



AGENDA
FINANCE ADVISORY COMMITTEE
SPECIAL MEETING
TUESDAY MAY 13, 2025
6:00 PM
CITY HALL COMMUNITY ROOM
420 CAPITOLA AVENUE, CAPITOLA, CA 95010

CALL TO ORDER AND ROLL CALL

Committee Members: Vice Mayor Alexander Pedersen, Councilmember Margaux Morgan, Chairperson Anthony Rovai, Vice Chairperson Matt Arthur, Keith Cahalen, Emeline Nguyen, Leslie Neilsen

ORAL COMMUNICATIONS *(No action may be taken)*

The Chair may announce and set time limits at the beginning of each agenda item.

The Committee Members may not discuss Oral Communications to any significant degree but may request issues raised be placed on a future agenda.

OTHER BUSINESS *The Chair may announce and set time limits for speakers at the beginning of each agenda item.*

Topic	Who	Min.
A. Approval of Minutes – Meeting of Apr. 15, 2025	All	5
B. FY 2025-26 Proposed Budget	Fin Dir	75
C. Discussion of Items for Next Agenda	All	10

ADJOURNMENT

Notice: The Finance Advisory Committee meets on the Tuesday every other month at 6:00 PM in the Community Room in City Hall located at 420 Capitola Avenue, Capitola.

Agenda and Agenda Packet Materials: The Finance Advisory Committee Agenda is available on the City's website: www.cityofcapitola.org/ on Friday prior to the Tuesday meeting. If you need additional information, please contact the Finance Department at (831) 475-7300.

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 accommodation 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.

Appeals: Any person who believes that a final action of this advisory body has been taken in error may appeal that decision to the City Council. Appeals must be in writing and delivered to the City Clerk's Office within ten (10) working days from the time of the boards' decision. The notice of appeal shall set forth appellant's name, phone number, address to which notices may be sent to the appellant, and the grounds upon which the appeal is made.



MINUTES
FINANCE ADVISORY COMMITTEE
REGULAR MEETING
TUESDAY APRIL 15, 2025
6:00 PM
CITY HALL COMMUNITY ROOM
420 CAPITOLA AVENUE, CAPITOLA, CA 95010

CALL TO ORDER AND ROLL CALL

Committee Members Present: Vice Mayor Alexander Pedersen, Council Member Margaux Morgan, Chairperson Anthony Rovai, Vice Chairperson Matt Arthur, Keith Cahalen, Emeline Nguyen, Leslie Neilsen

ORAL COMMUNICATIONS

None

OTHER BUSINESS

None

Topic
A. Approval of Minutes – Meeting of Feb. 18, 2025 Minutes moved by Council Member Morgan, seconded by Vice Chairperson Arthur. Minutes unanimously approved.
B. Quarterly Investment Report Staff reported the following balances as of Mar. 31, 2025: ➤ Santa Cruz County Bank - \$2.9 million ➤ Local Agency Investment Fund (LAIF) - \$1.4 million ➤ Wells Fargo - \$1.1 million ➤ Investments - \$3.0 million ➤ PERS Retirement Trust - \$1.6 million Other Post Employment Benefits (OPEB) Trust - \$822,000
C. FY 2025-26 Proposed Budget Update Staff provided the budget calendar and preliminary estimates for primary general fund revenues and expenditures. The proposed budget will be reviewed by the committee during the Special Meeting on May 13, 2025.
D. Discussion of Items for Next Agenda FY 2025-26 Proposed Budget

ADJOURNMENT: Chairperson Rovai adjourned the meeting at 7:09 PM.

Finance Advisory Committee

Agenda Report



Meeting: May 13, 2025

From: Finance Department

Subject: FY 2025-26 Proposed Budget

Recommended Action: Receive report from staff and consider recommendations for the City Council

Discussion: The City of Capitola proposed Fiscal Year (FY) 2025-26 and FY 2026-27 Budget is a two-year financial plan. This plan incorporates the use of available resources programmed toward City Council goals and key projects. The proposed budget was prepared based on a combination of known factors, such as increases in CalPERS (Public Employees' Retirement System) costs, and conservative estimates for both revenues and expenditures.

The budget is the City's operating plan and a primary mechanism by which the Council's goals and vision for the City are transmitted to staff for implementation. In March 2025, the Council adopted the City's first five-year Strategic Plan. In addition to the new Mission and Vision Statement, the Plan includes the following six priorities: Accountable Government, Attainable Housing, Community Safety, Economic Opportunity, Healthy Families, Community, and Environment, and Sustainable Infrastructure.

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

Overall, the FY 2025-26 proposed budget is structurally balanced, including projections for FY 2026-27. However, current financial forecasts show that the budget becomes unbalanced beginning in FY 2027-28, primarily due to increases in the City's CalPERS Retirement Unfunded Actuarial Liability. The FY 2025-26 budget maintains services for residents of Capitola and considers the recently adopted Strategic Plan's six priorities. Nevertheless, the City must also remain focused on the long-term budget picture, which includes unpredictable CalPERS costs, and a challenging economy in coming years.

Staff is presenting a proposed FY 2025-26 Budget that is structurally balanced and forecasted to remain so for the next fiscal year. During this first budget meeting, some of the key discussion points are as follows:

- **Measure Q Revenue:** Also known as the Santa Cruz County Water and Wildlife Protection Initiative, the City will receive \$200,000 annually. Staff is proposing to utilize \$150,000 to fund two new Public Works maintenance positions.
- **Measure S Revenue:** The construction of the Capitola Branch Library, completed in 2022, included \$856,000 of General Fund resources. Revenues from Measure S are exceeding projections, and Capitola is scheduled to receive \$165,000 annually for the next 21 years. The proposed budget includes the first repayment to the General Fund. A full repayment

of the costs of the Library's construction will take approximately 5 ½ years.

- **Parking Pay Station Strategy:** In this budget cycle, staff proposes gradually reducing funding for the maintenance and repair of parking pay stations over the next several years; while increasing promotion and support for digital payment options. The long-term goal is to retain a limited number of strategically placed pay stations, while expanding public education and outreach around digital options. Initial steps will include improved signage and instructions, as well as the implementation of a new web-based payment platform.
- **Countywide Radio Project:** The FY 2025-26 Budget proposes using general fund and restricted SLEF funding to fund the City's portion of the major countywide public safety radio upgrade project, known as RING. The project will facilitate high-quality radio frequency across Santa Cruz County and increase interagency law enforcement collaboration.
- **Administrative Services Department:** Staff proposes to reorganize the Finance Department into the Administrative Services Department, consolidating the Human Resources (HR) and Information Technology (IT) Divisions, currently within the City Manager Department, with Finance. With this new structure, the City Manager remains the Personnel Officer, with the ability to designate these duties to other staff as needed. No salary adjustments or additional costs are proposed as part of this reorganization.

Staff estimates the General Fund balance on June 30, 2026, will be approximately \$688,000 with \$100,000 designated for the employee downpayment assistance program. This estimated balance is subject to change depending upon the actual results of operations during FY 2024-25.

The draft budget (Attachment 1) has been distributed and is available for public viewing on the City's website.

Attachments:

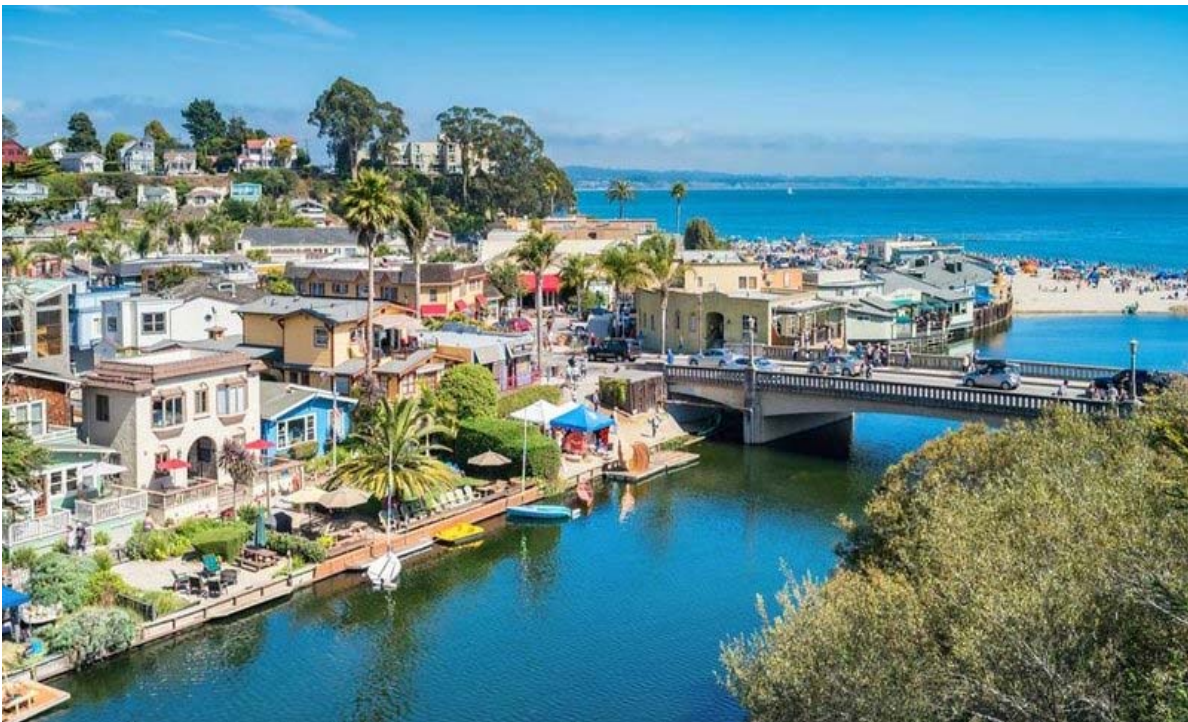
1. Attachment 1: FY 2025-26 Proposed Budget

Report Prepared By: Report Prepared By: Jim Malberg, Finance Director



PROPOSED BUDGET

FISCAL YEAR 2025-26



CITY OF CAPITOLA
Capitola, California



CITY COUNCIL

Joe Clarke, Mayor

Alexander Pedersen, Vice Mayor

Gerry Jensen

Margaux Morgan

Melinda Orbach

Jamie Goldstein, City Manager

Sarah Ryan, Chief of Police

Jessica Kahn, Public Works Director

Jim Malberg, Finance Director / Treasurer

Katie Herlihy, Community Development Director

Nikki Bryant, Community Services & Recreation Director

Chloe Woodmansee, Assistant to the City Manager

Julia Gautho, City Clerk

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California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award Fiscal Year 2024-2025

Presented to the

City of Capitola

For meeting the criteria established to achieve a CSMFO Award in Budgeting.

February 7, 2025



Ernie Reyna

***Ernie Reyna
2024 CSMFO President***

James Russell-Field

***James Russell-Field, Chair
Recognition Committee***

Dedicated to Excellence in Municipal Financial Reporting

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Mission and Values

Mission - Why we're here

We are a vibrant coastal community committed to delivering dependable, accessible services that foster connection and belonging through participatory governance.

Vision - Where we're going

The City of Capitola is a thriving, family-friendly community that prioritizes resident needs while fostering a healthy balance between sustainable tourism, economic growth, and coastal environment and lifestyle.

Values – The Capitola Way

- Collaborative Engagement
- Dynamic Innovation
- Fiscal Sustainability
- Resilient Community
- Respectful Service
- Responsible Growth

Strategic Priorities:

1. Accountable Government
2. Attainable Housing
3. Community Safety
4. Economic Opportunity
5. Healthy Families, Community, and Environment
6. Sustainable Infrastructure

Approved March 2025



TO: City Council

FROM: City Manager

SUBJECT: FY 2025-26 Proposed and FY 2026-7 Planned Budget.

CITY MANAGER'S MESSAGE - STATE OF THE CITY

On behalf of City staff, I am pleased to submit the proposed budget for Fiscal Year (FY) 2024-25. Staff was tasked with developing a budget that continues to deliver the high-quality of services the community is accustomed to while also allocating available resources to City Council goals and strategic priorities. The result is a balanced budget that maintains the minimum target general fund balance of more than \$500,000. The proposed budget projects to end the year with a general fund balance of approximately \$688,590.

The fund balance in the General Fund is projected to remain positive for the next fiscal year, however, based on known increases related to CalPERS pension costs and current assumptions regarding inflation, the General Fund will become structurally imbalanced in FY 2027-28. With overwhelming voter approval, Measure Y became a new revenue stream in early 2025. The budget provides resources to maintain a high level of service for Capitola residents this coming fiscal year. Nevertheless, the City must also remain focused on the long-term budget picture, which not only includes a great deal of uncertainty around general fund revenues but must continue to address increasing pension costs. The erratic revenue data, uncertain economic stability at the national level, and projected rising pension costs will likely result in very challenging budgetary decisions for several years. In the coming fiscal year staff will continue to closely monitor general fund revenues, paying extra attention to sales and transient occupancy tax performance, and continue to report to the City Council on a regular basis. Additionally, staff will develop options for Council consideration to balance the near- and longer-term budgets as well as focus on the long-term structural budget issues.

Storm damages from 2023 and 2024 were categorized into fourteen projects of which FEMA and Cal OES have approved eleven for reimbursement totaling \$285,855 with the City is responsible for matching funds of \$7,600. To date, we have received \$272,355 with \$13,500 still outstanding.

The remaining projects awaiting approval and estimated damage amounts include:

- The Wharf - \$831,500 – deductible and additional costs currently under review by FEMA/Cal OES
- Noble Gulch/Soquel Park - \$269,000
- Hoopers Ramp - \$14,000 – seeking mitigation to make ramp more resilient, under review by Cal OES
- Grand Avenue Pathway – staff is currently assessing the costs of potential repairs.

Staff recommends the City hold off on allocating any additional FEMA/Cal OES reimbursement until those funds are received. One potential use for these funds is to replenish reserve funding used to respond to the recent series of emergency events.

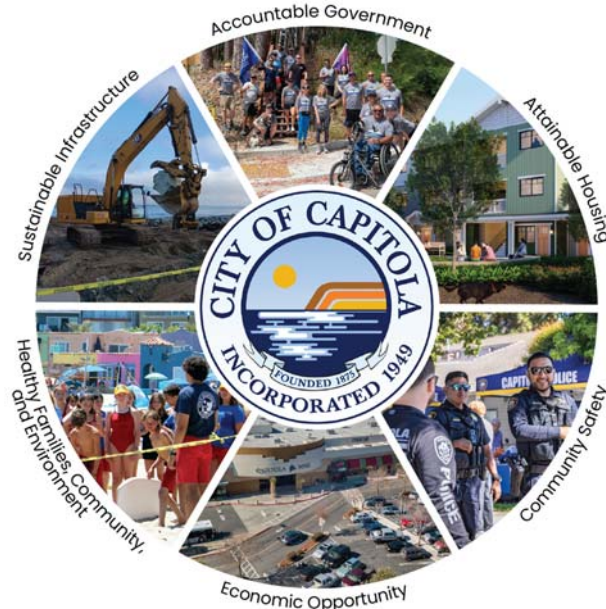
The Capitola Mall remains a major funding source for the City, however long-term national and local trends have put significant pressure on existing brick-and-mortar retailers to remain competitive with internet options. The Mall was purchased in 2016 by Merlone Geier Partners, which also acquired the old Sears building in 2018. In FY 2019-20 the new owners initiated a public process, including a public meeting and regional survey of residents to begin evaluating options to redevelop the Mall.

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

In 2016 voters passed Measure F to extend a temporary quarter percent local sales tax for an additional 10 years. The primary purpose of Measure F was to utilize the funding to protect City infrastructure from storms and rising sea levels. The City completed the key resiliency projects identified in Measure F, including rebuilding the wharf, flume and jetty earlier than anticipated. In response to early project completion, the City put Measure Y on the ballot in 2024 to repeal Measure F and replace it with a new half percent local sales tax for 10 years. Voters passed Measure Y with 67% approval. The City implemented salary adjustments for most of city staff in January as a result of this tax measure passing to maintain competitive salary ranges.

BUDGETARY GOALS AND PRINCIPLES

The FY 2025-26 General Fund budget was developed with an emphasis on financial stability and maintaining core programs and services for Capitola residents and visitors. As a first step in developing the Budget, the City Council adopted the 2025-2029 Strategic Plan. Budget highlights and proposed changes are presented in consideration of the six priorities included in the plan:



OTHER BUDGETARY HIGHLIGHTS AND PROPOSED CHANGES

While the budget was largely prepared to maintain core services and keep expenditures at the lowest level possible, there are several changes identified in this budget, which include one no-cost one organizational change.

Measure Q: Santa Cruz County Water and Wildlife Protection Initiative

In FY 2025-26, the City will begin to receive funds from Measure Q, voter-approved in 2024 at the County level. This parcel tax was placed on the ballot to raise money for land management, cleanup and conservation projects in forests, streams, beaches, and other open spaces. The money is split between various groups, a countywide grant program, and 20% of funding goes directly to the cities in Santa Cruz County. The City of Capitola will receive \$200,000 of Measure Q funds in FY 2025-26.

Staff proposes programming \$150,000 of Measure Q funds for two new Public Works crew members to maintain city parks and open space. The City's Public Works crew has remained at the same staffing level since before 2015, while the City has increased needs for park and city property maintenance year over year. Most significantly in FY 2025-26 the City will have an additional park, with the Park at Rispin Mansion opening to the public, plus an expected increase in use at the Jade Street Park complex due to the Community Center renovation and upcoming Treasure Cove Playground project, there is a need for additional staffing support.

Parking Pay Station Strategy and Transition to Digital Payments

In this budget cycle, staff proposes gradually reducing funding for the maintenance and repair of parking pay stations over the next several years, while increasing promotion and support for digital payment options.

Following internal analysis and consultation with the Business Improvement Area (BIA) leadership board, the Police Department recommends a shift away from heavy reliance on physical pay stations—particularly in high-risk, weather-prone areas such as along the Esplanade, where machines are frequently damaged by coastal conditions. As part of the FY 2025–26 work plan, the Department aims to continue upgrading payment interfaces to enhance customer service.

Staff has received positive feedback on the mobile parking payment application, which enables users to pay by phone regardless of a pay station's status or location.

The long-term goal is to retain a limited number of strategically placed pay stations, while expanding public education and outreach around digital options. Initial steps will include improved signage and instructions, as well as implementation of a new web-based payment platform.

The overall intent is to enhance the user experience, support parking revenue, and maintain visitor access to the Village—ensuring that technical issues with pay stations do not discourage visitation or payment compliance.

Countywide Radio Project

FY 2025-26 Budget proposes using general fund and restricted SLEF funding to fund the City's portion of the major countywide public safety radio upgrade project known as RING. The project will facilitate high-quality radio frequency across Santa Cruz County and increase interagency law enforcement collaboration. The project includes significant new radio infrastructure in the City, compliant with new DOJ standards. The County, which is leading this effort, plans to enter into a contract with all the public safety organizations in the County and a vendor this fall. While final

costs to the City have not yet been established, staff anticipates the cost will be roughly \$45,000 a year for the next 10-years.

Measure S

Measure S is a special tax on all developed property within the Santa Cruz Public Libraries District boundary (all of Santa Cruz County except the City of Watsonville); it was approved by voters in 2016 for a 30-year period. Tax funds are restricted to repair, upgrade, and modernize the local library facilities. The Santa Cruz Libraries Financing Authority Community Facilities District was formed for the purpose of levying the special tax to each of the four members: Cities of Capitola, Santa Cruz, and Scotts Valley and the County of Santa Cruz.

The City of Capitola completed the \$16.5 million Capitola Branch library in 2022 using \$10,476,529 in Measure S funding, funds from the County Library Fund, former Redevelopment Agency Funds, and \$856,000 in City general fund.

Recent projections indicate that Measure S will generate more revenue than initially anticipated, with the City expected to receive approximately \$165,000 annually for eligible library expenditures. The FY 2025–26 Budget proposes allocating this amount to the General Fund to begin repaying the \$856,000 previously advanced for the construction of the Capitola Library.

Administrative Services Department

Staff proposes to reorganize the Finance Department into the Administrative Services Department, consolidating the Human Resources (HR) and Information Technology (IT) Divisions, currently within the City Manager Department, with Finance. Finance and HR are currently automating and digitizing internal processes; this reorganization will improve the communication and operational efficiency as these changes are implemented.

The City is anticipating the retirement of the current IT Specialist during FY2025-26. The IT Specialist, Assistant to the City Manager, and Finance Director have begun transition planning, which may include shifting IT to a contracted service, rather than a regular staff position. The reorganization will allow the IT Specialist and Finance to work closely to ensure a smooth transition.

With this new structure, the City Manager remains the Personnel Officer, with the ability to designate these duties to other staff as needed. The City Manager Department maintains the Assistant to the City Manager position, now allocated to the department at 100% FTE, rather than 50%, to meet the city's expanding public outreach and community engagement needs while also managing special projects and contracts, such as the Annexation Feasibility Study, and supporting the City Manager and all Departments.

No salary adjustments or additional costs are proposed as part of this reorganization.

Youth Funding and Business Group Funding

With the passage of Measure J in 2018, Capitola became one of the first cities in the state to establish a children's fund that is supported by a dedicated tax measure. Transient Occupancy Tax (TOT) revenues continue to perform well, and the proposed budget includes an allocation of \$65,000 from the children's fund to support early childhood and youth programming. The budget also includes approximately \$74,000 of funding for the Chamber of Commerce and the Village Business Improvement District, also using the restricted Measure J funding.

General Fund Balance

The general fund balance is estimated to end FY 2024-25 above the minimum target of \$500,000. However, both the Contingency and Emergency reserves are projected to be below their target balance amounts. The FY 2025-26 Proposed Budget returns the general fund to the \$500,000 target balance while maintaining \$100,000 for the employee downpayment assistance program.

Current revenue and expenditure projections show revenues not keeping pace with expenditures, requiring usage of Measure Y revenues to structurally balance the budget in the 5-year forecast. Staff will continue to closely monitor revenues, expenditures, and fund balance throughout FY 2025-26 and will report to the Council during the mid-year budget report.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2024-25 the City completed several significant projects, which 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 include:

- Opened Capitola Wharf to the public.
- Awarded CDBG Grant of \$3.3 million for renovation of the Jade Street Community Center and began construction on Community Center Renovation.
- Completed pump track renovation.
- Increase public outreach efforts with social media platforms and bi-monthly digital newsletter, plus in-person tabling event during the last Twilight Concert of the 2024 summer season.
- Bid and awarded the FY 2024–25 Pavement Management Program contract during the dry season; construction begins June 2025 and continues through summer.
- Internally promoted Chief of Police, Sarah Ryan.
- Negotiated new leases with Capitola Boat and Bait and Capitola Beach Company for continued service for the community.
- Established temporary Wharf facilities for fishing.
- Entered a no-cost lease with School District to temporarily house the Community Services and Recreation Department during Community Center renovation.
- Completed the Strategic Plan 2025-2029; adopted new Mission, Vision, and Values.
- Implemented online applications & payments for business licenses.
- Completed banking service provider change.
- Updated the PD locker room and bathrooms to improve safety and employee retention.
- Implemented Electronic Citations for patrol personnel.
- Researched upgrade options for infrastructure, to include possible new antenna site and develop short-term plan pending larger County-wide radio project.
- Shifted department forms and internal processes to a digital platform for increased efficiency.
- Completed Upper Parking Lot Sidewalk Project.
- Installed Wharf signage.
- Finalized the design of Treasure Cove Playground and partnered with Friends of Santa Cruz County Parks to successfully raise over \$1,000,000 in funding for the project.
- Substantially completed the Park at Rispin Mansion.
- Certification of the 6th Cycle Housing Element by State of California Department of Housing and Community Development.

- Issued \$1.6 million loan to MidPen Housing for the future development of a 52-unit, 100% affordable housing development at 1098 38th Avenue.
- Established a housing rehabilitation program with Habitat for Humanity for 16 households.
- Hosted two food truck events on Capitola Wharf to celebrate the Wharf reopening and assess future programming opportunities.
- Implemented a Park Space Reservation Permit system, enabling small groups to reserve space for events like birthday parties in City Parks.
- Integrated Art & Cultural events into the Community Services and Recreation Department to streamline event implementation.
- Continuation of 2024 annual exhibition “Little City Under Canvas” – The 150th Anniversary of Camp Capitola and permanent Capitola Timeline, Martina Castro Lodge and First People of Capitola exhibits until December 2024.

CONCLUSION

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

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

SUMMARY INFORMATION



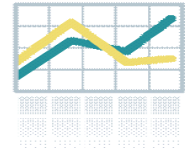
Budget Process Overview

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

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

The City's budget process continues throughout the year, with quarterly financial updates published on 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 City Manager / Departments Finance / Departments Finance	Finance prepares mid-year calculations Review accomplishments related to prior year Budget Principles Provides year-end estimates Publishes quarterly reports for October - December
February	Finance / City Manager City Council Finance Departments	Presents mid-year report to Council and FAC Establishes Budget Principles Projects non-departmental revenues and position costs Prepares budget and CIP
March	Finance / Departments Finance Advisory Committee	Continue budget projections FAC discusses elements of the budget
April	City Manager Finance Planning Commission Finance	Reviews departments budget requests Adjusts proposed budget based on City Manager review Reviews CIP Publishes quarterly reports for January - March
May	Finance Advisory Committee Finance / City Manager Finance Advisory Committee Community Organizations	Distributes proposed budget Presents proposed budget and CIP to City Council Provides recommendations to Council Provides funding request information to Council
June	City Council City Council	Deliberates 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 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/Treasurer 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, and a Council Member. 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.

General Fund Summary

The General Fund balance remained steady during FY 2024-25. The projected General Fund FY 2024-25 ending budgetary fund balance totals \$688,590. The FY 2025-26 Proposed Budget maintains the General Fund balance at the minimum target of \$500,000 while maintaining \$100,000 for the employee downpayment assistance program.

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

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

General Fund Summary

Major Categories	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Proposed	FY 26/27 Planned
Revenues						
Taxes	\$ 14,709,173	\$ 14,495,884	\$ 15,383,270	\$ 15,358,270	\$ 16,883,877	\$ 17,354,164
Licenses and permits	650,188	767,635	737,309	737,309	734,500	743,740
Intergovernmental revenues	351,671	230,640	106,360	106,360	106,700	108,700
Charges for services	1,817,637	2,126,976	2,389,640	2,389,640	2,495,741	2,495,741
Fines and forfeitures	566,907	425,043	607,500	607,500	690,000	690,000
Use of money & property	70,527	355,181	190,195	190,195	139,000	143,500
Other revenues	240,413	365,348	117,206	117,206	97,000	102,875
Revenues Totals	\$18,406,515	\$18,766,706	\$19,531,479	\$19,506,479	\$21,146,818	\$21,638,720
Expenditures						
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract services	3,336,801	3,714,466	3,515,981	3,515,981	3,679,928	3,540,702
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	791,700	786,800
Grants and Subsidies	125,000	125,000	125,000	125,000	133,425	133,425
Internal service fund charges	1,444,499	1,617,841	1,523,578	1,523,578	1,662,900	1,703,635
Other financing uses	3,271,324	2,288,788	287,568	287,568	287,344	287,116
Expenditures Totals	\$20,389,330	\$20,949,586	\$19,527,932	\$19,479,266	\$21,144,114	\$21,638,389
Impact on Fund Balance	\$ (1,982,815)	\$ (2,182,880)	\$ 3,547	\$ 27,214	\$2,704	\$332
Budgetary Fund Balance	\$ 3,141,552	\$ 958,672	\$ 762,219	\$ 785,885	\$ 688,590	\$ 688,921
Designations						
Employee Downpayment			\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
Infrastructure	\$ -	\$ -	\$ -	\$ -		
Revised Budgetary Fund Balance	\$ 3,141,552	\$ 758,672	\$ 662,219	\$ 685,885	\$ 588,590	\$ 588,921

Revenue Summary

	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Proposed	FY 26/27 Planned
General Fund	\$ 18,406,515	\$18,766,706	\$19,531,479	\$19,506,479	\$21,146,818	\$21,638,720
Designated Reserves						
Contingency Reserve	131,000	172,000	-	-	-	-
PERS Contingency Reserve	283,497	343,370	10,000	70,000	50,000	50,000
Emergency Reserve	250,000	250,000	-	-	-	-
Facility Reserve	-	100,000	-	-	-	-
Total Designated Reserves	\$ 664,497	\$ 865,370	\$ 10,000	\$ 70,000	\$ 50,000	\$ 50,000
Debt Service						
Pac Cove Lease Financing	165,139	670,000	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,344	87,116
Total Debt Service	\$ 292,139	\$ 757,788	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Capital Improvement Fund	\$ 342,864	\$ 3,766,006	\$ 6,453,203	\$ 4,789,000	\$ 7,177,000	\$ 972,341
Internal Service Funds						
Stores Fund	\$ 27,000	\$ 27,001	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	261,570	510,068	272,000	272,000	352,000	342,000
Equipment Replacement	185,000	709,271	65,000	65,000	197,000	200,000
Self-Insurance Liability	955,290	622,136	760,036	760,036	680,900	708,135
Workers Compensation	431,999	447,705	403,542	403,542	410,000	430,500
Compensated Absences	220,000	225,000	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 2,080,859	\$ 2,541,180	\$ 1,727,578	\$ 1,727,578	\$ 1,866,900	\$ 1,907,635
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 107,082	\$ 107,524	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000
TOT Restricted Revenue	105,682	102,884	101,841	96,250	97,250	97,250
Gas Tax	255,825	280,848	274,160	280,160	279,546	290,462
RTC Streets	381,953	379,314	374,000	384,000	397,732	397,971
SB1 RMRA	227,379	265,779	252,161	267,161	258,668	262,770
Wharf	72,310	5,373	95,500	97,500	24,000	24,000
General Plan Update and Maint	127,062	137,542	114,375	146,875	62,000	62,000
Green Building Education	13,459	46,307	15,000	20,000	15,000	15,000
Public Arts Fee	-	-	-	54,460	25,000	-
Parking Reserve	100,000	469,000	-	-	-	-
Technology Fee	14,659	18,726	14,500	16,500	17,000	17,000
PEG-Public Education and Gov.	13,437	12,450	16,000	11,500	11,500	11,500
BIA-Capitola Village-Wharf BIA	145,789	134,254	146,970	149,915	150,000	152,000
CDBG Grants	168,768	160,560	3,592,576	3,432,335	-	-
CDBG Program Income	1,151	1,906	-	165,241	-	-
Library	51,693	2,103	-	-	165,000	165,000
HOME Reuse	99,530	86,985	-	104,529	20,000	500
Housing Trust	50,377	95,220	14,000	76,802	75,000	70,000
PLHA	-	105,092	171,825	376,400	-	-
Cap Hsg Succ- Program Income	150,872	153,801	27,400	91,846	20,000	20,000
Total Special Revenue Funds	\$ 2,087,026	\$ 2,565,668	\$ 5,314,308	\$ 5,875,474	\$ 1,721,696	\$ 1,689,453
Total Revenues - All Funds	\$ 23,873,900	\$29,262,718	\$33,124,136	\$32,056,099	\$32,049,758	\$26,345,265

Expenditure Summary

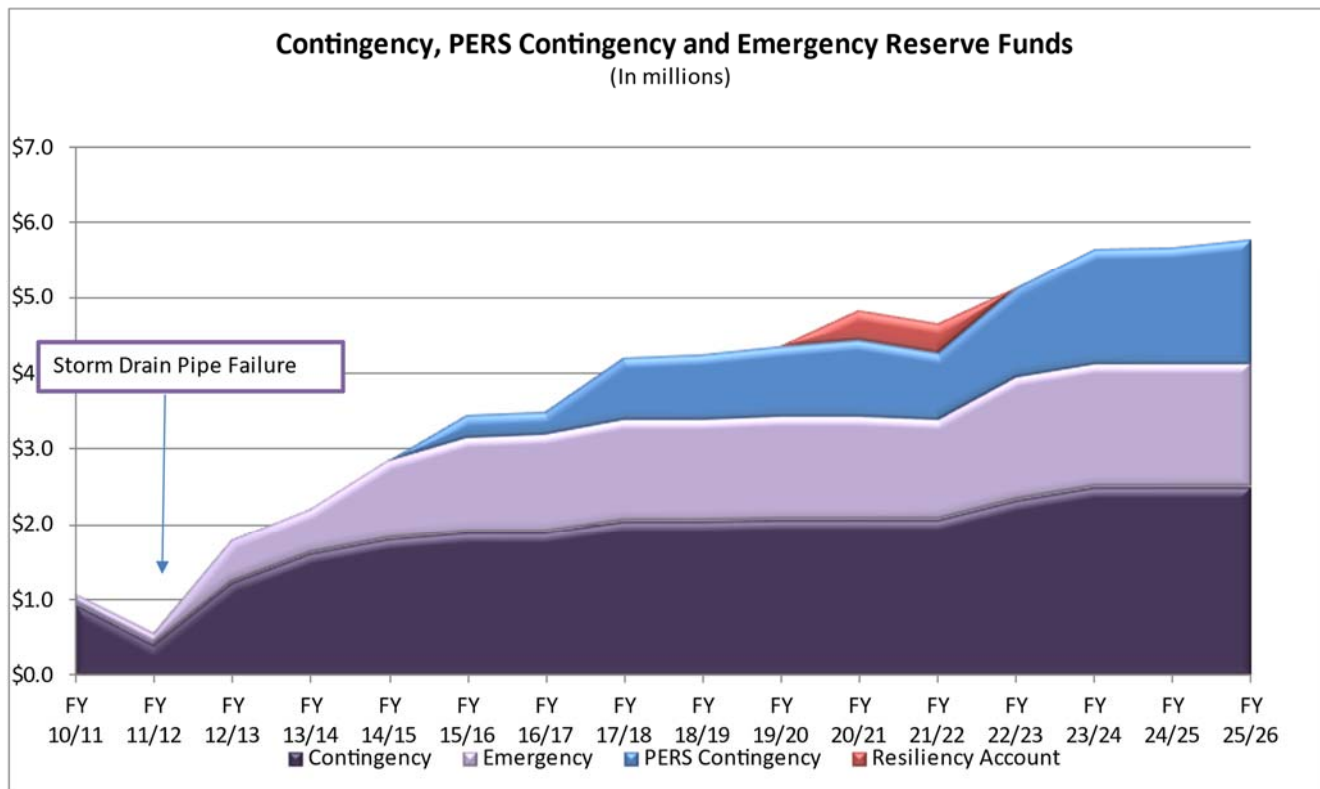
	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Proposed	FY 26/27 Planned
General Fund	\$ 20,389,330	\$ 20,949,586	\$ 19,527,932	\$ 19,479,266	\$ 21,144,114	\$ 21,638,389
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	80,000	250,000	-	-	-	-
Facilities Reserve	-	250,000	-	-	-	-
Total Designated Reserves	\$ 80,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Debt Service						
Pac Cove Lease Financing	165,066	649,940	-	-	-	-
Pac Cove Park	88,002	87,788	87,568	87,568	87,344	87,116
Total Debt Service Funds	\$ 253,068	\$ 737,727	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Capital Improvement Fund	\$ 1,057,024	\$ 1,476,467	\$ 6,863,140	\$ 1,386,500	\$ 12,686,300	\$ 1,190,000
Internal Service Funds						
Stores	\$ 29,759	\$ 25,595	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	299,723	301,063	317,406	317,406	348,000	338,000
Equipment Replacement	275,161	1,035,582	417,661	473,500	197,000	200,000
Self-Insurance Liability	656,222	720,403	760,036	760,036	680,900	708,135
Workers' Compensation	681,777	446,257	403,542	403,542	410,000	430,500
Compensated Absences	276,821	248,166	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 2,219,462	\$ 2,777,067	\$ 2,125,645	\$ 2,181,484	\$ 1,862,900	\$ 1,903,635
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 109,954	\$ 84,360	\$ 133,500	\$ 133,500	\$ 133,500	\$ 133,500
TOT Restricted Revenue	109,968	98,141	131,833	128,333	97,250	97,250
Gas Tax	149,949	275,741	296,741	296,741	279,500	290,000
RTC Streets	1,129,884	33,061	369,000	369,000	397,732	397,971
SB1 RMRA	253,428	21,801	252,161	252,161	258,668	262,770
Wharf	61,003	46,778	141,250	152,000	58,000	58,300
General Plan Update and Maint.	125,760	119,265	333,846	333,846	75,500	45,500
Green Building Education	-	7,710	57,000	12,500	62,500	7,500
Public Arts Fee	-	579	75,500	101,020	55,500	-
Parking Reserve	100,000	469,000	-	-	-	-
Technology Fee	18,250	-	13,250	15,750	16,000	16,000
PEG-Public Education and Gov.	32,159	-	12,000	16,000	16,000	16,000
BIA-Capitola Village-Wharf BIA	140,940	146,011	155,900	153,200	165,500	165,500
CDBG Grants	220,884	239,612	3,595,770	3,610,240	-	-
CDBG Program Income	-	-	170,241	214,443	-	-
Library	1,085	-	-	-	165,000	165,000
HOME Reuse	3,700	3,700	4,100	4,850	979,000	-
Housing Trust	25,000	201,000	150,000	150,000	75,000	75,000
PLHA	-	5,256	449,376	449,376	-	-
Cap Hsg Succ- Program Income	92,316	324,528	2,224,649	999,649	32,500	32,500
Total Special Revenue Funds	\$ 2,574,279	\$ 2,076,543	\$ 8,566,117	\$ 7,392,610	\$ 2,867,150	\$ 1,762,791
Total Expenditures - All Funds	\$ 26,573,163	\$ 28,517,390	\$ 37,170,403	\$ 30,527,427	\$ 38,647,808	\$ 26,581,931

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 City was able to navigate the fiscal impacts associated with the COVID-19 Pandemic without utilizing reserve funds, however, the atmospheric river storms on Jan. 5, 2023, caused the City to utilize funds from the Emergency Reserve to make emergency repairs. Additionally, as the City continues to make storm damage repairs the general fund balance has been drawn down and therefore the FY 2025-26 Adopted Budget does not include any general fund transfers into the reserves. As storm damage repair costs are reimbursed through FEMA and Cal OES the City anticipates returning reserves to minimum target balances.



OPEB and PERS Trust Funds

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

OPEB Trust Fund:

Balance 6/30/2024	\$781,709
FY 2024/25 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2025	\$853,759
FY 2025/26 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2026	\$925,809

PERS Trust Fund:

Balance 6/30/2024	\$1,531,142
Estimated Interest Earned	30,000
<u>FY 2024/25 Contributions</u>	<u>0</u>
Estimated Balance 6/30/2025	\$1,561,142
<u>Estimated Interest Earned</u>	<u>30,000</u>
Estimated Balance 6/30/2026	\$1,591,142

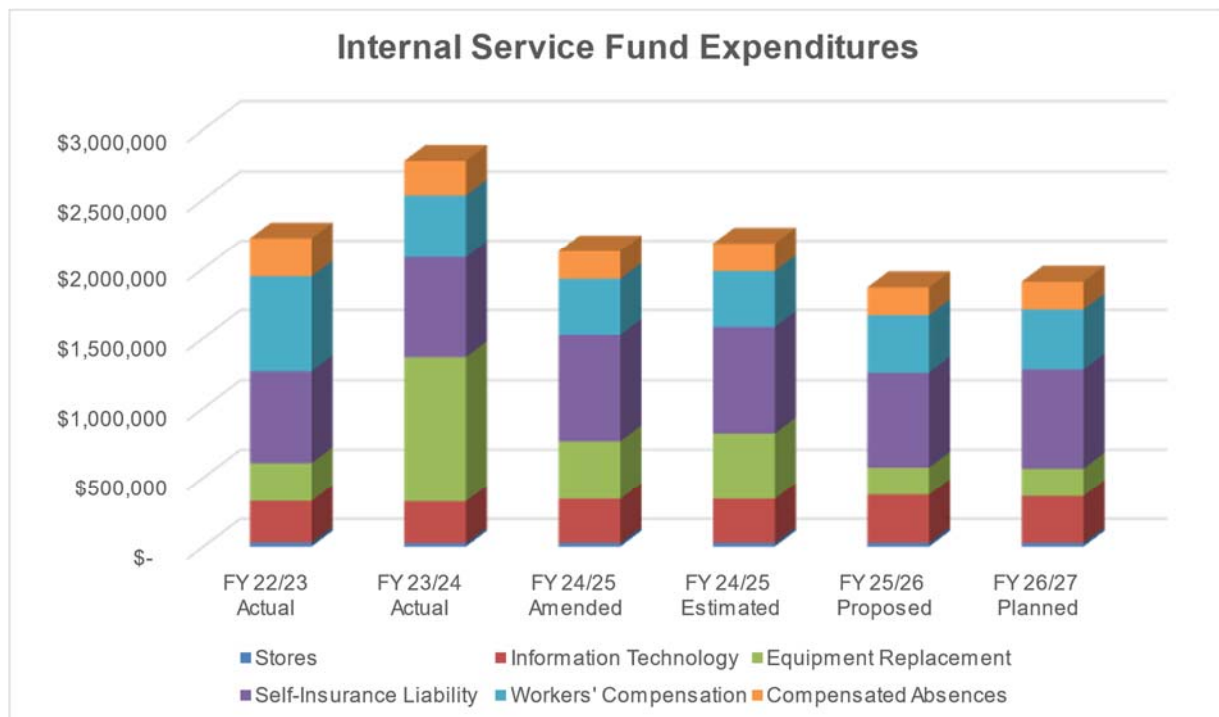
General Fund Resources

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 24/25 Estimated	FY 25/26 Proposed	FY 26/27 Planned
General Fund	\$ 785,885	\$ 688,590	\$ 688,921
Designated Reserves			
Emergency	1,631,506	1,631,506	1,631,506
Contingency	2,495,346	2,495,346	2,495,346
PERS Contingency	1,601,142	1,651,142	1,701,142
Facilities Reserve	282,714	282,714	282,714
Internal Service Funds			
Stores	64,082	64,082	64,082
Information Technology	481,250	485,250	489,250
Equipment Replacement	141,157	141,157	141,157
Self-Insurance Liability	179,920	179,920	179,920
Workers' Compensation	118,749	118,749	118,749
Compensated Absences	30,899	30,899	30,899
Total General Fund Resources	\$ 7,812,650	\$ 7,769,355	\$ 7,823,686

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



Fund Balance Summary

	Estimated Balance 7/1/2025	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2026
General Fund	\$ 685,885	\$21,146,818	\$ -	\$ 20,856,770	\$ 287,344	\$ 688,590
Designated Reserves						
Contingency Reserve	\$2,495,346	\$ -	\$ -			\$ 2,495,346
PERS Contingency Reserve	1,601,142	50,000	-	-	-	1,651,142
Emergency Reserve	1,631,506		-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	282,714	-	-	-	-	282,714
Total Designated Reserves	\$ 6,010,707	\$ 50,000	\$ -	\$ -	\$ -	\$ 6,060,707
Debt Service						
Pac Cove Lease Financing	75,204	-	-		-	75,204
Pac Cove Park	12	-	87,568	87,568	-	12
Total Debt Service	\$ 75,216	\$ -	\$ 87,568	\$ 87,568	\$ -	\$ 75,216
Capital Improvement Fund	\$ 1,351,312	\$ 1,420,700	\$ -	\$ 2,600,000	\$ -	\$ 172,012
Internal Service Funds						
Stores	\$ 64,082	\$ 27,000		\$ 27,000	\$ -	\$ 64,082
Information Technology	481,250	275,000	-	348,000	-	408,250
Equipment Replacement	141,157	197,000	-	197,000	-	141,157
Self-Insurance Liability	179,920	680,900		680,900	-	179,920
Workers' Compensation	118,749	410,000		410,000	-	118,749
Compensated Absences	30,899	-	200,000	200,000	-	30,899
Total Internal Service Funds	\$ 1,016,058	\$ 1,589,900	\$ 200,000	\$ 1,862,900	\$ -	\$ 943,058
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 33,427	\$ 104,000		\$ 133,500		\$ 3,927
TOT Restricted Revenue	21,296	97,250		97,250		21,296
SB1 RMRA	300,518	258,668		258,668		300,518
RTC Streets	60,325	397,732		397,732		60,325
Gas Tax	273,397	279,546		279,500		273,443
Wharf	124,018	24,000		58,000		90,018
General Plan Update and Maint	280,571	62,000		75,500		267,071
Green Building Education	260,555	15,000		62,500		213,055
Public Art	155,236	25,000		55,500		124,736
Parking Reserve	737	-		-	-	737
Technology Fee	94,371	17,000		16,000		95,371
PEG-Public Education and Govt.	51,341	11,500		16,000		46,841
Capitola Village/Wharf BIA	33,426	150,000	-	165,500		17,926
CDBG Grants	(1,080)	-		-		(1,080)
CDBG Program Income	39,199	-		-		39,199
Library	51,569	165,000		165,000		51,569
HOME Reuse	780,264	20,000		979,000		(178,736)
Housing Trust	241,690	75,000		75,000		241,690
PLHA	5,255	-		-		5,255
Cap Hsg Succ- Program Income	1,925,511	20,000		32,500		1,913,011
Total Special Revenue Funds	\$ 4,731,626	\$ 1,721,696	\$ -	\$ 2,867,150	\$ -	\$ 3,586,172
Prelim. Fund Balance - All Funds	\$ 13,870,804	\$ 25,929,114	\$ 287,568	\$ 28,274,388	\$ 287,344	\$ 11,525,754
GF Fund Balance Designation	(100,000)					(100,000)
Total Fund Balance - All Funds	13,770,804					11,425,754

Fund Balance Summary

	Estimated Balance 7/1/2026	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2027
General Fund	\$ 688,590	\$ 21,638,720	\$ -	\$ 21,351,273	\$ 287,116	\$ 688,921
Designated Reserves						
Contingency Reserve	\$ 2,495,346	\$ -	\$ -	\$ -	\$ -	\$ 2,495,346
PERS Contingency Reserve	1,651,142	50,000	-	-	-	1,701,142
Emergency Reserve	1,631,506	-	-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	282,714	-	-	-	-	282,714
Total Designated Reserves	\$ 6,060,707	\$ 50,000	\$ -	\$ -	\$ -	\$ 6,110,707
Debt Service						
Pac Cove Lease Financing	75,204	-	-	-	-	75,204
Pac Cove Park	12	-	87,344	87,344	-	12
Total Debt Service	\$ 75,216	\$ -	\$ 87,344	\$ 87,344	\$ -	\$ 75,216
Capital Improvement Fund	\$ 172,012	\$ -	\$ -	\$ -	\$ -	\$ 172,012
Internal Service Funds						
Stores	\$ 64,082	\$ 27,000	\$ -	\$ 27,000	\$ -	\$ 64,082
Information Technology	408,250	342,000	-	338,000	-	412,250
Equipment Replacement	141,157	200,000	-	200,000	-	141,157
Self-Insurance Liability	179,920	708,135	-	708,135	-	179,920
Workers' Compensation	118,749	430,500	-	430,500	-	118,749
Compensated Absences	30,899	-	200,000	200,000	-	30,899
Total Internal Service Funds	\$ 943,058	\$ 1,707,635	\$ 200,000	\$ 1,903,635	\$ -	\$ 947,058
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 3,927	\$ 104,000		\$ 133,500		\$ (25,573)
TOT Restricted Revenue	21,296	97,250		97,250		21,296
SB1 RMRA	300,518	262,770		262,770		300,518
RTC Streets	60,325	397,971		397,971		60,325
Gas Tax	273,443	290,462		290,000		273,905
Wharf	90,018	24,000		58,300		55,718
General Plan Update and Maint	267,071	62,000		45,500		283,571
Green Building Education	213,055	15,000		7,500		220,555
Public Art	124,736	-		-		124,736
Parking Reserve	737	-	-	-	-	737
Technology Fee	95,371	17,000		16,000		96,371
PEG-Public Education and Govt.	46,841	11,500		16,000		42,341
BIA-Capitola Village-Wharf BIA	17,926	152,000		165,500		4,426
CDBG Grants	(1,080)	-		-		(1,080)
CDBG Program Income	39,199	-		-		39,199
Library	51,569	165,000		165,000		51,569
HOME Reuse	(178,736)	500		-		(178,236)
Housing Trust	241,690	70,000			75,000	236,690
PLHA	5,255	-		-		5,255
Cap Hsg Succ- Program Income	1,913,011	20,000		32,500		1,900,511
Total Special Revenue Funds	\$ 3,586,172	\$ 1,689,453	\$ -	\$ 1,687,791	\$ 75,000	\$ 3,512,834
Prelim. Fund Balance - All Funds	\$ 11,525,754	\$ 25,085,808	\$ 287,344	\$ 25,030,043	\$ 362,116	\$ 11,506,748
GF Fund Balance Designation	(100,000)					(100,000)
Total Fund Balance - All Funds	11,425,754					11,406,748

GENERAL FUND REVENUES

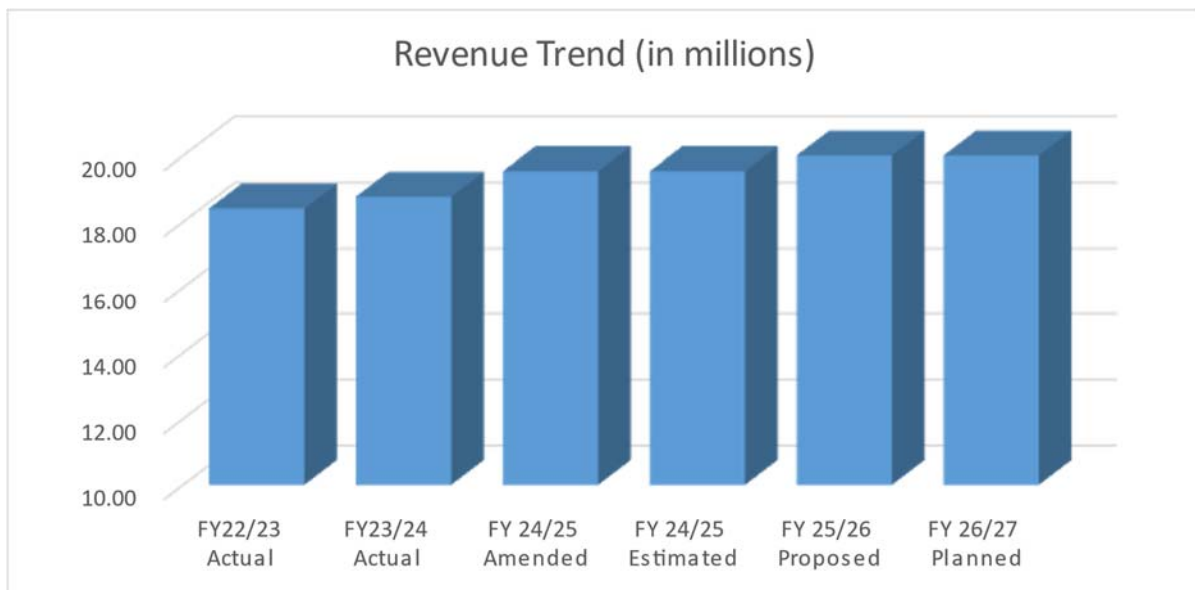


General Fund Revenues

Revenues for the FY 2025-26 General Fund operating budget total \$21.1 million, an increase of approximately \$1.6 million or 8.1 percent above FY 2024-25 estimated revenue. Property tax revenues remain strong as assessed values (basis for property tax levies) continue to increase with changes in ownership and an additional 2% CPI increase per Prop 13 provisions. Staff anticipates sales tax revenue to increase around 10.5% over FY 2024-25 with 9.5% of that growth attributed to Measure Y and 1% market increase as the economy shows signs of slowing. Transient occupancy tax is expected to remain flat.

A summary of major revenue changes between the FY 2024-25 proposed and FY 2025-26 proposed budgets is listed below:

General Fund Revenues						
	FY22/23	FY23/24	FY 24/25	FY 24/25	FY 25/26	FY 26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
Taxes	\$ 14,709,173	\$14,495,884	\$15,383,270	\$15,383,270	\$16,883,877	\$17,354,164
Licenses and permits	650,188	767,635	737,309	737,309	734,500	743,740
Intergovernmental revenues	351,671	230,640	106,360	106,360	106,700	108,700
Charges for services	1,817,637	2,126,976	2,389,640	2,389,640	2,495,741	2,495,741
Fines and forfeitures	566,907	425,043	607,500	607,500	690,000	690,000
Use of money & property	70,527	355,181	190,195	190,195	139,000	143,500
Other revenues	240,413	365,348	117,206	117,206	97,000	102,875
General Fund Revenues	\$ 18,406,515	\$18,766,706	\$19,531,479	\$19,531,479	\$21,146,818	\$21,638,720



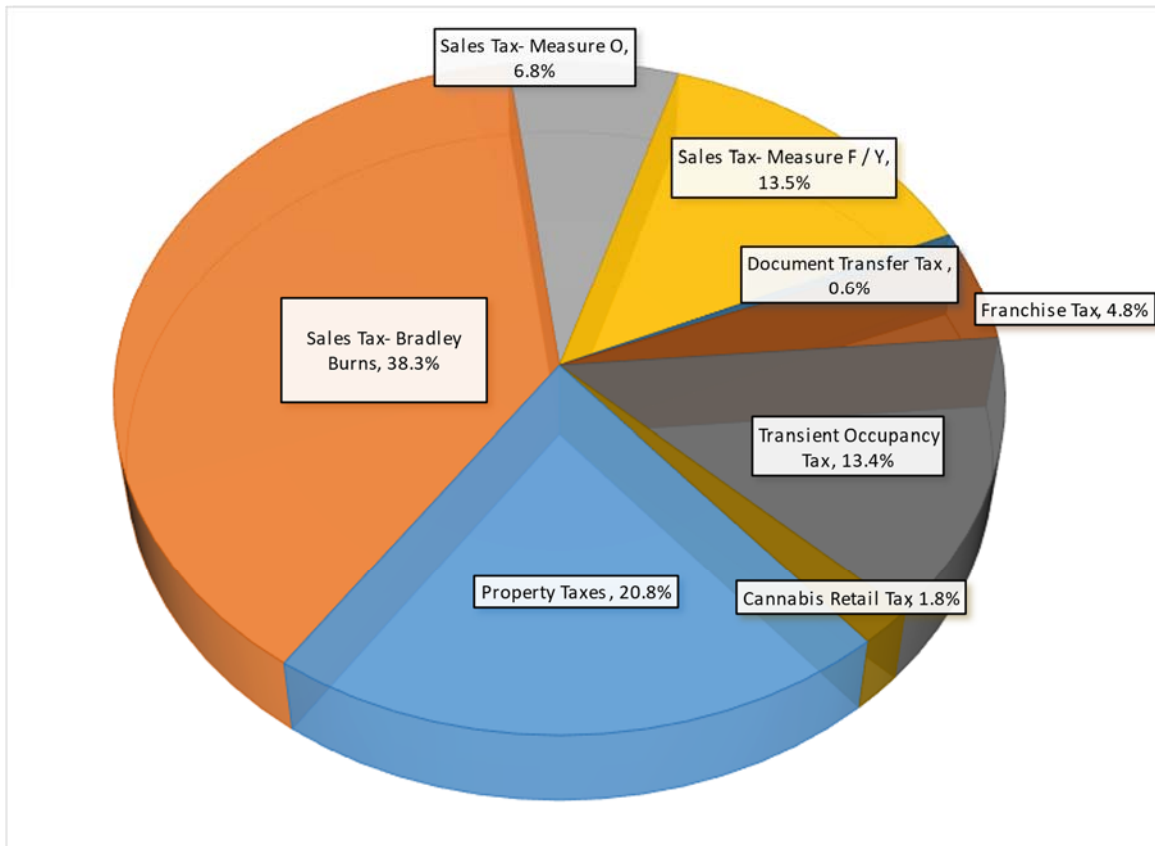
General Revenue Information

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. 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.

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	\$9,715,877
• Transient Occupancy Tax	2,222,000
• Parking Meters	1,166,000
• Parking Fines	600,000
• Property Taxes	<u>3,441,000</u>
	\$17,144,877

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



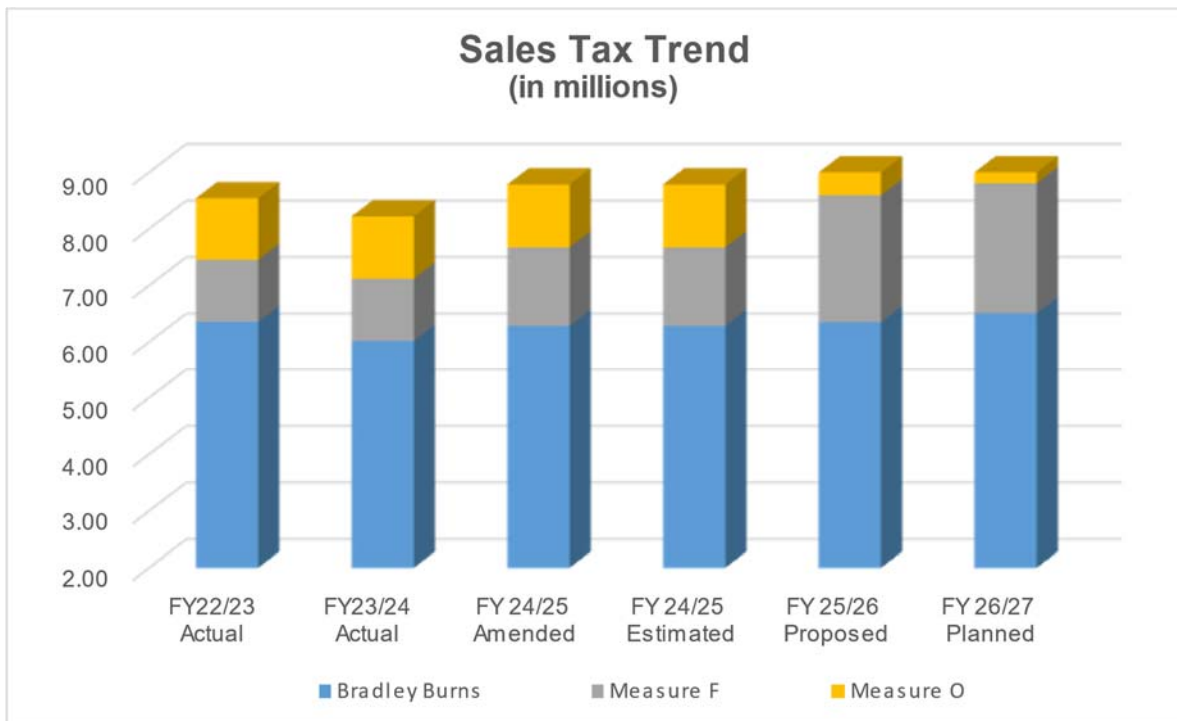
Sales Tax

The City of Capitola sales tax consists of one percent Bradley Burns, a half percent Capitola District Tax (Measure Y), and a permanent quarter percent Capitola District Tax (Measure O). In FY 2025-26 annual sales tax revenue is estimated to be \$9.7 million, with approximately \$3.4 million in revenues contributed by Measure O, and Measure Y.

Sales tax by Geographic Area	
Area	% of Total
41st Ave. Corridor	82.6%
Capitola Village	7.4%
Upper Village	7.5%
Light Industrial Distr.	2.5%
	<u>100.0%</u>

The Finance Department works closely with HdL, the City's sales tax consultant, on tax recovery, statistics, and projections. Sales tax projections are based on a combination of "most likely" estimates provided by HdL, internal quarter over quarter analyses, and the impact of one-time events. In FY 2025-26, Bradley Burns sales tax revenue is anticipated to increase by approximately 10.5 percent, or \$930,200 above the FY 2024-25 estimated sales tax receipts. The City's sales tax collections are heavily dependent on the top five generators.

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



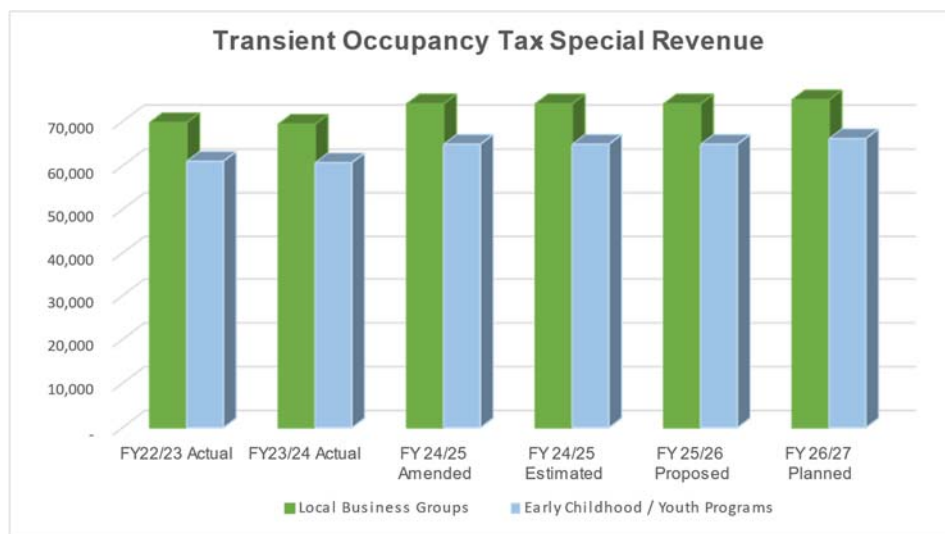
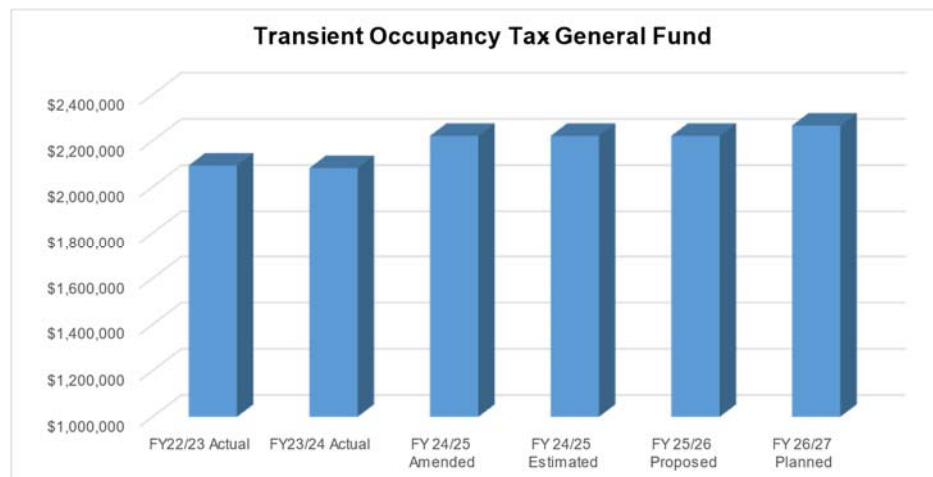
Transient Occupancy Taxes (TOT)

Hotel tax, also known as the Transient Occupancy Tax (TOT), charges rental accommodation of less than 30 days a 12 percent tax of which 0.75% is restricted for local business groups and early childhood and youth programs. In FY 2024-25 TOT tax generally accounts for approximately 13% 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

TOT revenues are anticipated to remain flat during FY 2025-26. For the last several years, hotels have experienced high occupancy rates leaving little room for increased TOT revenues. As the industry slows down little revenues are expected to continue to grow slightly as has been the case for the last couple of years.

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

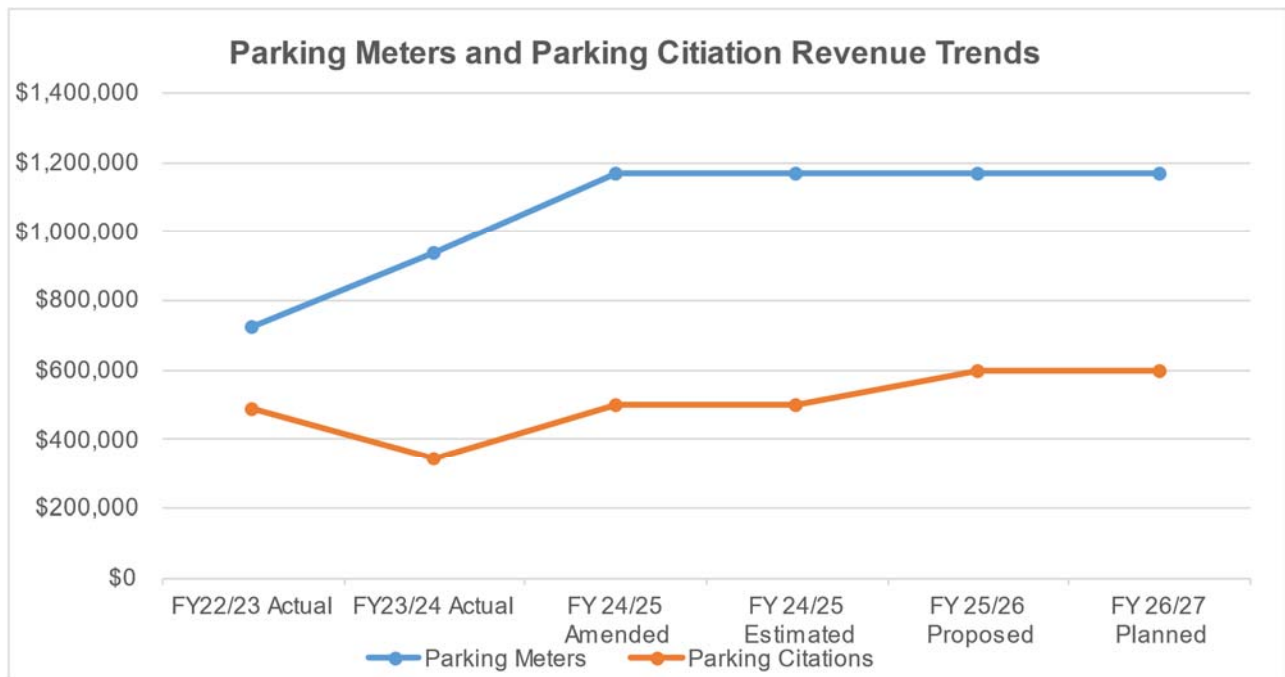


Parking Meters and Parking Fines

In FY 2025-26 parking meter and parking fine revenues are estimated to contribute approximately \$1.8 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. 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	FY 25/26 Proposed	Avg. Meter Rev. per Space
Village	191	\$ 766,000	\$ 4,010
Cliff Drive	65	\$ 162,500	\$ 2,500
Pacific Cove - Upper Lot	232	\$ 175,000	\$ 754
Pacific Cove - Lower Lot	226	\$ 62,500	\$ 277

The following chart illustrates parking meter revenue and parking citation revenue trends within the City. Overall, the revenue trend reflects the previously mentioned parking meter rate increase while showing citation revenue remaining flat. 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.



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 2025-26 property tax revenue is estimated to be \$3.4 million, representing a five percent increase over the estimated collection amount from FY 2024-25. The City's collections are slightly higher than the information from the County Auditor-Controller's Office due to the increased cost of housing and a robust housing market.

In the FY 2025-26 proposed budget, base property tax revenues are projected to increase approximately five percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. A growth factor of six percent of the assessed property valuation was used to estimate FY 2025-26 property tax revenue.

Property taxes are received based on the following distribution schedule:

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

Property Taxes in-lieu-of Vehicle License Fees

Property Tax in-lieu-of Vehicle License Fee revenue has increased an average of six percent per year over the last several years. 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 four percent have been applied to the upcoming fiscal years.



Revenue Summary

	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Proposed	FY 26/27 Planned
<u>Taxes</u>						
Property Taxes	\$ 2,959,208	\$ 3,105,788	\$ 3,277,120	\$ 3,277,120	\$ 3,441,000	\$ 3,613,050
Sales Tax- Bradley Burns	6,359,143	6,023,319	6,286,590	6,286,590	6,349,456	6,508,192
Sales Tax- Measure O	1,087,700	1,098,473	1,111,030	1,111,030	1,122,140	1,150,194
Sales Tax- Measure F / Y	1,095,576	1,099,849	1,388,030	1,388,030	2,244,281	2,300,388
Measure Q	-	-	-	-	150,000	150,000
Measure S (GF repayment)	-	-	-	-	165,000	165,000
Document Transfer Tax	98,938	95,108	100,000	100,000	100,000	100,000
Franchise Tax	708,276	729,485	698,500	698,500	790,000	797,900
Transient Occupancy Tax	2,093,243	2,082,097	2,222,000	2,222,000	2,222,000	2,266,440
Cannabis Retail Tax	307,089	261,764	300,000	300,000	300,000	303,000
Total	\$ 14,709,173	\$14,495,884	\$ 15,383,270	\$15,383,270	\$16,883,877	\$17,354,164
<u>Licenses and permits</u>						
Business License	\$ 309,349	\$ 323,755	\$ 318,750	\$ 318,750	\$ 324,000	\$ 327,240
Building Permits	179,754	276,019	250,000	250,000	250,000	255,000
Cannabis Annual License Fee	5,354	10,324	5,400	5,400	6,500	6,500
Encroachment Permits	37,311	30,247	30,000	30,000	35,000	36,000
Special events permit	9,382	2,592	10,000	10,000	5,000	5,000
Entertainment permit	4,659	4,072	4,659	4,659	4,500	4,500
Parking Permits	42,098	46,506	45,500	45,500	45,500	45,500
Planning Permits	61,705	73,892	70,000	70,000	63,000	63,000
Other Permits	575	230	3,000	3,000	1,000	1,000
Total	\$ 650,188	\$ 767,635	\$ 737,309	\$ 737,309	\$ 734,500	\$ 743,740
<u>Intergovernmental revenues</u>						
Federal and State Grants	\$ 345,037	\$ 223,791	\$ 99,660	\$ 99,660	\$ 100,000	\$ 102,000
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.	2,434	2,649	2,500	2,500	2,500	2,500
Total	\$ 351,671	\$ 230,640	\$ 106,360	\$ 106,360	\$ 106,700	\$ 108,700
<u>Charges for Svcs.</u>						
Gen gov't Pay stations-Village	\$ 452,741	\$ 656,816	\$ 765,940	\$ 765,940	\$ 766,000	\$ 766,000
Gen gov't Pay stations-Cliff Dr.	119,577	80,384	162,500	162,500	162,500	162,500
Gen gov't Pay station-upper Pac Cove	112,445	141,841	175,000	175,000	175,000	175,000
Gen gov't Pay stations-lower Pac Cove	38,089	56,274	62,500	62,500	62,500	62,500
Public safety Vehicle release fee	8,014	9,675	7,000	7,000	9,000	9,000
Public safety Police reports	667	1,103	500	500	1,000	1,000
Public safety Booking fees	-	-	250	250	-	-
Public safety DUI collections	2,133	7,186	6,000	6,000	5,000	5,000
Public safety Spec. events - Police Svcs.	41,141	32,261	60,000	60,000	60,000	60,000
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public Works - Special Events	4,427	3,318	-	-	5,000	5,000
Public works Stormwater dev. Review	1,524	4,328	2,000	2,000	4,000	4,000
Building fees Building plan check fees	129,767	145,772	100,000	100,000	110,000	110,000
Bldg. Official Reimbursement	103,761	-	-	-	-	-
Comm dev Planning fee - Sr./Assoc plnr cost	46,479	45,700	50,000	50,000	50,000	50,000
Comm Planning fee - assist plnr cost	-	2,080	-	-	-	-
Comm dev Planning fee - director cost	18,575	19,017	10,000	10,000	15,000	15,000
Comm dev Subdivisions	-	-	-	-	-	-
Comm dev Planning plan check fee	19,708	34,118	30,000	30,000	30,000	30,000
Comm dev Planning application fee	-	-	-	-	-	-
Comm dev Planning - Gen Plan	-	-	25,000	25,000	30,000	30,000

	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Proposed	FY 26/27 Planned
Comm dev Planning - other fees	5,159	5,288	2,000	2,000	4,000	4,000
Comm dev Planning - Code Enforcement	-	-	-	-	-	-
Recr. fees Class fees	224,903	265,704	200,000	200,000	200,000	200,000
Recr. fees Jr. Guard fees	263,302	294,508	354,800	354,800	364,308	364,308
Recr. School Support Program	-	32,500	-	-	-	-
Recr. fees Sports fees	22,465	15,933	26,900	26,900	19,350	19,350
Recr. fees Camp Capitola fees	150,173	192,966	216,867	216,867	216,867	216,867
Recr. Afterschool Program	48,338	74,857	121,483	121,483	131,316	131,316
Recr. Events	1,249	2,347	7,900	7,900	71,900	71,900
Total	\$ 1,817,637	\$ 2,126,976	\$ 2,389,640	\$ 2,389,640	\$ 2,495,741	\$ 2,495,741
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 37,924	\$ 35,551	\$ 40,000	\$ 40,000	\$ 20,000	\$ 20,000
Parking Cititation	486,207	345,452	497,500	\$ 497,500	\$ 600,000	\$ 600,000
General Fines	42,776	44,040	70,000	\$ 70,000	\$ 70,000	\$ 70,000
Total	\$ 566,907	\$ 425,043	\$ 607,500	\$ 607,500	\$ 690,000	\$ 690,000
<u>Use of money & property</u>						
Investment earnings	\$ 7,596	\$ 304,172	\$ 125,000	\$ 125,000	\$ 100,000	\$ 100,000
Rents Jade Street facility	11,081	16,103	2,000	2,000	2,000	7,000
Rents Esplanade restaurants	4,708	5,827	5,500	5,500	5,500	5,500
Rents Esplanade - surf trailer	2,281	1,964	2,000	2,000	2,000	2,000
Rents Esplanade bandstand	5,789	4,428	4,000	4,000	4,500	4,000
Rents Outdoor Dining	39,072	22,687	51,695	51,695	25,000	25,000
Total	\$ 70,527	\$ 355,181	\$ 190,195	\$ 190,195	\$ 139,000	\$ 143,500
<u>Other revenues</u>						
Donations - Recreation	\$ 29,250	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Grants, donations, contrib	2,600	-	2,000	2,000	-	2,000
Arts-Twilight Concert Sponsors	13,300	25,000	25,000	25,000	-	-
Arts-Movies at the Beach Sponsor	2,500	-	2,000	2,000	-	2,000
Arts-Art at the Beach Booth Fee	2,680	4,120	2,000	2,000	-	-
Arts-Sunday Art & Music Sponsors	-	23,918	-	-	-	-
Museum donations-Box Revenue	2,062	2,405	1,300	1,300	2,000	2,000
Museum Donations-Fundraising	8,028	8,270	3,000	3,000	10,000	10,000
Memorial plaques and benches	10,751	10,380	8,000	8,000	10,000	10,000
Miscellaneous revenues	169,242	209,255	73,906	73,906	75,000	76,875
Interfund Transfer In - Library	-	80,000	-	-	-	-
Total	\$ 240,413	\$ 365,348	\$ 117,206	\$ 117,206	\$ 97,000	\$ 102,875
Grand Totals	\$ 18,406,515	\$18,766,706	\$ 19,531,479	\$19,531,479	\$21,146,818	\$21,638,720

GENERAL FUND EXPENDITURES



General Fund Expenditures

The total FY 2025-26 General Fund expenditure budget proposes an increase of approximately \$1.6 million from the FY 2024-25 Amended Budget as existing resources are programmed towards City Council Goals. Increases have been programed in most major categories as inflation continues to impact City expenditures. Key differences between the two fiscal years include:

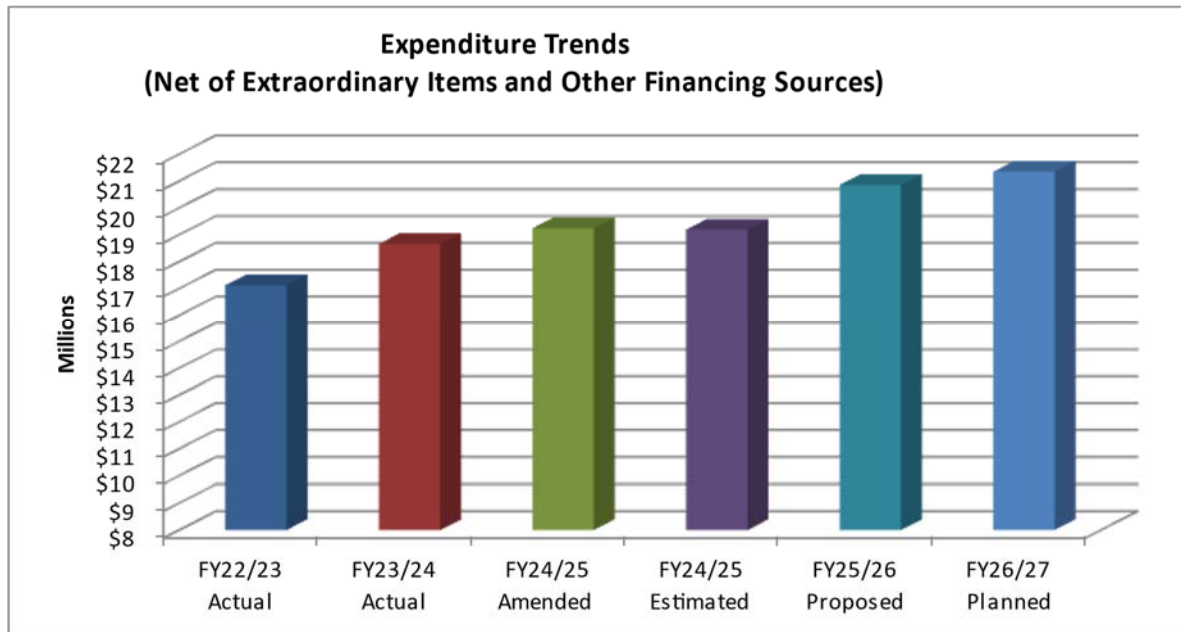
- o Total personnel costs (salary and benefits) are estimated to increase \$1.3 million from the FY 2024-25 Amended Budget due to significant increases in the annual Cal PERS Unfunded Actuarial Liability payment, cost of living adjustments, increased employee health care contributions, scheduled step increases, and salary market adjustments negotiated in 2024.
 - o Salary costs are estimated to be \$361,000 higher as a result of labor negotiations.
 - o Salary – Seasonal/Temp increased \$29,800 as summer recreations programs remain at full capacity.
 - o Overtime is anticipated to decrease \$97,000 primarily in the Police. This past year was higher than normal due to several felony crime investigations and winter storms.
 - o Specialty Pay – increased \$120,000 in part due to more bilingual employees serving the public as well as a result of labor negotiations in the prior year.
 - o Benefits – increased \$746,000 as a result of labor negotiations between the City and labor bargaining units.
- Contract services are slightly above the prior year.

The following chart provides an overview of expenditures for FY 2022-23 to FY 2026-27. A complete description of major changes will follow in the related expenditure detail pages.

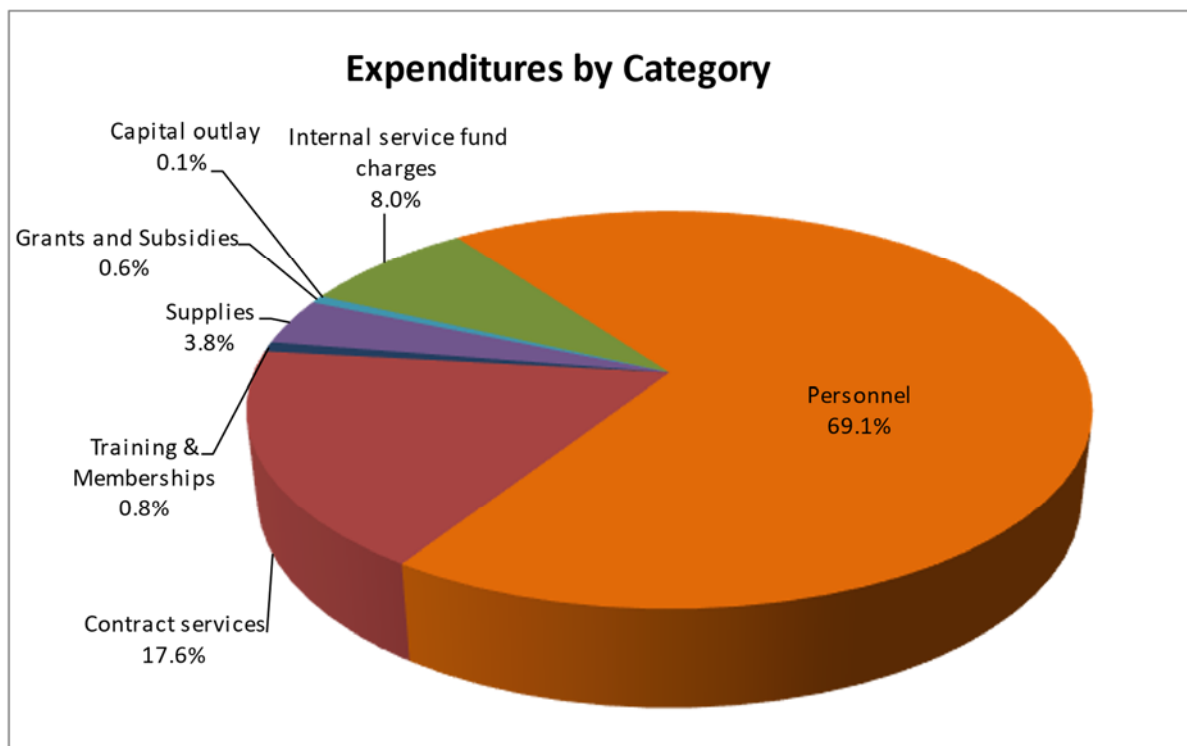
General Fund Expenditures Summary

Major Categories	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract services	3,336,801	3,714,466	3,515,981	3,515,981	3,679,928	3,540,702
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	791,700	786,800
Grants and Subsidies	125,000	125,000	125,000	125,000	133,425	133,425
Internal service fund	1,444,499	1,617,841	1,523,578	1,523,578	1,662,900	1,703,635
Subtotal	\$17,118,006	\$18,660,798	\$19,240,364	\$19,191,698	\$20,856,770	\$21,351,273
Other financing uses	3,271,324	2,288,788	287,568	287,568	287,344	287,116
Expenditure Total	\$20,389,330	\$20,949,586	\$19,527,932	\$19,479,266	\$21,144,114	\$21,638,390

The following chart provides an overview of expenditure trends, excluding transfers. Expenditures are trending down as we complete several City Council goals utilizing one-time funding.

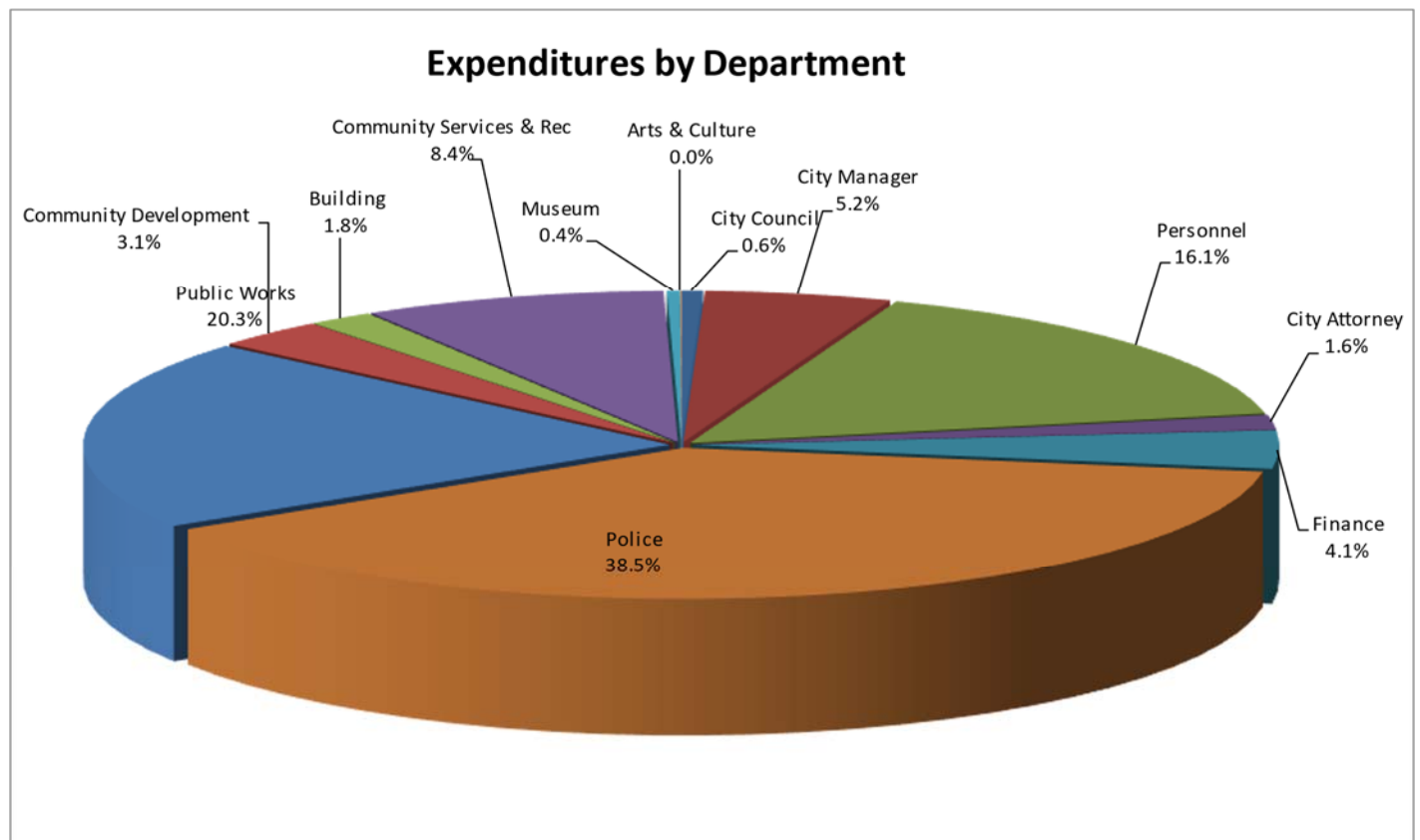


A chart displaying the percentage of expenditures by category is also provided for reference. Personnel costs are estimated to increase \$1.3 million from the prior fiscal year causing the ratio of personnel services to total expenditures to increase from 67.5 percent to 69.1 percent. Other notable changes were in contract services, which decreased from 18.6 percent to 17.6 percent.



General Fund Department Expenditures

Department	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
City Council	\$107,274	\$99,496	\$136,007	\$111,007	\$121,499	\$171,763
City Manager	1,089,679	1,214,203	1,264,655	1,264,805	1,067,640	1,123,179
Personnel	362,138	397,852	504,122	513,522	3,342,897	3,647,297
City Attorney	371,305	506,544	270,000	388,000	325,000	325,000
Admin Services	824,038	920,606	1,005,474	1,008,134	843,621	864,201
Community Grants	133,425	133,425	133,425	133,425	133,425	133,425
Police - Law Enforcement	7,417,328	7,932,934	8,272,688	8,285,613	7,266,508	7,393,158
Police - Pkg. Enforcement	637,952	592,774	594,734	577,259	569,737	537,335
Police - Animal Services	81,667	99,478	140,939	140,939	140,789	147,815
Public Works - Streets	1,990,454	2,268,122	2,338,771	2,318,671	2,172,606	2,245,710
Public Works-Storm Water	116,560	98,529	216,262	248,762	209,298	211,474
Public Works - Facilities	322,275	363,733	416,197	448,397	439,540	382,123
Public Works - Fleet	367,213	433,981	459,327	469,152	504,190	516,642
Public Works - Parks	673,019	808,975	778,858	738,332	884,952	868,395
Community Development	507,717	595,467	596,425	590,650	642,871	660,613
Building	511,540	405,337	326,058	307,555	374,242	271,650
Community Services & Rec	1,504,085	1,632,964	1,713,707	1,718,521	1,736,857	1,763,769
Museum	71,824	88,393	87,650	90,200	75,316	81,837
Art & Cultural	62,472	99,075	104,236	109,957	5,782	5,888
Subtotal	\$17,151,965	\$18,691,888	\$19,359,535	\$19,462,901	\$20,856,770	\$21,351,274
Transfers & Other	\$3,271,324	\$2,288,788	\$287,568	\$287,568	\$287,344	\$287,116
Expenditure Total	\$20,423,289	\$20,980,676	\$19,647,103	\$19,750,469	\$21,144,114	\$21,638,390



General Fund Expenditures

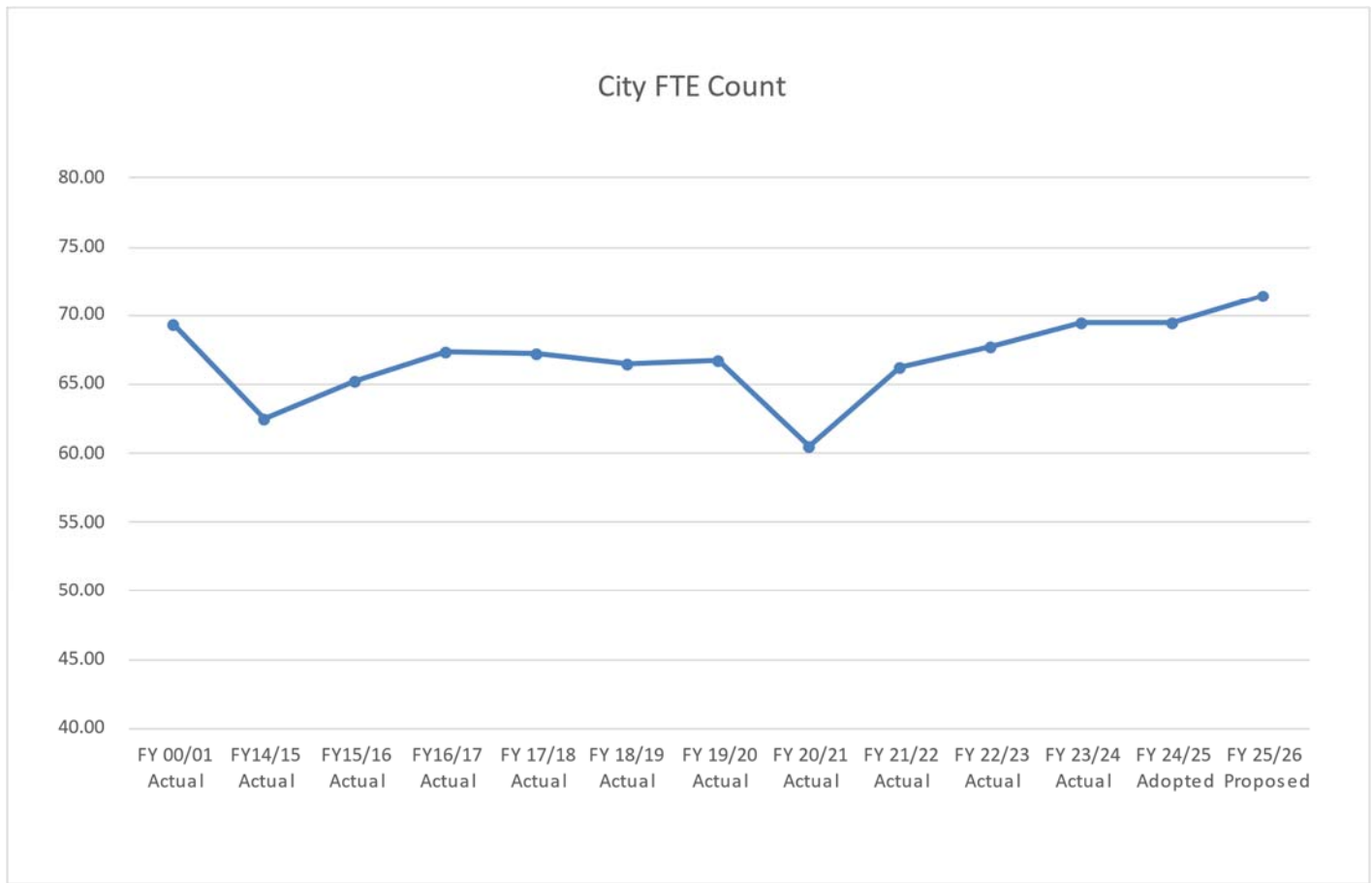
SALARIES & BENEFITS

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

Positions budgeted for in FY 2025-26 include the addition of two maintenance workers in the public works department and the reorganization of the City Manager and Finance Departments.

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

General Fund	FY 00/01 Actual	FY14/15 Actual	FY15/16 Actual	FY16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Adopted	FY 25/26 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	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elected - Total FTE's	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fully Benefited by Dept													
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	3.91	4.50	4.50	4.50	3.75	2.75	2.75	2.75	3.00	4.00	4.00	6.70
City Manager	5.50	6.90	6.00	7.00	6.00	6.00	7.00	5.00	5.50	6.50	7.50	7.50	4.80
Museum	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Police	31.30	30.65	31.50	31.65	31.50	30.50	30.50	29.50	30.50	30.50	31.00	31.00	31.00
CDD	6.67	4.50	5.00	5.00	5.00	6.00	6.00	5.00	5.50	5.75	5.00	5.00	5.00
Public Works	14.33	13.00	14.00	15.00	16.00	16.00	15.50	14.00	16.00	16.00	16.00	16.00	18.00
Community Services & Rec	4.50	2.75	3.75	3.75	3.75	3.75	4.50	3.75	5.50	5.50	5.50	5.50	5.50
Dept - Total FTEs	69.30	62.46	65.25	67.40	67.25	66.50	66.75	60.50	66.25	67.75	69.50	69.50	71.50



General Fund Expenditures

SALARIES & BENEFITS

City services are primarily staff delivered; therefore, staffing is the most significant expenditure. The FY 2025-26 proposed budget estimated staffing costs total \$14.4 million. This represents an 11% increase from the prior year's amended budget. This is primarily due to significant increases in the Cal PERS Unfunded Actuarial Liability annual payment, estimated cost of living adjustments, scheduled step increases, and a reorganization of the recreation division.

Staffing by Category	FY22/23 Actual	FY23/24 Actual	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Salary	\$6,326,564	\$6,714,211	\$7,347,859	\$7,708,925	\$7,940,193
Salary Elected / Temp	506,263	643,391	702,134	731,963	738,887
Overtime	324,595	366,707	269,000	366,000	366,000
Specialty Pay	287,413	297,038	353,654	473,341	487,541
Benefits	3,875,540	4,078,600	4,393,120	5,139,108	5,484,391
Total	\$11,320,375	\$12,099,946	\$13,065,766	\$14,419,337	\$15,017,012

Staffing by Department	FY22/23 Actual	FY23/24 Actual	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
City Council	\$44,053	\$40,752	\$40,689	\$40,689	\$40,689
City Manager	808,164	962,045	985,022	808,847	833,082
Personnel	291,887	287,608	430,896	3,268,866	3,572,684
Finance	540,947	629,425	709,406	559,475	576,259
Law Enforcement	5,676,262	6,004,382	6,383,044	5,267,720	5,416,177
Pkg. Enforcement	249,618	198,325	208,819	224,159	215,350
Streets	1,443,455	1,555,228	1,636,908	1,494,753	1,538,396
Storm Water	76,831	23,116	65,822	72,798	74,974
Fleet	112,333	129,170	204,569	226,206	232,842
Parks	262,731	323,859	348,583	369,521	380,457
Planning	442,210	475,536	520,603	570,333	587,145
Building	435,723	308,162	181,673	230,109	237,012
Community Services & Rec	877,308	1,081,435	1,288,538	1,238,291	1,262,945
Museum	43,210	52,053	43,917	47,570	48,997
Art & Cultural	16,152	28,850	37,500	-	-
Total	\$11,320,375	\$12,099,946	\$13,065,766	\$14,419,337	\$15,017,010

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.	6/23/2024	6/30/2027
Confidential	6/23/2024	6/30/2027
Mid-Management	7/7/2024	6/30/2027
Police Captains	7/7/2024	6/30/2027
Police Officers Association (POA)	6/7/2021	6/30/2027

Overtime

The following table provides the details for the overtime budget. The overtime budget for the Police Department increases this year in anticipation of additional special events.

	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
<u>Overtime</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Proposed</u>	<u>Planned</u>
City Manager	\$1,399	\$196	\$1,000	\$1,000	\$1,000
Finance	0	0	0	0	0
Police*	247,176	292,588	256,781	298,000	298,000
Public Works	46,625	36,378	51,000	50,000	50,000
Community Development	422	0	3,000	0	0
Community Services & Rec	28,610	36,055	23,000	22,000	22,000
Total	\$324,231	\$365,218	\$334,781	\$371,000	\$371,000
<i>*Funding Sources for Police Overtime</i>					
General Fund	\$206,744	\$229,227	\$185,000	\$228,000	\$228,000
Grant Funded	40,432	63,362	71,781	70,000	70,000
	\$247,176	\$292,588	\$256,781	\$298,000	\$298,000

Specialty Pay

The FY 2025-26 proposed 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.

	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27
<u>Specialty Pay</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Proposed</u>	<u>Planned</u>
City Manager	\$1,230	\$0	\$15,266	\$16,849	\$17,354
Finance	2,369	3,928	4,158	4,158	4,490
Police	259,115	267,054	315,241	374,776	386,019
Public Works	19,619	22,564	17,152	53,615	55,223
Community Dev.	3,744	3,492	2,838	14,047	14,468
Community Services & Rec	1,336	-	-	4,039	4,160
Total	\$287,413	\$297,038	\$354,655	\$467,484	\$481,716

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 over the last 10 years.

• January 1, 2016	\$125
• January 1, 2017	\$128
• January 1, 2018	\$133
• January 1, 2019	\$136
• January 1, 2020	\$139
• January 1, 2021	\$143
• January 1, 2022	\$149
• January 1, 2023	\$151
• January 1, 2024	\$157
• January 1, 2025	\$158

Benefits – Public Employee Retirement System (PERS)

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

The City's retirement costs are defined as a percentage of payroll, along with a fixed dollar amount to address the City's Unfunded Actuarial Liability (UAL), which is actuarially determined annually by CalPERS. The UAL in FY 2024-25 was \$2,552,124 and is increasing to \$2,895,386 (13.5%) in FY 2026-27. The most recent CalPERS actuarial reports estimate the UAL through FY 2030-31 at an amount of \$3,789,000 which equates to an increase of approximately 176% over ten years from FY 2020-21.

PERS Rates. The FY 2025-26 PERS total rate for classic safety members is 36.3%, with employees paying 15% and the city 21.3%. Safety PEPRA members are responsible for 13.75% and the city pays 13.76%. For classic miscellaneous members, the total contribution rate is 22.1%, with employees paying 13.4% and the city 8.7%. Miscellaneous PEPRA employees pay 7.75% and the city pays 7.87%.

The FY 2024-25 PERS total rate for classic safety members was 36.1%, with employees paying 15% and the city 21.1%. Safety PEPRA members are responsible for 13.0% and the city pays 14.25%. For classic miscellaneous members, the total contribution rate was 20.0%, with employees paying 13.4% and the city 8.6%. Miscellaneous PEPRA employees pay 6.75% and the city pays 8.7%.

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 13.75% and 7.75%, respectively.

Retirement Costs Summary

Retirement Costs	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY25/26 Proposed	FY26/27 Planned
Ret. cost - PERS Safety	\$ 436,575	\$ 435,788	\$ 386,338	\$ 439,677	\$ 458,364
Ret. cost - PERS Safety UAL	1,002,849	1,121,718	1,107,637	1,324,947	1,469,000
Ret. cost - PERS Miscellaneous	281,723	291,538	279,615	292,860	305,306
Ret. cost - PERS Misc UAL	966,725	1,059,922	1,031,554	1,227,177	1,358,000
Ret. cost - Retirement PARS	3,890	5,651	6,169	8,332	8,332
Ret. health OPEB - Retiree health	39,482	44,684	38,750	38,750	38,750
OPEB Trust Fund	60,250	67,048	67,050	67,050	67,050
Total Retirement Costs	\$ 2,791,494	\$ 3,026,349	\$ 2,917,113	\$ 3,398,793	\$ 3,704,802
Total Employee Paid Costs	\$ 1,004,938	\$ 1,089,486	\$ 1,050,161	\$ 1,223,565	\$ 1,333,729
Total City Paid Costs	\$ 2,791,494	\$ 3,026,349	\$ 2,917,113	\$ 3,398,793	\$ 3,704,802
Total Costs Employee and City	\$ 3,796,432	\$ 4,115,835	\$ 3,967,274	\$ 4,622,358	\$ 5,038,530
Unfunded Actuarial Liability-Safety	13,594,061	14,685,285	11,169,617	17,213,533	18,074,210
Unfunded Actuarial Liability-Misc	12,422,127	13,354,880	9,924,040	15,324,728	16,090,964
Unfunded OPEB Liability	1,572,208	1,572,208	1,642,315	1,642,315	1,642,315
Funding Ratio PERS Safety	71.3%	72.40%	77.10%	66.60%	66.60%
Funding Ratio PERS Misc	69.7%	69.70%	77.40%	67.20%	67.20%

General Fund Expenditures - Contract Services (5 pages)

Department	Contract Description	FY24/25 Amended	FY25/26 Proposed	FY26/27 Planned
City Council	Other contract services Legal notices	\$ -	\$ -	\$ -
City Council	Gen/Admin - Community TV	10,000	19,000	19,000
City Council	Gen/Admin Contracts - General	83,000	-	50,000
City Council	CS-Gen/Admin Beach Festival	5,000	5,000	5,000
Total		\$ 98,000	\$ 24,000	\$ 74,000
City Manager	Gen/Admin Muni code - Codification Svcs.	\$ 4,000	\$ 8,000	\$ 8,000
City Manager	Gen/Admin Rcrd Mgmt-Doc. Imaging	1,000	8,500	2,000
City Manager	Gen/Admin Records Mgmt-Storage	6,500	5,000	5,000
City Manager	Gen/Admin Newsletter	10,000	10,000	10,000
City Manager	Gen/Admin Public Outreach	-	10,000	10,000
City Manager	Gen/Admin Council Election	29,700	-	40,000
City Manager	Gen/Admin Contracts - General	30,000	40,000	41,200
City Manager	Environ. Svcs Garage Sale Day	800	-	-
City Manager	Environ. Svcs Recycling Svcs.	7,820	-	-
City Manager	Other Contract services - Legal Notices	1,500	8,000	5,000
City Manager	Contract Svcs. Unanticipated Events	10,000	10,000	10,000
Total		\$ 101,320	\$ 99,500	\$ 131,200
Personnel	Legal svcs Labor/Personnel	\$ -	\$ -	\$ -
Personnel	Personnel Svcs Recruitment Svcs.	-	5,000	5,000
Personnel	Personnel Svcs Bkgrnd Invest.	7,000	10,000	10,000
Personnel	Personnel Svcs Medical Exams	3,500	5,000	5,000
Personnel	Personnel Svcs Ed. Reimbrsmnt	10,000	10,000	10,000
Personnel	Contract Svcs. Flex-Hlth-Dntl-Vsn Admin	4,000	4,000	4,000
Personnel	Contract Svcs. Employee Training/Risk Mgmt	-	-	-
Personnel	Contract Svcs. Employee Engagement	-	12,000	12,000
Personnel	CS-Gen/Admin Contracts - general	31,000	1,000	1,000
Total		\$ 55,500	\$ 47,000	\$ 47,000
City Attorney	Gen/Admin Contracts - General	\$ 10,000	\$ 10,000	\$ 10,000
City Attorney	Legal Svcs Legal Svcs. - General	210,000	300,000	300,000
City Attorney	Legal Svcs Special Svcs.	50,000	-	-
City Attorney	Legal Svcs Rent Control	-	-	-
City Attorney	Legal svcs Labor/Personnel	18,000	15,000	15,000
Total		\$ 288,000	\$ 325,000	\$ 325,000

Department	Contract Description	FY24/25	FY25/26	FY26/27
		Amended	Proposed	Planned
Finance	Gen/Admin Contracts - General	\$ 50,000	\$ -	\$ -
Finance	Fin Svcs OPEB Valuation	4,000	1,000	4,000
Finance	Fin Svcs Audit-Annual Financial Audits	54,000	51,000	51,000
Finance	Fin Svcs Audit-Sales Tax	12,000	12,000	12,000
Finance	Fin Svcs State Mandated Claims Svcs	1,750	-	-
Finance	Fin Svcs HdL TOT Fees	20,000	19,000	19,000
Finance	Fin Svcs Credit Card Merchant Fees	4,000	3,000	3,000
Finance	Fin Svcs SCC-Property tax admin fee	12,000	-	-
Finance	Fin Svcs State Admin Fee - Bradley Burns	50,000	45,000	45,000
Finance	Fin Svcs State Admin Fee - Measure D/F	15,000	18,000	18,000
Finance	Fin Svcs State Admin Fee - SB 1186	500	500	500
Finance	Fin Svcs State Admin Fee - Measure O	15,000	18,000	18,000
Finance	Fin Svcs Bank fees	12,000	-	-
Finance	Fin Svcs St Admin fee	3,000	4,000	4,000
Total		\$ 253,250	\$ 171,500	\$ 174,500
Law Enforcement	Police Svcs SCC-Booking fees	\$ -	2,500	\$ 2,500
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	500	500	500
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	25,000	25,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	24,000	22,000	22,000
Law Enforcement	Other contract services Uniform cleaning services	12,000	12,000	0
Law Enforcement	Police Svcs Red light enforcement	20,000	0	0
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	5,500	8,000	8,000
Law Enforcement	Fin Svcs Collections-booking fees	75	0	0
Law Enforcement	Fin Svcs Collections-DUI cost recovery	1,000	2,000	2,000
Law Enforcement	Prop & equip Comm - local & long distance	8,000	8,000	8,000
Law Enforcement	Prop & equip Comm - T-1 line	39,000	20,000	20,000
Law Enforcement	Prop & equip Comm - mobile phone	30,000	25,000	25,000
Law Enforcement	Police Svcs Hazardous material response - SV	8,900	-	8,900
Law Enforcement	Police Svcs Towing service	3,000	4,000	4,000
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	48,924	47,987	49,427
Law Enforcement	Police Svcs SCCECC-911 JPA	615,898	696,994	717,904
Law Enforcement	Prop & equip Property alarm service	1,200	-	-
Law Enforcement	Prop & equip Property repairs & maintenance	1,000	-	-
Law Enforcement	Prop & equip Equipment repairs & maintenance	10,000	27,500	-
Law Enforcement	Rental contracts Equipment and vehicles	3,000	2,500	-
Law Enforcement	Other contract services Outside security service	17,000	20,000	-
Law Enforcement	CS-Gen/Admin Contracts - general	4,000	4,000	4,000
Total		\$ 870,997	\$ 927,981	\$ 897,230

Department	Contract Description	FY24/25	FY25/26	FY26/27
		Amended	Proposed	Planned
Pkg. Enforcement	Police Svcs State of CA-DMV processing fee	\$ 6,000	\$ 6,000	\$ 6,000
Pkg. Enforcement	Police Svcs State of CA-Reg assess	58,000	58,000	58,000
Pkg. Enforcement	Police Svcs State of CA-Immed & Critical nd	20,000	20,000	20,000
Pkg. Enforcement	Police Svcs State of CA-St Court Facilities	10,000	10,000	10,000
Pkg. Enforcement	Police Svcs State of CA-Trial Court Trust Fd	20,000	20,000	20,000
Pkg. Enforcement	Police Svcs SCC-Citation processing	65,000	65,000	65,000
Pkg. Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	11,000	11,000	11,000
Pkg. Enforcement	Police Svcs SCC-Courthouse surcharge	11,000	11,000	11,000
Pkg. Enforcement	Fin Svcs Courier-Cash & Coin	3,500	3,500	3,500
Pkg. Enforcement	Fin Svcs Credit card merchant fees	60,000	60,000	60,000
Pkg. Enforcement	Prop & equip Pay Station Repair & Maintenance	70,000	25,000	25,000
Total		\$ 334,500	\$ 289,500	\$ 289,500
Animal Svcs.	Police Svcs Animal Svcs.	\$ 87,793	\$ 139,497	\$ 146,472
Total		\$ 87,793	\$ 139,497	\$ 146,472
Streets	PW & Trans. Transportation-Beach shuttle svc	\$ 98,107	\$ 90,000	\$ 92,000
Streets	PW & Trans. Soquel Crk monitoring-fish	68,870	50,000	50,000
Streets	Other contract services Legal notices	-	1,500	1,500
Streets	Prop & equip Comm - mobile phone	15,000	13,000	13,000
Streets	Gen/Admin Contracts - general	21,500	30,000	30,000
Streets	PW & Trans. Lagoon grading	15,000	15,000	15,000
Streets	PW & Trans. PW Engineering services	-	15,000	15,000
Streets	Prop & equip Eucalyptus maintenance -Park Ave	111,400	15,000	15,000
Streets	Prop & equip Riparian Restoration	19,481	15,000	15,000
Streets	Rental contracts Union Pacific RR yearly	1,000	1,000	1,000
Streets	Temp. Staff & Instr. Temporary staff	85,000	80,000	80,000
Streets	Temp. Staff & Instr. Hope Services	16,000	24,000	24,000
Streets	Prop & equip Esplanade sidewalk cleaning	30,000	31,000	32,000
Streets	Other contract services Unanticipated events	10,000	10,000	10,000
Storm Water	Environmental Svcs Central coast recycling media	5,000	5,000	5,000
Storm Water	Environmental Svcs SCC-Hazardous waste disp	75,000	75,000	75,000
Storm Water	Environmental Svcs Mosquito & vector control	150	-	\$ -
Storm Water	CS-Environmental Svcs Recycling services	7,500	5,000	5,000
Storm Water	CS-Environmental Svcs JPA-Pollution control	5,000	-	\$ -
Storm Water	PW & Trans. Soquel Crk monitoring-water qual	10,000	5,000	5,000
Storm Water	PW & Trans. CA NPDES-storm water mgmt prog	40,000	40,000	40,000
Storm Water	PW & Trans. Regional Water Mgmt Foundation	500	5,000	5,000
Storm Water	Water Quality Testing and Equipment	-	-	\$ -
Total		\$ 634,508	\$ 525,500	\$ 528,500

Department	Contract Description	FY24/25	FY25/26	FY26/27
		Amended	Proposed	Planned
Facilities	PW & Trans. ADA compliance	\$ 15,000	\$ 15,000	\$ 15,000
Facilities	Gen/Admin Contracts - inspections	-	-	-
Facilities	Prop & equip Comm - local & long distance	1,500	1,200	1,200
Facilities	Prop & equip Comm - T-1 line	7,500	7,500	7,500
Facilities	Prop & equip Utility serv - gas & electric	86,000	117,500	97,000
Facilities	Prop & equip Utility serv - sanitation distr	5,500	4,000	4,000
Facilities	Prop & equip Utility serv - water	18,500	15,000	15,000
Facilities	Prop & equip Janitorial services	34,500	35,000	35,000
Facilities	Prop & equip Property alarm service	2,800	3,400	3,400
Facilities	Prop & equip Property repairs & maintenance	25,000	95,500	95,500
Facilities	Prop & equip Equipment repairs & maintenance	19,500	16,000	16,000
Facilities	Tree Services		2,000	2,000
Facilities	Rental contracts Equipment and vehicles	5,000	7,000	7,000
Total		\$ 220,800	\$ 319,100	\$ 298,600
Fleet	Prop & Equip Equipment Repair and Maint.	\$ 5,000	\$ 10,000	\$ 10,000
Total		\$ 5,000	\$ 10,000	\$ 10,000
Parks	PW & Trans. Tree Svcs.	\$ 20,000	\$ 15,000	\$ 15,000
Parks	Prop & Equip Utility serv - gas and elec.	5,000	6,300	6,300
Parks	CS-PW & Trans Electrical Services	-	2,000	2,000
Parks	Prop & Equip Utility serv - sanitation distr	21,000	25,000	25,000
Parks	Prop & Equip Utility serv - water	125,000	177,400	177,400
Parks	Prop & Equip Janitorial Svcs.	32,500	37,500	37,500
Parks	Prop & Equip Property Repair and Maint.	8,000	26,000	26,000
Parks	Prop & Equip Equip. Repair and Maint.	8,500	6,000	6,000
Parks	Rental contracts Equipment and vehicles	10,000	75,300	75,300
Parks	General		8,000	-
Parks	Bike Track Maintenance	6,000	-	-
Total		\$ 236,000	\$ 378,500	\$ 370,500
Planning	Plng & Hsg Hsg grant admin & CDD tech	\$ -	\$ 5,000	\$ 5,000
Planning	Contract Svcs. Legal notices	8,000	-	\$ -
Planning	Gen/Admin Contracts - General	-	-	\$ -
Planning	CS-Plan Svc Admin Services	25,000	-	\$ -
Total		\$ 33,000	\$ 5,000	\$ 5,000
Building	Bldg Svcs Engineering & Inspections	\$ 5,000	\$ -	\$ -
Building	CS-Gen/Admin Contracts - general	-	\$ -	\$ -
Building	Bldg Svcs Bldg plan checks - Consultant Svc	-	\$ 110,000	\$ -
Building	Bldg Svcs Bldg plan checks - outsourced	60,000	\$ -	\$ -
Total		\$ 65,000	\$ 110,000	\$ -

Department	Contract Description	FY24/25 Amended	FY25/26 Proposed	FY26/27 Planned
Comm Srvs & Rec	Gen/Admin Contracts - General	\$ 26,000	\$ 29,000	\$ 29,000
Comm Srvs & Rec	CS-IT Contracts Recreation technology system	\$ 17,750	\$ 19,000	\$ 19,000
Comm Srvs & Rec	Fin Svcs Credit card merchant fees	15,000	10,000	10,000
Comm Srvs & Rec	PW & Trans. Transportation-Rec program	1,600	2,200	2,200
Comm Srvs & Rec	Temp. Staff/Instr. Rec contract inst/sports off	133,200	112,500	112,500
Comm Srvs & Rec	Prop & Equip Comm - local & long distance	-	-	-
Comm Srvs & Rec	Prop & Equip Comm - T-1 line	-	-	-
Comm Srvs & Rec	Prop & Equip Property Repair and Maint.	-	-	-
Comm Srvs & Rec	Rental contracts Equipment and vehicles	-	-	-
Comm Srvs & Rec	Contract Svcs. Events liability insurance	500	8,000	8,000
Comm Srvs & Rec	Contract Svcs. Advertising	3,000	-	-
Comm Srvs & Rec	Contract Svcs. Mailing Service	-	18,000	18,000
Comm Srvs & Rec	Contract Svcs. Copying, printing and binding	15,000	15,000	15,000
Comm Srvs & Rec	Contract Svcs. Photography	8,000	8,000	8,000
Comm Srvs & Rec	Food Truck Fridays	-	5,500	5,500
Comm Srvs & Rec	Wharf Music	-	6,750	6,750
Comm Srvs & Rec	Rapid Weddings	-	3,700	3,700
Comm Srvs & Rec	Weekend Music	-	6,000	6,000
Comm Srvs & Rec	Events & Tourism Twilight Concert-Sound Engr	-	14,000	14,000
Comm Srvs & Rec	Events & Tourism Twilight Concert-Band Costs	-	15,000	15,000
Comm Srvs & Rec	Movies at the Beach	-	2,100	2,100
Comm Srvs & Rec	Plein Air - Vendors	-	5,000	5,000
Comm Srvs & Rec	Plein Air - Other	-	10,000	10,000
Comm Srvs & Rec	July IS	-	1,600	1,600
Total		\$ 220,050	\$ 291,350	\$ 221,700
Museum	Prop & Equip Comm - Local & Long Distance	\$ -	\$ -	\$ -
Museum	Rental contracts Land and Buildings	12,000	15,000	20,000
Museum	Other contract services Museum oral history	1,000	1,500	1,500
Total		\$ 13,000	\$ 16,500	\$ 21,500
Arts & Cultural	Events & Tourism Art at the Beach Coordinator	\$ 3,000	\$ -	\$ -
Arts & Cultural	Events & Tourism Twilight Concert-Sound Engr	10,000	-	-
Arts & Cultural	Events & Tourism Twilight Concert-Band Costs	15,000	-	-
Arts & Cultural	Contract Svcs. liability insurance	-	-	-
Arts & Cultural	Events & Tourism Art in Public Places	3,000	-	-
Arts & Cultural	Events & Tourism Sunday Art & Music	10,000	-	-
Total		\$ 41,000	\$ -	\$ -
Grand Total		\$3,557,718	\$3,679,928	\$3,540,702

Community Based Social Service Providers

Community Based Social Service Providers are funded by the General Fund and restricted Transient Occupancy Tax (TOT) revenue. Each year a determination is made regarding funds available and allocation. Due to COVID-19 the Community Grant program continues to be funded in FY 2025-26 with a combination of general fund, restricted TOT, and federal grants. The table below shows the general fund and restricted TOT funding while the federal grant funding is highlighted in the Community Development Block Grant Special Revenue funds.

AGENCY	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY25/26 Proposed	FY26/27 Planned
Community Services				\$ 8,425	\$ 8,425
Advocacy, Inc.	0		10,000		
Blue Circle	0		5,000		
Cabrillo College Stroke and Disability Center	7,779		10,000		
Central Coast Center for Independent Living	0				
Community Action Board, Inc.	0		10,000		
Community Bridges	5,522				
Community Bridges - Lift Line					
Community Bridges - Live Oak					
Community Resources					
Community Bridges - Meals on Wheels					
Companion for Life / Lifeline					
Conflict Resolution Program	3,489				
Arts Council of Santa Cruz County	0		2,500		
Dientes Community Dental Care	1,524				
Diversity Center	0				
Encompass Santa Cruz AIDS Project					
Family Service Agency of Santa Cruz	12,762		7,500		
Grey Bears, Inc.	0				
Homeless Svcs. Center	0				
Hospice Caring Project	0		3,000		
MidCounty Senior Center			7,500		
Monarch Services Servidios Monarca			7,500		
Monterey Bay National Marine Sanctuary	0		5,000		
NAMI Santa Cruz County	0		12,000		
Native Animal Rescue	1,303				
Second Harvest Food Bank	0				
Senior Citizens Legal Services	0				
Senior Network Services	2,782		7,500		
Srs Council - SCC/San Benito Co.	0		10,000		
Survivors' Healing Center					
United Way	5,000		7,500		
United Way - 2-1-1 Help Line					
Vista Center for the Blind	0		5,000		
Volunteer Center of Santa Cruz County	3,489		7,500		
Women Care				0	0
Cabrillo College Foundation	0			0	0
Community Grants-Unassigned		101,650		0	0
\$ 43,650	\$ 101,650	\$ 117,500	\$ 117,500	\$ 117,500	

AGENCY	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY25/26 Proposed	FY26/27 Planned
Children/Youth Services (General Fund)					
Big Brothers/Big sisters		\$0	\$0	-	-
Campus Kids Connection - After School				-	-
Community Bridges - Child Development Division			-	-	-
Court-Appointed Special Advocates		-	-	-	-
Encompass Youth Services Counseling			-	-	-
Families in Transition - Santa Cruz Co.			-	-	-
O'Neill Sea Odyssey		-	-	-	-
Parents Center, Inc.	-	-	7,500	-	-
Toddler Care Center		-	-	-	-
United Way - Community Assessment Project			-	-	-
Childcare Center Fee Grant			-	-	-
	\$0	\$0	\$7,500	\$7,500	\$7,500
General Fund Total	\$ 43,650	\$ 101,650	\$ 125,000	\$ 133,425	\$ 125,000
Early Childhood / Youth Services (TOT Children's Fund)					
Early Childhood & Youth Services			\$ -	\$ -	\$ -
Big Brothers/Big sisters	0	6,000	7,500	7,500	7,500
Community Bridges - Child Development Division	1,004			0	0
Diversity Center SC County	0	0	7,500	7,500	7,500
Court-Appointed Special Advocates			7,500	7,500	7,500
Encompass Youth Services Counseling	0			0	0
O'Neill Sea Odyssey	0		10,000	10,000	10,000
Monterey Bay National Marine Sanctuary	0	0	7,500	7,500	7,500
Parents Center, Inc.	0	7,400		0	0
Toddler Care Center	0			0	0
United Way - Community Assessment Project	0	5,000		0	0
Santa Cruz Museum of Discovery	0	10,000	12,500	12,500	12,500
Casa of Santa Cruz	0	10,000		0	0
Boys and Girls Club of Santa Cruz County	0	10,000	7,500	7,500	7,500
Childcare Center Fee Grant				0	0
Recreation Programming	0	19,332		0	0
TOT Youth Funding Total	\$1,004	\$67,732	\$60,000	\$60,000	\$60,000
Estimated Children's Fund Revenue	\$45,401	\$62,049	\$60,000	\$64,000	\$60,000
Remaining Funds	\$44,397	-\$5,683	\$0	\$4,000	\$0
Total Social Service Program Funding	\$44,654	\$169,382	\$185,000	\$193,425	\$185,000

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	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
City Council	\$5,354	\$2,082	\$7,500	\$7,500	\$5,500	\$5,500
City Manager	13,857	22,683	13,874	13,874	4,000	4,000
Finance	4,105	4,182	4,600	4,600	10,600	10,600
Police Department	96,600	160,401	101,800	120,600	109,400	109,400
Public Works	539,117	625,328	552,766	523,000	562,700	557,800
Community Development	1,586	978	5,100	7,500	2,500	2,500
Community Services & Rec	93,695	88,943	93,800	83,500	94,650	94,650
Museum	13,718	20,324	21,500	21,250	2,350	2,350
Arts & Culture	9,978	35,300	42,000	38,299	0	0
Total	\$778,011	\$960,221	\$842,939	\$820,123	\$791,700	\$786,800

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.

	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
City Council	\$21,502	\$20,531	\$31,650	\$20,650	\$31,380	\$31,600
City Manager	5,035	17,171	15,000	8,700	8,200	8,200
Finance	1,441	4,872	7,500	7,500	10,500	10,500
Police	56,831	77,379	73,650	73,650	79,500	79,500
Public Works	2,661	4,684	6,000	4,000	6,000	6,000
Community Development	10,435	3,928	17,700	9,600	16,250	16,250
Community Services & Rec	15,264	13,592	13,900	16,150	16,650	16,650
Museum	151	1,167	1,700	1,000	1,000	1,000
Total	\$113,320	\$143,324	\$167,100	\$141,250	\$169,480	\$169,700

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 2025-26 proposed budget provides funding for increased insurance premiums as well as equipment purchases for equipment funded in prior years.

Internal Services	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Stores	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	257,502	271,000	268,000	268,000	348,000	338,000
Equipment Replacement	105,000	250,000	65,000	65,000	197,000	200,000
Self-Insurance Liability	622,998	622,136	760,036	760,036	680,900	708,135
Workers' Compensation	431,999	447,705	403,542	403,542	410,000	430,500
Total	\$1,444,499	\$1,617,841	\$1,523,578	\$1,523,578	\$1,662,900	\$1,703,635

GENERAL FUND TRANSFERS

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

General Fund Transfers	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Contingency Reserves	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
Emergency Reserves	147,300	250,000	-	-	-	-
Facilities Fund	-	100,000	-	-	-	-
PERS Contingency Reserve	250,000	-	-	-	-	-
CIP Capital Projects	2,205,000	550,000	-	-	-	-
Stores ISF	-	-	-	-	-	-
Information Technology	-	235,000	-	-	-	-
Equipment Replacement	-	200,000	-	-	-	-
Interfund transfer Library fund	50,958	-	-	-	-	-
Compensated Absences	220,000	225,000	200,000	200,000	200,000	200,000
RTC Streets	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
Wharf Fund	-	-	-	-	-	-
Parking Reserve	100,000	469,000	-	-	-	-
OPEB Trust Fund	-	-	-	-	-	-
Pacific Cove Lease	40,066	-	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,344	87,116
			-	-	-	-
Total	\$ 3,271,324	\$ 2,288,788	\$ 287,568	\$ 287,568	\$ 287,344	\$ 287,116

DEPARTMENTAL BUDGETS



CITY COUNCIL

GENERAL GOVERNMENT

DEPARTMENT PURPOSE

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

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

ESTABLISHED PRINCIPLES OF THE CITY

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

FISCAL YEAR ACCOMPLISHMENTS – 2024/25

- Balanced budget while using resources for public improvements
- Provided services, staff, and equipment to ensure public safety and trust
- Approved projects and programs to maintain and enhance the quality of life in Capitola

FISCAL YEAR GOALS - 2025/26

- 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
- Finalize plans and begin construction for Treasure Cove at Jade Street Park
- Collect public input and determine path forward for Capitola Wharf Master Plan

CITY COUNCIL

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
1000-10-10-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 107,274	\$ 99,496	\$ 136,007	\$ 111,007	\$ 121,499	\$ 171,763
Revenue Total	\$ 107,274	\$ 99,496	\$ 136,007	\$ 111,007	\$ 121,499	\$ 171,763
Expenditures						
Personnel	\$ 44,053	\$ 40,752	\$ 40,689	\$ 40,689	\$ 40,689	\$ 40,689
Contract services	19,953	19,150	38,000	24,000	24,000	74,000
Training & Memberships	21,502	20,531	31,650	20,650	31,380	31,600
Supplies	5,354	2,082	7,500	7,500	5,500	5,500
Internal service fund charges	16,412	16,981	18,168	18,168	19,930	19,974
Expenditure Totals	\$ 107,274	\$ 99,496	\$ 136,007	\$ 111,007	\$ 121,499	\$ 171,763
Authorized Positions	Actual	Actual	Amended	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 represents the City as primary Counsel in all legal matters. The City Attorney is appointed by the City Council. The City Attorney provides legal analysis and advice on interpretation and application of municipal code, State law, and Federal law, drafting legal documents, and labor-related issues. The City Attorney is currently a contract position with the firm Burke, Williams & Sorensen

FISCAL YEAR ACCOMPLISHMENTS – 2024/25

- Advise Council on potential and pending litigation.
- Assist and advise staff on contracts, labor relations, and other legal assessments.
- Resolve existing litigation.
- Assist City in labor negotiations with all employee groups.

FISCAL YEAR GOALS – 2025/26

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

CITY ATTORNEY

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
1000-10-16-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$371,305	\$506,544	\$270,000	\$ 388,000	\$325,000	\$325,000
Revenue Totals	\$371,305	\$506,544	\$270,000	\$ 388,000	\$325,000	\$325,000
Expenditures						
Outside Legal Services	\$ 4,295	\$ 3,862	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
City Attorney Contract	265,077	381,687	210,000	266,000	300,000	300,000
City Attorney Special Services	31,084	69,988	50,000	92,000	-	-
City Attorney Rent Control	39,409	10,076	-	-	-	-
City Attorney - Labor & Personnel	31,441	40,931	10,000	20,000	15,000	15,000
Expenditure Totals	\$371,305	\$506,544	\$270,000	\$ 388,000	\$325,000	\$325,000

CITY MANAGER

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

The City of Capitola is a Council-Manager form of government, under which the City Council appoints a City Manager who serves as the City's chief administrative officer and is responsible for implementing Council policies. The purpose of this department is to implement the policies of the City Council and provide leadership and direction to the city departments. Core services of the City Manager's Office are administrative direction and leadership for City departments, programs, and services to ensure the community receives a high level of service.

KEY CHANGES

The City Manager Department internally promoted the former Office Coordinator to the Deputy City Clerk position and hired a new Office Coordinator.

The FY2025/26 Budget includes a proposed organizational change, shifting Human Resources and Information Systems from the City Manager Department into the newly titled Administrative Services Department, along with Finance services (formerly the Finance Department). With this new structure, the City Manager remains the Personnel Officer, with the ability to designate these duties to other staff as needed. The City Manager Department will keep the Assistant to the City Manager position, now allocated to the department 100% rather than 50% with 50% Personnel, to support expanding public outreach and community engagement efforts, managing special projects and contracts, such as the Annexation Feasibility Study, and providing support to the City Manager and all City departments.

FISCAL YEAR 2024/25 ACCOMPLISHMENTS

- Capitola Wharf opened to the public
- Shifted department forms and internal processes to a digital platform for increased efficiency
- Increase public outreach efforts with social media platforms and bi-monthly digital newsletter, plus in-person tabling event during the last Twilight Concert of the 2024 summer season
- Internally promoted Chief of Police, Sarah Ryan
- Negotiated new leases with Capitola Boat and Bait and Capitola Beach Company for continued service for the community.
- Completed the Strategic Plan 2025-2029; adopted new Mission, Vision, and Values

FISCAL YEAR GOALS – 2025/26 Based on the Adopted Strategic Plan's Six Priorities

Accountable Government:

- Encourage and improve citizen participation and communication by increasing the availability of Spanish language city resources; update and improve the City website.
- Continue efforts to increase transparency, with the website, public records, and outreach.
- Continue to improve public meeting access.

Attainable Housing:

- Support the Community Development Department in implementing the Housing Element

Community Safety

- Continue to support Capitola Police Department's collaboration with partner agencies, residents, business owners, and community members.

Economic Opportunity

- Work with Capitola Mall to improve the mall facility and develop economic opportunities for Capitola and the greater community.

- Support economic development.
- Ensure programs are in place to respond to public and private development projects.

Healthy Families, Community, and Environment

- Use restricted Early Childhood and Youth Programming (ECYP) funding for youth
- Administer Community Grant program for the next three-year budget cycle

Sustainable Infrastructure

- Open Rispin Park to the public.
- Continue increased street and facility maintenance through use of Measure D resources.

CITY MANAGER ADMINISTRATION

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-10-11-000						
Revenues						
General Fund	\$1,085,020	\$1,210,131	\$1,260,655	\$1,260,305	\$1,063,640	\$1,119,179
Licenses and permits	4,659	4,072	4,000	4,500	4,000	4,000
Revenue Totals	\$1,089,679	\$1,214,203	\$1,264,655	\$1,264,805	\$1,067,640	\$1,123,179
Expenditures						
Personnel	\$ 808,164	\$ 962,045	\$ 985,022	\$ 985,022	\$ 808,847	\$ 833,082
Contract services	150,719	109,836	132,710	136,660	99,500	131,200
Training & Memberships	3,457	12,551	13,000	8,200	8,200	8,200
Supplies	7,874	5,811	3,000	4,000	4,000	4,000
Internal service fund charges	119,466	123,959	130,923	130,923	147,093	146,696
Expenditure Totals	\$1,089,679	\$1,214,203	\$1,264,655	\$1,264,805	\$1,067,640	\$1,123,179
Authorized Positions						
	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
City Manager	0.80	0.80	0.80	0.80	0.80	0.80
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	0.50	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	1.00	1.00
Human Resources Analyst	1.00	1.00	1.00	1.00	0.00	0.00
Information System Specialist	0.50	0.50	0.50	0.50	0.00	0.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	5.30	5.80	5.80	5.80	4.80	4.80

ADMINISTRATIVE SERVICES - 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.

PERSONNEL

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-10-12-000						
Revenues						
General Fund	\$362,138	\$397,852	\$504,122	\$ 513,522	\$3,342,897	\$3,647,297
Revenue Totals	\$362,138	\$397,852	\$504,122	\$ 513,522	\$3,342,897	\$3,647,297
Expenditures						
Personnel	\$291,887	\$287,608	\$438,496	\$ 430,896	\$3,268,866	\$3,572,684
Contract services	46,297	74,211	38,500	57,000	47,000	47,000
Training & Memberships	1,579	4,620	2,000	500	3,000	3,000
Supplies	5,984	14,809	6,000	6,000	6,000	6,000
Internal service fund charges	16,392	16,604	19,126	19,126	18,031	18,612
Expenditure Totals	\$362,138	\$397,852	\$504,122	\$ 513,522	\$3,342,897	\$3,647,297
	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
Authorized Positions						
City Manager	0.20	0.20	0.20	0.20	0.20	0.20
Finance Director	-	-	-	-	0.25	0.25
Human Resources Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	-	0.00
FTE Total	1.70	1.70	1.70	1.70	1.45	1.45

ADMINISTRATIVE SERVICES – FINANCE AND INFORMATION TECHNOLOGY

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

The FY2025/26 Budget includes a proposed organizational change, shifting Human Resources and Information Systems from the City Manager Department into the newly titled Administrative Services Department, along with Finance services (formerly the Finance Department). With this new structure, the City Manager remains the Personnel Officer, with the ability to designate these duties to other staff as needed. The new structure will allow for the personnel, finance, and information technology divisions to improve communications and efficiencies as the City continues to implement more and more technology solutions personnel and finance.

FISCAL YEAR ACCOMPLISHMENTS – 2024-25

- Continued TOT vacation rental audit and enforcement program.
- Implemented online applications & payments for business licenses
- Completed banking service provider change.
- Provided analytical support to operations departments.

FISCAL YEAR GOALS – 2025-26 and 2026-27

- Prepare and maintain a balanced budget.
- Plan for and meet future PERS increases.
- Implement new Bail Schedule.
- Work with the Finance Advisory Committee to identify future revenue opportunities and address increasing costs.
- Meet regulatory financial reporting requirements and provide reports on the City website.
- Develop long term financial plan for Measure Y
- Continue partnerships with departments to maintain financial accountability and transparency.
- Continue to improve City financial transparency to the public.

ADMIN SERVICES - FINANCE & IT

1000-10-17-000	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 492,344	\$ 574,082	\$ 665,524	\$ 668,184	\$ 497,921	\$ 515,261
Licenses & Permits	309,349	323,755	318,750	318,750	324,000	327,240
Intergovernmental	6,634	6,849	6,700	6,700	6,700	6,700
Use of money & property	12,777	12,220	11,500	11,500	12,000	12,000
Other revenue	2,934	3,700	3,000	3,000	3,000	3,000
Revenue Totals	\$ 824,038	\$ 920,606	\$1,005,474	\$1,008,134	\$ 843,621	\$ 864,201

Expenditures

Personnel	\$ 540,947	\$ 629,425	\$ 706,246	\$ 709,406	\$ 559,475	\$ 576,259
Contract services	192,920	195,003	192,431	191,931	171,500	174,500
Training & Memberships	1,441	4,872	7,500	7,500	7,500	7,500
Supplies	4,105	4,182	4,600	4,600	4,600	4,600
Internal service fund charges	84,624	87,124	94,697	94,697	100,546	101,342
Expenditure Totals	\$ 824,038	\$ 920,606	\$1,005,474	\$1,008,134	\$ 843,621	\$ 864,201

Authorized Positions	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
Finance Director	1.00	1.00	1.00	1.00	0.75	0.75
Senior Accountant	1.00	1.00	-	-	-	0.00
Accountant II	-	-	1.00	1.00	2.00	2.00
Accountant I	-	-	1.00	1.00	-	0.00
Account Clerk	0.75	-	1.00	1.00	1.00	1.00
Account Technician	-	1.00	-	-	-	-
Information System Specialist	-	-	-	-	0.50	0.50
FTE Total	2.75	3.00	4.00	4.00	4.25	4.25

POLICE SUMMARY

POLICE

MISSION STATEMENT

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

VISION STATEMENT

The Capitola Police Department is comprised of professional and dedicated members who strive to demonstrate high character, fairness, compassion, and the non-biased delivery of policing services.

CORE VALUES

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

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

FISCAL YEAR ACCOMPLISHMENTS – 2024-25

- Purchase two patrol vehicles.
- PD locker room bathroom update/upgrade. (\$75,000 provided by Council)
- Electronic Citations for patrol personnel.
- Examine alternative site for PD backup yellow channel.
- Research upgrades options for infrastructure, to include possible new antenna site and develop short-term plan pending larger County-wide radio project.
- Bicycle and pedestrian safety will remain our traffic goals for 2024/25. Seek grant opportunities to support our traffic goals, including speed and DUI grant opportunities.

FISCAL YEAR GOALS –2025-26

- Upgrade Interview Room recording system- Axon.
- Continue PD facility update/upgrade. (\$75,000 provided by Council)
- Bicycle and pedestrian safety will remain our traffic goals for 2024/25. Seek grant opportunities to support our traffic goals, including speed and DUI grant opportunities.
- Purchase one patrol vehicle.
- Officer staffing
 - o Add two officer positions
 - o Evaluate the Community Service Officer position
- Bicycle and pedestrian safety will remain our traffic goals for 2025/26. Seek grant opportunities to support our traffic goals, including speed and DUI grant opportunities.

POLICE SUMMARY

Police Department Summary	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Revenue						
General Fund	\$ 7,282,777	\$ 7,986,740	\$ 8,150,380	\$ 8,348,080	\$ 7,080,034	\$ 7,186,308
Licenses and permits	52,055	49,327	55,500	41,000	45,500	45,500
Intergovernmental revenues	137,649	82,760	110,231	99,231	75,000	75,000
Charges for services	57,309	60,548	58,750	78,500	81,500	81,500
Fines and forfeitures	566,907	425,043	599,500	434,500	690,000	690,000
Other revenues	292	1,433	-	2,500	5,000	-
Revenue Totals	\$ 8,096,988	\$ 8,605,851	\$ 8,974,361	\$ 9,003,811	\$ 7,977,034	\$ 8,078,308

Expenditures

Personnel	\$5,925,880	\$6,202,707	\$6,591,538	\$6,591,863	\$5,491,879	\$5,631,527
Contract services	✓ 1,229,344 ✓	✓ 1,299,851 ✓	✓ 1,356,496 ✓	✓ 1,332,821 ✓	✓ 1,365,878 ✓	✓ 1,370,202
Training & Memberships	56,831	77,379	73,650	73,650	79,500	79,500
Supplies	✓ 96,600 ✓	✓ 160,401 ✓	✓ 101,800 ✓	✓ 120,600 ✓	✓ 109,400 ✓	✓ 109,400
Internal service fund charges	✓ 828,291 ✓	✓ 884,847 ✓	✓ 884,877 ✓	✓ 884,877 ✓	✓ 946,060 ✓	✓ 942,816
Expenditure Totals	\$ 8,136,947	\$ 8,625,185	\$ 9,008,361	\$ 9,003,811	\$ 7,992,717	\$ 8,133,445

Authorized Positions	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 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	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	2.00	2.00	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	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
FTE Total	30.50	30.50	31.00	31.00	31.00	31.00

LAW ENFORCEMENT

POLICE

LAW ENFORCEMENT

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-20-20-000						
Revenue						
General Fund	\$ 7,089,325	\$ 7,659,276	\$ 7,948,207	\$ 7,929,382	\$ 6,969,508	\$ 7,101,158
Licenses and permits	52,055	49,327	55,500	41,000	45,500	45,500
Intergovernmental revenues	137,649	82,760	110,231	99,231	75,000	75,000
Charges for services	57,309	60,548	58,750	78,500	81,500	81,500
Fines and forfeitures	80,699	79,590	100,000	135,000	90,000	90,000
Other revenues	292	1,433	-	2,500	5,000	-
Revenue Totals	\$ 7,417,328	\$ 7,932,934	\$ 8,272,688	\$ 8,285,613	\$ 7,266,508	\$ 7,393,158
Expenditure						
Personnel	\$ 5,676,262	\$ 6,004,382	\$ 6,383,044	\$ 6,383,044	\$ 5,267,720	\$ 5,416,177
Contract services	802,152	860,848	882,499	878,824	936,881	959,230
Training & Memberships	56,831	77,379	73,650	73,650	79,500	79,500
Supplies	91,790	143,922	93,000	109,600	93,400	93,400
Internal service fund charges	790,292	846,403	840,495	840,495	904,691	899,988
Expenditure Totals	\$ 7,417,328	\$ 7,932,934	\$ 8,272,688	\$ 8,285,613	\$ 7,266,508	\$ 7,393,158

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
Authorized Positions						
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	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	15.00	15.00
Community Service Officer	2.00	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	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
FTE Total	28.50	28.50	28.00	28.00	28.00	28.00

PARKING ENFORCEMENT

POLICE

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2024/25

- Maintain existing pay stations.
- Begin upgrading pay stations with a new payment interface.
- Explore hybrid vehicle options for parking enforcement vehicles.

FISCAL YEAR GOALS –2025/26

- Continue upgrading the pay stations with a new payment interface.
- Evaluate the cost of hourly parking and the bail schedule for parking citation violations.

PARKING ENFORCEMENT

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
1000-20-21-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 111,785	\$ 227,986	\$ 61,234	\$ 277,759	\$ (30,263)	\$ (62,665)
Fines and forfeitures	486,207	345,452	499,500	299,500	600,000	600,000
Use of money & property	39,959	19,335	34,000	-	-	-
Revenue Totals	\$ 637,952	\$ 592,774	\$ 594,734	\$ 577,259	\$ 569,737	\$ 537,335
Expenditures						
Personnel	\$ 249,618	\$ 198,325	\$ 208,494	\$ 208,819	\$ 224,159	\$ 215,350
Contract services	346,699	340,705	334,500	314,500	289,500	264,500
Supplies	4,811	16,480	8,800	11,000	16,000	16,000
Internal service fund charges	36,824	37,264	42,940	42,940	40,078	41,485
Expenditure Totals	\$ 637,952	\$ 592,774	\$ 594,734	\$ 577,259	\$ 569,737	\$ 537,335
	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
Authorized Positions	Actual	Actual	Amended	Estimated	Proposed	Planned
Parking Enforcement Officer	2.00	2.00	3.00	3.00	3.00	3.00
FTE Total	2.00	2.00	3.00	3.00	3.00	3.00

ANIMAL SERVICES

POLICE

DEPARTMENT PURPOSE

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

ANIMAL SERVICES

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
1000-20-23-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 81,667	\$ 99,478	\$140,939	\$ 140,939	\$ 140,789	\$147,815
Charges for services	-	-	-	-	-	-
Revenue Totals	\$ 81,667	\$ 99,478	\$140,939	\$ 140,939	\$ 140,789	\$147,815
Expenditures						
Contract services	\$ 80,492	\$ 98,298	\$139,497	\$ 139,497	\$ 139,497	\$146,472
Internal service fund charges	1,175	1,180	1,442	1,442	1,292	1,344
Expenditure Totals	\$ 81,667	\$ 99,478	\$140,939	\$ 140,939	\$ 140,789	\$147,815

PUBLIC WORKS SUMMARY

PUBLIC WORKS

MISSION STATEMENT

The Capitola Department of Public Works, through our valued employees, develops, maintains, and operates the City's infrastructure and natural resources and provides environmental stewardship for the benefit of our residents, businesses, and visitors.

DEPARTMENT PURPOSE

Public Works stewards Capitola's public infrastructure. We are dedicated to providing safe, functional and sustainable systems improving the quality of life for the residents, businesses and visitors of the City of Capitola in a responsive and cost-effective manner and in accordance with local, state and federal regulations.

To provide this stewardship, the department has three divisions.

The *Maintenance* Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

The *Engineering* Division designs and oversees the construction of all capital improvement projects for the City's public infrastructure systems and public buildings/facilities; prepares technical studies/reports; regulates construction activities within the public right-of-way by private entities and utility companies; and maintains infrastructure records. The Engineering Division also works closely with the Community Development Department and Building Division to perform plan review and inspection services of tract/parcel maps for subdivisions and grading and drainage improvements on private property; provides technical support to the Public Works Maintenance Division.

The *Environmental* Division provides environmental support services to Public Works and other City Departments to ensure compliance with federal, state, and local environmental laws, regulations, and policies. The Environmental Division also manages the City's Storm Water Management Program and Solid Waste Franchise Agreement which includes industrial, construction, and municipal activities and operations within the City; staffs the Commission on the Environment.

FISCAL YEAR ACCOMPLISHMENTS – 2024-25

- Completed Upper Parking Lot Sidewalk Project
- Installed Wharf signage
- Established temporary Wharf facilities
- Completed pump track renovation
- Began construction on Community Center Renovation
- Finalized Treasure Cove Playground design
- Substantially completed Park at Rispin Mansion

FISCAL YEAR GOALS – 2025-26 and 2026-27

- Complete Bay Avenue Corridor Project design
- Complete construction of Community Center Renovation
- Complete construction of Treasure Cove Playground
- Complete 41st Avenue multimodal improvements
- Complete design of Cliff Drive Resiliency Project
- Update the City's Climate Action Plan

PUBLIC WORKS SUMMARY						
Public Works Summary	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Revenue						
General Fund	\$ 3,412,508	\$ 3,876,663	\$ 4,165,415	\$ 4,164,314	\$ 4,148,586	\$ 4,161,344
Licenses and permits	37,311	30,247	30,000	32,000	35,000	36,000
Charges for services	8,951	10,646	6,000	12,000	12,000	12,000
Other revenues	10,751	15,138	8,000	12,000	10,000	10,000
Revenue Totals	\$ 3,469,521	\$ 3,973,340	\$ 4,209,415	\$ 4,223,314	\$ 4,210,586	\$ 4,224,344
Expenditures						
Personnel	\$ 1,895,349	\$ 2,031,373	\$ 2,219,257	\$ 2,255,882	\$ 2,163,278	\$ 2,226,668
Contract services	869,834	1,019,783	1,242,000	1,251,040	1,234,100	1,150,200
Training & Memberships	2,661	4,684	5,500	4,000	6,000	6,000
Supplies	539,117	625,328	552,766	523,000	562,700	557,800
Internal service fund charges	162,560	292,172	189,392	189,392	244,508	283,675
Expenditure Totals	\$ 3,469,520	\$ 3,973,339	\$ 4,208,915	\$ 4,223,314	\$ 4,210,586	\$ 4,224,344
Authorized Positions	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	1.00	1.00	1.00	1.00	1.00	1.00
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00	-	-	-	-	-
Maintenance Worker I & II	9.00	9.00	7.50	7.50	9.00	9.00
Maintenance Worker III	2.00	1.00	2.00	2.00	2.00	2.00
SR. Mechanic/Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	16.00	16.00	16.00	16.00	18.00	18.00

STREETS

PUBLIC WORKS

STREETS

1000-30-30-000	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Revenues						
General Fund	\$ 1,934,965	\$ 2,180,505	\$ 2,297,771	\$ 2,263,671	\$ 2,114,606	\$ 2,186,710
Licenses and permits	37,311	30,247	30,000	32,000	35,000	36,000
Intergovernmental revenues	-	40,647	-	3,000	5,000	5,000
Charges for services	7,427	6,318	3,000	8,000	8,000	8,000
Other revenues	10,751	10,405	8,000	12,000	10,000	10,000
Revenue Totals	\$ 1,990,454	\$ 2,268,122	\$ 2,338,771	\$ 2,318,671	\$ 2,172,606	\$ 2,245,710

Expenditures

Personnel	\$ 1,443,455	\$ 1,555,228	\$ 1,609,608	\$ 1,636,908	\$ 1,494,753	\$ 1,538,396
Contract services	328,463	365,784	513,210	479,210	390,500	393,500
Training & Memberships	2,661	4,174	3,000	1,500	3,000	3,000
Supplies	121,921	120,183	104,400	92,500	115,000	105,000
Internal service fund charges	93,955	222,753	108,553	108,553	169,353	205,814
Expenditure Totals	\$ 1,990,454	\$ 2,268,122	\$ 2,338,771	\$ 2,318,671	\$ 2,172,606	\$ 2,245,710

Authorized Positions	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	1.00	1.00	1.00	1.00	1.00	1.00
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00					
Maintenance Worker I & II	7.00	7.00	6.50	7.00	7.00	7.00
Maintenance Worker III	1.00					
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	12.00	12.00	11.50	12.00	12.00	12.00

STORMWATER

PUBLIC WORKS

STORM WATER

1000-30-30-301	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Revenues						
General Fund	\$ 115,036	\$ 94,201	\$ 213,262	\$ 244,762	\$ 205,298	\$ 207,474
Charges for services	1,524	4,328	3,000	4,000	4,000	4,000
Revenue Totals	\$ 116,560	\$ 98,529	\$ 216,262	\$ 248,762	\$ 209,298	\$ 211,474
Expenditures						
Personnel	\$ 76,831	\$ 23,116	\$ 65,822	\$ 65,822	\$ 72,798	\$ 74,974
Contract services	38,025	75,413	148,940	181,440	135,000	135,000
Training & Memberships	-	-	-	-	-	-
Supplies	1,704	-	1,500	1,500	1,500	1,500
Expenditure Totals	\$ 116,560	\$ 98,529	\$ 216,262	\$ 248,762	\$ 209,298	\$ 211,474

FACILITIES

PUBLIC WORKS

	FACILITIES					
1000-30-31-xxx	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Revenues						
General Fund	\$322,275	\$363,733	\$416,197	\$ 448,397	\$439,540	\$382,123
Other revenues	-	-	-	-	-	-
Revenue Totals	\$322,275	\$363,733	\$416,197	\$ 448,397	\$439,540	\$382,123
Expenditures						
Contract services	\$181,425	\$208,951	\$288,140	\$ 320,090	\$319,100	\$261,200
Supplies	127,146	140,938	111,500	111,750	105,000	105,000
Internal service fund charges	13,704	13,843	16,557	16,557	15,440	15,923
Expenditure Totals	\$322,275	\$363,733	\$416,197	\$ 448,397	\$439,540	\$382,123

PUBLIC WORKS

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
1000-30-32-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$367,213	\$429,248	\$459,327	\$469,152	\$504,190	\$516,642
Other revenues	-	4,733	-	-	-	-
Revenue Totals	\$367,213	\$433,981	\$459,327	\$469,152	\$504,190	\$516,642
Expenditures						
Personnel	\$112,333	\$129,170	\$199,244	\$204,569	\$226,206	\$232,842
Contract services	1,068	18,360	5,000	15,000	10,000	10,000
Training & Memberships	-	-	500	-	500	500
Supplies	235,393	267,891	232,500	227,500	247,500	252,500
Internal service fund	18,420	18,560	22,083	22,083	19,984	20,800
Expenditure Totals	\$367,213	\$433,981	\$459,327	\$469,152	\$504,190	\$516,642
Authorized Positions	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Mechanic/Sr. Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
FTE Total	1.00	1.00	1.50	1.50	2.00	2.00

PUBLIC WORKS

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

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

Maintaining the status quo.

65

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 Zoning Code (Title 17), Housing and Development Administration (Title 18), General Plan, Housing Element, Local Coastal Program, and other regulations. The Department's key functions include review of development applications, application of CEQA, maintenance of aforementioned regulatory and long-range planning documents, building plan check and inspection services, building and zoning code compliance, and administration of the affordable housing programs. The Department manages grants related to community planning, housing, economic development, and public services through regional, state, and federal opportunities. The Department provides staff support to the City Council, Planning Commission, and the Design and Development Review Committee.

KEY CHANGES

During the past fiscal year, the Building Division had unanticipated staffing changes which required flexibility in staffing. The focus of the Planning Division was on the certification and implementation of the Housing Element. Economic development, housing, and staff training will be a focus in FY2025-26.

FISCAL YEAR ACCOMPLISHMENTS – 24/25

- Certification of the 6th Cycle Housing Element by State of California Department of Housing and Community Development.
- Issued building permit for a 36-unit 100% affordable housing development at 4401 Capitola Road.
- Administered CDBG Grant of \$500,000 for to provide food and transit services to low-income families through local nonprofits.
- Awarded CDBG Grant of \$3.3 million for renovation of the Jade Street Community Center.
- Issued \$1.6 million loan to MidPen Housing for the future development of a 52-unit, 100% affordable housing development at 1098 38th Avenue.
- Initiated Capitola Wharf Master Plan with a focus on public engagement and climate resiliency.
- Initiated 41st Avenue Corridor Plan with a focus on economic development and circulation.
- Established a housing rehabilitation program with Habitat for Humanity for 16 households.
- 100 planning permit applications submitted July 1, 2024, through May 1, 2025.
- 331 building permit applications submitted July 1, 2024, through May 1, 2025.

FISCAL YEAR GOALS – 25/26

- Issue building permits and begin construction of new hotel at 720 Hill Street and 52-unit affordable housing development at 1098 38th Avenue.
- Issue occupancy of 36-unit, 100% affordable housing development at 4401 Capitola Road.
- Complete Capitola Wharf Master Plan and research funding opportunities for implementation.
- Complete 41st Avenue corridor study.
- Continue discussions with mall owners toward redevelopment of the Capitola Mall.
- Administer grants to support Capitola residents with food services and housing production.
- Provide training opportunities for all staff to encourage growth, job satisfaction, and longevity.

COMMUNITY DEVELOPMENT

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
Community Development	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 454,348	\$ 398,918	\$ 391,983	\$ 367,705	\$ 465,113	\$ 385,263
Licenses and permits	241,459	349,910	313,500	313,500	313,000	313,000
Charges for services	323,450	251,975	217,000	217,000	239,000	234,000
Fines and forfeitures	-	-	-	-	-	-
Revenue Totals	\$1,019,257	\$1,000,804	\$ 922,483	\$ 898,205	\$ 1,017,113	\$ 932,263

Expenditures

Personnel	\$ 877,933	\$ 783,697	\$ 713,854	\$ 702,276	\$ 800,442	\$ 824,157
Contract services	55,157	136,706	103,000	96,000	115,000	5,000
Training & Memberships	10,435	3,928	17,700	9,600	16,250	16,250
Supplies	1,586	978	5,100	7,500	2,500	2,500
Internal service charges	74,146	75,495	82,829	82,829	82,921	84,356
Expenditure Totals	\$1,019,257	\$1,000,804	\$ 922,483	\$ 898,205	\$ 1,017,113	\$ 932,263

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
Authorized Positions	Actual	Actual	Amended	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
Associate Planner	-	1.00	1.00	1.00	1.00	1.00
Assistant Planner	2.00	1.00	-	-	-	-
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	-	-	-	-
Development Services Tech	0.50	0.75	1.00	1.00	1.00	1.00
FTE Total	5.50	5.75	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	-	-	-	-
Total	7.00	7.00	5.00	5.00	5.00	5.00

Officials Annual Pay

Planning Commissioners	\$ 9,250	\$ 9,250	\$ 7,500	\$ 7,500	\$ 8,750	\$ 8,750
Arch & Site Committee	6,000	6,000	-	-	-	-
Total	\$ 15,250	\$ 15,250	\$ 7,500	\$ 7,500	\$ 8,750	\$ 8,750

COMMUNITY SERVICES AND RECREATION

CULTURE & LEISURE

MISSION

The City of Capitola Community Services and Recreation Department is dedicated to providing safe, affordable, and enjoyable recreational opportunities that enrich the quality of life for residents and visitors of all backgrounds and abilities. Committed to excellence and public safety, the Department continuously strives to enhance its programs, services, and operations to best serve the evolving needs and interests of the community.

DEPARTMENT PURPOSE

The Community Services and Recreation Department enhances the quality of life for Capitola residents and the broader community by offering a wide range of recreation and leisure services. These include City-run programs such as Junior Lifeguards, Camp Capitola, and community events, as well as over 500 classes provided by contracted instructors. Youth programs serve more than 2,000 children annually. The Department also manages key community assets, including the Capitola Community Center, Jade Street Park, and Monterey Park. From Memorial Day weekend through the end of October, the Department operates a USLA-certified Lifeguard Division to ensure the safety of beachgoers at Capitola Beach. The Department represents the City through its staff, instructors, seasonal hires, and the condition of its facilities. It also fosters youth development through job training programs like the Junior Lifeguard Captains Corps and Camp Capitola Junior Leader Program and promotes access through scholarships for under-resourced youth.

KEY CHANGES

With the Community Center remodel project underway, the Community Services and Recreation Department has temporarily relocated to the back classrooms in the Opal Cliff School at Jade St Park.

FISCAL YEAR ACCOMPLISHMENTS – 2024/25

- Provided Lifeguard services to event organizers and maintained tower services at Capitola Beach through the end of October.
- Sustained a robust schedule of Classes for Adults and Youth with minimal disruption during Community Center remodel.
- Hosted two Wharf Food Truck events to celebrate the Wharf reopening and assess future programming opportunities.
- Implemented a Park Space Reservation Permit system enabling small groups to reserve space for events like birthday parties in City Parks
- Integrated Art & Cultural events into the Department to streamline event implementation.
- Coordinated a County wide public advertising for July IS Park & Rec Month Campaign

FISCAL YEAR GOALS –2025/26

- Continue programming the Wharf with fun, family friendly activities by hosting a new “Boogie on the Wharf” dance event series.
- Modify Camp Capitola in response to the Community Center remodel while maintaining the program’s high quality at the temporary location.
- Provide a new vision of the former “Art at the Beach” event series, now “Makers Market”, to draw visitors and residents.
- Introduce two new music events: “New Music Sundays” featuring local youth bands, and “Dueling Pianos” offering a fresh and interactive community opportunity.
- Enhance Junior Guard youth development by redistributing age division throughout the session providing smaller group sizes for effective instruction.
- Strengthen partnerships with county recreation agencies to expand regional initiatives such as Park Rx, Family Fun Day, and other collaborative programs.

COMMUNITY SERVICES AND RECREATION

Recreation Summary 1000-50-50-xxx	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Revenue						
General Fund	\$ 745,004	\$ 729,513	\$ 789,657	\$ 817,894	\$ 715,566	\$ 742,478
Recreation Classes	\$ 224,903	\$ 265,704	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Capitola Junior Guards	272,552	297,008	354,800	354,800	364,308	364,308
Sports	26,185	22,465	19,000	14,435	26,900	26,900
Camp Capitola	150,173	194,966	216,867	216,867	216,867	216,867
Afterschool Program	68,338	104,857	121,483	98,000	131,316	131,316
Events	5,849	2,347	9,900	5,900	71,900	71,900
Total Charges for Svcs.	\$ 748,000	\$ 887,348	\$ 922,050	\$ 890,002	\$1,011,291	\$1,011,291
Jade St. Rentals	\$ 11,081	\$ 16,103	\$ 2,000	\$ 10,625	\$ 10,000	\$ 10,000
Revenue Totals	\$1,504,085	\$1,632,964	\$1,713,707	\$1,718,521	\$1,736,857	\$1,763,769
Expenditures						
Personnel	\$877,308	\$1,081,435	\$1,262,924	\$1,288,538	\$1,238,291	\$1,262,945
Contract services	381,937	335,258	247,050	234,300	291,350	291,350
Training & Memberships	15,264	13,592	13,900	16,150	16,650	16,650
Supplies	93,695	88,943	93,800	83,500	94,650	94,650
Internal service fund charges	135,880	113,737	96,033	96,033	95,916	98,174
Expenditure Totals	\$1,504,085	\$1,632,964	\$1,713,707	\$1,718,521	\$1,736,857	\$1,763,769
Authorized Positions	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Community Svcs. & Recreation						
Director					1.00	1.00
Recreation Division Manager	1.00	1.00	1.00	1.00	-	-
Recreation Coordinator	3.00	3.00	3.00	3.00	3.00	3.00
Customer Svc./Off. Coord.	1.00	1.00	1.00	1.00	1.00	1.00
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	5.50	5.50	5.50	5.50	5.50	5.50
Hourly Allocation						
Beach Lifeguard Captain				-	-	-
Beach Lifeguard/JG Instructor	7,200	7,200	12,648	12,648	12,091	12,091
Jr. Lifeguard Coordinator	1,200	1,200	-	-	-	-
Lifeguard Lieutenant/ JG Asst. Cord.	-	-	1,296	1,296	2,801	2,801
Recreation Leader I			3,503	3,503	4,492	4,492
Recreation Leader II	4,800	4,800	2,952	2,952	3,142	3,142
Recreation Coordinator	1,200	1,200	-	-	-	-
Recreation Asst. Coordinator	500	500	857	857	960	960
Youth Program Coordinator	720	720	687	687	-	-
Youth Program Leader	2,880	2,880	-	-	-	-
Recreation Admin Temps	1,560	1,560	-	-	-	-
Sports Scorekeepers	900	900	-	-	-	-
Recreation Facilities Assistant	-	-	-	-	-	-
Recreation Specialist I	-	-	100	300	570	570
Recreation Specialist II	-	-	-	-	460	460
Hours Total	20,960	20,960	22,043	22,243	24,516	24,516

MISSION

The Capitola Historical Museum preserves and promotes the history of Capitola through creating exhibitions, maintaining a collection of historic photographs and artifacts, conducting oral histories, and participating in special events.

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 – 2024-2025 *(only through April 25, 2025)*

- Curatorial Management
 - o Wrote Draft Scope of Collections Statement (SOCS)
 - o Subject of free “Ready-Or Not” Emergency Preparedness Consultation by the Northeast Document Conservation Center – received emergency evaluation.
- Exhibitions
 - o Continuation of 2024 annual exhibition “Little City Under Canvas” – The 150th Anniversary of Camp Capitola and permanent Capitola Timeline, Martina Castro Lodge and First People of Capitola exhibits until December 2024.
 - o Installed two rotating exhibits at the Capitola Library.
 - o Provided content/images for the Capitola Wharf Timeline sign and Introduction panel.
 - o Installed content/images and new acrylic panels in historic Capitola Bathhouse.
 - o Installed Capitola Mall kiosk exhibits for the Camp Capitola & Venetian Court anniversaries and installed Railroad Trestle model in Capitola Police Annex.
 - o Volunteers planted soaproot and yarrow and installed temporary interpretive signage.
- Community Involvement:
 - o Coordinated participation in 2024 Art & Wine Festival (9/14-15), 2024 Beach Festival (9/28-29), Plein Air Finale (10/27), and Laura Hecox Day at the Santa Cruz Natural History Museum (1/25). Historic Landmark Committee Blue Plaque Awards (5/11) and 2024 Santa Cruz County History Fair (5/18), and the 2024 Capitola Car Show (6/8).
 - o Co-sponsored the 2024 Santa Cruz County History Fair.
 - o Coordinated building of float for the 2024 Beach Festival Lighted Nautical Parade, awarded 1st place with trophy and check for \$1,000.
 - o Assisted the Venetian Court in obtaining a Santa Cruz Co. Blue Plaque.
- Public Outreach:
 - o *Good Times* article -Rispin Mansion & Santa Cruz Sentinel article -2025 exhibition.
 - o 70 posts on the museum Facebook page
 - o Interviewed for Discovery Channel's *Ghost Adventures* show on Rispin Mansion (7/11)
 - o Capitola's 75th Anniversary Celebration display (7/31) & presentation to City Council
 - o Capitola Wharf Re-opening Ceremony display (9/25)

FISCAL YEAR GOALS – 2025-2026

- Continue 2024 exhibition through December 2025.
- Develop and install 2026 annual exhibition (proposed title: Multiple Personalities – The Stories Behind Capitola's Historic Buildings) by mid-March 2026.
- Prepare a draft Museum Emergency Plan.
- Complete full inventory of Artifact Storage Room.
- Conduct interpretive programs at Rispin Mansion Park (potential school programs)
- Develop new items for museum bookstore.
- Increase volunteer numbers and begin delegating program responsibilities to volunteers.
- Begin a museum artifact deaccessioning program.

MUSEUM

Capitola Museum 1000-50-51-000	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Revenue						
General Fund	\$ 61,735	\$ 77,718	\$ 77,650	\$ 78,200	\$ 63,316	\$ 69,837
Other revenues	10,089	10,675	10,000	12,000	12,000	12,000
Revenue Totals	\$ 71,824	\$ 88,393	\$ 87,650	\$ 90,200	\$ 75,316	\$ 81,837
Expenditures						
Personnel	\$43,210	\$52,053	\$43,917	\$43,917	\$47,570	\$48,997
Contract services	8,017	7,926	13,000	16,500	16,500	21,500
Training & Memberships	151	1,167	1,700	1,000	1,000	1,000
Supplies	13,718	20,324	21,500	21,250	2,350	2,350
Internal service fund charges	6,728	6,922	7,533	7,533	7,896	7,990
Expenditure Totals	\$ 71,824	\$ 88,393	\$ 87,650	\$ 90,200	\$ 75,316	\$ 81,837
Authorized Positions	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Museum Curator	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	0.50	0.50	0.50	0.50	0.50	0.50

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

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

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

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

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

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

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

STORES FUND

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

SOURCES AND USES						
Fund - 2210	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ 65,436	\$ 62,677	\$ 64,082	\$ 64,082	\$ 64,082	\$ 64,082
Revenue						
Other Revenues	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	27,000	27,000	27,000	27,000	27,000	27,000
General Fund Transfers	-	-	-	-	-	-
Revenue Totals	<u>\$27,000</u>	<u>\$27,001</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
Expenditures						
Contract Services	\$ 6,842	\$ 6,732	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Supplies	22,917	18,863	20,000	20,000	20,000	20,000
Expenditure Totals	<u>\$29,759</u>	<u>\$25,595</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
Fund Balance at 06/30	\$62,677	\$64,082	\$ 64,082	\$ 64,082	\$ 64,082	\$ 64,082

INFORMATION TECHNOLOGY FUND

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

SOURCES AND USES						
Fund - 2211	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ 355,804	\$ 317,651	\$ 526,656	\$ 526,656	\$ 481,250	\$ 485,250
Revenue						
Other Revenues	\$ 4,068	\$ 4,068	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Internal Service Charges	257,502	271,000	268,000	268,000	348,000	338,000
Other Financing Sources	-	235,000	-	-	-	-
Revenue Totals	<u>\$261,570</u>	<u>\$510,068</u>	<u>\$ 272,000</u>	<u>\$ 272,000</u>	<u>\$ 352,000</u>	<u>\$ 342,000</u>
Expenditures						
Contract Services	\$ 194,690	\$ 206,441	\$ 196,000	\$ 196,000	\$ 205,000	\$ 205,000
Training & Memberships	-	-	-	-	-	-
Supplies	83,298	91,171	121,406	121,406	128,000	128,000
Capital Outlay	21,735	3,451	-	-	15,000	5,000
Expenditure Totals	<u>\$299,723</u>	<u>\$301,063</u>	<u>\$ 317,406</u>	<u>\$ 317,406</u>	<u>\$ 348,000</u>	<u>\$ 338,000</u>
Fund Balance at 06/30	\$317,651	\$526,656	\$ 481,250	\$ 481,250	\$ 485,250	\$ 489,250

Contract services: on-going technology licenses

Supplies: replacement technology equipment

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.

FY 2025-26 CAPITAL OUTLAY

2 PD Patrol vehicles	\$ 130,000
EV Truck – Public Works	67,000

FY 2026-27 CAPITAL OUTLAY

Depreciation	\$ 200,000
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SOURCES AND USES

	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Fund - 2212	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 966,130	\$ 875,969	\$ 549,657	\$ 549,657	\$ 141,157	\$ 141,157
Revenue						
Other revenues	\$ 6,000	\$ 259,271	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	105,000	250,000	65,000	65,000	197,000	200,000
Other Financing Sources	74,000	200,000	-	-	-	-
Revenue Totals	<u>185,000</u>	<u>709,271</u>	<u>65,000</u>	<u>65,000</u>	<u>197,000</u>	<u>200,000</u>
Expenditures						
Capital Outlay	\$275,161	\$1,035,582	\$417,661	\$473,500	\$197,000	\$200,000
Expenditure Totals	<u>\$ 275,161</u>	<u>\$1,035,582</u>	<u>\$ 417,661</u>	<u>\$ 473,500</u>	<u>\$ 197,000</u>	<u>\$ 200,000</u>
Fund Balance at 06/30	\$ 875,969	\$ 549,657	\$ 196,996	\$ 141,157	\$ 141,157	\$ 141,157

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 \$100,000.
- Vehicle and Equipment Insurance Coverage - Coverage for vehicles and equipment with a purchase value of \$25,000 or more. The annual premium is \$7,500 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 percentage of the total operating budget from the prior fiscal year less the budget for unanticipated events.

SOURCES AND USES						
Fund - 2213	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ (20,881)	\$ 278,187	\$ 179,920	\$ 179,920	\$ 179,920	\$ 179,920
Revenue						
Other Revenue	\$ 82,292	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	622,998	622,136	760,036	760,036	680,900	708,135
Other Financing Sources	250,000	-	-	-	-	-
Revenue Totals	\$ 955,290	\$ 622,136	\$ 760,036	\$ 760,036	\$ 680,900	\$ 708,135
Expenditures						
Contract Services	\$ 651,920	\$ 720,403	\$ 760,036	\$ 760,036	\$ 680,900	\$ 708,135
Supplies	4,302	-	-	-	-	-
Expenditure Totals	\$ 656,222	\$ 720,403	\$ 760,036	\$ 760,036	\$ 680,900	\$ 708,135
Fund Balance at 06/30	\$ 278,187	\$ 179,920	\$ 179,920	\$ 179,920	\$ 179,920	\$ 179,920

WORKERS' COMPENSATION FUND

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

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

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

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

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

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

Distribution to General Fund Departments:

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

SOURCES AND USES						
	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Fund - 2214	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 367,079	\$ 117,301	\$ 118,749	\$ 118,749	\$ 118,749	\$ 118,749
Revenue						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$ 431,999	\$ 447,705	\$ 403,542	\$ 403,542	\$ 410,000	\$ 430,500
Revenue Totals	<u>\$ 431,999</u>	<u>\$ 447,705</u>	<u>\$ 403,542</u>	<u>\$ 403,542</u>	<u>\$ 410,000</u>	<u>\$ 430,500</u>
Expenditures						
Contract Services	\$ 431,777	\$ 446,257	\$ 403,542	\$ 403,542	\$ 410,000	\$ 430,500
Other Financing Uses	250,000	-	-	-	-	-
Expenditure Totals	<u>\$ 681,777</u>	<u>\$ 446,257</u>	<u>\$ 403,542</u>	<u>\$ 403,542</u>	<u>\$ 410,000</u>	<u>\$ 430,500</u>
Fund Balance at 06/30	\$ 117,301	\$ 118,749	\$ 118,749	\$ 118,749	\$ 118,749	\$ 118,749

COMPENSATED ABSENCES LIABILITY FUND

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

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

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

Police Captain Cashable Sick Leave: Refer to contract.

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

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

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

SOURCES AND USES

	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Proposed	Planned
Fund - 2216						
Beginning Fund Balance	\$ 110,886	\$ 54,065	\$ 30,899	\$ 30,899	\$ 30,899	\$ 30,899
Revenue						
Other financing sources	\$220,000	\$225,000	\$ 200,000	\$ 200,000	\$ 200,000	\$200,000
Revenue Totals	\$220,000	\$225,000	\$ 200,000	\$ 200,000	\$ 200,000	\$200,000
Expenditures						
Personnel	\$276,821	\$248,166	\$ 200,000	\$ 200,000	\$ 200,000	\$200,000
Expenditure Totals	\$276,821	\$248,166	\$ 200,000	\$ 200,000	\$ 200,000	\$200,000
Fund Balance at 06/30	\$ 54,065	\$ 30,899	\$ 30,899	\$ 30,899	\$ 30,899	\$ 30,899

SPECIAL REVENUE FUNDS



SPECIAL REVENUE FUNDS

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

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

Road Maintenance and Rehabilitation Act (SB1) (Public Works): Funds received from the state and used for road maintenance, rehabilitation, and critical safety projects on local streets and roads.

Regional Transportation Commission (RTC) Streets (Public Works): Santa Cruz County voters passed a 0.5 percent user sales tax to fund local roads. The RTC Streets fund will be utilized to increase the City's Street program.

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

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

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

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

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

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

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

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

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

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

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

Library (City Manager): The new Capitola Branch Library opened in June 2021. The Friends of the Capitola Branch Library raised over \$600,000 of donations for project enhancements with approximately \$50,000 remaining in the Library fund.

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): The 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.

Permanent Local Housing Allocation (PLHA): In 2017, Senate Bill 2 (SB 2) established a \$75 recording fee on real estate documents and created the Permanent Local Housing Allocation Fund (PLHA). PLHA funds are allocated to local governments for eligible housing and homelessness activities and provide a permanent, on-going source of funding for housing-related projects and programs that address the unmet housing needs of communities.

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

In 1996, California's state legislature (AB 3229) established the Citizens Options for Public Safety (COPS) program, allocating \$100,000,000 annually to local governments for front-line law enforcement. These funds are administered through the Supplemental Law Enforcement Services Fund (SLESF) program. The COPS program received its initial funding in the 1996-1997 California state budget and has been consistently funded since then. Section 30061 (c) (1) of the Government Code outlines the future funding details for the COPS program through SLESF.

SLESF funds are grants, and the legislation requires that each municipality receive annual funds to be used for "front-line law enforcement services." These funds cannot be used to replace existing resources but must be used to enhance them. Eligible expenses include salaries, services, supplies, equipment, and administrative costs.

Furthermore, SLESF funds cannot be redirected to a municipality's general fund but must be exclusively used for front-line law enforcement services. The total award to each recipient entity is based on population size, with a minimum annual award of \$100,000 for all entities. For example, the Capitola Police Department receives an annual award of \$100,000. Fund distributions are made regularly throughout the year.

SOURCES AND USES

Fund - 1300	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
SLESF	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$154,484	\$ 151,613	\$174,777	\$ 174,777	\$145,277	\$115,777
Revenue						
Intergovernmental revenues	\$103,114	\$ 100,000	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	3,968	7,524	4,000	4,000	4,000	4,000
Revenue Totals	\$107,082	\$ 107,524	\$104,000	\$ 104,000	\$104,000	\$104,000
Expenditures						
Contract services	\$ 1,344	\$ 1,473	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Supplies	86,797	40,545	33,000	33,000	33,000	33,000
Capital outlay	21,813	42,343	99,000	99,000	99,000	99,000
Expenditure Totals	\$109,954	\$ 84,360	\$133,500	\$ 133,500	\$133,500	\$133,500
Fund Balance at 06/30	\$151,613	\$ 174,777	\$145,277	\$ 145,277	\$115,777	\$ 86,277

Contract Services – Utility services – Gas & Electric

Supplies – Front line law enforcement

Capital Outlay – Flock cameras, online report writing, electronic ticket writing.

RESTRICTED TRANSIENT OCCUPANCY TAX (TOT)

CITY COUNCIL

This fund accounts for the 0.75% of restricted Transient Occupancy Tax (TOT) as approved by Capitola voters in 2018. The Restricted TOT Fund is used to receive and distribute half of the 0.40% of restricted TOT revenues for local business groups with the other half going directly to the Capitola Village & Wharf Business Improvement Area fund and the 0.35% of restricted TOT revenue dedicated to early childhood and youth programming.

SOURCES AND USES

Fund - 1305	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
TOT Restricted Revenue	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 62,758	\$ 58,473	\$ 63,216	\$ 63,216	\$ 31,133	\$ 31,133
Revenue						
Transient Occupancy Tax	105,126	102,643	101,841	96,250	96,250	96,250
Other revenue	557	241	-	-	1,000	1,000
Revenue Totals	\$105,682	\$102,884	\$101,841	\$ 96,250	\$ 97,250	\$ 97,250
Expenditures						
ECYP Supplies	\$ 29,779	\$ -	\$ 16,300	\$ 16,300	\$ -	\$ -
ECYP Enrichment	11,740	1,380	5,000	1,500	1,000	1,000
ECYP Scholarships	10,000	-	12,500	12,500	-	-
Chamber of Commerce	-	36,761	37,033	37,033	35,000	35,000
ECYP Community Grants	58,449	60,000	61,000	61,000	61,250	61,250
Expenditure Totals	\$109,968	\$ 98,141	\$131,833	\$128,333	\$ 97,250	\$ 97,250
Fund Balance at 06/30	\$ 58,473	\$ 63,216	\$ 33,224	\$ 31,133	\$ 31,133	\$ 31,133
Local Business Groups ⁽¹⁾	\$ -	\$ 36,761	\$ 37,033	\$ 37,033	\$ 35,000	\$ 35,000
Early Childhood/Youth Programs	\$105,126	\$ 65,882	\$ 64,808	\$ 59,217	\$ 61,250	\$ 61,250
	<u>\$105,126</u>	<u>\$102,643</u>	<u>\$101,841</u>	<u>\$ 96,250</u>	<u>\$ 96,250</u>	<u>\$ 96,250</u>

(1) Does NOT include portion paid directly to the BIA (50% of Local Business Groups amount)

ECYP Enrichment

- Field Trips and similar activities

Community Grants – Early Childhood & Youth Community Grants - \$60,000

Other financing uses – payment to Capitola-Soquel Chamber of Commerce - \$37,033

- Equal amount distributed directly to Capitola BIA fund.

ROAD MAINTENANCE & REHABILITATION ACT (SB1)

PUBLIC WORKS

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

SOURCES AND USES						
Fund - 1308 RMRA SB 1	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ 315,199	\$ 289,149	\$ 533,127	\$ 533,127	\$ 548,127	\$ 548,127
Revenue						
Intergovernmental revenues	\$ 218,001	\$ 249,261	\$ 252,161	\$ 252,161	\$ 258,668	\$ 262,770
Other financing sources	9,378	16,517	-	15,000	-	-
Revenue Totals	\$ 227,379	\$ 265,779	\$ 252,161	\$ 267,161	\$ 258,668	\$ 262,770
Expenditures						
Contract services						
Capital outlay	\$ 253,428	\$ 21,801	\$ 252,161	\$ 252,161	\$ 258,668	\$ 262,770
Expenditure Totals	\$ 253,428	\$ 21,801	\$ 252,161	\$ 252,161	\$ 258,668	\$ 262,770
Fund Balance at 06/30	\$ 289,149	\$ 533,127	\$ 533,127	\$ 548,127	\$ 548,127	\$ 548,127

Capital Outlay – Annual pavement management plan.

REGIONAL TRANSPORTATION COMMISSION (RTC) STREETS

PUBLIC WORKS

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

SOURCES AND USES						
Fund - 1309 RTC Streets	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ 933,823	\$ 185,891	\$ 532,144	\$ 532,144	\$ 547,144	\$ 547,144
Revenue						
Intergovernmental revenues	\$ 368,521	\$ 359,670	\$ 369,000	\$ 369,000	\$ 397,732	\$ 397,971
Other financing sources	13,432	19,644	5,000	15,000	-	-
Revenue Totals	\$ 381,953	\$ 379,314	\$ 374,000	\$ 384,000	\$ 397,732	\$ 397,971
Expenditures						
Contract services	\$1,129,884	\$ 33,061	\$ 369,000	\$ 369,000	\$ 397,732	\$ 397,971
Capital outlay	-	-	-	-	-	-
Expenditure Totals	\$1,129,884	\$ 33,061	\$ 369,000	\$ 369,000	\$ 397,732	\$ 397,971
Fund Balance at 06/30	\$ 185,891	\$ 532,144	\$ 537,144	\$ 547,144	\$ 547,144	\$ 547,144

Capital Outlay – Annual pavement management plan.

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 include 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; therefore, the funds can only be spent once they have been received.

SOURCES AND USES						
Fund - 1310	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Gas Tax	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$150,590	\$256,466	\$261,573	\$ 261,573	\$244,992	\$245,038
Revenue						
Intergovernmental revenues	\$250,805	\$270,231	\$272,660	\$ 272,660	\$279,546	\$290,462
Use of money & property	5,020	10,618	1,500	7,500	-	-
Other revenues	-	-	-	-	-	-
Revenue Totals	\$255,825	\$280,848	\$274,160	\$ 280,160	\$279,546	\$290,462
Expenditures						
Contract Services	\$149,949	\$275,741	\$296,741	\$ 296,741	\$279,500	\$290,000
Debt service	-	-	-	-	-	-
Interfund Transfer	-	-	-	-	-	-
Expenditure Totals	\$149,949	\$275,741	\$296,741	\$ 296,741	\$279,500	\$290,000
Fund Balance at 06/30	\$256,466	\$261,573	\$238,992	\$ 244,992	\$245,038	\$245,500

Contract Services:

- Admin & Engineering - \$50,000
- Streetlights & traffic signals - \$134,500
- Street & sidewalks - \$35,000
- Street painting - \$30,000
- Street sweeper maintenance - \$30,000

WHARF

PUBLIC WORKS

The Wharf Fund accounts for rental income generated from Capitola Wharf operations and is used to cover ongoing maintenance, operating costs, and periodic repairs. Revenues accumulate in the fund to help meet expenditure needs; however, major repairs—typically required on a 3–5-year cycle—have occasionally required General Fund support to keep the facility safe and accessible.

Following the passage of Measure F, the City reconstructed and reopened the Wharf in September 2024. Measure F revenues are managed through the Capital Improvement Fund (CIP) and supported the design and construction of the improved Wharf. The Wharf Fund continues to be used for maintenance and repair of the now-rebuilt facility.

SOURCES AND USES

Fund - 1311	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Wharf	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 154,886	\$166,194	\$124,789	\$124,789	\$ 70,289	\$ 36,289
Revenue						
Use of money & property	\$72,310	\$5,373	\$20,500	\$22,500	\$24,000	\$24,000
Other financing sources	-	-	75,000	75,000	-	-
Revenue Totals	\$ 72,310	\$ 5,373	\$ 95,500	\$ 97,500	\$ 24,000	\$ 24,000
Expenditures						
Contract services	\$ 53,189	\$ 46,690	\$101,250	\$112,000	\$ 48,000	\$ 48,300
Supplies	7,814	88	0	0	10,000	10,000
Capital Outlay	0	0	40,000	40,000	0	0
Expenditure Totals	\$ 61,003	\$ 46,778	\$141,250	\$152,000	\$ 58,000	\$ 58,300
Fund Balance at 06/30	\$ 166,194	\$124,789	\$ 79,039	\$ 70,289	\$ 36,289	\$ 1,989

Contract Services:

- Utilities - \$36,500
- Janitorial services - \$7,000
- Property & Equipment repairs & maintenance - \$4,500
- Rentals (portable toilets) - \$10,000

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 comprehensive update to the Zoning Code which was certified by the California Coastal Commission in 2021. The 6th Cycle Housing Element Update was certified by the state in 2024. The adopted budget provides adequate resources to fund consultant contracts and staff time to finalize the Housing Element implementation efforts in FY 25/26.

SOURCES AND USES

Fund - 1313	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
General Plan	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$247,105	\$248,407	\$ 266,684	\$ 266,684	\$ 79,713	\$ 66,213
Revenue						
Intergovernmental revenues	\$ 65,000	\$ -	\$ 64,375	\$ 64,375	\$ -	\$ -
Charges for services	55,838	127,005	50,000	75,000	55,000	55,000
Use of money & property	6,224	10,538	-	7,500	7,000	7,000
Revenue Totals	\$127,062	\$137,542	\$ 114,375	\$ 146,875	\$ 62,000	\$ 62,000
Expenditures						
Contract services	\$125,614	\$119,265	\$ 333,846	\$ 333,846	\$ 75,000	\$ 45,000
Supplies	146	-	-	-	500	500
Expenditure Totals	\$125,760	\$119,265	\$ 333,846	\$ 333,846	\$ 75,500	\$ 45,500
Fund Balance at 06/30	\$248,407	\$266,684	\$ 47,213	\$ 79,713	\$ 66,213	\$ 82,713

Contract services:

- Ben Noble - \$50,000 – Housing Element
- City Staff time – Housing Element - \$25,000

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. The fund is utilized for the City's participation in regional climate action planning as a member of the Resilient Central Coast. The adopted budget provides adequate resources to fund consultant contracts to updated the Climate Action Plan during FY 24/25.

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	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Green Building	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$211,349	\$224,808	\$263,404	\$263,404	\$270,904	\$223,404
Revenue						
Charges for services	\$ 13,459	\$ 46,307	\$ 15,000	\$ 20,000	\$ 15,000	\$ 15,000
Revenue Totals	\$ 13,459	\$ 46,307	\$ 15,000	\$ 20,000	\$ 15,000	\$ 15,000
Expenditures						
Contract services	\$ -	\$ 2,710	\$ 55,000	\$ 5,000	\$ 60,000	\$ 5,000
Supplies	-	5,000	2,000	7,500	2,500	2,500
Expenditure Totals	\$ -	\$ 7,710	\$ 57,000	\$ 12,500	\$ 62,500	\$ 7,500
Fund Balance at 06/30	\$224,808	\$263,404	\$221,404	\$270,904	\$223,404	\$230,904

Contract services: Update Green Building Code

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 are 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.

Projects completed in 2024/25

- Begonia Festival Commemorative Public Art Project

Projects for 2025/26

- Monterey Ave Railing Public Art Project-in contract

SOURCES AND USES

Fund - 1315	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Public Art	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$159,084	\$ 159,084	\$158,505	\$158,505	\$111,945	\$ 81,445
Revenue						
Charges for services	\$ -	\$ -	\$ -	\$ 54,460	\$ 25,000	\$ -
Revenue Totals	\$ -	\$ -	\$ -	\$ 54,460	\$ 25,000	\$ -
Expenditures						
Personnel	\$ -	\$ -	\$ -			
Contract services	-	-	75,500	101,020	55,000	-
Supplies	-	579	-	-	500	-
Expenditure Totals	\$ -	\$ 579	\$ 75,500	\$101,020	\$ 55,500	\$ -
Fund Balance at 06/30	\$159,084	\$ 158,505	\$ 83,005	\$111,945	\$ 81,445	\$ 81,445

Contract services: Contracts with artists on various projects - \$55,500

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. As part of the FY 2023-24 City Council Goals this debt was paid off.

SOURCES AND USES						
Fund - 1316	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Parking Reserve	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737
Revenue						
Other financing sources	\$100,000	\$469,000	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$100,000	\$469,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	100,000	469,000	-	-	-	-
Expenditure Totals	\$100,000	\$469,000	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737

TECHNOLOGY FEE

COMMUNITY DEVELOPMENT

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

SOURCES AND USES

Fund - 1317	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Technology Fee	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 96,903	\$ 93,312	\$112,038	\$112,038	\$112,788	\$113,788
Revenue						
Charges for services	\$ 14,659	\$ 18,726	\$ 14,500	\$ 16,500	\$ 17,000	\$ 17,000
Revenue Totals	\$ 14,659	\$ 18,726	\$ 14,500	\$ 16,500	\$ 17,000	\$ 17,000
Expenditures						
Contract services	\$ 18,250	\$ -	\$ 13,250	\$ 15,750	\$ 16,000	\$ 16,000
Supplies	-	-	-	-	-	-
Expenditure Totals	\$ 18,250	\$ -	\$ 13,250	\$ 15,750	\$ 16,000	\$ 16,000
Fund Balance at 06/30	\$ 93,312	\$112,038	\$113,288	\$112,788	\$113,788	\$114,788

Contract Services:

- iWorQ annual fee – Public Works - \$3,500
- iWorQ annual fee – Community Development - \$12,500

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	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Public Education & Gov't.	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 63,802	\$ 45,080	\$ 57,531	\$ 57,531	\$ 53,031	\$ 48,531
Revenue						
Licenses and permits	\$ 11,903	\$ 10,453	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000
Use of money & property	1,534	1,997	1,000	1,500	1,500	1,500
Revenue Totals	\$ 13,437	\$ 12,450	\$ 16,000	\$ 11,500	\$ 11,500	\$ 11,500
Expenditures						
Contract services	\$ 14,777	\$ -	\$ 12,000	\$ 6,000	\$ 6,000	\$ 6,000
Supplies	-	-	-	-	-	-
Capital Outlay	17,382	-	-	10,000	10,000	10,000
Expenditure Totals	\$ 32,159	\$ -	\$ 12,000	\$ 16,000	\$ 16,000	\$ 16,000
Fund Balance at 06/30	\$ 45,080	\$ 57,531	\$ 61,531	\$ 53,031	\$ 48,531	\$ 44,031

Capitola Outlay – Technology upgrades – City Council Chambers

CAPITOLA VILLAGE/WHARF BUSINESS IMPROVEMENT AREA (BIA)

FINANCE

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

SOURCES AND USES

Fund - 1321	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
CVWBIA	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 39,394	\$ 44,242	\$ 32,485	\$ 32,485	\$ 29,200	\$ 13,700
Revenue						
Charges for services	\$ 53,384	\$ 53,854	\$ 53,370	\$ 55,215	\$ 55,000	\$ 55,000
Use of money & property	54,177	43,640	56,600	57,700	60,000	60,000
Restricted TOT	38,227	36,761	37,000	37,000	35,000	37,000
Revenue Totals	\$145,789	\$134,254	\$146,970	\$149,915	\$150,000	\$ 152,000
Expenditures						
Contract services	\$49,631	\$46,642	\$110,400	\$28,200	\$125,500	\$125,500
Supplies	91,310	99,369	45,500	125,000	40,000	40,000
Expenditure Totals	\$140,940	\$146,011	\$155,900	\$153,200	\$165,500	\$ 165,500
Fund Balance at 06/30	\$ 44,242	\$ 32,485	\$ 23,555	\$ 29,200	\$ 13,700	\$ 200

Contract services and supplies: Capitola Village & Wharf Business Improvement Area annual report to be submitted to the Capitola City Council in late May or early June.

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 participate 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 CDBG grants to fund the City's Local Hazard Mitigation Plan (LHMP), Safety Element of the General Plan Update, and CARES Act funding in response to the pandemic. In 2021, the City was awarded with a \$497,000 CDBG grant for public food assistance and transit including funds for Second Harvest Food Bank (\$119,840), Meals on Wheels/Lift Line (\$299,720), Grey Bears (\$52,950), and administration of the grant. In 2024, the City was awarded \$3.3 million to assist in the rehabilitation of the Jade Street Community Center.

SOURCES AND USES						
Fund - 1350	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
CDBG Grants	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ (18,773)	\$ (70,889)	\$ (149,941)	\$ (149,941)	\$ 5,639	\$ 5,639
Revenue						
Intergovernmental revenues	\$ 168,768	\$ 160,560	\$3,592,576	\$3,706,913	\$ 129,992	\$ -
Revenue Totals	\$ 168,768	\$ 160,560	\$3,592,576	\$3,706,913	\$ 129,992	\$ -
Expenditures						
Contract services	\$ 192,873	\$ 83,548	\$ 35,530	\$ 55,590	\$ 49,480	\$ -
Grants and subsidies	28,012	156,064	200,000	135,503	80,512	-
Other financing uses	-	-	3,360,240	3,360,240	-	-
Expenditure Totals	\$ 220,884	\$ 239,612	\$3,595,770	\$3,551,333	\$ 129,992	\$ -
Fund Balance at 06/30	\$ (70,889)	\$ (149,941)	\$ (153,136)	\$ 5,639	\$ 5,639	\$ 5,639

Contract Services – CDBG Preliminary Award

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.

SOURCES AND USES

Fund - 1351	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
CDBG Program Income	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 44,548	\$ 45,699	\$ 47,605	\$ 47,605	\$ (1,597)	\$ (1,597)
Revenue						
Loan pymt Principle	-	-	-	160,241	-	-
Use of money & property	1,151	1,906	0	5,000	0	0
Revenue Totals	\$ 1,151	\$ 1,906	\$ -	\$ 165,241	\$ -	\$ -
Expenditures						
Contract services	\$0	\$0	\$10,000	\$5,000	\$0	\$0
other financing uses	0	0	160,241	209,443	0	0
Expenditure Totals	\$ -	\$ -	\$ 170,241	\$ 214,443	\$ -	\$ -
Available Fund Balance at 06/30	\$ 45,699	\$ 47,605	\$ (122,635)	\$ (1,597)	\$ (1,597)	\$ (1,597)

LIBRARY

CITY MANAGER

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

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

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

In addition to the funding sources mentioned above, the Friends of the Capitola Branch Library (Friends) conducted a fundraising campaign raising over \$600,000. The funds donated to the Friends were utilized for enhancement projects throughout the Library. The City completed construction of the new Library in June 2021, however, there remains approximately \$50,000 of donated funds that the Friends are evaluating for the best use of those remaining funds.

Additionally, Capitola is scheduled to receive approximately \$165,000 annually for the next 20 years as a result of additional Measure S revenues. The first \$855,000 will be used to repay the general fund for contributions to the Library project.

SOURCES AND USES						
Fund - 1360 Library	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ -	\$ 50,608	\$ 52,711	\$ 52,711	\$ 52,711	\$ 52,711
Revenue						
Intergovernmental	\$ 50,958	\$ -	\$ -	\$ -	\$ 165,000	\$ 165,000
Other financing sources	734	2,103	0	0	0	0
Revenue Totals	\$ 51,693	\$ 2,103	\$ -	\$ -	\$ 165,000	\$ 165,000
Expenditures						
Construction Services	1,085	-	-	-	-	-
Supplies		-	-	-	-	-
Other financing uses	-	-	-	-	165,000	165,000
Expenditure Totals	\$ 1,085	\$ -	\$ -	\$ -	\$ 165,000	\$ 165,000
Fund Balance at 06/30	\$ 50,608	\$ 52,711	\$ 52,711	\$ 52,711	\$ 52,711	\$ 52,711

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, including first-time homebuyer loans, owner-occupied rehabilitation projects, and affordable housing assistance projects. As loans are paid off, those funds are returned to the Home Program Reuse Fund and become available for affordable housing activities.

Annual revenue represents principal and interest payments on the 30-year \$238,000 Wharf Road Manor Mobile Homeowners Association Acquisition and Rehabilitation Project loan from 2004 as well as other HOME loan payoffs.

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. In recent years, multiple loans have been paid off creating a healthy fund balance for future HOME projects.

The adopted budget provides adequate resources to apply for a larger rehabilitation project for the Dakota Apartments in FY25/26. The 25-unit, 100% affordable housing development is approaching 30 years in age and in need of upgrades for the roof, heating system, and main lobby area. The budget also covers long-term monitoring of the Bay Avenue Senior Apartments.

SOURCES AND USES

Fund - 1370	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
HOME Reuse	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 683,920	\$ 779,750	\$ 863,034	\$ 863,034	\$ 962,713	\$ 3,713
Revenue						
Use of money & property	\$ 99,530	\$ 86,985	\$ -	\$ 104,529	\$ 20,000	\$ 500
Revenue Totals	\$ 99,530	\$ 86,985	\$ -	\$ 104,529	\$ 20,000	\$ 500
Expenditures						
Contract services	\$ 3,700	\$ 3,700	\$ 4,100	\$ 4,850	\$ 979,000	\$ -
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 3,700	\$ 3,700	\$ 4,100	\$ 4,850	\$ 979,000	\$ -
Available Fund Balance						
at 06/30	\$ 779,750	\$ 863,034	\$ 858,934	\$ 962,713	\$ 3,713	\$ 4,213

Contract Services: Affordable housing project

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 does not impact on 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 affordable set-aside units or under certain conditions can pay an in-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.

The adopted budget provides adequate resources to initiate a housing rehabilitation grant program, a down payment assistance program, and administration.

SOURCES AND USES

Fund - 1372	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Housing Trust	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$356,165	\$381,542	\$275,761	\$275,761	\$ 202,563	\$ 202,563
Revenue						
Charges for services	\$ 41,240	\$ 78,188	\$ 10,000	\$ 67,547	\$ 65,000	\$ 65,000
Other revenue	9,137	17,032	4,000	9,255	10,000	5,000
Revenue Totals	\$ 50,377	\$ 95,220	\$ 14,000	\$ 76,802	\$ 75,000	\$ 70,000
Expenditures						
Contract services	\$ -	\$ -	\$150,000	\$150,000	\$ 75,000	\$ 75,000
Other Financing Uses	25,000	201,000	-	-	-	-
Expenditure Totals	\$ 25,000	\$201,000	\$150,000	\$150,000	\$ 75,000	\$ 75,000
Available Fund Balance						
at 06/30	\$381,542	\$275,761	\$139,761	\$202,563	\$ 202,563	\$ 197,563

Contract Services: Down Payment Assistance

PERMANENT LOCAL HOUSING ALLOCATION

COMMUNITY DEVELOPMENT

In 2017, Senate Bill 2 (SB 2) established a \$75 recording fee on real estate documents and created the Permanent Local Housing Allocation Fund (PLHA). PLHA funds are allocated to local governments for eligible housing and homelessness activities and provide a permanent, on-going source of funding for housing-related projects and programs that address the unmet housing needs of communities.

On May 10, 2023, the City of Capitola was awarded \$481,732 in PLHA funds for the first three years of the allocation (2019-2021) and a total five-year estimate of \$630,557. The City anticipates additional funding on an annual basis. The first PLHA activity approved is for predevelopment costs related to affordable housing developments. The second activity is to fund the very low income homeless through an annual contribution of \$35,000 to the Housing for Health Partnership to support year-round emergency shelter operations in Santa Cruz County. A portion of the funding will cover administrative expenses.

The Adopted budget proved adequate resources to support the development of the 52-unit 100% affordable housing development project at 1098 38th Avenue.

SOURCES AND USES

Permanent Local Housing Allocation (PLHA)	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ -	\$ -	\$ 99,836	\$ 99,836	\$ 26,860	\$ 26,860
Revenue						
Intergovernmental revenues	\$ -	\$ 105,092	\$ 171,825	\$ 376,400	\$ -	\$ -
Other revenue	-	-	-	-	-	-
Revenue Totals	\$ -	\$ 105,092	\$ 171,825	\$ 376,400	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ 5,256	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	-	-	449,376	449,376	-	-
Expenditure Totals	\$ -	\$ 5,256	\$ 449,376	\$ 449,376	\$ -	\$ -
Available Fund Balance at 06/30	\$ -	\$ 99,836	\$ (177,715)	\$ 26,860	\$ 26,860	\$ 26,860

Contract services: Affordable housing and homelessness program development and activities.

CAPITOLA HOUSING SUCCESSOR

COMMUNITY DEVELOPMENT

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

A further requirement of the legislation is the establishment of a program income fund to segregate 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 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.

The Adopted budget provides adequate resources to continue supporting security deposit assistance, emergency rental assistance, administration of the City's affordable housing program, and the MidPen loan to help fund the preconstruction and construction for the 52-unit 100% affordable development at 1098 38th Avenue.

SOURCES AND USES						
Fund - 5552	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Capitola Housing	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 2,015,673	\$ 2,074,229	\$1,903,502	\$1,903,502	\$ 995,699	\$ 983,199
Revenue						
Use of money & property	\$127,642	\$153,801	\$27,400	\$91,846	\$20,000	\$20,000
Other revenues	23,230	0	0	0	0	0
Revenue Totals	\$ 150,872	\$ 153,801	\$ 27,400	\$ 91,846	\$ 20,000	\$ 20,000
Expenditures						
Personnel	\$ -	\$ 16,382	\$ -	\$ -	\$ -	\$ -
Contract Services	50,955	36,020	66,525	66,525	0	0
Supplies						
Grants and Subsidies	41,361	272,126	2,158,124	933,124	32,500	32,500
Expenditure Totals	\$ 92,316	\$ 324,528	\$2,224,649	\$ 999,649	\$ 32,500	\$ 32,500
Available Fund Balance at 06/30	\$ 2,074,229	\$ 1,903,502	\$ (293,747)	\$ 995,699	\$ 983,199	\$ 970,699

Contract Services: Homeless Action Plan

RESERVES



RESERVES

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

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

PERS Contingency Reserve (Finance Department): The City Council established the PERS Contingency Reserve Fund in FY 2015/16. The Council discussed possible uses of a General Fund positive ending balance and wanted to set aside funds for future PERS increases. In FY 2022-13 an additional \$500,000 was deposited into the Trust to add to the previously deposited \$800,000.

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 \$1.6 million in FY 2024-25.

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 is currently below the target level for FY 2024-25 in part due to the transfer of \$80,000 for damages from the Jan. 2023 storms. The City anticipates receiving reimbursements from FEMA and Cal OES and plans to fund reserves to target balances once received.

SOURCES AND USES						
Fund - 1020	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ 1,461,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506
Revenue						
Other Financing Sources	\$ 250,000	\$ 250,000	\$ -	\$ -		
Revenue Totals	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Other Financing Uses	\$ 80,000	\$ 250,000	\$ -	\$ -		\$ -
Expenditure Totals	\$ 80,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506

Reserve Target equals 10% of General Fund expenditures excluding transfers and internal service charges						
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract Services	3,336,801	3,714,466	3,515,981	3,515,981	3,679,928	3,540,702
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	791,700	786,800
Grants	125,000	125,000	125,000	125,000	133,425	133,425
Total GF Expenditures	\$15,673,507	\$17,042,957	\$17,716,786	\$17,668,120	\$19,193,870	\$19,647,638
Target Balance (10%)	\$ 1,567,351	\$ 1,704,296	\$ 1,771,679	\$ 1,766,812	\$ 1,919,387	\$ 1,964,764
Over / (Short) of Target	\$ 64,155	\$ (72,790)	\$ (140,173)	\$ (135,306)	\$ (287,881)	\$ (333,258)

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 \$2.6 million in FY 2024-25.

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. As the chart below shows, the reserve balance is currently estimated to be below the target level for FY 2024-25. The City anticipates receiving reimbursements from FEMA and Cal OES and plans to fund reserves to target balances once received.

SOURCES AND USES						
Fund - 1010	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ 2,192,346	\$ 2,323,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346
Revenue						
Other Financing Sources	\$ 131,000	\$ 172,000	\$ -	\$ -		
Revenue Totals	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 2,323,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346
Reserve Target equals 15% of General Fund expenditures excluding transfers and internal service charges						
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract Services	3,336,801	3,714,466	3,515,981	3,515,981	3,679,928	3,540,702
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	791,700	786,800
Grants	125,000	125,000	125,000	125,000	133,425	133,425
Total GF Expenditures	\$15,673,507	\$17,042,957	\$17,716,786	\$17,668,120	\$19,193,870	\$19,647,638
Target Balance (15%)	\$ 2,351,026	\$ 2,556,444	\$ 2,657,518	\$ 2,650,218	\$ 2,879,081	\$ 2,947,146
Over / (Short) of Target	\$ (27,680)	\$ (61,098)	\$ (162,172)	\$ (154,872)	\$ (383,735)	\$ (451,800)

PERS CONTINGENCY RESERVES

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

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

In December 2016, \$300,000 was invested in a moderately conservative trust fund with Public Agency Retirement Services (PARS). The FY 17/18 budget transferred an additional \$500,000 into the PERS trust fund to offset rising pension costs. During the FY 2022-23 goal setting session the City Council allocated \$500,000 of existing fund balance to the PERS Trust reserve.

SOURCES AND USES						
Fund - 1015	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ 904,275	\$ 1,187,772	\$ 1,531,142	\$ 1,531,142	\$ 1,601,142	\$ 1,651,142
Revenue						
Use of money & property	33,497	93,370	10,000	70,000	50,000	50,000
Other Financing Sources	250,000	\$ 250,000	-	-	-	-
Revenue Totals	<u>\$ 283,497</u>	<u>\$ 343,370</u>	<u>\$ 10,000</u>	<u>\$ 70,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	\$1,187,772	\$1,531,142	\$1,541,142	\$1,601,142	\$1,651,142	\$1,701,142

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 2024-25 Budget does not include any funding for the Facilities Reserve.

SOURCES AND USES						
Fund - 1025	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Beginning Fund Balance	\$ 432,714	\$ 432,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714
Revenue						
Other Financing Sources	0	100,000	-	-	-	-
Revenue Totals	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ -				\$ -	\$ -
Other Financing Uses	-	250,000			-	-
Expenditure Totals	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 432,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714

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 six multi-year obligations, two of which are part of a Joint Powers Authority. The obligations are paid from various funding sources.

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

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

CITY/JOINT POWERS AUTHORITY MULTI-YEAR ASSETS & OBLIGATIONS

GENERAL GOVERNMENT

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

City Multi-Year Obligations	Principal balance June 30, 2025	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 1,026,750	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 34,506,435	Actuarial	N/A	Pension Liability to CalPERS.
Beach & Village Parking Lot II Lease Financing	\$ 762,615	Tax Exempt Lease	20 years	\$1,372,500 I-Bank loan - 20 year term beginning FY 2013/14, 2.26% interest.
Total City Multi-Year Obligation	\$ 36,295,800			

(a) Compensated absences and Net Pension Liability are as of June 30, 2023.

JPA Bond Obligations	Original Principal	Form of payment	Original Obligation	Other Terms
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 June 15, 2034.

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. During the FY 2023-24 City Council Goal setting the Council allocated \$725,000 to pay off the outstanding balance saving approximately \$150,000 of interest costs over the next several years.

SOURCES AND USES						
	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Fund - 1420	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 55,143	\$ 55,217	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277
Revenue						
Use of money & property	\$ 73		\$ -	\$ -	\$ -	\$ -
Other Financing Sources	165,066	670,000	-	-	-	-
Revenue Totals	\$ 165,139	\$ 670,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	165,066	649,940	-	-	-	-
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 165,066	\$ 649,940	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 55,217	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277

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

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 \$87,568 is paid with funds transferred from the General Fund.

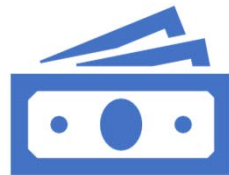
SOURCES AND USES						
Fund - 1421	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Adopted	FY26/27 Planned
Beginning Fund Balance	\$ (38,986)	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
Revenue						
Interfund Transfers	\$ 127,000	\$ 87,788	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 127,000	\$ 87,788	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Expenditures						
Construction Svcs. & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	88,002	87,788	87,568	87,568	87,344	87,116
Expenditure Totals	\$ 88,002	\$ 87,788	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Fund Balance at 06/30	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12

**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

Fiscal Year 2025-26 Proposed Budget

May 13, 2025



Budget Summary

Approximately \$1.6 million increase in general fund revenues

- Local economy may be impacted by uncertainty at the national level

Measure Y

- Utilized to provide public safety and essential services

Measure Q & Measure S

- Measure Q - \$200,000 annually
- Measure S - \$165,000 annually for 21 years

Approximately \$1.6 million increase in general fund expenditures

- \$1.3 million personnel costs primarily due to Measure Y and the Cal PERS UAL

Budget Summary (cont.)

Proposed General Fund budget structurally balanced

- Estimated fund balance June 30, 2025 – \$588,000
 - Additional \$100,000 set aside employee downpayment assistance program

Ongoing PERS costs remain a major threat to City resources

- Estimated PERS Contingency reserve balance \$1.6 million
- Unfunded Actuarial Liability (UAL) increased from \$33 to \$35 million, up from \$21 million in 2024
- Annual payment increased from \$2.5 to \$2.9 million
 - Up from \$2.1 million in 2024

Heavy reliance on Sales & Transient Occupancy Tax

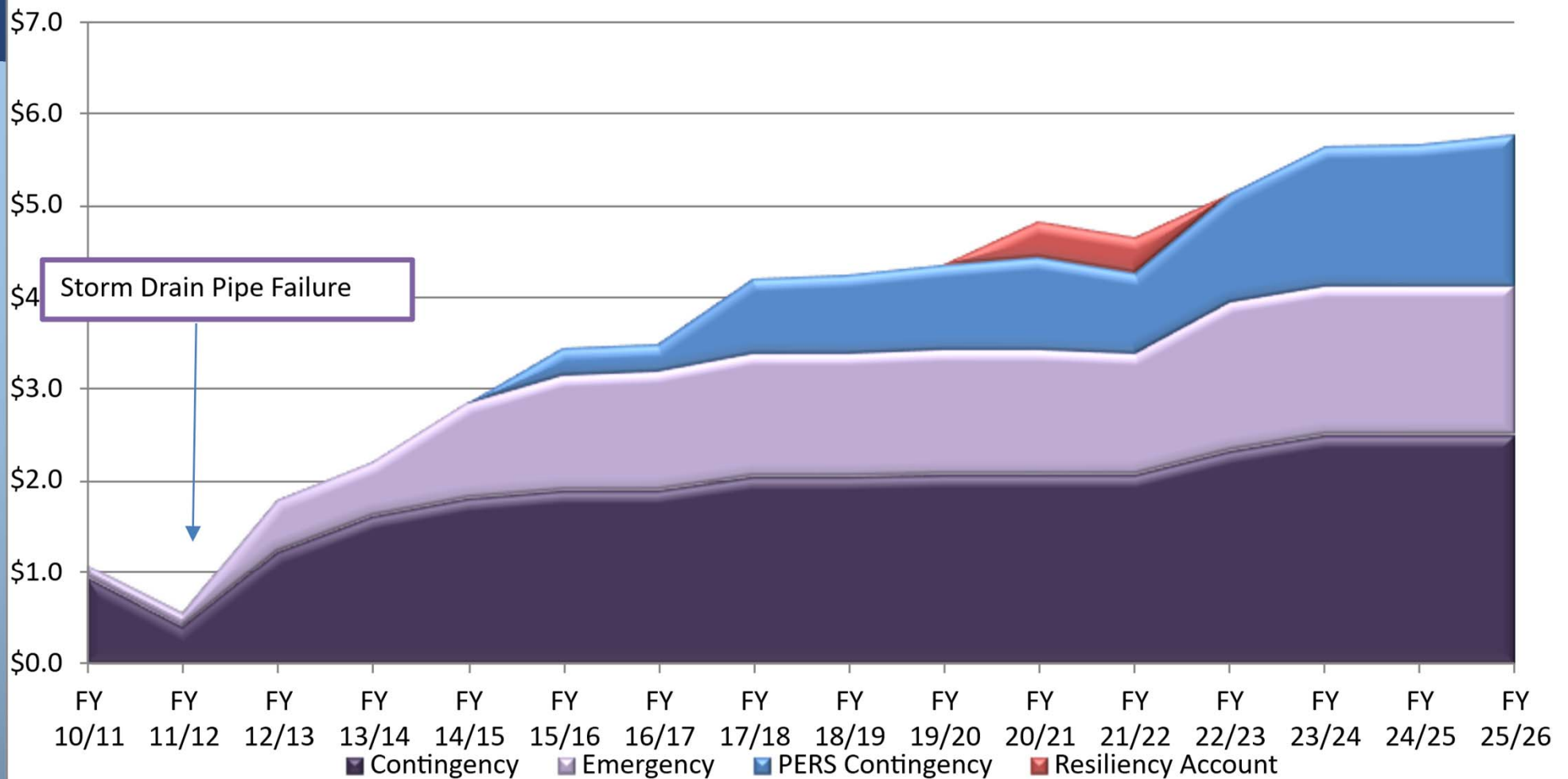
- Measure Y sunsets in 2034

Reserves below target balances

- Still awaiting additional 2023 storm damage reimbursements

Contingency, PERS Contingency and Emergency Reserve Funds

(In millions)



General Fund Summary

Major Categories	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Proposed	FY 26/27 Planned
Revenues						
Taxes	\$ 14,709,173	\$ 14,495,884	\$ 15,383,270	\$ 15,358,270	\$ 16,883,877	\$ 17,354,164
Licenses and permits	650,188	767,635	737,309	737,309	734,500	743,740
Intergovernmental revenues	351,671	230,640	106,360	106,360	106,700	108,700
Charges for services	1,817,637	2,126,976	2,389,640	2,389,640	2,495,741	2,495,741
Fines and forfeitures	566,907	425,043	607,500	607,500	690,000	690,000
Use of money & property	70,527	355,181	190,195	190,195	139,000	143,500
Other revenues	240,413	365,348	117,206	117,206	97,000	102,875
Revenues Totals	\$18,406,515	\$18,766,706	\$19,531,479	\$19,506,479	\$21,146,818	\$21,638,720
Expenditures						
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract services	3,336,801	3,714,466	3,515,981	3,515,981	3,679,928	3,540,702
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	791,700	786,800
Grants and Subsidies	125,000	125,000	125,000	125,000	133,425	133,425
Internal service fund charges	1,444,499	1,617,841	1,523,578	1,523,578	1,662,900	1,703,635
Other financing uses	3,271,324	2,288,788	287,568	287,568	287,344	287,116
Expenditures Totals	\$20,389,330	\$20,949,586	\$19,527,932	\$19,479,266	\$21,144,114	\$21,638,389
Impact on Fund Balance	\$ (1,982,815)	\$ (2,182,880)	\$ 3,547	\$ 27,214	\$2,704	\$332
Budgetary Fund Balance	\$ 3,141,552	\$ 958,672	\$ 762,219	\$ 785,885	\$ 688,590	\$ 688,921
Designations						
Employee Downpayment			\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revised Budgetary Fund Balance	\$ 3,141,552	\$ 758,672	\$ 662,219	\$ 685,885	\$ 588,590	\$ 588,921

Balanced Budget

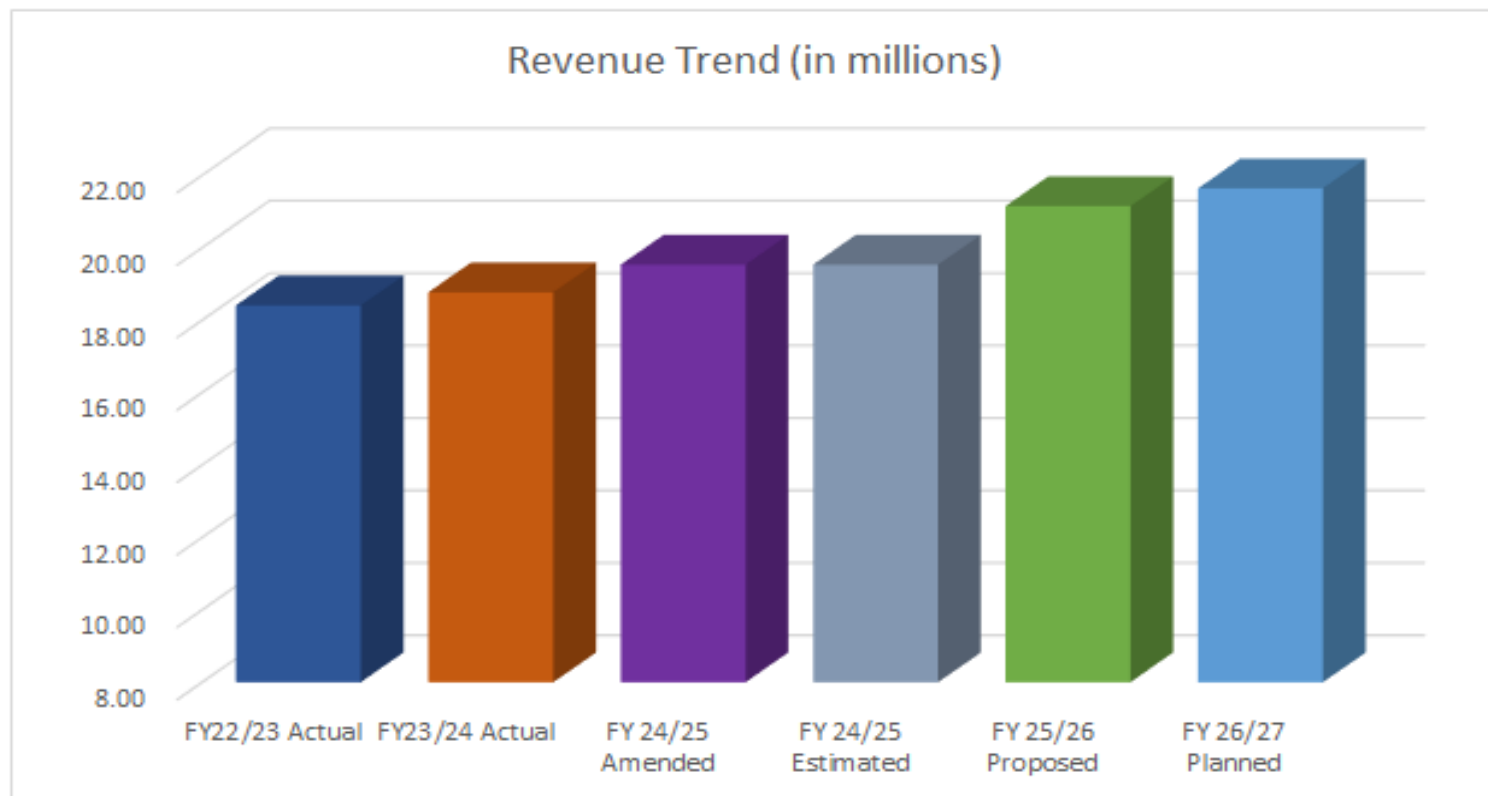
Employee
Downpayment
Assistance

Estimated Ending
Fund Balance

Revenue Summary

General Fund Revenues

	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Proposed	FY 26/27 Planned
Taxes	\$ 14,709,173	\$14,495,884	\$15,383,270	\$15,383,270	\$16,883,877	\$17,354,164
Licenses and permits	650,188	767,635	737,309	737,309	734,500	743,740
Intergovernmental revenues	351,671	230,640	106,360	106,360	106,700	108,700
Charges for services	1,817,637	2,126,976	2,389,640	2,389,640	2,495,741	2,495,741
Fines and forfeitures	566,907	425,043	607,500	607,500	690,000	690,000
Use of money & property	70,527	355,181	190,195	190,195	139,000	143,500
Other revenues	240,413	365,348	117,206	117,206	97,000	102,875
General Fund Revenues	\$ 18,406,515	\$18,766,706	\$19,531,479	\$19,531,479	\$21,146,818	\$21,638,720



Revenue Forecast

Key Revenue Sources	Budget Change \$	Notes
Property Tax	\$164,000	County estimate + sales
Sales Tax (1%)	62,000	Consistent with HdL
Sales Tax (District)	867,000	Measure O & Y
New Taxes	315,000	Measure Q & S
Franchise Tax	92,000	Increased utility costs
Charges for Services	109,000	CS&R Events
Other revenues	<u>(20,000)</u>	Moved A&C to CS&R
Total	\$1.6 million	

Revenue Notes

Total General Fund revenues

- Expected to increase \$1.6 million from prior year

TOT projected to end FY 24-25 at \$2.2 million

- Same as prior year receipts
- Occupancy rates remain high while room rates have declined

Sales tax (46%) & TOT (11%) represent approximately 57% of general fund revenues

- Top 25 sales tax generators represent 70% of total
- Top 5 generators represent 39% of total
- Village represents 8% of total

Property tax

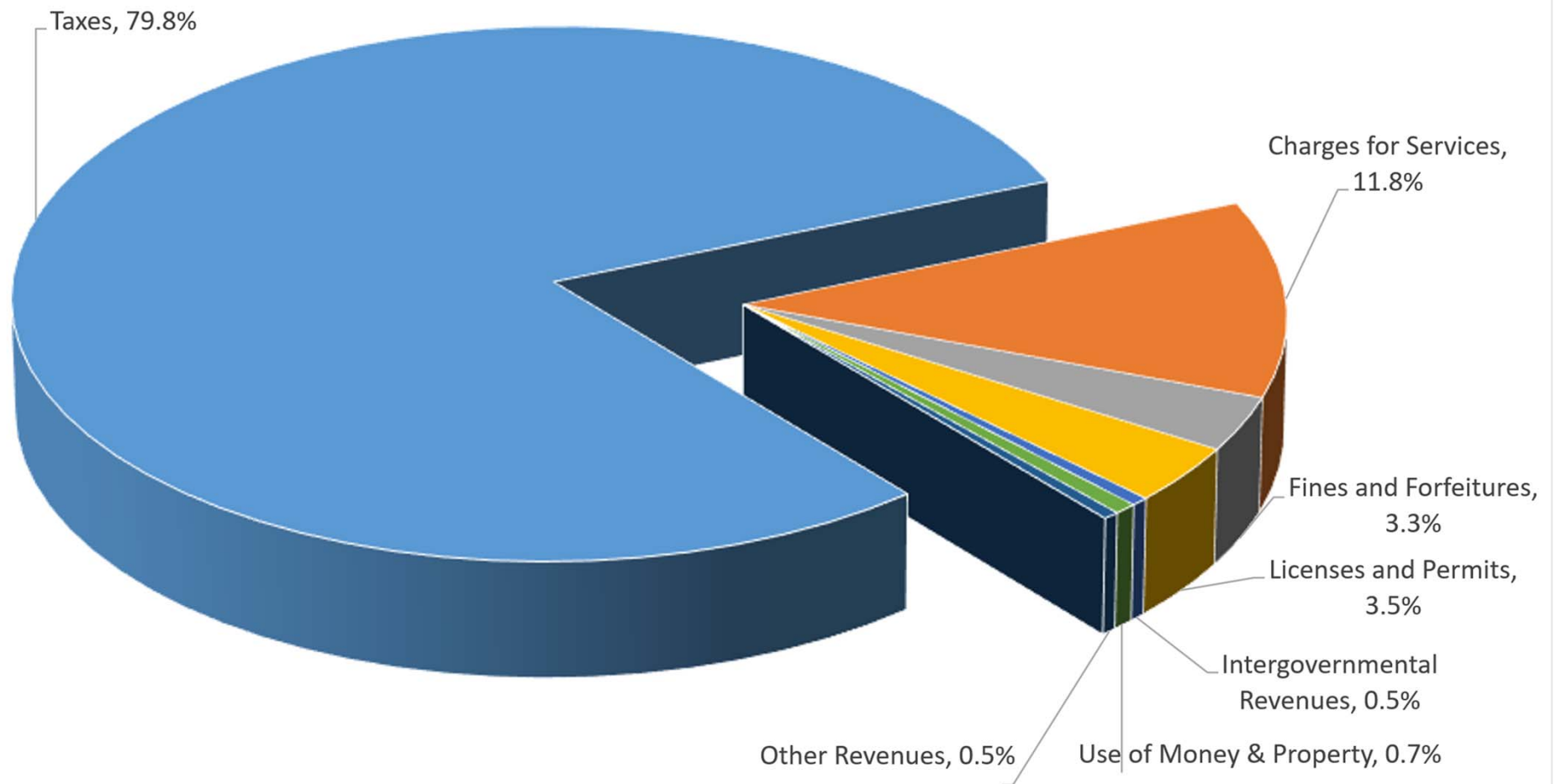
- 5% growth rate due to increased property prices

Charges for Services

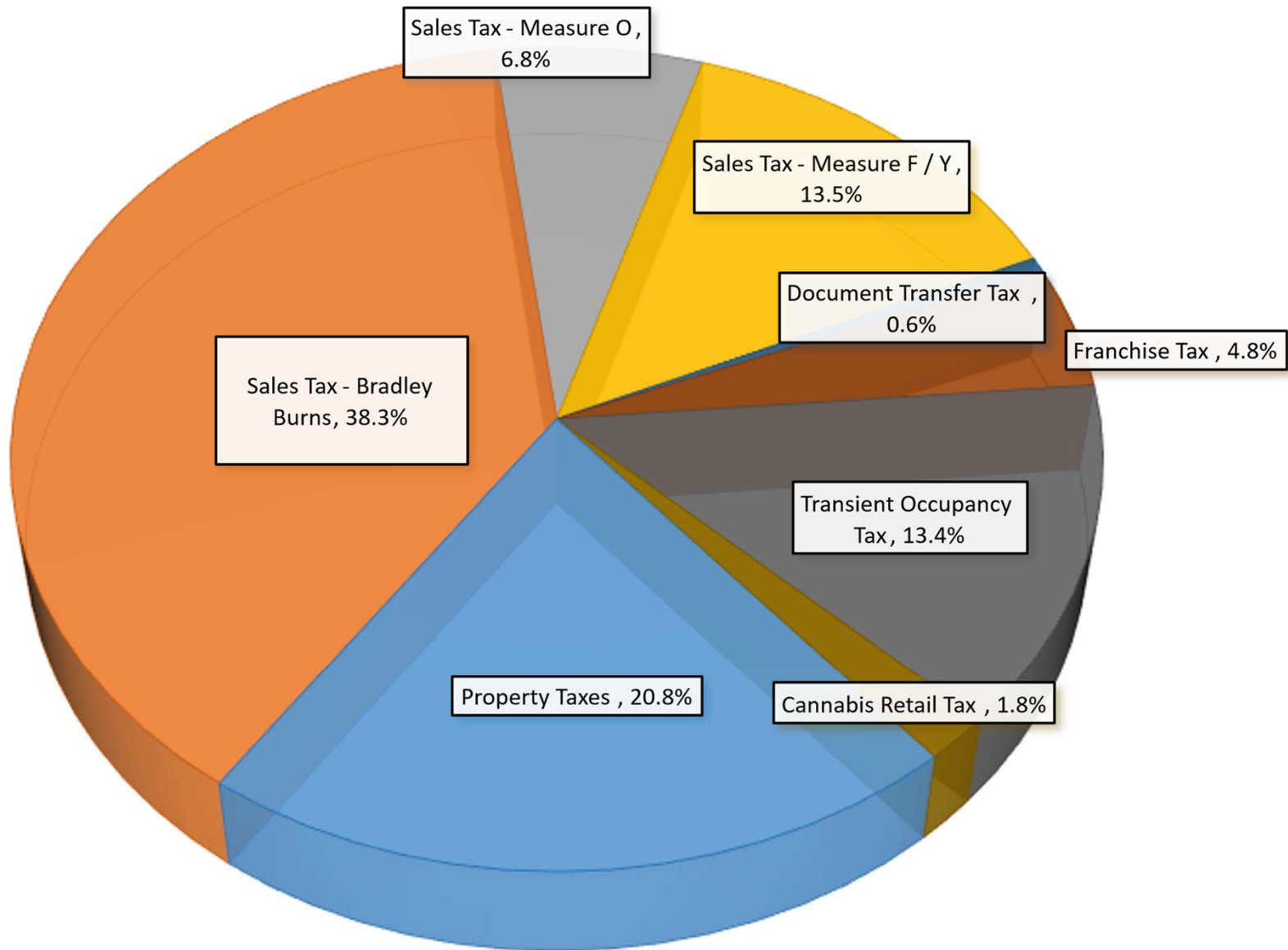
- Expanded CS&R Events

Revenues by Category

FY 2025-26 Proposed Revenues

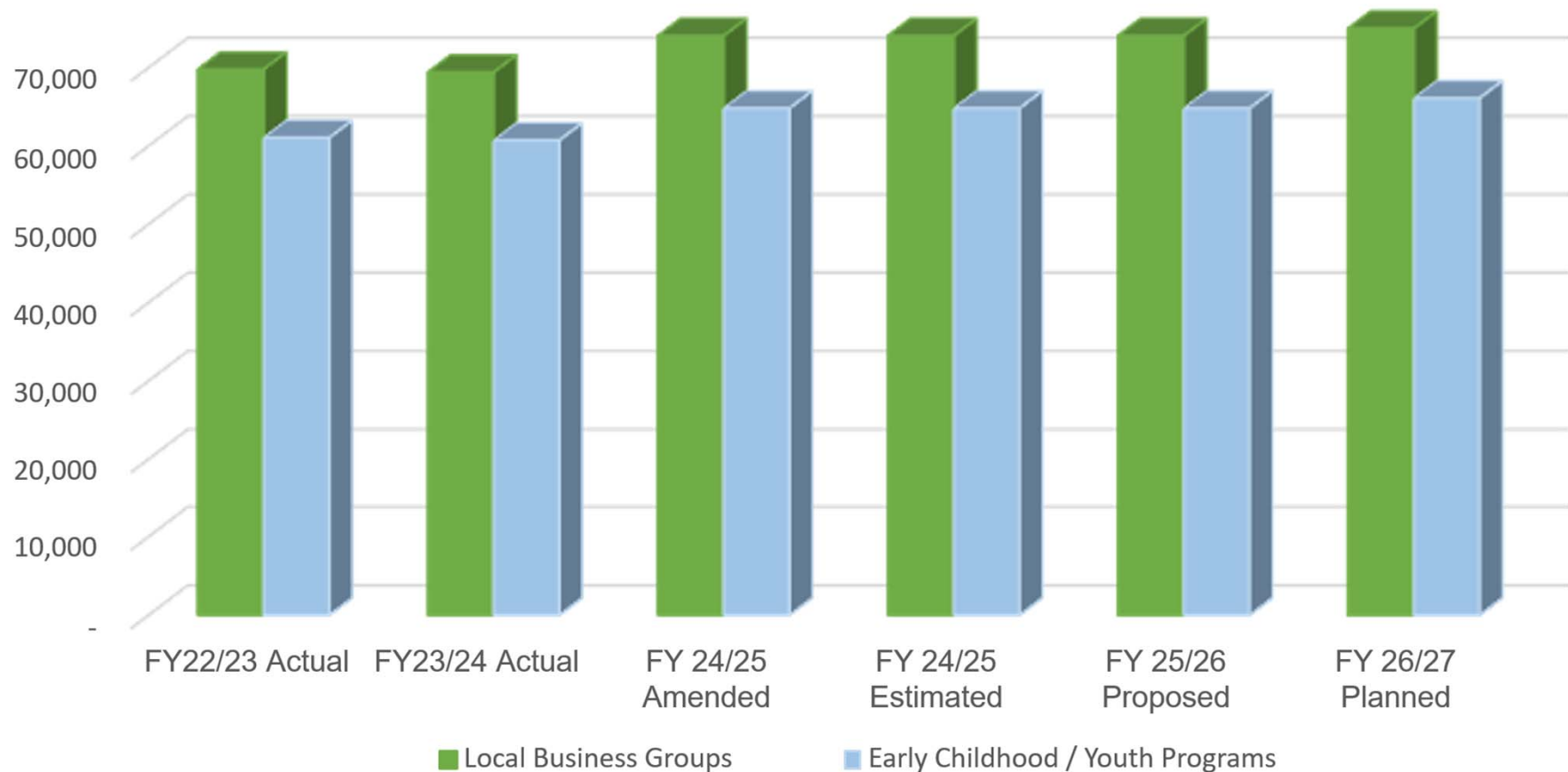


Proposed Tax Revenues



Restricted TOT

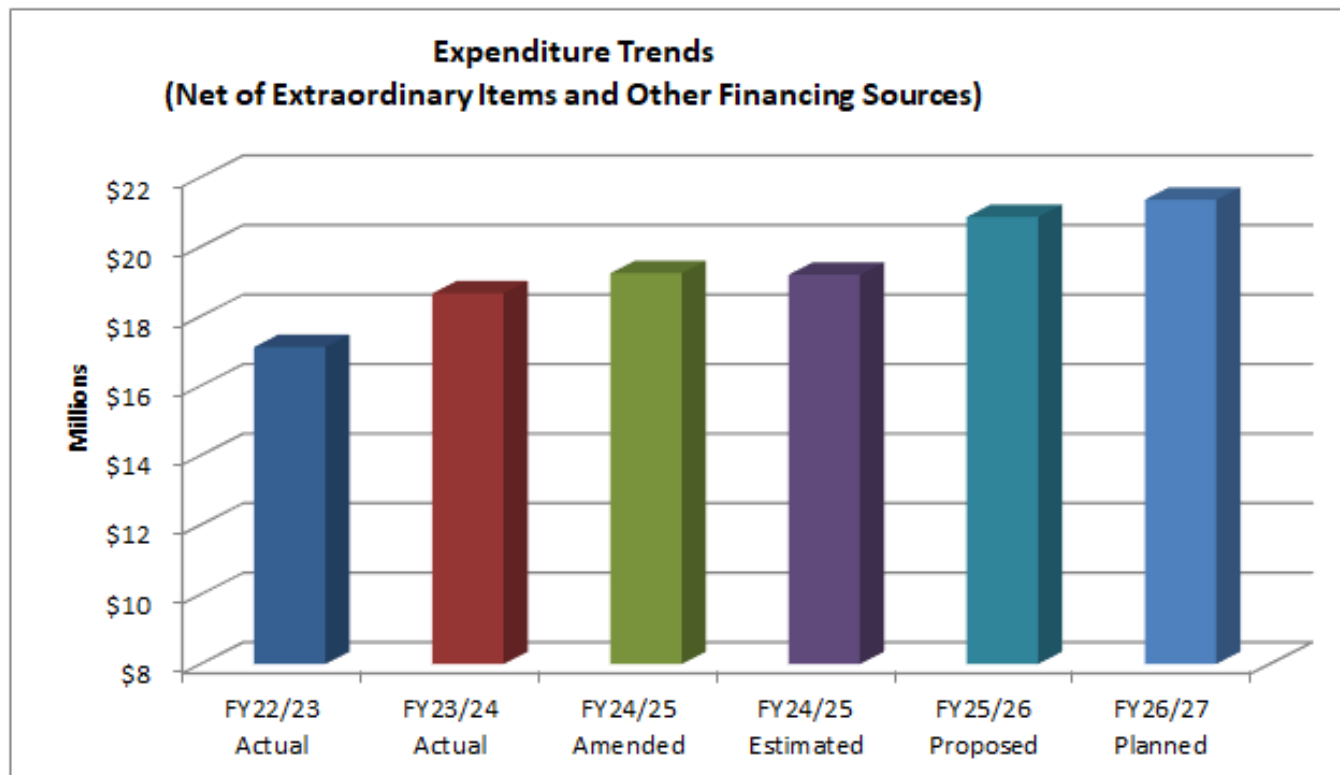
Transient Occupancy Tax- Special Revenue



Expenditure Summary

General Fund Expenditures Summary

Major Categories	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Proposed	FY26/27 Planned
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract services	3,336,801	3,714,466	3,515,981	3,515,981	3,679,928	3,540,702
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	791,700	786,800
Grants and Subsidies	125,000	125,000	125,000	125,000	133,425	133,425
Internal service fund	1,444,499	1,617,841	1,523,578	1,523,578	1,662,900	1,703,635
Subtotal	\$17,118,006	\$18,660,798	\$19,240,364	\$19,191,698	\$20,856,770	\$21,351,273
Other financing uses	3,271,324	2,288,788	287,568	287,568	287,344	287,116
Expenditure Total	\$20,389,330	\$20,949,586	\$19,527,932	\$19,479,266	\$21,144,114	\$21,638,390

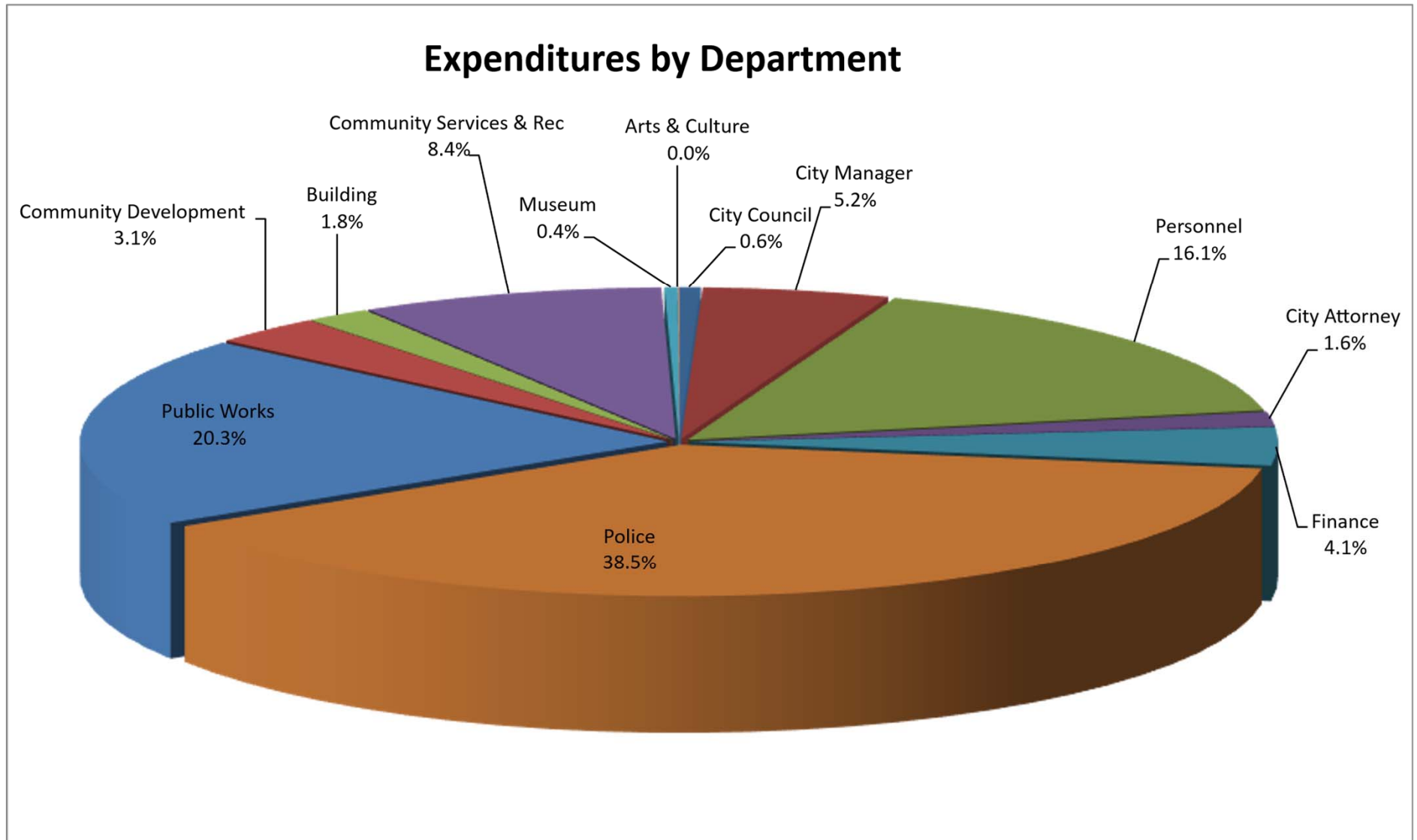


Expenditure Forecast

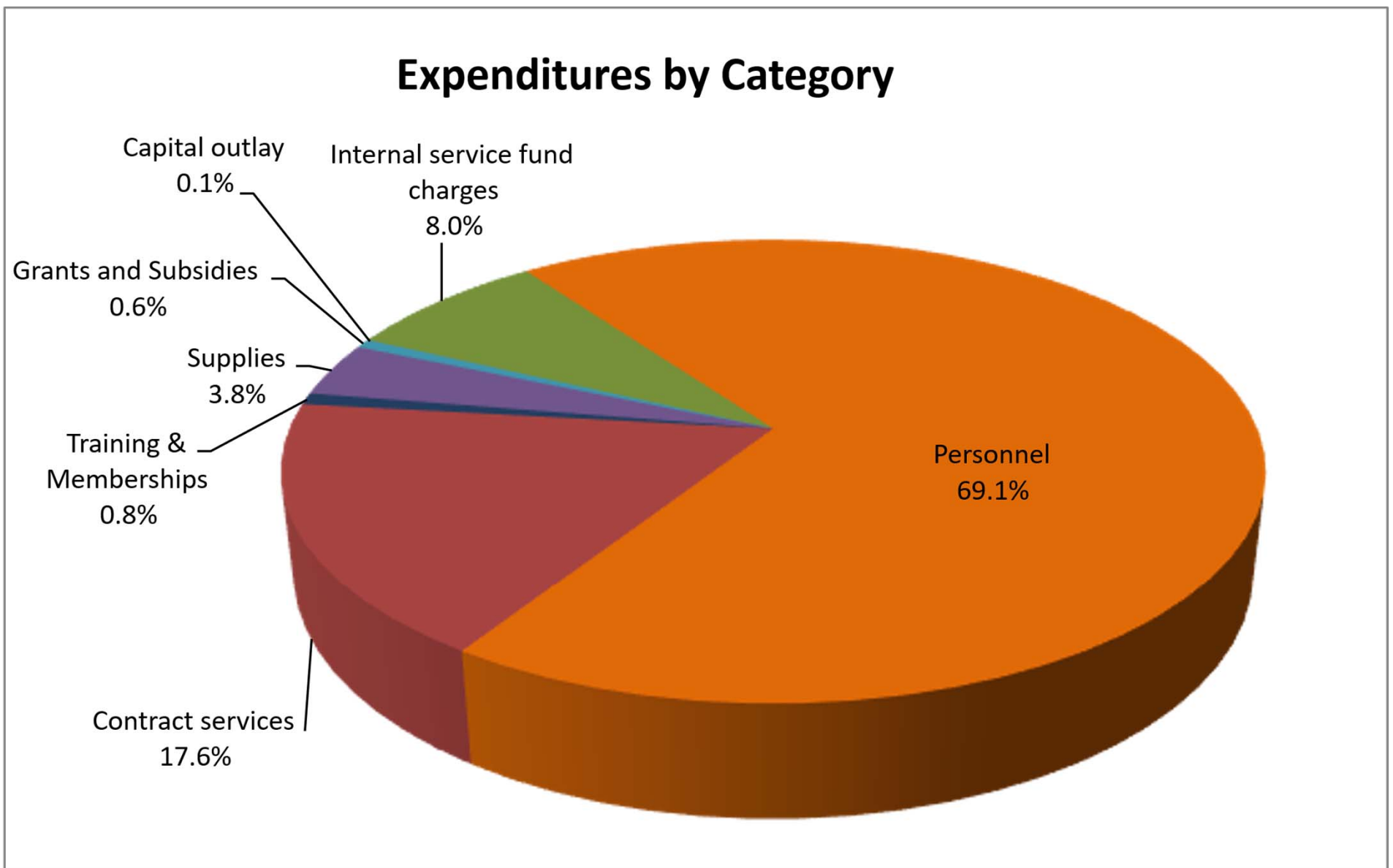
Expenditure	Budget Change \$	Notes
Personnel	\$1.35 million	Measure Y, CalPERS UAL, COLA's & Step's
All others	\$263,000	Contract services & ISF's up, supplies down
Total	\$1.6 million	

- Personnel - \$1.35 million
 - Salary – full-time - \$361,000
 - Salary – part-time/seasonal - \$30,000
 - Overtime –\$97,000
 - Specialty pay - \$120,000
 - Benefits – \$746,000
 - Due to increase in CalPERS UAL & Measure Y

Expenditure Summary (cont.)



Expenditure Summary (cont.)



Staffing

General Fund	FY 00/01 Actual	FY14/15 Actual	FY15/16 Actual	FY16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Adopted	FY 25/26 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	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elected - Total FTE's	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fully Benefited by Dept													
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	3.91	4.50	4.50	4.50	3.75	2.75	2.75	2.75	3.00	4.00	4.00	5.70
City Manager	5.50	6.90	6.00	7.00	6.00	6.00	7.00	5.00	5.50	6.50	6.50	6.50	4.80
Museum	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Police	31.30	30.65	31.50	31.65	31.50	30.50	30.50	29.50	30.50	30.50	31.00	31.00	31.00
CDD	6.67	4.50	5.00	5.00	5.00	6.00	6.00	5.00	5.50	5.75	5.00	5.00	5.00
Public Works	14.33	13.00	14.00	15.00	16.00	16.00	15.50	14.00	16.00	16.00	16.00	16.00	18.00
Community Services & Rec	4.50	2.75	3.75	3.75	3.75	3.75	4.50	3.75	5.50	5.50	5.50	5.50	5.50
Dept - Total FTEs	69.30	62.46	65.25	67.40	67.25	66.50	66.75	60.50	66.25	67.75	68.50	68.50	70.50
Change from prior year			#REF!	2.79	2.15	(0.15)	(0.75)	0.25	(6.25)	5.75	1.50	-	2.00

Multiyear Budget Projection

REVENUE	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Property Tax (%)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Sales Tax (%)	1.00%	2.50%	2.50%	2.50%	2.50%	2.50%
TOT (%)	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Business License (%)	1.60%	1.00%	1.00%	1.00%	1.00%	1.00%
Building Permits (%)	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cannabis Business Tax	-8.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Parking (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mall Redevop Impact	-	-				
New Revenue / Hotel / Car Dealer (\$)	-	250,000	250,000	250,000	250,000	250,000

	FY 2026 Proposed	FY 2027 Planned	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast
Revenue	21,146,818	21,638,720	22,137,329	22,652,437	23,184,674	23,547,865
Expenditures	21,144,114	21,638,390	22,251,833	22,998,603	23,388,658	24,019,557
Net Impact Fund Balance	2,704	330	(114,504)	(346,166)	(203,984)	(471,692)

Multiyear Budget Projection

REVENUE	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Property Tax (%)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Sales Tax (%)	1.00%	2.50%	2.50%	2.50%	2.50%	2.50%
TOT (%)	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Business License (%)	1.60%	1.00%	1.00%	1.00%	1.00%	1.00%
Building Permits (%)	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cannabis Business Tax	-8.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Parking (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mall Redevop Impact	-	-				
New Revenue / Hotel / Car Dealer (\$)	-	250,000	250,000	250,000	250,000	250,000

	FY 2026 Proposed	FY 2027 Planned	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast
Revenue	21,146,818	21,638,720	22,137,329	22,652,437	23,184,674	23,547,865
Expenditures	21,144,114	21,638,390	22,251,833	22,998,603	23,388,658	24,019,557
Net Impact Fund Balance	2,704	330	(114,504)	(346,166)	(203,984)	(471,692)

Key Discussion Points

- Measure Q – Water & Wildlife Protection Initiative
 - Annual revenue - \$200,000
 - Staff proposes two new public works maintenance positions
 - Annual cost - \$150,000
 - Maintain parks & open space
 - PW currently has one less maintenance worker than in 2000
- Measure S – Santa Cruz Public Libraries
 - Annual revenue - \$165,000 for 21 years (restricted for Library)
 - Staff proposes repaying the general fund for Library construction costs
 - General fund contribution - \$856,000
 - Remaining \$2.5 million for future library project

Key Discussion Points

- Parking Pay Stations
 - Gradually reduce funding for maintenance & repair
 - Increase promotion & support for digital payment options
 - Coordinating with BIA on transition
 - Long-term goal retain limited number of strategically placed pay stations while enhancing user experience
- Countywide Radio Project – Est. \$23 million
 - Capitola's estimated cost - \$45,000 annually for 10 years
 - Half general fund & half SLESF special revenue fund
 - Countywide public safety radio upgrade
 - Significant new radio infrastructure in Capitola
 - Compliant with new DOJ standards

Key Discussion Points

- Administrative Services Department
 - Reorganize Finance into Admin. Services
 - Consolidate Finance, HR, and IT
 - CM remains Personnel Officer
 - No salary adjustments or additional costs
 - Improved communication & efficiency as we transition to contract IT services and increased digitized processes
 - Asst. to the CM allocated 100% to CM Dept.
 - Expand public outreach & community engagement, special projects
- Youth & business group funding
 - Restricted TOT revenue - \$139,000
 - Youth funding - \$65,000
 - Local business groups - \$74,000

Additional Items

- Reserve Fund Balances
 - Contingency - \$2.5 million
 - \$384,000 below June 30, 2026 target
 - Emergency - \$1.6 million
 - \$288,000 below June 30, 2026 target
 - Storm damages still under FEMA/Cal OES review - \$800,000
 - Potentially could replenish reserves
- Parametric (Earthquake) Insurance
 - Proposed budget includes \$20,000 annual premium
 - Provides up to \$1 million of coverage



Recommendations

- Identify budget questions
- Identify areas for additional details to be presented at next hearing
- Preliminary feedback on Draft Budget
 - Recommendations to City Council
 - Other topics
- May 20th
 - Minor budget adjustments
 - Response to any questions or requests for additional detail
 - Review Capitola Wharf Master Plan