

**CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY
JOINT BUDGET STUDY SESSION
WEDNESDAY, MAY 30, 2018 – 6 PM**

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

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

Treasurer Peter Wilk was present.

2. ADDITIONAL MATERIALS - None

3. ADDITIONS AND DELETIONS TO THE AGENDA - None

4. PUBLIC COMMENT - None

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

Treasurer Wilk encouraged public comment and suggestions about options for addressing future budget concerns.

Council Member Bottorff responded to a previous suggestion to sell the Rispin mansion and noted that the City has struggled for more than 30 years with finding a use for it.

Mayor Termini said the Twilight Concerts begin next Wednesday.

6. CONSENT CALENDAR

- A. Consider Approval of the May 16, 2018, Joint City Council/Successor Agency Meeting Minutes

RECOMMENDED ACTION: Approve minutes.

MOTION:	APPROVE AS RECOMMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Stephanie Harlan, Council Member
SECONDER:	Ed Bottorff, Council Member
AYES:	Harlan, Bottorff, Termini, Bertrand, Petersen

7. GENERAL GOVERNMENT / PUBLIC HEARINGS

- A. Continue Discussion of the Proposed 2018/2019 Fiscal Year Budget for the City of Capitola and the Capitola Successor Agency, with an Overview of the Capital Improvement Program [330-05/780-30]

RECOMMENDED ACTION:

1. Receive a presentation on the FY 2018-19 proposed budgets,
2. Provide staff direction on the proposed budgets,
3. Determine whether or not to allow a new agency or organization to apply for the existing Community Grant Program for the upcoming grant cycle, and
4. Continue budget deliberations to the next scheduled joint budget hearing on June 6, 2108.

City Manager Jamie Goldstein and Finance Director Jim Malberg provided an overview

and update. Based on recent reports, sales tax receipts are slowing and other revenues are leveling out. The budget has been updated to reflect reduced sales tax revenues both in general fund and city sales tax measures. Funds from Measure F continue to be directed to wharf, jetty and flume projects, but revenue was reduced about \$10,000.

Public Works Director Steve Jesberg offered a look at how Public Works staff divides its time. The only flexibility is within capital improvement (CIP) and community (unscheduled) projects. Demands for administration, permits, public assistance, storm water programs, and development review demands remain constant over the years. Recent examples of unscheduled community projects are:

- Topaz Street & Jewel Box traffic
- Village employee permit parking
- Parking & loading issues along Capitola Ave.
- Trees - Park Avenue & Rispin
- Creek access at railroad trestle
- Perry Park restoration
- Code enforcement

The library is the major project for coming year.

Director Malberg reviewed the proposal for the Community Grant Program and housing funds.

City Manager Goldstein noted the City will spend the next year or more looking at ways to address the increase in Public Employee Retirement System (PERS) costs. Early options for increased revenue are a cannabis tax, a new hotel, increased transient occupancy tax, new sales taxes, updating the fee schedule, and contract services. Expenditure reductions would be based on City Council priorities.

The existing PERS trust may earn more than the current 1.8 percent general fund return, but short-term market investment is more volatile. The PERS fund contains about \$800,000 and could be used any year toward pension expenses.

There was Council consensus to accept only applications from current grantees.

Council Member Harlan clarified reasonings for reductions in contracts for United Way, recycling, and fish monitoring.

Council Member Bottorff asked about funding status for the sidewalks on Park Avenue and the Rispin Park. Director Jesberg responded that he anticipates a shortage for the Rispin project of about \$100,000, but Park Avenue should be fully funded.

Council Member Bertrand confirmed that the Rispin project will be the full grounds except for the fountain. Staff also explained the process going forward to contract for Community Development Block Grants.

The Finance Advisory Committee has recommended keeping all the fund balance liquid. Council Member Bottorff would like to fully fund Rispin Park with the remaining fund balance. Staff confirmed that leaving money in the fund balance would keep those funds available when bids come in.

Council Member Harlan agreed that is important to discuss long-term budget options.

The council reached consensus support for the draft budget as amended.

MOTION:	DIRECT STAFF TO PREPARE RESOLUTIONS TO ADOPT THE AMENDED BUDGET ON JUNE 28 AND CANCEL THE JUNE 6 AND JUNE 21 BUDGET WORKSHOP MEETINGS
RESULT:	ADOPTED [UNANIMOUS]
SECONDER:	Jacques Bertrand, Kristen Petersen
AYES:	Harlan, Bottorff, Termini, Bertrand, Petersen


8. ADJOURNMENT

The meeting adjourned at 6:43 p.m.



Michael Termini, Chair

ATTEST:



Linda Fridy, Secretary

MINUTES APPROVED JUNE 28, 2018

