a liaison between the business community and local governments.

#### **As the CVWBIA begins its twelfth year, we will continue and expand successful programs from prior years, which include the following:**

1. **Website** – We maintain a recently updated website, mobile compatible website ([www.capitolavillage.com](http://www.capitolavillage.com)) for ease of use and connectivity to BIA member's businesses, lodging and short term rentals. Each member has a unique page with links to their individual websites. There is a schedule of events and other helpful features. Visitors can sign up on the site to receive the newsletters and enter contests to win gift certificates from member businesses. In the month of March the website had 51,837 page views, 5,600 new users with an average of 7 pages viewed each session.
2. **Social Media** – The Communications Manager creates a monthly newsletter, which is emailed to over 7,000 subscribers. Our Facebook page has over 8,000 fans. Our contests on Facebook have an average engagement of 14,000. On Facebook, our top 5 cities are Santa Cruz, San Jose, Capitola, Modesto and Sacramento. We are relatively new to Instagram with 2000 followers (averaging 100+ new followers per month). We have many professional photographs posting to our pages.

3. **Print Advertising** – While placing an emphasis on our social media development, there is still a need for carefully placed advertising in quality visitor publications. We are constantly monitoring these publications for the ones with the most effective online presence. The CVWBIA will continue to co-op with Visit Santa Cruz to promote Capitola Village and Wharf in their visitor magazine, their map and on their website.
4. **Village Brochures** – We print 25,000 brochures and distribute them throughout Santa Cruz County. We contract with Certified Display Service. This company has exclusive rights to lobby racks in the hotels, resorts and visitor centers in the county. These brochures are also available in various places of business through the Village and Wharf. We feel it is important to make visitors to other areas in the county aware of Capitola Village and Wharf through these brochures.
5. **Capitola Village and Wharf App** – We hope to develop an app, which might ultimately replace the brochure, with information about the village and wharf businesses, events and vacation rentals.
6. **Welcome Baskets** – This new program of the CVWBIA provides attractively presented baskets of gift certificates from local merchants and Capitola themed gifts for new home buyers in Capitola and the Pleasure Point Area. These would be given to local realtors for their clients.
7. **Winter Festivities** – Every year we plan to improve the decorations in the village to further our brand as the Holiday Village and Lights, with a consistent theme and increased location of specialty lighting. A tree lighting ceremony, community caroling and window decorating contest are components of the winter festivities with other events in the planning stages.
8. **Membership Breakfast** – These breakfasts, hosted by Paradise Beach Grille, are an opportunity to inform members about current activities and receive valuable input. Educational presentations, as well as reports by city representatives, are given at these breakfasts.
9. **Public Works** – The CVWBIA contributes annually to the City of Capitola Public Works Department. Our contribution is used to help maintain the Village and Wharf.
10. **Chamber of Commerce** – The CVWBIA contributes annually to support community interest projects and events in the Village.

## Capitola Village & Wharf Business Improvement Area Assessment Basis

The method of assessment classifies businesses within the CVWBIA boundaries into seven categories:

1. Retail / Service businesses
2. Restaurant / Bar / Take-out food and beverage businesses
3. Restaurant - Limited
4. Office and Professional businesses / Specialty
5. Short-term Rental businesses
6. Seasonal Foods
7. Hotel / Motel / Inn businesses

Assessment fees are assigned to these seven business categories by number of full-time equivalent employees, a flat rate, and a per unit amount. Registered non-profits are exempt from assessment fees.

The following table shows the assessment fees for the proposed CVWBIA. Assessment fees have not increased from the prior year and a discount is offered to businesses that pay their assessment by the due date.

Business Category	Number of Full-Time Equivalent Employees*		
	0 – 5 employees	6 – 10 employees	More than 10 employees
Retail / Service	\$462	\$924	\$1,386
Restaurant / Bar / Take-out	\$528	\$1,056	\$1,584
	Flat Fee		
Restaurant – Limited**	\$308		
Office / Professional / Specialty	\$132		
Short-term Rental***	\$198		
Seasonal Food Service	\$308		
	Per Unit Fee		
Hotel / Motel / Inn	\$396 per unit		

**Footnote\*** “Full-time employee” is an employee who works 2,000 hours per year or more. Multiple part-time employees are combined into a single full-time employee for the basis of this assessment calculation. (i.e. “fulltime equivalents”)

**Footnote\*\*** “Restaurant-Limited” businesses are defined as small, informal cafes serving simple foods, baked goods, and/or drinks, for consumption on or off the premises, that may or may not have seating, including, but not limited to, coffee stores, juice bars, bakeries, delicatessens, and confectioneries. Annual gross receipts are \$150,000 or less.

**Footnote\*\*\*** “Short-term rental” businesses are defined as those dwellings which, at least once per fiscal year, are rented to a tenant for a tenancy of less than thirty days.

**In-Lieu Payments/Trades.** The City Manager is authorized to approve “in lieu” assessment payments in the form of Gift Certificates from CVWBIA retail, food or lodging business members whereby these businesses tender retail, restaurant and lodging gift certificates for use by the CVWBIA in connection with its promotional activities. The amount of “in lieu” assessment payments will be fixed per category, with exceptions that may be authorized by the City Manager.

<b>Business Category</b>	<b>Assessment if paid after 8/31/17</b>	<b>Discount</b>	<b>Amount due WITHOUT In-lieu/trade</b>	<b>In-lieu/trade for timely payment</b>	<b>Amount due paid by 8/31/17</b>
Retail/Service (0 - 5 Employees)	\$462	\$42	\$420	\$75	\$345
Retail/Service (6 - 10 Employees)	\$924	\$84	\$840	\$150	\$690
Retail/Service (11+ Employees)	\$1,386	\$126	\$1,260	\$225	\$1,035
Restaurant/Bar (0 - 5 Employees)	\$528	\$48	\$480	\$75	\$405
Restaurant/Bar (6 - 10 Employees)	\$1,056	\$96	\$960	\$150	\$810
Restaurant/Bar (11+ Employees)	\$1,584	\$144	\$1,440	\$225	\$1,215
Restaurant – Limited	\$308	\$28	\$280	\$0	\$280
Office / Professional /Specialty	\$132	\$12	\$120	\$0	\$120
Hotel / Motel / Inn	\$396 per unit	\$36 per unit	\$360 per unit	50%	\$180 per unit
Short-term Rental	\$198	\$18	\$180	\$0	\$180
Seasonal Food Service	\$308	\$28	\$280	\$0	\$280

**Associate Membership.** CVWBIA is authorized to accept “associate membership” financial contributions from businesses outside the CVWBIA, which may wish to participate in the CVWBIA’s promotional activities, but are not subject to the CVWBIA assessments.

**New Business Assessment.** Assessments will be prorated by the quarter in which a business opens. “In Lieu” payments will be accepted.

**Business Closing.** A business notifying the CVWBIA before the end of the first quarter of the fiscal year (September 30th) that it will close before December 31st will be exempt from paying the assessment for that fiscal year. If the business does not close before December 31st, it must pay the year’s assessment in full.

**Discount.** There will be a discount for paying the assessment by the due date of August 31, 2017.

**Delinquencies.** CVWBIA has a clear policy relative to delinquent assessments. Businesses that have not paid their assessment by October 31, 2017, will be removed from the CVWBIA website and brochure. Assessments that have not been paid by January 31, 2018, will be sent to collections.

**Capitola Village & Wharf Business Improvement Area  
Estimated Actual for FY 2016-2017 and Proposed Budget for FY 2017-2018**

	FY 15/16 Actual	FY 16/17 Amended	FY 16/17 Est. Actual	FY 17/18 Proposed
<b>Beginning Fund Balance</b>	\$ 839	\$ (2)	\$ (2)	\$ 6,000
<b>Revenues</b>				
BIA Assessment Revenues - Village*	56,384	56,000	57,810	58,000
Assessment Associate	-	-	-	2,000
BIA Assessment Revenues - Trade**	13,380	13,000	12,670	13,000
BIA Assessment Late Fees	610		748	
Interest Revenue	97	50	150	100
<b>Total Revenues</b>	<b>70,471</b>	<b>69,050</b>	<b>71,378</b>	<b>73,100</b>
<b>Total Source of Funds</b>	<b>\$ 71,310</b>	<b>\$ 69,048</b>	<b>\$ 71,376</b>	<b>\$ 79,100</b>
<b>Expenditures</b>				
Advertising	\$ 60,492	\$ 57,000	\$ 50,676	\$ 60,750
Maintenance - City Public Works	3,000	3,000	3,000	3,000
Billing/Collection - City Accounting	4,200	4,200	4,200	4,200
Capitola Soquel Chamber Of Commerce	3,000	3,000	3,000	3,000
Supplies	620	200	4,500	800
Doubtful Accounts	-	200		3,000
<b>Total Expenditures</b>	<b>71,312</b>	<b>67,600</b>	<b>65,376</b>	<b>74,750</b>
<b>Ending Fund Balance</b>	<b>\$ (2)</b>	<b>\$ 1,448</b>	<b>\$ 6,000</b>	<b>\$ 4,350</b>

The following tables provide detail for selected items of the proposed FY 17/18 Budget:

Assessment Revenue Detail*	Proposed FY 17/18
Retail / Service	\$ 20,580
Restaurant / Bar / Take-out	\$ 16,320
Restaurant - Limited	\$ 2,240
Office / Professional / Specialty	\$ 2,760
Hotel / Motel / Inn	\$ 17,640
Short-term Rentals	\$ 12,240
Seasonal Foods	\$ 280
<b>Subtotal</b>	<b>\$ 72,060</b>

\* 17/18 Proposed Budget revenues reduced from roster estimates based on prior year actual information

\*\* Gift Certificates are provided from "Trade" revenues

Advertising Detail	Proposed FY 17/18
Gift Certificates**	\$ 13,000
Winter Festivities	7,500
VSC Partnership	2,000
App Development	5,000
CDS Distribution	1,800
Directories Printing	2,300
Marketing Manager	12,500
Website Services	1,000
Unanticipated Events	5,000
Welcome Baskets	400
Print-Monterey Travel Mag.	600
Print-VSC Map	450
Banners for Light Poles	4,000
Social Media Advertising	1,200
Print-Summer Mag.	600
Bay Area Advertising	2,400
Printing - Explore	1,000
<b>Total</b>	<b>\$ 60,750</b>



## Capitola Village & Wharf Business Improvement Area Budget Discussion

The CVWBIA will begin Fiscal Year 2017-18 with an estimated fund balance of \$6,000.

**Revenues:** The proposed revenue is derived from the CVWBIA business roster and corresponding assessment rates. The allocation of cash and in-lieu revenue is based upon FY 2016-17 actual.

### **Expenditures:**

**Summary.** The proposed expenditures include advertising and related services of \$60,750, City public works maintenance for beautification of \$3,000, City accounting staff of \$4,200 for billing and accounts payable services and \$3,000 for the partnership with the Chamber of Commerce. This year's proposed budget also includes \$3,000 for doubtful accounts and \$800 for supplies.

### **Advertising is the CVWBIA's principal expenditure.**

- **Gift Certificates (\$13,000):** Members may satisfy a portion of their annual fee with gift certificates. These certificates are used to promote specific businesses in the Village through donations to various activities in the Village and promotional incentives to potential visitors to Capitola.
- **Winter Festivities:** This year we increased the allowance for this category to \$7,500 to expand the activities we have provided in prior years.
- **Brochures (\$4,100):** We spend over \$10,000 printing and distributing directories of all members plus special events in the Village. These are very attractive and useful brochures, which are available at all local merchants and in distribution centers throughout the area.
- **Website Services (\$1,000):** Our website [www.capitolavillage.com](http://www.capitolavillage.com) is now twelve years old and was overhauled in 2015-16.
- **Marketing Manager (\$12,500):** The CVWBIA coordinates all marketing programs, maintains a customer list, sends a newsletter to all members and one to "customers", coordinates and maintains our website and maintains a liaison with our members and partners.
- **Social Media Advertising (\$6,200):** The recent increase in social media advertising results in a shift from traditional advertising to web-based advertising.
- **App. Development:** To increase the value of our social media outreach, we have added \$5,000 to our advertising budget to add new applications.
- **Unanticipated Events:** We have also provided \$5,000 for unanticipated events as we add new members with new ideas.

The following is a roster of open businesses in the assessment area as of May 25, 2017.

## Capitola Village & Wharf Business Improvement Area Business Listing and Assessment Method

Business Type	Assessment Method	Estimate Assessment	
F = FOOD (Larger restaurants)	Per employee category: 0-5; 6-10; >10 employees	F	\$16,320
RL = RESTAURANT LIMITED	Flat fee	RL	\$2,240
H = HOTEL/MOTEL/INN	Flat fee per unit or room	H	\$17,640
O = OFFICE/PROFESSIONAL	Flat fee	O	\$2,760
R = RETAIL/SERVICE	Per employee category: 0-5; 6-10; >10 employees	R	\$20,580
SF = SEASONAL FOOD	Flat fee	SF	\$280
SR = SHORT TERM RENTALS	Flat fee per unit	SR	\$12,240
X = EXEMPT	No Assessment	X	\$0
		<b>Total</b>	<b>\$72,060</b>

Business Address	Business Name	Type	FY17/18 Est. Size	FY17/18 Est. Amount Due
1400 Wharf Road	Wharf House Restaurant	F	6 - 10	\$960
316 Capitola Avenue	Bella Roma Café	F	0 - 5	\$480
123 Monterey Avenue	El Toro Bravo	F	0 - 5	\$480
231 Esplanade #100	Mr. Toots Coffee & Tea	F	0 - 5	\$480
215 Esplanade	Paradise Beach Grille	F	> 10	\$1,440
209A Esplanade	Pizza My Heart	F	6 - 10	\$960
1750 Wharf Road	Shadowbrook Restaurant	F	> 10	\$1,440
200 Monterey Avenue #1	Souza's Ice Cream & Candy	F	0 - 5	\$480
203 Esplanade	Zelda's	F	> 10	\$1,440
103 Stockton Avenue	Armida Winery	F	0 - 5	\$480
110 Monterey Avenue	Britannia Arms Pub & Rest.	F	> 10	\$1,440
200 Monterey Avenue #3	Geisha Japanese Restaurant & Tea House	F	0 - 5	\$480
209B Esplanade	Bay Bar & Grill	F	0 - 5	\$480
207 Esplanade	Sea Side Siam	F	0 - 5	\$480
115 San Jose Avenue Suite #7	CAVA Wine Bar	F	0 - 5	\$480
115 San Jose Avenue Ste #6	Caruso's Tuscan Cuisine	F	0 - 5	\$480
211 Esplanade	The Sand Bar	F	0 - 5	\$480
427 Capitola Avenue	Avenue Café	F	0 - 5	\$480
231 Esplanade #101	Margaritaville	F	> 10	\$1,440
104 Stockton Avenue	Beach Break by Marianne's	F	0 - 5	\$480
231 Esplanade Suite 102	Sotola Bar & Grill	F	0 - 5	\$420
200 Monterey Avenue #2	Mijos Taqueria	F	0 - 5	\$420
210 Esplanade	Capitola Hotel II, LLC	H	8	\$2,880
250 Monterey Avenue	Inn at Depot Hill	H	12	\$4,320
1500 Wharf Road	Venetian Hotel	H	19	\$6,840

Attachment: CVWBIA FY17-18 Exhibit A (1867 : Business Improvement Area Advisory Committee Intention)

Business Address	Business Name	Type	FY17/18 Est. Size	FY17/18 Est. Amount Due
5000 Cliff Drive	Capitola Beach Suites (Harbor Lights)	H	10	\$3,600
312E Capitola Avenue	57 Design Inc.	O		\$120
312D Capitola Avenue	Beach House Rentals	O		\$120
301 Capitola Avenue	David Lyng & Associates	O		\$120
411 Capitola Avenue	Fuse Architects	O		\$120
415 Capitola Avenue	James B. Colip Insurance	O		\$120
201 Monterey Avenue Suite H	Landmark Properties	O		\$120
425 Capitola Avenue #3	Kathy Macdonald Association	O		\$120
314 Capitola Avenue	Katz & Lapidés	O		\$120
331 Capitola Avenue #B	Michael Lavigne Real Estate	O		\$120
331 Capitola Avenue Suite K	Newman & Marcus, LLP	O		\$120
413 Capitola Avenue	Richard Emigh, Land Use	O		\$120
331 Capitola Avenue #D	Suess Insurance Agency	O		\$120
309 Capitola Avenue	Vice Salon	O		\$120
208 San Jose Avenue	Capitola Surf & Paddle	O		\$120
220 Capitola Avenue	Psychic Mermaid	O		\$120
331 Capitola Avenue	Capitola Village Real Estate	O		\$120
314 Capitola Ave	Law Offices of Sam Storey	O		\$120
425 Capitola Avenue Suite #1	Bodhi Addiction Treatment and Wellness	O		\$120
314 Capitola Avenue	John H. McSpadden	O		\$120
202 Stockton Avenue	Bayside Property Management Services	O		\$120
314 Capitola Avenue	Miles J. Dolinger, Attorney at Law	O		\$120
115 San Jose Avenue Suite N	Stay Sharp Salon	O		\$120
112 Stockton Avenue Suite B	Visions by Sheena	O		\$120
1400 Wharf Road	JFS Inc. dba Capitola Boat & Bait	R	0 - 5	\$420
131 Monterey Avenue	MRA Sales, dba Capitola Beach Co.	R	0 - 5	\$420
208A Monterey Avenue	Avalon Visions	R	0 - 5	\$420
417 Capitola Avenue	Betsy's Summerhouse Antiques	R	0 - 5	\$420
217 Capitola Avenue	Big Kahuna Hawaiian Shirts	R	0 - 5	\$420
205 Capitola Avenue	Chocolate Bar	R	0 - 5	\$420
209 Capitola Avenue	Craft Gallery	R	0 - 5	\$420
207 Capitola Avenue	Craft Gallery Annex	R	0 - 5	\$420
114 Stockton Avenue	Euphoria Rio Mix	R	0 - 5	\$420
110 Capitola Avenue #2	Free to Ride	R	0 - 5	\$420
212 Capitola Avenue	Gaia Earth Treasures	R	0 - 5	\$420
219 Capitola Avenue	Hot Feet	R	0 - 5	\$420
201 Monterey Avenue #B	Kickback	R	0 - 5	\$420
120 Stockton Avenue	Latta	R	0 - 5	\$420
202 Capitola Avenue	Nubia Swimwear	R	0 - 5	\$420
204 Capitola Avenue	Oceania	R	0 - 5	\$420

Attachment: CVWBIA FY17-18 Exhibit A (1867 : Business Improvement Area Advisory Committee Intention)

Business Address	Business Name	Type	FY17/18 Est. Size	FY17/18 Est. Amount Due
321 Capitola Avenue	Pacific Gallery	R	0 - 5	\$420
110 Capitola Avenue #1	Panache Bath & Body Shop	R	0 - 5	\$420
107 Capitola Avenue	Phoebe's	R	0 - 5	\$420
116 San Jose Avenue	Rainbow City Limit	R	0 - 5	\$420
216 Capitola Avenue	Slap Happy	R	0 - 5	\$420
214 Capitola Avenue	Super Silver	R	0 - 5	\$420
117 Capitola Avenue	Surf n Shack	R	0 - 5	\$420
120 San Jose Avenue	Sweet Asylum	R	0 - 5	\$420
121 San Jose Avenue	Thomas Kinkadee Gallery	R	0 - 5	\$420
201 Capitola Avenue	Village Mouse	R	0 - 5	\$420
122 Capitola Avenue	Yvonne	R	0 - 5	\$420
115 San Jose Avenue	Southstar PM, Inc. - Mercantile Parking	R	0 - 5	\$420
120 Monterey Avenue	Uchiyama - Swenson - Theater Parking	R	0 - 5	\$420
201 Monterey Avenue #A	Village Sea Glass	R	0 - 5	\$420
112 Capitola Avenue Ste, 100	Lumen Gallery	R	0 - 5	\$420
210 Capitola Avenue	Just Baby Gifts & Apparel	R	0 - 5	\$420
115 Capitola Avenue	Capitola Reef	R	0 - 5	\$420
409 Capitola Avenue	Art Inspired	R	0 - 5	\$420
115 San Jose Avenue	Om Rhythms	R	0 - 5	\$420
224 Esplanade	RNTF LLC dba Bedroom Desserts	R	0 - 5	\$420
112 Stockton Avenue	Sea Level T's	R	0 - 5	\$420
207 Monterey Avenue #100	Stella Boutique/Stella Mitchell	R	0 - 5	\$420
115 San Jose Avenue	Carousel Taffy & Treats	R	0 - 5	\$420
222 Esplanade	SlowCoast	R	0 - 5	\$420
115 San Jose Avenue	BFF Boutique	R	0 - 5	\$420
215 Capitola Avenue	Vanity by the Sea	R	0 - 5	\$420
401 Capitola Avenue	Charley & Company	R	0 - 5	\$420
126 San Jose Avenue	Zen Island	R	0 - 5	\$420
116 Stockton Avenue	Xandra Swimwear	R	0 - 5	\$420
300 Capitola Avenue	Quality Market	R	0 - 5	\$420
115 San Jose Avenue Suite D	Reclaimed in Love	R	0 - 5	\$420
200 Monterey Avenue Suite 1A	House of Greco	R	0 - 5	\$420
109 Capitola Avenue	Capitola Seashells	R	0 - 5	\$420
210 Monterey Avenue #1	Thai Basil	RL	0 - 5	\$280
105 Stockton Avenue	Sea Side Coffee	RL	0 - 5	\$280
311 Capitola Avenue	Calypso's Cove	RL	0 - 5	\$280
201 Esplanade	Rocks of Petra (ROP)	RL	0 - 5	\$280
110 Stockton Avenue	Bouchees	RL	0 - 5	\$280
115 San Jose Avenue Suite Q	Off The Block	RL	0 - 5	\$280
312-B Capitola Avenue	Cork and Fork LLC	RL	0 - 5	\$280

Attachment: CVWBIA FY17-18 Exhibit A (1867 : Business Improvement Area Advisory Committee Intention)

Business Address	Business Name	Type	FY17/18 Est. Size	FY17/18 Est. Amount Due
201 Monterey Avenue #C	Castagnola Deli & Café	RL	0 - 5	\$280
107 San Jose Avenue Suite #8	Left Coast Sausage Worx	SF	0 - 5	\$280
222 San Jose Avenue	Avonne Stone Jacobs, Judy Jacobs	SR	1	\$180
303 Cherry Way	Cal & Carla Cornwell	SR	1	\$180
305 Riverview Avenue	Capitola Pelican House	SR	1	\$180
1500 Wharf Road #5	Colleen Merle Lund	SR	1	\$180
116 Esplanade #A-B	Dorean Moore	SR	2	\$360
310 Riverview Avenue	Eleanor Glover	SR	1	\$180
1500 Wharf Road #14	Erline Mello	SR	1	\$180
318 Capitola Avenue #2	Fred & Sharon Andres	SR	1	\$180
215 Monterey Avenue #A	Greg & Maxine Sivaslian	SR	1	\$180
206 Monterey Avenue	Jay & Pamela Chesavage	SR	1	\$180
5005 Cliff Drive #3	Jean Ladoucour	SR	1	\$180
301 Cherry Way	Jeff & Kathie Gaylord	SR	1	\$180
208 Monterey Avenue C	Pat Castagnola	SR	1	\$180
327 Riverview Avenue A	Paulo Franca	SR	1	\$180
109 Monterey Avenue #4	Sharon Dougan	SR	1	\$180
317 & 327 Riverview Avenue B	Steve & Linda Woodside	SR	2	\$360
5005 Cliff Dr #4, 314 Riverview	Sue Norris	SR	2	\$360
1500 Wharf Road #7	Viola M Carr	SR	1	\$180
1500 Wharf Road #3,4	Watson Family Ltd Partnership (Mike Newell)	SR	2	\$360
1500 Wharf Road #1	Bob Coe	SR	1	\$180
1500 Wharf Road #20	Leonard Tyson	SR	1	\$180
4960 Cliff Drive #2	Tim & Stacy Hopkins	SR	1	\$180
1500 Wharf Road #11	Jeri Chestnut	SR	1	\$180
225 San Jose Avenue	Michelle & Stephen Murphy	SR	1	\$180
318 Capitola Avenue #1	Randy Hayes	SR	1	\$180
4995 Cliff Drive #B	David Johnson	SR	1	\$180
1500 Wharf Road #2	Albert Ribisi & Mary Scolari	SR	1	\$180
109 Cherry Avenue Units A & B	Bill & Julie Kenney	SR	2	\$360
208 Stockton Avenue	George Adzich	SR	1	\$180
209 Stockton Avenue A & B	Castillo Properties	SR	2	\$360
5005 Cliff Drive Unit 1	Tom & Susan Baines	SR	1	\$180
4950 Cliff Drive	Lou Bergma	SR	1	\$180
318 Capitola Avenue #4	Deborah Cohen 318 Capitola Ave #4	SR	1	\$180
231 Esplanade #301, #300, #200	Robert Chestnut	SR	3	\$540
206 California Avenue	Vito Mazzarino	SR	1	\$180
131 Lawn Way	Sunshine Villa	SR	1	\$180
215 San Jose Avenue #A	Surf City Rentals Inc.	SR	1	\$180

Attachment: CVWBIA FY17-18 Exhibit A (1867 : Business Improvement Area Advisory Committee Intention)

Business Address	Business Name	Type	FY17/18 Est. Size	FY17/18 Est. Amount Due
212 Monterey Avenue #1, 3, 4	Joseph Minigione	SR	3	\$540
320 Riverview Avenue	Leslie Vineyard	SR	1	\$180
4980 Cliff Drive Unit A & B	Steve Pericone	SR	2	\$360
207 A & B San Jose Avenue	Surf City Rentals	SR	2	\$360
409 Riverview Avenue	Creekside Cottage	SR	1	\$180
417 Riverview Avenue	Bridget Taylor	SR	1	\$180
309 Cherry Avenue	Pan American Investments	SR	1	\$180
102 Lawn Way	Craig & Mimi French	SR	1	\$180
397 & 399 Riverview Avenue	Castellanos Properties - Windmill Properties	SR	2	\$360
5005 Cliff Drive #6	Alanna Harvey	SR	1	\$180
402 Bluegum Avenue A & B	Lynda Paulsen	SR	2	\$360
1500 Wharf Road #9	Grandma's Nest	SR	1	\$180
109 Monterey Avenue #10	Kelli Aita	SR	1	\$180
211 Stockton Avenue #1	Bookman Rental Property	SR	1	\$180
330 Riverview Avenue	BHR Property Management	SR	1	\$180
317 Riverview Avenue	BHR Property Management	SR	1	\$180
112 Capitola Avenue #200	BHR Property Management	SR	1	\$180
				<b>\$72,060</b>

Attachment: CVWBIA FY17-18 Exhibit A (1867 : Business Improvement Area Advisory Committee Intention)



## NOTICE OF PUBLIC HEARING

### ANNUAL RENEWAL OF THE CAPITOLA VILLAGE AND WHARF BUSINESS IMPROVEMENT AREA

Hearing Body: Capitola City Council  
 Hearing Date: Thursday, June 22, 2017  
 Hearing Time: 7 p.m.  
 Hearing Place: City Hall Council Chambers  
 420 Capitola Avenue, Capitola

The Capitola City Council notifies you of a public hearing regarding the annual renewal of the Capitola Village and Wharf Business Improvement Area (CVWBIA) and establishing the fee assessments for fiscal year 2017-2018. The renewal plan proposes to keep assessment rates the same as last year, offering a discount to businesses that pay by the due date.

The Capitola City Council will hold the public hearing in the City Hall Council Chambers after 7 p.m. on Thursday, June 22, 2017, and will receive any oral or written protests or endorsements of the proposed business improvement assessments. If written protests complying with Streets and Highways Code §36524 and §36525 are received from the owners of businesses that will pay 50 percent or more of the assessments, assessments will not be levied, and the procedure will be terminated and will not be reconsidered until one full year has elapsed.

If you have any questions, please contact CVWBIA Board Member Carin Hanna at 831-475-4466 or the City of Capitola Finance Department at 831-475-7300.

DATED: June 1, 2017

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CITY OF CAPITOLA  
 Linda Fridy, City Clerk



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

**MEETING OF MAY 31, 2017**

FROM: Finance Department

SUBJECT: Discuss the Proposed 2017/2018 Fiscal Year Budget for the City of Capitola General Fund, the Capitola Successor Agency, and Capital Improvement Program

**RECOMMENDED ACTION:** Receive a presentation on the Fiscal Year 2017/18 Proposed Budget and continue budget deliberations.

**BACKGROUND:** The Proposed Fiscal Year (FY) 2017/2018 Budget and Planned FY 2018/2019 Budget was presented to the City Council/Successor Agency at the May 17, 2017, special meeting. There are several projects and funding options in the proposed budget and staff is seeking council direction on which projects to fund.

**DISCUSSION:** The proposed FY 2017/18 budget is balanced, and generally maintains existing service levels. The budget includes the allocation of a number of new revenue sources and major equipment purchases. Those non-recurring expenditures are highlighted in Attachment 1, an updated "Proposed Capital Project" page from the Summary Information section of the budget.

In addition staff estimates there will be an approximately \$1.6 million in General Fund balance at the end of the current fiscal year. Staff recommends allocating a maximum of \$1.1 million of this General Fund balance, and leaving a reasonable amount in fund balance to help manage cash flows and to more easily respond to budget issues in the future.

The Finance Advisory Committee (FAC) met on May 23 and recommended using the General Fund balance to allocate \$400,000 to the PERS Contingency Fund to help offset rising pension costs, transfer \$300,000 to establish an employee housing down payment assistance fund to help attract and retain quality employees, and move \$200,000 to the RTC Streets Fund to expand next year's local road projects.

Other projects which could be funded with the General Fund balance include:

- Basketball court resurfacing (\$25,000)
- Additional transfers to the Library Fund to close the project funding gap
- City Hall renovations (\$15,000 - \$75,000)



Joint CC & SA Mtg - Proposed 2017/2018 Fiscal Year Budget  
May 31, 2017

- Senior exercise equipment (\$15,000 - \$60,000)
- Paying down existing debt.

At the hearing on May 23, Council also request staff distribute the Community Grant list so Council could consider assigning members to research specific recipients. That list is included in Attachment 2.

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

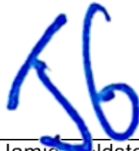
**FISCAL IMPACT:** The goal of these deliberations is determining the allocation of funds to maintain a balanced budget and support priority projects.

**ATTACHMENTS:**

1. Proposed Capital Projects
2. 2017-2018 Community Grants Council Approved

Report Prepared By: Mark Sullivan  
Senior Accountant

**Reviewed and Forwarded by:**



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Jamie Goldstein, City Manager

5/26/2017

## Proposed Capital Projects

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

### Library Fund

Committed Revenue:

Measure S:	\$8.0 Million	
RDA Country Trust Fund	\$2.6 Million	
FY 2017/18 GF Proposed	\$779,129	Offsets unfunded construction estimate
<u>Unfunded Construction</u>	<u>\$1.75 Million</u>	
<b>Total</b>	<b>\$13.13 Million</b>	

Construction expected to begin in Spring 2018

### Equipment Fund

New Beach Loader	\$225,000*	Replaces 20 yr. old non-compliant loader
F-250 PW Truck	26,000	Replace aging vehicle
Tractor Components	11,200	
Parking Station Faceplates	50,000	Standardize visitor parking interface
<u>Police Communications Tower</u>	<u>100,000**</u>	Must be relocated from temporary library
<b>Total</b>	<b>\$412,200</b>	

\*Measure F Contributes \$100,000

\*\*SLESF Fund contributes \$35,000

### Measure F Funds (CIP)

Wharf Preliminary Design	\$160,000	Begins public process for wharf project design
Flume Reconstruction	100,000	Repairs flume, creek closure & construct beach
Jetty Reconstruction	150,000	Rebuilds aging jetty that protects beach
Grand Avenue Path	40,000	Rebuilds path (geologic report pending)
<u>Contribution for beach loader</u>	<u>100,000</u>	Replaces 20 yr. old non-compliant loader
<b>Total</b>	<b>\$550,000</b>	

### RTC - Measure D Local Funds

Estimated Revenue	\$285,000	
<u>General Fund Transfer</u>	<u>100,000</u>	Transfer to pay for slurry sealing projects
<b>Total Revenues</b>	<b>\$385,000</b>	
Bike Lane Green Paint	65,000	Funds two Highway 1 interchanges
<u>Slurry Seal</u>	<u>320,000</u>	Preserves pavement quality where feasible
<b>Total Expenditures</b>	<b>\$385,000</b>	

### Facilities Reserve

City Hall Frontage	\$110,000	Repair parking lot and fix walkways
<u>Community Center Parking lot</u>	<u>75,000</u>	Repair parking lot in poor condition
<b>Total</b>	<b>\$185,000</b>	

Available Funds in FY 2017/18 \$ 450,000

### CDBG Grant Application (Due Date Fall 2017)

Clares Street Reconstruction \$1.3 Million

<b>Community Group/Program</b>	<b>Strategy</b>	<b>FY 17/18 Contracted Amount</b>
Advocacy, Inc.	Individual and Family Support	\$7,680.00
Big Brothers Big Sisters of Santa Cruz County, Inc	Individual and Family Support	\$2,886.00
Cabrillo Stroke and Disability Learning Center	Health Care	\$7,168.00
Campus Kids Connection, Inc.	Education	\$15,638.00
Central Coast Center for Independent Living	Individual and Family Support	\$10,095.00
<b>Community Action Board of Santa Cruz County, Inc.</b>		<b>\$1,378.00</b>
The Shelter Project (CAB)	Basic Needs	\$1,378.00
<b>Community Bridges</b>		<b>\$113,324.00</b>
Meals on Wheels for Santa Cruz County (CB)	Basic Needs	\$59,327.00
Lift Line (CB)	Basic Needs	\$47,934.00
Live Oak Community Resources (CB)	Individual and Family Support	\$5,138.00
Child Development Division (CB)	Education	\$925.00
Conflict Resolution Center of Santa Cruz	Community Development	\$3,215.00
Court Appointed Special Advocates of Santa Cruz County	Protective Services	\$3,169.00
Cultural Council of Santa Cruz County	Individual and Family Support	\$997.00
Dientes Community Dental Care	Health Care	\$1,403.00
<b>Encompass Community Services</b>		<b>\$14,893.00</b>
Youth Services Counseling (Encompass)	Mental Health	\$7,305.00
Santa Cruz AIDS Project (Encompass)	Individual and Family Support	\$7,588.00
Families In Transition	Basic Needs	\$2,521.00
<b>Family Service Agency of the Central Coast</b>		<b>\$11,761.00</b>
Counseling - North County (FSA)	Mental Health	\$4,903.00
I-You Venture (FSA)	Mental Health	\$1,399.00
Senior Outreach (FSA)	Mental Health	\$1,399.00
Suicide Prevention (FSA)	Mental Health	\$1,216.00
Survivors Healing Center (FSA)	Mental Health	\$492.00
WomenCARE (FSA)	Mental Health	\$2,352.00
Grey Bears	Basic Needs	\$14,864.00
<b>Homeless Services Center</b>		<b>\$2,680.00</b>
Paul Lee Loft Shelter (HSC)	Basic Needs	\$2,680.00
Hospice of Santa Cruz County	Health Care	\$1,608.00
Monarch Services Servicios Monarca	Justice Services	\$3,797.00
Native Animal Rescue	Environmental Quality	\$1,200.00
O'Neill Sea Odyssey	Environmental Quality	\$2,943.00
Parents Center Santa Cruz	Mental Health	\$6,500.00
Santa Cruz Toddler Care Center	Education	\$1,248.00
Second Harvest Food Bank Santa Cruz County	Basic Needs	\$10,455.00
Senior Citizens Legal Services	Legal Services	\$8,836.00
Senior Network Services, Inc.	Individual and Family Support	\$2,563.00
<b>Seniors Council of Santa Cruz and San Benito Counties</b>		<b>\$8,537.00</b>
Project Scout (Seniors Council)	Income Security	\$3,437.00
Companion for Life/Lifeline (Seniors Council)	Basic Needs	\$5,100.00
The Diversity Center	Health Care	\$1,072.00
<b>United Way</b>		<b>\$7,446.00</b>
Child Abuse Prevention (UW)	Protective Services	\$6,470.00
2-1-1 Help Line (UW)	Individual and Family Support	\$976.00
Vista Center for the Blind and Visually Impaired	Health Care	\$1,898.00
<b>Volunteer Center</b>		<b>\$3,215.00</b>
Santa Cruz Center (VC)	Basic Needs	\$3,215.00
<b>TOTALS</b>		<b>\$274,990.00</b>

Attachment: 2017-2018 Community Grants Council Approved (1880) - Joint CC &amp; SA Mtg - Proposed 2017/2018 Fiscal Year Budget