

City of Capitola Agenda

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

Treasurer: Peter Wilk



REVISED

CAPITOLA CITY COUNCIL REGULAR MEETING

THURSDAY, JUNE 8, 2017

7:00 PM

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

**CLOSED SESSION - 6:30 PM
CITY MANAGER'S OFFICE**

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

**CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
[Govt. Code § 54956.9(d)(1)]**

City of Capitola v. Water Rock Construction, Inc.
Santa Clara Superior Court Case No. 16CV295795

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 7:00 PM

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

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

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

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

2. PRESENTATIONS

A. Introduction of New Maintenance Worker Thomas Gonzales

3. REPORT ON CLOSED SESSION

4. ADDITIONAL MATERIALS

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

A. Item 9.A. Public Communication regarding Trial Program of Hill Street

B. Item 9.C. Revised Attachments 1 and 3 regarding the Fiscal Year Budget for the City

C. Item 9.C. Revised Proposed Fiscal Year Budget for the City

D. Item 9.C. Emergency Wharf Repairs

5. ADDITIONS AND DELETIONS TO AGENDA

6. PUBLIC COMMENTS

Oral Communications allows time for members of the Public to address the City Council 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.

7. CITY COUNCIL / CITY TREASURER / STAFF COMMENTS

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

8. CONSENT CALENDAR

All items listed in the "Consent Calendar" will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Council votes on the action unless members of the 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 25, 2017, City Council Regular Meeting Minutes
RECOMMENDED ACTION: Approve minutes.
- B. Consider the Adoption of a Resolution Setting the Fiscal Year 2017-2018 Appropriation Limit
RECOMMENDED ACTION: Adopt a Resolution setting the Fiscal Year 2017-2018 Appropriation Limit as required by Article XIII B of the California Constitution.
- C. Consider the City's Investment Policy
RECOMMENDED ACTION: Confirm the City's Administrative Policy Number III-1, Investment Policy, or provide direction to staff regarding any recommended changes.
- D. Consider Extending the Criminal Justice Council Joint Powers Agreement
RECOMMENDED ACTION: Approve the agreement extending the Santa Cruz County Criminal Justice Council through June 30, 2021.
- E. Consider a Resolution Designating Agents for Disaster Assistance with the State Office of Emergency Services and Repealing Resolution No. 3865
RECOMMENDED ACTION: Adopt resolution.

9. GENERAL GOVERNMENT / PUBLIC HEARINGS

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

- A. Trial Program of Hill Street Vehicle, Bike, and Pedestrian Improvements
RECOMMENDED ACTION: Consider a two-week trial program that removes the parking along the south side of Hill Street between Capitola Avenue and Rosedale Avenue to address ongoing vehicle-to-vehicle conflicts and improve both pedestrian and bicycle access.
- B. Free Tree Program Proposal
RECOMMENDED ACTION: Authorize staff to offer a free tree program to Capitola residents as detailed in the staff report.

C. Proposed 2017/2018 Fiscal Year Budget for the City of Capitola General Fund and Capital Improvement Program

RECOMMENDED ACTION: Approve the Resolution adopting the Fiscal Year 2017/18 City Budget and Capital Improvement Program.

10. 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.

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 anytime.



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: City Manager Department

SUBJECT: Introduction of New Maintenance Worker Thomas Gonzales

DISCUSSION: The City has a new Maintenance Worker, Thomas Gonzales. He is a resident of Santa Clara County and has recently worked as a temporary seasonal employee doing maintenance work for Capitola's Public Works Department. He has also worked for UC Santa Cruz as a fleet service mechanic.

Report Prepared By: Liz Nichols
Executive Assistant to the City Manager

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

6/1/2017

June 7, 2017

City of Capitola
Steve Jesberg
420 Capitola Avenue
Capitola, Ca. 95010

Hi Steve:

I am writing this letter regarding Bike Lanes on Hill Street. I am a resident at Turner Lane Estates and I use Hill Street daily. I am concerned about the general use of Hill Street and these are my concerns:

1. Hill Street currently has parking on both sides of the street of which residents from Turner Lane use daily to park their second cars as Turner Lane does not allow residents to park in their 12 visitor parking spaces.
2. There are apartment buildings, condos and another mobile home park on Rosedale that have their residents park their second cars on Hill Street for the same reason as Turner Lane.
3. If parking is taken away on one side of Hill Street this will affect a number of residents.
4. Hill Street is too narrow to have parking on both sides of the Street with 2 way traffic. I have been side swiped on Hill Street during commute hours because the street is so tight and people are speeding down that street.
5. A bike lane would be nice on one side of the street because of the number of children that ride their bikes to and from New Brighton Middle School.

I agree that there is a need for a bike lane. I just know that if parking is removed on one side of the street that is when you are going to hear from a number of residents. I also know that Hill Street is dangerous because of speeding and very tight with parked cars on both sides. If you notice all parking spaces on Capitola Avenue from Hill Street to Turner Lane Entrance are taken as is Rosedale to Plum Street.

Just my thoughts!

Toni Castro

REVISED CHANGES TO BUDGET
Exhibit A

FY 2016/17 General Fund transfers	Amount
Transfer to Gas Tax Fund	\$ 40,124

FY 2017/18 General Fund	Amount
Community Center Basketball Courts	\$ 25,000
Senior Exercise Equipment	\$ 40,000
PERS Trust Fund	\$ 500,000
Library Fund	\$ 220,000
RTC Streets Fund	\$ 100,000
Employee Housing Assistance Fund	\$ 300,000
Additional General Fund appropriations	\$ 1,185,000

FY 2017/18 Facilities Reserve Fund	Amount
City Hall Frontage Improvements	\$ 110,000
City Hall Office Improvements	\$ 25,000
Community Center Parking Lot	\$ 75,000
Total Facilities Reserve Fund expenditures	\$ 100,000

FY 2017/18 Proposed Budget corrections	Amount
General Fund personnel expenses	(\$30,000)
Equipment Replacement Fund revenues	(\$35,000)
CVWBIA Fund revenues	\$1,540
CVWBIA Fund expenses	\$7,150

Communication: Item 9.C. Revised Attachments 1 and 3 regarding the Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

REVISED

Exhibit C

FY 17/18 Fund Balance Summary

	Estimated Balance 7/1/2017	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2018
General Fund	\$ 1,553,488	\$ 16,107,295	\$ -	\$ 13,670,824	\$ 3,290,550	\$ 699,409
Designated Reserves						
Contingency Reserve	\$ 1,903,346	\$ -	\$ 133,000	\$ -	\$ -	\$ 2,036,346
PERS Contingency Reserve	305,000	10,000	500,000	-	-	815,000
Emergency Reserve	1,277,206	-	67,000	-	-	1,344,206
Donations	21,725	10,000	-	-	-	31,725
Facility Reserve	339,870	-	110,000	100,000	-	349,870
Total Designated Reserves	\$ 3,847,147	\$ 20,000	\$ 810,000	\$ 100,000	\$ -	\$ 4,577,147
Debt Service						
Pension Obligation Bond	\$ 481,531	\$ -	\$ 187,351	\$ 668,882	\$ -	\$ -
Pac Cove Lease Financing	131,520	-	165,066	165,066	-	131,520
Pac Cove Park	-	-	89,004	89,004	-	-
Total Debt Service	\$ 613,051	\$ -	\$ 441,421	\$ 922,952	\$ -	\$ 131,520
Capital Improvement Fund	\$ 1,006,565	\$ 50,000	\$ 515,000	\$ 515,000	\$ -	\$ 1,056,565
Internal Service Funds						
Stores	\$ 24,652	\$ 37,250	\$ -	\$ 37,250	\$ -	\$ 24,652
Information Techology	113,352	282,300	-	282,300	-	113,352
Equipment Replacement	175,009	125,000	185,000	412,200	-	72,809
Self-Insurance Liability	281,875	428,000	-	428,000	-	281,875
Workers' Compensation	217,852	321,000	-	321,000	-	217,852
Compensated Absences	36,189	-	200,000	200,000	-	36,189
Total Internal Service Funds	\$ 848,929	\$ 1,193,550	\$ 385,000	\$ 1,680,750	\$ -	\$ 746,729
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 14,421	\$ 100,400	\$ -	\$ 66,000	\$ 35,000	\$ 13,821
SCCACT-SCC Anti-Crime Team	-	-	-	-	-	-
Gas Tax	2,130	289,421	-	219,400	-	72,151
RTC Streets	-	285,000	200,000	485,000	-	-
Library	640,700	9,777,300	999,129	10,131,429	-	1,285,700
Wharf	68,076	85,700	-	95,600	-	58,176
General Plan Update and Maint	9,135	75,000	-	56,000	-	28,135
Green Building Education	118,464	18,000	-	24,000	-	112,464
Public Arts Fee	253,428	15,000	-	81,000	-	187,428
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	45,276	11,000	-	15,000	-	41,276
PEG-Public Education and Gov.	58,074	16,100	-	15,000	-	59,174
Capitola Village/Wharf BIA	6,778	73,100	-	74,750	-	5,128
CDBG Grants	40,124	100,000	-	100,000	-	40,124
CDBG Program Income	13,875	-	-	-	-	13,875
HOME Reuse	187,538	12,300	-	3,200	-	196,638
Housing Trust	21,034	25,000	-	-	25,000	21,034
Cap Hsg Succ- Program Income	167,766	-	-	60,000	-	107,766
Total Special Revenue Funds	\$ 1,647,556	\$ 10,883,321	\$ 1,299,129	\$ 11,426,379	\$ 160,000	\$ 2,243,627
Successor Agency	\$ 379,817	\$ 595,000	\$ -	\$ 636,958	\$ -	\$ 337,859
Tot. Fund Balance - All Funds	\$ 9,896,553	\$ 28,849,166	\$ 3,450,550	\$ 28,952,863	\$ 3,450,550	\$ 9,792,856

Communication: Item 9.C. Revised Attachments 1 and 3 regarding the Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Capitola Finance Department



Memo

June 6, 2017

To: Capitola City Council

From: Jamie Goldstein, City Manager

Re: FY 17/18 adjustments to the proposed budget

Madam Mayor and City Council Members:

Please find attached the revised proposed FY2017/2018 Budget reflecting the following changes:

- FY 16/17 estimated General Fund transfers increased by \$40,124 due to the gas tax audit. This transfer was previously approved by Council, but was not included in the initial draft budget.
- A calculation error was found in the General Fund personnel budget, reducing expenditures by \$30,000.
- A calculation error was found in the Equipment Replacement Fund, reducing revenues by \$35,000.
- Updated BIA budget numbers were entered resulting in a net decrease in year end fund balance of \$5,610.
- Multi-year obligation amounts were updated.
- Council-approved additional General Fund appropriations, totaling \$1,185,000, were added for basketball court resurfacing, senior exercise equipment, PERS fund transfer, Library fund transfer, RTC Streets fund transfer, and earmarking funds for an employee housing assistance fund.
- Facilities Reserve Fund expenditures were decreased by \$110,000, leaving \$100,000 to pay for City Hall office improvements and Community Center parking lot repairs.

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)



PROPOSED BUDGET

FISCAL YEAR 2017-18



CITY OF CAPITOLA, CALIFORNIA & CAPITOLA SUCCESSOR AGENCY

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

6/5/17



PROPOSED ANNUAL BUDGET

Fiscal Year 2017-18
July 1, 2017 - June 30, 2018

**Mayor Stephanie Harlan
Vice Mayor Michael Termini
Councilmember Jacques Bertrand
Councilmember Ed Bottorff
Councilmember Kristen Petersen**

**Jamie Goldstein
City Manager**

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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 2017/18 Proposed and FY 2018/19 Planned Budget.

OVERVIEW

On behalf of City staff, I am pleased to submit for review and consideration a balanced proposed budget for Fiscal Year (FY) 2017/18. The local economy continues to remain strong with major revenue sources continuing to increase. The proposed FY 2017/18 projections include a 1.6 percent growth in sales tax, four percent property tax growth and two percent transient occupancy tax (TOT) growth. The proposed budget maintains a high level of services for Capitola residents. The budget includes new initiatives along with new revenue sources. 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.

The new Capitola Branch Library will begin construction in FY 2017/18. The planning for a new 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 recently passed countywide Measure S, the former RDA trust fund held by the County, fundraising, and contributions from the General Fund for the remainder. This proposed budget includes a \$779,129 transfer from the General Fund to the Library Fund to lower the unfunded construction costs. During budget hearings, staff will outline options to increase funding for the library through the allocation of projected fund balance.

When the voters of Capitola passed Measure O, the City committed to replenishing reserves, maintaining police staffing levels and completing major street improvements during the five-year overlap with Measure D. The City has been diligent in fulfilling these commitments.

In 2016 voters passed Measure F to extend the temporary quarter of one percent sales tax for an additional ten years. The City is committed to using this funding source to protect the wharf and beach from storms and rising sea levels, maintain police services, and improve sidewalks, parks, and bike safety. The proposed FY 2017/18 budget begins to implement these commitments. Measure F goes into effect midway through the fiscal year.

Current projections indicate growth of \$568,237 in General Fund balance in FY 2016/17 due to higher than budgeted revenues and lower than budgeted expenditures. With the large triple-flip

final payment in FY 2015/16, the ending FY 2016/17 General Fund Balance is projected to be \$1,595,783.

During the budget hearing process, staff will outline possible uses for the fund balance, understanding the need to achieve multiple City goals and objectives. Preliminary options for the use of that fund balance include allocating funding to:

- The PERS Trust Fund to help stabilize future rate increases
- The Library project to reduce the unfunded construction cost
- RTC Streets Fund for slurry seal projects
- Establish an employee down payment assistance housing trust fund
- Facility improvements at City Hall

While a portion of the fund balance can be allocated toward City priorities, staff recommends maintaining a reasonable balance in the General Fund to help manage cash flow and more easily respond to minor budget variations in coming years. Staff will provide more details on these options during the budget hearing process.

BUDGETARY AND FINANCIAL HIGHLIGHTS

The FY 2017/18 General Fund budget was developed with an emphasis on financial stability, capital improvements, and enhancing the levels of programs and services for Capitola residents and visitors. Key budgetary items and changes include:

- Begin construction on the new Capitola Branch Library
- Apply 100 percent of Measure F revenues to Measure F commitments
 - Protect the wharf and beach from storms and rising sea levels
 - Bike/pedestrian safety
 - Maintain police staffing levels
- Create a new fund for the RTC Regional Transportation sales tax revenue
- Continue to place a high priority in operating a highly effective and community-oriented police department
- Fund large scale slurry seal projects to maintain roads. Currently budgeted for \$320,000 and, if fund balance usage is approved, increases to \$720,000
- Maintain Contingency and Emergency reserves at target levels with a \$200,000 transfer
- Complete the Zoning Code update
- Fully prefund Other Post-Employment Benefits (OPEB)
- Fund the Community Grant Program at the level committed to in the existing two-year agreements

MAJOR INITIATIVES

Funding Measure F Commitments

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

The FY 2017/18 proposed budget includes the allocation of half of a year of Measure F funding. The proposed projects include: preliminary design of the Wharf, flume reconstruction, jetty reconstruction, Grand Avenue path reconstruction, and replacing the 20-year-old front end loader for beach maintenance.

New Capitola Branch Library

In 1999 the City of Capitola built a temporary 4,320 square foot library at the corner of Clares Street and Wharf Road. The City's former RDA entered a contract with the County to construct a permanent library and contributed \$2.6 million to a County-held trust fund that would be used to help build the Capitola library. Measure S, which was approved by voters on June 7, 2016, will provide an additional \$8 million. The current project budget is \$13.13 million, which leaves a projected budget gap of \$2.53 million. A fundraising campaign to help close that budget gap is expected to begin this summer. This proposed budget includes a \$779,129 General Fund Transfer to the project.



Maintain the Reserve Funds

In FY 2014/15 the City Council increased the policy funding levels for the Emergency and Contingency Reserve Funds. The Emergency Reserve target was increased from 5 to 10 percent and the Contingency Reserve target was increased from 10 to 15 percent. The reserves are

currently at these target levels and the Proposed FY 2017/18 budget continues to meet the targets.

With increased revenue streams, the City has established other reserves as well. Specifically, the City created a Facilities Reserve and a PERS Contingency Reserve to help meet future funding requirements. During budget hearings, staff will propose an allocation of General Fund Balance towards the PERS Contingency Reserve. These funds allow increased financial stability due to the economically sensitive nature of revenue sources available to the City.

Controlling Personnel Costs

Being primarily a service-oriented organization, personnel costs make up the largest General Fund expenditure. The personnel budget comprises approximately 60 percent of the General Fund.

In FY 2013/14 all bargaining units agreed to multi-year contracts through June 30, 2018, with cost sharing of pension contributions, cost of living adjustments (COLA) based on the consumer price index, and flex health care spending increases.

The number of positions city-wide increased 1.0 FTE in FY 2016/17, with the additional Public Works Engineer/Project Manager position that was approved with the mid-year budget update.

Planning for Pension Increases

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

The City's FY 2017/18 UAL payment is about \$1 million. Current projections show the City's UAL increasing to over \$2 million within five years. These rising pension costs will likely pose significant challenges in coming fiscal years.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2016/17 the City accomplished several significant projects, which placed the City in a stronger fiscal position, 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 2016/17 include:

- Passed Measure F extending the quarter-cent sales tax through 2027
- Opened the Family Cycling Center and CrossFit Pump Track at McGregor Park
- Joined the Monterey Bay Community Power JPA
- Obtained approval for the re-establishment of the Capitola Beach Lifeguard Chapter
- Implemented an electronic filing system for Conflict of Interest Form 700 filers
- Continued process of scanning and making available public records in electronic format
- Oversaw general election of two council members and treasurer

- 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
- Assisted departments in recruiting and retaining employees
- Established a PERS trust fund to help plan for rising retirement costs
- Developed a proposed financing plan for the Library
- Adopted a new Purchasing Policy to improve financial control
- Assisted in developing a Capital Improvement Plan ad-hoc committee
- Implemented credit card acceptance at Police Station and City Hall
- Completed police command staff team building workshop
- Joined the county's Animal Services Agency
- Started design efforts on the new Capitola Branch Library, with construction scheduled for the 2018/19 fiscal year.
- Paved multiple streets throughout the City
- Continued to participate in local and regional storm water pollution prevention activities
- Adopted a new wireless telecommunications ordinance which complies with federal law
- Amended the City's marijuana ordinance to comply with new state legislation
- Initiated an update to the City's American's with Disabilities Act (ADA) transition plan
- Released final draft Zoning Code update for public review and comment
- Assisted lower income households through the City's housing rehabilitation program
- Initiated a Free Energy Efficiency Upgrade Program for seniors, disabled persons, and lower income households
- Opened a new museum exhibit, "The Nature of Capitola"

BUDGET PRINCIPLES

The table on the following page outlines the City's adopted budget principles for FY 2017/18.

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

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 their efforts in coordinating the budget process and preparing the annual budget document.

I am also pleased to report that the City of Capitola received the Excellence Award from the California Municipal Finance Officers Association for its FY 2016/17 budget. This award is presented to cities whose budgeted documents meet program criteria as a policy document,

operational guide, financial plan, and a communications device. Staff believes this budget document will continue to conform to the award program requirements.

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

Fiscal Year 2017/18

Goals and Objectives

Administration

- Ensure budgeted funds are available for the library construction
- Negotiate MOUs with all bargaining units
- Review community grant program in the context of regional changes to local agency grant programs
- Initiate public process for mall redevelopment project (dependent on mall owners proceeding with redevelopment plans)
- Continue planning for pension cost increases
- Identify recreation goals
- Demo/training for fiscal transparency tool – Budget adoption process
- Continue website improvements
- Identify options to form an Economic Development Committee
- Identify options for Council team building
- Identify options for Youth Council/Committee – increased youth membership on committees
- Continue public participation efforts

Police Department

- Seek viable grant opportunities
- Complete Emergency Operations Plan
- Assess the opportunity and need for re-introduction of Neighborhood Watch Program
- Increase participation in Capitola On Watch Program
- Provide presentation on CIT training
- Clearly identify community policing as a goal

Public Works

- Implement Measure D projects (RTC)
- Complete library design and construction bidding processes
- Continue street paving projects
- Begin design on Measure F projects including the wharf and flume
- Identify options for senior exercise equipment
- Prioritize wharf project
- Identify options to upgrade City administration offices
- Identify options to rebuild Jade Street basketball courts

Community Development

- Attain local adoption of the Zoning Code Update and submit it to the Coastal Commission
- Seek adoption of a Green Building Program update
- Present updates to Medical Marijuana Ordinance to ensure consistency with Proposition 64
- Complete ADA Transition Plan
- Review inclusionary ordinance

SUMMARY INFORMATION



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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Budget Process Overview

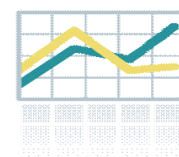
Each year the City of Capitola prepares an Operating Budget, a Successor Agency Budget, and a five-year Capital Improvement Program (CIP) budget. The Operating Budget contains the summary and detail information for revenue and expenditure appropriations for the fiscal year (beginning July 1st and ending 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.

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

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



Financial Policies

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 (including Housing Set-Aside) are considered Budget Units to be at the category level as defined in the budget document.

Budget Adjustments

After the budget 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.

General Fund Summary

The General Fund remains strong in Fiscal Year 2017/18. The projected General Fund FY 2016/17 ending fund balance totals \$1,553,488. This amount represents a \$526,863 increase over the prior year. A discussion on possible one-time uses will be discussed during the budget adoption process. The General Fund balance grew in FY 2016/17 due to revenue outpacing budget estimates and expenditures, primarily salary costs, coming in below budget.

The chart below summarizes the projected and historical General Fund revenues, expenditures, and fund balances. The table illustrates the improving local economy with increased 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.

General Fund Summary

Major Categories	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
Revenues						
Taxes	\$11,154,924	\$12,060,878	\$11,837,099	\$12,194,744	\$12,411,214	\$12,674,754
Licenses and permits	567,554	614,536	601,650	612,930	611,000	611,000
Intergovernmental revenues	470,346	219,504	133,350	136,466	152,850	127,850
Charges for services	1,905,877	1,977,668	2,066,849	2,012,347	2,134,481	1,830,150
Fines and forfeitures	756,553	655,644	675,700	663,700	663,700	663,700
Use of money & property	62,752	84,837	57,100	65,050	70,200	75,200
Other revenues	61,658	71,771	44,900	79,550	63,850	65,650
Revenues Totals	\$14,979,664	\$15,684,837	\$15,416,648	\$15,764,787	\$16,107,295	\$16,048,304
Expenditures						
Personnel	\$7,745,263	\$8,217,828	\$8,807,779	\$8,698,907	\$8,580,424	\$8,757,408
Contract services	2,621,633	2,537,560	2,832,844	2,799,808	2,950,500	2,980,250
Training & Memberships	70,604	101,309	112,830	96,270	113,550	113,550
Supplies	531,848	562,475	568,500	523,325	551,300	555,500
Grants and Subsidies	269,814	277,357	275,000	275,000	275,000	275,000
Capital outlay	(900)	-	-	-	10,000	10,000
Internal service fund charges	850,647	954,500	1,159,000	1,159,000	1,190,050	1,287,696
Other financing uses	2,399,440	3,083,811	1,658,730	1,685,614	3,290,550	1,936,241
Expenditures Totals	\$14,488,349	\$15,734,839	\$15,414,683	\$15,237,924	\$16,961,374	\$15,915,645
Impact on Fund Balance	\$ 491,315	\$ (50,003)	\$ 1,965	\$ 526,863	\$ (854,079)	\$ 132,659
Budgetary Fund Balance	\$ 1,076,628	\$ 1,026,625	\$ 1,028,590	\$ 1,553,488	\$ 699,409	\$ 832,068

Revenue Summary

	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
General Fund	\$ 14,979,664	\$ 15,684,837	\$ 15,416,648	\$ 15,764,787	\$ 16,107,295	\$ 16,048,304
Designated Reserves						
Contingency Reserve	182,600	89,400	10,000	10,000	133,000	133,000
PERS Contingency Reserve	-	300,000	-	5,000	510,000	10,000
Emergency Reserve	465,100	213,000	15,000	15,000	67,000	67,000
Donations	11,725	-	10,000	10,000	10,000	10,000
Facility Reserve	167,000	150,000	110,000	110,000	110,000	110,000
Total Designated Reserves	\$ 826,425	\$ 752,400	\$ 145,000	\$ 150,000	\$ 830,000	\$ 330,000
Debt Service						
Pension Obligation Bond	\$ 670,572	\$ 669,204	\$ 668,595	\$ 668,595	\$ 187,351	\$ -
Pac Cove Lease Financing	165,811	215,532	165,066	165,066	165,066	165,066
Pacific Cove Park	86,054	89,561	89,192	128,377	89,004	88,812
OPEB Trust	-	53,600	-	-	-	-
Total Debt Service	\$ 922,437	\$ 1,027,897	\$ 922,853	\$ 962,038	\$ 441,421	\$ 253,878
Capital Improvement Fund	\$ 1,089,900	\$ 2,319,555	\$ 1,005,047	\$ 1,114,249	\$ 565,000	\$ 1,150,000
Internal Service Funds						
Stores Fund	\$ 39,496	\$ 35,458	\$ 35,000	\$ 35,000	\$ 37,250	\$ 28,607
Information Technology	133,845	177,128	206,500	238,000	282,300	282,300
Equipment Replacement	68,147	127,554	128,000	140,000	310,000	280,000
Self-Insurance Liability	249,300	444,500	428,000	428,000	428,000	400,700
Workers Compensation	364,100	385,000	415,000	415,000	321,000	320,730
Compensated Absences	110,000	179,000	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 964,888	\$ 1,348,641	\$ 1,412,500	\$ 1,456,000	\$ 1,578,550	\$ 1,512,337
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 106,573	\$ 100,450	\$ 100,300	\$ 104,300	\$ 100,400	\$ 100,400
SCCACT-SCC Anti-Crime Team	78,403	42,616	-	-	-	-
Gas Tax	300,121	228,569	581,916	238,757	289,421	409,311
RTC Streets	-	-	-	-	485,000	300,000
Library	-	23,300	-	822,700	10,776,429	47,363
Wharf	92,210	80,471	86,850	85,450	85,700	85,700
General Plan Update and Maint	99,814	81,975	85,000	50,400	75,000	75,000
Green Building Education	8,371	15,929	18,000	18,000	18,000	18,000
Public Arts Fee	35,208	24,000	30,000	5,000	15,000	90,000
Parking Reserve	100,000	118,900	100,000	100,000	100,000	100,000
Technology Fee	11,121	12,670	10,500	11,700	11,000	11,000
PEG-Public Education and Gov.	18,123	17,422	17,050	17,350	16,100	16,100
BIA-Capitola Village-Wharf BIA	64,148	70,471	66,000	71,735	73,100	73,100
CDBG Grants	(11,800)	17,338	300,000	287,000	100,000	80,000
CDBG Program Income	-	2,000	-	14,969	-	-
HOME Reuse	27,123	98,968	12,300	12,300	12,300	12,300
HOME Grant	-	-	-	-	-	-
Housing Trust	13,284	23,028	22,000	20,727	25,000	25,000
Cap Hsg Succ- Program Income	43,986	61,457	15,000	85,544	-	-
Total Special Revenue Funds	\$ 986,685	\$ 1,019,565	\$ 1,444,916	\$ 1,945,932	\$ 12,182,450	\$ 1,443,274
Successor Agency	\$ 472,789	\$ 708,956	\$ 424,331	\$ 566,876	\$ 595,000	\$ 264,387
Total Revenues - All Funds	\$ 20,242,788	\$ 22,861,850	\$ 20,771,295	\$ 21,959,882	\$ 32,299,716	\$ 21,002,180

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Expenditure Summary

	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
General Fund	\$14,488,349	\$15,734,839	\$15,414,683	\$ 15,237,924	\$ 16,961,374	\$ 15,915,645
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	-	-	-	-	-	-
Donations	-	1,605	-	-	-	-
Facilities Reserve	87,130	-	218,000	10,000	100,000	110,000
Total Designated Reserves	\$ 87,130	\$ 1,605	\$ 218,000	\$ 10,000	\$ 100,000	\$ 110,000
Debt Service						
Pension Obligation Bond	\$ 672,860	\$ 669,204	\$ 668,595	\$ 668,595	\$ 668,882	\$ -
Pac Cove Lease Financing	165,066	414,416	165,066	165,066	165,066	165,066
Pac Cove Park	198,674	90,375	89,192	89,192	89,005	88,812
OPEB Trust	-	54,166	-	-	-	-
Total Debt Service Funds	\$ 1,036,600	\$ 1,228,161	\$ 922,853	\$ 922,853	\$ 922,953	\$ 253,878
Capital Improvement Fund	\$ 402,137	\$ 2,051,648	\$ 752,047	\$ 2,000,000	\$ 515,000	\$ 1,100,000
Internal Service Funds						
Stores	\$ 28,422	\$ 32,564	\$ 35,000	\$ 32,175	\$ 37,250	\$ 37,250
Information Technology	154,709	184,656	203,000	263,100	282,300	282,300
Equipment Replacement	62,027	120,423	78,000	96,300	412,200	300,000
Self-Insurance Liability	384,700	343,319	428,000	407,500	428,000	428,000
Workers' Compensation	364,096	489,005	415,000	415,000	321,000	321,000
Compensated Absences	176,742	153,942	200,000	180,000	200,000	200,000
Total Internal Service Funds	\$ 1,170,696	\$ 1,323,910	\$ 1,359,000	\$ 1,394,075	\$ 1,680,750	\$ 1,568,550
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 124,624	\$ 104,111	\$ 63,900	\$ 187,700	\$ 101,000	\$ 66,000
SCCACT-SCC Anti-Crime Team	77,823	42,407	-	-	-	-
Gas Tax	237,779	351,904	591,600	196,503	219,400	219,400
RTC Streets	-	-	-	-	485,000	300,000
Library	-	27,487	-	182,000	10,131,429	-
Wharf	71,147	89,903	111,900	101,800	95,600	95,600
General Plan Update and Maint.	95,171	125,211	114,000	101,500	56,000	56,000
Green Building Education	12,306	15,500	29,000	18,000	24,000	22,000
Public Arts Fee	25,146	4,501	39,300	3,560	81,000	131,000
Parking Reserve	117,410	122,415	100,000	100,000	100,000	100,000
Technology Fee	9,409	13,248	16,000	16,000	15,000	15,000
PEG-Public Education and Gov.	11,149	9,283	17,500	17,500	15,000	15,000
BIA-Capitola Village-Wharf BIA	69,985	71,312	66,000	64,780	74,750	74,750
CDBG Grants	-	178,089	329,397	116,784	100,000	80,000
CDBG Program Income	600	25	-	-	-	-
HOME Reuse	3,200	4,160	3,200	3,200	3,200	3,200
Housing Trust	66,618	64,963	25,000	25,000	25,000	25,000
Cap Hsg Succ- Program Income	39,466	40,222	60,000	28,156	60,000	60,000
Total Special Revenue Funds	\$ 961,833	\$ 1,264,741	\$ 1,566,797	\$ 1,162,483	\$ 11,586,379	\$ 1,262,950
Successor Agency	\$ 863,678	\$ 543,090	\$ 569,895	\$ 569,895	\$ 636,958	\$ 264,387
Total Expenditures - All Funds	\$19,010,423	\$22,147,993	\$20,803,275	\$ 21,297,230	\$ 32,403,414	\$ 20,475,410

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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:

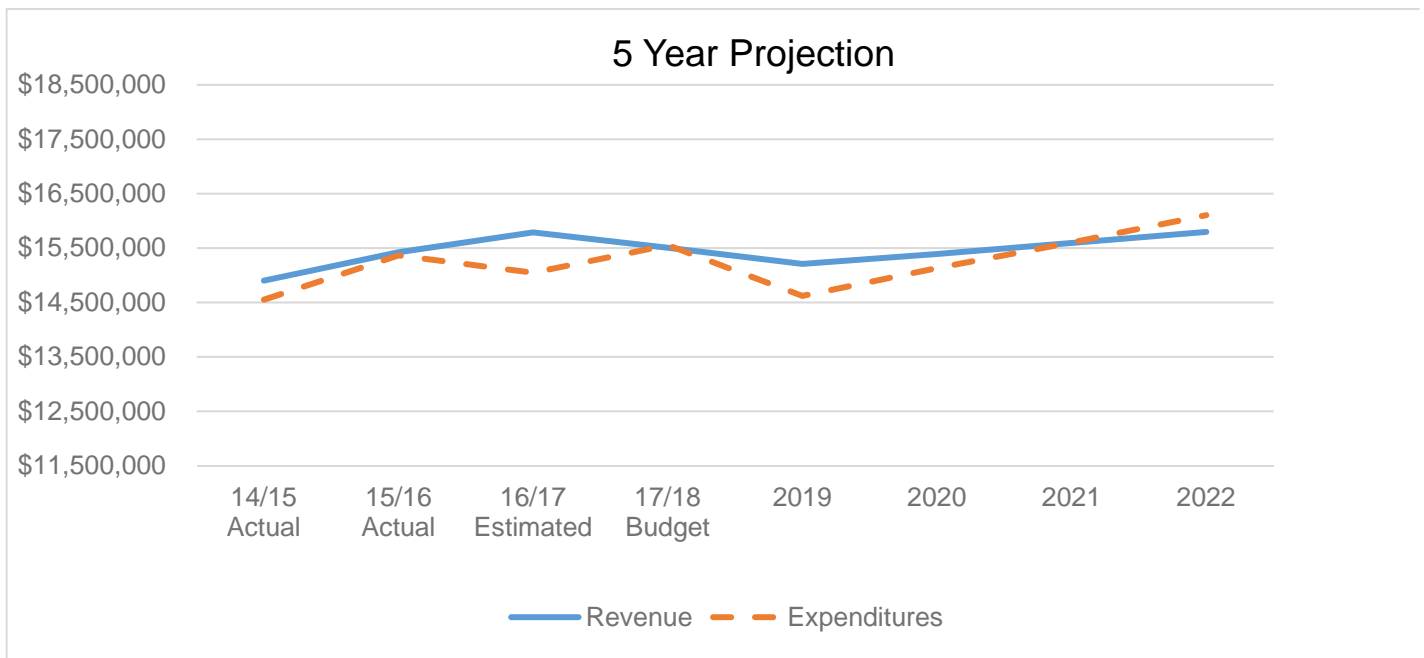
- FY 17/18:
 - Final Pension Obligation Bond payment in August 2017
 - Expiration of Measure D sales tax in December 2017
 - Start of Measure F sales tax in January 2018
- FY 18/19
 - Full year revenue impact from Measure D expiration and Measure F start
- FY 28/29
 - Final Pacific Cove Lease Financing Payment

Financial Model Assumptions:

- Continued moderate revenue growth.
- Measure F revenue not included.
- Personnel and retirement contributions increase based on known factors.
- Projected known PERS payments.
- Future years do not include any General Fund transfers.
- Contracts and supplies increase based on inflationary factor.

Future Challenges:

- Impact of a slowdown in the local, state and federal economy.
- Statewide changes in tax policy.
- Increases in retirement unfunded liability payments based on PERS return rate not currently projected in model.
- Potential impact from Mall revitalization.



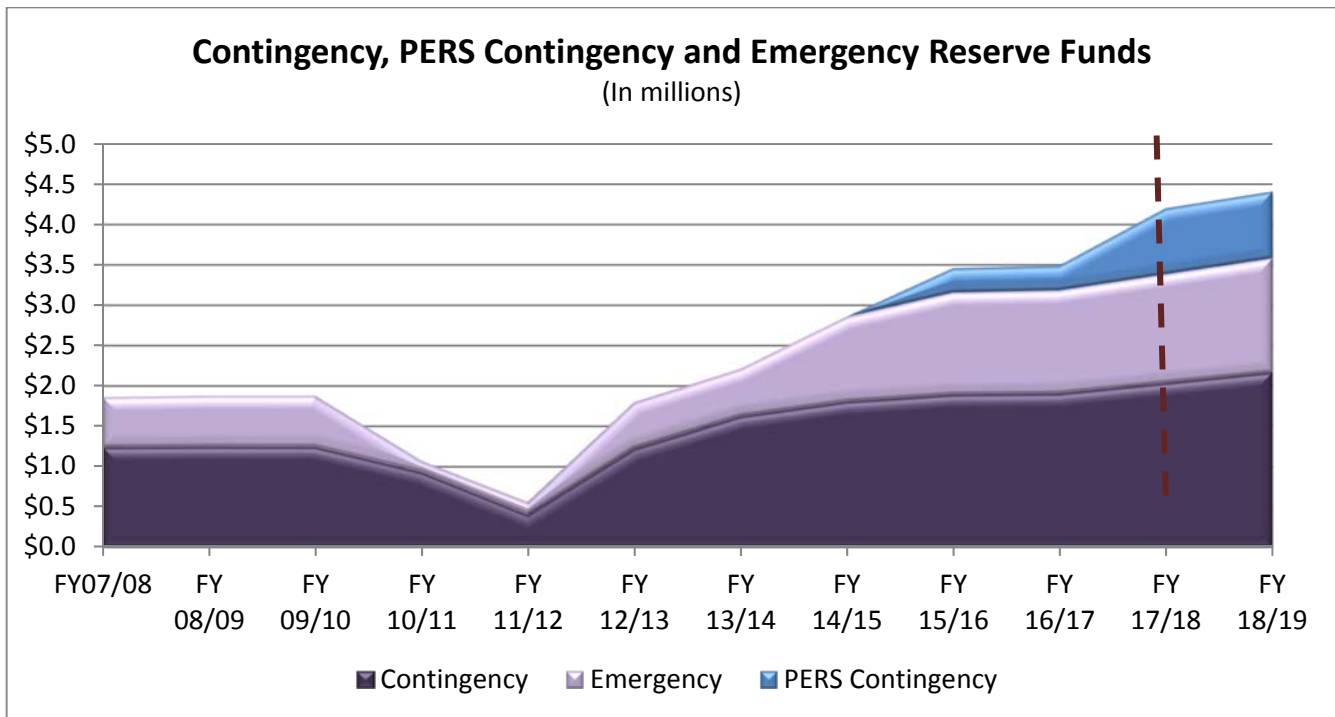
Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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 budget deliberations, the City Council agreed to put an additional \$500,000 in the PERS trust fund.



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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:

FY 2015/16 Balance:	\$143,387
FY 2016/17 Contributions:	52,425
<u>Estimated Interest Earned:</u>	<u>5,000</u>
Estimated Balance 6/30/2017	\$200,812
FY 2017/18 Contributions	60,000
<u>FY 2017/18 Interest Earned</u>	<u>5,000</u>
Estimates Balance 6/30/2018	\$265,812

PERS Trust Fund:

FY 2016/17 Contributions:	\$300,000
<u>Estimated Interest Earned:</u>	<u>5,000</u>
Estimated Balance 6/30/2017	\$305,000
FY 2017/18 Contributions	500,000
<u>FY 2017/18 Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2018	\$815,000

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	\$999,129	Offsets unfunded construction estimate
<u>Unfunded Construction</u>	<u>\$1.53 Million</u>	
Total	\$13.13 Million	

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
Total	\$412,200	

*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
Total	\$550,000	

RTC - Measure D Local Funds

Estimated Revenue	\$285,000	
<u>General Fund Transfer</u>	<u>200,000</u>	Transfer for slurry sealing/road projects
Total Revenues	\$485,000	
Bike Lane Green Paint	65,000	Funds two Highway 1 interchanges
<u>Slurry Seal & Road Projects</u>	<u>420,000</u>	Preserves pavement quality where feasible
Total Expenditures	\$485,000	

Facilities Reserve

City Hall Improvements	\$25,000	Lighting improvements, paint, carpet, etc.
<u>Community Center Parking lot</u>	<u>75,000</u>	Repair parking lot in poor condition
Total	\$100,000	

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

CDBG Grant Application (Due Date Fall 2017)

Clares Street Reconstruction \$1.3 Million

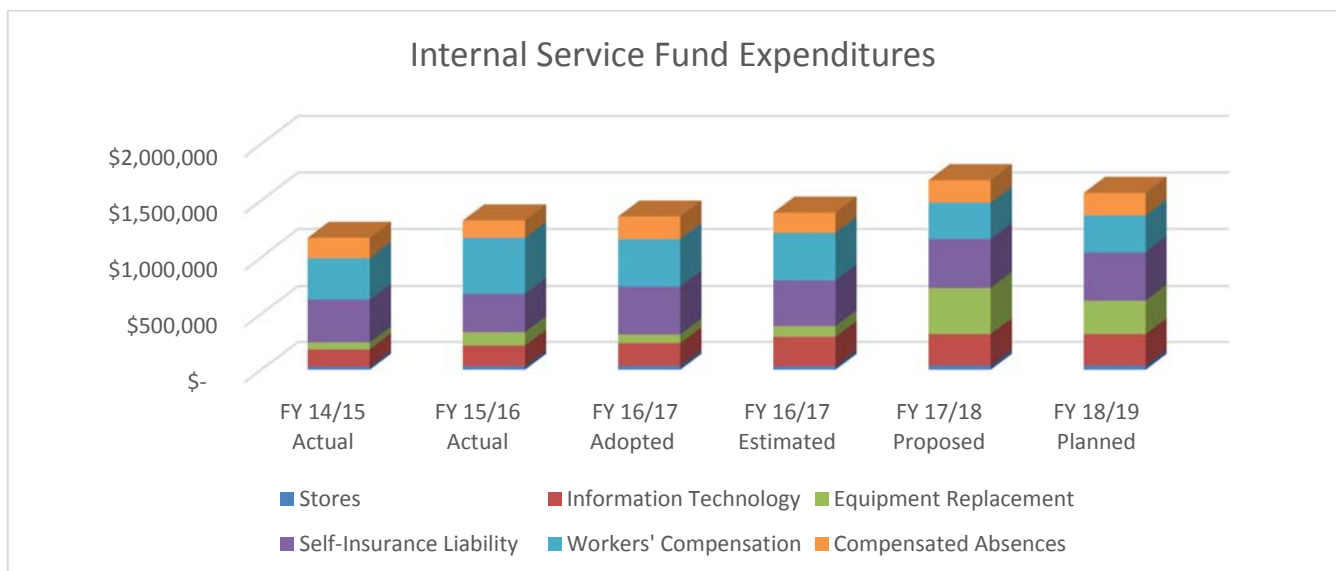
General Fund Resources

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	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
General Fund	\$1,553,488	\$ 699,409	\$ 832,068
Designated Reserves			
Emergency	1,277,206	1,344,206	1,411,206
Contingency	1,903,346	2,036,346	2,169,346
PERS Contingency	305,000	815,000	825,000
Facilities Reserve	339,870	349,870	349,870
Donations	21,725	31,725	41,725
Internal Service Funds			
Stores	24,652	24,652	16,009
Information Technology	113,352	113,352	113,352
Equipment Replacement	175,009	72,809	52,809
Self-Insurance Liability	281,875	281,875	254,575
Workers' Compensation	217,852	217,852	217,852
Compensated Absences	36,189	36,189	36,189
Total General Fund Resources	\$6,249,564	\$6,023,285	\$6,320,001

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



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Fund Balance Summary

FY 2017/18

	Estimated Balance 7/1/2017	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2018
General Fund	\$1,553,488	\$ 16,107,295	\$ -	\$ 13,670,824	\$ 3,290,550	\$ 699,409
Designated Reserves						
Contingency Reserve	\$1,903,346	\$ -	\$ 133,000	\$ -	\$ -	\$2,036,346
PERS Contingency Reserve	305,000	10,000	500,000	-	-	815,000
Emergency Reserve	1,277,206	-	67,000	-	-	1,344,206
Donations	21,725	10,000	-	-	-	31,725
Facility Reserve	339,870	-	110,000	100,000	-	349,870
Total Designated Reserves	\$3,847,147	\$ 20,000	\$ 810,000	\$ 100,000	\$ -	\$4,577,147
Debt Service						
Pension Obligation Bond	\$ 481,531	\$ -	\$ 187,351	\$ 668,882	\$ -	\$ -
Pac Cove Lease Financing	131,520	-	165,066	165,066	-	131,520
Pac Cove Park	-	-	89,004	89,004	-	-
Total Debt Service	\$ 613,051	\$ -	\$ 441,421	\$ 922,952	\$ -	\$ 131,520
Capital Improvement Fund	\$1,006,565	\$ 50,000	\$ 515,000	\$ 515,000	\$ -	\$1,056,565
Internal Service Funds						
Stores	\$ 24,652	\$ 37,250	\$ -	\$ 37,250	\$ -	\$ 24,652
Information Technology	113,352	282,300	-	282,300	-	113,352
Equipment Replacement	175,009	125,000	185,000	412,200	-	72,809
Self-Insurance Liability	281,875	428,000	-	428,000	-	281,875
Workers' Compensation	217,852	321,000	-	321,000	-	217,852
Compensated Absences	36,189	-	200,000	200,000	-	36,189
Total Internal Service Funds	\$ 848,929	\$ 1,193,550	\$ 385,000	\$ 1,680,750	\$ -	\$ 746,729
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 14,421	\$ 100,400	\$ -	\$ 66,000	\$ 35,000	\$ 13,821
SCCACT-SCC Anti-Crime Team	-	-	-	-	-	-
Gas Tax	2,130	289,421	-	219,400	-	72,151
RTC Streets	-	285,000	200,000	485,000	-	-
Library	640,700	9,777,300	999,129	10,131,429	-	1,285,700
Wharf	68,076	85,700	-	95,600	-	58,176
General Plan Update and Maint	9,135	75,000	-	56,000	-	28,135
Green Building Education	118,464	18,000	-	24,000	-	112,464
Public Arts Fee	253,428	15,000	-	81,000	-	187,428
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	45,276	11,000	-	15,000	-	41,276
PEG-Public Education and Gov.	58,074	16,100	-	15,000	-	59,174
Capitola Village/Wharf BIA	6,778	73,100	-	74,750	-	5,128
CDBG Grants	40,124	100,000	-	100,000	-	40,124
CDBG Program Income	13,875	-	-	-	-	13,875
HOME Reuse	187,538	12,300	-	3,200	-	196,638
Housing Trust	21,034	25,000	-	-	25,000	21,034
Cap Hsg Succ- Program Income	167,766	-	-	60,000	-	107,766
Total Special Revenue Funds	\$1,647,556	\$10,883,321	\$1,299,129	\$11,426,379	\$160,000	\$2,243,627
Successor Agency	\$ 379,817	\$ 595,000	\$ -	\$ 636,958	\$ -	\$ 337,859
Tot. Fund Balance - All Funds	\$9,896,553	\$28,849,166	\$3,450,550	\$28,952,863	\$3,450,550	\$9,792,856

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Fund Balance Summary

FY 2018/19

	Estimated Balance 7/1/2018	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2019
General Fund	\$ 699,409	\$ 16,048,304	\$ -	\$ 13,979,404	\$ 1,936,241	\$ 832,068
Designated Reserves						
Contingency Reserve	\$ 2,036,346	\$ -	\$ 133,000	\$ -	\$ -	\$ 2,169,346
PERS Contingency Reserve	815,000	10,000	-	-	-	825,000
Emergency Reserve	1,344,206	-	67,000	-	-	1,411,206
Donations	31,725	10,000	-	-	-	41,725
Facility Reserve	349,870	-	110,000	110,000	-	349,870
Total Designated Reserves	\$ 4,577,147	\$ 20,000	\$ 310,000	\$ 110,000	\$ -	\$ 4,797,147
Debt Service						
Pension Obligation Bond	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pac Cove Lease Financing	131,520	-	165,066	165,066	-	131,520
Pac Cove Park	-	-	88,812	88,812	-	-
Total Debt Service	\$ 131,520	\$ -	\$ 253,878	\$ 253,878	\$ -	\$ 131,520
Capital Improvement Fund	\$ 1,056,565	\$ 50,000	\$ 1,100,000	\$ 1,100,000	\$ -	\$ 1,106,565
Internal Service Funds						
Stores	\$ 24,652	\$ 28,607	\$ -	\$ 37,250	\$ -	\$ 16,009
Information Technology	113,352	282,300	-	282,300	-	113,352
Equipment Replacement	72,809	230,000	50,000	300,000	-	52,809
Self-Insurance Liability	281,875	400,700	-	428,000	-	254,575
Workers' Compensation	217,852	320,730	-	321,000	-	217,582
Compensated Absences	36,189	-	200,000	200,000	-	36,189
Total Internal Service Funds	\$ 746,729	\$ 1,262,337	\$ 250,000	\$ 1,568,550	\$ -	\$ 690,516
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 13,821	\$ 100,400	\$ -	\$ 66,000	\$ -	\$ 48,221
SCCACT-SCC Anti-Crime Team	-	-	-	-	-	-
Gas Tax	72,151	409,311	-	219,400	-	262,062
RTC Streets	-	300,000	-	300,000	-	-
*Library	1,285,700	-	47,363	-	-	1,333,063
Wharf	58,176	85,700	-	95,600	-	48,276
General Plan Update and Maint	28,135	75,000	-	56,000	-	47,135
Green Building Education	112,464	18,000	-	22,000	-	108,464
Public Arts Fee	187,428	90,000	-	131,000	-	146,428
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	41,276	11,000	-	15,000	-	37,276
PEG-Public Education and Gov.	59,174	16,100	-	15,000	-	60,274
BIA-Capitola Village-Wharf BIA	5,128	73,100	-	74,750	-	3,478
CDBG Grants	40,124	80,000	-	80,000	-	40,124
CDBG Program Income	13,875	-	-	-	-	13,875
HOME Reuse	196,638	12,300	-	3,200	-	205,738
Housing Trust	21,034	25,000	-	-	25,000	21,034
Cap Hsg Succ- Program Income	107,766	-	-	60,000	-	47,766
Total Special Revenue Funds	\$ 2,243,627	\$ 1,295,911	\$ 147,363	\$ 1,137,950	\$ 125,000	\$ 2,423,951
Successor Agency	\$ 337,859	\$ 264,387	\$ -	\$ 264,387	\$ -	\$ 337,859
Tot. Fund Balance - All Funds	\$ 9,792,856	\$ 18,940,939	\$ 2,061,241	\$ 18,414,169	\$ 2,061,241	\$ 10,319,626

*The current construction estimate for the Library is \$13.13 million. The current in hand contributions, including the \$999,129 in FY 2017/18, is \$11.6 Million. Funding needed to complete construction requires additional discussion and is not forecasted in this budget. The \$47,363 is the final payment from the Successor Agency Loan Agreement.

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

GENERAL FUND REVENUES



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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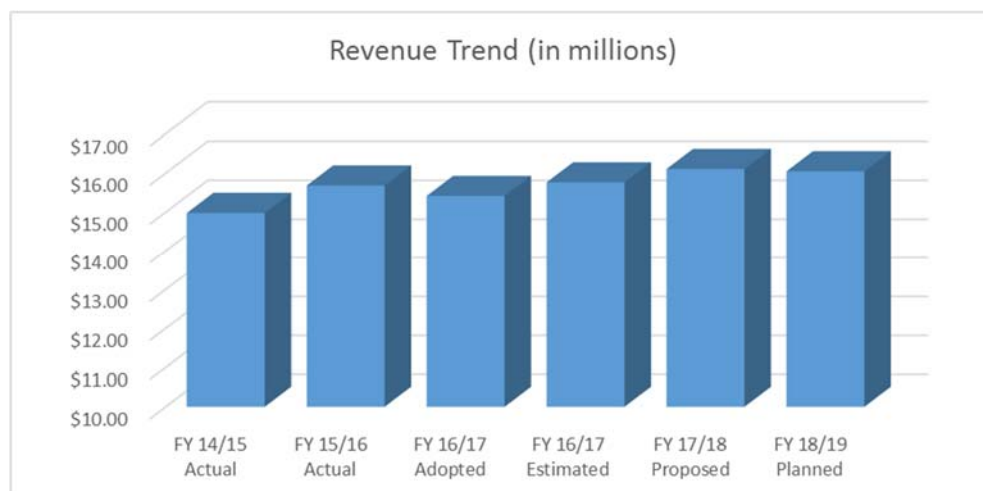
General Fund Revenues

Revenues for the FY 2017/18 General Fund operating budget total \$16.1 million, an increase of approximately \$690,647 or 4.5 percent, with property and sales taxes primarily responsible for the increase. 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 continue to increase with strong taxable sales driven by a few sectors of the local economy. Transient Occupancy Tax (TOT) continues to increase with a stable local and state economy. Sales tax and TOT revenue growth has begun to slow from the high growth rates of the last three fiscal years, but is still increasing.

All revenue categories are projected to increase in FY 2017/18, except for fines and forfeitures. The adoption of a three-hour parking limit, up from two hours, has reduced parking fines. A summary of major revenue changes between the FY 2016/17 Adopted and FY 17/18 Proposed budgets are listed below:

• Property Taxes incl. Motor Vehicle In-Lieu	\$171,403
• Sales Tax	243,848
• Other Taxes – Franchise Fee, TOT, etc.	158,864
• Other Revenue Categories	<u>116,532</u>
	\$690,647

General Fund Revenues						
	FY 14/15	FY 15/16	FY 16/17	FY 16/17	FY 17/18	FY 18/19
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Taxes	\$ 11,154,924	\$12,060,878	\$11,837,099	\$12,194,744	\$12,411,214	\$12,674,754
Licenses and permits	567,554	614,088	601,650	612,930	611,000	611,000
Intergovernmental revenues	470,346	219,504	133,350	136,466	152,850	127,850
Charges for services	1,905,877	1,977,668	2,066,849	2,012,347	2,134,481	1,830,150
Fines and forfeitures	756,553	655,644	675,700	663,700	663,700	663,700
Use of money & property	62,752	84,837	57,100	65,050	70,200	75,200
Other revenues	61,658	71,771	44,900	79,550	63,850	65,650
General Fund Revenues	\$ 14,979,664	\$15,684,389	\$15,416,648	\$15,764,787	\$16,107,295	\$16,048,304



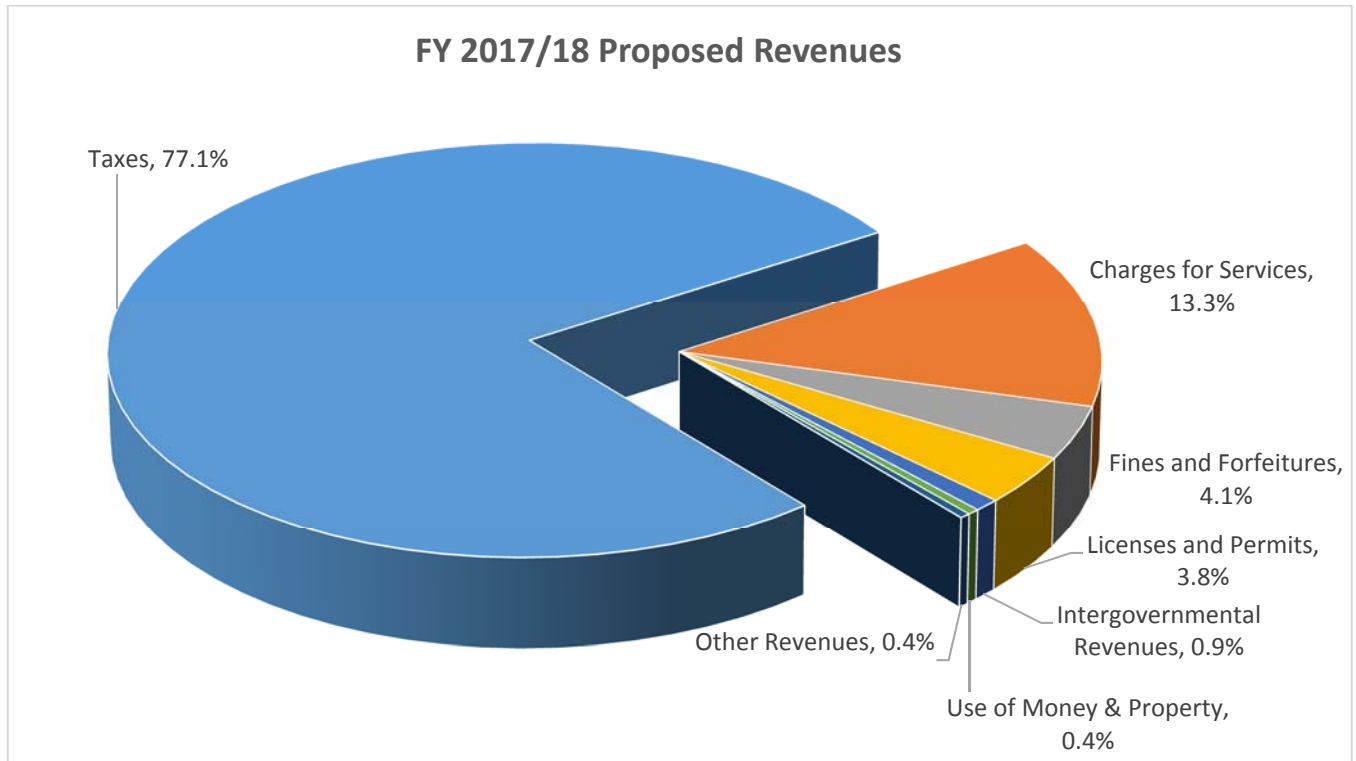
General Revenue Information

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 2017/18 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	\$7,940,323
• Transient Occupancy Tax	1,506,318
• Parking Meters	820,482
• Parking Fines	425,700
• Property Taxes / Property Taxes in-lieu-of Vehicle Fees	<u>2,344,070</u>
	\$13,036,893

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.



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

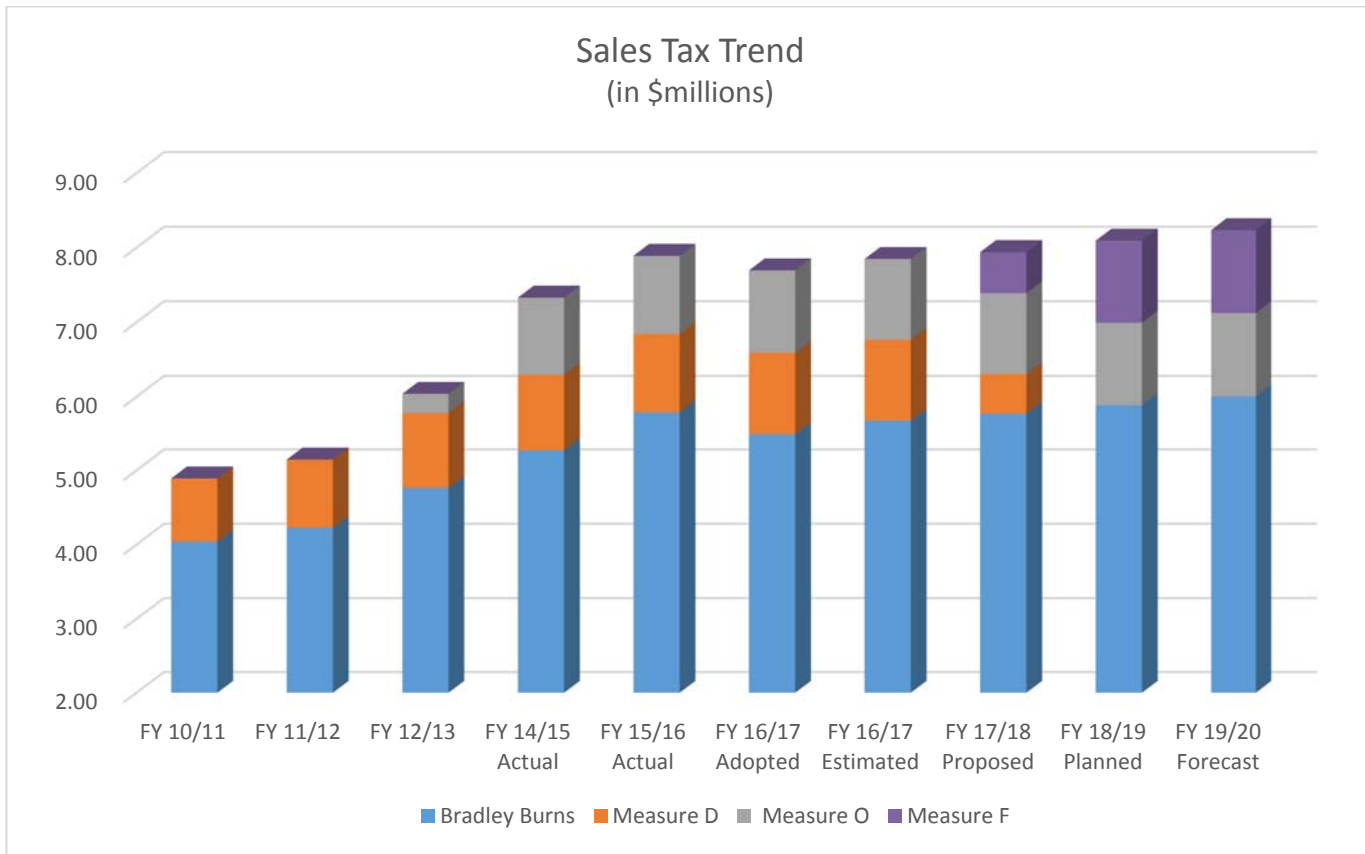
Sales Tax

The City of Capitola sales tax consists of one percent Bradley Burns, a quarter percent Capitola District Tax (Measure D), and a permanent quarter percent Capitola District Tax (Measure O). In FY 2017/18 annual sales tax revenue is estimated to be \$7.9 million, with just over \$2.1 million in revenues contributed by Measure D (sunsets at the end of 2017), Measure O, and Measure F (begins in January of 2018).

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 MuniServices, the City’s sales tax consultant, on tax recovery, statistics, and projections. Sales tax projections are based on a combination of “most likely” estimates provided by MuniServices, internal quarter over quarter analyses, and the impact of one-time events. In FY 2017/18, Bradley Burns sales tax revenue is anticipated to increase by approximately 1.60 percent, or \$90,932, over the FY 2016/17 estimates. The City’s sales tax collections are heavily dependent on the top five generators.

The following chart highlights signs of increased economic recovery in FY 2012/13, first quarter revenues associated with Measure O, and the addition of a major retail store. In FY 2012/13 Measure O was implemented as “bridge” funding to replenish reserves, fund City street repairs, and enhance community policing projects prior to the sunset of Measure D. The chart below illustrates the effect of the partial year expiration of Measure D in FY 2017/18 along with the partial year collection of Measure F.



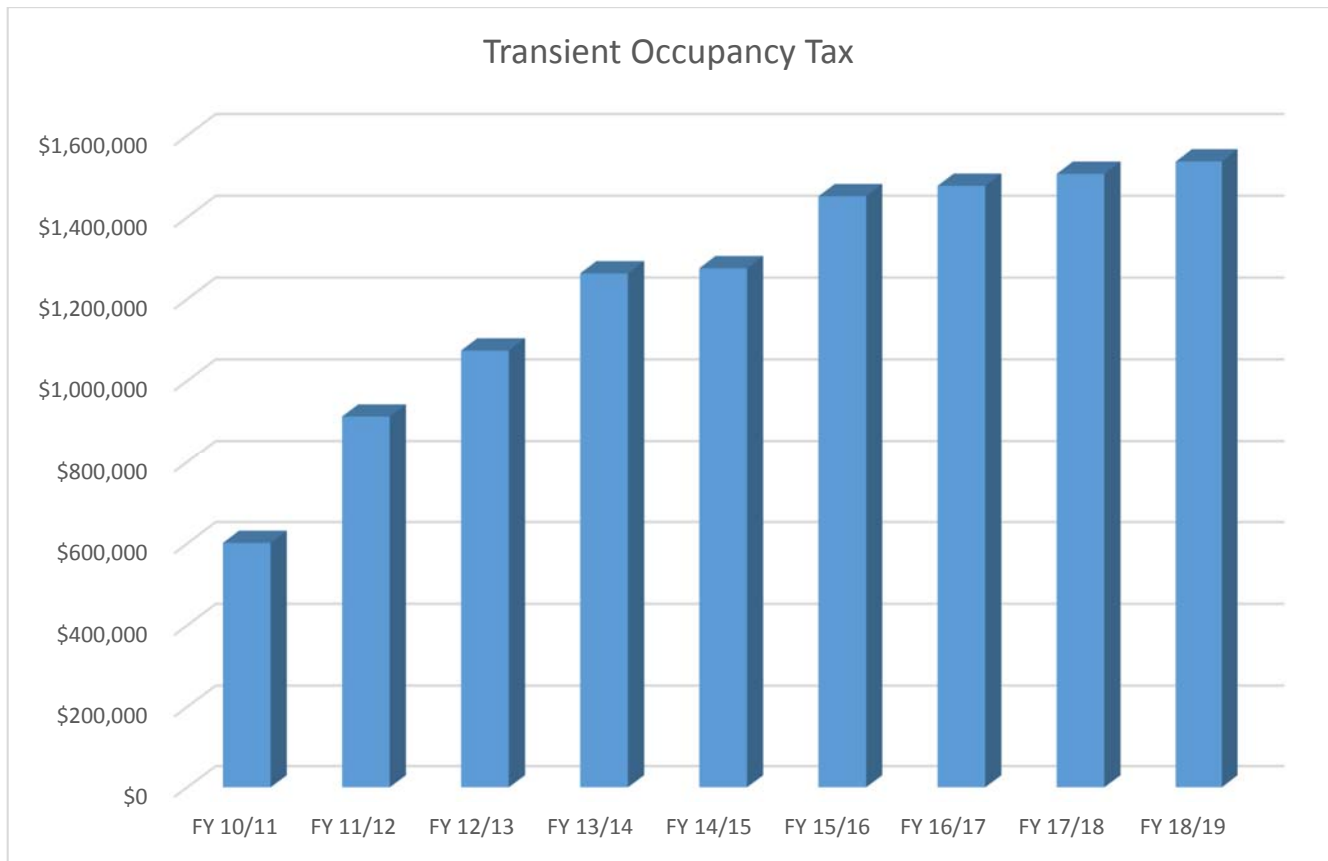
Transient Occupancy Taxes (TOT)

Hotel tax, also known as the Transient Occupancy Tax (TOT), charges rental accommodation of less than 30 days a 10 percent tax. In FY 2017/18 TOT tax accounts for over nine 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 growing over the last seven years. The projected increase for FY 2017/18 is two percent. TOT collections have started to slow after three straight years of double digit percentage increases. The reason for the slowed growth can be attributed to the wet winter in 2016-17 along with 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. Signs of economic recovery, along with the addition of a major hotel, increased revenues in FY 2011/12 by over \$300,000. Growth continued by 17 percent in FY 2012/13, followed by an additional 18 percent increase in FY 13/14. 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.



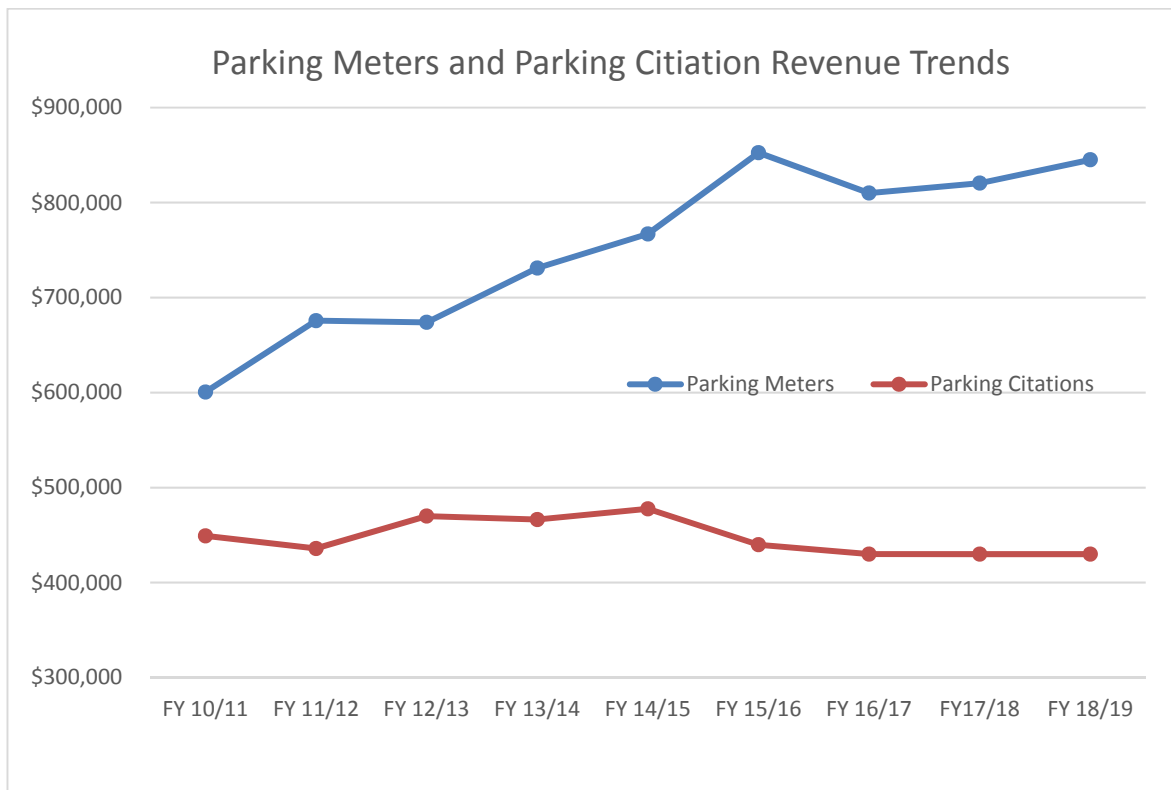
Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Parking Meters and Parking Fines

In FY 2017/18 parking meter and parking fine revenues are estimated to contribute over \$1.25 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. 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	Estimated FY 17/18 Revenue	Avg. Meter Rev. per Space
Village	195	\$ 578,250	\$ 2,965
Cliff Drive	65	\$ 85,420	\$ 1,314
Pacific Cove - Upper Lot	232	\$ 110,483	\$ 476
Pacific Cove - Lower Lot	226	\$ 46,329	\$ 205

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 2017/18 budget projects parking meter and parking fine revenue will increase one percent compared to the prior year.

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 2017/18 property tax revenue is estimated to be \$2.3 million, representing a 7.9 percent increase over the prior year adopted budget and four percent above the estimated collection from FY 2016/17. 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 above three percent.

In the FY 2017/18 budget, base property tax revenues are projected to increase approximately four percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. The maximum growth factor of two percent of the assessed property valuation was used to estimate FY 2018/19 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 three fiscal years. However, there is a 7.25 percent, or \$71,170, increase projected in FY 2017/18. 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 two percent have been applied to the upcoming fiscal years.

Revenue Summary

	FY 14/15 Actual	FY15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
<u>Taxes</u>						
Property Taxes	\$ 1,963,272	\$ 2,057,605	\$ 2,172,667	\$ 2,252,947	\$ 2,344,070	\$ 2,413,362
Sales Tax- Bradley Burns	5,269,899	5,794,532	5,485,957	5,683,184	5,774,116	5,889,599
Sales Tax- Measure D	1,028,321	1,049,179	1,106,376	1,083,544	533,544	-
Sales Tax- Measure O	1,032,222	1,047,853	1,104,142	1,082,663	1,082,663	1,104,316
Sales Tax- Measure F	-	-	-	-	550,000	1,105,215
Document Transfer Tax	77,976	135,983	85,000	85,000	85,000	85,000
Franchise Tax	507,517	524,214	526,767	530,244	535,503	540,816
Transient Occupancy Tax	1,275,716	1,451,512	1,356,190	1,477,162	1,506,318	1,536,446
Total	\$ 11,154,923	\$12,060,878	\$11,837,099	\$12,194,744	\$12,411,214	\$12,674,754
<u>Licenses and permits</u>						
Business License	\$ 284,474	\$ 298,020	\$ 299,300	\$ 297,700	\$ 300,800	\$ 300,800
Building Permits	215,113	201,642	200,000	200,000	200,000	200,000
Encroachment Permits	16,440	23,253	15,000	31,000	20,000	20,000
Special events permit	1,008	1,428	1,000	1,000	1,000	1,000
Entertainment permit	3,265	3,418	4,000	4,000	4,000	4,000
Parking Permits	41,426	41,026	36,600	37,080	39,400	39,400
Planning Permits	5,607	44,540	45,000	41,550	45,000	45,000
Other Permits	221	761	750	600	800	800
Total	\$ 567,554	\$ 614,088	\$ 601,650	\$ 612,930	\$ 611,000	\$ 611,000
<u>Intergovernmental revenues</u>						
Federal and State Grants	\$ 314,037	\$ 153,410	\$ 87,750	\$ 90,866	\$ 107,250	\$ 82,250
Gen gov't - OSB admin	150,000	60,000	40,000	40,000	40,000	40,000
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.	2,109	1,893	1,400	1,400	1,400	1,400
Total	\$ 470,346	\$ 219,504	\$ 133,350	\$ 136,466	\$ 152,850	\$ 127,850
<u>Charges for Svcs.</u>						
Gen gov't ROPS repmt	\$ -	\$ -	\$ 114,871	\$ 114,871	\$ 354,129	\$ 47,363
Gen gov't Pay stations-Village	551,281	602,525	571,650	572,525	578,250	595,598
Gen gov't Pay stations-Cliff Dr.	87,498	88,745	88,786	83,745	85,420	87,983
Gen gov't Pay station-upper Pac Cove	115,291	113,316	120,819	108,316	110,483	113,797
Gen gov't Pay stations-lower Pac Cove	44,640	47,920	45,423	45,420	46,329	47,719
Gen gov't Green Bldg. Program	-	-	5,000	5,000	5,000	5,000
Public safety Vehicle release fee	18,331	14,379	15,000	10,000	14,000	14,000
Public safety Police reports	5,214	5,279	5,500	670	300	300
Public safety Booking fees	6,987	1,420	5,000	1,500	2,000	2,000
Public safety DUI collections	7,430	3,495	4,800	2,000	2,000	2,000
Public safety Animal Svcs.	-	-	500	-	-	-
Public safety Spec. events - Police Svcs.	11,711	20,660	14,000	16,500	14,000	11,800
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public works Special events - pw Svcs.	3,236	4,642	3,500	3,500	3,500	3,500
Public works Trash/Cleanup Removal	2,000	2,000	-	-	-	-
Public works Stormwater dev. Review	-	805	2,000	5,000	1,070	1,090
Building fees Building plan check fees	111,828	101,447	105,000	75,000	105,000	105,000
Comm dev Planning fee - sr plnr cost	61,920	33,210	30,000	40,000	35,000	35,000
Comm Planning fee - assist plnr cost	16,443	31,500	20,000	35,000	30,000	30,000
Comm dev Planning fee - director cost	11,177	34,479	7,000	17,500	12,000	12,000
Comm dev Planning plan check fee	11,905	6,224	10,000	12,000	12,000	12,000
Comm dev Planning application fee	12,589	7,891	-	5,000	5,000	5,000
Comm dev Planning - Gen Plan	26,950	68,930	60,000	60,000	25,000	15,000
Comm dev Billing to Green Building	12,306	15,500	20,000	20,000	15,000	5,000

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

	FY 14/15 Actual	FY15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
Comm dev Planning - other fees	19,359	19,036	20,000	5,500	5,000	5,000
Recr. fees Class fees	281,714	274,881	285,000	280,000	275,000	275,000
Recr. fees Jr. guard fees	312,164	328,460	332,000	355,300	269,000	269,000
Recr. fees Camp Capitola fees	138,964	129,319	149,500	110,000	105,000	105,000
Recr. fees Sports fees	31,941	18,605	28,500	25,000	22,000	22,000
Total	\$ 1,905,877	\$ 1,977,668	\$ 2,066,849	\$ 2,012,347	\$ 2,134,481	\$ 1,830,150
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 48,188	\$ 86,620	\$ 90,000	\$ 75,000	\$ 75,000	\$ 75,000
Parking Cititation	501,615	435,856	425,700	425,700	425,700	425,700
General Fines	206,750	133,168	160,000	163,000	163,000	163,000
Total	\$ 756,553	\$ 655,644	\$ 675,700	\$ 663,700	\$ 663,700	\$ 663,700
<u>Use of money & property</u>						
Investment earnings	\$ 10,633	\$ 33,012	\$ 5,000	\$ 15,000	\$ 20,000	\$ 25,000
Rents Jade Street facility	7,012	6,800	6,900	7,000	7,000	7,000
Rents Esplanade restaurants	4,018	4,128	4,000	4,000	4,000	4,000
Rents Esplanade - surf trailer	1,469	1,488	1,200	1,200	1,200	1,200
Rents Esplanade bandstand	4,620	4,410	5,000	2,850	3,000	3,000
Lease Rev. Vehicles/Equip.	35,000	35,000	35,000	35,000	35,000	35,000
Total	\$ 62,752	\$ 84,837	\$ 57,100	\$ 65,050	\$ 70,200	\$ 75,200
<u>Other revenues</u>						
Grants, donations, contrib	\$ 2,350	\$ 2,025	\$ 3,200	\$ 10,300	\$ 12,000	\$ 12,000
Arts-Twilight Concert Sponsors	16,200	15,600	15,600	16,800	15,600	16,800
Arts-Movies at the Beach Sponsor	2,000	2,000	2,000	4,000	2,000	2,400
Arts-Art at the Beach Booth Fee	3,510	7,950	3,000	7,800	8,000	8,000
Art & Culture Sponsors	3,825	1,984	2,000	500	1,200	1,400
Museum donations-Box Revenue	1,666	2,098	1,250	1,650	1,500	1,500
Museum Donations-Fundraising	3,691	3,783	5,000	5,250	5,000	5,000
Memorial plaques and benches	5,520	11,527	5,000	11,000	4,000	4,000
Miscellaneous revenues	22,897	24,804	7,850	22,250	14,550	14,550
Total	\$ 61,658	\$ 71,771	\$ 44,900	\$ 79,550	\$ 63,850	\$ 65,650
Grand Totals	\$ 14,979,664	\$ 15,684,389	\$ 15,416,648	\$ 15,764,787	\$ 16,107,295	\$ 16,048,304

GENERAL FUND EXPENDITURES



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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General Fund Expenditures

The FY 2017/18 General Fund expenditure budget proposes increases of \$1,546,691 over the FY 2016/17 Adopted Budget. Transfers increased from the prior year by \$1,631,820, with the biggest differences being transfers to the Library Fund, RTC Streets Fund and PERS Contingency Fund. Key differences between the two fiscal years include:

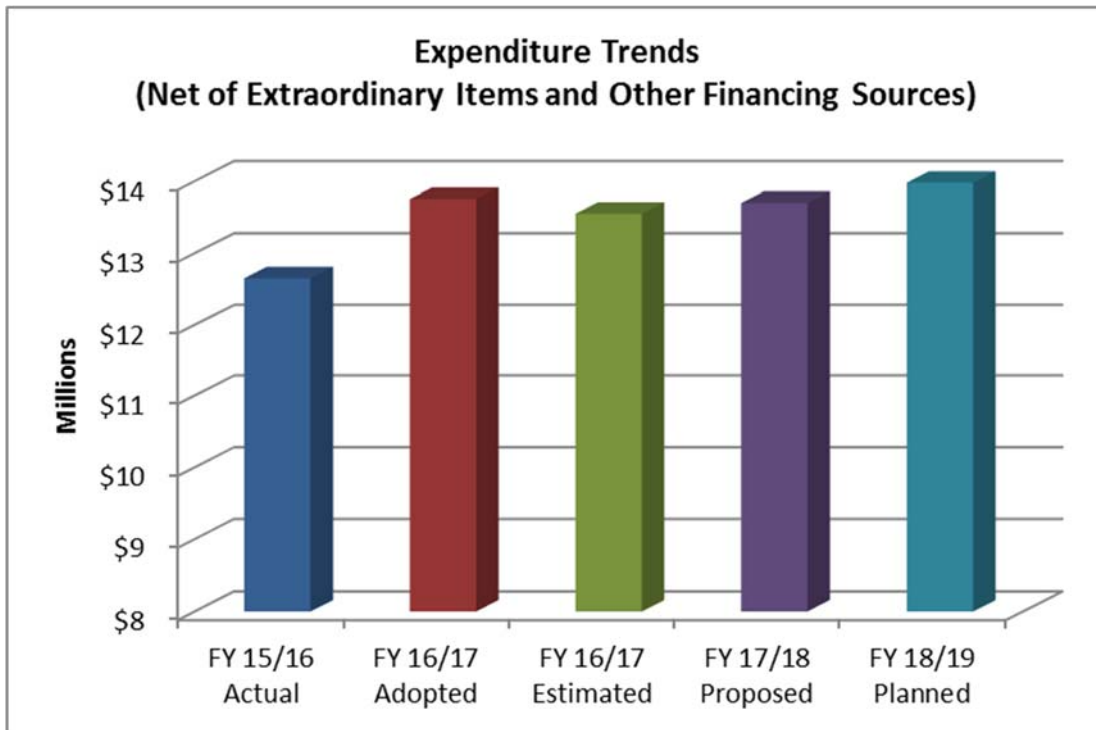
- Total personnel costs (salary and benefits) decreased \$227,355 from the FY 2016/17 Adopted Budget due to a decrease in contributions to the Pension Obligation Bond (POB) fund and lower workers' compensation premiums. The lower POB transfer is due to available fund balance in the POB fund, with the final payment being made in August 2017.
- Salary costs are \$55,806 higher due to COLA adjustments, salary increases and contracted flexible benefit increases. No new positions are proposed in the FY 2017/18 budget.
- Contract services increased by \$117,656, or 4%, over the prior year due to higher animal services costs, financial audit and 911 JPA contracts.

The following chart provides an overview of expenditures for FY 2014/15 to FY 2018/19. A complete description of major changes will follow in the related expenditure detail pages.

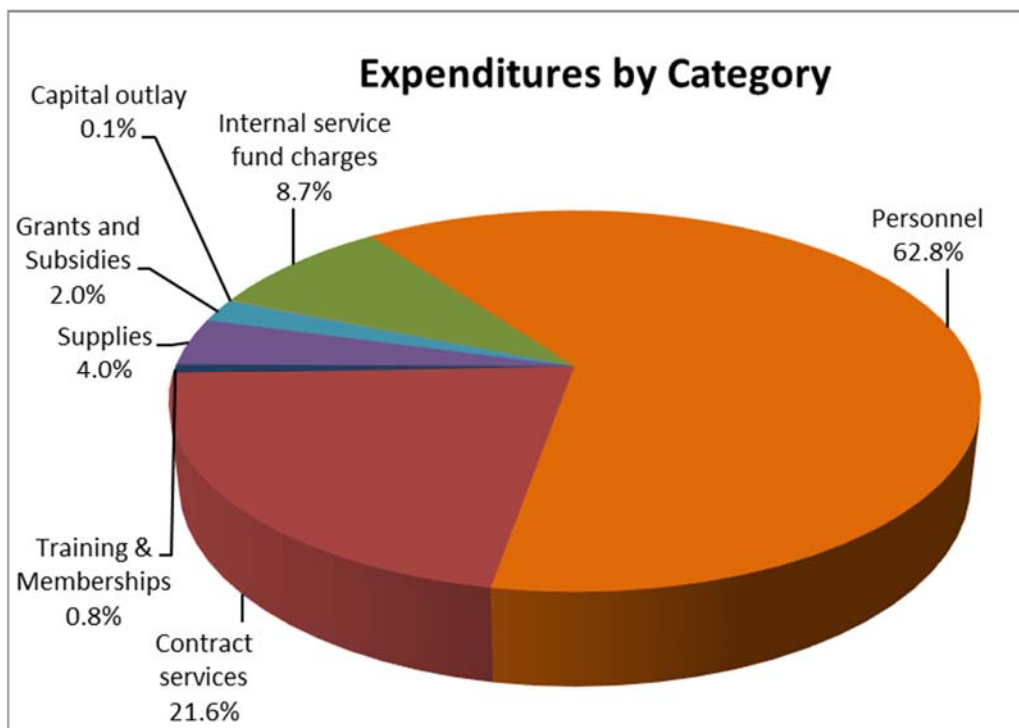
General Fund Expenditures Summary

Major Categories	FY 14/15	FY 15/16	FY 16/17	FY 16/17	FY 17/18	FY 18/19
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Personnel	\$7,745,263	8,217,828	\$8,807,779	\$8,698,907	\$8,580,424	\$8,757,408
Contract services	2,621,633	2,537,560	2,832,844	2,799,808	2,950,500	2,980,250
Training & Memberships	70,604	101,309	112,830	96,270	113,550	113,550
Supplies	531,848	562,475	568,500	523,325	551,300	555,500
Grants and Subsidies	269,814	277,357	275,000	275,000	275,000	275,000
Capital outlay	(900)	-	-	-	10,000	10,000
Internal service fund	850,647	954,500	1,159,000	1,159,000	1,190,050	1,287,696
Subtotal	\$12,088,910	\$12,651,028	\$13,755,953	\$13,552,310	\$13,670,824	\$13,979,404
Other financing uses	2,399,440	3,083,811	1,658,730	1,685,614	3,290,550	1,936,241
Expenditure Total	\$14,488,349	\$15,734,839	\$15,414,683	\$15,237,924	\$16,961,374	\$15,915,645

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



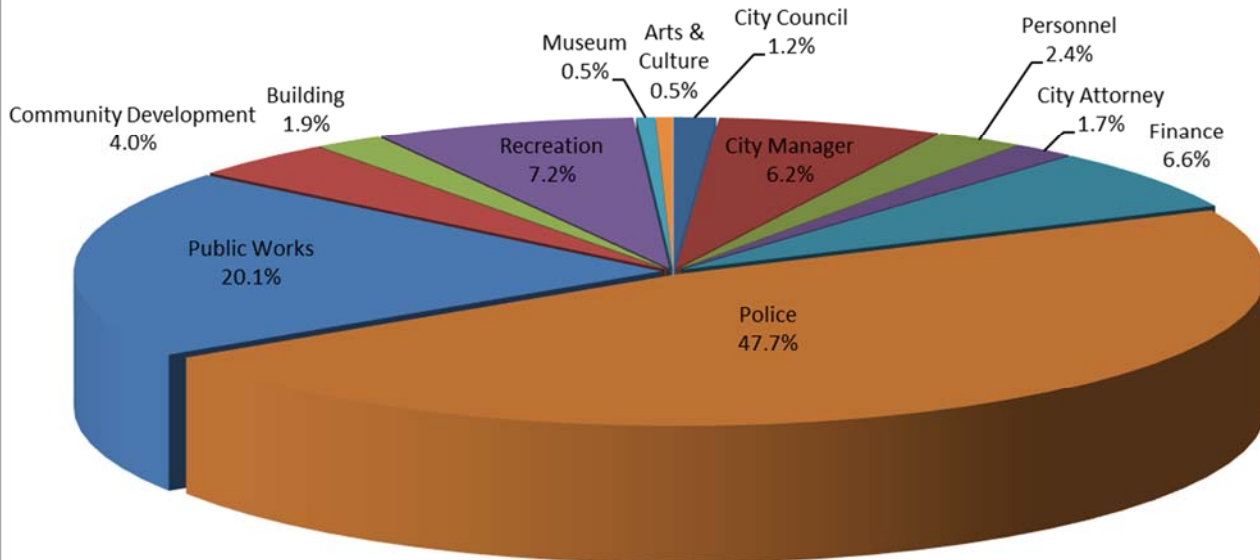
A chart displaying the percentage of expenditures by category is also provided for reference. Since personnel costs decreased \$227,355 over the prior fiscal year, the ratio of personnel services to total expenditures decreased from 64 percent to 62.8 percent. Other notable changes were in contract services, which increased from 20.6 percent to 21.6 percent, and internal service charges, which increased from 8.4 percent to 8.7 percent.



General Fund Department Expenditures

Department	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
City Council	\$122,590	\$133,116	\$153,554	\$156,474	\$157,596	\$152,819
City Manager	773,708	772,047	892,250	815,532	830,426	859,873
Personnel	209,009	247,830	258,976	329,027	326,960	339,898
City Attorney	197,020	254,643	215,000	230,000	230,000	230,000
Finance	712,173	770,647	836,556	835,290	881,918	900,602
Community Grants	269,814	277,357	275,000	275,000	275,000	275,000
Police - Law Enforcement	5,241,846	5,525,209	5,914,847	5,763,044	5,703,595	5,824,949
Police - Pkg. Enforcement	521,293	523,168	549,524	553,009	563,857	565,793
Police - Lifeguard Svcs.	72,501	52,321	79,338	79,338	80,262	80,262
Police - Animal Services	23,910	24,588	26,307	26,307	38,307	51,307
Public Works - Streets	1,229,806	1,226,582	1,320,479	1,460,139	1,529,661	1,687,193
Public Works-Storm Water	-	78,076	153,831	153,443	157,874	159,692
Public Works - Facilities	270,067	195,382	263,661	266,061	302,985	303,185
Public Works - Fleet	320,330	304,610	330,837	290,851	296,947	300,694
Public Works - Parks	524,646	592,784	602,708	459,199	405,083	319,052
Community Development	431,636	488,664	545,985	531,542	537,327	545,722
Building	268,961	227,843	257,683	252,584	257,330	263,393
Recreation	802,074	843,189	949,999	947,599	964,196	987,931
Museum	54,749	59,397	71,188	65,116	68,894	69,964
Art & Cultural	42,775	53,576	58,230	62,755	62,606	62,075
Subtotal	\$12,088,910	\$12,651,028	\$13,755,953	\$13,552,310	\$13,670,824	\$13,979,404
Transfers & Other	\$2,399,440	\$3,083,811	\$1,658,730	\$1,685,614	\$3,290,550	\$1,936,241
Expenditure Total	\$14,488,349	\$15,734,839	\$15,414,683	\$15,237,924	\$16,961,374	\$15,915,645

Expenditures by Department



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

General Fund Expenditures

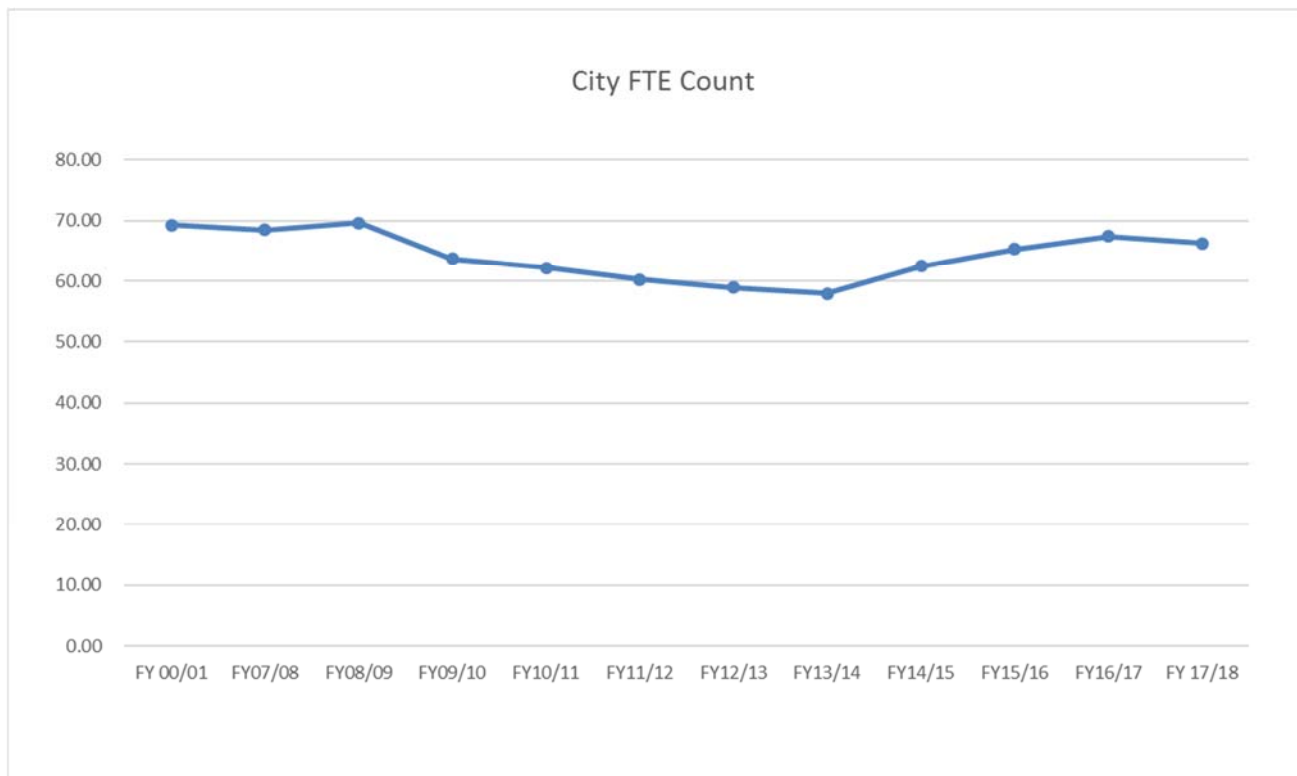
SALARIES & BENEFITS

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. Per employment agreements, a 3.1 percent COLA has been applied to all classifications. Specialty pays are budgeted as a separate line item. Hourly employees have been budgeted at mid-range.

No new positions are budgeted for in FY 2017/18.

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	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY 17/18
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted	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	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Elected - Total FTE's	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Fully Benefited by Dept												
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	5.25	5.38	4.38	4.38	3.95	3.38	4.33	3.91	4.50	4.50	4.50
City Manager	5.50	6.75	6.75	6.75	6.75	7.00	7.00	7.00	6.90	6.00	7.00	6.00
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50
Police	31.30	32.75	32.75	30.25	30.25	29.59	28.59	27.59	30.65	31.50	31.65	31.50
CDD	6.67	5.67	6.67	6.17	4.67	4.12	3.79	3.12	4.50	5.00	5.00	5.00
Public Works	14.33	14.33	14.33	12.33	12.33	11.83	12.33	12.33	13.00	14.00	15.00	15.00
Recreation	4.50	3.00	3.00	3.00	3.00	3.00	3.00	2.75	2.75	3.75	3.75	3.75
Dept - Total FTEs	69.30	68.50	69.63	63.63	62.13	60.24	58.84	57.87	62.46	65.25	67.40	66.25
Change from prior year		2.50	1.13	(6.00)	(1.50)	(1.89)	(1.40)	(0.97)	4.59	2.79	2.15	(1.15)



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

General Fund Expenditures

SALARIES & BENEFITS

City services are primarily staff delivered, therefore staffing is the most significant expenditure. The FY 2017/18 budget staffing costs total \$8,580,424. This represents a 2.6% decrease from the FY 2016/17 Adopted Budget. This is primarily due to a reduction in POB contributions. The POB final payment occurs in FY 2017/18 and the City will utilize fund balance for the final payment, thus reducing required general fund contributions. The salary projection includes a negotiated cost of living adjustment (COLA) of 3.1% for all bargaining units, which is based on the San Francisco-Oakland-San Jose consumer price index.

Staffing by Category	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
Salary	\$4,694,549	\$4,923,026	\$5,241,594	\$5,148,824	\$5,297,400	\$5,359,971
Salary Temp	299,387	263,030	322,812	339,040	335,855	353,795
Overtime	212,690	235,411	250,850	202,065	205,750	204,500
Specialty Pay	237,856	267,676	279,461	273,606	276,886	286,528
Benefits	2,300,781	2,528,686	2,713,062	2,735,372	2,464,533	2,552,614
Total	\$7,745,263	\$8,217,828	\$8,807,779	\$8,698,907	\$8,580,424	\$8,757,408

Staffing by Department	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
City Council	\$34,631	\$37,036	\$36,591	\$36,671	\$34,671	\$34,894
City Manager	618,299	604,185	691,197	632,880	621,475	642,593
Personnel	158,732	190,396	198,649	247,950	262,098	275,244
Finance	466,425	530,007	558,624	557,513	567,386	582,665
Law Enforcement	3,969,032	4,176,467	4,414,461	4,326,803	4,226,705	4,348,799
Pkg. Enforcement	217,405	228,818	242,717	242,102	241,092	248,203
Streets	799,705	831,054	878,589	1,018,349	1,025,647	1,055,819
Storm Water	-	-	63,831	63,443	60,874	62,692
Fleet	121,487	116,923	130,696	125,710	124,693	128,440
Parks	312,669	337,209	345,728	195,119	139,565	53,534
Community Development	360,594	420,605	432,962	433,519	438,250	451,064
Building	172,617	190,113	204,350	204,701	209,207	215,477
Recreation	467,878	501,798	556,173	562,523	577,004	604,488
Museum	35,329	39,741	38,756	37,169	35,992	37,062
Art & Cultural	10,461	13,475	14,455	14,455	15,765	16,434
Total	\$7,745,263	\$8,217,828	\$8,807,779	\$8,698,907	\$8,580,424	\$8,757,408

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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.	7/1/2012, amended 5/14/2015	6/30/2018
Confidential	7/1/2012, amended 5/14/2015	6/30/2018
Mid-Management	7/1/2012, amended 5/14/2015	6/30/2018
Police Captains	7/1/2013, amended 5/14/2015	6/30/2018
Police Officers Association (POA)	7/1/2013, amended 5/14/2015	6/30/2018

Overtime

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

<u>Overtime</u>	<u>FY 14/15 Actual</u>	<u>FY 15/16 Actual</u>	<u>FY 16/17 Adopted</u>	<u>FY 16/17 Estimated</u>	<u>FY 17/18 Proposed</u>	<u>FY 18/19 Planned</u>
City Manager	\$1,742	\$1,713	\$1,250	\$1,250	\$1,250	\$0
Finance	2,435	0	2,500	500	1,000	1,000
Police*	188,787	209,840	217,500	175,715	179,000	179,000
Public Works	16,446	17,350	25,100	20,100	20,000	20,000
Recreation	3,281	6,506	4,500	4,500	4,500	4,500
Total	\$212,691	\$235,411	\$250,850	\$202,065	\$205,750	\$204,500
<i>*Funding Sources for Police Overtime</i>						
General Fund	\$145,345	\$170,944	\$168,000	\$168,000	\$176,000	\$176,000
Grant Funded	43,442	38,896	49,500	7,715	3,000	3,000
	\$188,787	\$209,840	\$217,500	\$175,715	\$179,000	\$179,000

Specialty Pay

The FY 2017/18 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>FY 14/15 Actual</u>	<u>FY 15/16 Actual</u>	<u>FY 16/17 Adopted</u>	<u>FY 16/17 Estimated</u>	<u>FY 17/18 Proposed</u>	<u>FY 18/19 Planned</u>
City Manager	\$2,000	\$0	\$0	\$928	\$3,305	\$2,848
Finance	2,046	2,048	2,090	2,090	2,695	2,250
Police	181,612	215,389	232,608	229,174	229,519	236,133
Public Works	44,182	41,871	34,263	30,914	27,309	31,930
Community Dev.	2,458	2,613	2,849	2,849	4,164	3,177
Recreation	5,558	5,755	7,651	7,651	9,894	10,190
Total	\$237,856	\$267,676	\$279,461	\$273,606	\$276,886	\$286,528

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

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, which is actuarially determined annually by CalPERS.

PERS Rates. The FY 2016/17 PERS contribution rate for classic safety members is 31.1%, with employees paying 13.9% and the city paying 17.2%. Safety PEPRA employees pay 11.5%, with the city picking up 12.1%. For classic miscellaneous members, the contribution rate is 19.5%, with employees paying 12.3% and the City 7.2%. Miscellaneous PEPRA employees pay 6.25% and the city pays 6.6%.

The FY 2017/18 PERS total rate for classic safety members is 31.3%, with employees paying 15% and the city 16.3%. Safety PEPRA members are responsible for 11.5% and the city pays 12%. For classic miscellaneous members, the total contribution rate is 19.6%, with employees paying 13.4% and the city 6.2%. Miscellaneous PEPRA employees pay 6.25% and the city pays 6.5%.

Pension Obligation Bonds (POB). In July 2007 the City Council authorized the issuance of pension obligation bonds (POB) for approximately \$5 million to refinance the unfunded liability with CalPERS. Additionally, on that date, Council authorized that \$1 million of City available funds be used to pay down the PERS unfunded liability by June 30, 2007. The final payment on the POB occurs in FY 2017/18. Additional bond information can be found in the Multi-Year Assets and Obligations section of the budget.

Public Employees Pension Reform Act (PEPRA). On September 12, 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. 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 11.5% and 6.25%, respectively.

Retirement Costs Summary

Retirement Costs	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 17/18 Proposed
Ret. cost - PERS Safety	\$ 587,490	\$ 587,648	\$ 372,738	\$ 382,586	\$ 348,903
Ret. cost - PERS Safety UAL	-	-	318,780	380,820	469,908
Ret. cost - PERS Miscellaneous	447,640	433,084	201,739	232,252	207,893
Ret. cost - PERS Misc UAL	-	-	351,027	416,075	501,393
Ret. cost - Retirement PARS	3,750	3,439	3,928	3,995	3,787
Ret. cost - POB	677,699	670,316	670,922	668,945	668,882
Ret. health OPEB - Retiree health	27,757	28,085	31,940	33,190	29,700
OPEB Trust Fund	42,143	43,915	53,600	52,425	60,000
Total Retirement Costs	\$1,786,479	\$1,766,488	\$2,004,674	\$2,170,288	\$2,290,466
Total Employee Paid Costs	\$ 549,979	\$ 559,282	\$ 586,497	\$ 655,805	\$ 723,172
Total City Paid Costs	\$1,786,479	\$1,766,488	\$2,004,674	\$2,170,288	\$2,290,466
Total Costs Employee and City	\$2,336,458	\$2,325,770	\$2,591,171	\$2,826,093	\$3,013,638
Unfunded Actuarial Liability-Safety	5,933,935	8,042,676	7,144,975	6,682,269	8,473,025
Unfunded Actuarial Liability-Misc	6,348,043	8,036,379	7,118,107	6,730,266	8,208,756
Unfunded OPEB Liability	1,011,800	657,500	618,900	834,061	834,061
Funding Ratio PERS Safety	78.9%	73.7%	77.5%	80.7%	76.50%
Funding Ratio PERS Misc	75.3%	71.0%	75.2%	78.3%	74.70%

General Fund Expenditures - Contract Services (5 pages)

Account Description	2016/17 Estimated Amount	2017/18 Proposed Budget	2018/19 Forecast Budget
City Council			
Gen/Admin Winter shelter	\$ 28,379	\$ 29,000	\$ 29,000
Gen/Admin SCC-Homeless action ptrnship	2,800	2,800	2,800
Gen/Admin United Way	1,000	1,000	1,000
Gen/Admin Chamber of Commerce funding	30,000	30,000	30,000
Gen/Admin - Community TV	7,000	7,500	7,500
Gen/Admin Contracts - general	13,000	13,000	8,000
Total	\$ 82,179	\$ 83,300	\$ 78,300
City Manager			
Environmental Svcs SCC-Hazardous waste disp fee	\$ 21,250	\$ 23,000	\$ 23,000
Environmental Svcs JPA-Pollution control	3,560	4,000	4,000
Environmental Svcs Garage sale day	1,300	1,500	1,500
Environmental Svcs Central coast recycling media	5,000	5,000	5,000
Environmental Svcs Recycling services	7,200	7,200	7,200
Environmental Svcs Recycling prog-NB Middle School	1,000	1,000	1,000
Gen/Admin Muni code codification services	2,500	4,000	4,000
Gen/Admin Document imaging	2,500	5,000	5,000
Gen/Admin Document storage	3,500	3,500	3,500
Gen/Admin Council Election	13,882	1,000	10,000
Gen/Admin Contracts - general	3,500	7,000	7,000
Environmental Svcs Mosquito and vector control	107	150	150
Gen/Admin Newsletter	8,000	8,000	8,000
Other contract services Unanticipated events	-	10,000	10,000
Total	\$ 73,299	\$ 80,350	\$ 89,350
Personnel			
Personnel Svcs Background investigations	\$ 5,000	\$ 5,000	\$ 5,000
Personnel Svcs Medical examinations	5,000	5,000	5,000
Other contract services Flex-Health-Dental-Vision Admin	3,500	4,000	4,000
Gen/Admin Contracts - general	-	4,000	4,000
Legal svcs Labor and personnel related	8,500	5,000	5,000
Personnel Svcs Recruitment services	25,000	5,000	5,000
Personnel Svcs Education reimbursement	7,500	7,500	7,500
Other contract services Advertising	4,500	5,000	5,000
Total	\$ 59,000	\$ 40,500	\$ 40,500
City Attorney			
Gen/Admin Contracts - general	\$ 20,000	\$ 20,000	\$ 20,000
Legal svcs Legal services - general	135,000	135,000	135,000
Legal svcs Special services	75,000	75,000	75,000
Total	\$ 230,000	\$ 230,000	\$ 230,000

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Account Description	2016/17	2017/18	2018/19
	Estimated Amount	Proposed Budget	Forecast Budget
Finance			
Fin Svcs Audit-Annual financial audits	\$ 33,120	\$ 48,750	\$ 55,000
Fin Svcs Audit-OPEB valuation	-	6,600	2,200
Fin Svcs Bank fees (excl cr card fees)	7,500	7,500	7,500
Fin Svcs SCC-Property tax admin fee	12,600	12,600	12,600
Fin Svcs Audit-Sales tax (1%)	21,000	10,000	10,000
Fin Svcs Audit-Sales tax(city 1/4%)	2,500	2,500	2,500
Fin Svcs Sales tax report (STARS)	5,000	5,000	5,000
Fin Svcs State mandated claims svcs	1,775	1,800	1,800
Fin Svcs Credit card merchant fees	500	750	750
Fin Svcs State Admin fee - Bradley-Burns	56,400	58,000	58,000
Fin Svcs State Admin fee - Measure D	26,700	30,000	30,000
Fin Svcs State Architect fee - SB1186	300	300	300
Fin Svcs State Admin fee - Measure O	28,700	30,000	30,000
Gen/Admin Contracts - general	5,000	7,500	7,500
Legal svcs Legal services - general	-	500	500
Fin Svcs Collections services	-	600	600
Fin Svcs Financial consultant	3,000	3,500	3,500
Total	\$ 204,095	\$ 225,900	\$ 227,750
Law Enforcement			
Police Svcs SCC-Booking fees	\$ -	\$ 25,000	\$ 25,000
Police Svcs SCC-Blood alcohol trust fund	2,000	2,000	2,000
Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Police Svcs SCC-Sexual assault response prog	12,400	12,400	12,400
Personnel Svcs Background investigations	500	500	500
Other contract services Uniform cleaning services	7,000	9,000	9,200
Police Svcs Red light enforcement	72,000	72,000	72,000
Police Svcs SCC-Info svcs for SCAN chgs	6,300	6,300	6,300
Fin Svcs Collections-booking fees	700	700	700
Fin Svcs Collections-DUI cost recovery	700	700	700
Prop & equip Comm - local & long distance	4,800	5,500	5,500
Prop & equip Comm - T-1 line	12,000	12,000	12,000
Prop & equip Comm - mobile phone	25,000	30,000	30,000
Police Svcs Hazardous material response - SV	5,700	5,700	5,700
Police Svcs Towing service	1,400	1,400	1,400
Police Svcs SCCECC JPA-SCRMS	28,670	26,700	27,400
Police Svcs SCCECC-911 JPA	452,500	471,100	482,900
Prop & equip Property alarm service	1,000	1,000	1,000
Prop & equip Property repairs & maintenance	2,000	2,000	2,000
Prop & equip Equipment repairs & maintenance	17,500	15,000	15,400
Rental contracts Equipment and vehicles	3,600	3,600	3,700
Other contract services Outside security service	6,000	9,500	9,700
Police Svcs Investigation and hearing svcs	500	500	500
Total	\$ 680,270	\$ 730,600	\$ 744,000

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Account Description	2016/17	2017/18	2018/19
	Estimated Amount	Proposed Budget	Forecast Budget
Police Svcs State of CA-DMV processing fee	\$ 6,000	\$ 6,000	\$ 6,000
Police Svcs State of CA-Equip Assess	200	200	200
Police Svcs State of CA-Reg assess	58,000	58,000	58,000
Police Svcs State of CA-Immed & Critical nd	20,000	20,000	20,000
Police Svcs State of CA-St Court Facilities	9,500	9,700	9,700
Police Svcs State of CA-Trial Court Trust Fd	17,500	20,000	20,000
Police Svcs SCC-Citation processing	30,000	31,600	31,600
Police Svcs SCC-Criminal Justice Fac surchg	9,700	9,700	9,700
Police Svcs SCC-Courthouse surcharge	9,700	9,700	9,700
Fin Svcs Courier-Cash & Coin	3,000	3,000	3,000
Fin Svcs Credit card merchant fees	55,000	55,000	55,000
Prop & equip Property repairs & maintenance	500	500	500
Prop & equip Equipment repairs & maintenance	500	500	500
Prop & equip Wheelchair purchase and repairs	7,500	15,000	10,000
Prop & equip Pkg Meter Repairs	2,500	2,500	2,500
Prop & equip Pay Station Repair & Maintenance	40,000	40,000	40,000
Total	\$ 269,600	\$ 281,400	\$ 276,400
Police Svcs Lifeguard Services	\$ 74,700	\$ 74,700	\$ 74,700
Total	\$ 74,700	\$ 74,700	\$ 74,700
Police Svcs Animal services	\$ 25,000	\$ 37,000	\$ 50,000
Total	\$ 25,000	\$ 37,000	\$ 50,000
PW & Trans. Transportation-Beach shuttle svc	\$ 26,000	\$ 29,000	\$ 29,000
PW & Trans. Soquel Crk monitoring-fish	37,000	40,000	40,000
PW & Trans. Inspections	30,000	33,000	33,000
PW & Trans. Electrical services	7,500	7,500	7,500
Prop & equip Comm - mobile phone	8,500	10,000	11,000
Gen/Admin Contracts - general	10,000	10,000	10,000
PW & Trans. Lagoon grading	14,000	15,000	15,000
PW & Trans. PW Engineering services	32,000	35,000	35,000
Prop & equip Eucalyptus maintenance -Park Ave	4,000	4,000	4,000
Prop & equip Riparian Restoration	12,000	13,000	14,000
Rental contracts Union Pacific RR yearly	600	1,000	1,000
PW & Trans. Path Maintenance	7,500	7,500	7,500
Temp. Staff & Instr. Temporary staff	56,000	60,000	60,000
Temp. Staff & Instr. Hope Services	13,000	13,000	14,000
Prop & equip Esplanade sidewalk cleaning	16,000	16,500	17,000
Other contract services Unanticipated events	10,000	10,000	10,000
PW & Trans. Soquel Crk monitoring-water qual	30,000	32,000	32,000
PW & Trans. CA NPDES-storm water mgmt prog	55,000	60,000	60,000
PW & Trans. Regional Water Mgmt Foundation	5,000	5,000	5,000
Total	\$ 374,100	\$ 401,500	\$ 405,000

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Account Description	2016/17	2017/18	2018/19
	Estimated Amount	Proposed Budget	Forecast Budget
PW & Trans. ADA compliance	\$ 25,000	\$ 50,000	\$ 50,000
Prop & equip Comm - local & long distance	1,500	1,500	1,500
Prop & equip Comm - T-1 line	6,000	6,500	6,500
Prop & equip Utility serv - gas & electric	55,000	55,000	55,000
Prop & equip Utility serv - sanitation distr	6,500	7,000	7,200
Prop & equip Utility serv - water	9,000	10,000	10,000
Prop & equip Janitorial services	26,000	26,000	26,000
Prop & equip Property alarm service	2,000	4,000	4,000
Prop & equip Property repairs & maintenance	45,000	45,000	45,000
Prop & equip Equipment repairs & maintenance	10,000	10,000	10,000
Rental contracts Equipment and vehicles	1,500	2,000	2,000
Total	\$ 187,500	\$ 217,000	\$ 217,200
Prop & equip Equipment repairs & maintenance	\$ 10,000	\$ 10,000	\$ 10,000
Total	\$ 10,000	\$ 10,000	\$ 10,000
Prop & equip Utility serv - gas & electric	\$ 6,800	\$ 7,000	\$ 7,000
Prop & equip Utility serv - sanitation distr	11,000	12,000	12,000
Prop & equip Utility serv - water	100,000	100,000	100,000
Prop & equip Janitorial services	23,000	23,000	23,000
Prop & equip Property repairs & maintenance	8,500	8,500	8,500
Prop & equip Equipment repairs & maintenance	8,000	8,000	8,000
PW & Trans. Tree services	25,000	25,000	25,000
Total	\$ 182,300	\$ 183,500	\$ 183,500
Other contract services Legal notices	\$ 3,000	\$ 3,000	\$ 3,000
Gen/Admin Contracts - general	10,000	10,000	10,000
Legal svcs Legal services - general	3,000	3,000	3,000
Plng & Hsg Hsg grant admin consultant	22,000	20,000	20,000
Info Tech Contracts Geographic information systems	6,600	6,600	6,600
Total	\$ 44,600	\$ 42,600	\$ 42,600
Bldg Svcs Engineering & Inspections	\$ 2,000	\$ 2,000	\$ 2,000
Bldg Svcs Bldg plan checks - outsourced	15,000	15,000	15,000
Info Tech Contracts Building permit tracking system	1,500	-	-
Bldg Svcs Building consultant services	3,000	3,000	3,000
Total	\$ 21,500	\$ 20,000	\$ 20,000

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Account Description	2016/17 Estimated Amount	2017/18 Proposed Budget	2018/19 Forecast Budget
Fin Svcs Credit card merchant fees	\$ 16,000	\$ 16,000	\$ 16,000
Prop & equip Comm - local & long distance	3,000	3,000	3,000
Prop & equip Comm - T-1 line	5,500	6,500	6,500
Rental contracts Office equipment	300	500	500
Other contract services Mailing service	10,000	10,000	10,000
Other contract services Copying, printing and binding	30,000	30,000	30,000
Temp. Staff & Instr. Rec contract inst and sports off	135,000	138,000	138,000
Personnel Svcs Background investigations	300	300	300
PW & Trans. Transportation-Rec program	15,000	15,000	15,000
Gen/Admin Contracts - general	3,000	3,000	3,000
Other contract services Advertising	600	250	250
Other contract services Photography	5,100	5,100	5,100
Temp. Staff & Instr. Rec contract inst and sports off	5,000	5,000	5,000
Other contract services Advertising	200	200	200
Temp. Staff & Instr. Recreation youth volunteers	6,000	6,000	6,000
Rental contracts Equipment and vehicles	700	700	700
Other contract services Events liability insurance	1,000	1,000	1,000
Gen/Admin Contracts - general	2,250	2,500	2,500
Prop & equip Property repairs & maintenance	1,000	1,000	1,000
Total	\$ 239,950	\$ 244,050	\$ 244,050
Prop & equip Comm - local & long distance	\$ 205	\$ 250	\$ 250
Rental contracts Land and buildings	4,610	5,000	5,000
Other contract services Museum oral history	-	8,000	8,000
Total	\$ 4,815	\$ 13,250	\$ 13,250
Other, Events & Tourism Sunday Art & Music coordinator	\$ 3,300	\$ 3,500	\$ 3,500
Other, Events & Tourism Twilight concert-Sound Engineer	7,500	9,750	9,750
Other, Events & Tourism Twilight concert - Bands	15,600	15,600	14,400
Other, Events & Tourism Art in public places	8,500	3,500	3,500
Other, Events & Tourism Sunday Art & Music Bands	2,000	2,500	2,500
Total	\$ 36,900	\$ 34,850	\$ 33,650
Grand Total	\$2,799,808	\$2,950,500	\$2,980,250

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

Community Based Health and Human Service Providers

Community Based Health and Human Service Providers is funded by the General Fund. Each year a determination is made for funds available and allocation. The FY 2017/18 distributions were determined as part of the FY 2016/17 budget and the providers have a two-year contract.

AGENCY	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 17/18 Proposed	FY 18/19 Planned
To be assigned	\$ -	\$ -	\$ -	\$ -	\$ 275,000
Art					
Cultural Council of Santa Cruz County	\$ 950	\$ 977	\$ 997	\$ 997	
Total	\$ 950	\$ 977	\$ 997	\$ 997	
Environment					
Save Our Shores	\$ 2,044	\$ 2,102	\$ -	\$ -	
O'Neill Sea Odyssey	2,806	2,885	2,943	2,943	
Total	\$ 4,850	\$ 4,987	\$ 2,943	\$ 2,943	
Community groups					
Community Action Board, Inc.	\$ 1,314	\$ 1,351	\$ 1,378	\$ 1,378	
Conflict Resolution Program	3,066	3,152	3,215	3,215	
Native Animal Rescue	1,143	1,176	1,200	1,200	
Volunteer Center of Santa Cruz County	3,066	3,152	3,215	3,215	
Total	\$ 8,589	\$ 8,831	\$ 9,008	\$ 9,008	
Human services					
Big Brothers/Big sisters	\$ 2,752	\$ 2,829	\$ 2,886	\$ 2,886	
Cabrillo College Stroke and Disability Center	6,836	7,027	7,168	7,168	
California Grey Bears, Inc.	14,176	14,573	14,864	14,864	
Campus Kids Connection - After School	16,858	17,331	15,638	15,638	
Central Coast Center for Independent Living	9,628	9,897	10,095	10,095	
Homeless Svcs. Center	2,556	2,627	2,680	2,680	
Court-Appointed Special Advocates	3,022	3,107	3,169	3,169	
Vista Center for the Blind	1,810	1,861	1,898	1,898	
Families in Transition - Santa Cruz Co.	2,404	2,472	2,521	2,521	
Community Bridges	108,074	111,101	113,324	113,324	
Advocacy, Inc.	7,322	7,529	7,680	7,680	
Parents Center, Inc.	7,172	7,373	6,500	6,500	
Santa Cruz AIDS Project	7,236	7,439	7,588	7,588	
Santa Cruz Community Counseling Center	6,966	7,162	7,305	7,305	
Toddler Care Center	1,190	1,224	1,248	1,248	
Second Harvest Food Bank	9,970	10,250	10,455	10,455	
Senior Citizens Legal Services	9,886	10,163	8,836	8,836	
Senior Network Services	2,444	2,513	2,563	2,563	
Srs Council - SCC/San Benito Co.	3,278	3,370	3,437	3,437	
Survivors' Healing Center	234	482	492	492	
Women Care	1,121	2,306	2,352	2,352	
Women's Crisis Support	3,620	3,723	3,797	3,797	
United Way	7,120	8,296	7,446	7,446	
Dientes Community Dental Care	1,336	1,337	1,403	1,403	
Hospice Caring Project	1,534	1,576	1,608	1,608	
Family Service Agency of Santa Cruz	9,858	8,742	8,917	8,917	
Diversity Center	1,022	1,051	1,072	1,072	
Companions for life/Lifeline	5,000	5,140	5,110	5,110	
Bike to work	1,000	-	-	-	
Total	\$255,425	\$262,501	\$262,052	\$ 262,052	-
Total Community Grants	\$269,814	\$277,296	\$275,000	\$ 275,000	\$275,000

Communication: Item 9. C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
City Council	\$1,930	\$1,688	\$3,000	\$1,750	\$3,000	\$3,000
City Manager	11,677	9,286	17,150	13,900	17,150	17,150
Finance	3,327	2,575	3,500	3,500	3,500	3,500
Police Department	103,816	109,728	92,000	87,350	91,000	93,200
Public Works	333,391	355,612	351,600	324,000	338,000	343,000
Community Development	1,871	5,122	6,400	5,900	6,400	6,400
Recreation	58,211	60,641	64,850	61,400	70,350	67,350
Museum	11,561	11,042	22,500	18,000	14,000	14,000
Arts & Culture	6,064	6,780	7,500	7,525	7,900	7,900
Total	\$531,848	\$562,475	\$568,500	\$523,325	\$551,300	\$555,500

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.

Training & Memberships	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
City Council	\$15,582	\$17,151	\$19,720	\$23,310	\$22,000	\$22,000
City Manager	14,985	19,280	12,850	12,250	12,750	12,750
Finance	4,104	2,309	11,500	5,050	11,500	11,500
Police	25,609	47,406	45,000	34,750	45,500	45,500
Public Works	3,638	1,580	3,900	2,500	2,000	2,000
Community Development	4,232	9,386	16,000	11,050	11,500	11,500
Recreation	2,454	4,197	3,860	7,360	8,300	8,300
Total	\$70,604	\$101,309	\$112,830	\$96,270	\$113,550	\$113,550

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 2017/18 proposed budget includes increased transfers to the Equipment Fund & Information Technology Fund and a decreased transfer to the Workers' Compensation fund. The Equipment Fund transfer includes funding for a new beach tractor/loader, police radio tower relocation, and other public work's needs. The Information Technology charge increases due to utilizing fund balance in prior years and workers' compensation decreases due to an improved financial position of the JPA.

Internal Services	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
Stores	\$ 39,100	\$ 35,000	\$ 35,000	\$ 35,000	\$ 37,250	\$ 28,607
Information Technology	130,000	130,000	203,000	203,000	278,800	278,800
Equipment Replacement	68,147	60,000	78,000	78,000	125,000	230,000
Self-Insurance Liability	249,300	344,500	428,000	428,000	428,000	400,700
Workers' Compensation	364,100	385,000	415,000	415,000	321,000	320,730
Total	\$ 850,647	\$954,500	\$ 1,159,000	\$ 1,159,000	\$ 1,190,050	\$ 1,258,837

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 the Pension Obligation Bond is 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	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
Contingency Reserves	\$ 182,600	\$ 89,400	\$ 10,000	\$ 10,000	\$ 133,000	\$ 133,000
Emergency Reserves	465,100	213,000	15,000	15,000	67,000	67,000
Facilities Fund	167,000	150,000	110,000	110,000	110,000	110,000
PERS Contingency Reserve	-	300,000	-	-	500,000	-
CIP Capital Projects	989,900	1,492,435	752,047	752,047	515,000	1,100,000
Information Technology	-	43,660	-	-	-	-
Equipment Replacement	-	50,000	50,000	50,000	150,000	50,000
Compensated Absences	110,000	179,000	200,000	200,000	200,000	200,000
RTC Streets	-	-	-	-	200,000	-
Gas Tax	-	-	-	40,124	-	-
Parking Reserve	100,000	118,900	100,000	100,000	100,000	100,000
Library Fund	-	-	-	-	999,129	47,363
Pension Obligation Bond	240,000	240,000	240,000	240,000	187,351	-
OPEB Trust Fund	43,915	53,600	52,425	-	-	-
Pacific Cove Lease	15,065	64,416	40,066	40,066	40,066	40,066
Pacific Cove Park	85,860	89,400	89,192	128,377	89,004	88,812
Total	\$2,399,440	\$3,083,811	\$ 1,658,730	\$ 1,685,614	\$3,290,550	\$ 1,936,241

DEPARTMENTAL BUDGETS



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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 on the second and fourth Thursday of each month. 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.

The current year budget includes \$1,000 per Councilmember for training and educational opportunities. Unencumbered funds on May 1st of each year can be utilized by any Councilmember.

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 – 2016/17

- Maintained a balanced budget
- Passed Measure F extending the quarter-cent sales tax through 2027
- Provided services, staff, and equipment to ensure public safety and trust
- Approved projects and programs to maintain and enhance quality of life in Capitola
- Joined the Monterey Bay Community Power

FISCAL YEAR GOALS - 2017/18 and 2018/19

- Maintain a balanced budget and ensure fiscal stability
- Approve new Memoranda of Understanding with all bargaining units
- Fund construction of the 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

CITY COUNCIL

1000-10-10-000	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 122,590	\$ 133,116	\$ 153,554	\$ 156,474	\$ 157,596	\$ 152,819
Revenue Total	\$ 122,590	\$ 133,116	\$ 153,554	\$ 156,474	\$ 157,596	\$ 152,819
Expenditures						
Personnel	\$ 34,631	\$ 37,036	\$ 36,591	\$ 36,671	\$ 34,671	\$ 34,894
Contract services	62,747	68,506	81,679	82,179	83,300	78,300
Training & Memberships	15,582	17,151	19,720	23,310	22,000	22,000
Supplies	1,930	1,688	3,000	1,750	3,000	3,000
Internal service fund charges	7,700	8,735	12,564	12,564	14,625	14,625
Expenditure Totals	\$ 122,590	\$ 133,116	\$ 153,554	\$ 156,474	\$ 157,596	\$ 152,819
Authorized Positions						
	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
	Actual	Actual	Adopted	Estimated	Proposed	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 is a contract position that represents the City as primary Counsel in all legal matters. 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 position is contracted the firm of Atchison, Barisone, Condotti & Kovacevich.

KEY CHANGES

There are no significant changes for FY17/18.

FISCAL YEAR ACCOMPLISHMENTS – 2016/17

- 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 - 2017/18 and 2018/19

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						
	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
1000-10-16-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 196,698	\$ 254,571	\$ 215,000	\$ 230,000	\$ 230,000	\$ 230,000
Revenue Totals	\$ 196,698	\$ 254,571	\$ 215,000	\$ 230,000	\$ 230,000	\$ 230,000
Expenditures						
General Legal Services	\$ 15,548	\$ 42,853	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
City Attorney Contract	133,734	124,159	135,000	135,000	135,000	135,000
City Attorney Special Services	47,416	87,559	60,000	75,000	75,000	75,000
Expenditure Totals	\$ 196,698	\$ 254,571	\$ 215,000	\$ 230,000	\$ 230,000	\$ 230,000

CITY MANAGER SUMMARY

GENERAL GOVERNMENT

MISSION STATEMENT

The City Manager Department is responsible for overall administration of City objectives. The City Manager is the leading position within the City organization and is appointed by Council. The City Manager serves the Council and the community by effectively managing scarce resources and providing excellent customer service.

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 provides administrative direction and leadership to all City departments, and directly oversees Personnel and City Clerk departments, and the City Attorney and Assistant to the City Manager.

KEY CHANGES

There are no significant changes for FY17/18.

FISCAL YEAR 2016/17 ACCOMPLISHMENTS

- Submitted a balanced budget
- Implemented an electronic filing system for Conflict of Interest Form 700 filers
- Continued process to scan and make available public records in electronic format
- Oversaw general election of two council members, treasurer, and sales tax extension measure
- Increased public outreach with monthly City Hall updates published on website and in local newspaper
- Opened the Family Cycling Center and Crossfit Pump Track at McGregor Park.
- 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
- Assisted departments in recruiting and retaining employees
- Successfully recruited several new employees, including the police chief.
- Worked to improve risk management and reduce potential liability
- Worked with Art and Cultural Commission on events and new public art projects
- Worked with Capitola Museum to improve access and communication

FISCAL YEAR GOALS - 2017/18 and 2018/19

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 identify funding for the Capitola Branch Library
- Negotiate new Memoranda of Understanding with all employee bargaining units
- Continue to work to improve Community Grant Program
- Continue to work with bargaining units to improve City health care 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
- 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

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 O resources
- Update City Zoning Code through civic engagement
- Work with the Art and Cultural commission to find suitable public art projects
- Work to develop projects to protect and enhance valuable City resources

CITY MANAGER SUMMARY

City Manager Summary	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Revenue						
General Fund	\$ 979,453	\$ 1,016,459	\$ 1,147,226	\$ 1,140,559	\$ 1,153,386	\$ 1,195,771
Licenses and permits	3,265	3,418	4,000	4,000	4,000	4,000
Revenue Totals	\$ 982,718	\$ 1,019,877	\$ 1,151,226	\$ 1,144,559	\$ 1,157,386	\$ 1,199,771
Expenditures						
Personnel	\$ 777,031	\$ 794,581	\$ 889,846	\$ 880,830	\$ 883,573	\$ 917,837
Contract services	101,224	110,409	126,100	132,299	120,850	129,850
Training & Memberships	14,986	19,280	12,850	12,250	12,750	12,750
Supplies	11,677	9,287	17,150	13,900	17,150	17,150
Internal service fund charges	77,800	86,320	105,280	105,280	123,063	122,184
Expenditure Totals	\$ 982,718	\$ 1,019,877	\$ 1,151,226	\$ 1,144,559	\$ 1,157,386	\$ 1,199,771

Authorized Positions	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
City Manager	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	0.90	1.00	1.00	1.00	1.00	1.00
Admin. Svcs. Dir.	1.00	-	-	-	-	-
Assistant to the City Manager	-	1.00	1.00	1.00	1.00	1.00
Executive Assistant	1.00	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	1.00
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	6.90	6.00	7.00	6.00	6.00	6.00

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. 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.

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. In addition, the City Manager's administrative arm oversees the Council agenda process, oversees public records, provides staff support to the Art and Culture Commission and Library Advisory Commission, manages sustainability programs, manages the Community Grant process, and oversees Personnel, City Attorney, 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

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
	Actual	Actual	Adopted	Estimated	Proposed	Planned
1000-10-11-000						
Revenues						
General Fund	\$ 770,444	\$ 768,629	\$ 888,250	\$ 811,532	\$ 826,426	\$ 855,873
Licenses and permits	3,265	3,418	4,000	4,000	4,000	4,000
Revenue Totals	\$ 773,709	\$ 772,047	\$ 892,250	\$ 815,532	\$ 830,426	\$ 859,873
Expenditures						
Personnel	\$ 618,299	\$ 604,185	\$ 691,197	\$ 632,880	\$ 621,475	\$ 642,593
Contract services	68,378	69,828	91,100	73,299	80,350	89,350
Training & Memberships	14,781	19,095	11,850	12,250	12,750	12,750
Supplies	2,051	1,962	5,150	4,150	5,150	5,150
Internal service fund charges	70,200	76,977	92,953	92,953	110,701	110,030
Expenditure Totals	\$ 773,709	\$ 772,047	\$ 892,250	\$ 815,532	\$ 830,426	\$ 859,873
Authorized Positions						
City Manager	0.65	0.80	0.65	0.80	0.80	0.80
City Clerk	0.90	1.00	1.00	1.00	1.00	1.00
Admin. Svcs. Dir.	0.75	-	-	-	-	-
Assistant to the City Manager	-	0.50	0.80	0.50	0.50	0.50
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
Information System Specialist	1.00	-	-	-	-	-
Records Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	5.80	4.80	4.95	4.80	4.80	4.80

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.

The personnel budget includes payments to the OPEB Trust Fund to reduce the City's unfunded liability. The OPEB contributions for FY 2017/18 is \$60,000.

CITY MANAGER PERSONNEL

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
1000-10-12-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$209,009	\$247,830	\$258,976	\$329,027	\$326,960	\$339,898
Revenue Totals	\$209,009	\$247,830	\$258,976	\$329,027	\$326,960	\$339,898
Expenditures						
Personnel	\$158,732	\$190,396	\$198,649	\$247,950	\$262,098	\$275,244
Contract services	32,846	40,581	35,000	59,000	40,500	40,500
Training & Memberships	205	185	1,000	-	-	-
Supplies	9,626	7,325	12,000	9,750	12,000	12,000
Internal service fund charges	7,600	9,343	12,327	12,327	12,362	12,154
Expenditure Totals	\$209,009	\$247,830	\$258,976	\$329,027	\$326,960	\$339,898
Authorized Positions						
City Manager	0.35	0.20	0.35	0.20	0.20	0.20
Admin. Svcs. Dir.	0.25	-	-	-	-	-
Assistant to the City Manager	-	0.50	0.20	0.50	0.50	0.50
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	1.10	1.20	1.05	1.20	1.20	1.20

FINANCE

GENERAL GOVERNMENT

MISSION STATEMENT

The Finance Department's mission is to provide transparent, accurate and timely financial information to the public and City Management. The Finance Department also provides additional financial data and analysis to key decision makers. The department provides a high level of customer service.

DEPARTMENT PURPOSE

The Finance Department oversees all financial transactions of the City to ensure legal and accounting policies are followed. The Department maintains all City funds and oversees the budget development, 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

Implementing a web-based financial transparency portal in FY16/17.

FISCAL YEAR ACCOMPLISHMENTS – 2016/17

- Established a PERS Trust Fund to plan for rising retirement costs
- Developed a proposed financing plan for the Library
- Adopted a new Purchasing Policy to improve financial control
- Assisted in developing a Capital Improvement Plan ad-hoc committee
- Provided analytical support to operations departments
- Implemented credit card acceptance at Police Station and City Hall
- Received the GFOA Certificate of Achievement for Excellence in Financial Reporting and CSMFO Operating Budget Awards
- Provided support for the Successor Agency wind-down

FISCAL YEAR GOALS – 2017/18 and 2018/19

FISCAL POLICY

- Prepare and maintain a balanced budget
- Finalize library financing plan
- Plan for and meet future PERS increases
- Meet regulatory financial reporting requirements and provide reports on the City website
- Develop long term financial plan for Measure F
- Hire a new Finance Director
- Continue partnerships with departments to maintain financial accountability and transparency
- Continue to improve City financial transparency to the public

FINANCE

1000-10-17-000	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Revenue						
General Fund	\$ 411,283	\$ 456,260	\$ 520,956	\$ 523,390	\$ 566,568	\$ 585,252
Taxes	284,474	298,020	299,300	297,700	300,800	300,800
Intergovernmental	6,309	6,093	5,600	5,600	5,600	5,600
Use of money & property	10,107	10,025	10,200	8,050	8,200	8,200
Other revenue	-	249	500	550	750	750
Revenue Totals	\$ 712,173	\$ 770,647	\$ 836,556	\$ 835,290	\$ 881,918	\$ 900,602
Expenditures						
Personnel	\$ 466,425	\$ 530,007	\$ 558,624	\$ 557,513	\$ 567,386	\$ 582,665
Contract services	193,617	184,823	197,800	204,095	225,900	227,750
Training & Memberships	4,104	2,309	11,500	5,050	11,500	11,500
Supplies	3,327	2,575	3,500	3,500	3,500	3,500
Internal service fund charges	44,700	50,933	65,132	65,132	73,632	75,187
Expenditure Totals	\$ 712,173	\$ 770,647	\$ 836,556	\$ 835,290	\$ 881,918	\$ 900,602
Authorized Positions						
	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Finance Director	0.83	1.00	1.00	1.00	1.00	1.00
Senior Accountant	0.58	1.00	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	1.00	1.00	1.00	1.00
Accts Receivable Clerk	0.75	0.75	0.75	0.75	0.75	0.75
Account Technician	0.75	0.75	0.75	0.75	0.75	0.75
FTE Total	3.91	4.50	4.50	4.50	4.50	4.50
Elected Official						
City Treasurer	1.00	1.00	1.00	1.00	1.00	1.00
City Treasurer Annual Pay	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

POLICE SUMMARY

POLICE

MISSION STATEMENT

Your 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

The Capitola Police Department will be the premier Law Enforcement Agency in Santa Cruz County, providing the highest level of service exceeding the expectations of residents and visitors. All employees will be professional, committed, and motivated, taking great pride in their department and community.

KEY CHANGES

A new police chief was hired to replace the retiring chief.

FISCAL YEAR ACCOMPLISHMENTS – 2016/17

- Created new entertainment permit renewal review process
- Purchased a marked car, an unmarked car, a canine car, and two CSO trucks
- Completed command staff team building workshop
- Hired a new police officer
- Completed training for four new police officers
- Joined the county's Animal Services Agency
- Completed Capitola Police Department Annual Report
- The only law enforcement agency in the county participating in the annual National Prescription Drug Take-Back Day
- Organized and completed a car seat inspection event

FISCAL YEAR GOALS - 2017/18 and 2018/19

- Complete the Emergency Operations Plan
- Recruit to increase the number of Volunteers in Policing
- Research and begin moving toward replacing Records Management System
- Assess the Neighborhood Watch Program
- Increase participation in "Capitola On Watch" program
- Seek viable grant opportunities
- Complete CAD system upgrade
- Replace the Police Training Program with the Field Training Program
- Fill vacant police officer position

POLICE SUMMARY

Police Department Summary	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Revenue						
General Fund	\$ 4,860,395	\$ 5,290,069	\$ 5,743,616	\$ 5,621,717	\$ 5,565,821	\$ 5,729,311
Licenses and permits	42,930	43,215	38,200	38,680	41,200	41,200
Intergovernmental revenues	151,369	96,477	66,500	69,931	86,000	61,000
Charges for services	49,672	45,233	44,800	30,670	32,300	30,100
Fines and forfeitures	754,833	649,268	675,700	660,700	660,700	660,700
Other revenues	350	1,025	1,200	-	-	-
Revenue Totals	\$ 5,859,549	\$ 6,125,287	\$ 6,570,016	\$ 6,421,698	\$ 6,386,021	\$ 6,522,311

Expenditures

Personnel	\$4,186,437	\$4,405,285	\$4,657,178	\$4,568,905	\$4,467,797	\$4,597,002
Contract services	1,033,827	989,044	1,094,715	1,049,570	1,123,700	1,145,100
Training & Memberships	25,609	47,406	45,000	34,750	45,500	45,500
Supplies	103,816	109,729	92,000	87,350	91,000	93,200
Capital outlay	(900)	-	-	-	-	-
Internal service fund charges	510,760	573,823	681,123	681,123	658,024	641,509
Expenditure Totals	\$ 5,859,549	\$ 6,125,287	\$ 6,570,016	\$ 6,421,698	\$ 6,386,021	\$ 6,522,311

Authorized Positions	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer	15.00	16.00	16.00	16.00	16.00	16.00
Community Service Officer	3.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	2.00	3.00	3.00	3.00	3.00	3.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.90	0.75	0.90	0.75	0.75	0.75
FTE Total	30.65	31.50	31.65	31.50	31.50	31.50

LAW ENFORCEMENT

POLICE

LAW ENFORCEMENT

1000-20-20-000	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Revenue						
General Fund	\$ 4,744,307	\$ 5,130,216	\$ 5,523,647	\$ 5,397,763	\$ 5,318,095	\$ 5,466,649
Licenses and permits	42,930	43,215	38,200	38,680	41,200	41,200
Intergovernmental revenues	151,369	96,477	66,500	69,931	86,000	61,000
Charges for services	49,672	45,233	44,300	30,670	32,300	30,100
Fines and forfeitures	253,218	209,043	241,000	226,000	226,000	226,000
Other revenues	350	1,025	1,200	-	-	-
Revenue Totals	\$ 5,241,846	\$ 5,525,209	\$ 5,914,847	\$ 5,763,044	\$ 5,703,595	\$ 5,824,949
Expenditure Totals						
Personnel	\$ 3,969,032	\$ 4,176,467	\$ 4,414,461	\$ 4,326,803	\$ 4,226,705	\$ 4,348,799
Contract services	666,305	657,516	729,515	680,270	730,600	744,000
Training & Memberships	25,609	47,406	45,000	34,750	45,500	45,500
Supplies	92,040	95,593	77,000	72,350	75,000	76,900
Capital outlay	(900)	-	-	-	-	-
Internal service fund charges	489,760	548,227	648,871	648,871	625,790	609,750
Expenditure Totals	\$ 5,241,846	\$ 5,525,209	\$ 5,914,847	\$ 5,763,044	\$ 5,703,595	\$ 5,824,949

Authorized Positions	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer	15.00	16.00	16.00	16.00	16.00	16.00
Community Service Officer	3.00	2.00	2.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.90	0.75	0.90	0.75	0.75	0.75
FTE Total	28.65	28.50	28.65	28.50	28.50	28.50

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

PARKING ENFORCEMENT

POLICE

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

PARKING ENFORCEMENT

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
1000-20-21-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 19,678	\$ 82,944	\$ 114,824	\$ 118,309	\$ 129,157	\$ 131,093
Fines and forfeitures	501,615	440,225	434,700	434,700	434,700	434,700
Revenue Totals	\$ 521,293	\$ 523,169	\$ 549,524	\$ 553,009	\$ 563,857	\$ 565,793
Expenditures						
Personnel	\$ 217,405	\$ 228,818	\$ 242,717	\$ 242,102	\$ 241,092	\$ 248,203
Contract services	275,772	259,036	265,500	269,600	281,400	276,400
Supplies	10,016	13,459	13,500	13,500	14,000	14,300
Internal service fund charges	18,100	21,856	27,807	27,807	27,365	26,890
Expenditure Totals	\$ 521,293	\$ 523,169	\$ 549,524	\$ 553,009	\$ 563,857	\$ 565,793
Authorized Positions						
Parking Enforcement Officer	2.00	3.00	3.00	3.00	3.00	3.00
FTE Total	2.00	3.00	3.00	3.00	3.00	3.00

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

LIFEGUARDS

POLICE

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

Implement a shared responsibility approach for beach safety with Santa Cruz Fire and City of Capitola Lifeguards

FISCAL YEAR ACCOMPLISHMENTS – 2016/17

- Obtained approval for the reestablishment of the Capitola Beach Lifeguard Chapter
- Hired a Beach Lifeguard Captain
- Implement shared responsibility for Capitola beach safety

FISCAL YEAR GOALS - 2017/18 and 2018/19

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

LIFEGUARDS

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
1000-20-22-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 72,501	\$ 52,321	\$ 79,338	\$ 79,338	\$ 80,262	\$ 80,262
Revenue Totals	\$ 72,501	\$ 52,321	\$ 79,338	\$ 79,338	\$ 80,262	\$ 80,262
Expenditures						
Contract services	\$ 68,500	\$ 49,272	\$ 74,700	\$ 74,700	\$ 74,700	\$ 74,700
Supplies	1,601	-	1,000	1,000	1,500	1,500
Internal service fund charges	2,400	3,049	3,638	3,638	4,062	4,062
Expenditure Totals	\$ 72,501	\$ 52,321	\$ 79,338	\$ 79,338	\$ 80,262	\$ 80,262

ANIMAL SERVICES

POLICE

MISSION STATEMENT

To balance the health, public safety, and welfare needs of people and animals in the City of Capitola by responsibly and humanely enforcing animal-related laws; providing nourishment and a safe environment for unwanted, stray, abused, and impounded animals; educating the public about responsible companion animal ownership; investigating cases where animal care is questionable; and assisting in finding new homes for homeless animals.

DEPARTMENT PURPOSE

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

ANIMAL SERVICES

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
1000-20-23-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 23,909	\$ 24,588	\$ 25,807	\$ 26,307	\$ 38,307	\$ 51,307
Charges for services	-	-	500	-	-	-
Revenue Totals	\$ 23,909	\$ 24,588	\$ 26,307	\$ 26,307	\$ 38,307	\$ 51,307
Expenditures						
Contract services	\$ 23,250	\$ 23,220	\$ 25,000	\$ 25,000	\$ 37,000	\$ 50,000
Supplies	159	677	500	500	500	500
Internal service fund charges	500	691	807	807	807	807
Expenditure Totals	\$ 23,909	\$ 24,588	\$ 26,307	\$ 26,307	\$ 38,307	\$ 51,307

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

PUBLIC WORKS

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 fiscal 2016/17, The Public Works crew continued its change over in personnel with the retirement of three long time employees with an average service time of 27 years. In the office, a Civil Engineering/Project Manager position was added this year to help with the large number of funded capital improvement projects. The passage of Measure F will provide much needed funding for strengthening Capitola Wharf, #1 Jetty, and the flume.

FISCAL YEAR ACCOMPLISHMENTS – 2016/17

- Design efforts on the new Capitola Branch Library has begun with construction scheduled for the 2018/19 fiscal year.
- Paving completed on multiple streets throughout the city
- Continued to participate in local and regional storm water pollution prevention activities
- Excellent crew response to multiple winter storms
- Obtained confined space certification for pipeline inspections

FISCAL YEAR GOALS - 2017/18 and 2018/19

PUBLIC IMPROVEMENT

- Build a new library
- Partner with other City Departments on ADA compliance for City facilities and programs
- Initiate the design of wharf improvements
- Reconstruct the jetty
- Complete repairs to the flume

PUBLIC WORKS

Public Works Summary	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Revenue						
General Fund	\$ 2,252,463	\$ 2,333,926	\$ 2,642,466	\$ 2,560,543	\$ 2,654,480	\$ 2,731,726
Licenses and permits	16,440	23,254	15,000	31,000	20,000	20,000
Intergovernmental revenues	45,500	-	-	-	-	-
Charges for services	8,236	10,447	8,500	12,750	7,570	7,590
Other revenues	22,210	30,217	5,550	25,400	10,500	10,500
Revenue Totals	\$ 2,344,849	\$ 2,397,844	\$ 2,671,516	\$ 2,629,693	\$ 2,692,550	\$ 2,769,816
Expenditures						
Personnel	\$ 1,233,861	\$ 1,285,187	\$ 1,418,844	\$ 1,402,621	\$ 1,350,779	\$ 1,300,485
Contract services	661,073	632,422	750,500	753,900	812,000	815,700
Training & Memberships	3,638	1,579	3,900	2,500	2,000	2,000
Supplies	333,390	355,613	351,600	324,000	338,000	343,000
Capital outlay	-	-	-	-	10,000	10,000
Internal service fund charges	112,887	122,633	146,672	146,672	179,771	298,631
Expenditure Totals	\$ 2,344,849	\$ 2,397,434	\$ 2,671,516	\$ 2,629,693	\$ 2,692,550	\$ 2,769,816
Authorized Positions						
	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	-	-	-	-	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
Field Supervisor	-	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I & II	8.00	9.00	9.00	8.00	9.00	9.00
Maintenance Worker III	1.00	-	1.00	-	1.00	1.00
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	-	1.00	1.00	1.00	1.00	1.00
FTE Total	12.00	14.00	15.00	13.00	16.00	16.00

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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 Community Development Block Grant (CDBG) programs. The Department provides staff support to the City Council, Planning Commission, and the Architectural and Site Review Committee.

KEY CHANGES

There are no significant changes for FY17/18.

FISCAL YEAR ACCOMPLISHMENTS – 2016/17

- Adopted a new wireless telecommunications ordinance which complies with federal law
- Amended the City's marijuana ordinance to comply with new state legislation
- Initiated an update to the City's American's with Disabilities Act (ADA) Transition Plan
- Released final draft Zoning Code update for public review and comment
- Developed guidance documents to assist customers with permit processing
- Assisted four lower income households through the City's Housing Rehabilitation Program
- Initiated a Free Energy Efficiency Upgrade Program for seniors, disabled persons, and lower income households
- Completed a citywide code enforcement sweep of unpermitted vacation rentals
- 147 planning permits issued, July, 2016 through April, 2017
- Issued 351 building permits / total valuation of over \$10 million, July, 2016 through April, 2017
- Responded to 98 code enforcement complaints, July, 2016 through April, 2017

FISCAL YEAR GOALS - 2017/18 and 2018/19

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

PUBLIC SERVICE

- Work with new mall owners to investigate opportunities for positive redevelopment
- Update the City's ADA Transition Plan
- Complete local adoption of the Zoning Code Update
- Submit the Zoning Code Update to the Coastal Commission for LCP certification
- Update the Green Building Ordinance
- Continue to implement customer service improvements (applicant guidance documents, website improvements, etc.)

COMMUNITY DEVELOPMENT

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Community Development	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 193,956	\$ 145,733	\$ 281,518	\$ 264,576	\$ 297,657	\$ 332,115
Licenses and permits	220,445	246,181	245,150	241,550	245,000	245,000
Charges for services	284,476	318,217	277,000	275,000	249,000	229,000
Fines and forfeitures	1,720	6,376	-	3,000	3,000	3,000
Revenue Totals	\$ 700,597	\$ 716,507	\$ 803,668	\$ 784,126	\$ 794,657	\$ 809,115

Expenditures

Personnel	\$ 533,211	\$ 610,718	\$ 637,312	\$ 638,220	\$ 647,457	\$ 666,541
Contract services	112,084	38,286	81,100	66,100	62,600	62,600
Training & Memberships	4,232	9,386	16,000	11,050	11,500	11,500
Supplies	1,870	5,122	6,400	5,900	6,400	6,400
Internal service charges	49,200	52,995	62,856	62,856	66,700	62,074
Expenditure Totals	\$ 700,597	\$ 716,507	\$ 803,668	\$ 784,126	\$ 794,657	\$ 809,115

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Authorized Positions	Actual	Actual	Adopted	Estimated	Proposed	Planned
Community Dev. Director	1.00	1.00	1.00	1.00	1.00	1.00
Senior Planner	1.00	1.00	1.00	1.00	1.00	1.00
Associate Planner	0.50	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	4.50	5.00	5.00	5.00	5.00	5.00

Officials Positions

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

Officials Annual Pay

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

RECREATION

CULTURE & LEISURE

MISSION

The Capitola Recreation Department'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 Department 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 2,000 children annually. These programs bring parents and children to the City. The Recreation Department receives an additional 4,500 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 approximately 65 young people through the Junior Lifeguard Captains Corps and another 20-30 through the Camp Capitola Junior Leader Program.

KEY CHANGES

The City hired a Beach Lifeguard Captain and two Lifeguard Lieutenants to oversee the 2017 Junior Lifeguard program and to meet the CSLSA requirements, and Junior Guard instructor salaries were raised to those of lifeguards. Camp Capitola staff salaries were also increased.

FISCAL YEAR ACCOMPLISHMENTS – 2016/17

- Accomplished the reinstatement of the Capitola Beach Lifeguard Chapter by the California Surf Lifesaving Association (CSLSA) pending the submission of bylaws
- Created and implemented resident priority for online registration for the 2017 Junior Lifeguard Program
- Worked extensively with ActiveNet to revise and improve the online registration process for Junior Lifeguard program scholarship recipients
- Worked with the City of Santa Cruz Fire Department Marine Safety Division and the Capitola staff to provide training and to certify all Capitola Junior Lifeguard staff as beach lifeguards
- Through the Junior Lifeguard Captains Corps and the Camp Capitola Junior Leader program, provided opportunities for over 60 teens to train for future summer employment as Junior Lifeguard Instructors and Camp Leaders
- Provided employment for approximately 40 summer seasonal employees
- Updated and expanded training for all recreation summer employees
- Offered new classes every session, and worked to develop new programming for pre-school and school-age children
- Maintained steady enrollment in classes
- At the direction of the City Council, reduced the overall number of Junior Guard participants to make the program more manageable
- Produced six Capitola Recreation brochures; updated website and Facebook regularly
- Increased social media traffic for the recreation sites by over 40%
- Continued work with community groups for the use of the City's recreational facilities

FISCAL YEAR GOALS - 2017/18 and 2018/19

- Enhance participation and revenue by continuing to evaluate community interests and offering new programs
- Increase participation in Camp Capitola through revising and updating the Camp description, and implementing a new marketing plan
- Evaluate community interest in classes or events at the McGregor Park site
- Continue promotional marketing, advertising, Facebook and other social media posting; evaluate regularly for effectiveness and continue to explore other options
- Continue to look for improved training opportunities for recreation staff
- Evaluate policies and procedures to make sure they align with best practices

RECREATION

Recreation Summary 1000-50-50-xxx	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Revenue						
General Fund	\$ 32,275	\$ 85,124	\$ 148,099	\$ 170,299	\$ 286,196	\$ 309,931
Recreation Classes	\$ 281,714	\$ 274,881	\$ 285,000	\$ 280,000	\$ 275,000	\$ 275,000
Capitola Junior Guards	312,164	328,460	332,000	355,300	269,000	269,000
Camp Capitola	138,964	129,319	149,500	110,000	105,000	105,000
Sports Teams	31,941	18,605	28,500	25,000	22,000	22,000
Total Charges for Svcs.	\$ 764,783	\$ 751,265	\$ 795,000	\$ 770,300	\$ 671,000	\$ 671,000
Use of money & property	\$ 7,012	\$ 6,799	\$ 6,900	\$ 7,000	\$ 7,000	\$ 7,000
Revenue Totals	\$ 804,070	\$ 843,188	\$ 949,999	\$ 947,599	\$ 964,196	\$ 987,931
Expenditures						
Personnel	\$468,471	\$501,798	\$556,173	\$ 562,523	\$ 577,004	\$ 604,488
Contract services	233,233	224,400	248,750	239,950	244,050	244,050
Training & Memberships	2,454	4,197	3,860	7,360	8,300	8,300
Supplies	58,212	60,641	64,850	61,400	70,350	67,350
Internal service fund charges	41,700	52,152	76,366	76,366	64,492	63,743
Expenditure Totals	\$ 804,070	\$ 843,188	\$ 949,999	\$ 947,599	\$ 964,196	\$ 987,931
Authorized Positions						
	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Recreation Coordinator	1.25	1.50	1.50	1.50	1.50	1.50
Recreation Assistant	0.50	0.75	0.75	0.75	0.75	0.75
Recreation Facilities Custodian	-	0.50	0.50	0.50	0.50	0.50
FTE Total	2.75	3.75	3.75	3.75	3.75	3.75
Hourly Allocation						
Beach Lifeguard Captain	-	-	-	-	720	720
Jr. Lifeguard Instructor	7,000	8,350	8,500	8,200	8,200	8,200
Jr. Lifeguard Coordinator	450	800	700	700	800	800
Camp Capitola Leader	2,500	2,450	2,500	2,500	2,500	2,500
Camp Capitola Coordinator	480	-	400	400	400	400
CC Jr. Leader Coordinator	400	700	400	400	400	400
Recreation Admin Temps	3,300	1,285	1,500	2,400	2,400	2,400
Sports Scorekeepers	2,100	865	1,500	900	900	900
Recreation Facilities Assistant	1,100	-	-	-	-	-
Hours Total	17,330	14,450	15,500	15,500	16,320	16,320

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 – 2016/17

- Opened a new exhibit, “The Nature of Capitola”
- Received more than 500 donated volunteer hours, and welcomed over 6,000 guests to the museum, publicized volunteer program
- Provided walking tours and lectures for local organizations and the public
- Museum hours now Thursday – Sunday to better serve the public
- Implemented an electronic scheduling system to help volunteers
- Worked to improve the documentation of the Museum collections.
- Installed alarm for security and volunteer safety

FISCAL YEAR GOALS - 2017/18 and 2018/19

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

MUSEUM						
Capitola Museum 1000-50-51-000	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Revenue						
General Fund	\$ 49,392	\$ 53,517	\$ 64,938	\$ 58,216	\$ 62,394	\$ 63,464
Other revenues	5,357	5,881	6,250	6,900	6,500	6,500
Revenue Totals	\$ 54,749	\$ 59,398	\$ 71,188	\$ 65,116	\$ 68,894	\$ 69,964
Expenditures						
Personnel	\$35,329	\$39,741	\$38,756	\$ 37,169	\$ 35,992	\$ 37,062
Contract services	4,460	4,634	4,800	4,815	13,250	13,250
Training & Memberships	-	-	-	-	-	-
Supplies	11,560	11,042	22,500	18,000	14,000	14,000
Internal service fund charges	3,400	3,981	5,132	5,132	5,652	5,652
Expenditure Totals	\$ 54,749	\$ 59,398	\$ 71,188	\$ 65,116	\$ 68,894	\$ 69,964
Authorized Positions						
Museum Curator	0.75	0.50	0.50	0.50	0.50	0.50
FTE Total	0.75	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 – 2016/17

- Obtained sponsors obtained to continue funding summer events
- Continued rotating Art Displays program in City of Capitola buildings.
- Recommended public art projects for the City
- Added 13th Twilight Concert in 2016

FISCAL YEAR GOALS - 2017/18 and 2018/19

PUBLIC IMPROVEMENT

- Continue to offer free, family events and entertainment in Capitola
- Display art work by community members at City facilities
- Investigate new opportunities for public art in Capitola
- 13 Twilight Concert again in 2017

ART & CULTURE

Art & Cultural Commission 1000-50-52-000	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Revenue						
General Fund	\$17,240	\$26,042	\$35,630	\$ 25,355	\$ 25,806	\$23,475
Other revenues	25,535	27,534	22,600	37,400	36,800	38,600
Revenue Totals	\$42,775	\$53,576	\$58,230	\$ 62,755	\$ 62,606	\$62,075
Expenditures						
Personnel	\$10,461	\$13,475	\$14,455	\$ 14,455	\$ 15,765	\$16,434
Contract services	23,750	30,393	32,400	36,900	34,850	33,650
Supplies	6,064	6,780	7,500	7,525	7,900	7,900
Internal service fund charges	2,500	2,928	3,875	3,875	4,091	4,091
Expenditure Totals	\$42,775	\$53,576	\$58,230	\$ 62,755	\$ 62,606	\$62,075
<u>Hourly Employee Allocation</u>						
Hours	480	503	480	550	480	480

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

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.

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.

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

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.

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.

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. The City provides IT services through a contract. The FY 2016/17 budget reflected the City's desire to bring those services back in-house, which was ultimately decided against. The FY 2017/18 budget continues IT services with an outside vendor along with migrating the City's financial system from an in-house environment to a hosted environment.

SOURCES AND USES

Fund - 2211	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 166,845	\$ 145,980	\$ 138,452	\$ 138,452	\$ 113,352	\$ 113,352
Revenue						
Other Revenues	\$ 3,845	\$ 3,468	\$ 3,500	\$ 35,000	\$ 3,500	\$ 3,500
Internal Service Charges	130,000	130,000	203,000	203,000	278,800	278,800
Other Financing Sources	-	43,660	-	-	-	-
Revenue Totals	\$133,845	\$177,128	\$206,500	\$238,000	\$282,300	\$282,300
Expenditures						
Contract Services	\$ 46,722	\$ 133,097	\$ 96,000	\$ 156,100	\$ 161,300	\$ 161,300
Training & Memberships	160	160	1,000	1,000	1,000	1,000
Supplies	49,337	51,399	56,000	56,000	60,000	60,000
Capital Outlay	58,491	-	50,000	50,000	60,000	60,000
Expenditure Totals	\$154,710	\$184,656	\$203,000	\$263,100	\$282,300	\$282,300
Fund Balance at 06/30	\$145,980	\$138,452	\$141,952	\$113,352	\$113,352	\$113,352

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	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 205,291	\$ 159,241	\$ 261,375	\$ 261,375	\$ 281,875	\$ 281,875
Revenue						
Internal Service Charges	\$ 249,300	\$ 344,500	\$ 428,000	\$ 428,000	\$ 428,000	\$ 400,700
Other Financing Sources	89,350	100,953	-	-	-	-
Revenue Totals	\$ 338,650	\$ 445,453	\$ 428,000	\$ 428,000	\$ 428,000	\$ 400,700
Expenditures						
Contract Services	\$ 383,585	\$ 343,319	\$ 427,000	\$ 407,000	\$ 427,000	\$ 427,000
Supplies	1,115	-	1,000	500	1,000	1,000
Expenditure Totals	\$ 384,700	\$ 343,319	\$ 428,000	\$ 407,500	\$ 428,000	\$ 428,000
Fund Balance at 06/30	\$ 159,241	\$ 261,375	\$ 261,375	\$ 281,875	\$ 281,875	\$ 254,575

WORKERS' COMPENSATION FUND

The Workers' Compensation Fund satisfies the requirements of the Capitola Municipal Code, 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

Fund - 2214	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 321,853	\$ 321,857	\$ 217,852	\$ 217,852	\$ 217,852	\$ 217,852
Revenue						
Internal Service Charges	\$ 364,100	\$ 385,000	\$ 415,000	\$ 415,000	\$ 321,000	\$ 320,730
Revenue Totals	<u>\$ 364,100</u>	<u>\$ 385,000</u>	<u>\$ 415,000</u>	<u>\$ 415,000</u>	<u>\$ 321,000</u>	<u>\$ 320,730</u>
Expenditures						
Contract Services	\$ 364,096	\$ 389,005	\$ 415,000	\$ 415,000	\$ 321,000	\$ 321,000
Other Financing Uses	-	100,000	-	-	-	-
Expenditure Totals	<u>\$ 364,096</u>	<u>\$ 489,005</u>	<u>\$ 415,000</u>	<u>\$ 415,000</u>	<u>\$ 321,000</u>	<u>\$ 321,000</u>
Fund Balance at 06/30	\$ 321,857	\$ 217,852	\$ 217,852	\$ 217,852	\$ 217,852	\$ 217,582

STORES FUND

The Stores Fund accounts for general supplies and postage. The Executive Assistant to the City Manager orders and maintains supplies for the City. This also includes the rental of the postage machine and the repair and maintenance of shared office equipment.

SOURCES AND USES						
Fund - 2210	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 7,859	\$ 18,933	\$ 21,827	\$ 21,827	\$ 24,652	\$ 24,652
Revenue						
Other Revenues	\$ 396	\$ 458	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	39,100	35,000	35,000	35,000	37,250	28,607
Revenue Totals	\$ 39,496	\$ 35,458	\$ 35,000	\$ 35,000	\$ 37,250	\$ 28,607
Expenditures						
Contract Services	\$ 10,050	\$ 6,244	\$ 10,000	\$ 5,675	\$ 10,250	\$ 10,250
Supplies	18,372	26,320	25,000	26,500	27,000	27,000
Expenditure Totals	\$ 28,422	\$ 32,564	\$ 35,000	\$ 32,175	\$ 37,250	\$ 37,250
Fund Balance at 06/30	\$ 18,933	\$ 21,827	\$ 21,827	\$ 24,652	\$ 24,652	\$ 16,009

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 17/18 CAPITAL OUTLAY

Beach Loader/Tractor	\$225,000
- 100,000 provided from Measure F Funds	
Public Works truck	\$26,000
New Parking Station Interface	\$50,000
Police Communication Tower	\$100,000
- \$35,000 provided by SLESF Funds	
Tractor Components	<u>\$11,200</u>
Total	\$412,200

FY 18/19 CAPITAL OUTLAY

Sweeper	\$200,000
Chipper	\$40,000
Police Vehicles	\$23,000
Concrete Breaker	\$12,000
Ditch Witch Vector System	<u>\$25,000</u>
Total	\$300,000

SOURCES AND USES

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Fund - 2212	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 118,058	\$ 124,178	\$ 131,309	\$ 131,309	\$ 175,009	\$ 72,809
Revenue						
Other revenues	\$ -	\$ 17,554	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	68,147	60,000	78,000	78,000	125,000	230,000
Other Financing Sources	-	50,000	50,000	62,000	185,000	50,000
Revenue Totals	<u>68,147</u>	<u>127,554</u>	<u>128,000</u>	<u>140,000</u>	<u>310,000</u>	<u>280,000</u>
Expenditures						
Capital Outlay	\$ 62,027	\$ 120,423	\$ 78,000	\$ 96,300	\$ 412,200	\$ 300,000
Expenditure Totals	<u>\$ 62,027</u>	<u>\$ 120,423</u>	<u>\$ 78,000</u>	<u>\$ 96,300</u>	<u>\$ 412,200</u>	<u>\$ 300,000</u>
Fund Balance at 06/30	\$ 124,178	\$ 131,309	\$ 181,309	\$ 175,009	\$ 72,809	\$ 52,809

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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	4 months
Public Works Director	4 months
Community Development Director	4 months
Finance Director	4 months

SOURCES AND USES

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Fund - 2216	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 57,874	\$ (8,869)	\$ 16,189	\$ 16,189	\$ 36,189	\$ 36,189
Revenue						
Other financing sources	\$ 110,000	\$ 179,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Revenue Totals	\$ 110,000	\$ 179,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures						
Personnel	\$ 176,743	\$ 153,942	\$ 200,000	\$ 180,000	\$ 200,000	\$ 200,000
Expenditure Totals	\$ 176,743	\$ 153,942	\$ 200,000	\$ 180,000	\$ 200,000	\$ 200,000
Fund Balance at 06/30	\$ (8,869)	\$ 16,189	\$ 16,189	\$ 36,189	\$ 36,189	\$ 36,189

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, 2016, is \$823,234.

SPECIAL REVENUE FUNDS



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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.

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. In addition to front line equipment the Police Department anticipates a \$35,000 transfer to the Equipment Fund to pay for a portion of the Police Communications Radio Tower relocation.

SOURCES AND USES

Fund - 1300 SLESF	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 119,531	\$ 101,481	\$ 97,821	\$ 97,821	\$ 14,421	\$ 13,821
Revenue						
Intergovernmental revenues	\$ 106,230	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Use of money & property	344	450	300	300	400	400
Other revenues	-	-	-	4,000	-	-
Revenue Totals	\$ 106,574	\$ 100,450	\$ 100,300	\$ 104,300	\$ 100,400	\$ 100,400
Expenditures						
Contract services	\$ 1,310	\$ 2,401	\$ 2,700	\$ 2,700	\$ 3,000	\$ 3,000
Supplies	35,143	53,128	46,200	20,000	45,000	45,000
Capital outlay	88,171	48,581	15,000	165,000	18,000	18,000
Other financing uses	-	-	-	-	35,000	-
Expenditure Totals	\$ 124,624	\$ 104,110	\$ 63,900	\$ 187,700	\$ 101,000	\$ 66,000
Fund Balance at 06/30	\$ 101,481	\$ 97,821	\$ 134,221	\$ 14,421	\$ 13,821	\$ 48,221

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

SANTA CRUZ COUNTY ANTI-CRIME TEAM

POLICE

The Santa Cruz County Anti-Crime Team (SCCACT) was a joint task force that included participation by all county law enforcement agencies (either staffing or funding) to address violent crime and the sale of narcotics that support criminal street gang activity in and around Santa Cruz County. The District Attorney's Office disbanded the team in 2016.

SOURCES AND USES

Fund - 1301 SCC Anti-Crime Team	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ (789)	\$ (209)	\$ -	\$ -	\$ -	\$ -
Revenue						
Other revenues	\$ 78,403	\$ 42,616	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 78,403	\$ 42,616	\$ -	\$ -	\$ -	\$ -
Expenditures						
Personnel	\$ 77,823	\$ 42,407	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 77,823	\$ 42,407	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ (209)	\$ -	\$ -	\$ -	\$ -	\$ -

Fund closed 6/30/2016.

RTC STREETS**PUBLIC WORKS**

This fund accounts for receipts and expenditures of money received from the Santa Cruz County Regional Transportation Commission. The FY 2017/18 budget includes a \$200,000 transfer from the General Fund to improve the street maintenance program funded by the RTC.

A description of proposed projects is listed in the summary section of this budget.

SOURCES AND USES

Fund - 1309 RTC Streets	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance				\$ -	\$ -	\$ -
Revenue						
Intergovernmental revenues				\$ -	\$ 285,000	\$ 300,000
Other financing sources				-	200,000	-
Revenue Totals				\$ -	\$ 485,000	\$ 300,000
Expenditures						
Contract services				\$ -	\$ 485,000	\$ 300,000
Capital outlay				-	-	-
Expenditure Totals				\$ -	\$ 485,000	\$ 300,000
Fund Balance at 06/30				\$ -	\$ -	\$ -

1309 RTC Street Fund was established during FY 2016-17.

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 Gas Tax	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 20,869	\$ 83,211	\$ (40,124)	\$ (40,124)	\$ 2,130	\$ 72,151
Revenue						
Intergovernmental revenues	\$ 260,910	\$ 221,561	\$ 581,716	\$ 198,583	\$ 289,421	\$ 409,311
Use of money & property	209	233	200	50	-	-
Other revenues	39,002	6,775	-	-	-	-
Other financing sources	-	-	-	40,124	-	-
Revenue Totals	\$ 300,121	\$ 228,569	\$ 581,916	\$ 238,757	\$ 289,421	\$ 409,311
Expenditures						
Contract services	\$ 232,441	\$ 346,566	\$ 591,600	\$ 192,500	\$ 214,000	\$ 214,000
Debt service	5,338	5,338	-	4,003	5,400	5,400
Expenditure Totals	\$ 237,779	\$ 351,904	\$ 591,600	\$ 196,503	\$ 219,400	\$ 219,400
Fund Balance at 06/30	\$ 83,211	\$ (40,124)	\$ (49,808)	\$ 2,130	\$ 72,151	\$ 262,062

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 Wharf	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 72,794	\$ 93,858	\$ 84,426	\$ 84,426	\$ 68,076	\$ 58,176
Revenue						
Use of money & property	\$ 92,210	\$ 80,471	\$ 86,850	\$ 85,450	\$ 85,700	\$ 85,700
Revenue Totals	\$ 92,210	\$ 80,471	\$ 86,850	\$ 85,450	\$ 85,700	\$ 85,700
Expenditures						
Contract services	\$ 65,276	\$ 80,080	\$ 105,900	\$ 90,800	\$ 86,100	\$ 86,100
Supplies	5,870	9,823	6,000	11,000	9,500	9,500
Expenditure Totals	\$ 71,146	\$ 89,903	\$ 111,900	\$ 101,800	\$ 95,600	\$ 95,600
Fund Balance at 06/30	\$ 93,858	\$ 84,426	\$ 59,376	\$ 68,076	\$ 58,176	\$ 48,276

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 is currently working on 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	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 98,828	\$103,471	\$ 60,235	\$ 60,235	\$ 9,135	\$ 28,135
Revenue						
Intergovernmental revenues	\$ 15,682	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	83,789	81,529	85,000	50,000	75,000	75,000
Use of money & property	343	446	-	400	-	-
Revenue Totals	\$ 99,814	\$ 81,975	\$ 85,000	\$ 50,400	\$ 75,000	\$ 75,000
Expenditures						
Contract services	\$ 94,744	\$123,348	\$111,000	\$101,000	\$ 56,000	\$ 56,000
Supplies	427	1,863	3,000	500	-	-
Expenditure Totals	\$ 95,171	\$125,211	\$114,000	\$101,500	\$ 56,000	\$ 56,000
Fund Balance at 06/30	\$103,471	\$ 60,235	\$ 31,235	\$ 9,135	\$ 28,135	\$ 47,135

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 Green Building	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$121,971	\$118,036	\$118,464	\$118,464	\$118,464	\$112,464
Revenue						
Charges for services	\$ 8,371	\$ 15,928	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Revenue Totals	\$ 8,371	\$ 15,928	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Expenditures						
Contract services	\$ 12,306	\$ 15,500	\$ 25,000	\$ 15,000	\$ 20,000	\$ 20,000
Training & Memberships	-	-	2,000	1,000	2,000	2,000
Supplies	-	-	2,000	2,000	2,000	-
Expenditure Totals	\$ 12,306	\$ 15,500	\$ 29,000	\$ 18,000	\$ 24,000	\$ 22,000
Fund Balance at 06/30	\$118,036	\$118,464	\$107,464	\$118,464	\$112,464	\$108,464

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

- Historical directional signs
- Sea Kelp Medallion on Esplanade Park
- Sea Wall tiles
- Graphic traffic box art
- Wharf Road Mural & 41st Ave median
- Bay Avenue tile mural
- Esplanade kiosk
- 41st Avenue street median
- Extension of Wharf Road mural

SOURCES AND USES

Fund - 1315	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Public Art	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$222,428	\$232,489	\$251,988	\$251,988	\$253,428	\$187,428
Revenue						
Charges for services	\$ 35,207	\$ 24,000	\$ 30,000	\$ 5,000	\$ 15,000	\$ 90,000
Revenue Totals	\$ 35,207	\$ 24,000	\$ 30,000	\$ 5,000	\$ 15,000	\$ 90,000
Expenditures						
Personnel	\$ 3,078	\$ -	\$ 3,300	\$ -	\$ -	\$ -
Contract services	22,068	4,483	36,000	3,500	81,000	131,000
Supplies	-	18	-	60	-	-
Expenditure Totals	\$ 25,146	\$ 4,501	\$ 39,300	\$ 3,560	\$ 81,000	\$131,000
Fund Balance at 06/30	\$232,489	\$251,988	\$242,688	\$253,428	\$187,428	\$146,428

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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 Parking Reserve	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 21,662	\$ 4,252	\$ 737	\$ 737	\$ 737	\$ 737
Revenue						
Other financing sources	\$100,000	\$118,900	\$100,000	\$100,000	\$100,000	\$100,000
Revenue Totals	\$100,000	\$118,900	\$100,000	\$100,000	\$100,000	\$100,000
Expenditures						
Capital outlay	\$ 17,410	\$ 22,415	\$ -	\$ -	\$ -	\$ -
Other financing uses	100,000	100,000	100,000	100,000	100,000	100,000
Expenditure Totals	\$117,410	\$122,415	\$100,000	\$100,000	\$100,000	\$100,000
Fund Balance at 06/30	\$ 4,252	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Technology Fee	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$48,441	\$50,154	\$49,576	\$ 49,576	\$ 45,276	\$41,276
Revenue						
Charges for services	\$11,121	\$12,670	\$10,500	\$ 11,700	\$ 11,000	\$11,000
Revenue Totals	\$11,121	\$12,670	\$10,500	\$ 11,700	\$ 11,000	\$11,000
Expenditures						
Contract services	\$ 5,000	\$ 9,373	\$10,000	\$ 10,000	\$ 10,000	\$10,000
Supplies	4,408	3,875	6,000	6,000	5,000	5,000
Expenditure Totals	\$ 9,408	\$13,248	\$16,000	\$ 16,000	\$ 15,000	\$15,000
Fund Balance at 06/30	\$50,154	\$49,576	\$44,076	\$ 45,276	\$ 41,276	\$37,276

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 Public Education & Gov't.	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$43,112	\$50,086	\$58,224	\$ 58,224	\$ 58,074	\$59,174
Revenue						
Licenses and permits	\$18,003	\$17,221	\$17,000	\$ 17,000	\$ 16,000	\$16,000
Use of money & property	120	201	50	350	100	100
Revenue Totals	\$18,123	\$17,422	\$17,050	\$ 17,350	\$ 16,100	\$16,100
Expenditures						
Contract services	\$ 5,673	\$ -	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Supplies	-	9,284	-	-	-	-
Capital Outlay	5,476	-	10,000	10,000	7,500	7,500
Expenditure Totals	\$11,149	\$ 9,284	\$17,500	\$ 17,500	\$ 15,000	\$15,000
Fund Balance at 06/30	\$50,086	\$58,224	\$57,774	\$ 58,074	\$ 59,174	\$60,274

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

CAPITOLA VILLAGE/WHARF BUSINESS IMPROVEMENT AREA (BIA)

FINANCE

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

SOURCES AND USES

Fund - 1321	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Business Impr. Distr.	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 6,675	\$ 839	\$ (2)	\$ (2)	\$ 6,778	\$ 5,128
Revenue						
Charges for services	\$64,075	\$70,374	\$66,000	\$ 71,560	\$ 73,000	\$ 73,000
Use of money & property	73	97	-	-	100	100
Revenue Totals	\$64,148	\$70,471	\$66,000	\$ 71,560	\$ 73,100	\$ 73,100
Expenditures						
Contract services	\$57,679	\$57,312	\$53,000	\$ 47,400	\$ 60,950	\$ 60,950
Supplies	12,305	14,000	13,000	17,380	13,800	13,800
Expenditure Totals	\$69,984	\$71,312	\$66,000	\$ 64,780	\$ 74,750	\$ 74,750
Fund Balance at 06/30	\$ 839	\$ (2)	\$ (2)	\$ 6,778	\$ 5,128	\$ 3,478

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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.

SOURCES AND USES

Fund - 1350 CDBG Grants	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 42,459	\$ 30,659	\$(130,092)	\$ (130,092)	\$ 40,124	\$ 40,124
Revenue						
Intergovernmental revenues	\$(11,800)	\$ 17,338	\$ 300,000	\$ 287,000	\$ 100,000	\$ 80,000
Revenue Totals	\$(11,800)	\$ 17,338	\$ 300,000	\$ 287,000	\$ 100,000	\$ 80,000
Expenditures						
Contract services	\$ -	\$ 20,373	\$ 14,280	\$ 8,000	\$ 20,000	\$ -
Grants and subsidies	-	157,716	315,117	108,784	80,000	80,000
Expenditure Totals	\$ -	\$ 178,089	\$ 329,397	\$ 116,784	\$ 100,000	\$ 80,000
Fund Balance at 06/30	\$ 30,659	\$ (130,092)	\$(159,489)	\$ 40,124	\$ 40,124	\$ 40,124

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.

In FY14/15, the City was awarded a new \$500,000 CDBG grant. Fund balance will return to a positive balance as loans are repaid to the fund.

SOURCES AND USES

Fund - 1351 CDBG Program Income	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ (2,469)	\$ (3,069)	\$ (1,094)	\$ (1,094)	\$ 13,875	\$ 13,875
Revenue						
Use of money & property	\$ -	\$ 2,000	\$ -	\$ 14,969	\$ -	\$ -
Revenue Totals	\$ -	\$ 2,000	\$ -	\$ 14,969	\$ -	\$ -
Expenditures						
Contract services	\$ 600	\$ 25	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 600	\$ 25	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ (3,069)	\$ (1,094)	\$ (1,094)	\$ 13,875	\$ 13,875	\$ 13,875

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 to be 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 \$8.0 million from the bonds to be used towards the construction of the new branch library bringing the City's total available funds to \$10.6 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 FY 2017/18 proposed budget includes funds to start the construction of the library. The final construction cost is estimated at \$13.13 million with a funding plan being developed in FY 2017/18. The FY 2017/18 proposed budget includes \$779,129 to begin narrowing the current funding gap. Debt financing might be required to solve the funding gap.

SOURCES AND USES

Fund - 1360 Library	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 640,700	\$ 1,285,700
Revenue						
Intergovernmental	\$ -	\$ 23,300	\$ -	\$ 822,700	\$ 9,777,300	\$ -
Other financing sources	-	-	-	-	999,129	47,363
Revenue Totals	\$ -	\$ 23,300	\$ -	\$ 822,700	\$ 10,776,429	\$ 47,363
Expenditures						
Contract services	\$ -	\$ 27,487	\$ -	\$ 182,000	\$ 10,131,429	\$ -
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ 27,487	\$ -	\$ 182,000	\$ 10,131,429	\$ -
Fund Balance at 06/30	\$ -	\$ (4,187)	\$ -	\$ 640,700	\$ 1,285,700	\$ 1,333,063

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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 HOME Reuse	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$59,707	\$ 83,630	\$ 178,438	\$178,438	\$187,538	\$196,638
Revenue						
Use of money & property	\$27,123	\$ 98,968	\$ 12,300	\$ 12,300	\$ 12,300	\$ 12,300
Revenue Totals	\$27,123	\$ 98,968	\$ 12,300	\$ 12,300	\$ 12,300	\$ 12,300
Expenditures						
Contract services	\$ 3,200	\$ 4,160	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 3,200	\$ 4,160	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200
Fund Balance at 06/30	\$83,630	\$ 178,438	\$ 187,538	\$187,538	\$196,638	\$205,738

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	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$120,576	\$ 67,242	\$25,307	\$ 25,307	\$ 21,034	\$ 21,034
Revenue						
Charges for services	\$ 13,284	\$ 23,028	\$22,000	\$ 20,727	\$ 25,000	\$ 25,000
Revenue Totals	\$ 13,284	\$ 23,028	\$22,000	\$ 20,727	\$ 25,000	\$ 25,000
Expenditures						
Contract services	\$ 16,618	\$ 14,963	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	50,000	50,000	25,000	25,000	25,000	25,000
Expenditure Totals	\$ 66,618	\$ 64,963	\$25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fund Balance at 06/30	\$ 67,242	\$ 25,307	\$22,307	\$ 21,034	\$ 21,034	\$ 21,034

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 Successor	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$84,623	\$ 89,143	\$ 110,378	\$110,378	\$167,766	\$107,766
Revenue						
Use of money & property	\$43,986	\$ 57,457	\$ 15,000	\$ 84,763	\$ -	\$ -
Other revenues	-	4,000	-	781	-	-
Revenue Totals	\$43,986	\$ 61,457	\$ 15,000	\$ 85,544	\$ -	\$ -
Expenditures						
Contract Services	\$10,000	\$ 5,072	\$ 30,000	\$ 15,300	\$ 30,000	\$ 30,000
Supplies	25	150	-	-	-	-
Grants and Subsidies	29,441	35,000	30,000	12,856	30,000	30,000
Expenditure Totals	\$39,466	\$ 40,222	\$ 60,000	\$ 28,156	\$ 60,000	\$ 60,000
Fund Balance at 06/30	\$89,143	\$ 110,378	\$ 65,378	\$167,766	\$107,766	\$ 47,766

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. The initial \$300,000 funds the projected two-year increases in City contributions.

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 2017/18 budget of \$67,000 will ensure that the reserve will continue to meet or exceed its target level based on new expenditure levels.

SOURCES AND USES

Fund - 1020	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 584,106	\$ 1,049,206	\$ 1,262,206	\$ 1,262,206	\$ 1,277,206	\$ 1,344,206
Revenue						
Other Financing Sources	\$ 465,100	\$ 213,000	\$ 15,000	\$ 15,000	\$ 67,000	\$ 67,000
Revenue Totals	<u>\$ 465,100</u>	<u>\$ 213,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 67,000</u>	<u>\$ 67,000</u>
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	<u>\$ 1,049,206</u>	<u>\$ 1,262,206</u>	<u>\$ 1,277,206</u>	<u>\$ 1,277,206</u>	<u>\$ 1,344,206</u>	<u>\$ 1,411,206</u>
Gen. Fund Exp. - Excl. Tfns & Isf	\$ 11,238,263	\$ 11,695,546	\$ 12,596,953	\$ 12,393,310	\$ 12,480,774	\$ 12,691,708
Target Balance (10%)	\$ 1,123,826	\$ 1,169,555	\$ 1,259,695	\$ 1,239,331	\$ 1,248,077	\$ 1,269,171
Over / (Short) of Target	\$ (74,620)	\$ 92,651	\$ 17,511	\$ 37,875	\$ 96,129	\$ 142,035

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 2017/18 budget of \$133,000 will ensure that the reserve fund will continue to meet or exceed its target level based on new expenditure levels.

SOURCES AND USES

Fund - 1010	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 1,621,346	\$ 1,803,946	\$1,893,346	\$1,893,346	\$1,903,346	\$2,036,346
Revenue						
Other Financing Sources	\$ 182,600	\$ 89,400	\$ 10,000	\$ 10,000	\$ 133,000	\$ 133,000
Revenue Totals	\$ 182,600	\$ 89,400	\$ 10,000	\$ 10,000	\$ 133,000	\$ 133,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 1,803,946	\$1,893,346	\$1,903,346	\$1,903,346	\$2,036,346	\$2,169,346
Gen. Fund Exp. - Excl. Tfrs & Isf	\$ 11,238,263	\$ 11,695,546	\$ 12,596,953	\$ 12,393,310	\$ 12,480,774	\$ 12,691,708
Target Balance (15%)	\$ 1,685,739	\$ 1,754,332	\$ 1,889,543	\$ 1,858,997	\$ 1,872,116	\$ 1,903,756
Over / (Short) of Target	\$ 118,207	\$ 139,014	\$ 13,803	\$ 44,350	\$ 164,230	\$ 265,590

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 proposes to transfer an additional \$500,000 into the PERS trust fund to offset rising pension costs.

SOURCES AND USES

Fund - 1015	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 305,000	\$ 815,000
Revenue						
Use of money & property				\$ 5,000	\$ 10,000	\$ 10,000
Other Financing Sources	-	\$ 300,000	-	-	500,000	-
Revenue Totals	\$ -	\$ 300,000	\$ -	\$ 5,000	\$ 510,000	\$ 10,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ -	\$ 300,000	\$ 300,000	\$ 305,000	\$ 815,000	\$ 825,000

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 2017/18 budget includes funds for City Hall improvements (\$25,000) and Community Center parking lot repairs (\$75,000).

SOURCES AND USES

Fund - 1025	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ -	\$ 79,870	\$ 229,870	\$ 229,870	\$ 339,870	\$ 349,870
Revenue						
Other Financing Sources	\$ 167,000	\$ 150,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
Revenue Totals	<u>\$ 167,000</u>	<u>\$ 150,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>
Expenditures						
Contract Services	\$ 7,130	\$ -	\$ 218,000	\$ -	\$ 100,000	\$ 110,000
Other Financing Uses	80,000	-	-	-	-	-
Expenditure Totals	<u>\$ 87,130</u>	<u>\$ -</u>	<u>\$ 218,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 110,000</u>
Fund Balance at 06/30	\$ 79,870	\$ 229,870	\$ 121,870	\$ 339,870	\$ 349,870	\$ 349,870

MULTI-YEAR ASSETS & OBLIGATIONS



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MULTI-YEAR ASSETS & OBLIGATIONS

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

2007 Pension Obligation Bonds: The City of Capitola issued Taxable Pension Obligation Bonds of \$5,040,000 dated July 13, 2007, to finance the public employee retirement system (PERS) unfunded liability. The final debt payment will be made in August 2017.

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 eight 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, 2017	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 823,234	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 16,683,778	Actuarial	N/A	Pension Liability to CalPERS
Pension Obligation Bonds	\$ 645,000	PERS payments	10 years	\$5.04 million bonds - CalPERS 18 year, 7.75% liability, refinanced as a 10 year POB in 2007. Balance at June 30, 2017 reflects 9 years of principal payments.
Pacific Cove Lease Financing	\$ 1,415,100	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	\$ 1,203,621	Tax Exempt Lease	20 years	\$1,372,500 IBank loan - 20 year term beginning FY 2013/14, 2.26% interest
Total City Multi-Year Obligation	\$ 20,770,733			

(a) Compensated absences and Net Pension Liability are as of June 30, 2016.

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.
Monterey Bay Clean Energy	\$ 150,000	JPA letter of credit	n/a	City portion to fund initial start up cost, strictly credit pledge

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

2007 PENSION OBLIGATION BOND

DEBT SERVICE

The City of Capitola contracts with the California Public Employees' Retirement System (PERS) for four defined benefit retirement plans: classic safety, classic miscellaneous, PEPRAs safety and PEPRAs miscellaneous. The Public Employees' Pension Reform Act (PEPRA) went into effect on January 1, 2013, and applies to all non-classic employees hired after 2012. Contribution rates for each plan are composed of the normal cost (annual cost of service accrual for the upcoming fiscal year for active employees, also viewed as the long-term contribution rate) plus the additional unfunded accrued liability (the difference between the value of plan assets and the accrued plan liability).

In 2003, risk pooling was implemented as part of the PERS actuarial valuation process, in part to protect small employers against large fluctuations in employer contribution rates. The City of Capitola became part of two separate risk pools, one each for Safety and Miscellaneous employees. The existing unfunded actuarial accrued liabilities were segregated into side funds as the responsibility of each individual agency. The side fund was established with an 18-year life at the then-current PERS interest rate of 7.75%, with annual payments expressed as a percentage of payroll. As of June 30, 2007, the City of Capitola's UAAL was \$5,912,220, split evenly between the Safety and Miscellaneous Plans. In July 2007, the PERS UAAL obligation through June 30, 2007, was paid with a \$1 million pay down and issuance of \$5,040,000 in taxable pension obligation bonds (POB). The POB is a 10 year, 3.01% obligation, with the last payment due August 1, 2017. In May 2014, the CalPERS Board of Directors approved structural changes to risk pooling.

SOURCES AND USES

Fund - 1410	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund						
Balance	\$ 483,820	\$ 481,531	\$ 481,531	\$ 481,531	\$ 481,531	\$ -
Revenue						
Other Financing Sources	\$ 670,572	\$ 669,204	\$ 668,595	\$ 668,595	\$ 187,351	\$ -
Revenue Totals	\$ 670,572	\$ 669,204	\$ 668,595	\$ 668,595	\$ 187,351	\$ -
Expenditures						
Contract Services	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 4,500	\$ -
Debt Service	671,361	667,704	667,095	667,095	664,382	-
Expenditure Totals	\$ 672,861	\$ 669,204	\$ 668,595	\$ 668,595	\$ 668,882	\$ -
Fund Balance at 06/30	\$ 481,531	\$ 481,531	\$ 481,531	\$ 481,531	\$ -	\$ -

2007 Taxable Pension Obligation Bond
Debt Service schedule

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

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

	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Fund - 1420	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$329,658	\$330,403	\$131,520	\$ 131,520	\$131,520	\$131,520
Revenue						
Use of money & property	\$ 746	\$ 1,116	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	165,065	214,416	165,066	165,066	165,066	165,066
Revenue Totals	\$165,811	\$215,532	\$165,066	\$ 165,066	\$165,066	\$165,066
Expenditures						
Contract Services	\$ -	\$ 49,350	\$ -	\$ -	\$ -	\$ -
Debt Service	165,066	165,065	165,056	165,066	165,066	165,066
Other financing uses	-	200,000	-	-	-	-
Expenditure Totals	\$165,066	\$414,415	\$165,056	\$ 165,066	\$165,066	\$165,066
Fund Balance at 06/30	\$330,403	\$131,520	\$131,530	\$ 131,520	\$131,520	\$131,520

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 74,249	\$(38,371)	\$(39,185)	\$(39,185)	\$ -	\$ -
Revenue						
Interfund Transfers	\$ 86,054	\$ 89,561	\$ 89,192	\$128,377	\$ 89,004	\$88,812
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 86,054	\$ 89,561	\$ 89,192	\$128,377	\$ 89,004	\$88,812
Expenditures						
Construction Svcs. & Supplies	\$112,825	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Debt Service	85,849	89,375	89,192	89,192	89,004	88,812
Expenditure Totals	\$198,674	\$ 90,375	\$ 89,192	\$ 89,192	\$ 89,004	\$88,812
Fund Balance at 06/30	\$(38,371)	\$(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

Communication: Item 9. C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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CAPITAL IMPROVEMENT PROGRAM



CAPITAL IMPROVEMENT PROGRAM

PUBLIC WORKS

The City of Capitola's Capital Improvement Program oversees planning, design, and construction of the City's improvement projects. The CIP program is broken into facilities, parks, streets, creek enhancement, and neighborhood traffic projects. The projects are prioritized through the collaborative effort of City staff, City Council and the community. Keeping up City infrastructure requires long range planning and prioritizing to plan for necessary improvements, funding needs, and funding availability.

The City's facilities include City Hall, Police Station, Corporation Yard, Jade Street Park Community Center, Upper and Lower Pacific Cove Park Parking Lots, Capitola Municipal Wharf, and Library. Parks include McGregor Park complex (dog, skate, pump track), Monterey Park, Rispin/Peery Park, Cortez Park, Esplanade Park, Nobel Gulch Park, Soquel Creek Park, Library Tot-lot, Hihn Park, and multiple City medians, streetscapes, and public art displays.

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

The FY 17/18 proposed budget includes Measure F funding for a variety of projects including: Wharf preliminary design (\$160k), flume reconstruction (\$100k), jetty reconstruction (\$150k) and Grand Ave. path reconstruction (\$40k). During budget deliberations council appropriated an additional \$25,000 for Jade St. basketball court resurfacing and \$40,000 for senior exercise equipment.

SOURCES AND USES

Fund - 1200	FY14/15	FY15/16	FY16/17	FY16/17	FY17/18	FY18/19
Capital Improvement Program	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 936,646	\$ 1,624,409	\$ 1,892,316	\$ 1,892,316	\$ 1,006,565	\$ 1,056,565
Revenue						
Intergovernmental revenue	\$ -	\$ 383,925	\$ -	\$ 115,842	\$ -	\$ -
Other revenues	20,000	243,195	253,000	246,360	50,000	50,000
Other financing sources	1,069,900	1,692,435	752,047	752,047	515,000	1,100,000
Revenue Totals	\$1,089,900	\$ 2,319,555	\$ 1,005,047	\$ 1,114,249	\$ 565,000	\$ 1,150,000
Expenditures						
Contract services	\$ 402,137	\$ 2,051,648	\$ 752,047	\$ 2,000,000	\$ 515,000	\$ 1,100,000
Expenditure Totals	\$ 402,137	\$ 2,051,648	\$ 752,047	\$ 2,000,000	\$ 515,000	\$ 1,100,000
Fund Balance at 6/30	\$1,624,409	\$ 1,892,316	\$ 2,145,316	\$ 1,006,565	\$ 1,056,565	\$ 1,106,565

Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

SUCCESSOR AGENCY



Communication: Item 9.C. Revised Proposed Fiscal Year Budget for the City (ADDITIONAL MATERIALS)

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 - 2016/17

- Received approval for reimbursement of 57% of reinstated \$618,028 City co-op loan
- Received approval for ROPS 16-17 and 17-18
- Completed annual SB341 Housing Successor Status

FISCAL YEAR GOALS - 2017/18 and 2018/19

FISCAL POLICY

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

Fund - 5501 Successor Agency	SOURCES AND USES					
	FY14/15 Actual	FY15/16 Actual	FY16/17 Adopted	FY16/17 Estimated	FY17/18 Proposed	FY18/19 Planned
Beginning Fund Balance	\$ 607,859	\$ 216,970	\$ 382,836	\$ 382,836	\$ 379,817	\$ 337,859
Revenue						
Intergovernmental	\$ 472,789	\$ 708,956	\$ 424,331	\$ 566,876	\$ 595,000	\$ 264,387
Revenue Totals	\$ 472,789	\$ 708,956	\$ 424,331	\$ 566,876	\$ 595,000	\$ 264,387
Expenditures						
Contract Services	\$ 150,000	\$ 60,000	\$ 40,000	\$ 40,000	\$ 30,000	\$ 15,000
Grants and subsidies	172,596	202,024	202,024	202,024	202,024	202,024
Debt service	432,494	11,866	114,871	114,871	354,129	47,363
Other financing uses	108,588	269,200	213,000	213,000	50,805	-
Expenditure Totals	\$ 863,678	\$ 543,090	\$ 569,895	\$ 569,895	\$ 636,958	\$ 264,387
Fund Balance at 06/30	\$ 216,970	\$ 382,836	\$ 237,272	\$ 379,817	\$ 337,859	\$ 337,859

CITY OF CAPITOLA

Department of Public Works

MEMORANDUM

TO: City Council

FROM: Steven Jesberg, Public Works Director

DATE: June 8, 2017

SUBJECT: Supplemental Material Item No. 9.C
Request to Add Action Item to Agenda
Adjust 2017/18 Budget and Award a Contract to Power Engineering for
Repair to the Wharf

Recommended Actions:

1. By vote of the Council make the findings that in order to make repairs to the Capitola Wharf immediate action must be taken and that information related to that action came to staff's attention after the posting of the agenda. This vote must pass by two-thirds of the Council (4/5).
2. Add an action item to Item No. 9.C, Consideration of the 2017/18 General Fund Budget, to Award a contract to Power Engineering in the amount of \$126,300 for Repairs to the Wharf necessary to open the marina.
3. Amend the proposed Measure F allocation of funds in the 2017/18 proposed budget to allocate \$47,800 to the 2017 Wharf Repairs, taking \$20,000 from the Grand Avenue Pathway budget and \$27,800 from the Wharf Redesign Budget.
4. Amend the proposed Wharf Fund to allocate the 2017/18 estimated fund balance of \$78,500 to the 2017 Wharf Repairs

Discussion:

As the City Council is aware, in late April this year one of the steel piles that holds the floating docks in place broke in high surf. Without this steel pile, Public Works was unable to install the floating docks that allows for the rental and operations of the buoys in the marina forcing Capitola Boat and Bait to close the marina. Public Works staff has been seeking options for both temporary and permanent repairs that would allow the docks to be put in place. One of the options was to contract Power Engineering to determine if it had crew and material available to respond this summer.

In later May, Power Engineering determined that it would be able to do the work and provided the attached quote dated June 2, 2017 for making the repairs, which staff was unable to review and make recommendations regarding prior to the posting of the agenda. The work includes providing four steel piles and installing two at this time. Divers will be in the water during the installation and they will inspect the remaining five steel piles and if deemed necessary replace two more. To get the equipment out to the area of the steel piles, it will be necessary for them to replace a missing wooden pile on the trestle portion of the wharf. Power has quoted a cost of \$115,700 to mobilize and replace the steel piles. The additional cost to install the wood pile is \$10,600, bringing the total recommended contract cost to \$126,300. It is recommended that an emergency contract be awarded to Power Engineering without going through the public bidding process due to the fact that there is insufficient time to bid the project and open the marina this summer.

Communication: Item 9.C. Emergency Wharf Repairs (ADDITIONAL MATERIALS)

Fiscal Impact:

Sufficient funding for the repair project can be allocated in the proposed 2017/18 budget and with following changes to the Measure F allocations and Wharf Fund:

Measure F:

Item	Original Allocation	Proposed Change	New Allocation
2017 Wharf Repairs	\$0	\$47,800	\$47,800
Wharf Redesign	\$160,000	-\$27,800)	\$132,200
Grand Avenue Pathway	\$40,000	-\$20,000)	\$20,000

Wharf Fund:

Item	Original Allocation	Proposed Change	New Allocation
Fund Balance	\$78,500	-\$78,500)	\$0
2017 Wharf Repairs	\$0	\$78,500	\$78,500

These changes can be accommodated within these funds without impacting any work anticipated in the next fiscal year. In Measure F, the work of the Wharf Resdesign will take longer than a year, and the funding allocation exceeded the anticipated expenditures for 2017/18. The funding for the Grand Avenue Pathway was being held for anticipated studies that may be necessary in the future.

The Wharf Fund changes allocate the available fund balance which is typically held as a reserve for such projects.



June 2, 2017

Mr. Steve Jesberg
City of Capitola
420 Capitola Ave
Capitola, CA 95010
(831) 475-7300

Reference: Capitola Pier Steel Pile Removal and Installation

Dear Mr. Jesberg:

Power Engineering is pleased to provide a proposal for all labor, material, equipment, and supervision necessary to supply 4 EA 6" pipe piles, remove and replace 2 EA existing 6" pipe piles at the South-East end of the Pier, store 2 EA 6" pipe piles behind the bait shop for a Time and Materials cost not to exceed **\$115,700.00**.

Add Option 1: Once onsite Power Engineering can supply and install 14" diameter Greenheart timber piling as directed by the City of Capitola for an additional Time and Materials cost not to exceed **\$10,600.00** for the first pile, and **\$8,100.00** for each additional pile to the maximum of 4 each. Three piles are available at 40', one pile at 50'. We will provide an additional cost delta for purchasing and trucking an immediately available treated Douglas Fir pile at 60' for replacement of the pile identified on Bent 72 currently located in Southern CA. We anticipate having this cost for review Tuesday, May 30th.

Add Option 2: Once onsite Power Engineering can supply and install 6' long HDPE sleeves over existing 6" pipe piles weighted with SS316 material to sit on mudline for a Time and Materials cost not to exceed **\$4,500.00**. In conversation with Moffatt and Nichol, the 6" pipe piles typically break at mudline from what they anticipate originates from sand abrasion. We anticipate these sleeves would help protect the pile and coating extending their service life.

Add Option 3: Power can perform a single day pier inspection with ADCI certified dive team and video documentation for a cost not to exceed **\$7,500.00**.

Add Option 4: Power can substitute supply of 4 EA 6" coated steel pipe piles with 4 EA 6" stainless steel pipe piles for an added cost of **\$19,500.00**.

Assumptions:

- All needed permits furnished by City of Capitola.
- Deck removed to drive timber pile will be replaced with new boards from joist to joist, not full width of pier. If full width is requested it can be furnished at additional cost.

Should you have any questions, please do not hesitate to contact me at 510-502-1510.

Regards:

Power Engineering Contractors, Inc.

Wayne Stonecipher



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: City Manager Department

SUBJECT: Consider the May 25, 2017, City Council Regular Meeting Minutes

RECOMMENDED ACTION: Approve minutes.

DISCUSSION: Attached for City Council review and approval are the minutes of the regular meeting of May 25, 2017.

ATTACHMENTS:

1. 5-25-17 Draft Minutes

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

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

Jamie Goldstein, City Manager

6/2/2017

**DRAFT
CAPITOLA CITY COUNCIL
REGULAR MEETING ACTION MINUTES
THURSDAY, MAY 25, 2017**

CLOSED SESSION 6:30 PM

CALL TO ORDER

Mayor Harlan called the meeting to order at 6:30 p.m. with the following items to be discussed in Closed Session:

LIABILITY CLAIMS [Govt. Code § 54956.95]

Claimant: Thanh-Thanh Hoang
Agency claimed against: City of Capitola

Claimant: Savannah Smith
Agency claimed against: City of Capitola

Claimant: Ian Smith and the Estate of Luke Ian Howard Smith
Agency claimed against: City of Capitola

There was no public comment; therefore, the City Council closed the Council Chambers and held the Closed Session.

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 7 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. REPORT ON CLOSED SESSION

City Attorney Tony Condotti reported on closed session. Council received reports on all three items and will vote on them during consent calendar.

3. ADDITIONAL MATERIALS

A. Item 9.A -- Four items of Coastal Commission and public communications regarding the Grand Avenue closure.

4. ADDITIONS AND DELETIONS TO AGENDA - None

5. PUBLIC COMMENTS – None

6. CITY COUNCIL / CITY TREASURER / STAFF COMMENTS

Council Member Bottorff requested that Council discuss the parking time limits for the lot by the Museum at a future meeting.

Council Member Termini shared the summer concerts and events mailer.

Council Member Petersen invited the City's women to a Capitola women's leadership mixer on June 5.

Treasurer Wilk reported the Finance Advisory Committee met and has recommendations regarding the Fiscal Year 2017-2018 Budget that will be shared at the May 31 meeting.

In response to a request from Council Member Bertrand, Public Works Director Steve Jesberg reported that his department has been fighting high tides in the efforts to create the lagoon and clear the beach for Memorial Day Weekend. The first closure was breached. The lagoon should be in place for the holiday weekend, and crews will reopen it and do additional grading the following week.

City Manager Jamie Goldstein introduced Central Fire Protection District's new Fire Chief Steven Hall, who had been serving in an interim capacity.

7. BOARDS, COMMISSIONS AND COMMITTEES APPOINTMENTS

A. Appointment of Capitola Representative and Alternate to the Community Action Board [150-40]

RECOMMENDED ACTION: Make appointments.

Alternate candidate Tanya Allen introduced herself to the Council.

MOTION:	APPOINT COUNCIL MEMBER PETERSEN AS THE REPRESENTATIVE AND TANYA ALLEN AS THE ALTERNATE FOR THREE-YEAR TERMS ON THE COMMUNITY ACTION BOARD.
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Ed Bottorff, Council Member
AYES:	Bottorff, Bertrand, Harlan, Termini, Petersen

8. CONSENT CALENDAR

MOTION:	APPROVE OR DENY ITEMS AS RECOMMENDED WITH COUNCIL MEMBER BERTRAND'S AMENDMENT TO ITEM 8.A.
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Ed Bottorff, Council Member
AYES:	Bottorff, Bertrand, Harlan, Termini, Petersen

A. Consider the May 11, 2017, City Council Regular Meeting Minutes
RECOMMENDED ACTION: Approve minutes.

Council Member Bertrand asked that the minutes include that his rail trail request reflected the community input he heard at Vision Capitola.

Attachment: 5-25-17 Draft Minutes (1881 : Approval of City Council Minutes)

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES

May 25, 2017

- B. Receive Planning Commission Action Minutes for the Regular Meeting of May 4, 2017
RECOMMENDED ACTION: Receive minutes.
- C. Approval of City Check Register Reports Dated April 7, April 14, April 21, and April 28, 2017 [300-10]
RECOMMENDED ACTION: Approve check registers.
- D. Liability Claim of Thanh-Thanh Hoang [Claims Binder]
RECOMMENDED ACTION: Deny liability claim.
- E. Liability Claim of Savannah Smith [Claims Binder]
RECOMMENDED ACTION: Deny liability claim.
- F. Liability Claim of Ian Smith and the Estate of Luke Ian Howard Smith [Claims Binder]
RECOMMENDED ACTION: Deny liability claim.
- G. Fee Schedule for Fiscal Year 2017/18 [390-40]
RECOMMENDED ACTION: Adopt the proposed **Resolution No. 4077** repealing Resolution No. 4054 and adopting the new fee schedule.

9. GENERAL GOVERNMENT / PUBLIC HEARINGS

- A. Discuss a Geological Report and the Continuation of the Temporary Closure of the Grand Avenue Pathway between Oakland Avenue and Hollister Avenue [430-15]
RECOMMENDED ACTION: Accept the report and direct the continued temporary closure of Grand Avenue between Oakland Avenue and Hollister Avenue.

Director Jesberg presented the staff report. He offered a map delineating property and fence lines as well as before and after images of the bluff. He noted the natural angle of repose along the bluff is 38 degrees and erosion will continue until it reaches that state. The base of the cliff between the two portions that recently failed is severely undercut, similar to the status ahead of the recent failures. The map illustrated that the likely one-to-six-year failure area is further from the current edge than the private property lines. He also noted any trail must be ADA (Americans with Disabilities Act) compliant. Staff recommends the temporary closure continues to allow further evaluation.

Erik Zinn, Zinn Geology, who prepared the report, took questions from the Council. He described the section between the failures as "primed and ready to go." In response to the question of how safe would work on the path be, he repeated the report's recommendation that there be no heavy equipment within 15 feet of the edge and no work during wet weather.

John Hart, Grand Avenue resident, noted he communicated by email a request for a committee to review long-range options to preserve the path and stabilize the bluff.

Lester Loops, Grand Avenue, said the section of the Grand Avenue path by his home is still sufficient and the pathway is asset.

Carol Christensen, Saxon Avenue, would like to investigate options for bluff stabilization.

Gene Bernal, Grand Avenue, supported a long-range planning committee and asked

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
May 25, 2017

if caves could be filled.

Coni Welch, Depot Hill, said the pathway is heavily used and is important to preserve.

Tom Parker, Grand Avenue, said that the pathway represents Capitola to residents and asked for a longer-term solution to reopen it.

Tim Matthews, Hollister Avenue, asked how much of the cliff is at the 38-degree angle of repose. He feels the cliff has been relatively stable and would like to see the path reopened.

TJ Welch, Depot Hill, also supported a long-term solution to preserve the path.

Mr. Zinn supported public observations that little of the bluff is at the 38-degree angle. His report focused on a short-term retreat. He emphasized that the status at the base drives the erosion. It is possible to plug the notch with frangible concrete, but he added that the Coastal Commission has said it wants paths preserved yet has taken action against Santa Cruz for repairs made. He also emphasized that erosion will occur episodically, and weather and earthquakes are the major influences.

Council Member Termini agreed that the Coastal Commission has not been consistent. He said the Council must take responsibility for allowing the Geologic Hazard Abatement District (GHAD) to be formed and then forgotten. He fears that work on the path would only speed the erosion at this time. The only solution he sees to preserve the path long-term is to take over or be given private property. He supports renewing the committee/district and believes that capturing sand may be a more likely option than cladding the top.

Council Member Petersen acknowledged the community's anxiety about losing access to the path and said continuing the temporary closure does not close the door on finding solutions.

Council Member Bertrand supports a committee to explore options and reviving the GHAD. He noted the City must balance budget needs. Currently the path is a danger and the City needs time to evaluate options.

Council Member Bottorff agreed and added that plans to rebuild the jetty will include a sand study and could be a jumping-off point for stabilization. He does not want to assume that an application to the Coastal Commission will be denied.

Mayor Harlan said she is pessimistic about keeping the path for any length of time and supports the current closure. With the many projects the City has undertaken she does not think it has the resources to preserve the path long-term.

In response to Council questions, City Manager Goldstein responded that there are limits to the money and staff time available to the City, and a timeline is difficult to estimate given the multiple parties that would be involved.

Council Member Termini suggested maintaining the closure and having the mayor or a Council appointee meet with interested parties. Council Member Petersen offered

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES

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to serve on the committee.

MOTION:	CONTINUE THE TEMPORARY CLOSURE AND HAVE THE MAYOR OR A COUNCIL MEMBER MEET WITH RESIDENTS TO DISCUSS OPTIONS FOR REOPENING THE PATH.
RESULT:	ADOPTED AS AMENDED [UNANIMOUS]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Ed Bottorff, Council Member
AYES:	Bottorff, Bertrand, Harlan, Termini, Petersen

B. Mermaid Triathlon and Duathlon Special Event Permit [1050-70]

RECOMMENDED ACTION: Review and approve the Mermaid Series' request for a Special Event Permit, including an Encroachment Permit, an Amplified Sound Permit, and a Banner Permit, for the 2017 Mermaid Triathlon and Duathlon.

Police Chief Terry McManus presented the staff report, reviewed the courses and street impacts, and noted that previous noise complaints have been addressed. There were no calls for service in 2016 although some officers in the field did hear from inconvenienced residents.

Council Member Termini said his impression is that reentry of residents to Depot Hill was a source of frustration.

Capitola Police Sergeant Marquis Booth provided specifics about interactions with residents, saying there was some confusion about alternate routes into Depot Hill.

Carlo Facchino, event organizer, responded to questions and clarified that amplified sound to announce safety briefings begins shortly after 7 a.m., but music does not start until 8:30 a.m. He confirmed that changing the speaker direction to face the beach solved previous concerns. After discussion, he agreed to work on added signage for Depot Hill highlighting the detour route.

MOTION:	APPROVE THE SPECIAL EVENT PERMIT AS RECOMMENDED.
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Ed Bottorff, Council Member
AYES:	Bottorff, Bertrand, Harlan, Termini, Petersen

C. Approve a Notice of Completion for the 2016 Road Rehabilitation Project and Authorize an Allocation in the Capital Improvement Program for Storm Damage Repair Design Work on Park Avenue [940-40/500-10 A/C: Granite Rock Company]

RECOMMENDED ACTION:

1. Accept the 2016 Road Rehabilitation Project as complete at a final cost of \$1,373,030.78 and authorize the Public Works Department to file the Notice of Completion and release the contract retention amount of \$68,651.54.
2. Authorize a budget allocation within the Capital Improvement Fund of \$100,000 for engineering services for storm damage repairs to Park Avenue and authorize the Director of Public Works to enter into a contract for engineering services at an amount not to exceed \$100,000.

Director Jesberg presented the staff report. He explained the notice of completion was delayed because shortly after the project was finished, storm damage hit the improved

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES

May 25, 2017

area and staff was exploring the possibility of a change order. That work must instead go to bid to qualify for state and federal emergency funding.

Council asked if the trees that fell and caused damage were on City property or the rail corridor. Director Jesberg said the Regional Transportation Commission (RTC) paid for the related tree work and as much as 87 percent of the repair costs could be covered by state and federal emergency funds. The City could consider asking the RTC to pay for remaining expenses once that cost is known.

MOTION:	ACCEPT THE NOTICE OF COMPLETION AND AUTHORIZE A BUDGET ALLOCATION OF UP TO \$100,000 AS RECOMMENDED.
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Kristen Petersen, Council Member
AYES:	Bottorff, Bertrand, Harlan, Termini, Petersen

10. **ADJOURNMENT**

The meeting was adjourned at 8:28 p.m.

Stefanie Harlan, Mayor

ATTEST:

Linda Fridy, City Clerk

DRAFT

Attachment: 5-25-17 Draft Minutes (1881 : Approval of City Council Minutes)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: Finance Department

SUBJECT: Consider the Adoption of a Resolution Setting the Fiscal Year 2017-2018
Appropriation Limit

RECOMMENDED ACTION: Adopt a Resolution setting the Fiscal Year 2017-2018 Appropriation Limit as required by Article XIII B of the California Constitution.

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

The appropriations limit on the amount of revenue that can be spent applies only to tax proceeds. Charges for services, fees, grants, loans, donations, and other non-tax based proceeds are excluded.

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

DISCUSSION: The Appropriations Limit for a given fiscal year is established in the months preceding the beginning of that fiscal year. California Revenue and Taxation Code, Section 2227, mandates that the State Department of Finance transmit an estimate of the percentage change in population to local governments. Capitola uses this percentage change in population factor for January 1, 2017, in conjunction with the County-issued "Change in California Per Capita Income" to calculate the Appropriation Factor used in determining the limit.

The 2017-18 calculation is:

Annual % change in County Population minus Exclusions	Change in California per capita Income	Appropriation Factor	FY 2016-17 Appropriation Limit	FY 2017-18 Appropriation Limit
1.0026	1.0369	1.0396	\$ 27,065,519	\$ 28,137,314

Appropriation Limit
June 8, 2017

The 2017-18 Proposed Budget tax revenues are:

Source of Tax Revenue	2017-18 Proposed Budget
Sales Tax and Triple Flip (1%)	\$ 5,774,116
District Taxes (Measures D/O/F)	2,166,207
Property Tax and In-Lieu	2,429,070
Transient Occupancy Tax	1,506,318
Franchise Taxes	535,503
Business License Tax	300,800
Interest Income from tax revenue	1,240
Total Tax Revenue	\$ 12,713,254

The 2017-18 percent of appropriations limit used is:

Fiscal Year ended:	2015-16	2016-17	2017-18
Appropriations Limit	\$ 25,528,692	\$ 27,065,519	\$ 28,137,314
Tax revenue	\$ 11,554,580	\$ 12,052,399	\$ 12,713,254
Remaining to limit	\$ 13,974,112	\$ 15,013,120	\$ 15,424,060
% of limit used	45.26%	44.53%	45.18%
Limit vs. prior year	\$ 1,056,780	\$ 1,536,827	\$ 1,071,795
Incr./(Decr.) vs. pr. yr.	4.3%	6.0%	4.0%

FISCAL IMPACT: The appropriations limit increased \$1,071,795 to \$28.1 million or 4.0 percent from Fiscal Year 2016-17 to Fiscal Year 2017-18.

Report Prepared By: Mark Sullivan
Senior Accountant

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

6/2/2017

Appropriation Limit
June 8, 2017

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
SETTING THE 2017-18 FISCAL YEAR APPROPRIATION LIMIT PURSUANT
TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION**

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

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2017-18 Fiscal Year Appropriation Limit shall be \$ 28,137,314 calculated as follows:

Population change within the city:	1.0026
Change in California per capita Income	1.0369

2016-17 Appropriation Limit:	\$ 27,065,519
Adjustment Factor (1.00xx x 1.0xxx)	x 1.0396
2017-18 Appropriation Limit:	<u>\$ 28,137,314</u>

I HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 8th day of June, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Stephanie Harlan, Mayor

ATTEST:

Linda Fridy, City Clerk



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: Finance Department

SUBJECT: Consider the City's Investment Policy

RECOMMENDED ACTION: Confirm the City's Administrative Policy Number III-1, Investment Policy, or provide direction to staff regarding any recommended changes.

BACKGROUND: California Government Code §53630 et seq. contains State requirements for the deposit of City funds. GC § 53635 requires that all money belonging to, or in the custody of, a local agency be deposited in certain allowable instruments. The current Investment Policy was approved by the City Council on August 9, 2001, by adoption of Resolution No. 3149 affirming the City's Investment Policy, and was incorporated into the City's Administrative Policies. A copy of the Investment Policy, which was confirmed by the City Council on June 9, 2016, is attached.

DISCUSSION: California Government Code requires a city to review its Investment Policy on an annual basis. The purpose of this item is to provide the City Council with an opportunity to review its policy and either reaffirm the Investment Policy or provide direction to staff for recommended changes. The City's current Investment Policy and Investment Portfolio comply with all applicable state law requirements.

FISCAL IMPACT: None

ATTACHMENTS:

1. Investment Policy

Report Prepared By: Mark Sullivan
Senior Accountant

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

6/1/2017



ADMINISTRATIVE POLICY

Number: III-1
Issued: May 9, 1996
Revised: August 9, 2001
Jurisdiction: City Council

INVESTMENT POLICY

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

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

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

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

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

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

The following limitations shall apply to permitted investments:

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

Certificates of Deposit:

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

City funds placed in a qualified Other Post Employment Benefit (OPEB) Trust Fund for retiree healthcare can be invested in accordance with Government Codes 53620-53622.


Christine McBroom, City Treasurer



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: City Manager Department

SUBJECT: Consider Extending the Criminal Justice Council Joint Powers Agreement

RECOMMENDED ACTION: Approve the agreement extending the Santa Cruz County Criminal Justice Council through June 30, 2021.

BACKGROUND: In May, City staff was advised the Joint Exercise of Powers Agreement (JPA) for the Criminal Justice Council (CJC) expired on June 30, 2016. The CJC is requesting the agreement be re-established through June 30, 2021. Such extension requires approval by all five member jurisdictions.

DISCUSSION: The proposed agreement remains essentially the same as the original JPA approved in 2011, with a minor change in the purpose listed in Section C. The CJC requests changing Section C from "~~provide long range planning for the criminal justice system in Santa Cruz County~~" to "support and facilitate collaborative efforts to address countywide gang and violent crime prevention and intervention." The amendment (Attachment 1) is being presented for approval by all five member jurisdictions. The original JPA is included as Attachment 2.

FISCAL IMPACT: The City's annual dues for the CJC are \$3,000. Those funds are included in the draft Fiscal Year 2016/2017 and planned Fiscal Year 2017/2018 budgets.

ATTACHMENTS:

1. Criminal Justice Council proposed JPA Amendment
2. Original CJC JPA Agreement

Report Prepared By: Linda Fridy
City Clerk

Extend Criminal Justice Council
June 8, 2017

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

6/1/2017

AMENDMENT TO THE JOINT EXERCISE OF POWERS AGREEMENT
RE-ESTABLISHING THE CRIMINAL JUSTICE COUNCIL
OF SANTA CRUZ COUNTY

WHEREAS, the Criminal Justice Council of Santa Cruz County (“CJC”) was re-established in 2011 to create a forum for the discussion and recommendation of policies, programs and plans for solutions to criminal justice issues; and

WHEREAS, the CJC was established pursuant to the Joint Exercise of Powers Act of the State of California, constituting Chapter 5, Division 7 of Title 1 of the Government Code of the State of California (Sections 6500 et seq.); and

WHEREAS, the “Joint Exercise of Powers Agreement Re-Establishing the Criminal Justice Council of Santa Cruz County” (“Agreement”) was entered into by the County and the Cities of Santa Cruz, Watsonville, Capitola and Scotts Valley in October 2011; and

WHEREAS, Section 10 of said Agreement authorizes amendments at any time by the written agreement by and among the County and signatory City governments.

NOW, THEREFORE, the County of Santa Cruz and the Cities of Santa Cruz, Watsonville, Capitola and Scotts Valley agree to amend said Agreement as follows:

1. Section 1 of the Agreement is hereby amended to read as follows:

1. ORGANIZATION

The parties hereby create a separate agency to be known as the Criminal Justice Council of Santa Cruz, (hereinafter called “CJC”) for the purposes of:

- a. Provide a more effective and efficient criminal justice system for the citizens of the Cities and County of Santa Cruz.
- b. Promote cooperation and coordination within the criminal justice system.
- c. Support and facilitate collaborative efforts to address countywide gang and violent crime prevention and intervention.
- d. Provide timely information on criminal justice matters, act as an advisory body to governmental entities in Santa Cruz County, and monitor and evaluate projects.
- e. Promote more efficient use of local resources to enhance capacity of criminal justice agencies and assist in obtaining new or additional revenues from outside the community.
- f. Promote the health and safety of the community.

CJC shall become an effective governmental unit pursuant to Government Code Section 6500 et seq., upon the execution of this agreement by and among Santa Cruz County and the Cities of Santa Cruz, Watsonville, Capitola and Scotts Valley. As provided by law, the CJC shall be a public entity separate from the County and Cities party to this agreement, and it shall exist as such until such time as this agreement is terminated, as provided herein.

2. Section 8 of the Agreement is hereby amended to read as follows:

8. EFFECTIVE DATE AND TERM

This agreement shall be in full force and effect upon the date of execution by the County and all Cities within the County. Absent an agreement to extend the terms of this agreement, this agreement will terminate on June 30, 2021.

All other provisions of said Agreement shall remain the same.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below the name of each of the parties. This Amendment may be signed in counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

COUNTY OF SANTA CRUZ

Approved as to form:

By: _____

Dated: _____

CITY OF SANTA CRUZ

Approved as to form:

By: _____

Dated: _____

CITY OF WATSONVILLE

Approved as to form:

By: _____

Dated: _____

CITY OF CAPITOLA

Approved as to form:

By: _____

Dated: _____

CITY OF SCOTTS VALLEY

Approved as to form:

By: _____

Dated: _____

Attachment: Criminal Justice Council proposed JPA Amendment (1865 : Extend Criminal Justice Council)

JOINT EXERCISE OF POWERS AGREEMENT
RE-ESTABLISHING THE CRIMINAL JUSTICE COUNCIL
OF SANTA CRUZ COUNTY

This Agreement is entered into by and among the County of Santa Cruz and the Cities within the County of Santa Cruz, namely: Santa Cruz, Watsonville, Capitola and Scotts Valley.

RECITALS

- A. In 1986, the parties entered into a Joint Exercise of Powers Agreement for the purpose of creating the Criminal Justice Council of Santa Cruz County. That Agreement, by its terms, terminated in 1989. The parties intend to re-establish the Criminal Justice Council of Santa Cruz County and make this agreement effective upon its execution by the County of Santa Cruz and the Cities of Santa Cruz, Watsonville, Capitola and Scotts Valley, and to include all of the incorporated territory of Santa Cruz County.
- B. Title One, Division 7, Chapter 5 of the Government Code of the State of California (Government Code Section 6500 et seq.) authorizes such a Joint Exercise of Powers Agreement of two or more public agencies for any power common to them.
- C. The parties possess in common the power to study, discuss, and recommend policies for the solution of criminal justice problems, and to design programs and develop plans for the expenditure of funds for their solution.

NOW, THEREFORE, the County of Santa Cruz, and the Cities of Santa Cruz, Watsonville, Capitola and Scotts Valley, in consideration of the mutual promises and agreements herein contained, do agree as follows:

1. ORGANIZATION

The parties hereby create a separate agency to be known as the Criminal Justice Council of Santa Cruz, (hereinafter called "CJC") for the purposes of:

- a. Provide a more effective and efficient criminal justice system for the citizens of the Cities and County of Santa Cruz.
- b. Promote cooperation and coordination within the criminal justice system.
- c. Provide long-range planning for the criminal justice system in Santa Cruz County.
- d. Provide timely information on criminal justice matters, act as an advisory body to governmental entities in Santa Cruz County, and monitor and evaluate projects;
- e. Promote more efficient use of local resources to enhance capacity of criminal justice agencies and assist in obtaining new or additional revenues from outside the community.
- f. Promote the health and safety of the community.

CJC shall become an effective governmental unit pursuant to Government Code Section 6500 et seq., upon the execution of this agreement by and among Santa Cruz County and the Cities of Santa Cruz, Watsonville, Capitola and Scotts Valley. As provided by law, the CJC shall be a public entity separate from the County and Cities party to this agreement, and it shall exist as such until such time as this agreement is terminated, as provided herein.

2. MEMBERSHIP OF THE GOVERNING BODY

The governing body of the CJC shall consist of twenty-six (26) members that shall include the following:

- a. Two (2) members of the Board of Supervisors designated by the Board;
- b. The CAO of the County or his/her designated representative;
- c. The Sheriff of the County;
- d. Four (4) Chiefs of Police; one for each City;
- e. The District Attorney of the County;
- f. The Chief Probation Officer of the County;
- g. Two (2) Judges designated by the Judges of the Superior Court of the County;
- h. One (1) member selected by the primary Public Defender's Office;
- i. The County Superintendent of Schools;
- j. The Mental Health Director;
- k. Two (2) representatives selected by the City Council of each City. One representative must be a member of the City Council; the other may be a member of the City Council, the City Manager, or the person who acts as the City Manager in the City Manager's absence;
- l. Two (2) representatives of non-profit agencies related to the criminal justice system selected by the CJC; and
- m. The President of Cabrillo College

3. TERMS OF MEMBERSHIP

All members holding membership solely by the office or position held by them, shall be members of the CJC or so long as they hold such office or position and for so long as such office or position constitutes the basis for such CJC membership. Other members shall serve for a period of three (3) years.

4. GENERAL POWERS

The CJC shall have the power to do the following in its own name: to sue and be sued; to make and enter into contracts; to employ agents and employees; to incur debts, liabilities, and obligations necessary to accomplish the purposes of this agreement; and to exercise any power common to the parties hereto and to advise the parties in the exercise of individual powers possessed by the parties, provided that such powers are exercised in furtherance of the purposes of this agreement. The CJC shall have no power or authority to bind any of the parties to this agreement individually to any debt, liability, or obligation. The CJC shall have no power to exercise any of the policy or taxing powers of any of the parties hereto.

5. SPECIFIC PURPOSE OF POWERS

Purpose

The CJC shall endeavor:

- a. To provide long-range planning for the criminal justice system in Santa Cruz County;
- b. To provide a more effective and efficient criminal justice system for the citizens of the Cities and the County of Santa Cruz;
- c. To promote cooperation and coordination within the criminal justice system;
- d. To provide timely information on criminal justice matters, act as an advisory body to governmental entities in Santa Cruz County, and monitor and evaluate projects;
- e. To appoint and assume responsibility for staff;
- f. To review and approve the budget prepared for the CJC ;
- g. To form committees to assist in planning, analysis, policy and goal recommendations, and such other functions as the CJC deems necessary;
- h. To establish such bylaws and rules and regulations as may be necessary for its operation and the conduct of its business;
- i. To accept and expend funds (by contract or otherwise) for purposes consistent with the provisions hereof, which funds may be provided by the parties, United States Government, the State of California, or any subdivision thereof, or from any other person, agency or organization, whether public, private, for the purposes specified herein, and maintain at all times a complete and accurate system of accounting for such funds;
- j. To receive, accept and utilize the services of personnel offered by any of the parties to this agreement, or their representatives or agents; receive, accept and utilize property, real or personal, from any of the parties to this agreement, or their agents or representatives;
- k. To perform other functions in accordance with local policy.

6. BUDGET AND FINANCE

- a. Before the CJC may spend any funds it shall adopt a budget showing the purpose for which the funds will be expended, and source of such funds.
- b. The Santa Cruz County Treasurer's Office shall be the depository of all CJC funds and the County Treasurer shall be their custodian. The Auditor and Controller of the CJC shall be the Santa Cruz County Auditor-Controller. The duties of the Santa Cruz County Treasurer and Santa Cruz County Auditor-Controller shall be those found in Government Code Section 6505 et seq.
- c. In consideration of the mutual promises herein contained, it is hereby mutually agreed that the costs of maintaining the Council for the initial fiscal year (2011-12) commencing July 1, 2011 shall be pursuant to the budget (Attachment A) and shall be financed as provided in said Attachment.
- d. The CJC shall make available to each party an accounting report at least annually of all funds received and disbursed.

- e. Upon termination of this agreement or termination of the CJC property, any surplus money of the CJC shall be returned to the parties hereto in the same proportions as such parties made contributions to the CJC.
- f. The Executive Director of the CJC is designated as property custodian of the CJC. Every officer or employee of the CJC authorized to receive, account for or expend any funds shall file a bond in the sum of \$10,000.00. This requirement may be met by one or more blanket bonds.

7. INSURANCE

It is understood that the CJC assumes all responsibility for liabilities arising out of acts or omissions of its members, officers, agents or employees. CJC shall maintain insurance as set forth below:

- a. Worker's Compensation in the minimum statutorily required coverage amounts.
- b. Automobile Liability Insurance for each of vehicle used in the performance of this Agreement, including owned, non-owned (e.g. owned by employees), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage.
- c. Comprehensive or Commercial General Liability Insurance coverage in the minimum amount of \$1,000,000 combined single limit, including coverage for: (a) bodily injury, (b) personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross-liability.

8. EFFECTIVE DATE AND TERM

This agreement shall be in full force and effect upon the date of execution by the County and all Cities within the County. Absent an agreement to extend the terms of this agreement, this agreement will terminate on June 30, 2016.

9. WITHDRAWAL OF PARTIES

Upon ninety (90) days written notice to all parties, any party may request to withdraw from its status as a party to this agreement, provided that such party has either discharged, or has arranged to the satisfaction of the remaining parties for the discharge of any pending obligations it has assumed hereunder. A party to this agreement will incur no liability for any obligation created after the effective date of such party's withdrawal.

10. AMENDMENTS

This agreement may be amended at any time by the written agreement by and among the County and signatory City governments.

11. LEGALITY OF AGREEMENT

Should any portion, term condition or provision of this agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, or provisions shall not be affected thereby.



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: City Manager Department

SUBJECT: Consider a Resolution Designating Agents for Disaster Assistance with the State Office of Emergency Services and Repealing Resolution No. 3865

RECOMMENDED ACTION: Adopt resolution.

BACKGROUND: To apply for state or federal aid following a declared emergency, the City must have designated agents, generally high-level staff, that work with the California State Office of Emergency Services. Following the tsunami in 2011, the Council adopted Resolution No. 3865 to identify those positions and at the time declared a universal resolution that would cover all future occurrences. However, the state has changed its requirements and placed a three-year maximum on universal resolutions, which essentially voids Resolution No. 3865 as of May 2014.

DISCUSSION: The state declared an emergency within Santa Cruz County following the storm damage in February 2017 and the City is in the process of applying for reimbursement for costs to repair the local damage. A new resolution designating agents is required as part of the aid application. The attached resolution that maintains the City Manager, Public Works Director, and Finance Director as the designated agents for the next three years and repeals the old resolution has been prepared for Council approval.

FISCAL IMPACT: None, although having the resolution in place will make the City eligible for reimbursement by state and federal agencies.

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

6/1/2017

OES agent repeal and replace
June 8, 2017

DRAFT RESOLUTION NO. ____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
REPEALING RESOLUTION NO. 3865 AND
DESIGNATING AGENTS FOR DISASTER ASSISTANCE
WITH THE STATE OFFICE OF EMERGENCY SERVICES**

WHEREAS, the City of Capitola has incurred costs for disaster-related responses and damage repair to city infrastructure and city-owned property; and

WHEREAS, the California State Office of Emergency Services requires the City to appoint designated agents to represent the City; and

WHEREAS, the California State Office of Emergency Services now limits such universal resolutions to a three-year period, thereby rendering the City of Capitola's Resolution No. 3865, adopted in 2011, void.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Capitola that the **City Manager, or Public Works Director, or Finance Director** is hereby authorized to execute for and on behalf of the City of Capitola, a public entity established under the laws of the State of California, this application and to file it in the Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

BE IT FURTHER RESOLVED that the City of Capitola, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreement required.

BE IT FURTHER RESOLVED that this is a universal resolution and is effective for all open and future disasters up to three (3) years following the date of approval below.

BE IT FURTHER RESOLVED that Resolution No. 3865 is hereby repealed.

I HEREBY CERTIFY that the above and foregoing resolution was passed and adopted by the City Council of the City of Capitola at its regular meeting held on the 8th day of June, 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

Stephanie Harlan, Mayor

Linda Fridy, City Clerk



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: Public Works Department

SUBJECT: Trial Program of Hill Street Vehicle, Bike, and Pedestrian Improvements

RECOMMENDED ACTION: Consider a two-week trial program that removes the parking along the south side of Hill Street between Capitola Avenue and Rosedale Avenue to address ongoing vehicle-to-vehicle conflicts and improve both pedestrian and bicycle access.

BACKGROUND: On February 16, 2017, Public Works hosted a community meeting concerning improvement options for Hill Street to reduce vehicle-to-vehicle conflicts and improve pedestrian and bicycle access between Capitola Avenue and Rosedale Avenue. At the workshop, which was attended by approximately 15 area residents, staff gave a presentation that outlined ongoing conflicts between vehicles, bicycles, and pedestrians due to the narrow roadway and lack of sidewalks and bicycle lanes. Three general options were presented that would help alleviate the conflicts.

Option 1: Removed the parking on either side of the street and provided a bike lane in place of the parking.

Option 2: Removed parking on either side and added a sidewalk and a bike lane on one side of the street.

Option 3: Removed parking on either side and added sidewalks on both sides of the street.

A detailed summary of the options is included in Attachment 1.

DISCUSSION: The feedback received at the workshop was almost unanimous that something needed to be done, but the notion of removing parking on either side of the roadway had mixed responses. Concerns were raised about neighboring apartment buildings not providing enough parking and the impacts that could spread to adjoining streets if parking is removed from Hill Street. The map shown in Attachment 2 provides an inventory of the parking on Hill Street and adjacent streets.

To determine the impacts of removing the parking from one side of the street, staff is recommending a two-week trial period where parking will be removed. Residents will be provided notice and the opportunity to provide comments by completing a survey, and staff will monitor the on-street parking numbers.

If approved, staff is recommending the trial period be between June 19 to June 30, or July 10 to July 21. Both periods cover two mid-week periods and one weekend.

Hill Street parking/bike lane
June 8, 2017

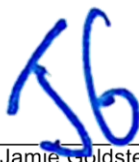
FISCAL IMPACT: The cost of the trial period will be less than \$2,000 for signage and postage and can be covered within the Public Works operating budget.

ATTACHMENTS:

1. Hill Street Alternatives Summary
2. On Street Parking Inventory

Report Prepared By: Steve Jesberg
Public Works Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

6/1/2017

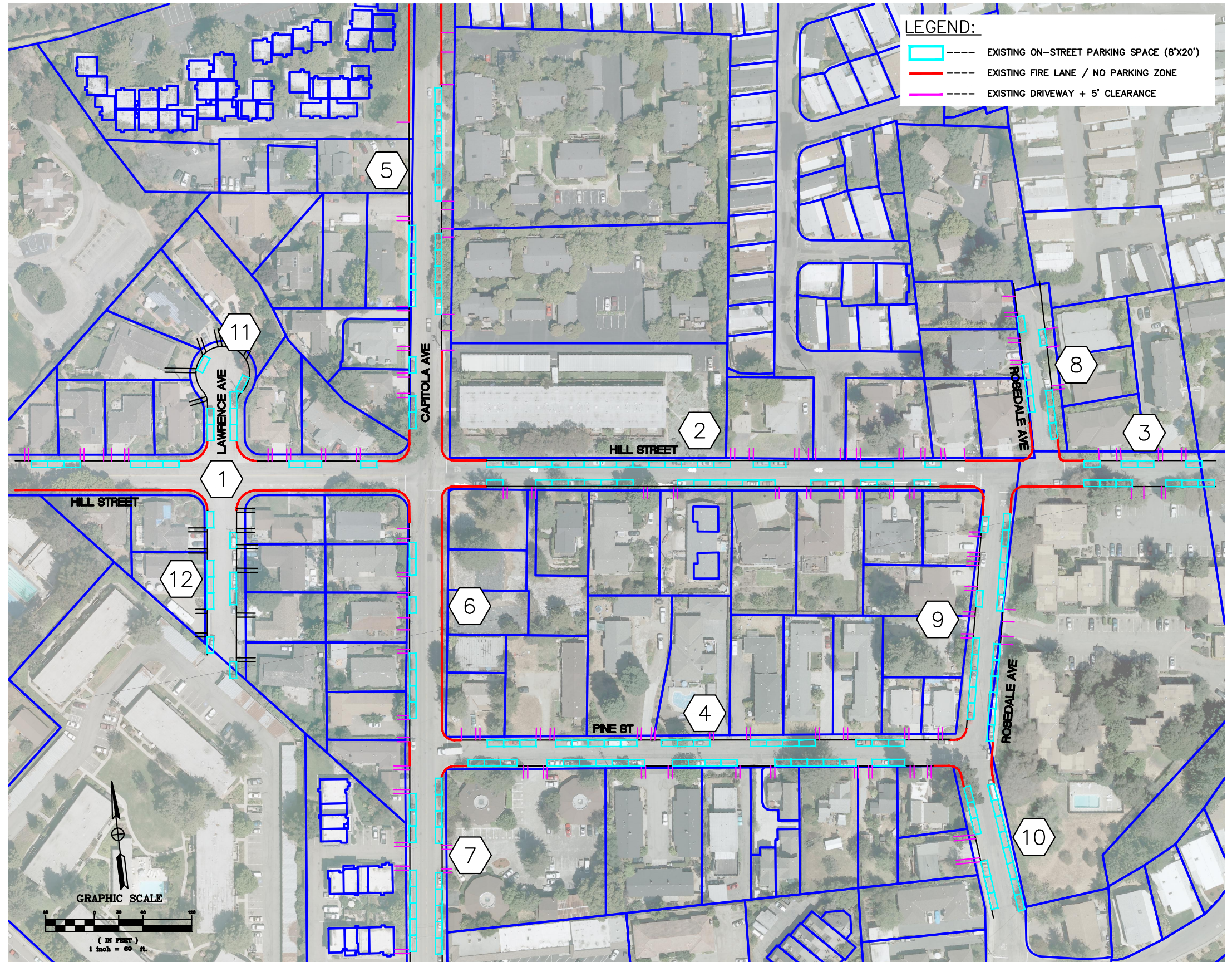
Hill Street Bicycle & Pedestrian IMPROVEMENT OPTIONS SESSION Alternative Comparison



Alternative	Vehicle Conflicts	Bike Access	Pedestrian Access	Street Parking	Construction Impact	Time to Implement	Cost Range
Existing Conditions	High	No Bike Lanes	No Sidewalk	Available on both sides of street	N/A	N/A	N/A
1 (Striping Only)	Very Low	Class II Bike Lane & Class III Shared Lane	No Sidewalk	Available on 1 side of street	Low	3 – 6 Months	\$20,000 To \$30,000
2 (Striping & One Sidewalk)	Very Low	Class II Bike Lane & Class III Shared Lane	South Sidewalk	Available on 1 side of street	Medium	5+ years	\$200,000 To \$300,000
3 (Striping & Two Sidewalks)	Very Low	No Bike Lanes	North & South Sidewalk	Available on 1 side of street	High	10+ years	\$300,000 To \$500,000

Attachment: Hill Street Alternatives Summary (1854 : Hill Street parking/bike lane)

#	Location	Limits	Parking Supply	
			Total Spaces	Available Spaces
1	Hill Street	West to Capitola	9	0 South 9 North
2	Hill Street	Capitola to Rosedale	38	18 South 20 North
3	Hill Street	Rosedale to East	10	6 South 4 North
4	Pine	Capitola to Rosedale	38	20 South 18 North
5	Capitola	North to Hill	20	8 West 12 East
6	Capitola	Hill to Pine	7	7 West 0 East
7	Capitola	Pine to South	17	8 West 9 East
8	Rosedale	North to Hill	8	4 West 4 East
9	Rosedale	Hill to Pine	19	7 West 12 East
10	Rosedale	Pine to South	14	6 West 8 East
11	Lawrence	North to Hill	7	3 West 4 East
12	Lawrence	Hill to South	9	5 West 4 East
Total On-Street Parking			196	



THIS PLAN ACCURATE FOR TRAFFIC CONTROL ONLY

C:\S:\CIP\City of Capitola\097763105 - Capitola Hill St\07 CAD\References\097763105B1-A1_Temp1C.dwg 3/31/2017 3:18 PM
 This document, together with the concepts and designs presented herein, is intended only for the specific purpose and client for which it was prepared. Reuse of and improper reliance on this document without written authorization and adaptation by Kimley-Horn and Associates, Inc. shall be without liability to Kimley-Horn and Associates.

Kimley»Horn
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 PHONE: 669-800-4130
 WWW.KIMLEY-HORN.COM

KHA PROJECT
097763105
 DATE
03-28-2017
 SCALE AS SHOWN
 DESIGNED BY DW
 DRAWN BY DW
 CHECKED BY FV

HILL STREET PRELIMINARY TRAFFIC CONTROL AND
 ROADWAY IMPROVEMENTS
 PREPARED FOR
 CITY OF CAPITOLA
 CALIFORNIA

EXISTING ON-STREET PARKING
 CONDITIONS FOR ALTERNATIVE 1
 PILOT PROGRAM

SHEET NO. 3
 OF 3 SHEETS
 TC-03

No.	REVISIONS	DATE	BY



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: Community Development
SUBJECT: Free Tree Program Proposal

RECOMMENDED ACTION: Authorize staff to offer a free tree program to Capitola residents as detailed in the staff report.

BACKGROUND: The City of Capitola Community Tree and Forest Management Ordinance requires property owners to obtain a tree permit to remove or substantially trim a tree. As part of the tree permit process, property owners are generally required to plant replacement trees at a 2:1 ratio or pay in-lieu fees if replanting is not feasible. Fees collected in-lieu of replacement trees are deposited into a dedicated tree fund that is used exclusively to purchase and plant trees elsewhere in the City.

DISCUSSION: The City's tree fund has a current balance of \$67,628, which includes a \$48,000 payment made by Pacific Gas and Electric (PG&E) in 2016 to mitigate for trees removed as part of its ongoing Community Safety Initiative Project. Although the fund is periodically used to finance tree planting projects in the City, there are no significant tree planting projects planned that could conceivably use the full account balance in the near term.

Accordingly, staff proposes to offer a free tree program for City residents in partnership with the Arbor Day Foundation to promote the City's community forest goals, improve energy efficiency for Capitola homeowners, and advance the City's Climate Action goals.

The Arbor Day Foundation offers municipalities an Energy Savings Tree Program (Attachment 1). The program provides a turnkey process including a custom website for residents to order their free trees, a customer service hotline, and resources to help homeowners select tree species and planting locations that maximize energy savings. The Arbor Day Foundation also provides free marketing materials and comprehensive reports that summarize the number of trees planted and the resultant energy, water, and carbon savings.

The Arbor Day Foundation would identify one or more greater Bay Area nurseries to grow and supply trees for the program. Several tree species would be available for residents to choose from and all trees would be locally sourced and appropriate for coastal California. Tree costs range from \$30 to \$50 depending on the species and container size. Trees may be direct-delivered to individual homeowners or delivered in bulk to a community event.

Staff recommends an initial allocation of \$15,000 from the City tree fund to finance the program. Those funds would be used to pay all costs associated with the program. Staff estimates this

Free Tree Program
June 8, 2017

initial allocation would provide approximately 200 to 400 free trees available to Capitola residents. The program would continue until all funds were allocated.

If authorized by the City Council, staff would make final arrangements with the Arbor Day Foundation and would publicize the program through the City website, summer newsletter, and the public television scroll.

FISCAL IMPACT: Funds are available in the City's Tree Fund.

ATTACHMENTS:

1. Energy Savings Tree Program

Report Prepared By: Rich Grunow
Community Development Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

6/2/2017

Simple act. HUGE IMPACT.

Energy-Saving Trees, a program of the Arbor Day Foundation, is designed to provide homeowners with trees to plant in the right place for maximum impact on energy use. With this program, you have the opportunity to build a positive connection with your audience (customers, employees, community members) while helping them save money on their energy bills and improving the community.



How It Works

The process is simple. You choose the tree species to be offered, the number of trees you'd like to distribute, your audience, and the distribution model. Then, using our online toolkit of marketing materials, you direct your audience to a customized website to use the online mapping tool that will show them the ideal location to plant trees around their home for the maximum energy savings. They can reserve their tree right on the website, and we'll either deliver direct to their home or help you arrange a pick-up event.

The best part is that we work with you every step of the way.

EASY-TO-IMPLEMENT, TURNKEY SOLUTION

- **Administrative Assistance:** Our team will regionally source trees, handle all shipping, help assist with your program planning, and provide call center support.
- **Online Marketing Toolkit:** We offer customizable digital files for bill inserts, door hangers, postcards, social media posts, and more to help you promote the program.
- **Reservation/Education Website:** Homeowners will reserve trees and learn about planting the right tree in the right place using customized online software.
- **Comprehensive Reporting:** Annual and cumulative reports can be created to highlight number of trees planted, location of trees planted, kWh and therms reduced, estimated carbon sequestration, stormwater filtered, and more.
- **Best Practice Examples:** Since 2011, 43 organizations in 36 states have become partners and have customized their own successful programs.

Benefits for You

ENVIRONMENTALLY FRIENDLY COMMUNITY BENEFITS

- **Credible Data:** The online mapping tool is powered by iTree technology — credible, peer-reviewed scientific research from the U.S. Forest Service and the Davey Institute.
- **Measurable Impact:** The tool calculates the estimated energy savings for the homeowner as well as other community benefits such as air quality improvements, stormwater reduction, and carbon sequestration.
- **Positive Community Relations:** The program leads to constructive word of mouth, positive media attention, and 95 percent of participants surveyed would recommend the program to friends and family.

PROVEN METHOD TO MEET SUSTAINABILITY GOALS

- **Low Investment Cost:** Costs range from \$30 to \$50 per tree (depending on tree quantities, tree sizes, software needs) making this a cost-effective way to meet your energy efficiency goals.
- **Positive Cost/Benefit Ratio:** For every \$1 invested, there's up to a \$15 return in community and environmental benefits.
- **Energy-Efficiency Solution:** Research from the U.S. Department of Energy and the U.S. Forest Service has shown that strategically planting a tree to shade a home can reduce household electrical use by 20 to 30 percent.



Attachment: Energy Savings Tree Program (1760 : Free Tree Program)

See what Energy-Saving Trees can do for your community.

Visit arborday.org/ESTrees for more information and to sign up for a free demo.



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 8, 2017

FROM: Finance Department

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

RECOMMENDED ACTION: Approve the Resolution adopting the Fiscal Year 2017/18 City Budget and Capital Improvement Program.

BACKGROUND: The Proposed Fiscal Year (FY) 2017/2018 Budget and Planned FY 2018/2019 Budget was presented to the City Council at the May 17, 2017, special meeting. The City Council held a second public budget hearing on May 31, 2017, to review the proposed budget, hear public comments, and receive input from the Finance Advisory Committee.

At the May 31 meeting, City Council directed staff to prepare a resolution to adopt the budget based on a vote regarding the allocation of projected General Fund balance and changes to Facilities Reserve Fund expenditures.

DISCUSSION: The General Fund is projected to end Fiscal Year 2016/17 with an estimated \$1.55 million fund balance. The minor decrease in the estimated fund balance is primarily due to a transfer to the Gas Tax Fund required to bring the Fund to a zero balance.

The City Council made the following appropriations of this surplus fund balance during budget deliberations:

FY 2017/18 General Fund	Amount
Community Center Basketball Courts	\$ 25,000
Senior Exercise Equipment	\$ 40,000
PERS Trust Fund	\$ 500,000
Library Fund	\$ 220,000
RTC Streets Fund	\$ 100,000
Employee Housing Assistance Fund	\$ 300,000
Total General Fund appropriations	\$ 1,185,000

At this point, staff is proposing holding the \$300,000 allocated for the Employee Housing Assistance Fund in General Fund balance, with the clear understanding it is earmarked for the program. Staff intends to establish the proposed fund concurrent with Council consideration of

proposed 2017/2018 Fiscal Year Budget
June 8, 2017

an Administrative Policy to implement the Housing Assistance program.

These changes result in a \$885,000 increase in expenditures in the attached budget, bringing total expenditures to \$16.96 million, resulting in a net negative General Fund balance impact of \$854,079, and leaving a projected FY 2017/18 year ending balance of \$699,409¹.

Also on May 31, the Council directed removing the City Hall Frontage project from the Facilities Reserve Fund, and adding a \$25,000 expenditure on City Hall office improvements. That change represents a decrease of \$85,000 from total expenditures within the Facilities Reserve Fund.

FY 2017/18 Facilities Reserve Fund	Amount
City Hall Frontage Improvements	\$ 110,000
City Hall Office Improvements	\$ 25,000
Community Center Parking Lot	\$ 75,000
Total FY 2017/18 Facilities Reserve Fund	\$ 100,000

The resolution necessary to adopt the Fiscal Year 2017/18 Budget includes the above appropriations and adjustments (Exhibit A), a General Fund overview (Exhibit B), and an estimation of 2017/18 fund balances (Exhibit C).

FISCAL IMPACT: The fiscal impact is shown in the attached General Fund overview and fund balance summary.

ATTACHMENTS:

1. Council appropriations and adjustments (PDF)
2. Exhibit B - General Fund Summary (PDF)
3. Fund balance summary (PDF)

Report Prepared By: Mark Sullivan
Senior Accountant

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

6/2/2017

¹ Of this amount, \$300,000 is earmarked for the Employee Housing Assistance Fund.

proposed 2017/2018 Fiscal Year Budget
June 8, 2017

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
ADOPTING THE 2017/2018 FISCAL YEAR CITY BUDGET AND CAPITAL IMPROVEMENT
PROGRAM (CIP) BUDGET**

WHEREAS, it is necessary to adopt the 2017/2018 Fiscal Year Budget for all City funds and Capital Improvement Program; and

WHEREAS, the City Council has conducted budget study sessions, has heard and considered public comments, and has modified the proposed budget accordingly, and wishes to adopt such budget for the Fiscal Year July 1, 2017, through June 30, 2018; and

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2017/2018 Fiscal Year Budget is hereby adopted as amended, including Exhibit A (Changes to Proposed Budget), Exhibit B (General Fund Overview), and Exhibit C (Summary by Fund) to this Resolution; and

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

I HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 8th day of June, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Stephanie Harlan, Mayor

ATTEST:

Linda Fridy, City Clerk

Exhibit A

FY 2017/18 General Fund	Amount
Community Center Basketball Courts	\$ 25,000
Senior Exercise Equipment	\$ 40,000
PERS Trust Fund	\$ 500,000
Library Fund	\$ 220,000
RTC Streets Fund	\$ 100,000
Employee Housing Assistance Fund	\$ 300,000
Total General Fund appropriations	\$ 1,185,000

FY 2017/18 Facilities Reserve Fund	Amount
City Hall Frontage Improvements	\$ 110,000
City Hall Office Improvements	\$ 25,000
Community Center Parking Lot	\$ 75,000
Total FY 2017/18 Facilities Reserve Fund	\$ 100,000

Attachment: Council appropriations and adjustments (1892 : proposed 2017/2018 Fiscal Year Budget)

Exhibit B

General Fund Summary

Major Categories	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Adopted	FY 16/17 Estimated	FY 17/18 Proposed	FY 18/19 Planned
Revenues						
Taxes	\$11,154,924	\$12,060,878	\$11,837,099	\$12,194,744	\$12,411,214	\$12,674,754
Licenses and permits	567,554	614,536	601,650	612,930	611,000	611,000
Intergovernmental revenues	470,346	219,504	133,350	136,466	152,850	127,850
Charges for services	1,905,877	1,977,668	2,066,849	2,012,347	2,134,481	1,830,150
Fines and forfeitures	756,553	655,644	675,700	663,700	663,700	663,700
Use of money & property	62,752	84,837	57,100	65,050	70,200	75,200
Other revenues	61,658	71,771	44,900	79,550	63,850	65,650
Revenues Totals	\$14,979,664	\$15,684,837	\$15,416,648	\$15,764,787	\$16,107,295	\$16,048,304
Expenditures						
Personnel	\$7,745,263	\$8,217,828	\$8,807,779	\$8,698,907	\$8,580,424	\$8,757,408
Contract services	2,621,633	2,537,560	2,832,844	2,799,808	2,950,500	2,980,250
Training & Memberships	70,604	101,309	112,830	96,270	113,550	113,550
Supplies	531,848	562,475	568,500	523,325	551,300	555,500
Grants and Subsidies	269,814	277,357	275,000	275,000	275,000	275,000
Capital outlay	(900)	-	-	-	10,000	10,000
Internal service fund charges	850,647	954,500	1,159,000	1,159,000	1,190,050	1,287,696
Other financing uses	2,399,440	3,083,811	1,658,730	1,685,614	3,290,550	1,936,241
Expenditures Totals	\$14,488,349	\$15,734,839	\$15,414,683	\$15,237,924	\$16,961,374	\$15,915,645
Impact on Fund Balance	\$ 491,315	\$ (50,003)	\$ 1,965	\$ 526,863	\$ (854,079)	\$ 132,659
Budgetary Fund Balance	\$ 1,076,628	\$ 1,026,625	\$ 1,028,590	\$ 1,553,488	\$ 699,409	\$ 832,068

Exhibit C
FY 17/18 Fund Balance Summary

	Estimated Balance 7/1/2017	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2018
General Fund	\$ 1,553,488	\$ 16,107,295	\$ -	\$ 13,670,824	\$ 3,290,550	\$ 699,409
Designated Reserves						
Contingency Reserve	\$ 1,903,346	\$ -	\$ 133,000	\$ -	\$ -	\$ 2,036,346
PERS Contingency Reserve	305,000	10,000	500,000	-	-	815,000
Emergency Reserve	1,277,206	-	67,000	-	-	1,344,206
Donations	21,725	10,000	-	-	-	31,725
Facility Reserve	339,870	-	110,000	100,000	-	349,870
Total Designated Reserves	\$ 3,847,147	\$ 20,000	\$ 810,000	\$ 100,000	\$ -	\$ 4,577,147
Debt Service						
Pension Obligation Bond	\$ 481,531	\$ -	\$ 187,351	\$ 668,882	\$ -	\$ -
Pac Cove Lease Financing	131,520	-	165,066	165,066	-	131,520
Pac Cove Park	-	-	89,004	89,004	-	-
Total Debt Service	\$ 613,051	\$ -	\$ 441,421	\$ 922,952	\$ -	\$ 131,520
Capital Improvement Fund	\$ 1,006,565	\$ 50,000	\$ 515,000	\$ 515,000	\$ -	\$ 1,056,565
Internal Service Funds						
Stores	\$ 24,652	\$ 37,250	\$ -	\$ 37,250	\$ -	\$ 24,652
Information Technology	113,352	282,300	-	282,300	-	113,352
Equipment Replacement	175,009	160,000	185,000	412,200	-	107,809
Self-Insurance Liability	281,875	428,000	-	428,000	-	281,875
Workers' Compensation	217,852	321,000	-	321,000	-	217,852
Compensated Absences	36,189	-	200,000	200,000	-	36,189
Total Internal Service Funds	\$ 848,929	\$ 1,228,550	\$ 385,000	\$ 1,680,750	\$ -	\$ 781,729
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 14,421	\$ 100,400	\$ -	\$ 66,000	\$ 35,000	\$ 13,821
SCCACT-SCC Anti-Crime Team	-	-	-	-	-	-
Gas Tax	2,130	289,421	-	219,400	-	72,151
RTC Streets	-	285,000	200,000	485,000	-	-
Library	640,700	9,777,300	999,129	10,131,429	-	1,285,700
Wharf	68,076	85,700	-	95,600	-	58,176
General Plan Update and Maint	9,135	75,000	-	56,000	-	28,135
Green Building Education	118,464	18,000	-	24,000	-	112,464
Public Arts Fee	253,428	15,000	-	81,000	-	187,428
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	45,276	11,000	-	15,000	-	41,276
PEG-Public Education and Gov.	58,074	16,100	-	15,000	-	59,174
Capitola Village/Wharf BIA	6,778	71,560	-	67,600	-	10,738
CDBG Grants	40,124	100,000	-	100,000	-	40,124
CDBG Program Income	13,875	-	-	-	-	13,875
HOME Reuse	187,538	12,300	-	3,200	-	196,638
Housing Trust	21,034	25,000	-	-	25,000	21,034
Cap Hsg Succ- Program Income	167,766	-	-	60,000	-	107,766
Total Special Revenue Funds	\$ 1,647,556	\$ 10,881,781	\$ 1,299,129	\$ 11,419,229	\$ 160,000	\$ 2,249,237
Successor Agency	\$ 379,817	\$ 595,000	\$ -	\$ 636,958	\$ -	\$ 337,859
Tot. Fund Balance - All Funds	\$ 9,896,553	\$ 28,882,626	\$ 3,450,550	\$ 28,945,713	\$ 3,450,550	\$ 9,833,466

Attachment: Fund balance summary (1892) : proposed 2017/2018 Fiscal Year Budget