

**CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY
JOINT BUDGET STUDY SESSION MINUTES
WEDNESDAY, MAY 15, 2019**

Mayor/Chairperson Bertrand called the meeting to order at 6 p.m.

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

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

2. ADDITIONAL MATERIALS - None

3. ADDITIONS AND DELETIONS TO THE AGENDA - None

4. PUBLIC COMMENT - None

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

Council Member Bottorff noted that May 15 is Peace Officers Memorial Day and he thanked everyone for their dedication.

City Manager Jamie Goldstein said work on the lagoon and beach usually begins before Memorial Day but recent storms will cause a delay.

6. CONSENT CALENDAR

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

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

7. GENERAL GOVERNMENT / PUBLIC HEARINGS

- A. Presentation of the Proposed 2019/2020 Fiscal Year Budget for the City of Capitola General Fund and the Capitola Successor Agency [330-05/780-30]
RECOMMENDED ACTION: Receive the proposed budgets, provide staff direction, and continue budget deliberations to the next scheduled joint budget hearing on May 29.

City Manager Goldstein presented an overview of a relatively stable local economy and a status quo budget. Staff anticipates ending the current fiscal year with a positive fund balance of as much as \$1.3 million, but recommends maintaining an \$800,000 fund balance for cash flow. The City continues to face increasing pension costs and remains heavily reliant on sales tax, particularly auto sales. Pension unfunded actuarial liability has grown from \$835,000 in 2016/17 to an estimated \$2.3 million in 2024/25. The draft budget reflects \$250,000 for salary and pension increases.

Finance Director Jim Malberg then provided a more detailed look at various revenue and expenditure categories and department highlights. While the budget is primarily status quo, several changes are reflected in recreation, plus staff is seeking direction for an additional \$22,800 from Measure J restricted early childhood and youth funds not already allocated to community grants. The General Fund savings from using restricted money for grants was transferred to the facilities fund. The length of the remaining Community Center lease is a factor in the type of improvements that staff is recommending there. Staff also noted it moved recent agency memberships to the City Council budget.

Specific discussion topics are the remaining restricted \$22,800 and options for fund balance uses. Council clarified how some estimates were made, discussed types of funds, and provided topics members would like to discuss in more detail. At the next budget meeting, the Recreation Division will present information on its pilot after school program and strategic planning, and current capital improvement projects will be reviewed with confirmation of whether or not they are fully funded or may need additional money from the fund balance.

RESULT: PROVIDED INPUT AND ADJOURNED TO NEXT JOINT BUDGET SESSION ON MAY 29, 2019.
--

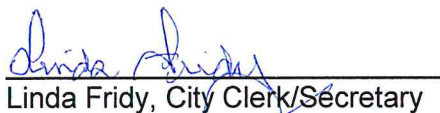
8. ADJOURNMENT

The meeting adjourned at 7:44 p.m.



Jacques Bertrand, Mayor/Chair

ATTEST:



Linda Fridy, City Clerk/Secretary

MINUTES APPROVED ON MAY 29, 2019