

City of Capitola Agenda



Mayor/Chair: Kristen Petersen
Vice Mayor/Chair: Yvette Brooks
Council/Board Members: Jacques Bertrand
Ed Bottorff
Sam Storey
Treasurer/Finance Director: Jim Malberg

JOINT BUDGET STUDY SESSION CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

WEDNESDAY, MAY 6, 2020

6:00 PM

CITY COUNCIL CHAMBERS
420 CAPITOLA AVENUE, CAPITOLA, CA 95010

NOTICE OF REMOTE ACCESS ONLY:

In accordance with the current Shelter in Place Order from Santa Cruz County Health Services and Executive Order N-29-20 from the Executive Department of the State of California, the City Council meeting will not be physically open to the public and in person attendance cannot be accommodated. To maximize public safety while still maintaining transparency and public access, members of the public can observe the meeting online at <http://capitolaca.igm2.com/Citizens/Default.aspx> or it can be seen live on Spectrum Cable Television channel 8. Remote participation is possible in the form of emailed public comment.

If you have any disability for which you require accommodation or modification of the viewing and commenting procedures described herein, please contact the City at least forty-eight hours in advance of the meeting so that we may make arrangements for your access.

How to comment via email:

1. As always, send additional materials to the City Council via citycouncil@ci.capitola.ca.us by 5 p.m. the Tuesday before the meeting and they will be distributed to agenda recipients.
2. During the meeting, send comments via email to publiccomment@ci.capitola.ca.us

CAPITOLA CITY COUNCIL /SUCCESSOR AGENCY JOINT BUDGET STUDY
SESSIONAGENDA

May 6, 2020

- o Identify the item you wish to comment on in your email's subject line. Emailed comments will be accepted during the Public Comments meeting item and for General Government / Public Hearing items.
- o Emailed comments on each General Government/ Public Hearing item will be accepted after the start of the meeting until the Mayor announces that public comment for that item is closed.
- o Emailed comments should be a maximum of 450 words, which corresponds to approximately 3 minutes of speaking time.
- o Each emailed comment will be read aloud for up to three minutes and/or displayed on a screen.
- o Emails received by publiccomment@ci.capitola.ca.us outside of the comment period outlined above will not be included in the record.

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

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

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

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

2. ADDITIONAL MATERIALS

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

3. ADDITIONS AND DELETIONS TO THE AGENDA

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

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

5. CONSENT CALENDAR

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

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

- A. Consider the January 9, 2020, City of Capitola as Successor Agency Meeting Minutes
RECOMMENDED ACTION: Approve the minutes.

May 6, 2020

6. GENERAL GOVERNMENT / PUBLIC HEARINGS

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

A. Presentation of the Proposed 2020/2021 Fiscal Year Budget for the City of Capitola General Fund and the Capitola Successor Agency

RECOMMENDED ACTION: Receive the proposed budgets, provide staff direction, and continue budget deliberations to the next scheduled joint budget hearing on May 21.

7. ADJOURNMENT

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

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

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

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

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

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



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

MEETING OF MAY 6, 2020

FROM: City Manager Department

SUBJECT: Consider the January 9, 2020, City of Capitola as Successor Agency Meeting Minutes

RECOMMENDED ACTION: Approve the minutes.

ATTACHMENTS:

1. 1-9 draft sa mins

Report Prepared By: Chloe Woodmansee
Interim City Clerk

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

5/1/2020

**DRAFT MINUTES OF THE CITY OF CAPITOLA AS SUCCESSOR AGENCY
TO THE FORMER CAPITOLA REDEVELOPMENT AGENCY
THURSDAY, JANUARY 9, 2020
AFTER THE ADJOURNMENT OF THE CITY COUNCIL MEETING**

1. ROLL CALL

Chair Petersen called the meeting to order at 8:45 p.m. with the following present:
Board Member Ed Bottorff: Present, Board Member Jacques Bertrand: Present, Chair
Kristen Petersen: Present, Vice Chair Yvette Brooks: Present, Board Member Sam Storey:
Present.

2. ADDITIONAL MATERIALS - None

3. ADDITIONS AND DELETIONS TO THE AGENDA - None

4. PUBLIC COMMENTS - None

5. BOARD MEMBER/STAFF COMMENTS- None

6. CONSENT CALENDAR

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

A. Consider the June 13, 2019, City of Capitola as Successor Agency to the Former
Capitola Redevelopment Agency Minutes
RECOMMENDED ACTION: Approve minutes.

B. Approval of Successor Agency Check Register January 1 - December 31, 2019
RECOMMENDED ACTION: Approve the 2019 Successor Agency check register.

7. GENERAL GOVERNMENT/PUBLIC HEARINGS

A. Consider Approval of the Recognized Obligation Payment Schedule for July 1, 2020,
to June 30, 2021 (ROPS 20-21) [780-30]
RECOMMENDED ACTION: Approve the Recognized Obligation Payment Schedule.

Finance Director Malberg presented the staff report, noting three items remain on the
payment on schedule

- Housing assistance
- Castle last payment
- Administration

He anticipates next year will be the last required ROPS.

Attachment: 1-9 draft sa mins (approve successor agency minutes)

CAPITOLA SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY
REGULAR MEETING MINUTES
January 9, 2020

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

8. ADJOURNMENT

The meeting adjourned at 8:56 p.m.

Kristen Petersen, Chair

ATTEST:

Linda Fridy, Secretary

Attachment: 1-9 draft sa mins (approve successor agency minutes)



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

MEETING OF MAY 6, 2020

FROM: Finance Department

SUBJECT: Presentation of the Proposed 2020/2021 Fiscal Year Budget for the City of Capitola General Fund and the Capitola Successor Agency

RECOMMENDED ACTION: Receive the proposed budgets, provide staff direction, and continue budget deliberations to the next scheduled joint budget hearing on May 21.

DISCUSSION: The City of Capitola proposed Fiscal Year (FY) 2020/21 and FY 2021/22 General Fund Budget is a two-year financial plan. This year, the plan incorporates the City's approach to navigating for the City to navigate the fiscal impacts as result of the COVID-19 pandemic. The proposed budget was prepared based on a combination of known factors, such as increases in CalPERS (Public Employees' Retirement System) costs, and conservative estimates for both revenues and expenditures.

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

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

Overall, the FY 2020/21 proposed General Fund budget reflects a local economy that is suffering from the fiscal impacts associated with the COVID-19 Pandemic. The budget maintains services for residents of Capitola while simultaneously eliminating all non-essential expenditures and reducing essential expenditures as much as possible. Nevertheless, the City must also remain focused on the long-term budget picture, which includes dramatically increasing CalPERS costs, and a challenging economy in coming years.

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

ATTACHMENTS:

1. !Proposed General Fund Budget

Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget
May 6, 2020

Report Prepared By: Jim Malberg
Finance Director

Reviewed and Forwarded by:

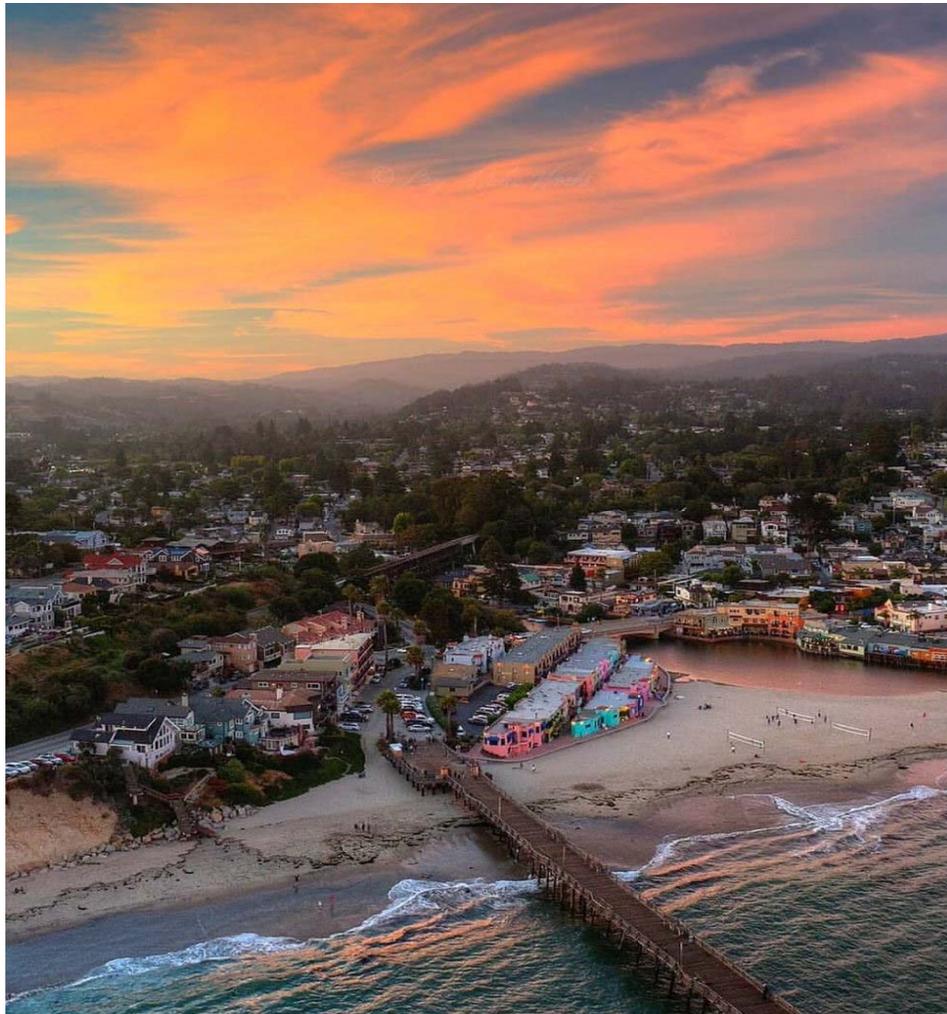


Jamie Goldstein, City Manager 5/1/2020



PROPOSED GENERAL FUND BUDGET

FISCAL YEAR 2020-21



CITY OF CAPITOLA
& CAPITOLA SUCCESSOR AGENCY
Capitola, California

Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

SUMMARY INFORMATION



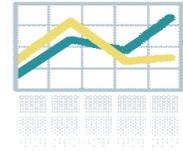
Budget Process Overview

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 to the Finance Department website and at weekly department head meetings with the City Manager. An outline of the on-going budget process is listed below:

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



Financial Policies

Basis of Accounting

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

Level of Budget Control

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

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

Budget Adjustments

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

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

Financial Committees and Boards

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

Finance Advisory Committee

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

Oversight Board to the Successor Agency of the Former Redevelopment Agency

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

General Fund Summary

The General Fund will be the City's most impacted fund in Fiscal Year 2020/21 due to the COVID-19 Pandemic. The projected General Fund FY 2019/20 ending fund balance totals (\$425,723) which will require a transfer from the Contingency Reserve. This amount does not include \$300,000 designated for the employee down payment assistance. The General Fund balance is anticipated to decrease in FY 2019-20 by approximately \$2,189,700 as a result of COVID-19 and an additional \$323,000.

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

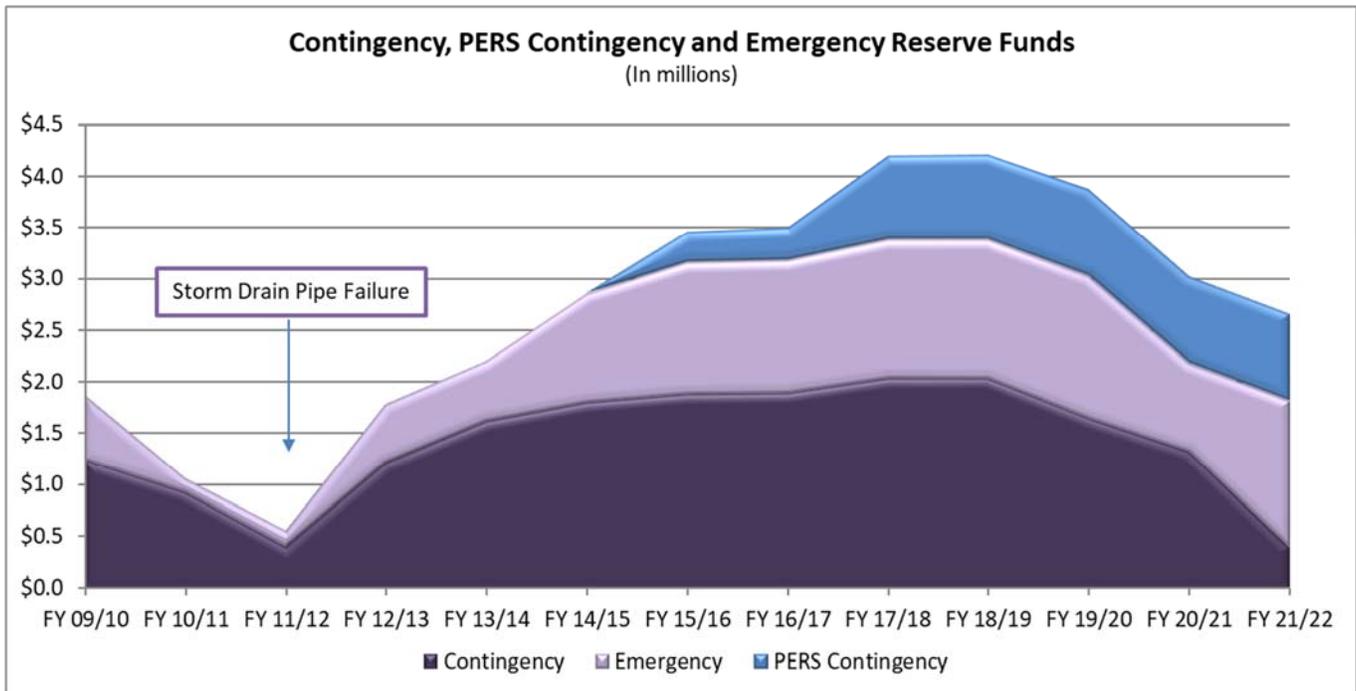
Major Categories	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenues						
Taxes	\$ 12,198,312	\$ 12,833,834	\$ 13,104,469	\$ 11,113,257	\$ 10,542,632	\$ 11,916,278
Licenses and permits	680,242	623,076	607,300	620,935	524,850	576,100
Intergovernmental revenues	189,800	119,637	108,000	115,305	62,200	60,200
Charges for services	1,757,663	1,855,473	2,055,925	1,657,437	1,256,697	1,747,954
Fines and forfeitures	556,560	521,939	563,500	517,104	482,900	582,900
Use of money & property	118,385	154,510	96,200	121,938	36,500	41,700
Other revenues	127,844	182,987	111,000	78,896	33,500	43,400
Revenues Totals	\$15,628,806	\$16,291,456	\$16,646,394	\$14,224,872	\$12,939,280	\$14,968,531
Expenditures						
Personnel	\$8,335,863	\$8,982,044	\$9,866,884	\$9,422,431	\$9,147,413	\$9,552,355
Contract services	2,790,989	2,714,577	2,906,368	2,659,237	2,280,949	2,539,560
Training & Memberships	85,108	89,851	128,570	82,644	78,650	91,450
Supplies	544,148	589,981	543,911	500,223	478,375	489,583
Grants and Subsidies	269,884	243,432	269,647	269,647	0	275,000
Capital outlay	7,121	0	0	0	0	0
Internal service fund charges	1,246,350	1,209,105	1,176,081	1,176,081	917,495	1,311,144
Other financing uses	3,622,550	1,733,843	2,304,344	2,304,344	359,383	1,681,144
Expenditures Totals	\$16,902,013	\$15,562,833	\$17,195,805	\$16,414,607	\$13,262,264	\$15,940,236
Impact on Fund Balance	\$ (1,273,207)	\$ 728,623	\$ (549,411)	\$ (2,189,735)	\$ (322,985)	\$ (971,705)
Budgetary Fund Balance	\$ 1,035,390	\$ 1,764,013	\$ 1,214,602	\$ (425,723)	\$ (748,708)	\$ (1,720,413)

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.

Due to anticipated revenue reductions in FY 2019-20 and FY 2020-21 the City will need to utilize funds in the Contingency Reserve in order to maintain a positive fund balance in the General Fund. It is estimated that the amounts to be drawn down from the Contingency Reserve will be approximately \$425,000 in FY 2019-20 and an additional \$330,000 in FY 2020-21.



Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

OPEB and PERS Trust Funds

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

OPEB Trust Fund:

Balance 6/30/2019	\$289,875
FY 2019/20 Contributions	0
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2019	\$299,875
FY 2020/21 Contributions	0
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2020	\$309,875

PERS Trust Fund:

Balance 6/30/2019	\$851,625
<u>Estimated Interest Earned</u>	<u>50,000</u>
Estimated Balance 6/30/2020	\$901,625
<u>Estimated Interest Earned</u>	<u>20,000</u>
Estimated Balance 6/30/2021	\$921,625

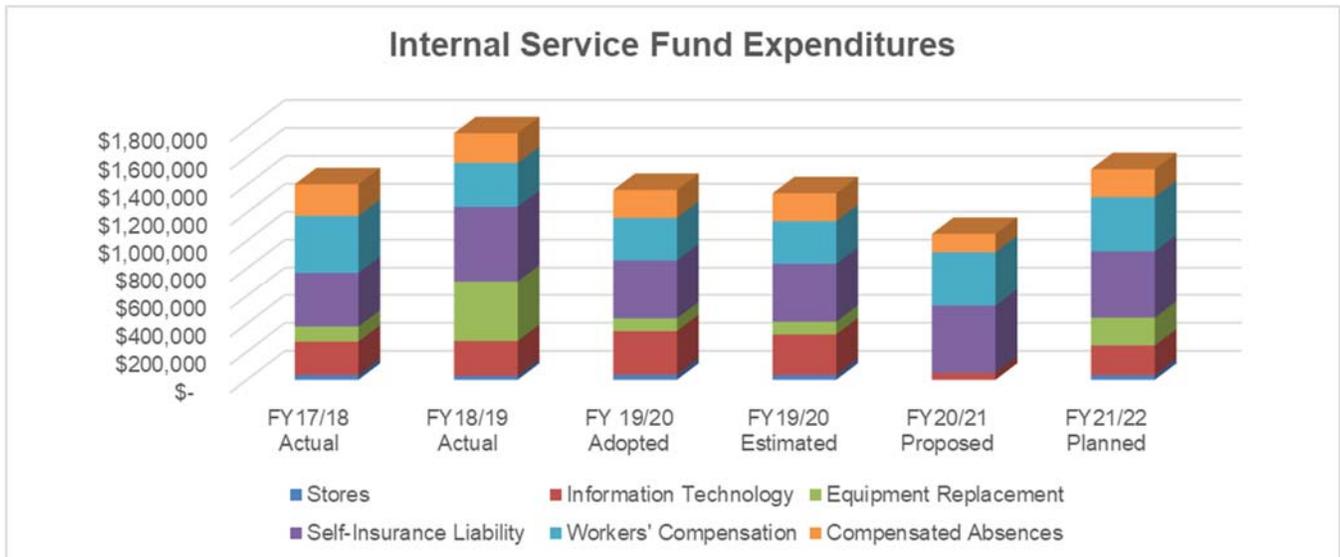
General Fund Resources

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	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
General Fund	\$ (425,723)	\$ (748,708)	\$ (1,720,413)
Designated Reserves			
Emergency	1,344,206	1,374,206	1,445,206
Contingency	2,036,346	2,061,346	2,166,596
PERS Contingency	825,856	835,856	845,856
Facilities Reserve	381,349	439,349	439,349
Donations	-	-	-
Internal Service Funds			
Stores	35,307	35,307	35,307
Information Technology	158,115	161,615	165,115
Equipment Replacement	310,316	311,216	321,982
Self-Insurance Liability	92,773	92,773	92,823
Workers' Compensation	335,646	335,646	335,646
Compensated Absences	(38,127)	(38,127)	(38,127)
Total General Fund Resources	\$ 5,056,063	\$ 4,860,478	\$ 4,089,338

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



GENERAL FUND REVENUES



General Fund Revenues

Revenues for the FY 2020/21 General Fund operating budget total \$12.97 million, a decrease of approximately \$3.68 million or 22.1 percent, with sales tax and transient occupancy tax primarily responsible for the decrease due to the COVID-19 pandemic. Property tax revenues remain strong as assessed values (basis for property tax levies) continue to increase with changes in ownership, reinstatement of assessed values lowered during the Great Recession, and an additional 2% CPI increase per Prop 13 provisions. Staff anticipates sales tax revenue to be down approximately 40% and transient occupancy tax to be down approximately 70% from the prior year.

A summary of major revenue changes between the FY 2019/20 adopted and FY 20/21 proposed budgets is listed below:

General Fund Revenues						
	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Taxes	\$ 12,198,312	\$12,833,834	\$13,104,469	\$11,113,257	\$10,542,632	\$11,916,278
Licenses and permits	680,242	623,076	607,300	620,935	524,850	576,100
Intergovernmental revenues	189,800	119,637	108,000	115,305	62,200	60,200
Charges for services	1,757,663	1,855,473	2,055,925	1,657,437	1,282,535	1,747,954
Fines and forfeitures	556,560	521,939	563,500	517,104	482,900	582,900
Use of money & property	118,385	154,510	96,200	121,938	36,500	41,700
Other revenues	127,844	182,987	111,000	78,896	33,500	43,400
General Fund Revenues	\$ 15,628,806	\$16,291,456	\$16,646,394	\$14,224,872	\$12,965,118	\$14,968,531



Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

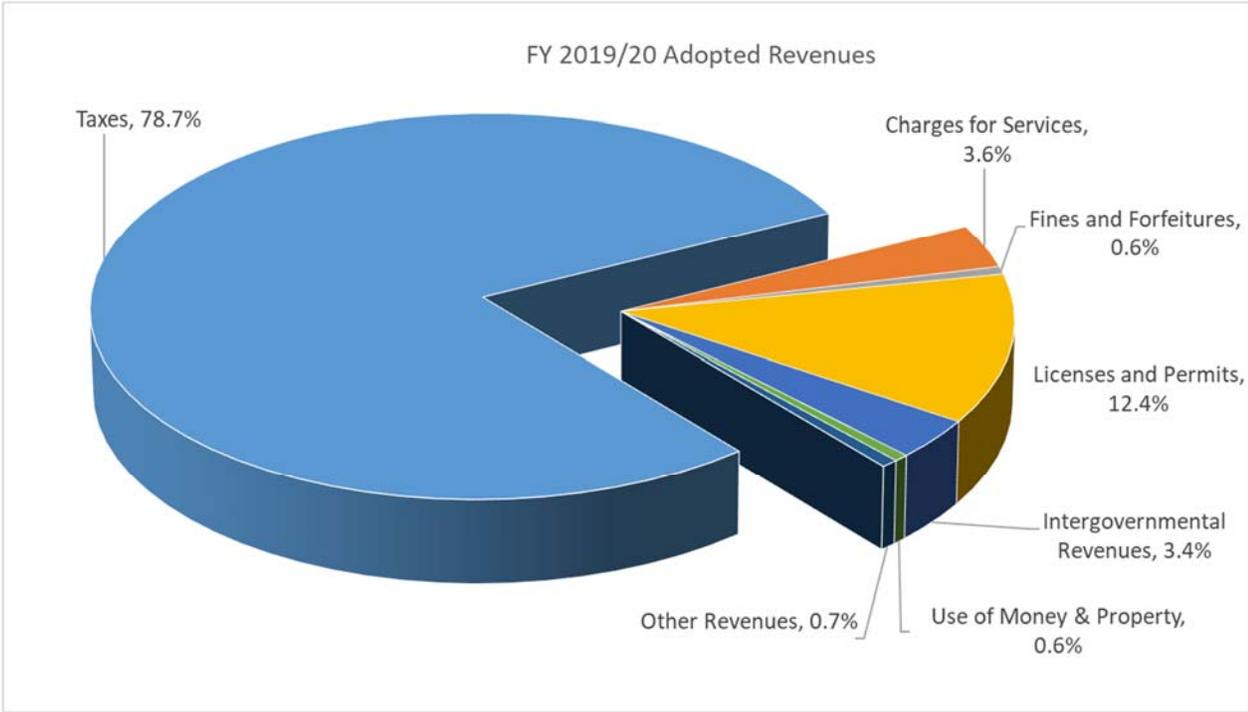
General Revenue Information

The City does not receive General Fund revenues in equal monthly increments. While the City receives some revenue regularly throughout the fiscal year, some is received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola’s lowest cash balances occur in April and again in mid-December prior to property tax revenue being received. Mid-December in prior years was significantly lower due to the State’s Triple-Flip. The State reduced our sales tax by 0.25 percent and reimbursed the City, through property tax, in December. With the Triple-flip completed, we now receive our sales tax revenue consistently throughout the year. The City developed a cash flow model to assist with on-going cash flow variability and to identify reserve requirements. While monitoring the City’s cash flow has always been a priority, the need to identify patterns became more critical during the disaster recovery period when reserves were nearly depleted. In FY 2012/13 the City approved increasing the Contingency Reserve balance from 10 percent to 15 percent to assist in covering potential cash flow deficits. The City has maintained these increased reserves which will assist in managing the financial impacts related to COVID-19.

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 \$6,319,755
- Transient Occupancy Tax 475,800
- Parking Meters 428,962
- Parking Fines 298,200
- Property Taxes 2,748,440
- \$10,271,157**

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



Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

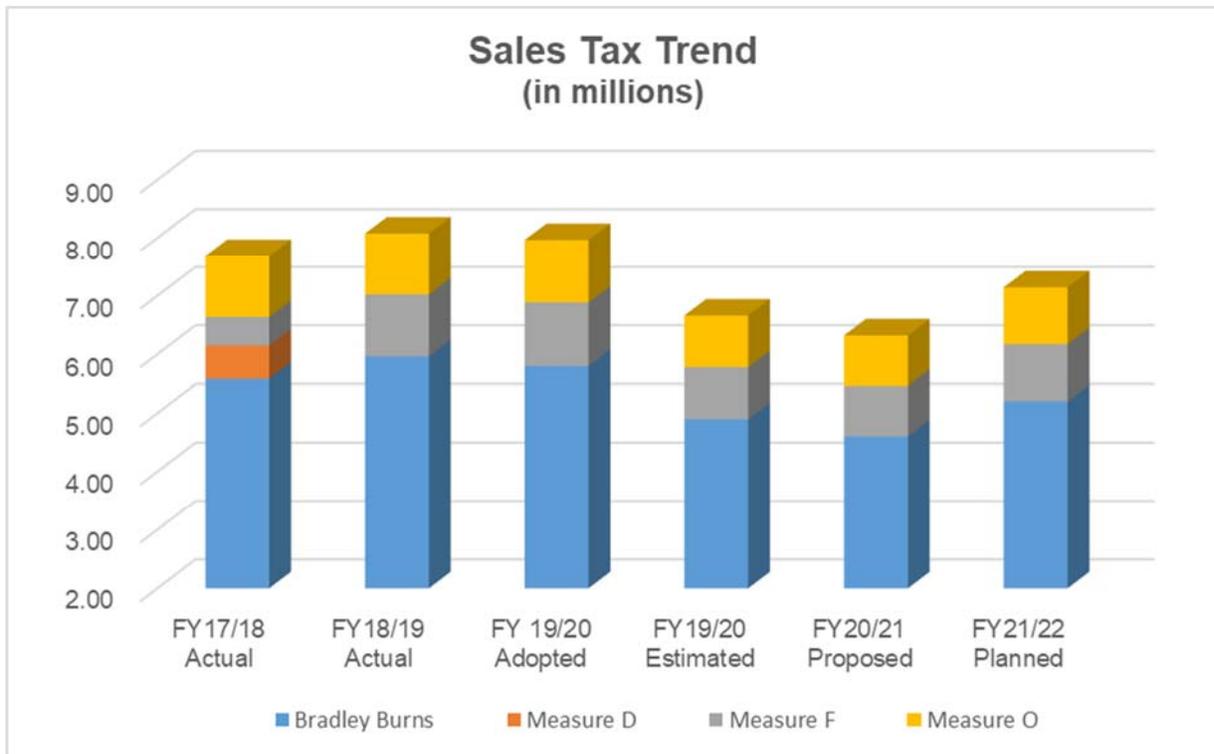
Sales Tax

The City of Capitola sales tax consists of one percent Bradley Burns, a quarter percent Capitola District Tax (Measure F), and a permanent quarter percent Capitola District Tax (Measure O). In FY 2020/21 annual sales tax revenue is estimated to be \$6.32 million, with approximately \$1.8 million in revenues contributed by Measure O, and Measure F.

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

The Finance Department works closely with HdL, the City’s sales tax consultant, on tax recovery, statistics, and projections. Sales tax projections are based on a combination of “most likely” estimates provided by HdL, internal quarter over quarter analyses, and the impact of one-time events. In FY 2020/21, Bradley Burns sales tax revenue is anticipated to decrease by approximately 22 percent, or \$1,645,570, below the FY 2019/20 budgeted amount. The City’s sales tax collections are heavily dependent on the top five generators and are anticipated to decrease significantly due to the COVID-19 pandemic.

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



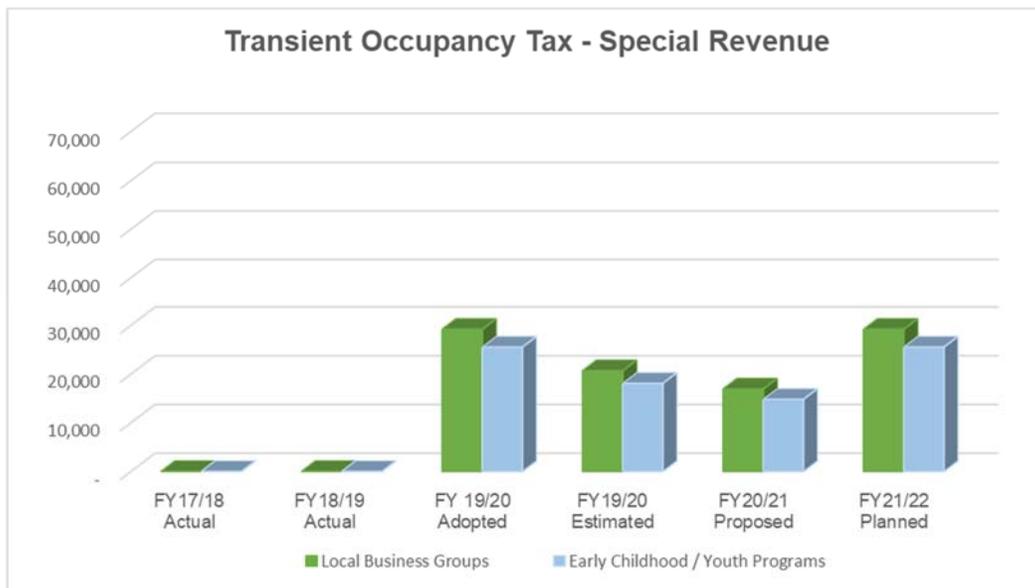
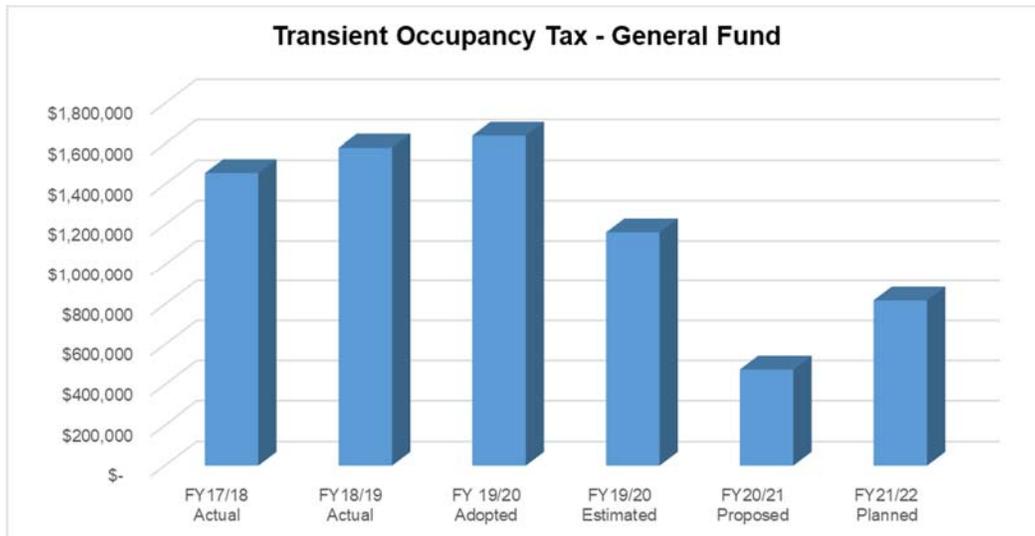
Transient Occupancy Taxes (TOT)

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 2020/21 TOT tax generally accounts for approximately ten percent of General Fund operating revenues. The City's TOT revenues come from the following sources:

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

The City's TOT revenues are the most impacted revenue source due to COVID-19. The projected decrease for FY 2020/21 is 71% below the adopted FY 2019-20 budget. The reason for the slowed growth was primarily due to a lack of available rooms. For the last several years, hotels have experienced high occupancy rates leaving little room for increased TOT revenues.

The following chart illustrates 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.

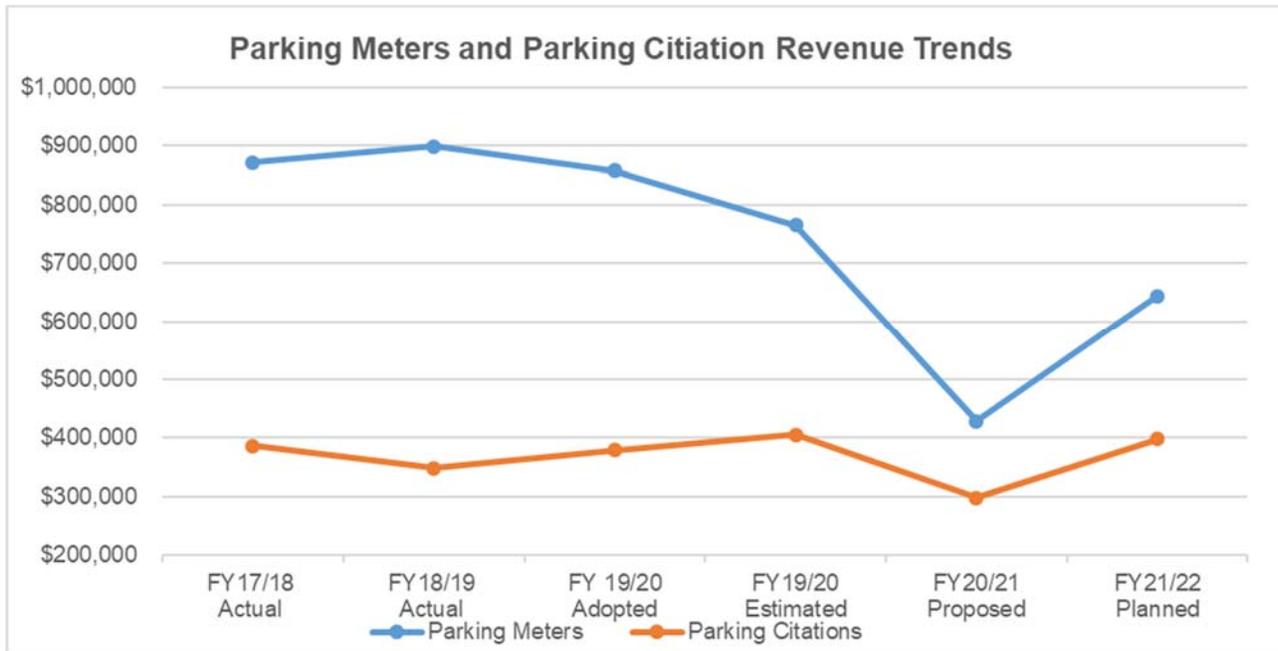


Parking Meters and Parking Fines

In FY 2020/21 parking meter and parking fine revenues are estimated to contribute approximately \$727,000 to the General Fund. Revenue sources include fees collected from the meters and fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. At the end of FY 2013/14, a 226-space parking lot opened adjacent to the existing Pacific Cove Parking Lot and City Hall. The FY 2019/20 budget includes a \$100,000 general fund transfer to the parking reserve fund to help meet debt service obligations related to the opening of parking lot. During the summer, the City offers shuttle bus service from the parking lots to the Village, beach, and Capitola Wharf. Projected revenues for each location are estimated below:

Location	Spaces	FY20/21 Proposed	Avg. Meter Rev. per Space
Village	195	\$ 297,950	\$ 1,528
Cliff Drive	65	\$ 48,455	\$ 745
Pacific Cove - Upper Lot	232	\$ 58,075	\$ 250
Pacific Cove - Lower Lot	226	\$ 24,482	\$ 108

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



The FY 2020/21 budget projects parking meter and parking fine revenue are estimated to decrease 40% compared to the estimated prior year receipts.

Property Taxes

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

In FY 2020/21 property tax revenue is estimated to be \$2.75 million, representing a four percent increase over the estimated collection amount from FY 2019/20. The City's collections are consistent with information from the County Auditor-Controller's Office, which indicated that property valuations in Capitola are rising at a rate of four to four and one-half percent annually.

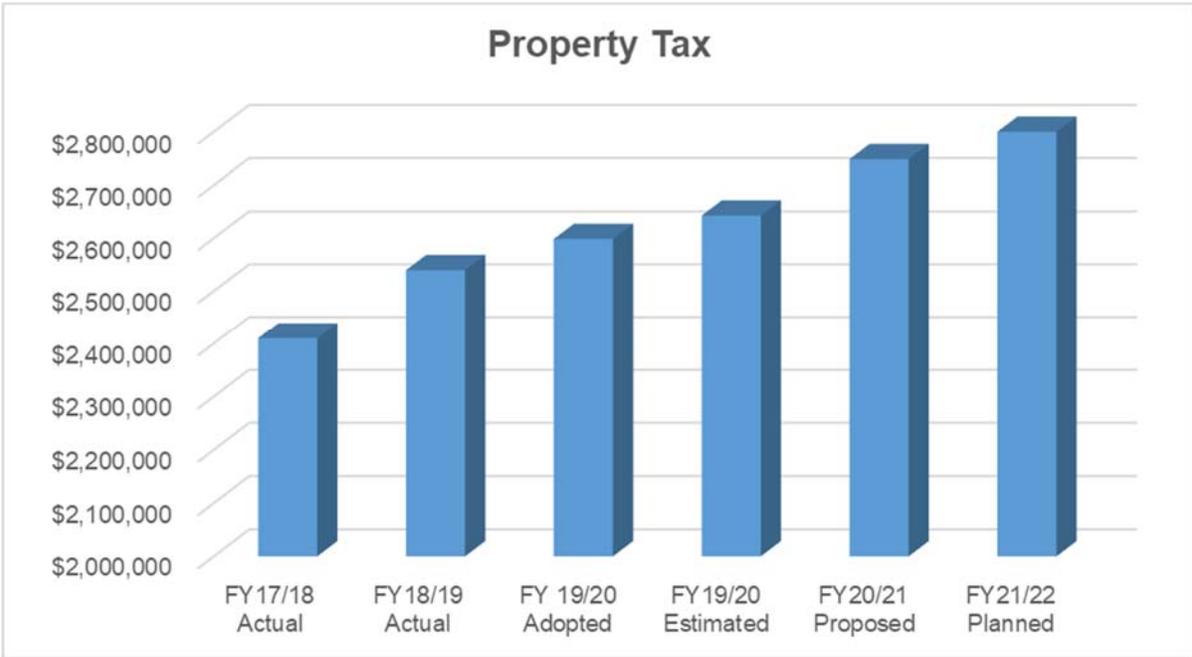
In the FY 2020/21 budget, base property tax revenues are projected to increase approximately four percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. A growth factor of four percent of the assessed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

Property taxes are received based on the following distribution schedule:

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

Property Taxes in-lieu-of Vehicle License Fees

Property Tax in-lieu-of Vehicle License Fee revenue has increased an average of six percent per year over the last several years. However, staff used the same four and one-half percent increase projected in FY 2020/21. This increase continues to be consistent with the rising property values outlined by the Auditor-Controller's Office. Due to the relatively flat history associated with these revenues, conservative estimates of three percent have been applied to the upcoming fiscal years.



Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

Revenue Summary

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Taxes						
Property Taxes	\$ 2,409,907	\$ 2,539,629	\$ 2,598,486	\$ 2,642,730	\$ 2,748,440	\$ 2,803,409
Sales Tax- Bradley Burns	5,582,863	5,962,633	5,800,000	4,897,122	4,602,000	5,201,000
Sales Tax- Measure D	565,592	-	-	-	-	-
Sales Tax- Measure O	1,053,313	1,055,038	1,082,664	881,146	858,878	970,771
Sales Tax- Measure F	486,191	1,058,912	1,082,662	881,868	858,877	970,769
Document Transfer Tax	88,074	90,334	90,000	63,637	63,637	90,000
Franchise Tax	555,474	545,425	560,000	558,644	560,000	560,000
Transient Occupancy Tax	1,456,898	1,581,864	1,640,657	1,163,110	475,800	820,329
Cannabis Retail Tax	-	-	250,000	25,000	375,000	500,000
Total	\$ 12,198,312	\$ 12,833,834	\$ 13,104,469	\$ 11,113,257	\$ 10,542,632	\$ 11,916,278
Licenses and permits						
Business License	\$ 308,336	\$ 307,930	\$ 305,300	\$ 326,062	\$ 290,000	\$ 300,000
Building Permits	227,993	167,186	165,000	165,688	123,750	165,000
Cannabis Annual License Fee	-	-	5,100	-	-	-
Encroachment Permits	33,568	34,035	30,000	37,909	35,000	35,000
Special events permit	1,311	1,411	1,100	1,068	1,100	1,100
Entertainment permit	3,424	4,712	4,000	4,832	4,000	4,000
Parking Permits	43,405	41,640	40,500	34,311	40,500	40,500
Planning Permits	62,093	66,163	55,500	50,953	30,500	30,500
Other Permits	112	-	800	112	-	-
Total	\$ 680,242	\$ 623,076	\$ 607,300	\$ 620,935	\$ 524,850	\$ 576,100
Intergovernmental revenues						
Federal and State Grants	\$ 153,542	\$ 83,261	\$ 72,300	\$ 78,928	\$ 56,500	\$ 54,500
Gen gov't - OSB admin	30,000	30,000	30,000	30,000	-	-
Gen gov't BIA - Fin. support svcs.	4,200	4,200	4,200	4,200	4,200	4,200
Gen gov't CVC - Fin. support svcs.	2,058	2,177	1,500	2,177	1,500	1,500
Total	\$ 189,800	\$ 119,637	\$ 108,000	\$ 115,305	\$ 62,200	\$ 60,200
Charges for Svcs.						
Gen gov't ROPS repmt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gen gov't Pay stations-Village	600,150	626,860	595,900	575,163	297,950	446,925
Gen gov't Pay stations-Cliff Dr.	96,411	99,064	96,910	65,000	48,455	72,683
Gen gov't Pay station-upper Pac Cove	120,897	122,019	116,150	90,000	58,075	87,113
Gen gov't Pay stations-lower Pac Cove	53,833	51,396	48,965	35,049	24,482	36,724
Gen gov't Green Bldg. Program	-	-	-	-	-	-
Public safety Vehicle release fee	6,948	8,556	8,000	7,321	7,500	7,500
Public safety Police reports	415	544	500	351	500	500
Public safety Booking fees	750	250	-	175	-	-
Public safety DUI collections	4,285	6,543	5,000	4,385	5,000	5,000
Public Safety Cannabis Application Fee	-	22,400	-	-	-	-
Public Safety Cannabis Annual License Fee	-	-	-	-	5,000	5,000
Public safety Spec. events - Police Svcs.	20,285	18,371	10,000	23,111	-	-
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public works Special events - pw Svcs.	3,950	3,332	2,500	3,910	-	13,500
Public works Trash/Cleanup Removal Agmt	-	-	-	-	-	-
Public works Stormwater dev. Review	1,678	1,818	1,000	2,326	1,000	1,000
Building fees Building plan check fees	111,522	103,643	110,000	120,000	90,000	120,000
Bldg. Official Reimbursement	-	73,766	95,000	95,000	95,000	98,000
Comm dev Planning fee - Sr./Assoc plnr cost	39,680	18,400	35,000	35,000	20,000	20,000
Comm Planning fee - assist plnr cost	24,920	26,365	25,000	12,500	14,260	14,260
Comm dev Planning fee - director cost	4,306	4,748	10,000	35,285	10,000	10,000
Comm dev Subdivisions	1,903	2,184	1,500	-	1,500	1,500
Comm dev Planning plan check fee	25,487	14,157	15,000	15,000	11,250	11,250
Comm dev Planning application fee	222	3,872	2,000	-	-	-
Comm dev Planning - Gen Plan	25,000	25,000	25,000	25,000	25,000	25,000

	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Comm dev Billing to Green Building	-	-	20,000	-	24,000	24,000
Comm dev Planning - other fees	12,443	10,218	7,500	10,000	15,000	15,000
Comm dev Planning - Code Enforcement	1,058	-	3,000	-	-	-
Recr. fees Class fees	240,397	230,866	250,000	207,037	250,000	250,000
Recr. fees Jr. guard fees	238,393	244,129	275,000	146,191	135,903	275,000
Recr. fees Camp Capitola fees	96,049	111,338	175,000	105,068	80,020	140,000
Recr. Youth Programs	-	-	97,000	22,325	44,640	50,000
Recr. fees Sports fees	23,681	22,636	22,000	19,240	15,000	15,000
Total	\$ 1,757,663	\$ 1,855,473	\$ 2,055,925	\$ 1,657,437	\$ 1,282,535	\$ 1,747,954
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 69,564	\$ 41,735	\$ 60,000	\$ 36,303	\$ 60,000	\$ 60,000
Parking Cititation	387,009	348,372	378,800	405,655	298,200	398,200
General Fines	99,987	131,832	124,700	75,146	124,700	124,700
Total	\$ 556,560	\$ 521,939	\$ 563,500	\$ 517,104	\$ 482,900	\$ 582,900
<u>Use of money & property</u>						
Investment earnings	\$ 64,788	\$ 105,918	\$ 80,000	\$ 105,000	\$ 25,000	\$ 25,000
Rents Jade Street facility	8,333	4,982	7,000	6,081	7,500	7,500
Rents Esplanade restaurants	4,379	4,536	4,000	4,702	4,000	4,000
Rents Esplanade - surf trailer	1,585	1,641	1,200	1,704	-	1,200
Rents Esplanade bandstand	4,300	5,529	4,000	4,451	-	4,000
Lease Rev. Vehicles/Equip.	35,000	31,905	-	-	-	-
Total	\$ 118,385	\$ 154,510	\$ 96,200	\$ 121,938	\$ 36,500	\$ 41,700
<u>Other revenues</u>						
Grants, donations, contrib	\$ 6,700	\$ -	\$ 10,000	\$ 4,993	\$ 23,000	\$ 10,000
Arts-Twilight Concert Sponsors	16,200	18,900	16,800	10,500	-	15,000
Arts-Movies at the Beach Sponsor	2,000	3,000	2,000	4,900	-	2,400
Arts-Art at the Beach Booth Fee	1,090	4,460	3,000	3,820	-	3,500
Arts-Sunday Art & Music Sponsors	3,270	2,400	5,000	4,400	-	3,000
Art & Culture Sponsors	-	-	1,200	-	-	-
Museum donations-Box Revenue	2,610	2,549	1,500	1,368	1,500	1,500
Museum Donations-Fundraising	4,495	4,215	5,000	7,313	5,000	5,000
Memorial plaques and benches	17,114	8,499	5,000	7,950	4,000	3,000
Miscellaneous revenues	74,365	138,964	61,500	33,652	-	-
Total	\$ 127,844	\$ 182,987	\$ 111,000	\$ 78,896	\$ 33,500	\$ 43,400
Grand Totals	\$ 15,628,806	\$ 16,291,457	\$ 16,646,394	\$ 14,224,872	\$ 12,965,118	\$ 14,968,531

GENERAL FUND EXPENDITURES



General Fund Expenditures

The FY 2020/21 General Fund expenditure budget proposes decreases of \$3.9 million from the FY 2019/20 Adopted Budget. Decreases have been programed in every major category in response to fiscal impacts related to COVID-19. Key differences between the two fiscal years include:

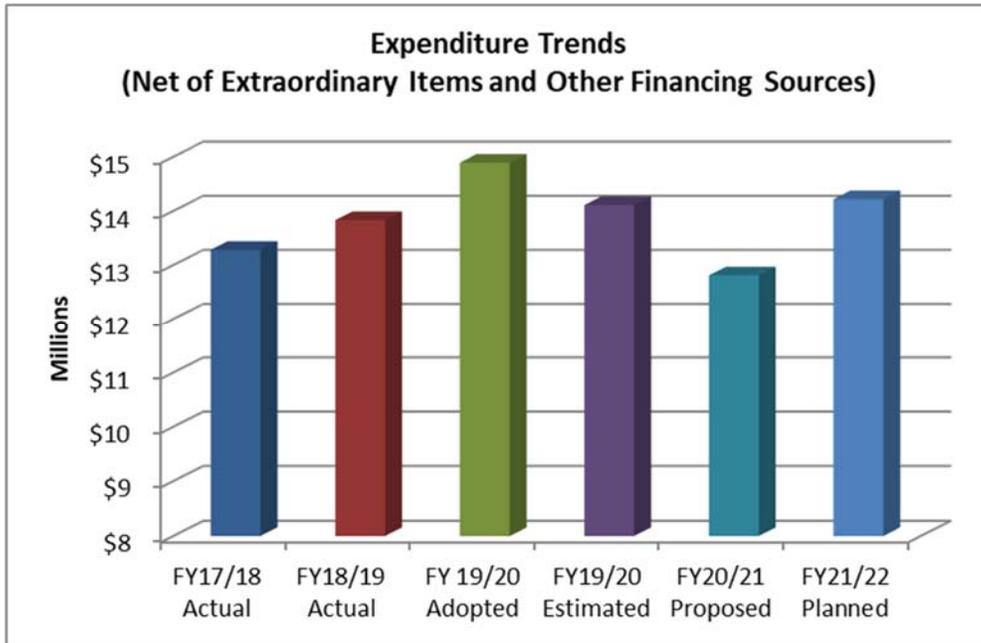
- Total personnel costs (salary and benefits) decreased \$700,900 from the FY 2019/20 Adopted Budget due to increased contributions to CalPERS Retirement fund and inflation.
 - Salary costs are \$697,600 lower due to anticipated concessions by each of the bargaining groups offset by increases in overtime and benefits.
 - Salary – Permanent increased \$680,900
 - Salary – Temp decreased \$99,000 due to reduced hours
 - Overtime increased \$22,000 primarily due to the need to cover vacancies in the Police Dept.
- Contract services decreased by \$686,400 or 23.62%, below the prior year as all non-essential contracts have been eliminated.

The following chart provides an overview of expenditures for FY 2017/18 to FY 2021/22. A complete description of major changes will follow in the related expenditure detail pages.

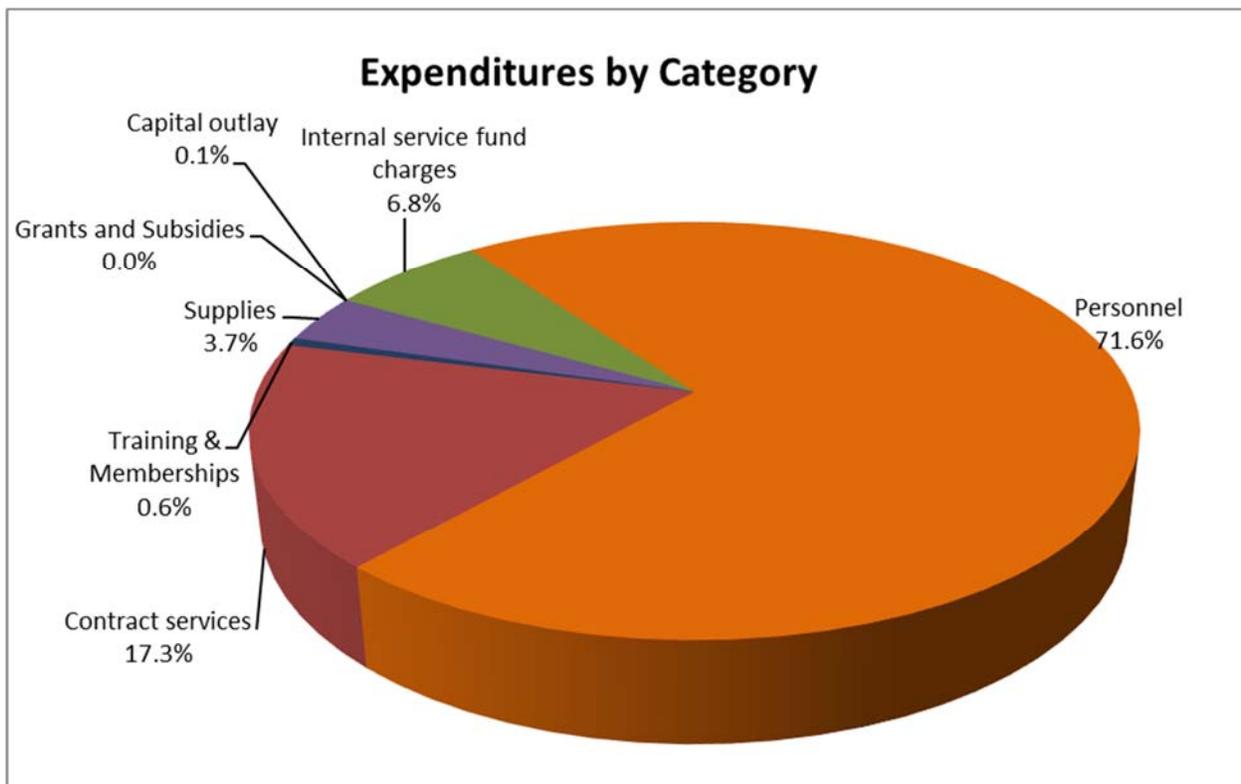
General Fund Expenditures Summary

Major Categories	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Personnel	\$8,335,863	\$8,982,044	\$9,866,884	\$9,422,431	\$9,147,413	\$9,552,355
Contract services	2,790,989	2,714,577	2,906,368	2,659,237	2,280,949	2,539,560
Training & Memberships	85,108	89,851	128,570	82,644	78,650	91,450
Supplies	544,148	589,981	543,911	500,223	478,375	489,583
Grants and Subsidies	269,884	243,432	269,647	269,647	-	275,000
Capital outlay	7,121	-	-	-	-	-
Internal service fund	1,246,350	1,209,105	1,176,081	1,176,081	917,495	1,311,144
Subtotal	\$13,279,463	\$13,828,990	\$14,891,461	\$14,110,263	\$12,902,881	\$14,259,092
Other financing uses	3,622,550	1,733,843	2,304,344	2,304,344	359,383	1,681,144
Expenditure Total	\$16,902,013	\$15,562,833	\$17,195,805	\$16,414,607	\$13,262,264	\$15,940,236

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



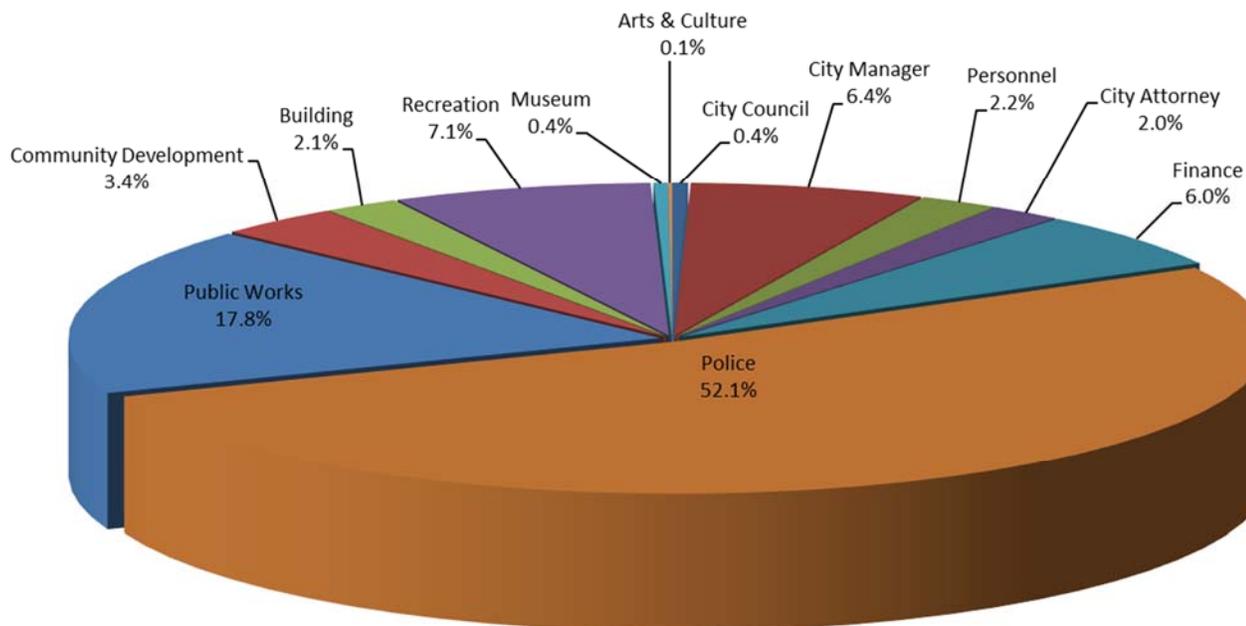
A chart displaying the percentage of expenditures by category is also provided for reference. Since personnel costs decreased \$700,900 over the prior fiscal year, the ratio of personnel services to total expenditures increased from 66.3 percent to 71.6 percent. Other notable changes were in contract services, which decreased from 19.5 percent to 17.3 percent, and internal service charges, which decreased from 7.9 percent to 6.8 percent.



General Fund Department Expenditures

Department	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
City Council	\$149,811	\$155,151	\$112,137	\$100,400	\$67,677	\$107,541
City Manager	784,431	892,350	999,679	999,679	848,610	914,165
Personnel	349,636	352,195	358,422	353,422	276,717	361,717
City Attorney	272,869	259,864	255,000	280,000	255,000	255,000
Finance	793,547	797,993	860,773	856,523	771,277	821,476
Community Grants	274,990	243,432	269,647	125,404	0	250,000
Police - Law Enforcement	5,686,351	5,851,518	6,299,850	6,260,087	6,103,685	6,423,735
Police - Pkg. Enforcement	504,408	551,148	528,870	528,870	531,137	540,800
Police - Lifeguard Svcs.	89,043	78,758	87,446	86,946	0	93,183
Police - Animal Services	39,184	54,402	72,361	71,861	73,104	76,004
Public Works - Streets	1,478,558	1,533,789	1,583,649	1,480,194	1,137,592	1,363,624
Public Works-Storm Water	124,972	115,318	156,029	150,177	127,436	139,609
Public Works - Facilities	197,271	240,831	261,980	195,692	219,265	259,419
Public Works - Fleet	304,280	383,187	402,458	317,284	397,672	413,383
Public Works - Parks	453,449	474,884	474,740	456,356	437,574	439,608
Community Development	449,916	447,829	491,932	434,402	432,172	471,796
Building	233,753	345,515	406,571	360,597	266,324	281,132
Recreation	952,250	914,536	1,131,824	923,594	894,362	928,991
Museum	73,575	70,477	74,418	66,306	51,922	63,767
Art & Cultural	67,169	65,811	63,676	62,469	11,353	54,142
Subtotal	\$13,279,463	\$13,828,988	\$14,891,462	\$14,110,263	\$12,902,881	\$14,259,092
Transfers & Other	\$3,622,550	\$1,733,843	\$2,304,344	\$2,304,344	\$359,383	\$1,681,144
Expenditure Total	\$16,902,013	\$15,562,831	\$17,195,806	\$16,414,607	\$13,262,264	\$15,940,236

Expenditures by Department



General Fund Expenditures

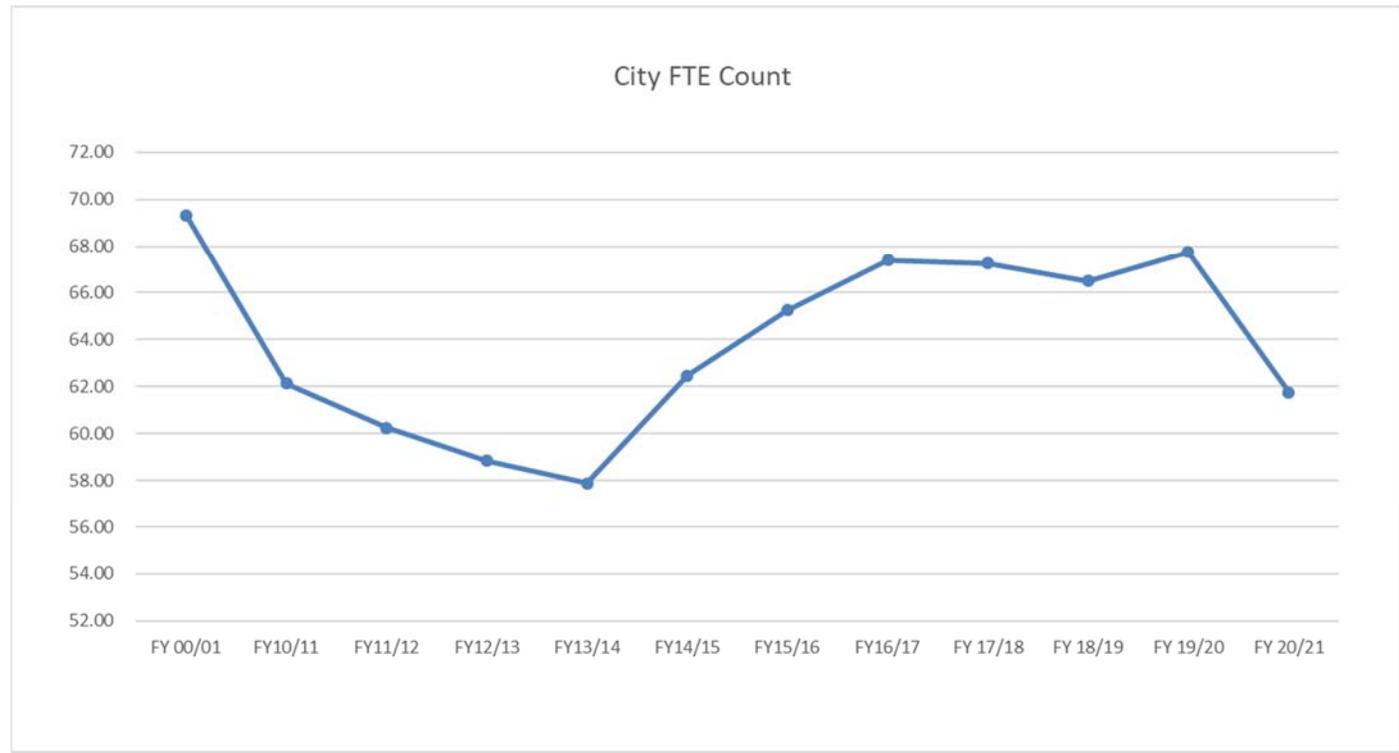
SALARIES & BENEFITS

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 2020/21 have been reduced through the freezing of existing vacancies showing a reduction of 6 positions illustrated in the chart below.

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

General Fund	FY 00/01	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
	Actual	Adopted	Proposed									
Elected												
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5	
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0	
Elected - Total FT	6.00	5.00	5.0									
Fully Benefited by Dept												
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	4.38	3.95	3.38	4.33	3.91	4.50	4.50	4.50	3.75	3.75	3.7
City Manager	5.50	6.75	7.00	7.00	7.00	6.90	6.00	7.00	6.00	6.00	7.00	6.0
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.5
Police	31.30	30.25	29.59	28.59	27.59	30.65	31.50	31.65	31.50	30.50	30.50	27.5
CDD	6.67	4.67	4.12	3.79	3.12	4.50	5.00	5.00	5.00	6.00	6.00	5.0
Public Works	14.33	12.33	11.83	12.33	12.33	13.00	14.00	15.00	16.00	16.00	15.00	14.0
Recreation	4.50	3.00	3.00	3.00	2.75	2.75	3.75	3.75	3.75	3.75	5.00	5.0
Dept - Total FTEs	69.30	62.13	60.24	58.84	57.87	62.46	65.25	67.40	67.25	66.50	67.75	61.7
Change from prior year		(7.17)	(1.89)	(1.40)	(0.97)	4.59	2.79	2.15	(0.15)	(0.75)	1.25	(6.00)



Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

General Fund Expenditures

SALARIES & BENEFITS

City services are primarily staff delivered, therefore staffing is the most significant expenditure. The FY 2020/21 budget staffing costs total \$9,166,004. This represents a 7.1% decrease from the FY 2019/20 Adopted Budget. This is due to anticipated concessions by labor groups offset by increased costs related to the CalPERS Retirement Fund and inflation.

Staffing by Category	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Salary	\$5,262,295	\$5,339,974	\$5,874,973	\$5,734,141	\$5,194,078	\$5,423,833
Salary Temp	352,047	369,932	441,152	416,581	323,986	\$338,317
Overtime	214,939	180,717	169,500	200,301	191,500	\$199,971
Specialty Pay	296,734	276,501	303,452	276,093	275,299	\$287,476
Benefits	2,209,848	2,814,921	3,074,511	2,824,657	3,162,550	\$3,302,442
Total	\$8,335,863	\$8,982,044	\$9,863,588	\$9,451,773	\$9,147,413	\$9,552,040

Staffing by Department	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
City Council	\$34,744	\$36,156	\$35,049	\$35,483	\$30,767	\$30,767
City Manager	595,561	679,699	805,497	805,497	704,249	725,377
Personnel	260,485	282,720	287,269	287,269	233,264	305,247
Finance	505,332	525,939	550,023	550,023	534,716	548,133
Law Enforcement	4,215,309	4,368,893	4,825,463	4,800,000	4,662,039	4,846,441
Pkg. Enforcement	184,923	217,647	220,991	220,991	219,659	226,249
Streets	988,556	1,114,544	1,254,353	995,849	977,296	1,016,388
Storm Water	60,971	67,204	64,677	64,677	72,436	74,609
Fleet	132,412	178,001	172,629	172,629	217,772	226,483
Parks	188,753	211,398	206,632	206,632	217,627	226,332
Planning	387,887	383,807	406,176	375,000	406,101	421,784
Building	113,786	299,282	348,036	304,000	246,237	256,087
Recreation	613,475	561,996	633,170	580,100	581,648	603,296
Museum	38,683	39,616	37,351	37,351	35,523	36,588
Art & Cultural	14,986	15,141	16,272	16,272	8,078	8,259
Total	\$8,335,863	\$8,982,043	\$9,863,588	\$9,451,773	\$9,147,413	\$9,552,040

General Fund Expenditures

Salaries & Benefits - Salary Assumptions

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

<u>Group</u>	<u>Current Agreement</u>	<u>Expiration Date</u>
Assoc. of Capitola Employees/Gen. Govt.	7/1/2018	6/30/2020
Confidential	7/1/2018	6/30/2020
Mid-Management	7/1/2018	6/30/2020
Police Captains	7/1/2018	6/30/2020
Police Officers Association (POA)	11/26/2018	6/30/2021

Overtime

The following table provides the detail for the overtime budget. The overtime budget for the Police Department increases this year after a decrease in recent years due to multiple vacancies.

<u>Overtime</u>	<u>FY17/18</u> <u>Actual</u>	<u>FY18/19</u> <u>Actual</u>	<u>FY 19/20</u> <u>Adopted</u>	<u>FY19/20</u> <u>Estimated</u>	<u>FY20/21</u> <u>Proposed</u>	<u>FY21/22</u> <u>Planned</u>
City Manager	\$138	\$0	\$1,000	\$0	\$0	\$0
Finance	2,230	0	1,500	0	0	\$0
Police*	192,272	151,053	142,500	150,000	174,500	\$174,500
Public Works	10,900	11,450	20,000	12,000	17,000	\$17,000
Community Development	456	148	0	200	0	\$0
Recreation	8,943	18,066	4,500	4,100	0	\$0
Total	\$214,939	\$180,717	\$169,500	\$166,300	\$191,500	\$191,500
<i>*Funding Sources for Police Overtime</i>						
General Fund	\$197,743	\$166,424	\$150,000	\$142,500	\$162,500	\$130,000
Grant Funded	(5,471)	(15,371)	(7,500)	7,500	12,000	44,500
	\$192,272	\$151,053	\$142,500	\$150,000	\$174,500	\$174,500

Specialty Pay

The FY 2020/21 budget includes the following specialty pays in the calculation of staffing costs, which are also included in overtime calculations: education, longevity, bilingual, motorcycle, detective pay, senior officer, canine, and shift differential pay.

<u>Specialty Pay</u>	<u>FY17/18</u> <u>Actual</u>	<u>FY18/19</u> <u>Actual</u>	<u>FY 19/20</u> <u>Adopted</u>	<u>FY19/20</u> <u>Estimated</u>	<u>FY20/21</u> <u>Proposed</u>	<u>FY21/22</u> <u>Planned</u>
City Manager	\$4,079	\$4,079	\$5,211	\$5,211	\$8,445	\$8,783
Finance	2,372	2,372	2,204	2,204	2,073	\$2,156
Police	247,625	247,625	269,477	269,477	242,549	\$252,251
Public Works	29,490	29,490	19,659	19,659	22,231	\$23,120
Community Dev.	3,367	3,367	6,901	6,901	-	-
Recreation	9,801	9,801	-	-	-	-
Total	\$296,734	\$296,734	\$303,452	\$303,452	\$275,299	\$286,311

General Fund Expenditures

Salaries & Benefits – Retirement Assumptions

Benefits – Post Retirement Medical Benefit

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

• January 1, 2012	\$112
• January 1, 2013	\$115
• January 1, 2014	\$119
• January 1, 2015	\$122
• January 1, 2016	\$125
• January 1, 2017	\$128
• January 1, 2018	\$133
• January 1, 2019	\$136
• January 1, 2020	\$138

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 2019/20 was \$1,533,072 and is increasing to \$1,747,592 in FY 2020/21. The most recent CalPERS actuarial reports estimate the UAL through FY 2025/26 at an amount of \$2,453,000 which equates to an increase of approximately 200% since FY 2016-17.

PERS Rates. The FY 2020/21 PERS total rate for classic safety members is 30.9%, with employees paying 15% and the city 15.9%. Safety PEPRA members are responsible for 12% and the city pays 13.0%. For classic miscellaneous members, the total contribution rate is 19.4%, with employees paying 13.4% and the city 6.0%. Miscellaneous PEPRA employees pay 6.75% and the city pays 7.0%.

The FY 2019/20 PERS total rate for classic safety members was 32.2%, with employees paying 15% and the city 17.2%. Safety PEPRA members are responsible for 12.0% and the city pays 12.1%. For classic miscellaneous members, the total contribution rate is 20.1%, with employees paying 13.4% and the city 6.7%. Miscellaneous PEPRA employees pay 6.25% and the city pays 6.8%.

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

Retirement Costs Summary

Retirement Costs	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned
Ret. cost - PERS Safety	\$ 344,866	\$ 336,474	\$ 371,877	\$ 330,454	\$ 386,753
Ret. cost - PERS Safety UAL	469,908	613,978	741,462	853,089	1,009,000
Ret. cost - PERS Miscellaneous	195,864	206,141	233,142	202,873	242,468
Ret. cost - PERS Misc UAL	501,445	602,038	738,592	835,548	974,000
Ret. cost - Retirement PARS	4,039	3,791	5,706	4,218	5,834
Ret. health OPEB - Retiree health	26,607	28,200	27,267	30,500	30,500
OPEB Trust Fund	60,000	65,000	65,000	-	65,000
Total Retirement Costs	\$1,602,729	\$1,855,622	\$2,183,047	\$2,256,683	\$2,713,555
Total Employee Paid Costs	\$ 695,132	\$ 575,243	\$ 676,745	\$ 699,572	\$ 841,202
Total City Paid Costs	\$1,602,729	\$1,855,622	\$2,183,047	\$2,256,683	\$2,713,555
Total Costs Employee and City	\$2,297,861	\$2,430,865	\$2,859,792	\$2,956,255	\$3,554,757
Unfunded Actuarial Liability-Safety	11,019,924	11,019,924	11,227,125	12,914,637	12,914,637
Unfunded Actuarial Liability-Misc	10,462,813	10,462,813	10,449,759	11,881,879	11,881,879
Unfunded OPEB Liability	604,437	604,437	584,737	584,737	584,737
Funding Ratio PERS Safety	71.3%	71.30%	72.40%	72.40%	72.40%
Funding Ratio PERS Misc	69.7%	69.70%	71.00%	71.00%	71.00%

General Fund Expenditures - Contract Services (5 pages)

Department	Contract Description	FY 19/20	FY 20/21	FY 21/22
		Adopted	Proposed	Planned
City Council	Gen/Admin Winter Shelter	\$ -	\$ -	\$ -
City Council	Gen/Admin SCC Homeless Shelter Ptnrshp	\$0	-	-
City Council	Gen/Admin Chamber of Commerce	-	-	-
City Council	Gen/Admin - Community TV	10,000	5,000	10,000
City Council	Gen/Admin Contracts - General, Legal Notices	10,000	5,000	10,000
City Council	CS-Gen/Admin Beach Festival	5,000	-	5,000
	Total	\$ 25,000	\$ 10,000	\$ 25,000
City Manager	Gen/Admin Muni code - Codification Svcs.	\$ 4,000	\$ 2,000	\$ 4,000
City Manager	Gen/Admin Rcrd Mgmt-Doc. Imaging	2,500	1,250	1,250
City Manager	Gen/Admin Records Mgmt-Storage	3,500	3,500	3,500
City Manager	Gen/Admin Newsletter	8,000	2,000	4,000
City Manager	Gen/Admin Council Election	-	14,000	-
City Manager	Gen/Admin Contracts - General	5,000	-	2,500
City Manager	Environ. Svcs - Cntrl Cst Recycling Media	5,000	5,000	5,000
City Manager	Environ. Svcs Garage Sale Day	1,500	-	1,500
City Manager	Environ. Svcs SCC-Hzrds Waste Disp Fee	24,000	45,000	50,000
City Manager	Environ. Svcs Recycling Svcs.	7,500	-	5,000
City Manager	Environ. Svcs JPA-Pollution Control	5,000	5,000	5,000
City Manager	Other Contract services - Legal Notices	1,000	500	1,000
City Manager	Mosquito and Vector Control	150	150	150
City Manager	CS-Temp. Staff & Instr. Temporary staff	3,000	-	1,500
City Manager	Contract Svcs. Unanticipated Events	8,000	10,000	-
	Total	\$ 78,150	\$ 88,400	\$ 84,400
Personnel	Legal svcs Labor/Personnel	\$ 15,000	\$ 15,000	\$ 15,000
Personnel	Personnel Svcs Recruitment Svcs.	5,000	1,250	4,000
Personnel	Personnel Svcs Bkgrnd Invest.	10,000	5,000	7,500
Personnel	Personnel Svcs Medical Exams	5,000	2,500	2,500
Personnel	Personnel Svcs Ed. Reimbrsmnt	7,500	1,875	3,750
Personnel	Contract Svcs. Flex-Hlth-Dntl-Vsn Admin	4,000	4,000	4,000
Personnel	Contract Svcs. Advertising	3,000	750	1,500
Personnel	CS-Gen/Admin Contracts - general	-	-	-
	Total	\$ 49,500	\$ 30,375	\$ 38,250
City Attorney	Gen/Admin Contracts - General	\$ 20,000	\$ 20,000	\$ 20,000
City Attorney	Legal Svcs Legal Svcs. - General	135,000	135,000	135,000
City Attorney	Legal Svcs Special Svcs.	100,000	100,000	100,000
	Total	\$ 255,000	\$ 255,000	\$ 255,000

Attachment: !Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

Department	Contract Description	FY 19/20	FY 20/21	FY 21/22
		Adopted	Proposed	Planned
Finance	Gen/Admin Contracts - General	\$ 5,000	\$ -	\$ -
Finance	Fin Svcs Financial Consultant	-	-	-
Finance	Fin Svcs OPEB Valuation	5,000	1,000	5,000
Finance	Fin Svcs Audit-Annual Financial Audits	50,890	51,000	53,000
Finance	Fin Svcs Audit-Sales Tax	12,500	10,000	10,000
Finance	Fin Svcs Sales Tax Report	6,000	-	-
Finance	Fin Svcs State Mandated Claims Svcs	2,000	1,750	1,750
Finance	Fin Svcs Credit Card Merchant Fees	2,500	2,500	2,500
Finance	Fin Svcs SCC-Property tax admin fee	12,000	12,000	12,000
Finance	Fin Svcs State Admin Fee - Bradley Burns	70,000	60,000	60,000
Finance	Fin Svcs State Admin Fee - Measure D/F	30,000	24,000	24,000
Finance	Fin Svcs State Admin Fee - SB 1186	1,200	500	500
Finance	Fin Svcs State Admin Fee - Measure O	30,000	24,000	24,000
Finance	Fin Svcs Bank fees	7,500	7,500	7,500
Finance	Fin Svcs St Admin fee	-	-	-
Total		\$ 234,590	\$ 194,250	\$ 200,250
Law Enforcement	Police Svcs SCC-Booking fees	\$ -	\$ -	\$ -
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	700	700	700
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	13,200	13,000	13,000
Law Enforcement	Personnel Svcs Background investigations	-	-	-
Law Enforcement	Other contract services Uniform cleaning services	10,000	10,000	10,000
Law Enforcement	Police Svcs Red light enforcement	55,000	50,000	50,000
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	7,700	7,700	7,700
Law Enforcement	Fin Svcs Collections-booking fees	-	-	-
Law Enforcement	Fin Svcs Collections-DUI cost recovery	1,500	1,000	1,000
Law Enforcement	Prop & equip Comm - local & long distance	7,500	7,000	7,000
Law Enforcement	Prop & equip Comm - T-1 line	14,000	14,000	14,000
Law Enforcement	Prop & equip Comm - mobile phone	35,000	30,000	30,000
Law Enforcement	Police Svcs Hazardous material response - SV	5,700	6,000	6,000
Law Enforcement	Police Svcs Towing service	1,500	1,500	1,500
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	34,921	40,414	45,000
Law Enforcement	Police Svcs SCCECC-911 JPA	513,924	530,000	550,000
Law Enforcement	Prop & equip Property alarm service	1,200	1,200	1,200
Law Enforcement	Prop & equip Property repairs & maintenance	1,500	1,500	1,500
Law Enforcement	Prop & equip Equipment repairs & maintenance	15,000	15,000	15,000
Law Enforcement	Rental contracts Equipment and vehicles	3,600	3,600	3,600
Law Enforcement	Other contract services Outside security service	10,000	-	-
Total		\$ 749,945	\$ 750,614	\$ 775,200

Department	Contract Description	FY 19/20 Adopted	FY 20/21 Proposed	FY 21/22 Planned
Pkg. Enforcement	Police Svcs State of CA-DMV processing fee	\$ 5,200	\$ 5,200	\$ 5,200
Pkg. Enforcement	Police Svcs State of CA-Equip Assess	200	200	200
Pkg. Enforcement	Police Svcs State of CA-Reg assess	48,300	48,300	48,300
Pkg. Enforcement	Police Svcs State of CA-Immed & Critical nd	16,800	16,800	16,800
Pkg. Enforcement	Police Svcs State of CA-St Court Facilities	8,400	8,400	8,400
Pkg. Enforcement	Police Svcs State of CA-Trial Court Trust Fd	16,800	16,800	16,800
Pkg. Enforcement	Police Svcs SCC-Citation processing	46,000	46,000	46,000
Pkg. Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	8,400	8,400	8,400
Pkg. Enforcement	Police Svcs SCC-Courthouse surcharge	8,400	8,400	8,400
Pkg. Enforcement	Fin Svcs Courier-Cash & Coin	3,000	3,000	3,000
Pkg. Enforcement	Fin Svcs Credit card merchant fees	60,000	60,000	60,000
Pkg. Enforcement	Prop & equip Wheelchair purchase and repairs	6,000	6,000	6,000
Pkg. Enforcement	Prop & equip Pkg Meter Repairs	5,000	-	-
Pkg. Enforcement	Prop & equip Pay Station Repair & Maintenance	40,000	50,000	50,000
	Total	\$ 272,500	\$ 277,500	\$ 277,500
Lifeguard Svcs.	Police Svcs Lifeguard Svcs.	\$ 83,200	\$ -	\$ 91,500
	Total	\$ 83,200	\$ -	\$ 91,500
Animal Svcs.	Police Svcs Animal Svcs.	\$ 71,100	\$ 72,200	\$ 75,100
	Total	\$ 71,100	\$ 72,200	\$ 75,100
Streets	PW & Trans. Transportation-Beach shuttle svc	\$ 35,000	\$ -	\$ 35,000
Streets	PW & Trans. Soquel Crk monitoring-fish	45,000	-	-
Streets	PW & Trans. Inspections	-	-	-
Streets	PW & Trans. Electrical services	-	-	-
Streets	Prop & equip Comm - mobile phone	12,000	12,000	15,000
Streets	Gen/Admin Contracts - general	10,000	-	-
Streets	PW & Trans. Lagoon grading	15,000	-	-
Streets	PW & Trans. PW Engineering services	30,000	-	-
Streets	Prop & equip Eucalyptus maintenance -Park Ave	4,000	-	-
Streets	Prop & equip Riparian Restoration	13,500	-	-
Streets	Rental contracts Union Pacific RR yearly	1,000	2,000	2,000
Streets	Temp. Staff & Instr. Temporary staff	80,000	-	-
Streets	Temp. Staff & Instr. Hope Services	16,000	-	-
Streets	Prop & equip Esplanade sidewalk cleaning	13,000	-	-
Streets	Other contract services Unanticipated events	10,000	10,000	10,000
Storm Water	PW & Trans. Soquel Crk monitoring-water qual	30,000	15,000	20,000
Storm Water	PW & Trans. CA NPDES-storm water mgmt prog	55,000	40,000	45,000
Storm Water	PW & Trans. Regional Water Mgmt Foundation	500	-	-
	Total	\$ 370,000	\$ 79,000	\$ 127,000

Department	Contract Description	FY 19/20	FY 20/21	FY 21/22
		Adopted	Proposed	Planned
Facilities	PW & Trans. ADA compliance	\$ 50,000	\$ 15,000	\$ 50,000
Facilities	Prop & equip Comm - local & long distance	2,200	2,000	2,200
Facilities	Prop & equip Comm - T-1 line	7,500	7,500	7,500
Facilities	Prop & equip Utility serv - gas & electric	44,850	47,000	47,500
Facilities	Prop & equip Utility serv - sanitation distr	7,000	6,500	6,600
Facilities	Prop & equip Utility serv - water	9,000	9,000	9,500
Facilities	Prop & equip Janitorial services	20,000	10,000	10,000
Facilities	Prop & equip Property alarm service	3,500	2,800	2,800
Facilities	Prop & equip Property repairs & maintenance	19,500	16,000	16,500
Facilities	Prop & equip Equipment repairs & maintenance	7,000	5,000	5,000
Facilities	Rental contracts Equipment and vehicles	2,000	3,000	3,000
	Total	\$ 172,550	\$ 123,800	\$ 160,600
Fleet	Prop & Equip Equipment Repair and Maint.	\$ 5,000	\$ 5,000	\$ 5,000
	Total	\$ 5,000	\$ 5,000	\$ 5,000
Parks	PW & Trans. Tree Svcs.	\$ 25,000	\$ 22,000	\$ 22,000
Parks	Prop & Equip Utility serv - gas and elec.	5,000	6,500	6,700
Parks	Prop & Equip Utility serv - sanitation distr	15,000	20,000	20,500
Parks	Prop & Equip Utility serv - water	94,587	102,500	105,450
Parks	Prop & Equip Janitorial Svcs.	24,000	12,000	-
Parks	Prop & Equip Property Repair and Maint.	10,500	5,000	5,000
Parks	Prop & Equip Equip. Repair and Maint.	1,000	-	-
Parks	Rental contracts Equipment and vehicles	4,500	1,000	1,000
Parks	Bike Track Maintenance	4,000	-	-
	Total	\$ 183,587	\$ 169,000	\$ 160,650
Planning	Gen/Admin Contracts - General	\$ 5,000	\$ -	\$ -
Planning	Plng & Hsg Hsg grant admin & CDD tech	3,000	-	-
Planning	Plan Svc Library Planning	-	-	-
Planning	Contract Svcs. Legal	-	-	-
Planning	Contract Svcs. Legal notices	-	1,500	1,500
	Total	\$ 8,000	\$ 1,500	\$ 1,500
Building	Info Tech Contracts Bldg permit system	\$ -	\$ -	\$ -
Building	Bldg Svcs Engineering & Inspections	2,000	5,000	5,000
Building	CS-Gen/Admin Contracts - general	-	-	-
Building	Bldg Svcs Bldg plan checks - Consultant Svc	-	-	-
Building	Bldg Svcs Bldg plan checks - outsourced	86,300	-	0
	Total	\$ 88,300	\$ 5,000	\$ 5,000

Department	Contract Description	FY 19/20	FY 20/21	FY 21/22
		Adopted	Proposed	Planned
Recreation	Gen/Admin Contracts - General	\$ 34,500	\$ 27,000	\$ 27,000
Recreation	Fin Svcs Credit card merchant fees	16,000	10,000	10,000
Recreation	Personnel Svcs Background investigations	1,586	1,340	1,340
Recreation	PW & Trans. Transportation-Rec program	26,000	2,000	2,000
Recreation	Temp. Staff/Instr. Rec contract inst/sports off	143,000	140,000	140,000
Recreation	Temp. Staff/Instr. Rec youth volunteers	8,000	-	-
Recreation	Prop & Equip Comm - local & long distance	3,000	3,370	3,370
Recreation	Prop & Equip Comm - T-1 line	6,500	7,000	7,000
Recreation	Prop & Equip Property Repair and Maint.	15,000	-	-
Recreation	Rental contracts Equipment and vehicles	1,400	700	700
Recreation	Contract Svcs. Events liability insurance	1,400	1,400	1,400
Recreation	Contract Svcs. Advertising	1,500	-	-
Recreation	Contract Svcs. Mailing Service	6,000	4,500	4,500
Recreation	Contract Svcs. Copying, printing and binding	20,800	16,000	16,000
Recreation	Contract Svcs. Photography	4,000	-	-
	Total	\$ 288,686	\$ 213,310	\$ 213,310
Museum	Prop & Equip Comm - Local & Long Distance	\$ 60	\$ -	\$ -
Museum	Rental contracts Land and Buildings	6,000	6,000	6,000
Museum	Other contract services Museum oral history	8,000	-	4,000
	Total	\$ 14,060	\$ 6,000	\$ 10,000
Arts & Cultural	Events & Tourism Art at the Beach Coordinator	\$ 3,500	\$ -	\$ 3,500
Arts & Cultural	Events & Tourism Twilight Concert-Sound Engr	10,500	-	10,500
Arts & Cultural	Events & Tourism Twilight Concert-Band Costs	15,600	-	14,400
Arts & Cultural	Events & Tourism Art in Public Places	3,500	-	3,500
Arts & Cultural	Events & Tourism Sunday Art and Music	2,400	-	2,400
	Total	\$ 35,500	\$ -	\$ 34,300
	Grand Total	\$2,984,668	\$2,280,949	\$2,539,560

Community Based Social Service Providers

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

AGENCY	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned
Community Services					\$ 275,000
Advocacy, Inc.	\$ 7,680	\$ 7,991	\$ 7,991	\$ -	
Cabrillo College Stroke and Disability Center	7,168	7,458	7,458	-	
Central Coast Center for Independent Living	10,095	10,503	10,503	-	
Community Action Board, Inc.	1,378	1,435	1,435	-	
Community Bridges	113,324			-	
Community Bridges - Lift Line		30,600	30,600	-	
Community Bridges - Live Oak				-	
Community Resources		5,346	5,346	-	
Community Bridges - Meals on Wheels		61,725	61,725	-	
Companion for Life / Lifeline				-	
Conflict Resolution Program	3,215	3,345	3,345	-	
Arts Council of Santa Cruz County	977	1,038	1,038	-	
Dientes Community Dental Care	1,403	1,460	1,460	-	
Diversity Center	1,072	1,115	1,115	-	
Encompass Santa Cruz AIDS Project	7,588	7,895	7,895	-	
Family Service Agency of Santa Cruz	8,917	12,236	12,236	-	
Grey Bears, Inc.	14,864	15,465	15,465	-	
Homeless Svcs. Center	2,680	2,789	2,789	-	
Hospice Caring Project	1,608	1,673	1,673	-	
Monarch Services Servidios Monarca	3,873	3,951	3,951	-	
Native Animal Rescue	1,200	1,249	1,249	-	
Second Harvest Food Bank	10,455	10,878	10,878	-	
Senior Citizens Legal Services	8,836	10,574	10,574	-	
Senior Network Services	2,563	2,667	2,667	-	
Srs Council - SCC/San Benito Co.	3,437	8,883	8,883	-	
Survivors' Healing Center	492	-	-	-	
United Way	7,446			-	
United Way - 2-1-1 Help Line		2,081	2,081	-	
Vista Center for the Blind	1,898	1,975	1,975	-	
Volunteer Center of Santa Cruz County	3,215	3,345	3,345	-	
Women Care	2,352	-	-	-	
	\$ 227,736	\$ 217,677	\$ 217,677	\$ -	\$ 275,000

AGENCY	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned
Children/Youth Services (General Fund)					
Big Brothers/Big sisters	\$ 2,886	\$1,472	\$1,472		
Campus Kids Connection - After School	15,638				
Community Bridges - Child Development Division		472	472		
Court-Appointed Special Advocates	3,107	1,616	1,616		
Encompass Youth Services Counseling	7,305	3,726	3,726		
Families in Transition - Santa Cruz Co.	2,521				
O'Neill Sea Odyssey	2,943	1,501	1,501		
Parents Center, Inc.	6,500	3,315	3,315		
Toddler Care Center	1,248	637	637		
United Way - Community Assessment Project		1,020	1,020		
	\$42,148	\$13,759	\$13,759	\$0	\$0
Other					
Local Critical Need Fund		\$10,000	\$10,000	\$0	
Community Grant Assessment Study		7,000	7,000		
Recreation Program Strategic Plan*		13,758	13,758		
Regional Homeless Needs		10,094	10,094	0	
		\$40,852	\$40,852	\$0	\$0
General Fund Total	\$ 269,884	\$ 272,288	\$ 272,288	\$ -	\$ 275,000
Early Childhood / Youth Services (TOT Children's Fund)					
				\$ 16,653	\$ 28,700
Big Brothers/Big sisters		\$1,531	\$1,531	\$0	
Community Bridges - Child Development Division		491	491	-	
Court-Appointed Special Advocates		1,681	1,681	-	
Encompass Youth Services Counseling		3,876	3,876	-	
O'Neill Sea Odyssey		1,562	1,562	-	
Parents Center, Inc.		3,448	3,448	-	
Toddler Care Center		663	663	-	
United Way - Community Assessment Project		1,061	1,061	-	
Santa Cruz Museum of Discovery	-	6,000	6,000		
Boys and Girls Club of Santa Cruz County		6,000	6,000		
Childcare Center Fee Grant				-	
TOT Youth Funding Total		\$26,313	\$26,313	\$0	\$0
Estimated Children's Fund Revenue		\$25,500	\$25,500	\$16,653	\$28,700
Remaining Funds		-\$813	-\$813	\$16,653	\$28,700
Total Social Service Program Funding		\$284,030	\$284,030	\$16,653	\$303,700

*Not included in Social Service Program total

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	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
City Council	\$2,977	\$3,000	\$3,000	\$3,000	\$1,500	\$3,000
City Manager	9,081	17,150	10,150	7,500	2,500	\$6,300
Finance	1,956	3,500	3,500	3,200	3,200	\$3,200
Police Department	72,353	82,400	82,400	74,500	82,200	\$65,900
Public Works	376,506	299,250	345,500	259,850	335,750	\$349,500
Community Development	1,157	6,400	1,900	4,000	1,000	\$1,000
Recreation	57,047	69,650	69,650	55,000	44,850	\$44,850
Museum	15,403	14,000	14,000	10,000	7,000	\$11,750
Arts & Culture	7,668	7,900	6,500	4,097	375	\$4,083
Total	\$544,148	\$503,250	\$536,600	\$421,147	\$478,375	\$489,583

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.

	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
City Council	\$21,798	\$22,462	\$35,750	\$27,000	\$17,300	\$35,500
City Manager	9,583	15,802	12,750	12,750	2,000	5,400
Finance	2,844	2,810	5,250	1,000	1,000	1,000
Police	34,502	35,486	42,500	32,600	52,000	42,000
Public Works	7,854	1,654	3,500	3,000	2,500	3,700
Community Development	1,158	7,325	14,000	3,200	2,600	2,600
Recreation	7,369	4,312	14,820	4,400	1,250	1,250
Total	\$85,108	\$89,851	\$128,570	\$83,950	\$78,650	\$91,450

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 2020/21 proposed budget only includes increased transfers to the Self-Insurance & Workers' Compensation Funds as all non-essential transfers have been eliminated for the fiscal year.

Internal Services	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Stores	\$ 37,250	\$ 37,250	\$ 37,250	\$ 37,250	\$ -	\$ 33,000
Information Technology	278,800	292,741	247,900	\$ 247,900	50,000	211,650
Equipment Replacement	181,300	155,000	177,400	\$ 177,400	-	199,000
Self-Insurance Liability	428,000	419,301	403,486	\$ 403,486	479,305	479,305
Workers' Compensation	321,000	304,813	310,045	\$ 310,045	388,189	388,189
Total	\$1,246,350	\$1,209,105	\$1,176,081	\$1,176,081	\$ 917,495	\$1,311,144

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	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Contingency Reserves	\$ 133,000	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -
Emergency Reserves	67,000	-	30,000	30,000	-	50,000
Facilities Fund	110,000	90,000	108,000	108,000	-	50,000
PERS Contingency Reserve	500,000	-	-	-	-	-
CIP Capital Projects	467,200	1,082,663	1,632,662	1,632,662	-	1,082,662
Information Technology	-	-	-	-	-	-
Equipment Replacement	150,000	100,000	80,000	80,000	-	70,000
Interfund transfer out Library fi	1,331,129	47,363	-	-	-	-
Compensated Absences	200,000	209,939	200,000	200,000	130,701	200,000
RTC Streets	200,000	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
Wharf Fund	47,800	-	-	-	-	-
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Pension Obligation Bond	187,351	-	-	-	-	-
OPEB Trust Fund	-	-	-	-	-	-
Pacific Cove Lease	40,066	15,066	40,066	40,066	40,066	40,066
Pacific Cove Park	89,004	88,812	88,616	88,616	88,616	88,416
	-	-	-	-	-	-
Total	\$3,622,550	\$1,733,843	\$2,304,344	\$2,304,344	\$359,383	\$1,681,144

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 – 2019/2020

- Addressed the COVID-19 related impacts to the City of Capitola.
- Provided services, staff, and equipment to ensure public safety and trust
- Approved projects and programs to maintain and enhance quality of life in Capitola
- Initiated negotiations on successor Memoranda's of Understanding with bargaining units.
- Contracted for review of Community Grants Program.

FISCAL YEAR GOALS - 2020/21 and 2020/21

- Ensure fiscal stability due to COVID-19 impacts
- Complete construction of Capitola Branch Library
- Provide services, staff, and equipment to ensure public safety and trust
- Develop projects and programs to maintain and enhance the quality of life in Capitola
- Review plans for Measure F projects to renovate the Jetty, Wharf, and Flume.

CITY COUNCIL

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-10-10-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 149,811	\$ 155,151	\$ 112,137	\$ 100,400	\$ 67,677	\$ 107,541
Revenue Total	\$ 149,811	\$ 155,151	\$ 112,137	\$ 100,400	\$ 67,677	\$ 107,541
Expenditures						
Personnel	\$ 34,744	\$ 36,156	\$ 35,049	\$ 35,483	\$ 30,767	\$ 30,767
Contract services	75,667	79,403	25,000	20,000	10,000	25,000
Training & Memberships	21,798	22,462	35,750	27,000	17,300	35,500
Supplies	2,977	2,214	3,000	3,000	1,500	3,000
Internal service fund charges	14,625	14,917	13,338	14,917	8,110	13,274
Expenditure Totals	\$ 149,811	\$ 155,151	\$ 112,137	\$ 100,400	\$ 67,677	\$ 107,541
Authorized Positions						
	FY17/18	FY18/19	FY 19/20	FY20/21	FY21/22	
	Actual	Actual	Adopted	Proposed	Planned	
Mayor	1.00	1.00	1.00	1.00	1.00	
Vice Mayor	1.00	1.00	1.00	1.00	1.00	
Council Members	3.00	3.00	3.00	3.00	3.00	
FTE Total	5.00	5.00	5.00	5.00	5.00	

CITY ATTORNEY

GENERAL GOVERNMENT

DEPARTMENT PURPOSE

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

KEY CHANGES

Agreed to contract with Burke, Williams & Sorensen as Capitola City Attorney

FISCAL YEAR ACCOMPLISHMENTS – 2019/20

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

FISCAL YEAR GOALS – 2020/21 and 2021/22

FISCAL POLICY

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

CITY ATTORNEY						
	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-10-16-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$272,869	\$259,864	\$255,000	\$ 280,000	\$255,000	\$255,000
Revenue Totals	\$272,869	\$259,864	\$255,000	\$ 280,000	\$255,000	\$255,000
Expenditures						
Outside Legal Services	\$ 25,400	\$ 23,365	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
City Attorney Contract	130,487	133,615	135,000	135,000	135,000	135,000
City Attorney Special Services	116,982	102,884	100,000	125,000	100,000	100,000
Expenditure Totals	\$272,869	\$259,864	\$255,000	\$ 280,000	\$255,000	\$255,000

CITY MANAGER SUMMARY

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

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

KEY CHANGES

Incumbent City Clerk retired. Records Coordinator assumed the Interim City Clerk position.

FISCAL YEAR 2019/20 ACCOMPLISHMENTS

- Addressed the COVID-19 related impacts to the City of Capitola.
- Continued process to scan and make available public records in electronic format
- Worked to increased public outreach with monthly City Hall updates published on website and in local newspaper
- Advised and informed the City Council on policy and action matters
- Worked with City franchisee to increase participation in waste diversion programs
- Worked with businesses to reduce use of non-reusable bags and plastics
- Worked with businesses to educate and find environmentally friendly food packaging
- Continued to work on improving medicines and sharps takeback program at pharmacies and Capitola Police station.
- Assisted departments in recruiting and retaining employees.
- Worked to improve risk management and reduce potential liability
- Worked with Art and Cultural Commission on events and new public art projects
- Worked with Capitola Museum to improve access and communication.

FISCAL YEAR GOALS - 2020/21 and 2021/22

FISCAL POLICY

- Ensure fiscal stability due to COVID-19 impacts.
- Work with Capitola Mall to improve the mall facility
- Work with library system and local Friends chapter to help with funding for the Capitola Branch Library
- Completed review & evaluation of Community Grant Program
- Continue to work to create a safer work environment and reduce employee injuries
- Review and prioritize City services
- Support economic development
- Seek opportunities to partner with other agencies for greater outcome or savings

PUBLIC SERVICE

- Encourage and improve citizen participation and communication
- City Manager will provide "State of the City" report.

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

PUBLIC IMPROVEMENT

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

CITY MANAGER SUMMARY						
City Manager Summary	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 1,130,745	\$ 1,239,833	\$ 1,354,101	\$ 1,349,101	\$ 1,121,327	\$ 1,271,882
Licenses and permits	3,322	4,712	4,000	4,000	4,000	4,000
Revenue Totals	\$ 1,134,067	\$ 1,244,545	\$ 1,358,101	\$ 1,353,101	\$ 1,125,327	\$ 1,275,882
Expenditures						
Personnel	\$ 856,046	\$ 962,419	\$ 1,092,766	\$ 1,092,766	\$ 937,514	\$ 1,030,624
Contract services	136,294	132,368	127,650	127,650	118,775	122,650
Training & Memberships	9,583	15,802	12,750	12,750	2,000	5,400
Supplies	9,081	8,354	12,500	7,500	2,500	6,300
Internal service fund charges	123,063	125,601	112,435	112,435	64,539	110,908
Expenditure Totals	\$ 1,134,067	\$ 1,244,545	\$ 1,358,101	\$ 1,353,101	\$ 1,125,327	\$ 1,275,882
Authorized Positions						
	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned	
City Manager	0.85	1.00	1.00	1.00	1.00	1.00
City Clerk	0.90	1.00	1.00	1.00	1.00	1.00
Admin. Svcs. Dir.	0.75	-	-	-	-	-
Assistant to the City Manager	0.50	1.00	1.00	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Information System Specialist	-	-	-	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	-	-	1.00
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	6.00	6.00	6.00	6.00	6.00	7.00

Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

CITY MANAGER ADMINISTRATION

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

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

CITY MANAGER ADMINISTRATION

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-10-11-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 781,109	\$ 887,638	\$ 995,679	\$ 995,679	\$ 844,610	\$ 910,165
Licenses and permits	3,322	4,712	4,000	4,000	4,000	4,000
Revenue Totals	\$ 784,431	\$ 892,350	\$ 999,679	\$ 999,679	\$ 848,610	\$ 914,165
Expenditures						
Personnel	\$ 595,561	\$ 679,699	\$ 805,497	\$ 805,497	\$ 704,249	\$ 725,377
Contract services	67,053	82,601	78,150	78,150	88,400	84,400
Training & Memberships	9,583	15,802	12,750	12,750	2,000	5,400
Supplies	1,533	839	2,500	2,500	1,000	1,300
Internal service fund charges	110,701	113,409	100,782	100,782	52,961	97,688
Expenditure Totals	\$ 784,431	\$ 892,350	\$ 999,679	\$ 999,679	\$ 848,610	\$ 914,165
Authorized Positions						
	FY17/18	FY18/19	FY 19/20	FY20/21	FY21/22	
	Actual	Actual	Adopted	Proposed	Planned	
City Manager	0.65	0.80	0.80	0.80	0.80	
City Clerk	0.90	1.00	1.00	1.00	1.00	
Admin. Svcs. Dir.	0.75	-	-	-	-	
Assistant to the City Manager	-	0.50	0.50	0.50	0.50	
Executive Assistant	0.50	0.50	0.50	0.50	0.50	
Information System Specialist	-	-	-	1.00	1.00	
Records Coordinator	1.00	1.00	1.00	-	1.00	
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00	
FTE Total	4.80	4.80	4.80	4.80	5.80	

CITY MANAGER PERSONNEL

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

CITY MANAGER PERSONNEL

1000-10-12-000	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$349,636	\$352,195	\$358,422	\$353,422	\$276,717	\$361,717
Revenue Totals	\$349,636	\$352,195	\$358,422	\$353,422	\$276,717	\$361,717
Expenditures						
Personnel	\$260,485	\$282,720	\$287,269	\$287,269	\$233,264	\$305,247
Contract services	69,241	49,767	49,500	49,500	30,375	38,250
Training & Memberships	-	-	-	-	-	-
Supplies	7,548	7,515	10,000	5,000	1,500	5,000
Internal service fund charges	12,362	12,192	11,653	11,653	11,578	13,220
Expenditure Totals	\$349,636	\$352,195	\$358,422	\$353,422	\$276,717	\$361,717
Authorized Positions						
	FY17/18	FY18/19	FY 19/20	FY20/21	FY21/22	
	Actual	Actual	Adopted	Proposed	Planned	
City Manager	0.20	0.20	0.20	0.20	0.20	
Admin. Svcs. Dir.	-	-	-	-	-	
Assistant to the City Manager	0.50	0.50	0.50	0.50	0.50	
Executive Assistant	0.50	0.50	0.50	0.50	0.50	
FTE Total	1.20	1.20	1.20	1.20	1.20	

Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

FINANCE

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2019/20

- Monitored the financing plan for the Library including working with the Friends of the Capitola Library accounts for their fund-raising campaign
- Provided analytical support to operations departments
- Provided support for the Successor Agency wind-down

FISCAL YEAR GOALS – 2019/20 and 2020/21

- Prepare and maintain a balanced budget
- Financially navigate the City through the fiscal impacts related to COVID-19
- Plan for and meet future PERS increases
- Launch TOT vacation rental audit and enforcement program
- 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 F
- Continue partnerships with departments to maintain financial accountability and transparency
- Continue to improve City financial transparency to the public

FINANCE

1000-10-17-000	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 495,524	\$ 566,568	\$ 522,038	\$ 537,319	\$ 468,477	\$ 505,676
Taxes	301,545	307,930	302,304	302,304	290,000	303,000
Intergovernmental	6,241	6,377	5,700	5,700	5,700	5,700
Use of money & property	10,076	11,705	9,200	9,200	4,000	4,000
Other revenue	901	3,185	1,550	2,000	3,100	3,100
Revenue Totals	\$ 814,287	\$ 895,765	\$ 840,792	\$ 856,523	\$ 771,277	\$ 821,476

Expenditures

Personnel	\$ 505,332	\$ 525,939	\$ 550,023	\$ 550,023	\$ 534,716	\$ 548,133
Contract services	209,783	191,669	234,590	234,590	194,250	200,250
Training & Memberships	2,844	2,810	5,250	1,000	1,000	1,000
Supplies	1,956	2,941	3,200	3,200	3,200	3,200
Internal service fund charges	73,632	74,633	67,710	67,710	38,111	68,893
Expenditure Totals	\$ 793,547	\$ 797,993	\$ 860,773	\$ 856,523	\$ 771,277	\$ 821,476

Authorized Positions	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned
Finance Director	1.00	1.00	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	-	-	-
Accountant I	-	-	1.00	1.00	1.00
Accounts Clerk	0.75	0.75	0.75	0.75	0.75
Account Technician	0.75	0.75	-	-	-
FTE Total	4.50	4.50	3.75	3.75	3.75

Elected Official

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

POLICE SUMMARY

POLICE

MISSION STATEMENT

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

VISION STATEMENT

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

CORE VALUES

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

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

FISCAL YEAR ACCOMPLISHMENTS – 2019/20

- Selected vendor for county-wide RFP for Records Management System and began implementation phase.
- Complete Critical Incident Training for all officers.
- Hired 2 lateral officers, academy graduation March 15, 2020.
- Facilitated private donation for 100% funding of police canine program for FY2020/21
- Upgraded police motorcycle fleet to comply with best practices and ensure standardized equipment.
- Issued first retail cannabis license to The Hook Capitola

FISCAL YEAR GOALS – 2020/21

- Continue efforts to expand the Neighborhood Watch Program.
- Complete Implementation of Records Management System and improve county-wide interoperability and information sharing.
- Complete Emergency Operations Plan and present to Council for resolution.
- Seek grant funding for City Hall generator
- Issue second retail cannabis license to The Apothecarium Capitola.
- Successfully complete field training program for new officers.

POLICE SUMMARY

Police Department Summary	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 5,617,161	\$ 5,852,033	\$ 6,316,727	\$ 6,291,364	\$ 6,010,326	\$ 6,424,122
Licenses and permits	43,991	43,151	42,900	42,900	41,600	41,700
Intergovernmental revenues	67,582	59,093	57,300	55,000	56,500	54,500
Charges for services	36,931	56,663	28,100	36,000	18,000	18,000
Fines and forfeitures	557,117	523,766	543,500	522,500	563,500	563,500
Other revenues	-	1,120	-	-	18,000	-
Revenue Totals	\$ 6,322,782	\$ 6,535,826	\$ 6,988,527	\$ 6,947,764	\$ 6,707,926	\$ 7,101,822
Expenditures						
Personnel	\$4,400,232	\$4,586,541	\$5,046,454	\$5,020,991	\$4,881,698	\$5,072,689
Contract services	1,101,371	1,154,703	1,176,745	1,176,745	1,110,736	1,219,300
Training & Memberships	34,502	35,486	42,500	32,600	52,000	42,000
Supplies	72,353	97,652	79,900	74,500	82,200	65,900
Capital outlay	-	-	-	-	-	-
Internal service fund charges	714,324	661,445	642,928	642,928	581,292	701,934
Expenditure Totals	\$ 6,322,782	\$ 6,535,826	\$ 6,988,527	\$ 6,947,764	\$ 6,707,926	\$ 7,101,823

Authorized Positions	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	5.00	5.00
Police Officer	16.00	16.00	16.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	3.00	3.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.90	0.75	0.75	0.75
FTE Total	31.50	31.65	30.50	30.50	30.50

LAW ENFORCEMENT

POLICE

LAW ENFORCEMENT

1000-20-20-000	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 5,399,523	\$ 5,517,924	\$ 5,985,550	\$ 5,961,187	\$ 5,784,885	\$ 6,092,935
Licenses and permits	43,991	43,151	42,900	42,900	41,600	41,700
Intergovernmental revenues	67,582	59,093	57,300	55,000	56,500	54,500
Charges for services	36,931	56,663	28,100	36,000	18,000	18,000
Fines and forfeitures	142,120	173,567	186,000	165,000	184,700	184,700
Other revenues	-	1,120	-	-	18,000	-
Revenue Totals	\$ 5,690,147	\$ 5,851,518	\$ 6,299,850	\$ 6,260,087	\$ 6,103,685	\$ 6,391,835
Expenditure Totals	\$ 5,690,147	\$ 5,851,518	\$ 6,299,850	\$ 6,260,087	\$ 6,103,685	\$ 6,391,835
Personnel	\$ 4,215,309	\$ 4,368,893	\$ 4,825,463	\$ 4,800,000	\$ 4,662,039	\$ 4,846,441
Contract services	695,746	729,273	749,945	749,945	761,036	775,200
Training & Memberships	34,502	35,486	42,500	32,600	52,000	42,000
Supplies	62,500	88,185	69,400	65,000	75,000	58,100
Capital outlay	-	-	-	-	-	-
Internal service fund charges	682,090	629,681	612,542	612,542	553,610	670,095

Authorized Positions	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	5.00	4.00
Police Officer	16.00	16.00	16.00	15.00	14.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	-
Records Technician	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.75	0.75	0.75	0.75
FTE Total	28.50	28.50	28.50	28.50	25.50

Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

PARKING ENFORCEMENT

POLICE

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2019/20

- Upgraded all pay stations.
- Removed stand-alone meters and relocated pay stations to better serve the community
- Improve user experience with parking pay stations.
- Issued more than 1,300 residential and employee parking permits.

FISCAL YEAR GOALS – 2020/21

- Assess parking meter program/equipment and consider viable options for strategic replacement and upgrade.
- Improve upon maintenance and repair program
- Utilize VIP deployment as parking ambassadors

PARKING ENFORCEMENT

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-20-21-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 89,411	\$ 200,948	\$ 171,370	\$ 171,370	\$ 152,337	\$ 162,000
Fines and forfeitures	414,997	350,200	357,500	357,500	378,800	378,800
Revenue Totals	\$ 504,408	\$ 551,148	\$ 528,870	\$ 528,870	\$ 531,137	\$ 540,800
Expenditures						
Personnel	\$ 184,923	\$ 217,647	\$ 220,991	\$ 220,991	\$ 219,659	\$ 226,249
Contract services	285,451	297,154	272,500	272,500	277,500	277,500
Supplies	6,669	9,463	9,500	9,500	7,200	7,300
Internal service fund charges	27,365	26,884	25,879	25,879	26,778	29,752
Expenditure Totals	\$ 504,408	\$ 551,148	\$ 528,870	\$ 528,870	\$ 531,137	\$ 540,800
Authorized Positions						
	FY17/18	FY18/19	FY 19/20	FY20/21	FY21/22	
	Actual	Actual	Adopted	Proposed	Planned	
Parking Enforcement Officer	3.00	3.00	2.00	2.00	2.00	
FTE Total	3.00	3.00	2.00	2.00	2.00	
Seasonal Parking Enforcement Officer Hours	-	-	-	990	990	

Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

LIFEGUARDS

POLICE

DEPARTMENT PURPOSE

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

KEY CHANGES

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

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

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

FISCAL YEAR GOALS – 2019/20 and 2020/21

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

LIFEGUARDS

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-20-22-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 89,043	\$ 78,758	\$ 87,446	\$ 86,946	\$ -	\$ 93,183
Revenue Totals	\$ 89,043	\$ 78,758	\$ 87,446	\$ 86,946	\$ -	\$ 93,183
Expenditures						
Contract services	\$ 81,797	\$ 74,665	\$ 83,200	\$ 83,200	\$ -	\$ 91,500
Supplies	3,184	4	500	-	-	500
Internal service fund charges	4,062	4,089	3,746	3,746	-	1,183
Expenditure Totals	\$ 89,043	\$ 78,758	\$ 87,446	\$ 86,946	\$ -	\$ 93,183

ANIMAL SERVICES

POLICE

DEPARTMENT PURPOSE

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

ANIMAL SERVICES

1000-20-23-000	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 39,184	\$ 54,402	\$ 72,361	\$ 71,861	\$ 73,104	\$ 76,004
Charges for services	-	-	-	-	-	-
Revenue Totals	\$ 39,184	\$ 54,402	\$ 72,361	\$ 71,861	\$ 73,104	\$ 76,004
Expenditures						
Contract services	\$ 38,377	\$ 53,611	\$ 71,100	\$ 71,100	\$ 72,200	\$ 75,100
Supplies	-	-	500	-	-	-
Internal service fund charges	807	791	761	761	904	904
Expenditure Totals	\$ 39,184	\$ 54,402	\$ 72,361	\$ 71,861	\$ 73,104	\$ 76,004

PUBLIC WORKS SUMMARY

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

During 2019/20 the department responded to the COVID-19 health issue

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Continued construction of new library building
- Measure F Projects
 - Prepared the Flume & Jetty Project for construction in Fall of 2020
 - Completed the environmental clearances for the Wharf project
- Continued to participate in local and regional storm water pollution prevention activities
- Completed the Park Avenue Sidewalk Project
- Awarded construction contract for the Brommer Street Project
- Awarded construction contract for the Park Avenue Storm Damage Repair Project

FISCAL YEAR GOALS - 202/21 and 2021/22

PUBLIC IMPROVEMENT

- Complete Construction of Capitola Branch Library
- Complete Flume & Jetty Project
- Continue development of the Wharf Rehabilitation Project
- Continue to move funded CIP projects toward completion
Complete full review and evaluation of CIP program

PUBLIC WORKS SUMMARY

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
Public Works Summary	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 2,487,912	\$ 2,687,770	\$ 2,686,321	\$ 2,541,803	\$ 2,278,539	\$ 2,544,643
Licenses and permits	32,604	34,035	30,000	30,000	30,000	30,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	11,706	8,150	6,500	6,700	7,000	7,000
Other revenues	26,308	18,055	11,500	21,200	4,000	4,000
Revenue Totals	\$ 2,558,530	\$ 2,748,009	\$ 2,734,321	\$ 2,599,703	\$ 2,319,539	\$ 2,585,643
Expenditures						
Personnel	\$ 1,370,692	\$ 1,571,147	\$ 1,499,485	\$ 1,439,787	\$ 1,485,131	\$ 1,543,812
Contract services	616,586	600,391	723,670	705,150	376,800	453,250
Training & Memberships	7,854	1,654	5,000	3,000	2,500	3,700
Supplies	376,506	382,903	299,250	259,850	335,750	349,500
Capital outlay	7,121	-	15,000	-	-	-
Internal service fund charges	179,771	191,915	191,915	191,916	119,358	235,381
Expenditure Totals	\$ 2,558,530	\$ 2,748,009	\$ 2,734,320	\$ 2,599,703	\$ 2,319,539	\$ 2,585,643
Authorized Positions						
	FY17/18	FY18/19	FY 19/20	FY20/21	FY21/22	
	Actual	Actual	Adopted	Proposed	Planned	
Public Works Director	1.00	1.00	1.00	1.00	1.00	
Engineer / Project Manager	-	-	1.00	1.00	1.00	
Maint. Superintendent	1.00	1.00	1.00	-	-	
Field Supervisor	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker I & II	9.00	8.00	9.50	7.00	7.00	
Maintenance Worker III	-	-	1.00	2.00	2.00	
Mechanic	1.00	1.00	1.50	2.00	2.00	
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	
FTE Total	14.00	13.00	17.00	15.00	15.00	

STREETS

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

STREETS						
1000-30-30-000	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenues						
General Fund	\$ 1,411,703	\$ 1,475,368	\$ 1,525,892	\$ 1,424,694	\$ 1,097,592	\$ 1,293,624
Licenses and permits	32,604	34,035	30,000	30,000	30,000	30,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	9,660	6,332	5,500	5,500	6,000	6,000
Other revenues	24,591	18,055	10,000	20,000	4,000	4,000
Revenue Totals	\$ 1,478,558	\$ 1,533,789	\$ 1,571,392	\$ 1,480,194	\$ 1,137,592	\$ 1,333,624
Expenditures						
Personnel	\$ 988,556	\$ 1,114,544	\$ 1,055,547	\$ 995,849	\$ 977,296	\$ 1,016,388
Contract services	258,322	224,501	291,500	275,000	24,000	62,000
Training & Memberships	625	519	500	500	2,500	2,500
Supplies	93,420	54,880	69,500	69,500	66,000	71,500
Capital Outlay	7,121	-	15,000	-	-	-
Internal service fund charges	130,514	139,345	139,345	139,345	67,796	181,236
Expenditure Totals	\$ 1,478,558	\$ 1,533,789	\$ 1,571,392	\$ 1,480,194	\$ 1,137,592	\$ 1,333,624
Authorized Positions						
	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned	
Public Works Director	1.00	1.00	1.00	1.00	1.00	
Engineer / Project Manager	-	-	1.00	1.00	1.00	
Maint. Superintendent	1.00	1.00	1.00	-	-	
Field Supervisor	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker I & II	5.00	5.00	6.50	5.00	5.00	
Maintenance Worker III	-	-	-	1.00	1.00	
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	
FTE Total	9.00	9.00	11.50	10.00	10.00	

STORMWATER**PUBLIC WORKS****MISSION STATEMENT**

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

DIVISION PURPOSE

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

STORM WATER						
1000-30-30-301	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 122,926	\$ 113,500	\$ 149,177	\$ 148,977	\$ 126,436	\$ 138,609
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	2,046	1,818	1,000	1,200	1,000	1,000
Other revenues	-	-	-	-	-	-
Revenue Totals	\$ 124,972	\$ 115,318	\$ 150,177	\$ 150,177	\$ 127,436	\$ 139,609
Expenditures						
Personnel	\$ 60,971	\$ 67,204	\$ 64,677	\$ 64,677	\$ 72,436	\$ 74,609
Contract services	64,001	48,115	85,500	85,500	55,000	65,000
Training & Memberships	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Internal service fund charges	-	-	-	-	-	-
Expenditure Totals	\$ 124,972	\$ 115,318	\$ 150,177	\$ 150,177	\$ 127,436	\$ 139,609

FACILITIES

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

FACILITIES						
1000-30-31-xxx	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenues						
General Fund	\$197,271	\$240,831	\$195,692	\$ 195,692	\$219,265	\$259,419
Other revenues	-	-	-	-	-	-
Revenue Totals	\$197,271	\$240,831	\$195,692	\$ 195,692	\$219,265	\$259,419
Expenditures						
Contract services	\$112,824	\$143,477	\$170,450	\$ 170,450	\$123,800	\$160,600
Supplies	74,462	87,462	15,350	\$ 15,350	85,750	88,200
Internal service fund charges	9,985	9,892	9,892	\$ 9,892	9,715	10,619
Expenditure Totals	\$197,271	\$240,831	\$195,692	\$ 195,692	\$219,265	\$259,419

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

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

DEPARTMENT PURPOSE

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

FLEET						
1000-30-32-000	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$302,563	\$383,187	\$342,784	\$316,084	\$397,672	\$413,383
Other revenues	1,717	-	1,500	1,200	-	-
Revenue Totals	\$304,280	\$383,187	\$344,284	\$317,284	\$397,672	\$413,383
Expenditures						
Personnel	\$132,412	\$178,001	\$172,629	\$172,629	\$217,772	\$226,483
Contract services	1,044	2,082	5,000	3,000	5,000	5,000
Supplies	158,070	186,449	150,000	125,000	160,500	167,500
Internal service fund charges	12,754	16,655	16,655	16,655	14,400	14,400
Expenditure Totals	\$304,280	\$383,187	\$344,284	\$317,284	\$397,672	\$413,383
Authorized Positions						
	FY17/18	FY18/19	FY 19/20	FY20/21	FY21/22	
	Actual	Actual	Adopted	Proposed	Planned	
Mechanic/Sr. Mechanic	1.00	1.00	1.50	2.00	2.00	
FTE Total	1.00	1.00	1.50	2.00	2.00	
Temporary Mechanic Hours	400	255	350	0	0	

PARKS

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

Maintaining the status quo.

PARKS						
	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-30-33-xxx	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$453,449	\$474,884	\$472,776	\$ 456,356	\$437,574	\$439,608
Revenue Totals	\$453,449	\$474,884	\$472,776	\$ 456,356	\$437,574	\$439,608
Expenditures						
Personnel	\$188,753	\$211,398	\$206,632	\$ 206,632	\$217,627	\$226,332
Contract services	180,395	182,216	171,220	171,200	169,000	160,650
Training & Memberships	7,229	1,135	4,500	2,500	-	1,200
Supplies	50,554	54,112	64,400	50,000	23,500	22,300
Internal service fund charges	26,518	26,023	26,024	26,024	27,447	29,126
Expenditure Totals	\$453,449	\$474,884	\$472,776	\$ 456,356	\$437,574	\$439,608
Authorized Positions						
	FY17/18	FY18/19	FY 19/20	FY20/21	FY21/22	
	Actual	Actual	Adopted	Proposed	Planned	
Maintenance Worker I & II	4.00	3.00	3.00	2.00	2.00	
Maintenance Worker III	0.00	0.00	0.00	1.00	1.00	
FTE Total	4.00	3.00	3.00	3.00	3.00	

COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

During the past fiscal year, the City's full-time Development Service Technician retired and the position was not filled. The Development Service Technician assisted the building department and provide administrative services for the City's housing program. In response to the coronavirus epidemic, this position is frozen. Housing will be administered by the Planning Division and the building administration will be carried out by Building Inspector and Building Official. The past year has been a year of transition for the department with a new building inspector and heavy reliance on contract services with the Development Service Technician vacancy. With the disruption from the coronavirus epidemic, the department immediately evolved from its traditional in-person customer service to remote customer service. The transition, although abrupt, has been relatively smooth with all applications now accepted electronically. Customer service continues to be a focus with quick response times and guiding customers through the process.

FISCAL YEAR ACCOMPLISHMENTS – 2020/2021

- Continue to work on update to the City's Local Coastal Program (LCP).
- Adopt an updated inclusionary housing ordinance.
- Adopt new objective planning standards utilizing funding from SB2 Grant.
- Create a new program for pre-approved Accessory Dwelling Unit (ADU) prototypes that fit within Capitola's typical lot sizes utilizing funds from SB2 Grant.
- 112 planning permits issued, July 1, 2019 through April 27, 2020.
- Issued 469 building permits / total valuation of just under \$17 million, July 1, 2019 through April 27, 2020.
- Responded to 26 code enforcement complaints, July 1, 2019 through April 27, 2020.

FISCAL YEAR GOALS – 2020/21 and 2021/2022

FISCAL POLICY

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

COMMUNITY DEVELOPMENT

Community Development	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 183,699	\$ 277,643	\$ 161,811	\$ 356,599	\$ 162,996	\$ 217,428
Licenses and permits	216,535	233,349	265,500	216,000	216,500	216,500
Charges for services	280,396	282,353	346,500	147,400	223,500	223,500
Intergovernmental Revenue	-	-	95,000	74,000	95,000	95,000
Fines and forfeitures	3,039	-	1,000	1,000	500	500
Revenue Totals	\$ 683,669	\$ 793,344	\$ 869,811	\$ 794,999	\$ 698,496	\$ 752,928

Expenditures

Personnel	\$ 501,673	\$ 683,089	\$ 754,212	\$ 679,000	\$ 652,339	\$ 677,871
Contract services	112,981	34,895	31,000	42,100	6,500	6,500
Training & Memberships	1,158	7,325	11,500	3,200	2,600	2,600
Supplies	1,157	1,337	6,400	4,000	1,000	1,000
Internal service charges	66,700	66,698	66,698	66,699	36,057	64,958
Expenditure Totals	\$ 683,669	\$ 793,345	\$ 869,810	\$ 794,999	\$ 698,496	\$ 752,928

Authorized Positions	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned
Community Dev. Director	1.00	1.00	1.00	1.00	1.00
Senior Planner	1.00	1.00	1.00	-	-
Associate Planner	-	-	-	1.00	1.00
Assistant Planner	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	1.00	1.00	1.00
Development Services Tech	-	-	-	1.00	1.00
FTE Total	5.00	5.00	5.00	6.00	6.00

Officials Positions

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

Officials Annual Pay

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

RECREATION

CULTURE & LEISURE

MISSION

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

DEPARTMENT PURPOSE

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

Camp Capitola and Junior Guards have enrollment of over 1,500 children annually. The Recreation Division receives an additional 3,000 class enrollments throughout the year. The division represents the City through programs offered, class instructors selected, seasonal youth hired and trained, and condition of facilities. The Recreation Program provides job training for young people through the Junior Lifeguard Captains Corps and Camp Capitola Junior Leader Program.

KEY CHANGES

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

In partnership with Soquel Union Elementary School District (SUESD) Recreation provided an Afterschool enrichment program for the students of New Brighton Elementary.

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

- Contracted with Central Fire Protection District to provide testing and training services that meet or exceed USLA standard.
- In partnership with SUESD Recreation piloted the Afterschool Rec Club at New Brighton Middle School. The program provides a healthy snack, homework support and recreational activities to participants. The City and SUESD partnered to provide a scholarship program for participants.
- Provided a diverse class schedule for adults and seniors and began providing Classes on the weekends.
- Produced updated Capitola Recreation brochures offering new programs, events and promotion of City sponsored events
- Hosted Capitola's first Food Truck Event in Monterey Park.
- Provided a Winter Movie Series, showing family friendly movies at the Community Center at no cost. Community sponsors provided candy, popcorn, churros and pizza to participants.
- Offered new classes with a focus on youth recreation activities.
- Earned accreditation from American Camp Association for Camp Capitola

FISCAL YEAR GOALS - 2019/20

- Grow relationship and contract with Central Fire Protection District to provide Lifeguard Services, including USLA standard training for Junior Lifeguard Instructor, for Capitola Beach.
- Complete strategic plan and initiate process that engages the community and identifies feasibility of desired services.
- Pilot an afterschool program for teen and younger youth in partnership with Soquel Union Elementary School District and other community partners
- Provide modified youth programs and recreation (classes, events) that support County Health Services guidelines in regards to the novel coronavirus pandemic.

RECREATION

Recreation Summary 1000-50-50-xxx	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 306,575	\$ 297,471	\$ 343,264	\$ 234,594	\$ 387,137	\$ 191,491
Recreation Classes	\$ 259,757	\$ 230,866	\$ 275,000	\$ 275,000	\$ 250,000	\$ 250,000
Capitola Junior Guards	257,798	244,129	265,000	265,000	110,065	275,000
Camp Capitola	100,479	111,338	105,000	120,000	80,020	140,000
Youth Programs	-	-	-	-	44,640	50,000
Sports Teams	21,425	22,636	22,000	22,000	15,000	15,000
Total Charges for Svcs.	\$ 639,459	\$ 608,969	\$ 667,000	\$ 682,000	\$ 499,725	\$ 730,000
Use of money & property	\$ 6,216	\$ 8,096	\$ 7,000	\$ 7,000	\$ 7,500	\$ 7,500
Revenue Totals	\$ 952,250	\$ 914,536	\$1,017,264	\$ 923,594	\$ 894,362	\$ 928,991
Expenditures						
Personnel	\$613,475	\$561,996	\$633,170	\$ 580,100	\$ 581,648	\$ 603,296
Contract services	209,867	211,460	242,050	220,000	213,310	213,310
Training & Memberships	7,369	4,312	8,300	4,400	1,250	1,250
Supplies	57,047	72,673	69,650	55,000	44,850	44,850
Internal service fund charges	64,492	64,094	64,094	64,094	53,304	66,285
Expenditure Totals	\$ 952,250	\$ 914,536	\$1,017,264	\$ 923,594	\$ 894,362	\$ 928,991
Authorized Positions						
	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Proposed	FY21/22 Planned	
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00	
Recreation Coordinator	1.50	1.50	1.50	1.50	1.50	
Recreation Assistant	0.75	0.75	0.75	2.00	2.00	
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	
FTE Total	3.75	3.75	3.75	5.00	5.00	
Hourly Allocation						
Beach Lifeguard Captain	-	-	720	-	-	
Jr. Lifeguard Instructor	8,350	8,350	8,200	7,200	7,200	
Jr. Lifeguard Coordinator	800	800	800	1,200	1,200	
Camp Capitola Leader	2,450	2,450	2,500	4,800	4,800	
Camp Capitola Coordinator	-	-	400	1,200	1,200	
CC Jr. Leader Coordinator	700	700	400	500	500	
Youth Program Coordinator	-	-	-	720	720	
Youth Program Leader	-	-	-	2,880	2,880	
Recreation Admin Temps	1,285	1,285	2,400	1,560	1,560	
Sports Scorekeepers	865	865	900	900	900	
Recreation Facilities Assistant	-	-	-	-	-	
Hours Total	14,450	14,450	16,320	20,960	20,960	

MUSEUM

CULTURE & LEISURE

MISSION

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

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2018/19

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

FISCAL YEAR GOALS - 2019/20 and 2019/20

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

MUSEUM						
Capitola Museum 1000-50-51-000	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 67,652	\$ 63,713	\$ 63,806	\$ 57,806	\$ 45,422	\$ 57,267
Other revenues	5,923	6,764	6,500	8,500	6,500	6,500
Revenue Totals	\$ 73,575	\$ 70,477	\$ 70,306	\$ 66,306	\$ 51,922	\$ 63,767
Expenditures						
Personnel	\$38,683	\$39,616	\$37,351	\$ 37,351	\$ 35,523	\$ 36,588
Contract services	14,357	14,109	13,250	13,250	6,000	10,000
Training & Memberships	-	-	-	-	-	-
Supplies	15,403	11,048	14,000	10,000	7,000	11,750
Internal service fund charges	5,132	5,705	5,705	5,705	3,399	5,429
Expenditure Totals	\$ 73,575	\$ 70,477	\$ 70,306	\$ 66,306	\$ 51,922	\$ 63,767
Authorized Positions						
Museum Curator	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	0.50	0.50	0.50	0.50	0.50	0.50

ART & CULTURE

CULTURE & LEISURE

MISSION

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

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2019/20

- Obtained local sponsors to continue funding summer events.
- Winning Plein Air Paintings added to the City's permanent collection.
- Thirteen Twilight Concerts, six Sunday Art and Music events, and four movies in 2019.
- Capitola Plein Air and Opera at the Beach continued to attract significant audiences.
- All events were free to attend.

FISCAL YEAR GOALS - 2020/21 and 2021/22

- Will determine what events can be held in 2019/20.
- Return to full summer event schedule in 2020/21.
- Display art work by community members at City facilities.
- Continue to look at public art opportunities.

ART & CULTURE						
Art & Cultural Commission 1000-50-52-000	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Proposed	FY21/22 Planned
Revenue						
General Fund	\$ 35,346	\$ 29,260	\$ 25,869	\$ 32,469	\$ 6,353	\$ 20,242
Other revenues	31,823	28,760	38,000	30,000	5,000	33,900
Revenue Totals	\$ 67,169	\$ 58,020	\$ 63,869	\$ 62,469	\$ 11,353	\$ 54,142
Expenditures						
Personnel	\$14,986	\$15,141	\$16,272	\$ 16,272	\$ 8,078	\$ 8,259
Contract services	40,640	35,715	35,600	35,600	-	34,300
Supplies	7,668	10,857	7,900	6,500	375	7,500
Internal service fund charges	3,875	4,097	4,097	4,097	2,901	4,083
Expenditure Totals	\$ 67,169	\$ 65,811	\$ 63,869	\$ 62,469	\$ 11,353	\$ 54,142
<u>Hourly Employee Allocation</u>						
Hours	503	516	480	480	480	480

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 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	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 23,317	\$ 32,547	\$ 46,576	\$ 46,576	\$ 56,416	\$ 26,416
Revenue						
Other Revenues	\$ 194	\$ 15	\$ -	\$ 90	\$ -	\$ -
Internal Service Charges	37,250	37,250	37,250	37,250	-	33,000
Revenue Totals	\$37,444	\$37,265	\$37,250	\$ 37,340	\$ -	\$ 33,000
Expenditures						
Contract Services	\$ 6,596	\$ 5,800	\$10,250	\$ 7,500	\$ 7,500	\$ 8,000
Supplies	21,619	17,435	27,000	20,000	22,500	25,000
Expenditure Totals	\$28,215	\$23,235	\$37,250	\$ 27,500	\$ 30,000	\$ 33,000
Fund Balance at 06/30	\$32,547	\$46,576	\$46,576	\$ 56,416	\$ 26,416	\$ 26,416

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	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 105,836	\$ 139,846	\$ 199,411	\$ 199,411	\$ 202,911	\$ 54,761
Revenue						
Other Revenues	\$ 3,468	\$ 3,468	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Internal Service Charges	278,800	292,741	247,900	247,900	50,000	211,650
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	<u>\$282,268</u>	<u>\$296,209</u>	<u>\$251,400</u>	<u>\$251,400</u>	<u>\$ 53,500</u>	<u>\$ 215,150</u>
Expenditures						
Contract Services	\$147,275	\$147,770	\$111,400	\$111,400	\$ 93,400	\$ 93,400
Training & Memberships	160	130	1,500	1,500	750	750
Supplies	61,026	77,359	115,000	115,000	97,500	97,500
Capital Outlay	39,797	11,385	20,000	20,000	10,000	10,000
Expenditure Totals	<u>\$248,258</u>	<u>\$236,644</u>	<u>\$247,900</u>	<u>\$247,900</u>	<u>\$201,650</u>	<u>\$ 201,650</u>
Fund Balance at 06/30	\$ 139,846	\$ 199,411	\$ 202,911	\$ 202,911	\$ 54,761	\$ 68,261

EQUIPMENT REPLACEMENT FUND

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

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

SOURCES AND USES

Fund - 2212	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 177,680	\$ 128,447	\$ 387,376	\$ 387,376	\$ 476,776	\$ 476,776
Revenue						
Other revenues	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	181,300	155,000	177,400	177,400	-	199,000
Other Financing Sources	192,385	154,000	80,000	80,000	-	-
Revenue Totals	381,185	316,500	257,400	257,400	-	199,000
Expenditures						
Capital Outlay	\$ 430,418	\$ 57,572	\$ 274,636	\$ 168,000	\$ -	\$ 199,000
Expenditure Totals	\$ 430,418	\$ 57,572	\$ 274,636	\$ 168,000	\$ -	\$ 199,000
Fund Balance at 06/30	\$ 128,447	\$ 387,376	\$ 370,140	\$ 476,776	\$ 476,776	\$ 476,776

SELF-INSURANCE LIABILITY FUND

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

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

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

SOURCES AND USES						
Fund - 2213	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 301,360	\$ 194,905	\$ 153,890	\$ 153,890	\$ 75,296	\$ 75,316
Revenue						
Other Revenue	\$ -	\$ 16,990	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	428,000	419,301	403,486	403,486	479,305	479,305
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	<u>\$428,000</u>	<u>\$436,291</u>	<u>\$403,486</u>	<u>\$403,486</u>	<u>\$479,305</u>	<u>\$ 479,305</u>
Expenditures						
Contract Services	\$534,455	\$477,306	\$402,486	\$482,080	\$479,285	\$ 479,285
Supplies	-	-	1,000	-	-	-
Expenditure Totals	<u>\$534,455</u>	<u>\$477,306</u>	<u>\$403,486</u>	<u>\$482,080</u>	<u>\$479,285</u>	<u>\$ 479,285</u>
Fund Balance at 06/30	\$ 194,905	\$ 153,890	\$ 153,890	\$ 75,296	\$ 75,316	\$ 75,336

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						
	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Fund - 2214	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 224,339	\$ 231,642	\$ 231,641	\$ 231,641	\$ 318,798	\$ 318,798
Revenue						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$ 321,000	\$ 304,813	\$ 310,045	\$ 310,045	\$ 388,189	\$ 388,189
Revenue Totals	\$ 321,000	\$ 304,813	\$ 310,045	\$ 310,045	\$ 388,189	\$ 388,189
Expenditures						
Contract Services	\$ 313,697	\$ 304,814	\$ 310,045	\$ 222,888	\$ 388,189	\$ 388,189
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	\$ 313,697	\$ 304,814	\$ 310,045	\$ 222,888	\$ 388,189	\$ 388,189
Fund Balance at 06/30	\$ 231,642	\$ 231,641	\$ 231,641	\$ 318,798	\$ 318,798	\$ 318,798

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

Fund - 2216	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ (9,939)	\$ (23,008)	\$ (55,701)	\$ (55,701)	\$ (55,701)	\$ -
Revenue						
Other financing sources	\$200,000	\$209,939	\$200,000	\$200,000	\$130,701	\$200,000
Revenue Totals	\$200,000	\$209,939	\$200,000	\$200,000	\$130,701	\$200,000
Expenditures						
Personnel	\$213,069	\$242,632	\$200,000	\$200,000	\$75,000	\$200,000
Expenditure Totals	\$213,069	\$242,632	\$200,000	\$200,000	\$75,000	\$200,000
Fund Balance at 06/30	\$ (23,008)	\$ (55,701)	\$ (55,701)	\$ (55,701)	\$ -	\$ -

The City's estimated non-current Compensated Absence Liability based on Governmental Accounting Standards Board Statement No. 16 for the fiscal year ended June 30, 2019, is \$781,457.

Attachment: Proposed General Fund Budget (Joint CC & SA Mtg - Proposed 2020/2021 Fiscal Year Budget)

RESERVES



RESERVES

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

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

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

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

EMERGENCY RESERVES

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

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

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

In FY 2014/15 and FY 2015/16, \$465,100 and \$213,000, respectively, were budgeted for transfer to the fund to prepare for any unforeseeable emergencies and to meet the new Emergency Reserve targeted levels. As the chart below shows, the reserve balance met its target level in FY 2015/16.

SOURCES AND USES						
Fund - 1020	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 1,277,206	\$ 1,344,206	\$ 1,344,206	\$ 1,344,206	\$ 1,374,206	\$ 1,374,206
Revenue						
Other Financing Sources	\$ 67,000	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ 50,000
Revenue Totals	<u>\$ 67,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	<u>\$ -</u>					
Fund Balance at 06/30	<u>\$ 1,344,206</u>	<u>\$ 1,344,206</u>	<u>\$ 1,374,206</u>	<u>\$ 1,374,206</u>	<u>\$ 1,374,206</u>	<u>\$ 1,424,206</u>
Gen. Fund Exp. - Excl. Tfrs & Isf	\$13,279,463	\$13,828,988	\$14,891,462	\$14,110,263	\$12,827,881	\$14,209,092
Target Balance (10%)	\$ 1,327,946	\$ 1,382,899	\$ 1,489,146	\$ 1,411,026	\$ 1,282,788	\$ 1,420,909
Over / (Short) of Target	\$ 16,260	\$ (38,693)	\$ (114,940)	\$ (36,820)	\$ 91,418	\$ 3,297

CONTINGENCY RESERVES

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

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

In FY 2014/15 and FY 2015/16, a total of \$182,600 and \$89,400 were transferred to the fund to meet the new Contingency Reserve targeted levels. Staff anticipates utilization of the Contingency Reserve to offset negative fund balances in the general fund from FY 2019-20 – FY 2021-22.

SOURCES AND USES						
	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Fund - 1010	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 1,903,346	\$ 2,036,346	\$2,036,346	\$2,036,346	\$1,635,923	\$1,288,776
Revenue						
Other Financing Sources	\$ 133,000	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -
Revenue Totals	\$ 133,000	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ 425,423	\$ 347,147	\$ 931,040
Expenditure Totals	\$ -	\$ -	\$ -	\$ 425,423	\$ 347,147	\$ 931,040
Fund Balance at 06/30	\$ 2,036,346	\$2,036,346	\$2,061,346	\$1,635,923	\$1,288,776	\$357,736
Gen. Fund Exp. - Excl. Tfrs & Isf	\$13,279,463	\$13,828,988	\$14,891,462	\$14,110,263	\$12,827,881	\$14,209,092
Target Balance (15%)	\$ 1,991,919	\$ 2,074,348	\$ 2,233,719	\$ 2,116,539	\$ 1,924,182	\$ 2,131,364
Over / (Short) of Target	\$ 44,427	\$ (38,002)	\$ (172,373)	\$ (480,616)	\$ (635,406)	\$ (1,773,628)

PERS CONTINGENCY RESERVES

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

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

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

SOURCES AND USES						
Fund - 1015	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 308,186	\$ 815,856	\$ 867,088	\$ 867,088	\$ 861,626	\$ 871,626
Revenue						
Use of money & property	7,670	51,232	10,000	10,000	10,000	10,000
Other Financing Sources	500,000	\$ -	-	-	-	-
Revenue Totals	\$ 507,670	\$ 51,232	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ 15,462	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ 15,462	\$ -	\$ -
Fund Balance at 06/30	\$ 815,856	\$ 867,088	\$ 877,088	\$ 861,626	\$ 871,626	\$ 881,626

FACILITIES RESERVES

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

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

SOURCES AND USES						
Fund - 1025	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 339,870	\$ 416,349	\$ 449,433	\$ 449,433	\$ 527,433	\$ 477,433
Revenue						
Other Financing Sources	110,000	90,000	108,000	108,000	0	50,000
Revenue Totals	\$ 110,000	\$ 90,000	\$ 108,000	\$ 108,000	\$ -	\$ 50,000
Expenditures						
Contract Services	\$ 33,521	\$ 56,916	\$ 50,000	\$ 30,000	\$ 50,000	\$ 50,000
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	\$ 33,521	\$ 56,916	\$ 50,000	\$ 30,000	\$ 50,000	\$ 50,000
Fund Balance at 06/30	\$ 416,349	\$ 449,433	\$ 507,433	\$ 527,433	\$ 477,433	\$ 477,433