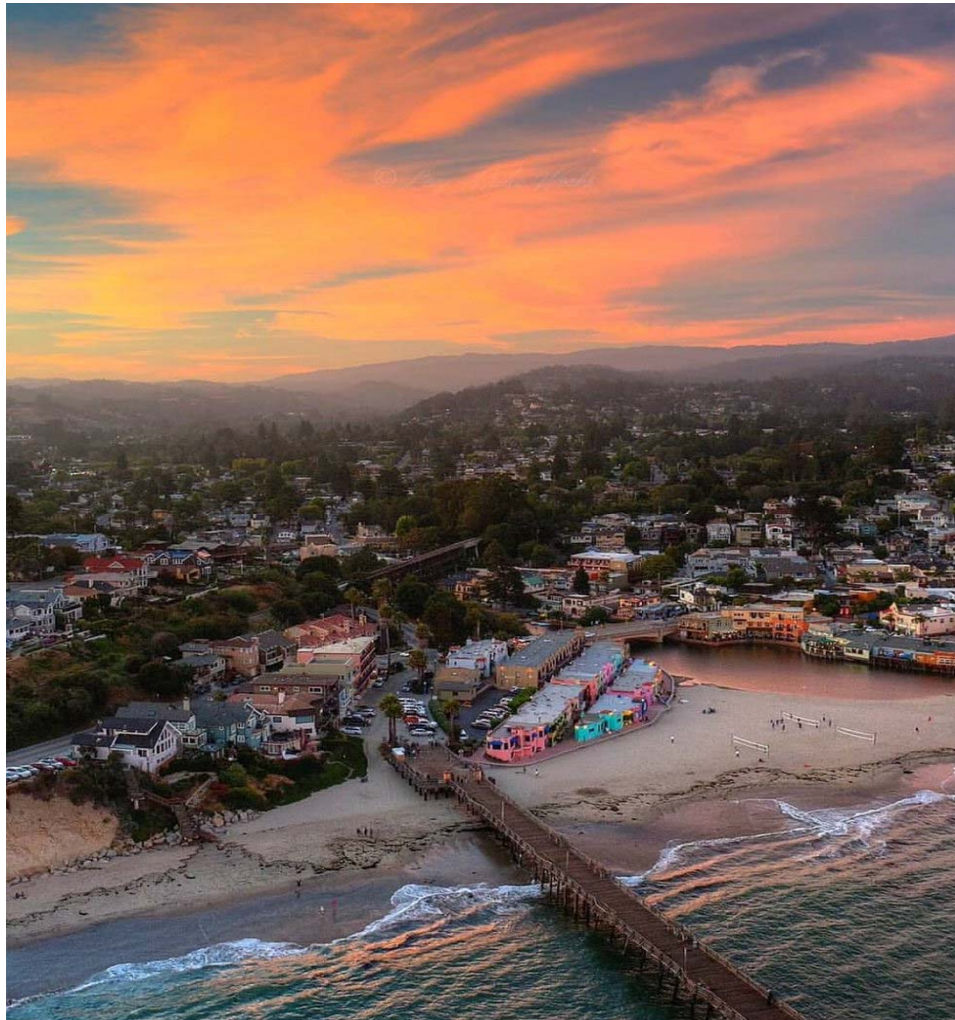




PROPOSED BUDGET

FISCAL YEAR 2020-21



CITY OF CAPITOLA
& CAPITOLA SUCCESSOR AGENCY
Capitola, California



CITY COUNCIL

Kristen Petersen, Mayor
Yvette Brooks, Vice Mayor
Jacques Bertrand
Ed Bottorff
Sam Storey

Jamie Goldstein, City Manager

Terry McManus, Chief of Police
Steve Jesberg, Public Works Director
Jim Malberg, Finance Director / Treasurer
Katie Herlihy, Community Development Director
Larry Laurent, Assistant to the City Manager
Chloe Woodmansee, Interim City Clerk

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TABLE OF CONTENTS

Mission Statement.....	1
City Manager’s Budget Message	3
Community Profile.....	9
Summary Information	21
General Fund Revenues	33
General Fund Expenditures.....	43
Department Overview	63
City Council	65
City Attorney.....	66
City Manager	67
Finance.....	71
Police.....	73
Public Works.....	79
Community Development.....	86
Recreation	88
Capitola Museum.....	90
Capitola Art & Cultural Commission	91
Internal Service Funds.....	93
Stores Fund.....	96
Information Technology Fund.....	97
Equipment Replacement Fund	98
Self-Insurance Liability Fund	99
Workers’ Compensation Fund	100
Compensated Absences Fund	101
Special Revenue Funds	103
Supplemental Law Enforcement Services.....	107
Restricted Transient Occupancy Tax (TOT).....	108
Road Maintenance & Rehabilitation Act (SB1).....	109
RTC Streets.....	110
Gas Tax.....	111
Wharf	112
General Plan Update and Maintenance	113
Green Building Education	114
Public Art	115
Parking Reserve	116
Technology Fee	117
Public Education & Government Cable TV Access	118
Capitola Village & Wharf BIA	119
Community Development Block Grants (CDBG)	120
CDBG Program Income.....	121
Library.....	122
HOME Program Reuse	123
Housing Trust	124
Capitola Housing Successor	125

Reserves	127
Emergency Reserves	130
Contingency Reserves	131
PERS Contingency Reserves.....	132
Facility Reserves	133
Multi-Year Assets & Obligations	135
City and Joint Powers Authority.....	138
Pacific Cove Lease Financing	139
Beach and Village Lot II Lease Financing	141
Capital Improvement Program	143
Successor Agency	147
Supplementary Information	151
Organization Chart	155
Comparative Information	159
Financial Management Policies.....	165
Fund Balance Policy	173
City Investment Policy	177
GANN / Appropriation Limit	181
Budget Resolution	185
Glossary	189
Acronyms	203

MISSION STATEMENT

MISSION

Our mission, as the employees of the City of Capitola, is to provide high quality service for our residents, visitors, businesses & employees.

VISION

Our vision is to be recognized as a model organization that provides excellent and responsive public service that values the people it employs and the community we serve and to always perpetuate a strong work ethic that fosters pride in the work that we do. We will maintain the highest trust and confidence of our City Council and our Community.

VALUES

- We believe in being open, honest and ethical.
- We believe in treating everyone with respect, courtesy and dignity.
- We believe in being responsive to all the people we work with and serve, and to act in a timely and sensitive manner.
- We believe in participatory management and teamwork. We are united in our belief to support, respect and encourage individual talents and contributions.
- We value innovation and creativity and believe in taking reasonable risks.
- We believe in a philosophy of constantly improving the services we provide.
- We believe in working with our residents & businesses to prepare for and resolve community issues.
- We believe in the vital nature of planning as a continuing process, to achieve the matching of expectations and resources.

In performing our mission, attaining our vision and adhering to our values, we will first look to our core values: *Upholding the Public Trust, Practicing Sound Financial Management and Maintaining a Safe & Healthy Environment.*

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TO: City Council

FROM: City Manager

SUBJECT: FY 2020/21 Adopted and FY 2021/22 Planned Budget.

CITY MANAGER'S MESSAGE - STATE OF THE CITY

On behalf of City staff, I am pleased to submit the budget for Fiscal Year (FY) 2020-21. While the local, national, and global economies adjust to the unprecedented fiscal impacts related to the coronavirus (COVID-19) pandemic, staff was tasked with developing a budget that continues to deliver the high quality of services the community is accustomed too while addressing an anticipated \$4 million revenue shortfall. The result is a budget that has reduced expenditures down to the bare minimum to met legal requirements and provide core city services to the residents of Capitola while utilizing approximately \$141,000 of existing fund balance in the general fund to balance the budget.

The fund balance in the General Fund is projected to remain positive for the next fiscal year, however, based on known increases related to CalPERS pension costs and current assumptions regarding the recovery of the economy related to COVID-19, the General Fund is projected to become structurally imbalanced in FY 2021-22. The budget provides ample resources to maintain a high level of services for Capitola residents this coming fiscal year. Nevertheless, the City must also remain focused on the long-term budget picture, which not only includes a great deal of uncertainty around general fund revenues but must continue to address dramatically increasing pension costs. The limited revenue data and increasing pension costs will likely result in challenging budgetary decisions for several years. In the coming fiscal year staff will closely monitor general fund revenues, paying extra attention to sales and transient occupancy tax performance, and report to the City Council on a quarterly basis. Additionally, staff will develop options for Council consideration to balance the near- and longer-term budgets as well as focus on the long-term structural budget issues.

Construction of the new Capitola Branch Library began in late 2018 and now has an estimated completion date of late 2020. The planning for a new Capitola Branch Library started in 1999 when the City entered an agreement with the County of Santa Cruz to begin construction on the new library by 2019. The funding for the new library comes from several sources, including the voter-approved Measure S, the former RDA trust fund that was held by the County, a fundraising campaign by the Friends of the Capitola Library, and funding from the General Fund.

The Capitola Mall remains a major funding source for the City, however long-term national and local trends, along with COVID-19, have put significant pressure on existing brick-and-mortar

retailers to remain competitive with internet options. The Mall was purchased in 2016 by Merlone Geier Partners, which also acquired the old Sears building in 2018. In FY 2019-20 the new owners initiated a public process, including a public meeting and regional survey of residents to begin evaluating options to redevelop the Mall.

City staff remains actively engaged with Mall ownership to help them navigate the development review processes, however, the COVID-19 pandemic has put the project on pause for the near term. Obviously, the long-term fiscal health of the City is closely related to a successful Mall that meets the community's needs. As the outcome of any potential Mall redevelopment is unknown at this time, the site remains a major opportunity, and challenge, as the City evaluates its long-term fiscal position.

In 2016 voters passed Measure F to extend a temporary quarter percent local sales tax for an additional 10 years. The City is committed to using this funding source to protect the wharf and beach from storms and rising sea levels, maintain police services, and improve sidewalks, parks, and bike safety. While staff anticipates a reduction in Measure F revenues of approximately 25% in FY 2020-21, the proposed budget continues to implement these commitments.

Constructing improvements to the jetty and rebuilding the flume that conveys water from the seasonal lagoon and allows the City to maintain a world-class beach during the summer are the first Measure F projects scheduled to be constructed. While construction of both these projects was anticipated for Fall 2019, the City delayed them to allow the State to consider a grant request to help fund these projects. Unfortunately, the City's grant request was not approved, and construction of both projects is now anticipated to begin in Fall 2020.

Finalizing a design for the Wharf renovation project will be a second important focus for the Measure F funding. Capitola's Wharf is a historic icon for the City, allowing countless residents and visitors to experience the Monterey Bay Marine Sanctuary in a unique way. The Wharf renovation project will focus on improving the Wharf's long-term resilience in the face of rising sea levels and powerful winter storms. The City completed environmental review in 2020, with construction currently targeted for 2021.

While the adopted FY 2019-20 Budget programmed a reduction of \$549,411 in the General Fund balance, the actual estimated reduction is now \$1.9 million due to the COVID-19 pandemic resulting in a negative fund balance of approximately \$146,000. In order to offset the negative balance, Council directed staff to true up the actual Measure F receipts with transfers into the Measure F project accounts. This resulted in \$300,000 in additional fund balance. In addition, Council directed staff to release \$300,000 that had been designated for the employee down payment assistance program. These actions resulted in an anticipated positive general fund balance of \$154,300 on June 30, 2020.

BUDGETARY GOALS AND PRINCIPLES

The FY 2020-21 General Fund budget was developed with an emphasis on financial stability, mitigating the fiscal impacts related to COVID-19, and maintaining core programs and services for Capitola residents and visitors. As a first step in developing the Budget, the City Council identified its budget principles as well as key projects and programs for FY 2020-21. Those key projects and programs provide a tool for the City to clearly articulate its priorities to the community and to evaluate performance on an annual basis.

The following tables include the Council’s identified budget principles and a workplan for key projects and programs.

Budget Principles

Fiscal Policy	Public Service	Public Improvements
Maintain a balanced budget that ensures ongoing expenditures can be met with ongoing revenues	Maintain, and improve upon, the transparency of City operations and accessibility of government	Maintain the City's infrastructure by providing maximum funding for the pavement management system
Use one-time revenues for one-time expenditures	Recognize the high priority the community places on the public's safety	Maintain and improve Capitola's natural resources and sustainable green programs
Ensure the budget plans for future cost increases and attainable revenue estimates	Analyze future service level increases with their long-term financial impacts to ensure financial stability	Ensure maintenance and cleanliness of City facilities, sidewalks, and streets

Key Projects/Programs - Workplan

Budget Principle	Key Project/Program	Lead Department	Expected FY Outcome
Fiscal	Develop options for Council consideration to address rising CalPERS costs	Finance	Identify options in budget. Continue monitoring long term revenue-expenditure projections with FAC and Council
	Evaluate potential tax measures to offset impacts of mall redevelopment	Finance	Bring FAC revenue recommendations to City Council for review
Public Service	Continue working with Capitola Mall ownership group to redevelop the mall	Community Development	Work with Mall owners to prepare mall redevelopment submittal and establish City's technical review team
	Work toward Coastal Commission certification of zoning code update	Community Development	Prepare submittal to Coastal Commission for zoning code update, excluding geologic hazards and non-conforming uses and structures
Public Improvements	Complete funded CIPs. 18/19 CIPs	Public Works	Projects progression toward completion maximized
	Complete library, jetty & flume projects	Public Works	Complete all three projects during FY 2020-21
	Obtain all permits for wharf	Public Works	Complete permitting process

In addition to the Budget Principles and Key Projects/Programs listed in the tables above, the following items were also discussed during the March 12th City Council meeting:

- Explore grant opportunities for public safety, CIP and environmental policies and outreach programs
- Create 3-year fiscal plan for mall redevelopment impacts (in house)
- Support creation and expansion of hotels in appropriate locations
- Cut unnecessary memberships
- Monitor revenue impacts from COVID19, quickly

- Review village hotel parking permits
- Work with SUSD to allow alcohol at community center
- Above and beyond keeping residents informed, ensure all members made aware of projects that affect them
- Make available free feminine hygiene for all public restrooms
- Collaborate with local partners to update one local play structure to universal design for children of all abilities
- Expand emergency response planning and pursue grants for city hall generator
- Have city council create and set priorities for community grants
- Seek opportunities to help people stay connected during COVID19
- Establish plan for children's fund considering Parks and Rec strategic plan and needs for scholarships
- Staff develop a list of projects associated with mall redevelopment
- Evaluate traffic flow at cliff and wharf, possible roundabout
- Sidewalks on Kennedy and McGregor
- Rispin Park
- Clares complete street project
- Seek grant with school district regarding soccer field

As we are all too aware, on March 16, 2020 in response to the COVID-19 global pandemic the Santa Cruz County Health Officer issued a county-wide Shelter-in-Place Order which was followed by Governor Newsom's state-wide Shelter-in-Place Order on March 19th. These two health orders were quickly followed by similar orders throughout the nation resulting in the national economy basically coming to a stop. Since that time the City focused on developing a budget that reduces expenses to the greatest extent possible while still maintaining core services for city residents and visitors alike.

OTHER BUDGETARY HIGHLIGHTS AND PROPOSED CHANGES

While the budget was largely prepared to maintain core services and reduce expenditures to the greatest extent possible, several changes are identified in this budget.

Staffing

In order to help mitigate the fiscal impacts of COVID-19, the proposed budget includes six vacancies throughout city departments that will not be funded in FY 2020-21. It is important to note that these positions have not been eliminated and staff hopes to include funding for these positions in the FY 2021-22 Proposed Budget that will be presented to City Council in spring of 2021. These six "frozen" positions represent an estimated savings of approximately \$413,300.

Recreation Programing

Recreation division staff has modified the Junior Guard and Camp Capitola summer programs to comply with State and County Health orders related to COVID-19. While enrollment was drastically reduced to comply with social distancing protocols, staff is happy to be able to offer one of the few, if not the only, Junior Guard and Camp summer programs on the Central Coast.

Youth Funding and Business Group Funding

With the passage of Measure J in 2018, Capitola became one of the first cities in the state to establish a children's fund that is supported by a dedicated tax measure. While Transient Occupancy Tax is anticipated to be down by approximately 70% compared to the prior year, the budget includes an allocation of \$14,800 from the children's fund to support early childhood and youth programming within the recreation division. The budget also includes \$16,900 of funding for the Chamber of Commerce and the Village Business Improvement District, also using the restricted Measure J funding.

General Fund Balance

Due to the diligent work of the City Council in taking a pragmatic approach to budgeting, the oversight of the City's Department Head team, and contributions from every City staff member, the City is projected to be able to close FY 2019-20 year with a general fund balance of approximately \$154,000. This funding is in addition to the City's established Contingency and Emergency reserves set at 15 and 10 percent of total expenditures, respectively. Staff will be closely monitoring revenues, expenditures, and fund balance throughout FY 2020-21 and will report to Council on a quarterly basis, providing options and recommendations as necessary as we continue to navigate the fiscal impacts of COVID-19.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2019/20 the City completed several significant projects, which provided residents and visitors with increased recreational and public art opportunities, while continuing to strengthen public safety and community development activities. Some of the City's accomplishments in FY 2019/20 include:

- 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
- Contracted for review of Community Grants Program.
- Worked to increased public outreach with monthly City Hall updates published on website and in local newspaper
- 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
- Monitored the financing plan for the Library including working with the Friends of the Capitola Library accounts for their fund-raising campaign
- 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
- Removed stand-alone meters and relocated pay stations to better serve the community
- Improve user experience with parking pay stations.
- 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
- Continue to work on update to the City's Local Coastal Program (LCP).
- 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.
- Contracted with Central Fire Protection District to provide testing and training services that meet or exceed United States Lifeguard Association (USLA) standard.
- In partnership with SUESD Recreation piloted the Afterschool Rec Club at New Brighton Middle School.
- 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.
- Offered new classes with a focus on youth recreation activities.
- Earned accreditation from American Camp Association for Camp Capitola
- 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
- Continue to add interviews to the Capitola Memories Project
- Hosted Santa Cruz County History Fair.
- Obtained local sponsors to continue funding summer events.
- Thirteen Twilight Concerts, six Sunday Art and Music events, and four movies in 2019.

CONCLUSION

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

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

COMMUNITY PROFILE



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COMMUNITY PROFILE

The City of Capitola is a small coastal community in Santa Cruz County. Situated on the northern edge of the Monterey Bay, 35 miles north of Monterey, 45 miles south of Silicon Valley, and 75 miles south of San Francisco, Capitola enjoys a rich history and offers residents diverse recreational opportunities. Capitola Village is located along a wide beach with expansive views of Monterey Bay and is home to numerous galleries, boutiques and restaurants. The City is host to numerous events, including the Beach Festival, Capitola Art & Wine Festival, and the annual Wharf to Wharf Race.



Named the Most Walkable Beach Town in the United States by Elle Décor Magazine, voted one of the best beach locations on the California Coast by Sunset Magazine, and recently named one of the “9 Most Unspoiled Vacation Spots” by the Fishing Booker website, Capitola offers fishing and boating, along with beachfront restaurants, shops and entertainment. Other visitor attractions include the Capitola Historical Museum, Capitola Wharf, and the Capitola Mall.

Capitola’s history began with Frederick Hihn who came to California during the Gold Rush. The land that is now Capitola Village was granted in 1865 by the heirs of rancho grantee Martina Castro. A few years later, Hihn leased the parcel near the wharf at Soquel Landing to S.A. Hall. In 1874, his daughter, Lulu Hall Wolbach, suggested that he set up a tent camp along the beach for the summer. It is rumored that it may have been Lulu, a former Soquel teacher, who named the resort "Capitola" after the heroine in a series of popular novels.



The Hall family set up the tents along a dirt path every summer for five years, until increases in rent forced them to give up the lease. A series of other tenants continued the camp and began to make improvements. By the time the Santa Cruz-Watsonville Railroad was broad gauged in 1883, Capitola had become the destination of thousands of summer visitors who wanted to escape the sweltering heat of the state's interior. Hihn took over direction of the resort's progress in 1884, when he created a subdivision map and began to sell lots for summer homes. Visitors stayed at the big hotel or in cabins and tents along the beach.

Following Hihn's death in 1913, his daughter inherited the land and sold it shortly after World War I to Henry Allen Rispin of San Francisco. Rispin's dream was to renovate and modernize Capitola so that it would be appealing to vacationers from the San Francisco Bay Area. He spent a fortune on his schemes for "Capitola-by-the-Sea," until he went bankrupt just before the start of the Great Depression in 1929.

Lulu and S. A. Hall, Frederick Hihn, and Henry Rispin were the early builders and protectors of a small seaside camp that may today be California's oldest continuing resort.

Commercial Activity

Annual business license reports provide an overview of the business types and non-profits in the City. In FY 2019-20, the Finance Department issued 212 new business licenses, processed 1,085 license renewals and 256 closures or cancellations. This resulted in a net decrease of 88 licensed entities within the City. FY 2019-20 business license revenues show an increase of approximately \$16,700 compared to FY 2018-19. The chart below shows the number and types of businesses/non-profits in Capitola:

Business Licenses Issued

Business Types	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Vending Machines	10	9	11	10	7
Contractors / Builders	222	234	285	312	310
Miscellaneous	136	95	101	89	92
Professional/Personal Svc	499	509	492	568	499
Quarterly Contractor	28	18	18	18	21
Retail/General Business	418	432	388	394	374
	1,313	1,297	1,295	1,391	1,303

In addition to Capitola's popularity as a day trip and vacation destination, it is also home to one of the primary retail hubs in the County. The Capitola Mall, combined with Brown's Ranch, 41st Avenue businesses, and the nearby Auto Center, form this commercial center. Major retailers include Target, Macy's, Kohl's, Ross, and Bed Bath and Beyond. They form a "net regional retail provider" bringing in five to six times the City household retail demand within Capitola.

The City has continued to seek redevelopment opportunities to update and upgrade the City's major retail corridor and mall area. Upgrades to the Capitola Mall are now anticipated with the April 2016 purchase of the Mall by Merlone Geier Partners, a private real estate investment company focused on the acquisition, development, and redevelopment of retail and retail-driven mixed-use properties on the West Coast. The City received a development application from Merlone Geier Aug. 27, 2019.



Principal Employers ⁽¹⁾

Employer	Number of Employee	% of Total Employment
Santa Cruz Toyota / Subaru	205	3.60%
Target*	181	3.18%
Gayles Bakery & Rosticceria	160	2.81%
Whole Foods Market	151	2.65%
Culinary Enterprises Inc DBA Shadowbrook Restaurant	145	2.54%
City of Capitola**	124	2.18%
Pacific Coast Manor	109	1.91%
Trader Joe's	107	1.88%
Kohls	105	1.84%
Macy's	100	1.75%
Total Employees, top 10 employers	1,387	24.33%
Total Employment	5,700	100.00%

* Includes FTE and PTE

** Full time and seasonal employees

(1) MuniServices LLC, 2018 - most current available

SERVING THE COMMUNITY

Police

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

The department has 30.5 positions – 22 sworn officers, 2 Community Service Officers, 2 Parking Enforcement Officers, and an administrative support staff of 4.5 total positions. A recent city-wide survey conducted by FM3 found that greater than 92% of Capitola residents indicated that they were satisfied with the services provided by our police department.

Capitola also offers an active Police Explorers Program to educate and involve local youth in police service and community engagement, and a valuable Volunteers in Policing (VIP) which provides critical support to the department and the city.



Key services related to supporting Council's Public Service Principle include:

Capitola PD

Community Responses	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Calls for service	17,268	19,904	18,972	14,691	19,276
Crimes - Felonies	667	607	471	414	467
Crimes - Misdemeanors	1,199	1,205	940	847	732
Arrests	904	983	794	650	503
Citations	1,390	1,366	866	620	707



Fire

Fire protection services for the City of Capitola are provided through the Central Fire Protection District of Santa Cruz County, with one of their four fire stations in Capitola.

Parks

Capitola is working on the rehabilitation of the historic Rispin Mansion property which will open as a new park in 2020.

The City maintains over 17.5 acres of park lands and 12 acres of beach, including:

- McGregor Park
- Esplanade Park
- Noble Gulch
- Soquel Creek
- Cortez Park
- Jade Street Park
- Rispin/Peery Park
- Monterey Park
- Capitola Main Beach



Capitola Wharf

The Capitola Wharf is a well-known asset of the City, maintained by the Public Works Department. Generations of local and repeat visitors have grown up fishing from the wharf. The wharf has a restaurant, a boat and bait shop and offers beautiful views of the bay, the City, and the beach. The residents of Capitola passed a sales tax measure in 2016 to rehabilitate the wharf and beach area. The beach flume and jetty will be repaired in 2020 and a scope of work has been approved for rehabilitation of the wharf with that project slated for construction in 2021.



Capitola Branch Library



In 1999, the City of Capitola dedicated a new temporary 4,320 square foot library composed of three modular structures at the corner of Clares Street and Wharf Road. Work began in FY 2017 to design a larger, more technologically advanced facility, with anticipated separate children and teen sections and conference rooms. The current project budget is \$15.15 million. The City has a \$2.67 million trust established with Santa Cruz County to help fund a new library building and on June 7, 2016, voters approved Measure S, which will provide an additional \$10 million. Additional funding includes \$300,000 from the Santa Cruz County Joint Powers Association Library Fund, \$600,000 of donations from the Friends of the Capitola Library and approximately \$1.56 million of general fund contributions. The City awarded a construction contract in July 2018 and broke ground in November. It is expected that the new Library will open in December 2020.

Public Works

The Public Works Department is divided functionally into Streets, Facilities, Parks, and Fleet Maintenance. The Department combines administration, engineering, and maintenance activities into a cohesive unit to develop and maintain a responsive and coordinated team.



Key service indicators and operational functions that support the Public Service Principle include:

City Assets / Activities	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Miles of streets maintained	26	26	26	26	26
Hours of street sweeping	2,000	2,535	2,004	3,005	1,387
Street lights maintained	71	71	71	71	71
Traffic signals operated and maintained	8	8	8	8	8
Encroachment permits issued	75	87	77	84	97
Facilities maintained	16	16	16	16	16
Fleet vehicles maintained	58	58	60	65	66
Parking space provided	718	718	718	718	718
Parks managed	9	9	10	10	10
Pedestrian Safety Signals maintained	2	3	3	6	6

Community Development Department

The Community Development 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. The Community Development Department includes the Building and Planning divisions and administers the land use policies and standards adopted by the City Council, including the General Plan, Local Coastal Program, Zoning Code, Design Guidelines, Building Codes, and affordable housing policies.



Recreation

The Recreation Department provides City-staffed activities, including Junior Lifeguards and Camp Capitola, as well as adult and youth sports leagues. They also manage rental of Jade Street Center, the tennis courts, softball field, soccer field, and Monterey Park.



Enrollment statistics	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Recreation Classes	3,305	3,250	2,760	2,636	2,299
Junior Guards	1,263	1,012	938	928	728
Camp Capitola	722	618	579	632	636
Junior Guards - Photo pkg purch	386	160	118	227	119
Jr Guards Regional Competition	74	85	76	71	69
Camp Cap/Jr Guards Transport	110	87	71	99	54
Sports Leagues - teams	20	17	20	16	9
Sports Rentals - # of rental groups	7	25	51	37	22
Facility Rentals	N/A	N/A	N/A	18	18
Afterschool/Recreation Club	N/A	N/A	N/A	N/A	187



Art and Culture



Capitola has a thriving Community Art and Public Art culture. Capitola's art galleries provide an inventory of colorful sea and landscapes to fit a variety of tastes. Fine crafts are also readily available in Capitola, many of which are created by local artists.

The Art & Cultural Commission provides a wide variety of visual and performing art events, including 13 Twilight Concerts at the Beach, 4 Movies at the Beach nights, 6 Sunday Art & Music at the Beach days, and the annual Beach Festival. The Commission also oversees artistic aspects of the City's Public Art Program.

Museum



The Capitola Historical Museum maintains photographs and artifacts related to the history of Capitola and offers changing exhibits on the history and themes of the area. The Museum and its collection is maintained by Curator Frank Perry, with great support from a loyal group of community volunteers and board members. The museum has over 6,000 visitors per year.

DEMOGRAPHICS AND STATISTICS

Date of Incorporation: 1949
 Form of Government: Council – Manager
 Area in Square Miles: Approx. 2 square miles
 Average Temperature: 59 Degrees



Education

Capitola is fortunate to have outstanding educational opportunities. In addition to having New Brighton Middle School within its City limits, both Cabrillo Community College and the University of California Santa Cruz are within eight miles of the city. An educational profile is listed below:

- High School Graduates ⁽²⁾ 92.8%
- College Graduates – Bachelor’s degree or higher ⁽²⁾ 35.1%
- College Graduates – Graduate or professional degree ⁽²⁾ 14.9%

Housing

- Median Household Income ⁽²⁾ \$ 74,677
- Median Value ⁽²⁾ \$ 687,153
- Persons per Household ⁽²⁾ 1.9
- Assessed Valuation ⁽¹⁾:
 - Net Total Assessed Value: \$ 2,612,882,467
 - Secured \$ 2,530,955,804
 - Unsecured \$ 81,815,771

Calendar Year ⁽¹⁾	Population	Per Capita Personal Income	Median Age	Unemployment Rate
2010	10,198	32,350	38	7.3%
2011	9,981	33,090	43	6.9%
2012	9,988	33,443	41	5.5%
2013	10,136	35,232	41	5.0%
2014	10,004	36,451	42	7.0%
2015	10,150	37,539	43	6.0%
2016	10,162	38,414	43	5.5%
2017	10,563	39,902	43	3.3%
2018	10,240	37,922	42	2.2%
2019	10,108	43,605	43	1.4%

(1) Source: HdL Companies

(2) Source: City-Data.com 2017 data – most current available

Hospitals

Capitola is located within a few miles of three major hospitals:

- Dominican Hospital (3 miles)
- Sutter Maternity and Surgery Center (3 miles)
- Watsonville Community Hospital (12 miles)

Airports

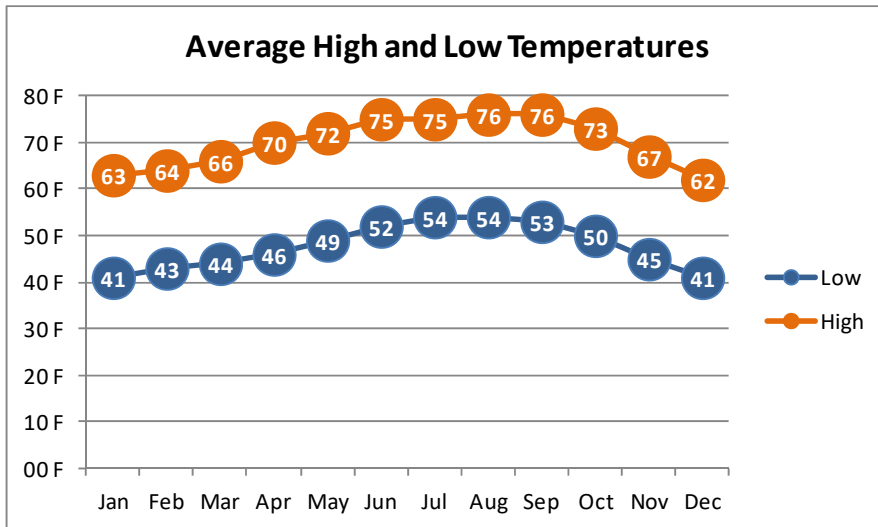
The City is located within 40 miles of three airports:

- Watsonville Municipal Airport (12 miles)
- San Jose International Airport (35 miles)
- Monterey Regional Airport (38 miles)

Climate

Capitola's weather can be described as nearly perfect, with temperatures ranging from the mid 70's in the summer to the mid 50's in the winter. In addition to sunny days, the proximity to the ocean results in cool ocean breezes and morning fog. Capitola is estimated to have an average annual rainfall of 31.6 inches.

www.weatherchannel.com



www.weather.com



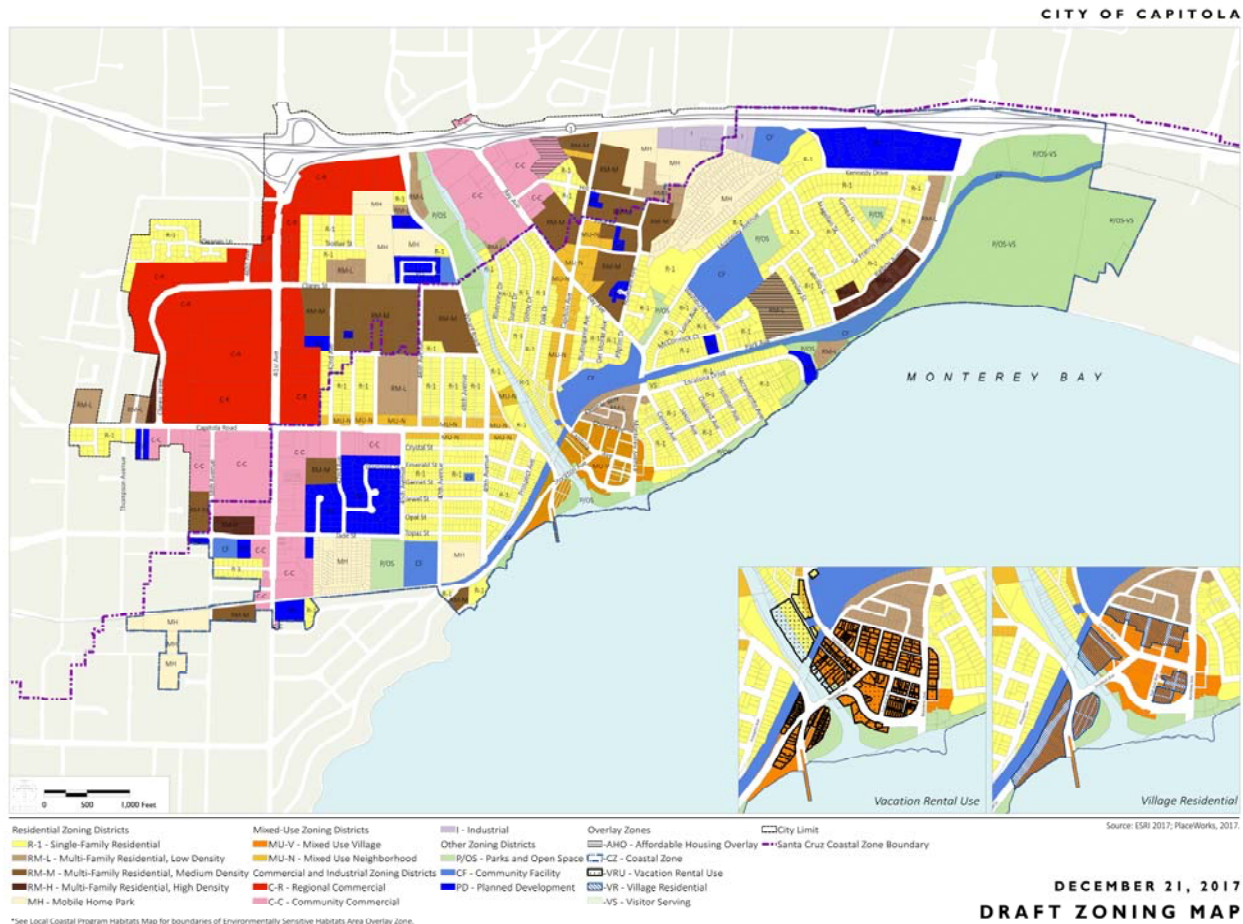
Open Meetings

The City of Capitola provides citizens and visitors with the highest level of public service and offers many ways for them to engage in local government activities. Providing open meetings is part of the City's Public Service Principle of providing a transparent and accessible government. The City Council appoints citizens to serve on boards, commissions, and committees to assist and advise in formulating policy. The table below shows the number of annual meetings of the City Council and various committees, commissions and boards:

Number of meetings annually	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
City Council	31	30	29	24	25
Architecture & Site Review Committee	11	11	15	16	12
Art & Cultural Commission	10	10	12	13	12
Commission on the Environment	10	6	10	7	3
Finance Advisory Committee	9	6	7	7	7
Historical Museum Board	13	12	13	12	12
Library Advisory Committee	0	3	8	3	0
Planning Commission	13	12	14	12	13
Traffic & Parking Commission	5	4	5	4	0
Total Committee and Board Meetings	102	94	113	98	84

Community Zoning

The City of Capitola has approximately twenty different zoning districts or overlays. They range from Residential, Commercial and Public Facilities, to Visitor Serving. Each zoning district has specific zoning codes or guidelines that were developed to enhance and protect each district.



SUMMARY INFORMATION



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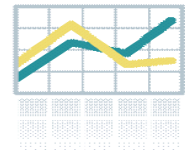
Budget Process Overview

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

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 (\$145,690), however, 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 \$1,912,816 as a result of COVID-19 and an additional \$140,807.

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 Adopted	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	1,300,831	1,761,954
Fines and forfeitures	556,560	521,939	563,500	517,104	482,900	582,900
Use of money & property	116,268	157,624	96,200	115,857	36,500	41,700
Other revenues	127,844	182,987	111,000	78,896	76,500	43,400
Revenues Totals	\$15,626,689	\$16,294,570	\$16,646,394	\$14,218,791	\$13,026,413	\$14,982,532
Expenditures						
Personnel	\$8,335,863	\$8,982,044	\$9,866,884	\$9,422,431	\$9,027,303	\$9,495,611
Contract services	2,790,989	2,714,577	2,906,368	2,676,237	2,310,399	2,547,730
Training & Memberships	85,108	89,851	128,570	82,644	80,050	92,850
Supplies	544,148	589,981	543,911	500,223	478,875	493,500
Grants and Subsidies	269,884	243,432	269,647	269,647	0	249,479
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	911,210	1,304,859
Other financing uses	3,622,550	1,733,843	2,304,344	2,004,344	359,383	1,691,144
Expenditures Totals	\$16,902,013	\$15,562,833	\$17,195,805	\$16,131,607	\$13,167,220	\$15,875,173
Impact on Fund Balance	\$ (1,275,324)	\$ 731,737	\$ (549,411)	\$ (1,912,816)	(\$140,807)	\$ (892,641)
Budgetary Fund Balance	\$ 1,335,390	\$ 1,767,127	\$ 1,217,716	\$ (145,690)	\$ 13,503	\$ (879,138)
Employee Down Payment Assistance				\$ 300,000		
Revised Budgetary Fund Balance				\$ 154,310		

Revenue Summary

	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
General Fund	\$ 15,626,689	\$16,294,570	\$16,646,394	\$14,218,791	\$13,026,413	\$14,982,532
Designated Reserves						
Contingency Reserve	133,000	-	25,000	25,000	-	-
PERS Contingency Reserve	507,670	51,232	10,000	10,000	10,000	10,000
Emergency Reserve	67,000	-	30,000	30,000	-	60,000
Donations	-	-	-	-	-	-
Facility Reserve	110,000	90,000	108,000	108,000	-	50,000
Total Designated Reserves	\$ 817,670	\$ 141,232	\$ 173,000	\$ 173,000	\$ 10,000	\$ 120,000
Debt Service						
Pac Cove Lease Financing	166,360	166,538	165,066	165,066	165,066	165,066
Pacific Cove Park	89,192	89,004	88,812	89,004	88,616	88,416
Total Debt Service	\$ 255,552	\$ 255,542	\$ 253,878	\$ 254,070	\$ 253,682	\$ 253,482
Capital Improvement Fund	\$ 1,151,253	\$ 1,296,770	\$ 1,632,662	\$ 1,332,662	\$ -	\$ 1,132,663
Internal Service Funds						
Stores Fund	\$ 37,444	\$ 37,265	\$ 37,250	\$ 37,340	\$ -	\$ 33,000
Information Technology	282,268	296,209	251,400	251,400	53,500	215,150
Equipment Replacement	381,185	316,500	257,400	257,400	-	199,000
Self-Insurance Liability	428,000	436,291	403,486	403,486	473,020	473,020
Workers Compensation	321,000	304,813	310,045	310,045	388,189	388,189
Compensated Absences	200,000	209,939	200,000	200,000	130,701	200,000
Total Internal Service Funds	\$ 1,649,897	\$ 1,601,017	\$ 1,459,581	\$ 1,459,671	\$ 1,045,411	\$ 1,508,359
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 100,225	\$ 100,263	\$ 100,400	\$ 100,450	\$ 100,400	\$ 100,400
TOT Restricted Revenue	-	-	41,000	31,000	31,720	54,690
Gas Tax	217,970	219,149	279,855	255,000	259,800	259,800
RTC Streets	514,963	338,855	500,000	296,500	250,000	300,000
Library	2,215,994	5,267,538	5,575,590	3,612,890	1,962,700	-
SB1 RMRA	59,545	195,413	175,000	154,300	193,401	193,401
Wharf	142,060	100,296	92,800	88,400	88,100	88,100
General Plan Update and Maint	98,291	58,109	50,000	54,500	37,500	50,000
Green Building Education	32,840	16,808	15,000	28,000	11,250	15,000
Public Arts Fee	37,224	7,436	100,000	-	-	-
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Technology Fee	16,223	14,193	11,500	11,500	9,000	11,500
PEG-Public Education and Gov.	17,083	17,217	16,500	9,775	15,500	15,500
BIA-Capitola Village-Wharf BIA	77,004	86,008	104,000	91,800	-	-
CDBG Grants	198,610	-	-	-	-	-
CDBG Program Income	7,853	1,140	-	80,445	-	-
HOME Reuse	13,070	1,025	-	-	-	-
Housing Trust	75,066	54,028	30,000	57,485	30,000	30,000
Cap Hsg Succ- Program Income	2,728	29,519	-	3,500	-	-
Total Special Revenue Funds	\$ 3,926,749	\$ 6,606,996	\$ 7,191,645	\$ 4,975,545	\$ 3,089,371	\$ 1,218,391
Successor Agency	\$ 308,375	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Total Revenues - All Funds	\$ 23,736,185	\$26,246,127	\$27,357,160	\$22,413,739	\$17,424,876	\$19,215,427

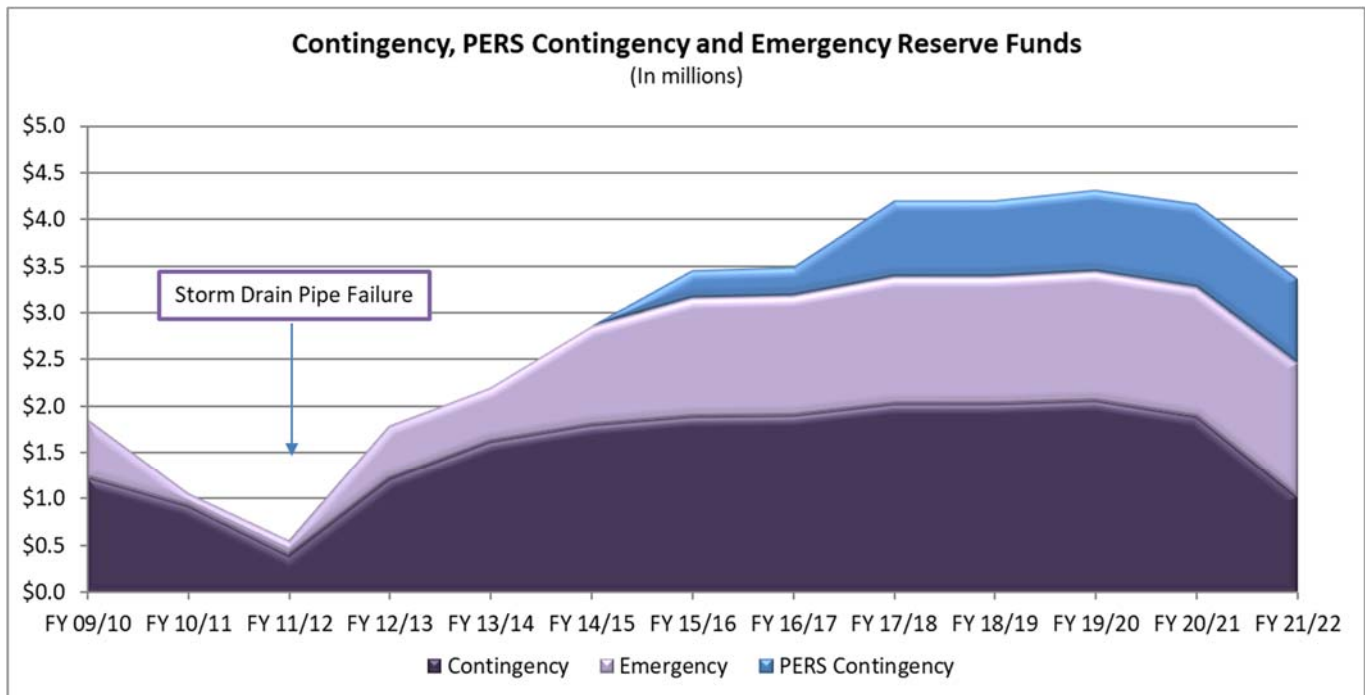
Expenditure Summary

	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
General Fund	\$ 16,902,013	\$ 15,562,833	\$ 17,195,805	\$ 16,131,607	\$ 13,167,220	\$ 15,875,173
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	-	-	-	-	-	-
Donations	10,120	-	-	-	-	-
Facilities Reserve	33,521	56,916	50,000	30,000	50,000	50,000
Total Designated Reserves	\$ 43,641	\$ 56,916	\$ 50,000	\$ 30,000	\$ 50,000	\$ 50,000
Debt Service						
Pac Cove Lease Financing	165,066	245,066	165,066	165,066	165,066	165,066
Pac Cove Park	89,192	89,004	88,812	89,004	88,416	88,416
Total Debt Service Funds	\$ 254,257	\$ 334,070	\$ 253,878	\$ 254,070	\$ 253,482	\$ 253,482
Capital Improvement Fund	\$ 698,222	\$ 719,166	\$ 1,632,662	\$ 1,332,662	\$ -	\$ 1,132,663
Internal Service Funds						
Stores	\$ 28,215	\$ 23,235	\$ 37,250	\$ 27,500	\$ 30,000	\$ 33,000
Information Technology	248,258	236,644	247,900	247,900	201,650	201,650
Equipment Replacement	430,418	57,572	274,636	168,000	-	199,000
Self-Insurance Liability	534,455	477,306	403,486	482,080	473,000	473,000
Workers' Compensation	313,697	304,814	310,045	222,888	388,189	388,189
Compensated Absences	213,069	242,632	200,000	200,000	75,000	200,000
Total Internal Service Funds	\$ 1,768,111	\$ 1,342,203	\$ 1,473,317	\$ 1,348,368	\$ 1,167,839	\$ 1,494,839
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 98,063	\$ 93,770	\$ 78,000	\$ 77,500	\$ 98,000	\$ 98,000
TOT Restricted Revenue	-	-	-	30,000	31,700	53,700
Gas Tax	217,970	198,448	279,855	260,337	259,800	259,800
RTC Streets	108,602	345,355	890,000	550,000	250,000	300,000
Library	724,209	2,563,321	8,200,000	8,201,500	1,962,700	-
SB1 RMRA	58,000	-	345,000	345,000	193,401	193,401
Wharf	182,955	78,752	126,150	117,000	88,100	88,100
General Plan Update and Maint.	38,378	31,137	46,000	45,500	26,000	46,000
Green Building Education	-	12,840	38,000	37,000	18,000	38,000
Public Arts Fee	80,600	39,702	59,000	3,000	28,000	85,000
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Technology Fee	8,566	3,875	12,500	9,500	9,000	12,500
PEG-Public Education and Gov.	14,332	14,288	27,000	15,000	21,000	26,000
BIA-Capitola Village-Wharf BIA	66,611	79,230	110,780	88,000	-	-
CDBG Grants	182,371	2,090	-	-	-	-
CDBG Program Income	-	58,779	-	-	-	-
HOME Reuse	3,200	-	3,700	-	3,700	3,700
Housing Trust	25,000	50,000	25,000	25,000	25,000	25,000
Cap Hsg Succ- Program Income	24,281	31,165	37,500	20,000	57,500	47,500
Total Special Revenue Funds	\$ 1,933,137	\$ 3,702,753	\$ 10,378,485	\$ 9,924,337	\$ 3,171,901	\$ 1,376,701
Successor Agency	\$ 373,617	\$ 148,665	\$ 145,000	\$ 80,000	\$ 80,000	\$ 80,000
Total Expenditures - All Funds	\$ 21,972,999	\$ 21,866,605	\$ 31,129,147	\$ 29,101,044	\$ 17,890,442	\$ 20,262,858

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.



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

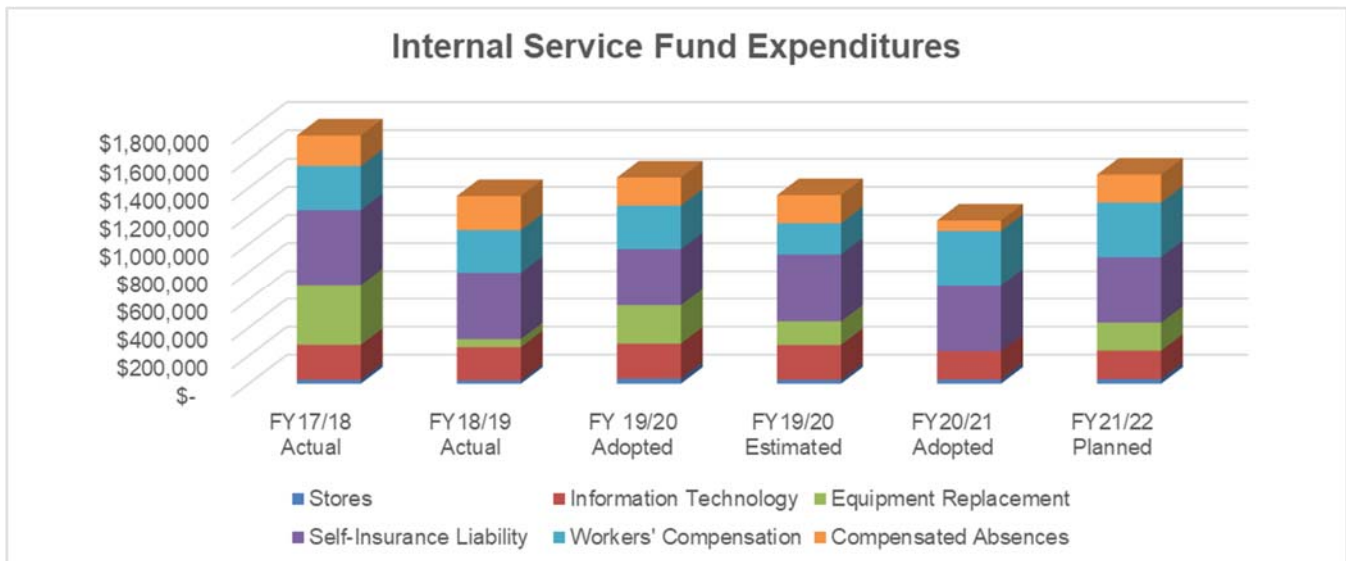
General Fund Resources

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 Adopted	FY21/22 Planned
General Fund	\$ (145,690)	\$ 13,503	\$ (879,138)
Designated Reserves			
Emergency	1,374,206	1,374,206	1,434,206
Contingency	2,061,346	2,061,346	1,223,458
PERS Contingency	877,088	887,088	897,088
Facilities Reserve	527,433	477,433	477,433
Donations	-	-	-
Internal Service Funds			
Stores	56,416	26,416	26,416
Information Technology	202,911	54,761	68,261
Equipment Replacement	476,776	476,776	476,776
Self-Insurance Liability	75,296	75,316	75,336
Workers' Compensation	318,798	318,798	318,798
Compensated Absences	(55,701)	-	-
Total General Fund Resources	\$ 5,768,879	\$ 5,765,643	\$ 4,118,634

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



Fund Balance Summary

	Estimated Balance 7/1/2020	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2021
General Fund	\$ 154,310	\$12,983,413	\$ 43,000	\$ 12,807,837	\$ 359,383	\$ 13,503
Designated Reserves						
Contingency Reserve	\$2,061,346	\$ -	\$ -	-	-	\$ 2,061,346
PERS Contingency Reserve	877,088	10,000	-	-	-	887,088
Emergency Reserve	1,374,206	-	-	-	-	1,374,206
Donations	-	-	-	-	-	-
Facility Reserve	527,433	-	-	50,000	-	477,433
Total Designated Reserves	\$ 4,840,073	\$ 10,000	\$ -	\$ 50,000	\$ -	\$ 4,800,073
Debt Service						
Pac Cove Lease Financing	54,798	-	165,066	165,066	-	54,798
Pac Cove Park	(39,185)	-	88,616	88,416	-	(38,985)
Total Debt Service	\$ 15,614	\$ -	\$ 253,682	\$ 253,482	\$ -	\$ 15,814
Capital Improvement Fund	\$ 1,400,000	\$ -	\$ -	\$ -	\$ 43,000	\$ 1,357,000
Internal Service Funds						
Stores	\$ 56,416	\$ -	\$ -	\$ 30,000	\$ -	\$ 26,416
Information Technology	202,911	53,500	-	201,650	-	54,761
Equipment Replacement	476,776	-	-	-	-	476,776
Self-Insurance Liability	75,296	473,020	-	473,000	-	75,316
Workers' Compensation	318,798	388,189	-	388,189	-	318,798
Compensated Absences	(55,701)	-	130,701	75,000	-	-
Total Internal Service Funds	\$ 1,074,496	\$ 914,710	\$ 130,701	\$ 1,167,839	\$ -	\$ 952,067
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 39,544	\$ 100,400	\$ -	\$ 98,000	\$ -	\$ 41,944
TOT Restricted Revenue	1,000	31,720	-	23,250	8,450	1,020
SB1 RMRA	4,713	193,401	-	193,401	-	4,713
RTC Streets	157,616	250,000	-	250,000	-	157,616
Gas Tax	15,364	259,800	-	259,800	-	15,364
Wharf	36,058	88,100	-	88,100	-	36,058
General Plan Update and Maint	122,665	37,500	-	26,000	-	134,165
Green Building Education	152,381	11,250	-	18,000	-	145,631
Public Art	169,041	-	-	28,000	-	141,041
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	67,409	9,000	-	9,000	-	67,409
PEG-Public Education and Govt.	75,644	15,500	-	21,000	-	70,144
Capitola Village/Wharf BIA	32,818	83,356	8,450	84,880	-	39,744
CDBG Grants	39,813	-	-	-	-	39,813
CDBG Program Income	52,168	-	-	-	-	52,168
Library	(0)	1,962,700	-	1,962,700	-	-
HOME Reuse	207,700	-	-	3,700	-	204,000
Housing Trust	112,647	30,000	-	-	25,000	117,647
Cap Hsg Succ- Program Income	162,922	-	-	57,500	-	105,422
Total Special Revenue Funds	\$ 1,450,240	\$ 3,072,727	\$ 108,450	\$ 3,123,331	\$ 133,450	\$ 1,374,636
Successor Agency	\$ 168,979	\$ -	\$ -	\$ 80,000	\$ -	\$ 88,979
Tot. Fund Balance - All Funds	\$ 9,103,712	\$ 16,980,849	\$ 535,833	\$ 17,482,489	\$ 535,833	\$ 8,602,072

Fund Balance Summary

	Estimated Balance 7/1/2021	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2022
General Fund	\$ 13,503	\$ 14,982,532	\$ 837,888	\$ 14,184,029	\$ 1,691,144	\$ (41,250)
Designated Reserves						
Contingency Reserve	\$ 2,061,346	\$ -	\$ -		\$ 837,888	\$ 1,223,458
PERS Contingency Reserve	887,088	10,000	-	-	-	897,088
Emergency Reserve	1,374,206	-	60,000	-	-	1,434,206
Donations	-	-	-	-	-	-
Facility Reserve	477,433	-	50,000	50,000	-	477,433
Total Designated Reserves	\$ 4,800,073	\$ 10,000	\$ 110,000	\$ 50,000	\$ 837,888	\$ 4,032,185
Debt Service						
Pac Cove Lease Financing	54,798	-	165,066	165,066	-	54,798
Pac Cove Park	(38,985)	-	88,416	88,416	-	(38,985)
Total Debt Service	\$ 15,814	\$ -	\$ 253,482	\$ 253,482	\$ -	\$ 15,814
Capital Improvement Fund	\$ 1,357,000	\$ -	\$ 1,082,662	\$ 1,132,663	\$ -	\$ 1,306,999
Internal Service Funds						
Stores	\$ 26,416	\$ 33,000	\$ -	\$ 33,000	\$ -	\$ 26,416
Information Technology	54,761	215,150	-	201,650	-	68,261
Equipment Replacement	476,776	199,000	70,000	199,000	-	546,776
Self-Insurance Liability	75,316	473,020	-	473,000	-	75,336
Workers' Compensation	318,798	388,189	-	388,189	-	318,798
Compensated Absences	-	-	200,000	200,000	-	-
Total Internal Service Funds	\$ 952,067	\$ 1,308,359	\$ 270,000	\$ 1,494,839	\$ -	\$ 1,035,587
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 41,944	\$ 100,400	\$ -	\$ 98,000	\$ -	\$ 44,344
TOT Restricted Revenue	1,020	54,690	-	39,117	14,583	2,010
SB1 RMRA	4,713	193,401	-	193,401	-	4,713
RTC Streets	157,616	300,000	-	300,000	-	157,616
Gas Tax	15,364	259,800	-	259,800	-	15,364
Wharf	36,058	88,100	-	88,100	-	36,058
General Plan Update and Maint	134,165	50,000	-	46,000	-	138,165
Green Building Education	145,631	15,000	-	38,000	-	122,631
Public Art	141,041	-	-	85,000	-	56,041
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	67,409	11,500	-	12,500	-	66,409
PEG-Public Education and Govt.	70,144	15,500	-	26,000	-	59,644
BIA-Capitola Village-Wharf BIA	39,744	83,356	14,583	84,880	-	52,803
CDBG Grants	39,813	-	-	-	-	39,813
CDBG Program Income	52,168	-	-	-	-	52,168
Library	-	-	-	-	-	-
HOME Reuse	204,000	-	-	3,700	-	200,300
Housing Trust	117,647	30,000	-	-	25,000	122,647
Cap Hsg Succ- Program Income	105,422	-	-	47,500	-	57,922
Total Special Revenue Funds	\$ 1,374,636	\$ 1,201,747	\$ 114,583	\$ 1,321,998	\$ 139,583	\$ 1,229,385
Successor Agency	\$ 88,979	\$ -	\$ -	\$ 80,000	\$ -	\$ 8,979
Tot. Fund Balance - All Funds	\$ 8,602,072	\$ 17,502,638	\$ 2,668,615	\$ 18,517,011	\$ 2,668,615	\$ 7,587,699

GENERAL FUND REVENUES



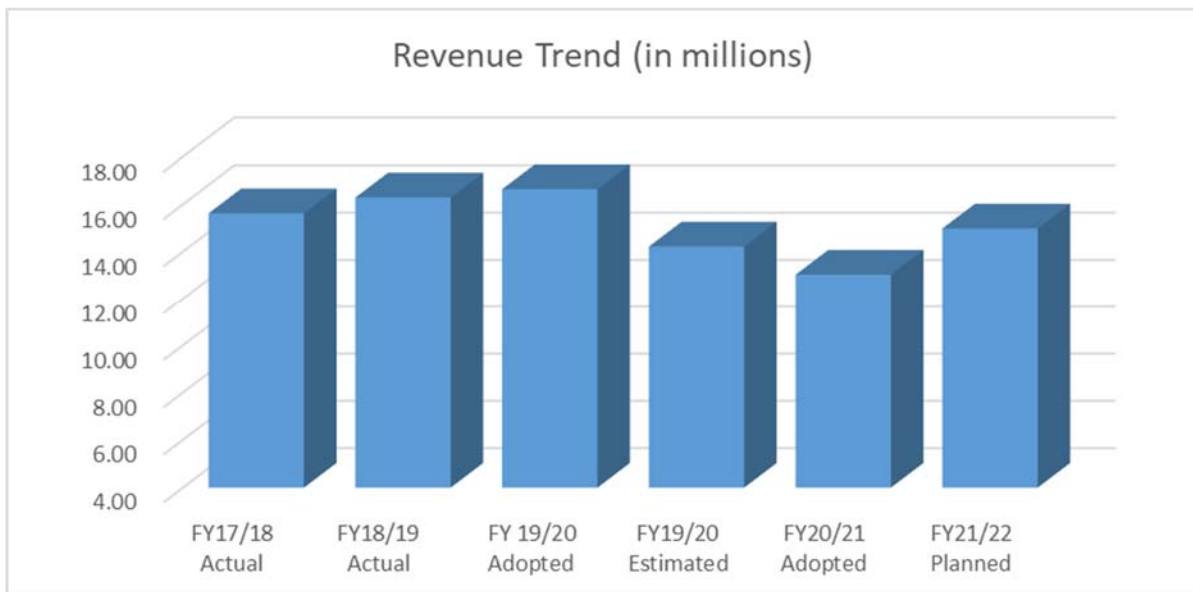
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General Fund Revenues

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	Adopted	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	1,300,831	1,761,954
Fines and forfeitures	556,560	521,939	563,500	517,104	482,900	582,900
Use of money & property	116,268	157,624	96,200	115,857	36,500	41,700
Other revenues	127,844	182,987	111,000	78,896	76,500	43,400
General Fund Revenues	\$ 15,626,689	\$16,294,570	\$16,646,394	\$14,218,791	\$13,026,413	\$14,982,532



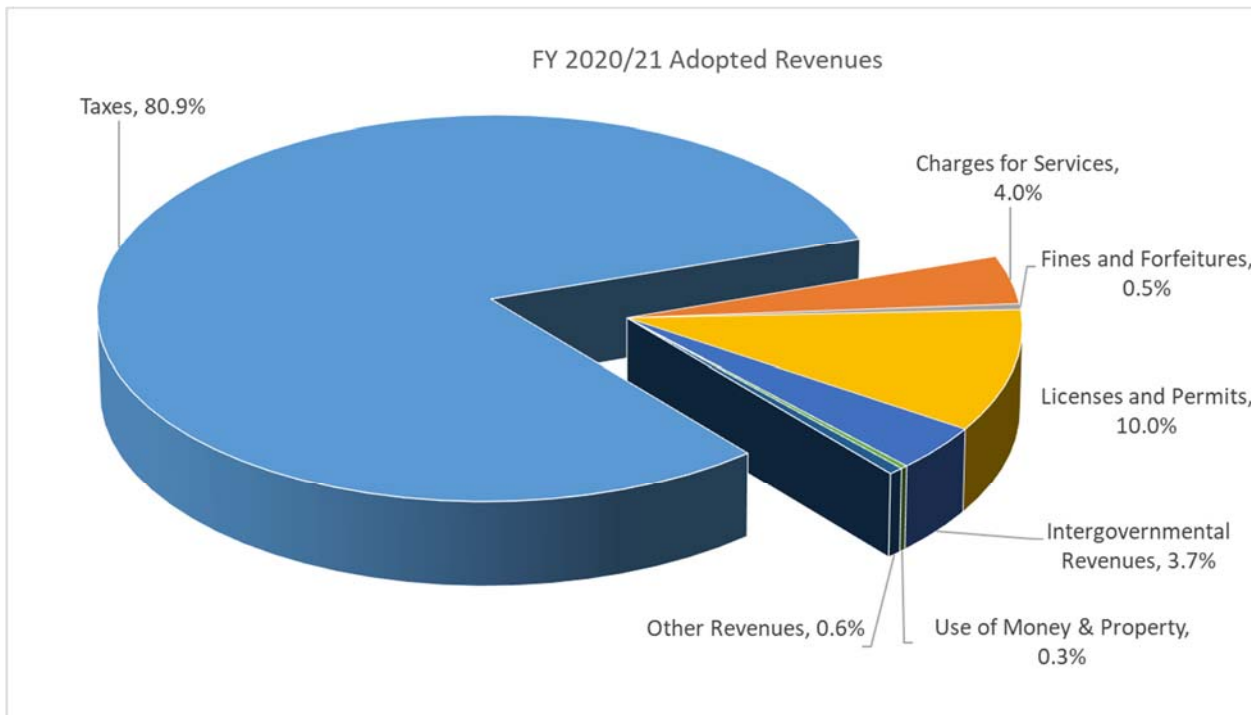
General Revenue Information

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	<u>2,748,440</u>
	<u>\$10,271,157</u>

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.



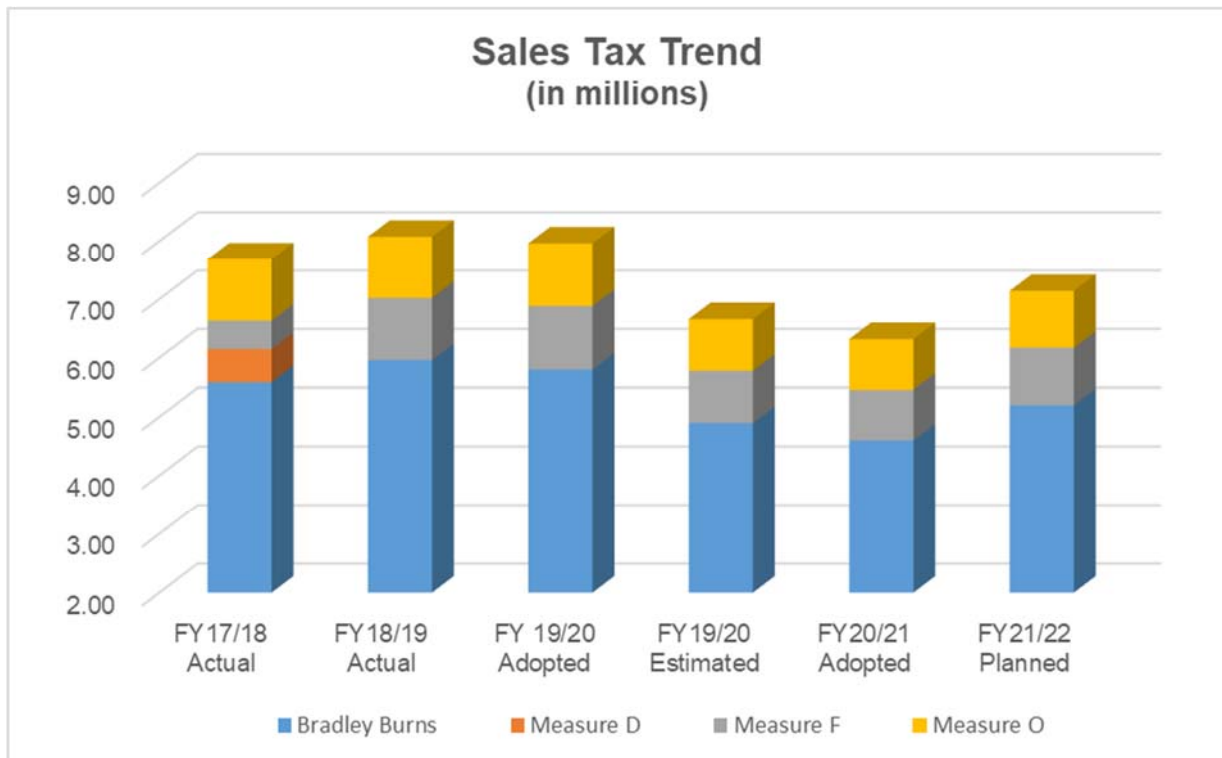
Sales Tax

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.



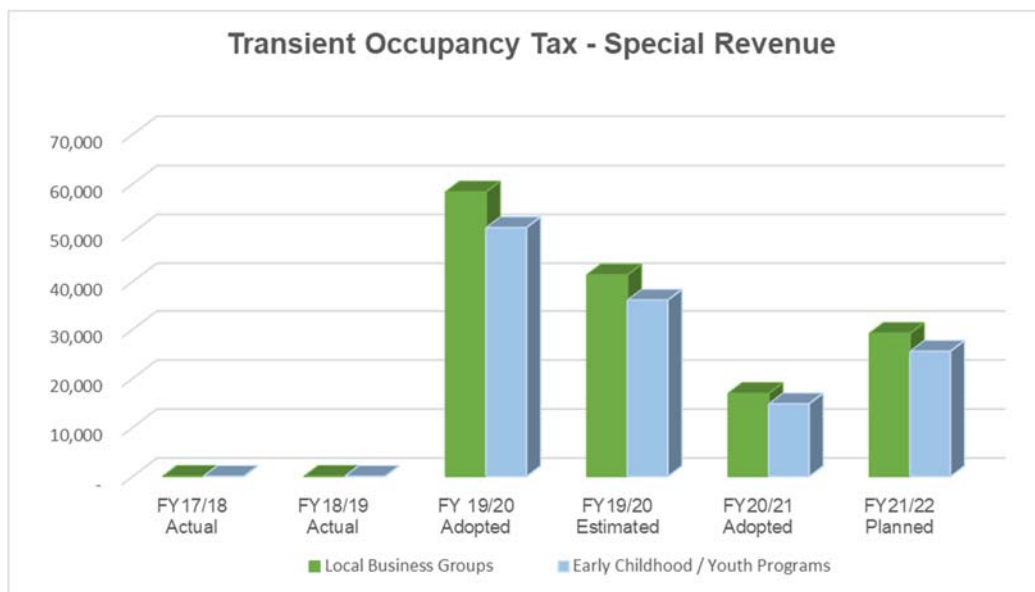
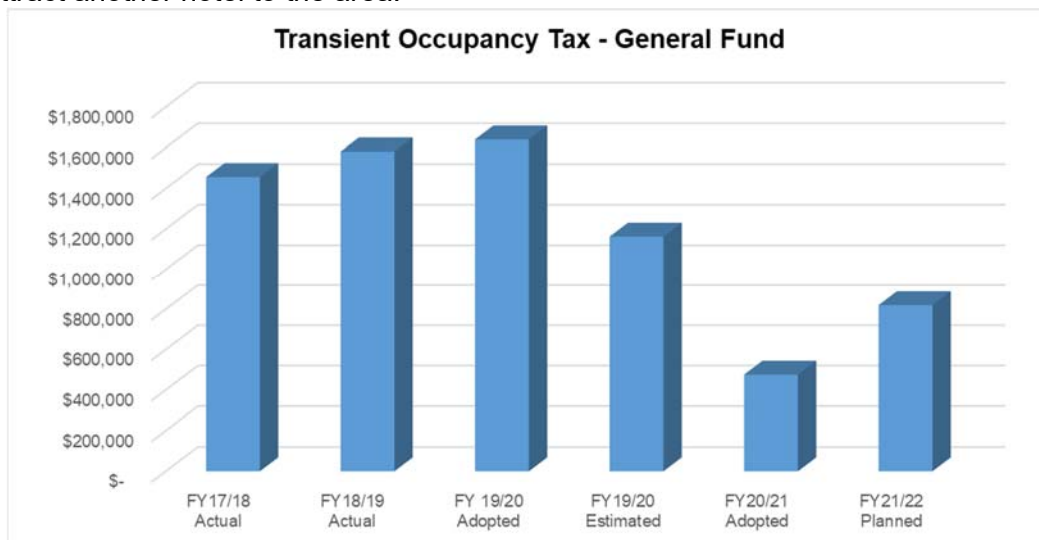
Transient Occupancy Taxes (TOT)

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.

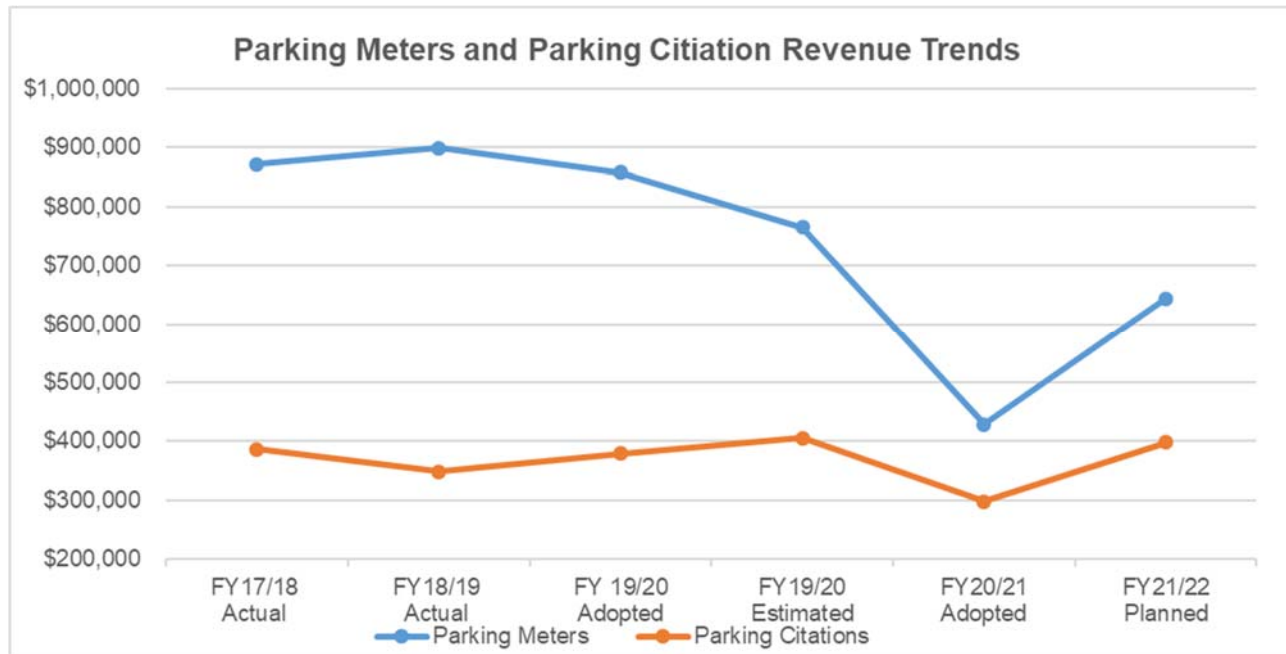


Parking Meters and Parking Fines

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 Adopted	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	\$	24,483	\$ 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.

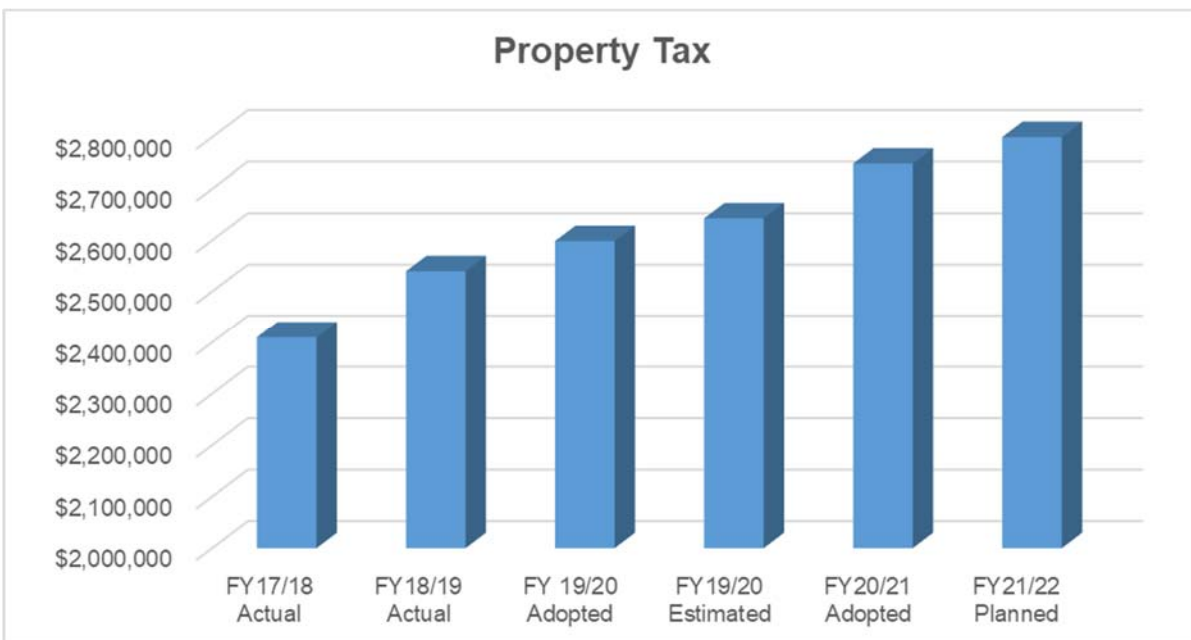
In the FY 2020/21 budget, base property tax revenues are projected to increase approximately four percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. A growth factor of four percent of the assessed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



Revenue Summary

	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 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	24,483	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 Adopted	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	121,548	275,000
Recr. fees Camp Capitola fees	96,049	111,338	175,000	105,068	95,740	140,000
Recr. Youth Programs	-	-	97,000	22,325	47,570	50,000
Recr. fees Sports fees	23,681	22,636	22,000	19,240	15,000	15,000
Recr. Fees Events	-	-	-	-	14,000	14,000
Total	\$ 1,757,663	\$ 1,855,473	\$ 2,055,925	\$ 1,657,437	\$ 1,300,831	\$ 1,761,954
<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	6,216	8,096	7,000	-	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	\$ 116,268	\$ 157,624	\$ 96,200	\$ 115,857	\$ 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	43,000	-
Total	\$ 127,844	\$ 182,987	\$ 111,000	\$ 78,896	\$ 76,500	\$ 43,400
Grand Totals	\$ 15,626,689	\$ 16,294,571	\$ 16,646,394	\$ 14,218,791	\$ 13,026,413	\$ 14,982,532

GENERAL FUND EXPENDITURES



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General Fund Expenditures

The FY 2020/21 General Fund expenditure budget proposes decreases of slightly over \$4 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:

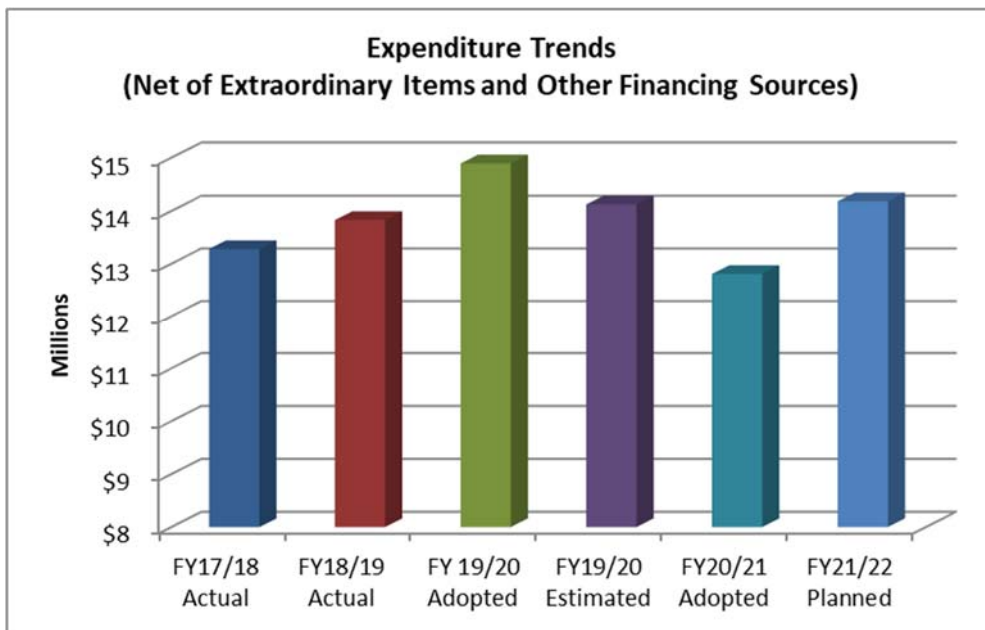
- Total personnel costs (salary and benefits) decreased \$839,580 from the FY 2019/20 Adopted Budget due to freezing vacant positions in response to COVID-19.
 - Salary costs are \$836,285 lower due to concessions by each of the bargaining groups offset by increases in overtime and benefits.
 - Salary – Permanent increased \$776,455
 - Salary – Temp decreased \$107,896 due to reduced hours
 - Overtime increased \$22,000 primarily due to the need to cover vacancies in the Police Dept.
- Contract services decreased by \$595,969 or 20.5%, 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.

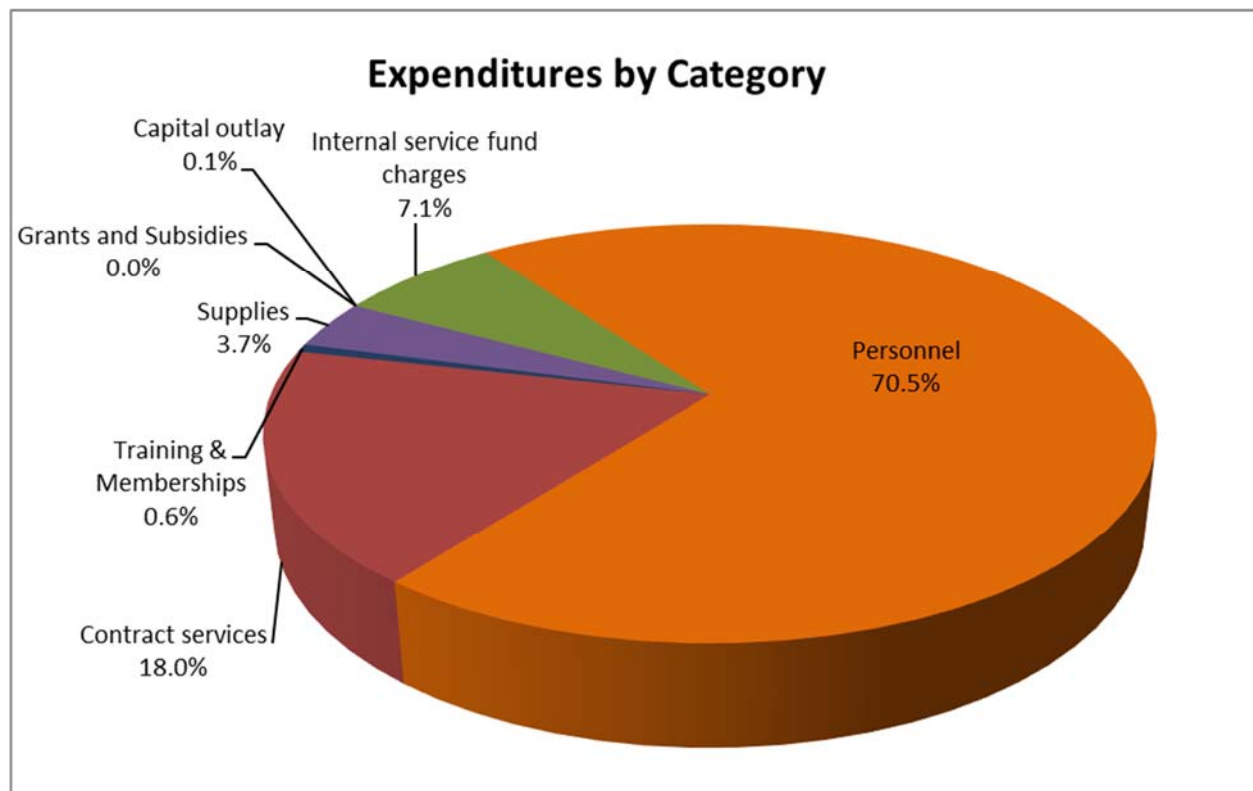
General Fund Expenditures Summary

Major Categories	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Personnel	\$8,335,863	\$8,982,044	\$9,866,884	\$9,422,431	\$9,027,303	\$9,495,611
Contract services	2,790,989	2,714,577	2,906,368	2,676,237	2,310,399	2,547,730
Training & Memberships	85,108	89,851	128,570	82,644	80,050	92,850
Supplies	544,148	589,981	543,911	500,223	478,875	493,500
Grants and Subsidies	269,884	243,432	269,647	269,647	-	249,479
Capital outlay	7,121	-	-	-	-	-
Internal service fund	1,246,350	1,209,105	1,176,081	1,176,081	911,210	1,304,859
Subtotal	\$13,279,463	\$13,828,990	\$14,891,461	\$14,127,263	\$12,807,837	\$14,184,029
Other financing uses	3,622,550	1,733,843	2,304,344	2,004,344	359,383	1,691,144
Expenditure Total	\$16,902,013	\$15,562,833	\$17,195,805	\$16,131,607	\$13,167,220	\$15,875,173

The following chart provides an overview of expenditure trends, excluding transfers. Expenditures are trending downward in FY 2020-21 mainly due to COVID-19.



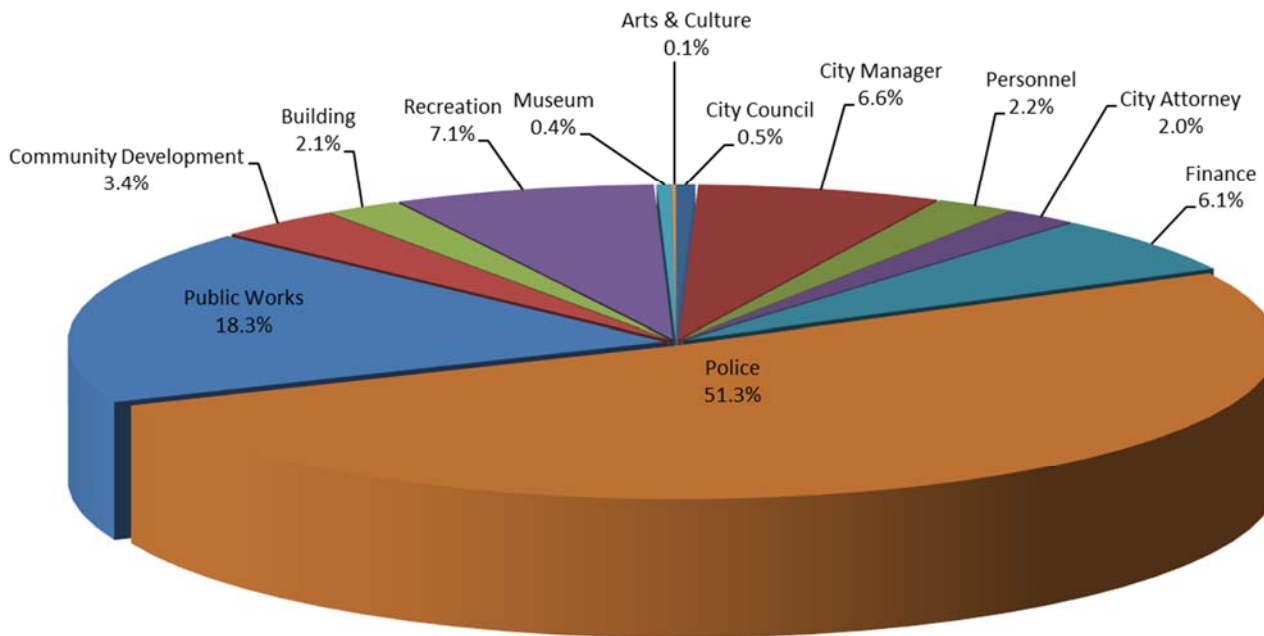
A chart displaying the percentage of expenditures by category is also provided for reference. Since personnel costs decreased \$839,580 from the prior fiscal year, the ratio of personnel services to total expenditures increased from 66.3 percent to 70.5 percent. Other notable changes were in contract services, which decreased from 19.5 percent to 18 percent, and internal service charges, which decreased from 7.9 percent to 7.1 percent.



General Fund Department Expenditures

Department	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
City Council	\$149,811	\$155,151	\$112,137	\$100,400	\$67,611	\$107,475
City Manager	784,431	892,350	999,679	999,679	848,211	913,765
Personnel	349,636	352,195	358,422	353,422	276,592	361,593
City Attorney	272,869	259,864	255,000	280,000	255,000	255,000
Finance	793,547	797,993	860,773	856,523	777,586	821,076
Community Grants	274,990	243,432	269,647	125,404	0	249,479
Police - Law Enforcement	5,686,351	5,851,518	6,299,850	6,260,087	5,960,273	6,254,142
Police - Pkg. Enforcement	504,408	551,148	528,870	528,870	530,854	540,517
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	73,092	75,992
Public Works - Streets	1,478,558	1,533,789	1,583,649	1,497,194	1,162,911	1,332,943
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	219,141	259,295
Public Works - Fleet	304,280	383,187	402,458	317,284	397,504	413,215
Public Works - Parks	453,449	474,884	474,740	456,356	437,305	439,339
Community Development	449,916	447,829	491,932	434,402	433,874	471,542
Building	233,753	345,515	406,571	360,597	267,199	281,009
Recreation	952,250	914,536	1,017,264	923,594	909,273	1,057,005
Museum	73,575	70,477	74,418	66,306	52,368	63,734
Art & Cultural	67,169	65,811	63,676	62,469	11,606	54,115
Subtotal	\$13,279,463	\$13,828,988	\$14,776,902	\$14,127,263	\$12,807,837	\$14,184,029
Transfers & Other	\$3,622,550	\$1,733,843	\$2,304,344	\$2,004,344	\$359,383	\$1,691,144
Expenditure Total	\$16,902,013	\$15,562,831	\$17,081,246	\$16,131,607	\$13,167,220	\$15,875,173

Expenditures by Department



General Fund Expenditures

SALARIES & BENEFITS

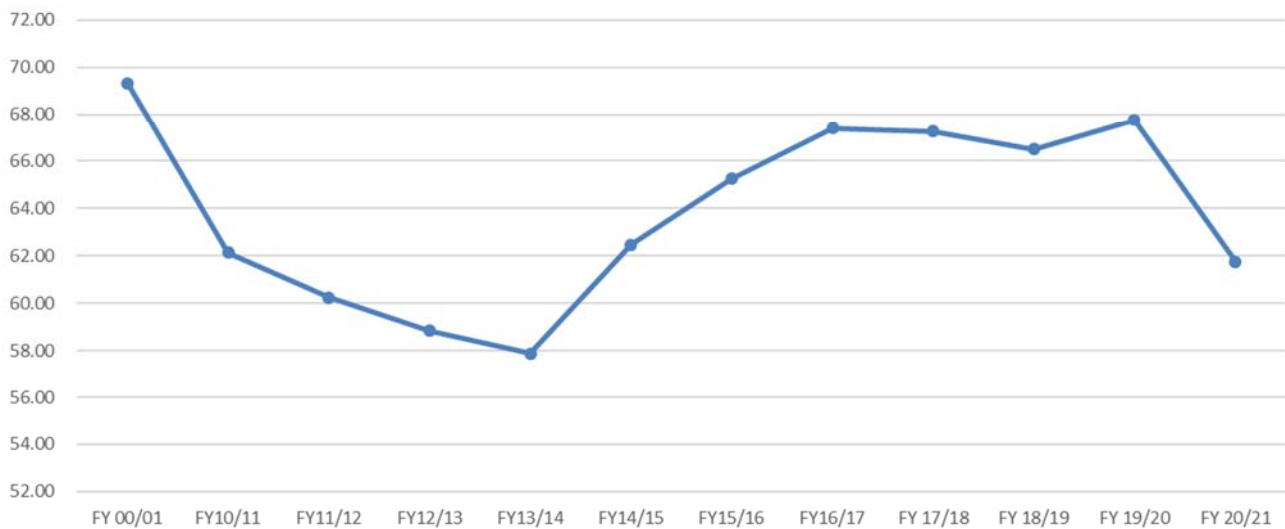
All positions listed in the General Fund are fully funded with full benefit costing. Fully benefited positions are budgeted at their current step plus an assumption that they will move to the next step unless they are already at the top step of their classification. Specialty pays are budgeted as a separate 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. Staff anticipates filling the vacant positions during FY 2021-22.

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 Actual	FY10/11 Actual	FY11/12 Actual	FY12/13 Actual	FY13/14 Actual	FY14/15 Actual	FY15/16 Actual	FY16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Authorized	FY 20/21 Budgeted
Elected													
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Elected - Total FT	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
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	3.75	3.75
City Manager	5.50	6.75	7.00	7.00	7.00	6.90	6.00	7.00	6.00	6.00	7.00	7.00	6.00
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Police	31.30	30.25	29.59	28.59	27.59	30.65	31.50	31.65	31.50	30.50	30.50	30.50	27.50
CDD	6.67	4.67	4.12	3.79	3.12	4.50	5.00	5.00	5.00	6.00	6.00	6.00	5.00
Public Works	14.33	12.33	11.83	12.33	12.33	13.00	14.00	15.00	16.00	16.00	15.00	15.00	14.00
Recreation	4.50	3.00	3.00	3.00	2.75	2.75	3.75	3.75	3.75	3.75	5.00	5.00	5.00
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	67.75	61.75
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)

City FTE Count



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 \$9,027,303. This represents a 8.5% decrease from the FY 2019/20 Adopted Budget. This is due to 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 Adopted	FY21/22 Planned
Salary	\$5,262,295	\$5,339,974	\$5,874,973	\$5,734,141	\$5,098,518	\$5,363,012
Salary Temp	352,047	369,932	441,152	416,581	333,256	\$350,544
Overtime	214,939	180,717	169,500	200,301	191,500	\$201,434
Specialty Pay	296,734	276,501	303,452	276,093	268,132	\$282,042
Benefits	2,209,848	2,814,921	3,074,511	2,824,657	3,135,898	\$3,298,579
Total	\$8,335,863	\$8,982,044	\$9,863,588	\$9,451,773	\$9,027,303	\$9,495,611

Staffing by Department	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	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	4,532,405	4,711,622
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	591,173	681,686
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	\$9,027,303	\$9,495,611

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	12/26/2020
Confidential	7/1/2018	12/26/2020
Mid-Management	7/1/2018	12/26/2020
Police Captains	7/1/2018	12/26/2020
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>Adopted</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>Adopted</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	235,382	\$244,798
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	\$268,132	\$278,857

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 Adopted	FY21/22 Planned
Ret. cost - PERS Safety	\$ 344,866	\$ 336,474	\$ 371,877	\$ 313,920	\$ 386,753
Ret. cost - PERS Safety UAL	469,908	613,978	741,462	852,419	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	4,103	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	\$2,239,364	\$2,713,555
Total Employee Paid Costs	\$ 695,132	\$ 575,243	\$ 676,745	\$ 694,203	\$ 841,202
Total City Paid Costs	\$1,602,729	\$1,855,622	\$2,183,047	\$2,239,364	\$2,713,555
Total Costs Employee and City	\$2,297,861	\$2,430,865	\$2,859,792	\$2,933,566	\$3,554,757
Unfunded Actuarial Liability-Safety	11,019,924	11,019,924	11,227,125	12,914,637	13,560,369
Unfunded Actuarial Liability-Misc	10,462,813	10,462,813	10,449,759	11,881,879	12,475,973
Unfunded OPEB Liability	817,810	817,810	817,810	910,968	910,968
Funding Ratio PERS Safety	71.3%	71.30%	72.40%	72.40%	N/A
Funding Ratio PERS Misc	69.7%	69.70%	71.00%	71.00%	N/A

General Fund Expenditures - Contract Services (5 pages)

Department	Contract Description	FY 19/20 Adopted	FY20/21 Adopted	FY 21/22 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

Department	Contract Description	FY 19/20 Adopted	FY20/21 Adopted	FY 21/22 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	39,932	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	\$ 750,132	\$ 775,200

Department	Contract Description	FY 19/20 Adopted	FY20/21 Adopted	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	11,000	-
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	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	\$ 105,000	\$ 127,000

Department	Contract Description	FY 19/20 Adopted	FY20/21 Adopted	FY 21/22 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 Adopted	FY20/21 Adopted	FY 21/22 Planned
Recreation	Gen/Admin Contracts - General	\$ 34,500	\$ 21,000	\$ 20,085
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	4,000
Recreation	Temp. Staff/Instr. Rec contract inst/sports off	143,000	146,260	146,260
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	2,847	2,847
Recreation	Contract Svcs. Advertising	1,500	2,225	2,225
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	-	3,153
	Total	\$ 288,686	\$ 217,242	\$ 221,480
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	\$2,310,399	\$2,547,730

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. Due to COVID-19 the Community Grant program was not funded for FY 2020-21. It is anticipated that funding will return to prior levels in FY 2021-22.

AGENCY	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Adopted	FY21/22 Planned
Community Services					\$ 249,479
Advocacy, Inc.	\$ 7,680	\$ 7,991	\$ 8,151	\$ -	
Cabrillo College Stroke and Disability Center	7,168	7,458	7,608	-	
Central Coast Center for Independent Living	10,095	10,503	10,714	-	
Community Action Board, Inc.	1,378	1,435	1,464	-	
Community Bridges	113,324			-	
Community Bridges - Lift Line		30,600	31,212	-	
Community Bridges - Live Oak				-	
Community Resources		5,346	5,453	-	
Community Bridges - Meals on Wheels		61,725	62,960	-	
Companion for Life / Lifeline				-	
Conflict Resolution Program	3,215	3,345	3,412	-	
Arts Council of Santa Cruz County	977	1,038	1,059	-	
Dientes Community Dental Care	1,403	1,460	1,490	-	
Diversity Center	1,072	1,115	1,138	-	
Encompass Santa Cruz AIDS Project	7,588	7,895	8,053	-	
Family Service Agency of Santa Cruz	8,917	12,236	12,481	-	
Grey Bears, Inc.	14,864	15,465	15,775	-	
Homeless Svcs. Center	2,680	2,789	2,845	-	
Hospice Caring Project	1,608	1,673	1,707	-	
Monarch Services Servidios Monarca	3,873	3,951	4,031	-	
Native Animal Rescue	1,200	1,249	1,274	-	
Second Harvest Food Bank	10,455	10,878	11,096	-	
Senior Citizens Legal Services	8,836	10,574	10,786	-	
Senior Network Services	2,563	2,667	2,721	-	
Srs Council - SCC/San Benito Co.	3,437	8,883	9,061	-	
Survivors' Healing Center	492	-	-	-	
United Way	7,446			-	
United Way - 2-1-1 Help Line		2,081	2,123	-	
Vista Center for the Blind	1,898	1,975	2,015	-	
Volunteer Center of Santa Cruz County	3,215	3,345	3,412	-	
Women Care	2,352	-	-	-	
	\$ 227,736	\$ 217,677	\$ 222,041	\$ -	\$ 249,479

AGENCY	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY20/21 Adopted	FY21/22 Planned
Children/Youth Services (General Fund)					
Big Brothers/Big sisters	\$ 2,886	\$1,472	\$0		
Campus Kids Connection - After School	15,638				
Community Bridges - Child Development Division		472	-		
Court-Appointed Special Advocates	3,107	1,616	-		
Encompass Youth Services Counseling	7,305	3,726	-		
Families in Transition - Santa Cruz Co.	2,521		-		
O'Neill Sea Odyssey	2,943	1,501	-		
Parents Center, Inc.	6,500	3,315	-		
Toddler Care Center	1,248	637	-		
United Way - Community Assessment Project		1,020	-		
Childcare Center Fee Grant			-		
	\$42,148	\$13,759	\$0	\$0	\$0
Other					
Local Critical Need Fund		\$10,000	\$10,000	\$0	
Community Grant Assessment Study		7,000	0		
Recreation Program Strategic Plan*		13,758	0		
Regional Homeless Needs		10,094	37,606	0	
		\$40,852	\$47,606	\$0	\$0
General Fund Total	\$ 269,884	\$ 272,288	\$ 269,647	\$ -	\$ 249,479
Early Childhood / Youth Services (TOT Children's Fund)					
Big Brothers/Big sisters		\$1,531	\$3,064	\$0	
Community Bridges - Child Development Division		491	983	-	
Court-Appointed Special Advocates		1,681	3,363	-	
Encompass Youth Services Counseling		3,876	7,754	-	
O'Neill Sea Odyssey		1,562	3,125	-	
Parents Center, Inc.		3,448	6,899	-	
Toddler Care Center		663	1,325	-	
United Way - Community Assessment Project		1,061	2,123	-	
Santa Cruz Museum of Discovery	-	6,000	-		
Boys and Girls Club of Santa Cruz County		6,000	-		
Childcare Center Fee Grant			2500	-	
Recreation Programming				14,803	
TOT Youth Funding Total		\$26,313	\$31,136	\$14,803	\$0
Estimated Children's Fund Revenue		\$25,500	\$36,186	\$14,803	\$25,521
Remaining Funds		-\$813	\$5,050	\$0	\$25,521
Total Social Service Program Funding		\$284,030	\$305,833	\$14,803	\$275,000

*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 Adopted	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	4,400	45,350	\$45,350
Museum	15,403	14,000	14,000	10,000	7,000	\$11,750
Arts & Culture	7,668	7,900	6,500	4,097	375	\$7,500
Total	\$544,148	\$503,250	\$536,600	\$370,547	\$478,875	\$493,500

TRAINING AND MEMBERSHIPS

The following table provides a history of the training and memberships budgets by department. Refer to the General Fund Department section for additional information.

	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	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	220,000	2,650	2,650
Total	\$85,108	\$89,851	\$128,570	\$299,550	\$80,050	\$92,850

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 Adopted	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	473,020	473,020
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	\$ 911,210	\$1,304,859

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	-	60,000
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	1,332,662	-	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	\$2,004,344	\$359,383	\$1,691,144

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DEPARTMENTAL BUDGETS



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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

1000-10-10-000	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Revenues						
General Fund	\$ 149,811	\$ 155,151	\$ 112,137	\$ 100,400	\$ 67,611	\$ 107,475
Revenue Total	\$ 149,811	\$ 155,151	\$ 112,137	\$ 100,400	\$ 67,611	\$ 107,475
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	8,044	13,208
Expenditure Totals	\$ 149,811	\$ 155,151	\$ 112,137	\$ 100,400	\$ 67,611	\$ 107,475
Authorized Positions						
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21	FY21/22
	Actual	Actual	Adopted	Authorized	Adopted	Planned
Mayor	1.00	1.00	1.00	1.00	1.00	1.00
Vice Mayor	1.00	1.00	1.00	1.00	1.00	1.00
Council Members	3.00	3.00	3.00	3.00	3.00	3.00
FTE Total	5.00	5.00	5.00	5.00	5.00	5.00

CITY ATTORNEY

GENERAL GOVERNMENT

DEPARTMENT PURPOSE

The City Attorney represents the City as primary Counsel in all legal matters. The City Attorney is appointed by the City Council. The City Attorney provides legal analysis and advice on interpretation and application of municipal code, State law, and Federal law, drafting legal documents, and labor-related issues. The City Attorney is currently a contract position with the firm 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						
1000-10-16-000	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	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 Adopted	FY21/22 Planned
Revenue						
General Fund	\$ 1,130,745	\$ 1,239,833	\$ 1,354,101	\$ 1,349,101	\$ 1,120,803	\$ 1,271,358
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	\$ 1,124,803	\$ 1,275,358

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	64,015	110,384
Expenditure Totals	\$ 1,134,067	\$ 1,244,545	\$ 1,358,101	\$ 1,353,101	\$ 1,124,803	\$ 1,275,358

Authorized Positions	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Adopted	FY 20/21 Authorized	FY 20/21 Adopted	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	-	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	6.00	6.00	6.00	7.00	6.00	7.00

CITY MANAGER ADMINISTRATION

GENERAL GOVERNMENT

MISSION STATEMENT

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

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	Adopted	Planned
Revenues						
General Fund	\$ 781,109	\$ 887,638	\$ 995,679	\$ 995,679	\$ 844,211	\$ 909,765
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	\$ 848,211	\$ 913,765
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	52,561	97,288
Expenditure Totals	\$ 784,431	\$ 892,350	\$ 999,679	\$ 999,679	\$ 848,211	\$ 913,765
Authorized Positions						
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21	FY21/22
	Actual	Actual	Adopted	Authorized	Adopted	Planned
City Manager	0.65	0.80	0.80	0.80	0.80	0.80
City Clerk	0.90	1.00	1.00	1.00	1.00	1.00
Admin. Svcs. Dir.	0.75	-	-	-	-	-
Assistant to the City Manager	-	0.50	0.50	0.50	0.50	0.50
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
Information System Specialist	-	-	-	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	-	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	4.80	4.80	4.80	5.80	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

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-10-12-000	Actual	Actual	Adopted	Estimated	Adopted	Planned
Revenues						
General Fund	\$349,636	\$352,195	\$358,422	\$ 353,422	\$276,592	\$361,593
Revenue Totals	\$349,636	\$352,195	\$358,422	\$ 353,422	\$276,592	\$361,593
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	11,453	13,096
Expenditure Totals	\$349,636	\$352,195	\$358,422	\$ 353,422	\$276,592	\$361,593
Authorized Positions						
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21	FY21/22
	Actual	Actual	Adopted	Authorized	Adopted	Planned
City Manager	0.20	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	0.50
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	1.20	1.20	1.20	1.20	1.20	1.20

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	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Revenue						
General Fund	\$ 495,524	\$ 566,568	\$ 522,038	\$ 537,319	\$ 474,786	\$ 505,276
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	\$ 777,586	\$ 821,076

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	44,420	68,492
Expenditure Totals	\$ 793,547	\$ 797,993	\$ 860,773	\$ 856,523	\$ 777,586	\$ 821,076

Authorized Positions	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21	FY21/22
	Actual	Actual	Adopted	Authorized	Adopted	Planned
Finance Director	1.00	1.00	1.00	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	-	-	-	-
Accountant I	-	-	1.00	1.00	1.00	1.00
Accounts Clerk	0.75	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	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

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 Adopted	FY21/22 Planned
Revenue						
General Fund	\$ 5,617,161	\$ 5,852,033	\$ 6,316,727	\$ 6,291,364	\$ 5,947,219	\$ 6,286,134
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	482,900	563,500
Other revenues	-	1,120	-	-	18,000	-
Revenue Totals	\$ 6,322,782	\$ 6,535,826	\$ 6,988,527	\$ 6,947,764	\$ 6,564,219	\$ 6,963,834

Expenditures						
Personnel	\$4,400,232	\$4,586,541	\$5,046,454	\$5,020,991	\$4,752,064	\$4,937,870
Contract services	1,101,371	1,154,703	1,176,745	1,176,745	1,099,832	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	578,123	698,765
Expenditure Totals	\$ 6,322,782	\$ 6,535,826	\$ 6,988,527	\$ 6,947,764	\$ 6,564,219	\$ 6,963,835

Authorized Positions	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Adopted	FY 20/21 Authorized	FY 20/21 Adopted	FY21/22 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	5.00
Police Officer	15.00	15.00	15.00	15.00	14.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	3.00	3.00	2.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	-	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
FTE Total	31.50	31.50	30.50	30.50	27.50	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 Adopted	FY21/22 Planned
Revenue						
General Fund	\$ 5,399,523	\$ 5,517,924	\$ 5,985,550	\$ 5,961,187	\$ 5,641,473	\$ 5,955,242
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	\$ 5,960,273	\$ 6,254,142
Expenditure Totals						
Personnel	\$ 4,215,309	\$ 4,368,893	\$ 4,825,463	\$ 4,800,000	\$ 4,532,405	\$ 4,711,622
Contract services	695,746	729,273	749,945	749,945	750,132	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	550,736	667,221
Expenditure Totals	\$ 5,690,147	\$ 5,851,518	\$ 6,299,850	\$ 6,260,087	\$ 5,960,273	\$ 6,254,142

Authorized Positions	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Adopted	FY 20/21 Authorized	FY 20/21 Adopted	FY21/22 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	5.00
Police Officer	15.00	15.00	15.00	15.00	14.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	-	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
FTE Total	28.50	28.50	28.50	28.50	25.50	28.50

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	Adopted	Planned
Revenue						
General Fund	\$ 89,411	\$ 200,948	\$ 171,370	\$ 171,370	\$ 232,654	\$ 161,717
Fines and forfeitures	414,997	350,200	357,500	357,500	298,200	378,800
Revenue Totals	\$ 504,408	\$ 551,148	\$ 528,870	\$ 528,870	\$ 530,854	\$ 540,517
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	26,495	29,469
Expenditure Totals	\$ 504,408	\$ 551,148	\$ 528,870	\$ 528,870	\$ 530,854	\$ 540,517
Authorized Positions						
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21	FY21/22
	Actual	Actual	Adopted	Authorized	Adopted	Planned
Parking Enforcement Officer	3.00	3.00	2.00	2.00	2.00	2.00
FTE Total	3.00	3.00	2.00	2.00	2.00	2.00
Seasonal Parking Enforcement Officer Hours	-	-	-	990	990	

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	Adopted	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	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Revenue						
General Fund	\$ 39,184	\$ 54,402	\$ 72,361	\$ 71,861	\$ 73,092	\$ 75,992
Charges for services	-	-	-	-	-	-
Revenue Totals	\$ 39,184	\$ 54,402	\$ 72,361	\$ 71,861	\$ 73,092	\$ 75,992
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	892	892
Expenditure Totals	\$ 39,184	\$ 54,402	\$ 72,361	\$ 71,861	\$ 73,092	\$ 75,992

PUBLIC WORKS SUMMARY

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 – 2019/20

- 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 - 2020/21 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

Public Works Summary	FY17/18 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Revenue						
General Fund	\$ 2,487,912	\$ 2,687,770	\$ 2,686,321	\$ 2,558,803	\$ 2,301,297	\$ 2,543,401
Licenses and permits	32,604	34,035	30,000	30,000	35,000	30,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	11,706	8,150	6,500	6,700	4,000	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	\$ 2,616,703	\$ 2,344,297	\$ 2,584,401
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	722,150	402,800	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	118,116	234,139
Expenditure Totals	\$ 2,558,530	\$ 2,748,009	\$ 2,734,320	\$ 2,616,703	\$ 2,344,297	\$ 2,584,401
Authorized Positions						
	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Adopted	FY 20/21 Authorized	FY 20/21 Adopted	FY21/22 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	-	-	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	-	-	-
Field Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I & II	9.00	8.00	9.50	7.00	6.00	7.00
Maintenance Worker III	-	-	-	2.00	2.00	2.00
Mechanic	1.00	1.00	1.50	2.00	2.00	2.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	14.00	13.00	16.00	15.00	14.00	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

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-30-30-000	Actual	Actual	Adopted	Estimated	Adopted	Planned
Revenues						
General Fund	\$ 1,411,703	\$ 1,475,368	\$ 1,525,892	\$ 1,441,694	\$ 1,120,911	\$ 1,292,943
Licenses and permits	32,604	34,035	30,000	30,000	35,000	30,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	9,660	6,332	5,500	5,500	3,000	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	\$ 1,497,194	\$ 1,162,911	\$ 1,332,943
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	292,000	50,000	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	67,115	180,555
Expenditure Totals	\$ 1,478,558	\$ 1,533,789	\$ 1,571,392	\$ 1,497,194	\$ 1,162,911	\$ 1,332,943
Authorized Positions						
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21	FY21/22
	Actual	Actual	Adopted	Authorized	Adopted	Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	-	-	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	-	-	-
Field Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I & II	5.00	5.00	6.50	5.00	4.00	5.00
Maintenance Worker III	-	-	-	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	9.00	9.00	11.50	10.00	9.00	10.00

STORMWATER

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 Actual	FY18/19 Actual	FY 19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 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	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Revenues						
General Fund	\$197,271	\$240,831	\$195,692	\$ 195,692	\$219,141	\$259,295
Other revenues	-	-	-	-	-	-
Revenue Totals	\$197,271	\$240,831	\$195,692	\$ 195,692	\$219,141	\$259,295
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	9,591	10,495
Expenditure Totals	\$197,271	\$240,831	\$195,692	\$ 195,692	\$219,141	\$259,295

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

	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
1000-30-32-000	Actual	Actual	Adopted	Estimated	Adopted	Planned
Revenues						
General Fund	\$302,563	\$383,187	\$342,784	\$316,084	\$397,504	\$413,215
Other revenues	1,717	-	1,500	1,200	-	-
Revenue Totals	\$304,280	\$383,187	\$344,284	\$317,284	\$397,504	\$413,215
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	12,754	16,655	16,655	16,655	14,233	14,233
Expenditure Totals	\$304,280	\$383,187	\$344,284	\$317,284	\$397,504	\$413,215
Authorized Positions						
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21	FY21/22
	Actual	Actual	Adopted	Authorized	Adopted	Planned
Mechanic/Sr. Mechanic	1.00	1.00	1.50	2.00	2.00	2.00
FTE Total	1.00	1.00	1.50	2.00	2.00	2.00
Temporary Mechanic Hours	400	255	350	0	0	

PARKS

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						
1000-30-33-xxx	FY17/18	FY18/19	FY 19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Revenues						
General Fund	\$453,449	\$474,884	\$472,776	\$ 456,356	\$437,305	\$439,339
Revenue Totals	\$453,449	\$474,884	\$472,776	\$ 456,356	\$437,305	\$439,339
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	27,178	28,857
Expenditure Totals	\$453,449	\$474,884	\$472,776	\$ 456,356	\$437,305	\$439,339
Authorized Positions						
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 20/21	FY21/22
	Actual	Actual	Adopted	Authorized	Adopted	Planned
Maintenance Worker I & II	4.00	3.00	3.00	2.00	2.00	2.00
Maintenance Worker III	0.00	0.00	0.00	1.00	1.00	1.00
FTE Total	4.00	3.00	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 – 2019/2020

- 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 Adopted	FY21/22 Planned
Revenue						
General Fund	\$ 183,699	\$ 277,643	\$ 161,811	\$ 356,599	\$ 228,323	\$ 279,801
Licenses and permits	216,535	233,349	265,500	216,000	154,250	154,250
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	-	-
Revenue Totals	\$ 683,669	\$ 793,344	\$ 869,811	\$ 794,999	\$ 701,073	\$ 752,551

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	38,635	64,580
Expenditure Totals	\$ 683,669	\$ 793,345	\$ 869,810	\$ 794,999	\$ 701,074	\$ 752,551

Authorized Positions	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Adopted	FY 20/21 Authorized	FY 20/21 Adopted	FY21/22 Planned
Community Dev. Director	1.00	1.00	1.00	1.00	1.00	1.00
Senior Planner	1.00	1.00	1.00	-	-	-
Associate Planner	-	-	-	1.00	1.00	1.00
Assistant Planner	1.00	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	1.00	1.00	1.00	1.00
Development Services Tech	-	-	1.00	1.00	-	1.00
FTE Total	5.00	5.00	6.00	6.00	5.00	6.00

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

Officials Annual Pay						
Planning Commissioners	\$ 9,250	\$ 9,250	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Arch & Site Committee	1,600	1,600	1,200	6,000	6,000	6,000
Total	\$ 10,850	\$ 10,850	\$ 8,700	\$ 13,500	\$ 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 – 2019/20

- 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 - 2020/21

- 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 Adopted	FY21/22 Planned
Revenue						
General Fund	\$ 306,575	\$ 297,471	\$ 343,264	\$ 423,733	\$ 357,915	\$ 305,505
Recreation Classes	\$ 259,757	\$ 230,866	\$ 275,000	\$ 207,037	\$ 250,000	\$ 250,000
Capitola Junior Guards	257,798	244,129	265,000	146,191	121,548	275,000
Camp Capitola	100,479	111,338	105,000	105,068	95,740	140,000
Youth Programs	-	-	-	22,325	47,570	50,000
Sports Teams	21,425	22,636	22,000	19,240	15,000	15,000
Events	-	-	-	-	14,000	14,000
Total Charges for Svcs.	\$ 639,459	\$ 608,969	\$ 667,000	\$ 499,861	\$ 543,858	\$ 744,000
Use of money & property	\$ 6,216	\$ 8,096	\$ 7,000	\$ -	\$ 7,500	\$ 7,500
Revenue Totals	\$ 952,250	\$ 914,536	\$1,017,264	\$ 923,594	\$ 909,273	\$1,057,005

Expenditures

Personnel	\$613,475	\$561,996	\$633,170	\$ 580,100	\$ 591,173	\$ 681,686
Contract services	209,867	211,460	242,050	220,000	217,242	221,480
Training & Memberships	7,369	4,312	8,300	4,400	2,650	2,650
Supplies	57,047	72,673	69,650	55,000	45,350	45,350
Internal service fund charges	64,492	64,094	64,094	64,094	52,858	105,839
Expenditure Totals	\$ 952,250	\$ 914,536	\$1,017,264	\$ 923,594	\$ 909,273	\$1,057,005

Authorized Positions	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Adopted	FY 20/21 Authorized	FY 20/21 Adopted	FY21/22 Planned
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Recreation Coordinator	1.50	1.50	1.50	1.50	1.50	1.50
Recreation Assistant	0.75	0.75	0.75	2.00	2.00	2.00
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	3.75	3.75	3.75	5.00	5.00	5.00

Hourly Allocation

Beach Lifeguard Captain	-	-	720	-	-	-
Jr. Lifeguard Instructor	8,350	8,350	8,200	7,200	4,390	7,200
Jr. Lifeguard Coordinator	800	800	800	1,200	828	1,200
Camp Capitola Leader	2,450	2,450	2,500	4,800	3,288	4,800
Camp Capitola Coordinator	-	-	400	1,200	432	1,200
CC Jr. Leader Coordinator	700	700	400	500	432	500
Youth Program Coordinator	-	-	-	720	951	720
Youth Program Leader	-	-	-	2,880	1,289	2,880
Recreation Admin Temps	1,285	1,285	2,400	1,560	816	1,560
Sports Scorekeepers	865	865	900	900	900	900
Recreation Facilities Assistant	-	-	-	-	-	-
Hours Total	14,450	14,450	16,320	20,960	13,326	20,960

MUSEUM

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 – 2019/20

- 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 - 2020/21 and 2021/22

- 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 Adopted	FY21/22 Planned
Revenue						
General Fund	\$ 67,652	\$ 63,713	\$ 63,806	\$ 57,806	\$ 45,868	\$ 57,234
Other revenues	5,923	6,764	6,500	8,500	6,500	6,500
Revenue Totals	\$ 73,575	\$ 70,477	\$ 70,306	\$ 66,306	\$ 52,368	\$ 63,734
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	3,845	5,395
Expenditure Totals	\$ 73,575	\$ 70,477	\$ 70,306	\$ 66,306	\$ 52,368	\$ 63,734
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 artwork 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 Adopted	FY21/22 Planned
Revenue						
General Fund	\$ 35,346	\$ 29,260	\$ 25,869	\$ 32,469	\$ 6,606	\$ 20,215
Other revenues	31,823	28,760	38,000	30,000	5,000	33,900
Revenue Totals	\$ 67,169	\$ 58,020	\$ 63,869	\$ 62,469	\$ 11,606	\$ 54,115
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	3,153	4,056
Expenditure Totals	\$ 67,169	\$ 65,811	\$ 63,869	\$ 62,469	\$ 11,606	\$ 54,115
Hourly Employee Allocation						
Hours	503	516	480	480	270	480

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INTERNAL SERVICE FUNDS



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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	<u>\$37,444</u>	<u>\$37,265</u>	<u>\$37,250</u>	<u>\$ 37,340</u>	<u>\$ -</u>	<u>\$ 33,000</u>
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	<u>\$28,215</u>	<u>\$23,235</u>	<u>\$37,250</u>	<u>\$ 27,500</u>	<u>\$ 30,000</u>	<u>\$ 33,000</u>
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	\$282,268	\$296,209	\$251,400	\$251,400	\$ 53,500	\$ 215,150
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	\$248,258	\$236,644	\$247,900	\$247,900	\$201,650	\$ 201,650
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	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	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 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 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	473,020	473,020
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$428,000	\$436,291	\$403,486	\$403,486	\$473,020	\$473,020
Expenditures						
Contract Services	\$534,455	\$477,306	\$402,486	\$482,080	\$473,000	\$473,000
Supplies	-	-	1,000	-	-	-
Expenditure Totals	\$534,455	\$477,306	\$403,486	\$482,080	\$473,000	\$473,000
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						
Fund - 2214	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
	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	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	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)	\$ -	\$ -

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SPECIAL REVENUE FUNDS



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SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Library (City Manager): The Capitola Branch Library has been planned for many years. The City began construction in the fall of 2018 and anticipates completing the project in the spring of 2020.

HOME Program Reuse (Community Development): This fund accounts for housing loans due to the City from the recipients of previous HOME Program grants. Receipts in the Home Program Reuse Fund are restricted to affordable housing activities in accordance with the federal HOME program re-use guidelines.

Housing Trust (Community Development): City Council adopted an Inclusionary Housing Ordinance in November 2004, which created an Affordable Housing Trust Fund. It is funded from in-lieu fees, which can be used for new affordable housing and rehabilitation of existing affordable housing.

Capitola Housing Successor (Community Development): When the Capitola Redevelopment Agency dissolved, the City elected to become the Housing Successor to the former Low- and Moderate-Income Housing Fund of the RDA.

SUPPLEMENTAL LAW ENFORCEMENT SERVICES

POLICE

The City of Capitola receives money each year from the State of California Citizens Option for Public Safety (COPS) program. The COPS program requires the funds to be for front-line law enforcement services and not supplant existing funding. These funds were used last year to fund police vehicles and equipment.

The City purchased new police vehicles in FY 2016/17, FY 2017/18 and FY 2018-19. In addition to front line equipment, the Police Department transferred \$25,000 to the Equipment Fund to pay for a portion of the Police Communications Radio Tower relocation.

SOURCES AND USES

Fund - 1300 SLESF	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 7,939	\$ 10,101	\$ 16,594	\$ 16,594	\$ 39,544	\$ 41,944
Revenue						
Intergovernmental revenues	\$100,000	\$100,000	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	225	263	400	450	400	400
Other revenues	-	-	-	-	-	-
Revenue Totals	\$100,225	\$100,263	\$100,400	\$ 100,450	\$100,400	\$100,400
Expenditures						
Contract services	\$ 2,365	\$ 1,975	\$ 3,000	\$ 2,500	\$ 3,000	\$ 3,000
Supplies	3,456	13,795	45,000	45,000	45,000	45,000
Capital outlay	57,242	25,000	30,000	30,000	50,000	50,000
Other financing uses	35,000	53,000	-	0	-	-
Expenditure Totals	\$ 98,063	\$ 93,770	\$ 78,000	\$ 77,500	\$ 98,000	\$ 98,000
Fund Balance at 06/30	\$ 10,101	\$ 16,594	\$ 38,994	\$ 39,544	\$ 41,944	\$ 44,344

RESTRICTED TRANSIENT OCCUPANCY TAX (TOT)

CITY COUNCIL

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

SOURCES AND USES

Fund - 1305 TOT Restricted Revenue	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,020
Revenue						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transient Occupancy Tax	-	-	41,000	31,000	31,720	54,690
Use of money & property	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Revenue Totals	\$ -	\$ -	\$ 41,000	\$ 31,000	\$ 31,720	\$ 54,690
Expenditures						
Community Grants	\$ -	\$ -	\$ -	\$ 18,000	\$ 24,300	\$ 41,450
Other Financing Uses	-	-	-	12,000	7,400	12,250
Expenditure Totals	\$ -	\$ -	\$ -	\$ 30,000	\$ 31,700	\$ 53,700
Fund Balance at 06/30	\$ -	\$ -	\$ 41,000	\$ 1,000	\$ 1,020	\$ 2,010
Local Business Groups			\$ 58,334	\$ 41,355	\$ 16,917	\$ 29,167
Early Childhood/Youth Programs			\$ 51,043	\$ 36,186	\$ 14,803	\$ 25,521
			<u>\$109,377</u>	<u>\$ 77,541</u>	<u>\$ 31,720</u>	<u>\$ 54,688</u>

ROAD MAINTENANCE & REHABILITATION ACT (SB1)

PUBLIC WORKS

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

SOURCES AND USES

Fund - 1308 RMRA SB 1	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance			\$ 195,413	\$ 195,413	\$ 4,713	\$ 4,713
Revenue						
Intergovernmental revenues	\$ 59,545	\$193,706	\$ 175,000	\$ 154,000	\$ 193,401	\$ 193,401
Other financing sources	-	1,706	-	300		-
Revenue Totals	\$ 59,545	\$195,413	\$ 175,000	\$ 154,300	\$ 193,401	\$ 193,401
Expenditures						
Contract services						
Capital outlay	\$ 58,000	\$ -	\$ 345,000	\$ 345,000	\$ 193,401	\$ 193,401
Expenditure Totals	\$ 58,000	\$ -	\$ 345,000	\$ 345,000	\$ 193,401	\$ 193,401
Fund Balance at 06/30	\$ 1,545	\$195,413	\$ 25,413	\$ 4,713	\$ 4,713	\$ 4,713

REGIONAL TRANSPORTATION COMMISSION (RTC) STREETS

PUBLIC WORKS

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

SOURCES AND USES

Fund - 1309	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
RTC Streets	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 11,254	\$417,615	\$411,116	\$ 411,116	\$ 157,616	\$157,616
Revenue						
Intergovernmental revenues	\$312,311	\$330,161	\$300,000	\$ 290,000	250,000	\$300,000
Other financing sources	202,652	8,694	200,000	6,500	-	-
Revenue Totals	\$514,963	\$338,855	\$500,000	\$ 296,500	\$ 250,000	\$300,000
Expenditures						
Contract services	\$ -	-	-	-	-	-
Capital outlay	108,602	345,355	890,000	550,000	250,000	300,000
Expenditure Totals	\$108,602	\$345,355	\$890,000	\$ 550,000	\$ 250,000	\$300,000
Fund Balance at 06/30	\$417,615	\$411,116	\$ 21,116	\$ 157,616	\$ 157,616	\$157,616

GAS TAX

PUBLIC WORKS

This fund accounts for receipt and expenditure of gasoline tax revenue as provided by state law. The Gas Tax Fund is primarily used to cover the expenses related to maintenance and operation of the City's traffic signals and streetlights. Other Gas Tax Fund programs includes street maintenance patching and striping project, street sweeper lease payments, and engineering.

The Gas Tax funds must be spent within 5 years of receipt. Future Gas Tax funds cannot be pledged for current projects with future repayment, therefor the funds can only be spent once they have been received.

SOURCES AND USES

Fund - 1310	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Gas Tax	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ -	\$ (0)	\$ 20,701	\$ 20,701	\$ 15,364	\$ 15,364
Revenue						
Intergovernmental revenues	\$217,970	\$219,070	\$279,855	\$ 255,000	\$259,800	\$259,800
Use of money & property	-	79	-	-	-	-
Other revenues	-	-	-	-	-	-
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$217,970	\$219,149	\$279,855	\$ 255,000	\$259,800	\$259,800
Expenditures						
Contract Services	\$212,633	\$193,111	\$274,518	\$ 255,000	\$259,800	\$259,800
Debt service	5,337	5,337	5,337	5,337	-	-
Interfund Transfer	-	-	-	-	-	-
Expenditure Totals	\$217,970	\$198,448	\$279,855	\$ 260,337	\$259,800	\$259,800
Fund Balance at 06/30	\$ (0)	\$ 20,701	\$ 20,701	\$ 15,364	\$ 15,364	\$ 15,364

WHARF

PUBLIC WORKS

The Wharf Fund accounts for rental income generated from wharf operations and expended on operating costs as well as major repairs and improvements. The Wharf Fund accumulates these revenues in order to help meet the majority of its expenditure demands. Major repairs that tend to occur in a 3-5 year cycle require occasional general fund support in order to keep this key public facility open.

With the passage of Measure F, the City will begin to design and construct an improved wharf. The Measure F funds are accounted for in the Capital Improvement Fund (CIP). The Wharf Funds are for maintenance and repair of the current Wharf.

SOURCES AND USES						
Fund - 1311	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Wharf	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 84,009	\$ 43,115	\$ 64,658	\$ 64,658	\$ 36,058	\$ 36,058
Revenue						
Use of money & property	94,260	98,826	92,800	86,900	88,100	88,100
Other financing sources	47,800	1,469	-	1,500	-	-
Revenue Totals	\$142,060	\$100,296	\$ 92,800	\$ 88,400	\$ 88,100	\$ 88,100
Expenditures						
Contract services	\$ 54,003	\$ 66,661	\$ 78,650	\$ 75,000	\$ 75,100	\$ 75,100
Supplies	6,335	12,091	10,500	5,000	13,000	13,000
Capital Outlay	122,617	-	37,000	37,000	-	-
Expenditure Totals	\$182,955	\$ 78,752	\$126,150	\$117,000	\$ 88,100	\$ 88,100
Fund Balance at 06/30	\$ 43,115	\$ 64,658	\$ 31,308	\$ 36,058	\$ 36,058	\$ 36,058

GENERAL PLAN UPDATE & MAINTENANCE

COMMUNITY DEVELOPMENT

In 2002, the State Legislature passed AB 2936 to enable cities to collect fees “reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations”. The General Plan Maintenance Fee is currently 0.5% of the total building valuation with a cap of \$100,000 to cover the cost of a future comprehensive update of the City’s General Plan.

Valuation is calculated on a cost per square foot basis. The City of Capitola uses \$200/square foot valuation for the average house, and \$300/square foot for houses with increased values.

The City adopted a General Plan Update in June 2014, and a Climate Action Plan and General Plan Housing Element in 2015. Staff recently completed a comprehensive update to the Zoning Code and is currently working toward certification by the California Coastal Commission. The adopted budget provides adequate resources to fund consultant contracts and staff time to continue these efforts.

SOURCES AND USES

Fund - 1313	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
General Plan	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 26,780	\$ 86,693	\$113,665	\$113,665	\$122,665	\$134,165
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	97,121	55,240	50,000	52,000	37,500	50,000
Use of money & property	1,171	2,869	-	2,500	-	-
Revenue Totals	\$ 98,291	\$ 58,109	\$ 50,000	\$ 54,500	\$ 37,500	\$ 50,000
Expenditures						
Contract services	\$ 37,705	\$ 31,137	\$ 45,000	\$ 45,000	\$ 25,000	\$ 45,000
Supplies	673	-	1,000	500	1,000	1,000
Expenditure Totals	\$ 38,378	\$ 31,137	\$ 46,000	\$ 45,500	\$ 26,000	\$ 46,000
Fund Balance at 06/30	\$ 86,693	\$113,665	\$117,665	\$122,665	\$134,165	\$138,165

GREEN BUILDING

COMMUNITY DEVELOPMENT

The Green Building Ordinance (Chapter 17.10 to the Capitola Municipal Code) was adopted in May 2008 and later amended in November 2014. The Green Building Ordinance establishes the Green Building Fund, which provides funding for the administration and implementation of the Green Building program and related sustainability initiatives. The intent of the Green Building fund is to provide resources for programs and initiatives which promote environmental sustainability, resource conservation, greenhouse gas emission reductions, and solid waste reduction.

Application and Use of Funds (per City municipal code): The Capitola Green Building Regulation applies to non-residential additions and/or exterior remodels totaling 1,000 or more square feet and residential additions and/or remodels totaling 350 square feet or more. Building permits which are required to comply with the Green Building Regulations shall be assessed a fee of 0.0025 times the overall valuation of the project. Revenues collected shall be maintained by the Finance Department as a revolving Green Building Fund and shall be used only for program management, training, publications, public educational purposes, incentive programs, materials and supplies necessary to promote sustainable development, water conservation, storm water pollution prevention, and climate action planning activities.

SOURCES AND USES

Fund - 1314	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Green Building	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$124,573	\$157,413	\$161,381	\$161,381	\$152,381	\$145,631
Revenue						
Charges for services	\$ 32,840	\$ 16,808	\$ 15,000	\$ 28,000	\$ 11,250	\$ 15,000
Revenue Totals	\$ 32,840	\$ 16,808	\$ 15,000	\$ 28,000	\$ 11,250	\$ 15,000
Expenditures						
Contract services	\$ -	\$ 5,525	\$ 35,000	\$ 36,000	\$ 15,000	\$ 35,000
Training & Memberships	-	895	1,000	1,000	1,000	1,000
Supplies	-	6,420	2,000	-	2,000	2,000
Expenditure Totals	\$ -	\$ 12,840	\$ 38,000	\$ 37,000	\$ 18,000	\$ 38,000
Fund Balance at 06/30	\$157,413	\$161,381	\$138,381	\$152,381	\$145,631	\$122,631

PUBLIC ART

CITY MANAGER

The City established a Public Arts fee in 2004. The purpose is to ensure that 2% of the cost of eligible municipal capital improvement, renovation, or restoration projects funded in whole or in part by the City of Capitola or any private, non-residential development project with a total building permit valuation of \$250,000 or more is set aside for the acquisition of works of art to be displayed in or about public places within the City. For a private development, there is an in-lieu option to contribute 1% of the total budget to the Public Art Program. As part of the program expenses, up to 20% of the art allocations may be expended on program administration, project management and community outreach activities. There will be 125 hours of the Administrative Assistant for the Art & Cultural Commission time allocated to administering projects.

Completed Art Projects

- Mural at Monte Skatepark
- Sea Lion climbable sculpture

SOURCES AND USES

Fund - 1315	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Public Art	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$247,683	\$204,307	\$172,041	\$172,041	\$169,041	\$141,041
Revenue						
Charges for services	\$ 37,224	\$ 7,436	\$100,000	\$ -	\$ -	\$ -
Revenue Totals	\$ 37,224	\$ 7,436	\$100,000	\$ -	\$ -	\$ -
Expenditures						
Personnel	\$ -	\$ -	\$ 3,000	\$ -	\$ 3,000	\$ 10,000
Contract services	80,600	36,567	53,000	3,000	25,000	75,000
Supplies	-	3,135	3,000	-	-	-
Expenditure Totals	\$ 80,600	\$ 39,702	\$ 59,000	\$ 3,000	\$ 28,000	\$ 85,000
Fund Balance at 06/30	\$204,307	\$172,041	\$213,041	\$169,041	\$141,041	\$ 56,041

PARKING RESERVE

PUBLIC WORKS

In 2009, as part of a parking meter rate increase, the City Council established the Parking Reserve Fund. Revenues deposited into this fund represent 16% of parking meter revenues from the Village area (Parking Meter Zone A1). The fund was established to fund parking improvement projects throughout the Village.

SOURCES AND USES

Fund - 1316	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Parking Reserve	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737
Revenue						
Other financing sources	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Revenue Totals	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Expenditures						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	100,000	100,000	100,000	100,000	100,000	100,000
Expenditure Totals	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Fund Balance at 06/30	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737

TECHNOLOGY FEE

COMMUNITY DEVELOPMENT

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

SOURCES AND USES

Fund - 1317	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Technology Fee	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 47,434	\$ 55,091	\$ 65,409	\$ 65,409	\$ 67,409	\$ 67,409
Revenue						
Charges for services	\$ 16,223	\$ 14,193	\$ 11,500	\$ 11,500	\$ 9,000	\$ 11,500
Revenue Totals	\$ 16,223	\$ 14,193	\$ 11,500	\$ 11,500	\$ 9,000	\$ 11,500
Expenditures						
Contract services	\$ 7,332	\$ 3,875	\$ 7,500	\$ 7,500	\$ 7,000	\$ 10,000
Supplies	1,234	-	5,000	2,000	2,000	2,500
Expenditure Totals	\$ 8,566	\$ 3,875	\$ 12,500	\$ 9,500	\$ 9,000	\$ 12,500
Fund Balance at 06/30	\$ 55,091	\$ 65,409	\$ 64,409	\$ 67,409	\$ 67,409	\$ 66,409

PUBLIC EDUCATION/GOVERNMENT CABLE TV ACCESS (PEG)

CITY MANAGER

This Special Revenue Fund accounts for Public, Education & Government (PEG) cable television fees. The PEG Access fee from all cable service providers is 64 cents per subscriber and is due to the City concurrent with the Franchise Fee Payments. The City is required to segregate PEG access fees and related purchases.

The funds received through PEG fees are retained by the City and utilized for capital equipment purchases in support of PEG access only. PEG channels are set aside for the following purposes:

- Public - available for use by the public
- Education - available for use by educational institutions for educational programming
- Government – available for programming by local governments

SOURCES AND USES

Fund - 1320	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Public Education & Gov't.	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 75,190	\$ 77,941	\$ 80,869	\$ 80,869	\$ 75,644	\$ 70,144
Revenue						
Licenses and permits	\$ 16,024	\$ 15,386	\$ 16,000	\$ 8,400	\$ 15,000	\$ 15,000
Use of money & property	1,059	1,831	500	1,375	500	500
Revenue Totals	\$ 17,083	\$ 17,217	\$ 16,500	\$ 9,775	\$ 15,500	\$ 15,500
Expenditures						
Contract services	\$ -	\$ -	\$ 2,000	\$ -	\$ 1,000	\$ 1,000
Supplies	14,332	14,288	15,000	15,000	15,000	15,000
Capital Outlay	-	-	10,000	-	5,000	10,000
Expenditure Totals	\$ 14,332	\$ 14,288	\$ 27,000	\$ 15,000	\$ 21,000	\$ 26,000
Fund Balance at 06/30	\$ 77,941	\$ 80,869	\$ 70,369	\$ 75,644	\$ 70,144	\$ 59,644

CAPITOLA VILLAGE/WHARF BUSINESS IMPROVEMENT AREA (BIA)

FINANCE

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

SOURCES AND USES

Fund - 1321 CVWBIA	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 11,848	\$ 22,241	\$ 29,018	\$ 29,018	\$ 32,818	\$ 39,744
Revenue						
Charges for services	\$ 73,298	\$ 72,156	\$ 74,450	\$ 74,000	\$ 83,356	\$ 83,356
Use of money & property	3,706	862	550	1,800	-	-
Restricted TOT	-	12,989	29,000	16,000	8,450	14,583
Revenue Totals	\$ 77,004	\$ 86,008	\$104,000	\$ 91,800	\$ 91,806	\$ 97,939
Expenditures						
Contract services	\$ 43,898	\$ 60,310	\$ 92,180	\$ 70,000	\$ 80,880	\$ 80,880
Supplies	22,713	18,920	18,600	18,000	4,000	4,000
Expenditure Totals	\$ 66,611	\$ 79,230	\$110,780	\$ 88,000	\$ 84,880	\$ 84,880
Fund Balance at 06/30	\$ 22,241	\$ 29,018	\$ 22,238	\$ 32,818	\$ 39,744	\$ 52,803

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

COMMUNITY DEVELOPMENT

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. The program is funded through the Federal Department of Housing and Urban Development (HUD) and Capitola participates in the competitive Small Cities Grant Program administered by the California Department of Housing and Community Development.

In recent years, the City has been awarded with CDBG grants to fund the Green Economy/Environmental Economic Analysis and 41st Avenue/Capitola Mall Re-Visioning Plan and a 2008 Disaster Recovery Initiative (DRI) grant for \$250,000 to develop the City's Local Hazard Mitigation Plan (LHMP) and Safety Element of the General Plan Update. In 2014, the City was awarded with a \$500,000 CDBG grant to reinstate the City's Housing Rehabilitation and Mortgage Assistance Programs.

SOURCES AND USES						
Fund - 1350 CDBG Grants	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 25,664	\$ 41,903	\$ 39,813	\$ 39,813	\$ 39,813	\$ 39,813
Revenue						
Intergovernmental revenues	\$ 198,610	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 198,610	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract services	\$ 10,600	\$ 2,090	\$ -	\$ -	\$ -	\$ -
Supplies	\$ -					
Grants and subsidies	171,771	-	-	-	-	-
Expenditure Totals	\$ 182,371	\$ 2,090	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 41,903	\$ 39,813	\$ 39,813	\$ 39,813	\$ 39,813	\$ 39,813

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME

COMMUNITY DEVELOPMENT

This special revenue fund accounts for issuance and repayment of CDBG-funded housing loans made by the City to income-qualifying households. These funds are referred to as CDBG Program Income. CDBG Program Income must be used for CDBG-approved purposes. The three primary sources of CDBG Program Income are the payoff of Loma Vista Mobile Home Park resident loans, CDBG-funded First Time Homebuyer Program loans, and CDBG-funded Rehabilitation Program loans.

If the total amount of Program Income received in any fiscal year is less than \$25,000, the funds received are not subject to Federal CDBG regulations. If the amount exceeds \$25,000, all Program Income received during that fiscal year is restricted to CDBG-approved Federal spending guidelines. Since the FY 2019-20 Program Income exceeds \$25,000, these funds will be spent according to CDBG-approved Federal spending guidelines.

SOURCES AND USES

Fund - 1351	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
CDBG Program Income	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 21,508	\$ 29,361	\$ (28,278)	\$ (28,278)	\$ 52,168	\$ 52,168
Revenue						
Use of money & property	\$ 7,853	\$ 1,140	\$ -	\$ 80,445	\$ -	\$ -
Revenue Totals	\$ 7,853	\$ 1,140	\$ -	\$ 80,445	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -
Interfund transfer out		\$ 58,729				
Expenditure Totals	\$ -	\$ 58,779	\$ -	\$ -	\$ -	\$ -
Available Fund Balance at 06/30	\$ 29,361	\$ (28,278)	\$ (28,278)	\$ 52,168	\$ 52,168	\$ 52,168

LIBRARY

CITY MANAGER

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

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

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

The City began construction of the new Library in November 2018 with an anticipated completion date in early 2020. The FY 2019/20 proposed budget includes funds to continue the construction of the library.

SOURCES AND USES

Fund - 1360 Library	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 392,608	\$1,884,393	\$ 4,588,610	\$4,588,610	\$ (0)	\$ (0)
Revenue						
Intergovernmental	\$ 690,794	\$5,016,653	\$ 5,575,590	\$3,612,890	\$ 1,962,700	\$ -
Other financing sources	1,525,200	250,885	-	-	-	-
Revenue Totals	\$2,215,994	\$5,267,538	\$ 5,575,590	\$3,612,890	\$ 1,962,700	\$ -
Expenditures						
Capital outlay	\$ 724,209	\$2,554,914	\$ 8,200,000	\$8,200,000	\$ 1,962,700	\$ -
Other financing uses	-	8,408	-	1,500	-	-
Expenditure Totals	\$ 724,209	\$2,563,321	\$ 8,200,000	\$8,201,500	\$ 1,962,700	\$ -
Fund Balance at 06/30	\$1,884,393	\$4,588,610	\$ 1,964,200	\$ (0)	\$ (0)	\$ (0)

HOME PROGRAM REUSE

COMMUNITY DEVELOPMENT

This special revenue fund accounts for revenue from the repayment of Federal Home Investments Partnership Program (HOME) loans. Expenditures in this fund must be used for affordable housing activities in accordance with the Federal HOME Program Reuse Guidelines, including first-time homebuyer loans, owner-occupied rehabilitation projects, and affordable housing assistance projects. As loans are paid off, those funds are returned to the Home Program Reuse Fund and become available for affordable housing activities.

Annual revenue of \$12,300 represents principal and interest payments on the 30-year \$238,000 Wharf Road Manor Mobile Homeowners Association Acquisition and Rehabilitation Project loan. The funds were loaned in October 2004 with payments deferred until January 2008 after completion of on-site rehabilitation work, including hazardous material abatement and demolition of a building on site, and installation of two new mobile homes.

In January 2009, the City of Capitola entered a Standard Agreement with the California Department of Housing and Community Development for a HOME grant in the amount of \$2,000,000 for rehabilitation expenses related to the 109-unit Bay Avenue Senior Apartments Project. Construction of the project was completed in May 2011. The grant was provided to First Community Housing, the Bay Avenue Senior Apartments project developer, as a residual receipts loan at 3% interest. In May 2011, the HOME program increased the grant award by \$1.2 million dollars to cover additional costs related to required rent level revisions, which are lower than estimated in the original pro-forma. The grant funds have been received and dispersed.

SOURCES AND USES

Fund - 1370	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
HOME Reuse	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$196,805	\$ 206,675	\$ 207,700	\$ 207,700	\$ 207,700	\$ 204,000
Revenue						
Use of money & property	\$ 13,070	\$ 1,025	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 13,070	\$ 1,025	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract services	\$ 3,200	\$ -	\$ 3,700	\$ -	\$ 3,700	\$ 3,700
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 3,200	\$ -	\$ 3,700	\$ -	\$ 3,700	\$ 3,700
Available Fund Balance at 06/30	\$206,675	\$ 207,700	\$ 204,000	\$ 207,700	\$ 204,000	\$ 200,300

HOUSING TRUST

COMMUNITY DEVELOPMENT

In November 2004, the City Council adopted an inclusionary housing ordinance as part of the City's ongoing efforts to provide affordable housing. This ordinance created the Affordable Housing Trust Fund to use as a flexible local source of funding for the creation of new affordable housing, rehabilitation of existing affordable housing, funding of local programs to assist lower and moderate income buyers purchase affordable housing, or as leverage of local funds for larger State and Federal grants. This housing activity is funded through in-lieu fees collected from development projects and do not impact the General Fund.

The Affordable Inclusionary Housing Ordinance refers to a City Municipal Code Section that requires that fifteen percent (15%) of the units in a new for-sale residential construction project be made available to low or moderate-income buyers. Condominium conversion projects are also covered under this ordinance. As outlined in the ordinance, project developers provide the affordable set-aside units or under certain conditions can -lieu fee.

The City's Housing Trust Fund allows for up to \$75,000 per year to be spent on affordable housing program administration. This includes working with developers on fee collection, administration of the Housing Trust Fund, and implementation of the Inclusionary Ordinance.

SOURCES AND USES

Fund - 1372 Housing Trust	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 26,069	\$ 76,135	\$ 80,162	\$ 80,162	\$112,647	\$117,647
Revenue						
Charges for services	\$ 68,745	\$ 50,965	\$ 30,000	\$ 54,000	\$ 30,000	\$ 30,000
Other revenue	6,321	3,063	-	3,485	-	-
Revenue Totals	\$ 75,066	\$ 54,028	\$ 30,000	\$ 57,485	\$ 30,000	\$ 30,000
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	25,000	50,000	25,000	25,000	25,000	25,000
Expenditure Totals	\$ 25,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Available Fund Balance at 06/30	\$ 76,135	\$ 80,162	\$ 85,162	\$112,647	\$117,647	\$122,647

CAPITOLA HOUSING SUCCESSOR

COMMUNITY DEVELOPMENT

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

A further requirement of the legislation is establishment of a program income fund to segregate loan payoffs received by the Housing Successor after the dissolution of the Redevelopment Agency. These funds were initially restricted in their use, repayment, and reuse and the Housing Successor continues this restriction. As payments are received on loans associated with the original RDA Low- and Moderate-Income Housing Fund or the Capitola Housing Successor it will be applied to the Capitola Housing Successor.

Newly implemented SB341 requires annual reporting on the Housing Successor Assets to be included with the Annual Financial Statements and the Housing and Community Development (HCD) Annual Progress Report on the Housing Element of the General Plan.

SOURCES AND USES

Fund - 5552	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Capitola Housing	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$202,621	\$ 181,068	\$ 179,422	\$ 179,422	\$ 162,922	\$ 105,422
Revenue						
Use of money & property	\$ 2,703	\$ 20,664	\$ -	\$ 3,500	\$ -	\$ -
Other revenues	25	8,855	-	-	-	-
Revenue Totals	\$ 2,728	\$ 29,519	\$ -	\$ 3,500	\$ -	\$ -
Expenditures						
Contract Services	\$ 3,240	\$ -	\$ 5,000	\$ -	\$ 7,500	\$ 15,000
Supplies	-	-	-	-	-	-
Grants and Subsidies	21,041	31,165	32,500	20,000	50,000	32,500
Expenditure Totals	\$ 24,281	\$ 31,165	\$ 37,500	\$ 20,000	\$ 57,500	\$ 47,500
Available Fund Balance at 06/30	\$181,068	\$ 179,422	\$ 141,922	\$ 162,922	\$ 105,422	\$ 57,922

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RESERVES



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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 \$1,280,000 in FY 2020-21.

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 for FY 2020-21, however, it should be noted that the requirement is lower in the current fiscal year as a result of drastic budget reductions due to COVID-19. It is anticipated that the target balance will return to prior year levels beginning in FY 2021-22.

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	\$ -	\$ 60,000
Revenue Totals	<u>\$ 67,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	<u>\$ 1,344,206</u>	<u>\$ 1,344,206</u>	<u>\$ 1,374,206</u>	<u>\$ 1,374,206</u>	<u>\$ 1,374,206</u>	<u>\$ 1,434,206</u>
Gen. Fund Exp. - Excl. Tfrs & Isf	\$13,279,463	\$13,828,988	\$14,776,902	\$14,127,263	\$12,807,837	\$14,184,029
Target Balance (10%)	\$ 1,327,946	\$ 1,382,899	\$ 1,477,690	\$ 1,412,726	\$ 1,280,784	\$ 1,418,403
Over / (Short) of Target	\$ 16,260	\$ (38,693)	\$ (103,484)	\$ (38,520)	\$ 93,422	\$ 15,803

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. As the chart below shows, the reserve balance met its target level for FY 2020-21, however, it should be noted that the requirement is lower in the current fiscal year as a result of drastic budget reductions due to COVID-19. It is anticipated that the target balance will return to prior year levels beginning in FY 2021-22.

SOURCES AND USES

Fund - 1010	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 1,903,346	\$ 2,036,346	\$2,036,346	\$2,036,346	\$2,061,346	\$2,061,346
Revenue						
Other Financing Sources	\$ 133,000	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -
Revenue Totals	\$ 133,000	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 879,138
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 879,138
Fund Balance at 06/30	\$ 2,036,346	\$2,036,346	\$2,061,346	\$2,061,346	\$2,061,346	\$1,182,208
Gen. Fund Exp. - Excl. Tfrs & Isf	\$13,279,463	\$13,828,988	\$14,776,902	\$14,127,263	\$12,807,837	\$14,184,029
Target Balance (15%)	\$ 1,991,919	\$ 2,074,348	\$ 2,216,535	\$ 2,119,089	\$ 1,921,176	\$ 2,127,604
Over / (Short) of Target	\$ 44,427	\$ (38,002)	\$ (155,189)	\$ (57,743)	\$ 140,170	\$ (945,397)

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	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 308,186	\$ 815,856	\$ 867,088	\$ 867,088	\$ 877,088	\$ 887,088
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 815,856	\$ 867,088	\$ 877,088	\$ 877,088	\$ 887,088	\$ 897,088

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 2020/21 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	-	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

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MULTI-YEAR ASSETS & OBLIGATIONS



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MULTI-YEAR ASSETS & OBLIGATIONS

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

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

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

CITY/JOINT POWERS AUTHORITY MULTI-YEAR ASSETS & OBLIGATIONS

GENERAL GOVERNMENT

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

City Multi-Year Obligations	Principal balance June 30, 2020	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 781,457	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 22,363,591	Actuarial	N/A	Pension Liability to CalPERS.
Pacific Cove Lease Financing	\$ 1,070,082	Financing Lease	20 years	\$2,390,000 loan - 20 year term beginning 9/2012, 3.25% fixed rate through 10 years, then resets to 10 Yr. T-Bill + 1.5%.
Beach & Village Parking Lot II Lease Financing	\$ 1,023,030	Tax Exempt Lease	20 years	\$1,372,500 I-Bank loan - 20 year term beginning FY 2013/14, 2.26% interest.
Total City Multi-Year Obligation	\$ 25,238,160			

(a) Compensated absences and Net Pension Liability are as of June 30, 2019.

JPA Bond Obligations	Original Principal	Form of payment	Original Obligation	Other Terms
Monterey Bay Area Self-Insurance Authority (MBASIA) JPA Bond	\$ 5,150,000	JPA membership and paid via premiums	30 years	On Oct. 1, 2004, MBASIA issued \$5.15 million in debt. The debt service is included in the MBASIA budget and used to determine each member agency's premium.
Santa Cruz Consolidated Emergency Communications Center (SCCECC) JPA Bond	\$ 3,965,000	JPA membership and paid via premiums	22 years	In 2002, SCCECC issued \$5.76 million in lease revenue refunding bonds, which were refinanced in April 2012, at \$3,965,000. Payments are made to Santa Cruz Regional 911 from the Police Department's contracts services budget. The Use Agreement between Capitola and SCCECC is effective through 2024.

PACIFIC COVE LEASE FINANCING

DEBT SERVICE

The City of Capitola owns 426 Capitola Avenue, which formerly housed the 41 mobile home Pacific Cove Mobile Home Park. On March 24, 2011, a 72" storm drain that carries Noble Gulch Creek water from Bay Avenue to Soquel Creek catastrophically failed following a heavy rain storm. This resulted in flooding of the Pacific Cove Mobile Home Park, City Hall and village residences and businesses. The initial estimate to bring the park up to code was \$1.33 million. Due to the high cost and potential for future liability, Capitola City Council approved a Relocation Impact Report (RIR) for the closure of Pacific Cove Mobile Home Park in January 2012. The RIR provided a cost estimate for relocating residents and professional relocation consultants to help displaced residents find suitable replacement housing. The City executed a \$2.39 million lease/sublease agreement using the existing City Hall site and adjacent upper parking lot as the pledged property. The City verified income status as part of the relocation process and determined that a percentage of Housing Trust Fund monies could be used to repay the debt service at a proportion no greater than the number of low income mobile home occupants that were relocated. The funding sources for debt service payments will be determined annually. Any General Fund monies for the share of allowable costs from other funding sources may be reimbursed in subsequent years as funds become available.

At the time the loan was issued, there was some uncertainty as to whether the property would be developed for public or private use. This resulted in the City entering into a 20-year taxable lease/sublease agreement at an interest rate of 5.14%. In FY 12/13, the City determined that the site would be converted to a public parking lot, now named Beach & Village Parking Lot II (BVPL II). This public use allows the City to refinance the existing debt at a 3.25% tax-exempt interest rate with a 10-year Treasury Bill reset + 1.5% in year 10. As a result of the refinancing, annual loan payments were reduced by approximately \$28,000, with an estimated nine-year interest savings of approximately \$350,000. In FY 12/13 the City reached a \$1.35 million insurance settlement related to the pipe failure. This resulted in a principal reduction of \$476,200, with a prepayment penalty of \$23,800.

SOURCES AND USES						
Fund - 1420	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 132,032	\$ 133,326	\$ 54,798	\$ 54,798	\$ 54,798	\$ 54,798
Revenue						
Use of money & property	\$ 1,294	\$ 1,472	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	165,066	165,066	165,066	165,066	165,066	165,066
Revenue Totals	\$ 166,360	\$ 166,538	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066
Expenditures						
Contract Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	165,066	165,066	165,066	165,066	165,066	165,066
Other financing uses	-	80,000	-	-	-	-
Expenditure Totals	\$ 165,066	\$ 245,066	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066
Fund Balance at 06/30	\$ 133,326	\$ 54,798	\$ 54,798	\$ 54,798	\$ 54,798	\$ 54,798

Pacific Cove Financing Lease Debt Service

Payment Date	Principal	Interest /Prepmt penalty	Total	Fiscal Year
9/1/2012	\$ 30,815	\$ 53,893	\$ 84,708	
3/1/2013	35,871	60,632	96,503	
6/28/2013	476,200	23,810	500,010	\$ 681,221
9/1/2013	42,440	22,843	65,283	
3/1/2014	53,207	29,326	82,533	147,816
9/1/2014	46,196	36,337	82,533	
3/1/2015	46,947	35,586	82,533	165,066
9/1/2015	47,710	34,823	82,533	
3/1/2016	48,485	34,048	82,533	165,066
9/1/2016	49,273	33,260	82,533	
3/1/2017	50,074	32,459	82,533	165,066
9/1/2017	50,887	31,645	82,533	
3/1/2018	51,714	30,819	82,533	165,066
9/1/2018	52,555	29,978	82,533	
3/1/2019	53,409	29,124	82,533	165,066
9/1/2019	54,277	28,256	82,533	
3/1/2020	55,159	27,374	82,533	165,066
9/1/2020	56,055	26,478	82,533	
3/1/2021	56,966	25,567	82,533	165,066
9/1/2021	57,891	24,641	82,533	
3/1/2022	58,832	23,701	82,533	165,066
9/1/2022	59,788	22,745	82,533	
3/1/2023	60,760	21,773	82,533	165,066
9/1/2023	61,747	20,786	82,533	
3/1/2024	62,751	19,782	82,533	165,066
9/1/2024	63,770	18,763	82,533	
3/1/2025	64,807	17,726	82,533	165,066
9/1/2025	65,860	16,673	82,533	
3/1/2026	66,930	15,603	82,533	165,066
9/1/2026	68,017	14,515	82,533	
3/1/2027	69,123	13,410	82,533	165,066
9/1/2027	70,246	12,287	82,533	
3/1/2028	71,387	11,145	82,533	165,066
9/1/2028	72,548	9,985	82,533	
3/1/2029	57,304	7,887	65,191	147,724
9/1/2029	-	-	-	
3/1/2030	-	-	-	-
9/1/2030	-	-	-	
3/1/2031	-	-	-	-
9/1/2031	-	-	-	
3/1/2032	-	-	-	-
TOTAL	\$2,390,000	\$897,681	\$3,287,681	\$ 3,287,681

BEACH & VILLAGE PARKING II – LEASE FINANCING

DEBT SERVICE

In April 2013, the City of Capitola received \$1,372,000 in funding from the California Infrastructure and Economic Development Bank (I-Bank) for development of a parking lot on the former Pacific Cove Mobile Home Park site. The funding was used to create the 226 space Beach & Village Parking Lot II. The project included grading, pay station installation, shuttle bus stops, landscaping, pedestrian walkways, and pay stations for the upper parking lot. The I-Bank loan is 2.26% tax exempt reimbursement financing.

This project improved parking capacity for Capitola Village, Capitola Beach, and Capitola Wharf, and is especially helpful during peak seasons. The additional parking spaces are also anticipated to facilitate the development of a hotel. The parking lot contributes about \$44,000 annual revenue to the General Fund and the I-Bank annual debt service of \$88,616 is paid with funds transferred from the General Fund.

SOURCES AND USES						
Fund - 1421	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/20 Estimated	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (38,985)
Revenue						
Interfund Transfers	\$ 89,192	\$ 89,004	\$ 88,812	\$ 89,004	\$ 88,616	\$ 88,416
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 89,192	\$ 89,004	\$ 88,812	\$ 89,004	\$ 88,616	\$ 88,416
Expenditures						
Construction Svcs. & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	89,192	89,004	88,812	89,004	88,416	88,416
Expenditure Totals	\$ 89,192	\$ 89,004	\$ 88,812	\$ 89,004	\$ 88,416	\$ 88,416
Fund Balance at 06/30	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ (38,985)	\$ (38,985)

**Beach & Village Parking Lot II Lease Financing
Debt Service**

Payment Dates	Principal	Interest	Total	Fiscal Year
8/1/2014	\$ 55,040	15,922	70,962	
2/1/2015		14,887	14,887	\$ 85,849
8/1/2015	56,284	18,840	75,124	
2/1/2016		14,251	14,251	89,375
8/1/2016	57,556	18,035	75,591	
2/1/2017		13,601	13,601	89,192
8/1/2017	58,857	17,212	76,069	
2/1/2018		12,936	12,936	89,004
8/1/2018	60,187	16,370	76,557	
2/1/2019		12,256	12,256	88,812
8/1/2019	61,547	15,509	77,056	
2/1/2020		11,560	11,560	88,616
8/1/2020	62,938	14,629	77,567	
2/1/2021		10,849	10,849	88,416
8/1/2021	64,360	13,729	78,089	
2/1/2022		10,122	10,122	88,211
8/1/2022	65,815	12,809	78,624	
2/1/2023		9,378	9,378	88,002
8/1/2023	67,302	11,868	79,170	
2/1/2024		8,618	8,618	87,788
8/1/2024	68,823	10,905	79,728	
2/1/2025		7,840	7,840	87,568
8/1/2025	70,379	9,921	80,300	
2/1/2026		7,045	7,045	87,344
8/1/2026	71,969	8,915	80,884	
2/1/2027		6,231	6,231	87,116
8/1/2027	73,596	7,886	81,482	
2/1/2028		5,400	5,400	86,881
8/1/2028	75,259	6,833	82,092	
2/1/2029		4,549	4,549	86,641
8/1/2029	76,960	5,757	82,717	
2/1/2030		3,680	3,680	86,396
8/1/2030	78,699	4,657	83,356	
2/1/2031		2,790	2,790	86,146
8/1/2031	80,478	3,531	84,009	
2/1/2032		1,881	1,881	85,890
8/1/2032	82,297	2,380	84,677	
2/1/2033		951	951	85,627
8/1/2033	84,156	1,204	85,360	85,360
Total	\$ 1,372,500	\$ 375,736	\$ 1,748,236	\$ 1,748,236

CAPITAL IMPROVEMENT PROGRAM



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CAPITAL IMPROVEMENT PROGRAM

PUBLIC WORKS

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

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

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

The FY 2020-21 budget includes Measure F funding from prior fiscal years for the flume reconstruction (\$350k), and jetty reconstruction (\$425k) projects.

SOURCES AND USES

Fund - 1200	FY17/18	FY18/19	FY19/20	FY19/20	FY20/21	FY21/22
Capital Improvement Program	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 680,288	\$ 1,133,319	\$ 1,710,924	\$ 1,710,924	\$ 1,781,351	\$ 1,006,351
Revenue						
Intergovernmental revenue	\$ 341,460	\$ 37,568	\$ -	\$ 505,264	\$ -	\$ -
Other revenues	274,473	96,540	50,000	32,500	-	-
Other financing sources	535,320	1,162,663	1,082,663	782,663	-	970,770
Revenue Totals	\$ 1,151,253	\$ 1,296,770	\$ 1,132,663	\$ 1,320,427	\$ -	\$ 970,770
Expenditures						
Contract services	\$ 524,222	\$ 719,166	\$ 2,170,426	\$ 1,250,000	\$ 775,000	\$ 970,770
Other Financing Uses	\$ 174,000					
Expenditure Totals	\$ 698,222	\$ 719,166	\$ 2,170,426	\$ 1,250,000	\$ 775,000	\$ 970,770
Fund Balance at 6/30	\$ 1,133,319	\$ 1,710,924	\$ 673,161	\$ 1,781,351	\$ 1,006,351	\$ 1,006,351

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SUCCESSOR AGENCY



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SUCCESSOR AGENCY

CAPITOLA OVERSIGHT BOARD

California Redevelopment Agencies were dissolved February 1, 2012. The City of Capitola elected to become the Successor Agency of the former Capitola Redevelopment Agency and oversee the winding down of its obligations. The full obligations of the Successor Agency were approved by the California State Department of Finance (DOF), the State Controller’s Office (SCO), and the Santa Cruz County Auditor-Controller’s Office. Subsequent actions of the Successor Agency in paying these obligations are reviewed, approved, and audited by each these agencies, as well as by a representative seven-member Oversight Board. Payments are authorized through Recognized Obligation Payment Schedules (ROPS) and paid for with allocations of property tax proceeds. The DOF, SCO, and County Auditor-Controller audit each ROPS submission, prior period reconciliation, and Redevelopment Property Tax Trust Fund (RPTTF) cash flow and balance.

FISCAL YEAR ACCOMPLISHMENTS - 2019/20

- Received approval for ROPS 19-20
- Transitioned to County-wide oversight board
- Completed annual SB341 Housing Successor Status

FISCAL YEAR GOALS - 2020/21

FISCAL POLICY

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

SOURCES AND USES

Fund - 5501 Successor Agency	FY17/18 Actual	FY18/19 Actual	FY19/20 Adopted	FY19/19 Esti20ted	FY20/21 Adopted	FY21/22 Planned
Beginning Fund Balance	\$ 412,886	\$ 347,644	\$ 248,979	\$ 248,979	\$ 168,979	\$ 88,979
Revenue						
Intergovernmental	\$ 308,375	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 308,375	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Grants and subsidies	79,812	118,665	115,000	50,000	50,000	50,000
Debt service	-	-	-	-	-	-
Other financing uses	263,805	-	-	-	-	-
Expenditure Totals	\$ 373,617	\$ 148,665	\$ 145,000	\$ 80,000	\$ 80,000	\$ 80,000
Fund Balance at 06/30	\$ 347,644	\$ 248,979	\$ 103,979	\$ 168,979	\$ 88,979	\$ 8,979

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SUPPLEMENTARY INFORMATION



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SUPPLEMENTARY INFORMATION INDEX

ATTACHMENT A - ORGANIZATION CHART

ATTACHMENT B - COMPARATIVE INFORMATION

ATTACHMENT C - FINANCIAL POLICIES

ATTACHMENT D - FUND BALANCE POLICY

ATTACHMENT E - CITY INVESTMENT POLICY

ATTACHMENT F - GANN / APPROPRIATION LIMIT

ATTACHMENT G - BUDGET RESOLUTION

ATTACHMENT H - GLOSSARY

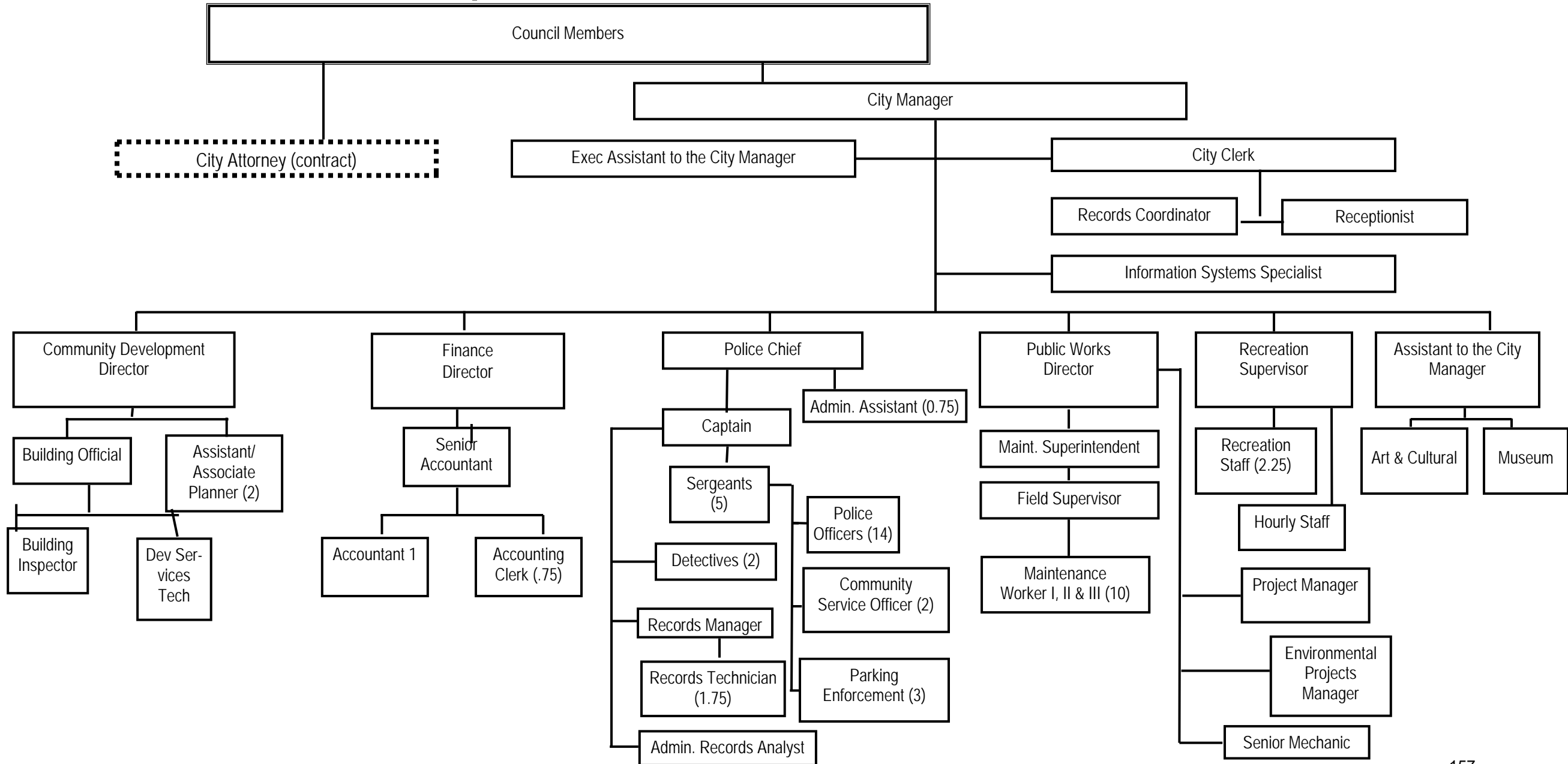
ATTACHMENT I - ACRONYMS

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ATTACHMENT A
ORGANIZATION CHART

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Citizens of the City of Capitola



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ATTACHMENT B

COMPARATIVE INFORMATION

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COMPARATIVE DATA

On February 23, 2012, the City Council approved funding for a Benchmark Study. This benchmark analysis was designed to assess the fiscal performance of the City of Capitola. The results were used to demonstrate how Capitola compares with other cities, while also providing reasonable assurance that the City was managing its fiscal affairs effectively. The completed study, presented to Council on September 27, 2012, suggested the City had done an excellent job in managing its fiscal affairs in light of the recession, combined with the challenges associated with the March 2011 pipe failure.

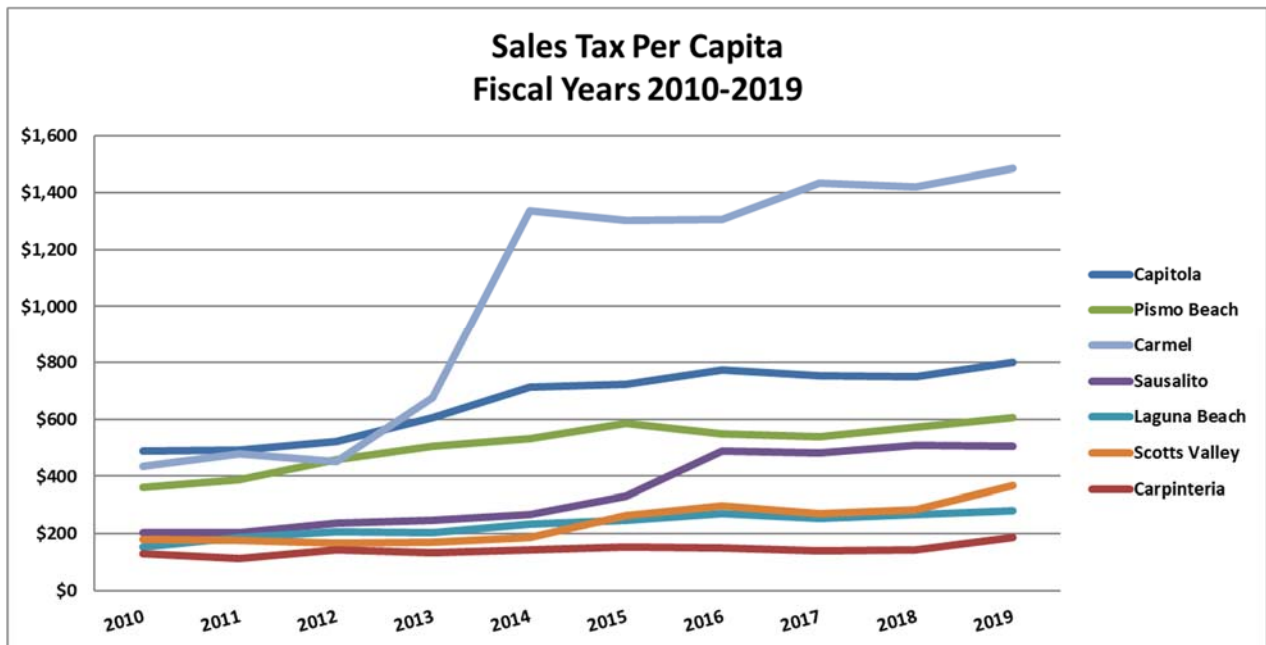
The comparable cities were chosen not only by comparable population size, but also by important service, economic, geographic and demographic characteristics. The following factors were considered in selecting benchmark cities:

- Population between 3,500 and 25,000
- Located in a coastal county
- Strong “sense of place/quality of life” community
- Economy based heavily on tourism
- Similar scope of services
- Management/governance reputation

The benchmarks in the original report were based on the comparable cities’ FY 2010/11 Comprehensive Annual Financial Reports (CAFR). The following charts reference updated information from the FY 2018/19 CAFR’s.

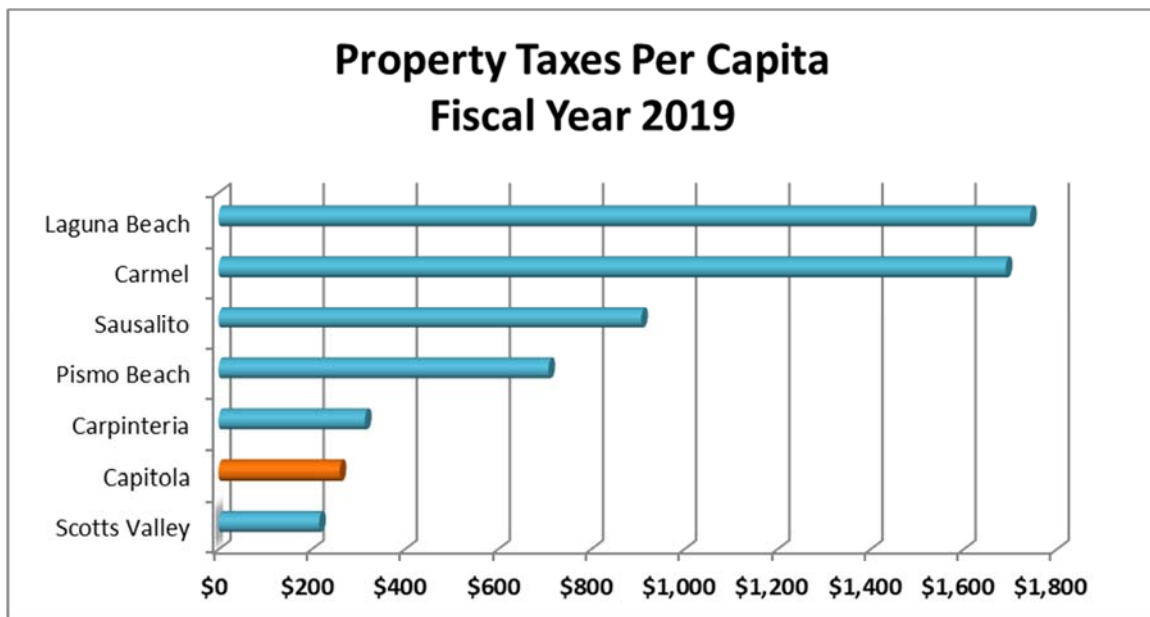
Sales Tax Per Capita

The City of Capitola’s sales tax is the largest single revenue stream. In FY 2018/19, sales tax accounted for approximately 49 percent of General Fund operating revenues. The analysis shows all sales taxes, including locally administered sales tax measures approved by the electorate. Capitola improved upon the 2011 benchmark study from \$490 to \$799 per capita in FY 2018/19.



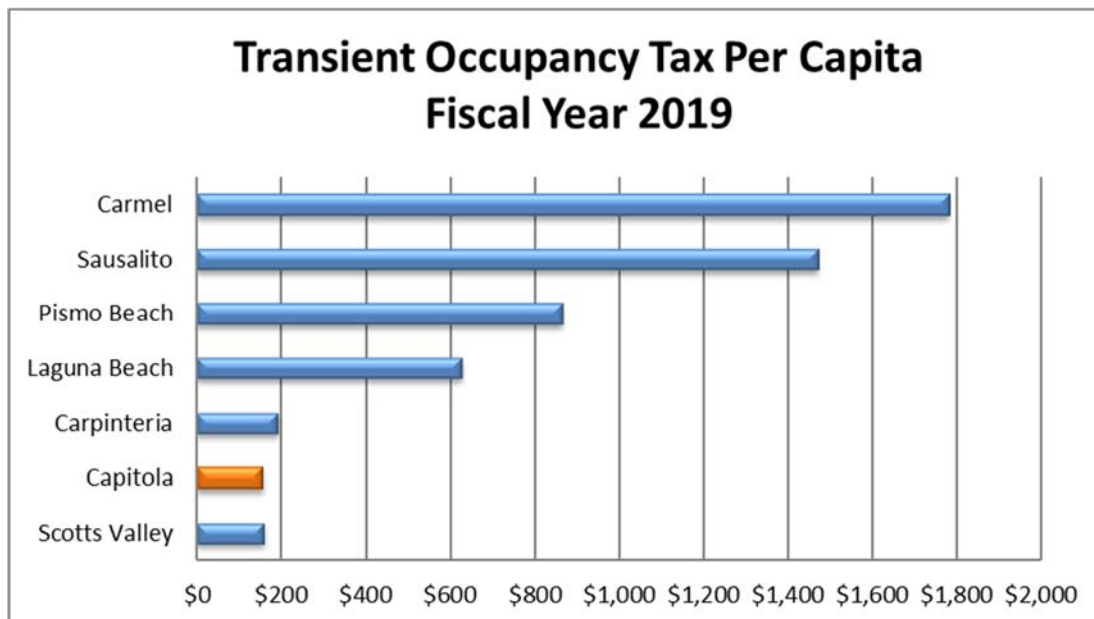
Property Taxes

Property taxes, based on assessed valuations, indicate the vitality of the local housing market. Carmel and Laguna Beach continue to show a very strong market for assessed valuations and the resultant property tax collection. Capitola remains second lowest in FY 2018/19.



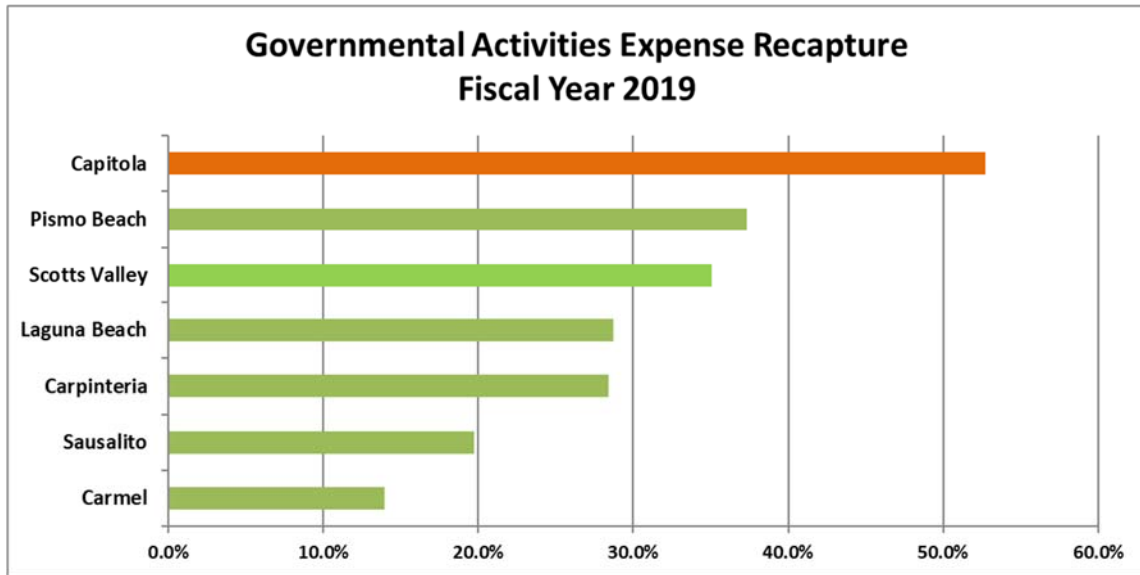
Transient Occupancy Taxes

One of the primary factors considered in the selection of benchmark cities was their reliance on tourism. This analysis shows each city's ability to obtain revenues from transient occupancy taxes. Each benchmark city charged a 10% tax transient occupancy in FY 2012/13, with the exception of Sausalito and Carpinteria, which charged 12%. Capitola's transient occupancy rate was increased from 10% to 12% as approved by voters during the 2018 municipal election. In FY 2018/19, transient occupancy tax increased slightly from the prior year. The City of Capitola's transient occupancy tax increased from \$142 to \$156 per capita.



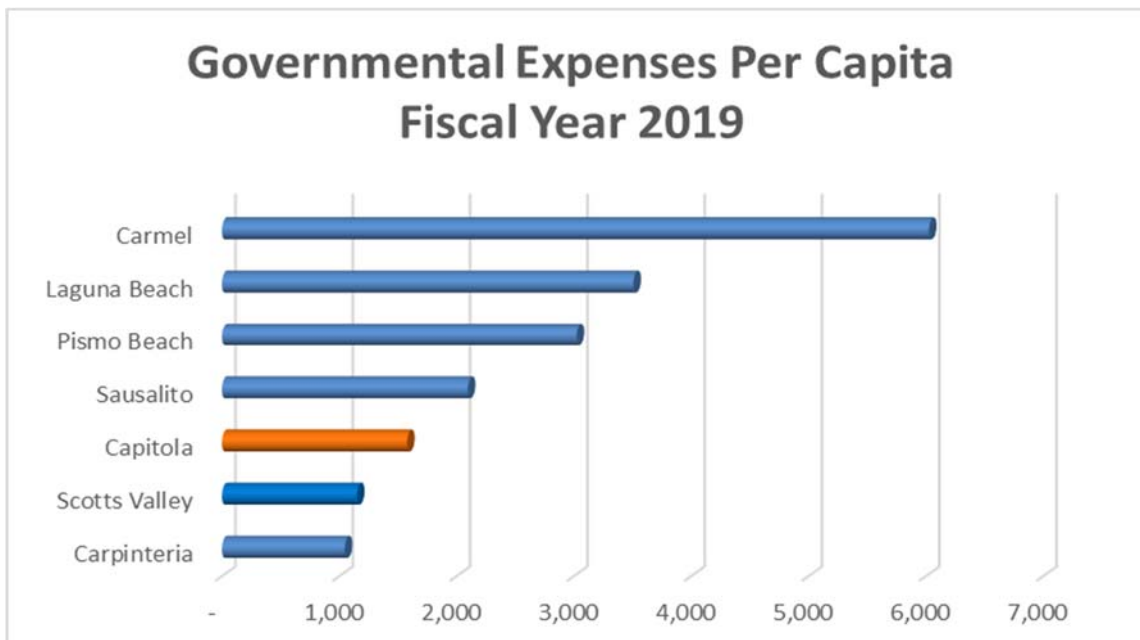
Citywide Activity Costs

One of the ways to evaluate the citywide costs of providing government services is to review the Statement of Activities section of the CAFR. This graph shows comparable data for each city and excludes fire department and sewer expenses for consistency purposes. Capitola had the highest ratio in FY 2018/19 with a revenue recapture of 52.7% percent of governmental activities which was a significant increase from the 32.7% in the prior year. The increase was due primarily to one-time grant revenue received during the fiscal year.



General Fund Operating Costs per Capita

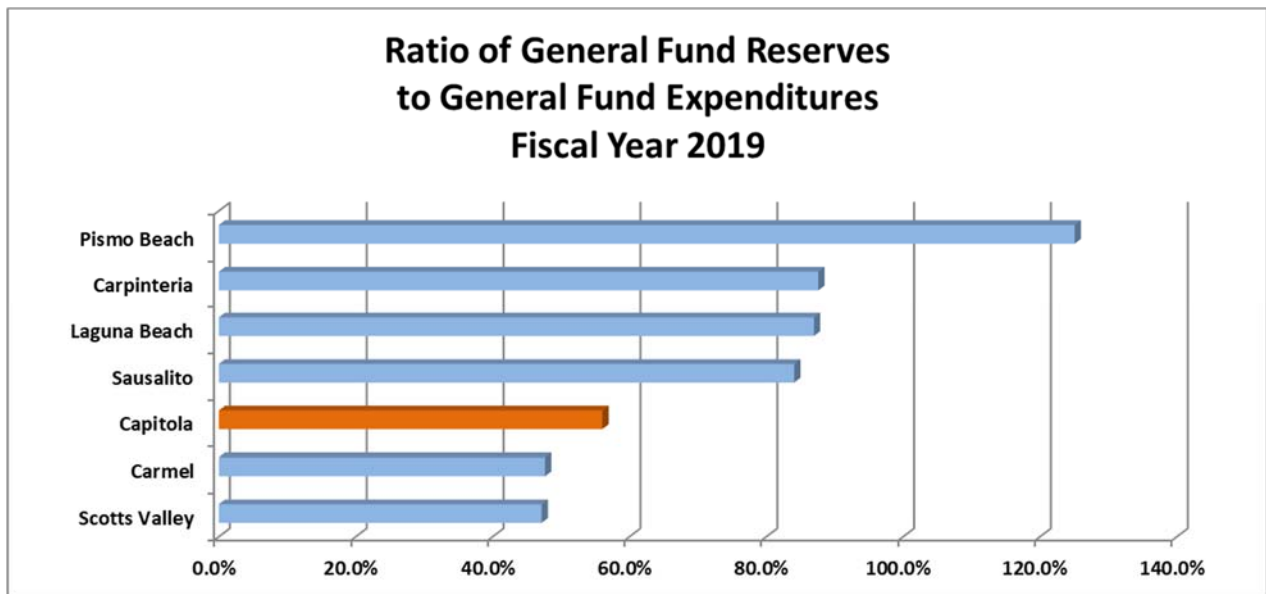
The following graph shows the operating costs per capita of each city's General Fund. For consistency, the costs of fire and sewer have been removed from each municipality. Capital outlay and debt service have also been removed to reflect only operating costs. Capitola is the third lowest position in this category.



Ratio of General Fund Reserves to General Fund Operating Expenditures

This ratio can be used as a risk management tool to assess how well a municipality can cover unplanned purchases or manage fiscal challenges. The City of Capitola's reserve ratio in this chart will differ from the method used to calculate the City's reserve policy requirements. The City's Financial Management Policies require the targeted reserve levels to be calculated on the ratio of reserves to the budgeted General Fund operating expenditures; while the City's CAFR combines the General Fund balances with reserves, internal service funds, and the General Plan. This chart references the CAFR calculation of spendable fund balances for benchmark comparability purposes,

Capitola's ratio continues to increase from the 30% in FY 2012/13 to 56% in FY 2018/19 in. The City's rank remained unchanged in relation to the benchmark cities. The City's ratio is anticipated to level out now that the Emergency and Contingency Reserves are fully funded at 10% and 15% of operating expenditures, respectively. The City's reserve will slowly increase with the implementation of the PERS Contingency Fund in years that there is available funding. An overview of this plan is included in the Summary Section of this document.



ATTACHMENT C

FINANCIAL MANAGEMENT POLICIES

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ADMINISTRATIVE POLICY

Number: III-3
Issued: June 8, 2000
Revised: March 14, 2013
June 13, 2013
October 27, 2016
Jurisdiction: City Council

FINANCIAL MANAGEMENT POLICIES

POLICY

The following financial policies (herein, the "Policies") assist the City with the management of its operating and capital budgeting processes and to standardize and rationalize the issuance of debt by the City. Updated policies insure the prudent use of the City's resources to meet its commitments, to provide needed services to the citizens of Capitola, and to maintain sound financial management practices. These Policies are guidelines for general use, and allow for exceptions in extraordinary conditions. The Policies serve their intended purpose if they stimulate an open debate about the City's operating and capital budget processes, existing and/ or proposed debt position, and they lead to informed decision-making by the City Council. In order to use the Policies properly, they should be applied in the context of the community's overall objectives and goals.

The Policies are divided into three sections: Capital Budgeting and Reserves, Operating Budgeting and Reserves, and Other Policies.

A. CAPITAL BUDGETING AND RESERVES; ISSUANCE OF DEBT

1. CAPITAL PLANNING -IN GENERAL:

To enhance creditworthiness and prudent financial management, the City of Capitola is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning, and implementation over a two-year period. Evidence of this commitment to systematic capital planning will be demonstrated through adoption of an annual review of the City's five-year capital improvement budget.

2. USE OF LONG-TERM FINANCING METHODS:

Major capital improvements or acquisitions valued over \$250,000 may be made using long-term financing, methods, rather than out of operating revenue. The prioritization of capital projects eligible for debt financing is accomplished through a "needs assessments" undertaken in the formulation and development of the City's five-year capital improvement budget.

3. FISCAL ANALYSIS:

The City will require each capital appropriation request to include a fiscal analysis that identifies the amount of funds requested, the source of funds requested and the impact of the request on existing revenues and operations.

4. ASSET LIFE:

The City will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets (including land) only if they have a useful life of at least five years. City debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.

5. CAPITAL FINANCING -IN GENERAL:

The City will rely first on internally generated funds and/or grants and contributions from other government sources to finance its capital improvement needs. Capital improvements will be financed through user fees, service charges, assessments, special taxes or developer exactions so long as the benefits the City will derive from such improvements can be attributed to the users of the improvements. Moreover, the City will specifically consider the costs associated with any borrowing in order to determine that the above funding sources are adequate to service the proposed debt. Accordingly, the Policies assume that development fees will be set at a level that is sufficient at all times to insure that new development pays its fair share of the cost of constructing new facilities in the community.

Debt will be issued for a capital improvement project only in the case of emergency or when it is an appropriate means to achieve an equitable allocation of costs between current and future beneficiaries as determined by the City Council. Debt shall not, in general, be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction. Debt will only be undertaken when the City believes that project revenues or specific resources will be available and sufficient to service the debt over its life. Debt financing will not be considered appropriate for any recurring purpose such as operating or maintenance costs.

The City will evaluate the use of debt in-Lieu of "pay-as-you-go" financing based on the following criteria:

Factors Favoring "Pay-as-you-Go" Financing:

1. current fund balances or project revenues are Reliable adequate to fund the project;
2. existing or proposed debt levels would have a deleterious effect on the City's credit rating;
3. credit market conditions are unstable or present extraordinary difficulty in marketing the proposed debt.

Factors Favoring Use of Debt:

1. revenues are deemed to be stable & enough to support the proposed debt at investment grade ratings;
2. the nature of the financed project will support investment grade ratings;
3. credit market conditions present favorable interest rates and demand for financing such as the City's
4. the project being financed is mandated by the state or federal government and resources are insufficient or unavailable;
5. the project being financed is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable;
6. the estimated useful life of the asset to be financed is greater than 5 years.

6. GENERAL OBLIGATION DEBT:

General obligation bonds provide the lowest borrowing costs for major public assets. The source of repayment of a general obligation bond is from proceeds of specific taxes, the City's operating funds and its operating position are not impacted by the issuance of general obligation bonds. Though the use of the term "general obligation bond" implies that the City's "full faith and credit" would be pledged to the repayment of the bond, the bond is actually repaid from an ad valorem tax on real property.

Because of the absence of a limitation on the rate and amount of the tax that might be levied to pay a general obligation bond, state law requires the proposed debt to be approved by the electorate, by a two-thirds vote.

Cities in California may issue general obligation bonds only for the purpose of acquiring, improving or constructing real property.

7. USE OF OTHER DEBT, INCLUDING REVENUE BONDS, CERTIFICATES OF PARTICIPATION OR FINANCING LEASES:

Before issuing revenue debt or financing leases, the City will determine that the proposed facility is both necessary and desirable, and that no other financing method is practical to finance it. The City shall only use revenue debt or financing leases: if the project to be financed will generate positive net revenues after debt service; or, if the project will significantly reduce City operating costs; or, if an equal or greater amount of non-City matching funds will be lost if City's revenue or financing lease funds are not applied in a timely manner; or, in the case of a financing lease, if the project to be financed is less than \$250,000; or, if the project to be financed provides essential City services or would so advance core City policy objectives that its value overrides the value of obtaining voter approval.

B. OPERATING BUDGETING AND RESERVES

1. TWO YEAR OPERATING BUDGET:

The City will maintain a long-range fiscal perspective through the use of a two-year operating budget and a five-year capital improvement budget.

2. BALANCED OPERATING BUDGET:

The City will maintain a balanced operating budget for all governmental funds with on-going revenues equal to or greater than on-going expenditures and debt service. This policy requires that in any given fiscal year we do not budget proposed expenditures in excess of the revenue we expect to receive in the same time frame.

3. "ONE-TIME" REVENUE:

The City will use "one-time" revenues, including fund balance carry-forwards, to fund nonrecurring expenditures. "One time" revenues cannot be relied on in future budget periods and should be used to stabilize existing revenues, retire early debt or for capital purchases.

4. NORMAL REVENUE INFLATION WILL GO TO PAY NORMAL INFLATION EXPENSES:

The City will assume that normal revenue inflation will go to pay normal inflation expenses. Any new or expanded programs will be required to identify funding sources. If normal revenue inflation does not keep up with expense inflation, expenses will be decreased or a new revenue source will be found. If revenues grow at a rate faster than expense inflation, expanded service levels may be considered.

5. CONTINGENCY RESERVE APPROPRIATION:

For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to 15% of normal General Fund Expenditures. The Contingency Appropriation "will provide 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."

6. EMERGENCY RESERVES:

To protect against significant one-time costs, which might arise from major unpredictable emergency events, in addition to the Contingency Appropriation, the City shall maintain a funded emergency reserve equal to 10% of normal General Fund budgeted expenditures.

7. PERS CONTINGENCY FUND:

The City will maintain a PERS Contingency Fund to stabilize future pension contribution increases. The City will invest the funds in an irrevocable trust fund. The target funding level for this fund is one full year of PERS Contributions with additional money allocated to the fund when the City has available surplus funds.

8. REVENUE DIVERSIFICATION:

The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue generation and to protect it from short-term fluctuations in any revenue source.

9. REVENUE PROJECTIONS:

The City will prepare multi-year projections of revenues and other resources in order to understand the level of funding available for services and capital acquisition. The revenue projections will assist the City in understanding of revenue sensitivity to changes in assumptions and to controllable factors such as changes to tax rates or fees. The revenue projection will be for a period of at least two years into the future to evaluate how revenues may change over time, to isolate non-reoccurring revenues and to understand the impact of revenue growth. The major assumptions used in the revenue projection will be documented and identified and different scenarios may be developed to enable City Council to choose a preferred scenario.

10. EXPENDITURE PROJECTIONS:

The City will prepare multi-year projections of expenditures for each fund and for existing and proposed new programs. The expenditure projections will assist the City in determining whether projected expenditure levels can be sustained, whether new programs are affordable, and whether a program's current and future costs are

acceptable compared to program benefits and projected revenue availability. The expenditure projections will be for a period of at least two years into the future to evaluate how expenditures may change over time. All expenditure projections should identify service level assumptions and key issues that may affect actual expenditures.

11. COMMUNITY DEVELOPMENT FEES:

The City's development process costs and related administrative expenses should be offset by fees to the greatest extent possible. Fees will be reviewed and updated on a yearly basis to ensure that they keep pace with changes in the actual costs of service delivery as well as changes in the methods or levels of service delivery.

C. OTHER POLICIES

1. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

The City will comply with all the requirements of Generally Accepted Accounting Principles. The City will always conduct its financial affairs and maintain its records in accordance with GAAP as established by the Government Accounting Standards Board, so as to maintain accuracy and public confidence in its financial reporting systems.

2. COUNCIL ACTION TO BE A SCHEDULED BUSINESS ITEM, NOT CONSENT CALENDAR:

For all debt sales, the City will require that the action taken by the City Council to incur the debt will be taken as a scheduled business item, and at a regular or special City Council meeting, consistent with state law.

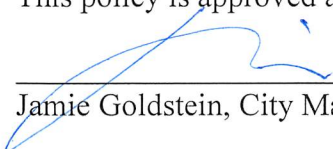
3. INTERNAL BORROWINGS:

Provided sufficient resources are available, liquidity will not be impaired, and a defined source of repayment is available, the City will favor internal over external borrowings to achieve short-term liquidity. In accordance with the City Council Resolution #2683, the Finance Director will initiate and the City Manager will approve inter-fund borrowings, except for year-end accounting entries that create temporary inter-fund loans for the financial statement presentation purposes, and the City Manager will report such borrowings to the Council at its next regular meeting. Interest on inter-fund loans will be recorded only when necessitated by state or federal program requirements, or other contractual or legal obligations.

4. EMPLOYEE COMPENSATION:

The City will continue to pay competitive market level compensation to our employees to ensure that the City has the ability to attract and retain well-qualified personnel while ensuring that the City's compensation practices are competitive and consistent with those of comparable employers.

This policy is approved and authorized by:



Jamie Goldstein, City Manager

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ATTACHMENT D

FUND BALANCE POLICY

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ADMINISTRATIVE POLICY

Number: III-10
Issued: 6/9/11
Jurisdiction: City Council

FUND BALANCE POLICY

I. PURPOSE

To comply with Governmental Accounting Standards Board (GASB) issued statement 54 which requires the City Council to make certain decisions regarding the use of resources and classifications of ending fund balance in order for the annual financial reports to be in compliance with Generally Accepted Accounting Principles (GAAP).

II. SUMMARY

With GASB 54, a hierarchy of fund balance classifications has been created. These classifications are based primarily on the extent to which governments are bound by the constraints placed on resources reported in those funds. This approach is intended to provide users more consistent and understandable information about a fund's net resources. Previously, the city reported fund balances that were reserved, designated, or unreserved. With the implementation of GASB 54, there are five new categories required for ending fund balances. This statement applies to governmental funds only.

III. DEFINITIONS

The five new categories of ending fund balance are:

Nonspendable Fund Balance

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually (principal of a permanent fund)

Restricted Fund Balance

- Amounts constrained for a specific purpose by external parties, constitutional provision of enabling legislation

Committed Fund Balance

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period

Assigned Fund Balance

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed

- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance

Unassigned Fund

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.
- For all governmental funds other than the general fund, amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

IV. POLICY

The City of Capitola will use GASB's definitions of fund balance for the annual financial reports (audits) and for all other financial reporting.

The City of Capitola policy establishes the order of use of unrestricted resources when any of these amounts are available for expenditure as committed amounts should be used first, followed by the assigned amounts, and then the unassigned amounts.

In addition, GASB 54 allows the City Council authority to "assign" ending fund balances or bestow this authority to a city officer or designee. To provide the city with the most flexibility in financial reporting, staff is recommending that the Finance Director be given authority to assign resources and ending fund balances if applicable.

This policy was approved by the City Council of the City of Capitola at its meeting held on the 9th day of June, 2011, and authorized by:



Jamie Goldstein
City Manager

JG/lis

ATTACHMENT E

CITY INVESTMENT POLICY

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ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 9, 2001

Jurisdiction: City Council

INVESTMENT POLICY

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

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

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

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

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

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

The following limitations shall apply to permitted investments:

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

Certificates of Deposit:

- A. Total dollar investment not to exceed 30% of total portfolio at time of investment.
- B. Maturity date of securities shall not be more than five years from date of purchase.
- C. Issuer must be FDIC insured and not more than \$250,000 may be invested into any one bank to ensure FDIC insurance on all invested funds.

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



Jim Malberg, City Treasurer

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ATTACHMENT F

GANN/APPROPRIATION LIMITS

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GANN APPROPRIATION LIMIT

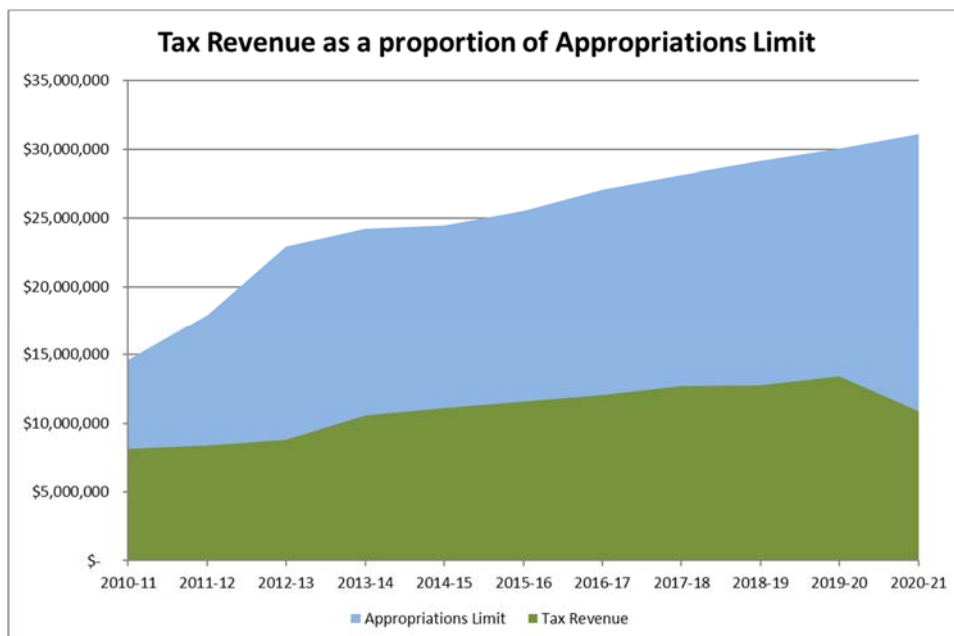
On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Initiative, establishing Article XIII B of the State Constitution. This proposition places annual limits on the appropriation of tax proceeds that can be made, based on the 1978-79 base year and adjusted each year for population growth and cost-of-living factors. It precludes state and local government from retaining “excess” revenues above the appropriation limit and requires the State to reimburse local government for the cost of certain mandates. Two subsequent initiatives, Proposition 98 in 1988 and Proposition 111 in 1990, modify the appropriation limit requirements. Proposition 98 amends the methodology for allocation of excess revenues. Proposition 111 changes the population growth and cost-of-living factors to be used in calculating the limit, adds additional exempted items, and further adjusts allocation of excess revenues.

The appropriations limit on the amount of revenue that can be spent applies only to tax proceeds. Charges for services, fees, grants, loans, donations, and other non-tax based proceeds are excluded. Exemptions are also made for voter approved debt, debt that existed prior to January 1, 1979, and for the cost of compliance with court or Federal government mandates.

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

The appropriations limit for a given fiscal year is established in the months preceding the beginning of that fiscal year. California Revenue and Taxation Code, Section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population, “Annual Percent Change in Population Minus Exclusions”, to local governments. Each local jurisdiction uses this percentage change in population factor, in conjunction with the County-issued “Local Nonresidential Property Value Increment By Fund” or “Change in California Per Capita Income”, to calculate the Appropriation Factor used in determining the Limit.

Historic Limit versus Tax Revenue



The 2020-21 calculation is:

Annual % change in City Population minus Exclusions	x	Change in California per capita Income =	=	Appropriation Factor	x	FY 2019-20 Appropriation Limit	=	FY 2020-21 Appropriation Limit
0.9978		1.0373		1.0350		\$ 30,045,461		\$ 31,097,593

The 2020-21 estimated budget tax revenues are:

Source of Tax Revenue	2020-21 Proposed Budget
Sales Tax (1%)	\$ 4,602,000
District Taxes (Measures O & F)	1,717,755
Property Tax and In-Lieu	2,748,440
Transient Occupancy Tax	475,800
Document Transfer Tax	63,637
Franchise Taxes	560,000
Business License Tax	290,000
Cannabis Retail Tax	375,000
Interest Income from tax revenue	2,000
Total Tax Revenue	\$ 10,834,632

The 2020-21 percentage of appropriations limit used is:

Fiscal Year ended:	2018-19	2019-20	2020-21
Appropriations Limit	\$ 29,150,257	\$ 30,045,461	\$ 31,097,593
Tax revenue	\$ 12,736,440	\$ 13,413,269	\$ 10,834,632
Remaining to limit	\$ 16,413,817	\$ 16,632,192	\$ 20,262,961
% of limit used	43.69%	44.64%	34.84%
Limit vs. prior year	\$ 1,012,943	\$ 895,204	\$ 1,052,132
Incr./(Decr.) vs. pr. yr.	3.6%	3.1%	3.5%

The appropriations limit increased \$1,052,132 to \$31.0 million, or 3.5% from 2019-20 to 2020-21.

ATTACHMENT G

BUDGET ADOPTION RESOLUTION

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RESOLUTION NO. 4180

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
ADOPTING THE 2020/2021 FISCAL YEAR CITY BUDGET AND CAPITAL IMPROVEMENT
PROGRAM BUDGET**

WHEREAS, it is necessary to adopt the 2020/2021 Fiscal Year Budget for all City funds and Capital Improvement Program; and

WHEREAS, the City Council has conducted budget study sessions, has heard and considered public comments, and has modified the proposed budget accordingly, and wishes to adopt such budget for the Fiscal Year July 1, 2020, through June 30, 2021; and

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2020/2021 Fiscal Year Budget is hereby adopted as amended, including Exhibit A (Changes to Proposed Budget), Exhibit B (General Fund Overview), and Exhibit C (Summary by Fund) to this Resolution; and

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

I HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 11th day of June 2020, by the following vote:

AYES:	Council Members Bertrand, Bottorff, Brooks, Storey, and Mayor Petersen
NOES:	None
ABSENT:	None
ABSTAIN:	None



Kristen Petersen, Mayor

ATTEST:



Chloe Woodmansee, Interim City Clerk

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ATTACHMENT H

GLOSSARY

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Glossary of Budget Terms

Accounting System – The set of records and procedures, which are used to record, classify, and report information on the financial status and operations of the City.

Accrual Basis Accounting – Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

Ad Valorem – Property taxes levied on value of property. Includes the general obligation bond rates added to the 1% rate allowed by Prop. 13. These rates are applied to the secured, unsecured, supplemental, and other miscellaneous tax rolls.

Adoption – Formal action by the City Council which sets the spending limits for the fiscal year. The City's budget is adopted by Council resolution.

Annual Budget – Budget applicable to a single fiscal year.

Appropriation – An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of government resources. Appropriations are typically granted for a one-year period.

Assessed Valuation – A value established for real property for use as a basis in levying property taxes. For all agencies in the State of California, assessed value is established by the County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. Proposition 13 also modified the value of real taxable property for fiscal 1979 by rolling back values to fiscal 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change of ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Audit – Prepared by an independent Certified Public Accountant (CPA), the primary objective of an audit is to determine if the City's Financial Statements present fairly the City's financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the City's internal controls as well as recommending improvements to the City's financial management practices.

Bond – A bond is a written promise to pay a specified sum of money (called the face value or principle amount) at a specified date or dates in the future (called the maturity date) together with periodic interest at a specified rate. Bonds are typically used to finance capital facilities.

Budget - As the City's financial operating plan for the fiscal year, the budget displays the estimated expenditures (costs) for providing services and the estimated sources of revenue (income) to pay for them. Once the City Council adopts the budget, the total becomes the maximum spending limit. Capitola's budget encompasses fiscal year (July 1, through June 30).

Budget Amendment – The Council has the sole responsibility for adopting the City's budget, and may amend or supplement the budget at any time after adoption. The City Manager has the authority to approve administrative adjustments to the budget as outlined in the Financial and Administrative Policies set by Council.

Budget Calendar – The schedule of key dates used for the preparation and adoption of the budget.

Budget Document – The official financial spending and resource plan submitted by the City Manager and adopted by the City Council explaining the approved budget to the public and City Council.

Budget Overview – This section provides an overview of the changes adopted in the budget. Significant impacts of budgetary changes are shown.

Budget Policies – General and specific guidelines adopted by the Council that govern the financial plan's preparation and administration.

Building Permit – Fee required for new construction or for any alteration or addition to a residence or commercial building. The fee is based on square footage and valuation. Electrical or plumbing/mechanical work will require a similar permit.

Business License Tax – Imposed on those conducting business within the limits.

Capital or Community Improvements – Capital or community improvements are major construction, acquisition or maintenance/repair projects. Typical examples of major construction would include new street improvements, park development and public buildings. Acquisition includes land for parks and open space. Major maintenance/repairs may include street resurfacing or modifications to public buildings.

Capital Improvement Plan (CIP) - plan or schedule of expenditures for major construction of roads, sidewalks, facilities and/or park improvements and for the purchase of equipment. The City of Capitola CIP follows a five-year schedule. Although the City adopts the CIP budget in a process, which is separate from the adoption of the budget, the budget incorporates the first year of the five-year CIP.

Capital Projects Fund – In governmental accounting, a fund that accounts for financial resources to be used for the acquisition or construction of capital facilities. The total cost of a capital project is accumulated in a single expenditures account, which accumulates until the project is completed, at which time the fund ceases to exist.

Capital Outlay – Expenditures which result in the acquisition of or additions to fixed assets. Examples include land, buildings, machinery, equipment and construction projects.

Capital Assets – Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Cash Basis Accounting – Basis of accounting under which transactions are recognized only when cash is received or disbursed.

CDBG (Community Development Block Grant Program) – A flexible program that provides federal funding, administered as pass through grants to the City. The funds are used to benefit low- and moderate- income persons within the City.

Code – A book that contains the City Council approved ordinances currently in effect. The code defines City policy with respect to areas such as planning, etc.

COLA – Cost of living allowance.

Comprehensive Annual Financial Report (CAFR) – The official financial statement for the City. It meets the accounting requirements of the Governmental Accounting Standards Board and includes

an audit opinion, basic financial statements and supporting schedules necessary to demonstrate compliance.

Constant Dollars – A measure of the cost of goods or services with the effects of inflation removed.

Contingency – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contingent Liabilities – Items which may become liabilities of the City but are undetermined at a given date, such as pending lawsuits, unsettled disputed claims, unfilled purchase orders and uncompleted contracts.

Contract Services – Services provided to the City from the private sector or other public agencies.

Contributed Capital – Resources, which are externally restricted for the acquisition or construction of capital assets. This category includes, but is not limited to, capital grants, residual equity transfers in and contributions from developers.

Cost Allocation – A fair and equitable methodology for identifying and distributing direct and indirect cost, from a service provider to the service consumer. In the City's case, the General Fund is the service provider and the external funds are the service consumers.

Court Fines - Portion of the fines collected upon conviction of a misdemeanor or infraction committed within boundaries.

Debt Instrument – Methods of borrowing funds, including General Obligation (G.O.) bonds, revenue bonds, lease/purchase agreements, lease-revenue bonds, tax allocation bonds, Certificates of Participation (COPs), and assessment district bonds(LIDSs). (See Bonds.)

Debt Service – Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or Certificates of Participation (COPs).

Debt Service Fund – A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Deficit – The excess of liabilities over assets.

Department – A major organizational unit of the City, which has been assigned overall management responsibility for an operation or a group of related operations within a functional area. In Capitola, Department Heads are the chief administrators within a department.

Developer Fees and Permits – Fees that are charge for specific planning services.

Documentary Transfer Tax – Imposed on the transfer of real property, exclusive of any lien or encumbrance. The City receives 50% of revenue collected by the County.

Due Diligence Review – A qualified third party audit, defined by statute and required by the California Department of Finance, to determine the unobligated balances of former redevelopment agencies available for transfer to taxing entities. Review is composed of two separate reviews and reports – Low and Moderate Income Housing asset and non-Low and Moderate Income Housing assets.

Encumbrances – Commitments against an approved budget for unperformed (executory) contracts for goods or services. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Enterprise Funds – Established to account for the financing of self-supporting activities of governmental units, which render services on a user charge basis to the general public.

Equipment Replacement Fund – Equipment Replacement Fund is used to account for the replacement of existing fixed assets as equipment, machinery or building improvements become unserviceable or obsolete.

Expenditure – The outflow of funds paid or to be paid for an asset obtained or goods and services obtained. Note: An encumbrance is not expenditure; an encumbrance reserves funds to be expended. (See encumbrances.)

FEMA – Federal Emergency Management Agency.

FHWA – Federal Highway Administration – A governmental agency responsible for administration of Federal grant programs for streets and highways.

Fiscal Year – The 12-month period to which the annual operating budget applies and at the end of which the City determines its financial position and results of its operations. The City of Capitola's fiscal year begins July 1st and ends June 30th.

Five-Year Financial Forecast – Estimates of future revenues and expenditures to help predict the future financial condition of the community.

Fixed Assets – Non-consumable assets of long-term nature such as land, buildings, machinery, furniture, and the other equipment. The City has defined such assets as those with an expected life in excess of one year and value in excess of \$5,000.

FLSA (Fair Labor Standards Act) – The Fair Labor Standards Act sets minimum wage, overtime pay, equal pay and Child Labor Standards for private and public sector employees. Enforcement of the FLSA is assigned to the Department of Labor, Wage and Hour Division.

Franchise Fees – Imposed on utility companies for the privilege of doing business in the City. Fees are usually based upon a percentage of gross revenue derived from business conducted in the City.

Full-Time Equivalents (FTE) – The amount of time that is equivalent to the annual hours paid for a regular, full-time employee. Full-time employees are paid for 2,080 hours in each year, which equate to 1.0 FTE. Correspondingly, a part-time employee who works 1,040 hours, is equivalent to a 0.5 FTE.

Fund- An independent fiscal and accounting entity with a self-balancing set of accounts in which cities record financial transactions relating to revenues, expenditures, assets and liabilities. Each fund has a budget with exception of the General Fund (which accounts for general purpose actions and has unrestricted revenue sources). Each remaining fund typically has a unique funding source and purpose. Establishing funds enables an organization to account for the use of restricted revenue sources, along with expenditures related to specific activities or objectives.

Fund Accounting – System used by non-profit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

Fund Balance – Also known as financial position, fund balance is the excess of current assets over current liabilities, and represents the cumulative effect of revenues and other financing sources over expenditures and other financing uses.

Fund Descriptions - The basic accounting and reporting entity for the City is a fund. A fund is “an independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created.” Funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Funds used in government are classified into three broad categories: governmental, proprietary and fiduciary. Governmental funds include activities usually associated with a typical state or local government’s operations (public safety, general government activities, etc.). Proprietary funds are used in governments to account for activities often found in the private sector (utilities, stadiums and golf courses are prime examples). Trust and Agency funds are utilized in situations where the government is acting in a fiduciary capacity as a trustee or agent.

GAAP (Generally Accepted Accounting Principles) – Uniform minimum standards for financial accounting and reporting. They govern the form and content of the basic financial statements.

General Fixed Assets and General Long Term Debt Account Groups – Account for fixed assets and long-term debt not used in proprietary fund operations or accounted for in trust funds.

Gas Tax Fund – The Gas Fund Tax is used to account for revenues and expenditures apportioned under the Streets and Highways Code of the State of California. Expenditures may be made for any street related purpose in the City’s system of streets.

General Fund – In governmental accounting, the fund used to account for all assets and liabilities of a non-profit entity, except those particularly assigned for other purposes in another more specialized fund. It is the primary operating fund of the City.

General Liability Self-Insurance Fund – The General Liability Self-Insurance Fund is used to provide the City with liability insurance. Coverage is provided through the City’s participation in a joint powers agreement through (MBASIA) Monterey Bay Area Self-Insurance Authority.

General Obligation Bonds – Bonds for which a state or local government pledges its full faith and credit for repayment. Debt Service is paid from property tax revenue levied (in the case of voter-approved bonds) or other general revenue.

Goal – A statement of broad direction, purpose, or intent.

Governmental Funds - Includes activities usually associated with a governmental entity’s operations (police, community development, and general governmental functions).

Grant – External contributions, and/or gifts of cash, or other assets typically from another governmental entity to be used or expended for a specific purpose, activity, or facility. An example is a Community Development Block grant funded by the Federal Government.

Home Owners’ Property Tax Relief (HOPTR) – Is the tax on the \$7,000 reduction in assessed value, which is allowed on owner occupied residential property. The State pays the tax on this exemption.

Housing Successor – The State of California eliminated Redevelopment Agencies as of February 1, 2012, and established Housing Successors to manage and continue low and moderate income housing projects underway or contractually committed, make payments on its enforceable obligations, and manage its programs, assets, and properties. The Housing Successor is governed by the local agency.

Housing Set-Aside Fund – Fund is used to account for the 20% set aside property tax increment revenues and the associated expenditures to be used for increasing or improving low and moderate income housing.

Improvements – Buildings, structures or attachments to land such as sidewalks, trees, drives, tunnels, drains and sewers.

Interest Income – The interest earned from the prudent investment of idle funds. The types of investments that can be made are limited by the Government Code to protect the safety of taxpayer's money.

Intergovernmental Revenue – Revenue received from other governmental agencies and municipalities, such as grants from the State or Federal government.

Internal Services Fund – The Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments on a cost reimbursement basis.

Inter-fund Transfers - When money is moved between various funds. This is also referred to as transfers-in and transfers-out. In aggregate, transfers in and out offset each other for the fiscal year.

Lease-Purchase Agreements – Contractual agreements which are termed “leases”, but which in substance amount to purchase contracts.

Levy - To impose taxes, special assessments or service charges for the support of governmental activities. The total amount of taxes, special assessments or service charges imposed by Santa Cruz County levying property taxes.

Licenses and Permits – Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

Line-item Budget – A budget that lists detailed expenditure categories (salaries & benefits, office supplies, travel, dues, rents, etc.) separately, along with the amount budgeted for each specified category. The Summary Budget reflects the program rather than line item budgets. The Detail Budget reflects the line-item detail.

Modified Accrual Basis – Under this accounting method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for prepayments, accumulated employee leave and long-term debt. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

Motor Vehicle in Lieu – Portion of the vehicle registration fee paid annually to the State.

NPDES – National Pollution Discharge Elimination System.

OES - Office of Emergency Services.

Object – An expenditure classification which refers to the type of item purchased or the service obtained.

Objective - A statement of specific direction, purpose, or intent based on the needs of the community and the goals established for a specific program or service level.

Ordinance – A formal legislative enactment by the City Council. It has the full force and effect of law within City boundaries unless pre-empted by a higher form of law. An Ordinance has a higher legal standing than a Resolution and is typically codified in a City’s municipal code.

Operating Budget – The operating budget is the primary means by which most of the financing of acquisition, spending and service delivery activities of a government are controlled. Law requires the use of annual operating budgets.

Other Revenues – Revenues from sources, other than those specifically identified, that are too immaterial in amount to justify the creation of new revenue account line items.

Oversight Board – The Oversight Board was created by the State of California and its composition and directive defined in state legislation. When Redevelopment Agencies were eliminated as of February 1, 2012, Successor Agencies were established to manage redevelopment projects underway or contractually committed, make payments on its enforceable obligations, and dispose of its assets and properties. The Oversight Board supervises the Successor Agency and is comprised of representatives of the local agencies that serve the redevelopment project area.

Performance Measure – Sets forth a performance objective and a goal for achieving the objective.

Personnel Benefits – Benefits paid by the City in conjunction with employment.

Personnel – Employees.

Proposition 218 – A statewide initiative passed by the voters of California on November 5, 1996. The initiative provided voters with the right to vote on new taxes.

Program – As subdivisions of departments, programs are budgetary or organizational units of government with limited sets of work responsibilities within their respective departments. Programs also serve to increase budgetary accountability. Capitola’s budget is compiled on a program basis.

Property Tax – Imposed on real property (land and permanently attached improvements). The tax is based upon the assessed value of such property. The tax rate may not exceed 1% of assessed value.

Property Tax Secured – Real property both land and improvements.

Property Tax (Supplemental) – An assessment which reflects the difference between the prior assessed value and the new assessment due to a change in ownership or completion of new construction. The value is prorated based on the number of months remaining in the fiscal year ending June 30. This is in addition to the regular tax bill.

Property Tax Unsecured – Business or personal property such as boats, aircraft & servers.

Public Employees’ Retirement System (PERS) – City employees’ retirement fund, paid for by both the City and employee contributions and managed by the State of California.

RDA – Redevelopment Agency.

Redevelopment Agency Fund – This fund is used to account for the proceeds of notes, advances and other forms of indebtedness, and the expenditures of these funds for improvement, reconstruction and redevelopment projects within the specified boundaries of the City of Capitola Redevelopment Agency.

Redevelopment Property Tax Trust Fund (RPTTF) – Property tax allocated by the County Auditor-Controller to Successor Agencies based on formulas and procedures applicable to each jurisdiction and as identified and approved as an enforceable obligation of the dissolved redevelopment agency.

Reserve – An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

Resolution – A special order of the City Council, which has a lower legal standing than an ordinance.

Resources – Total amounts available for appropriation including estimated revenues, inter-fund transfers, and beginning fund balances.

Retained Vehicle – A vehicle in the City’s fleet that is still in operation, but is held past the scheduled date of replacement. The retained vehicles do not have monies set aside for replacement.

Revenue – Sources of income, which the City receives during a fiscal year. Examples of revenue include taxes, intergovernmental grants, charges for services, resources forward from the prior year, operating transfers for other funds, and other financing sources such as the proceeds derived from the sales of fixed assets.

Revenue Estimate – A formal estimate of how much revenue will be earned from a specific revenue source for some future period.

Recognized Obligations Payment Schedule (ROPS) – Successor Agencies are responsible for drafting a ROPS document for each six-month period, delineating the enforceable obligations of the City’s former Redevelopment Agency and the source of the funds for the payment. The ROPS is subject to the approval of the Successor Agency’s Oversight Board.

Sales Tax – The State Board of Equalization returns 1% of the Bradley Burns sales tax to local governments. The government may choose to enact a separate District sales tax to increase revenues. Sales taxes are received on a monthly direct deposit basis.

Special Revenue Fund – In governmental accounting, a fund used to account for the proceeds of a special revenue source (other than special assessments, expandable trusts, or for major capital projects) that are legally restricted to expenditure for specified purpose.

Service Charge – Charges for specific services rendered.

Services and Supplies – Expenditures for services and supplies, which are directly related to a department’s primary service activities.

Subventions – Revenues collected by the State, which are allocated to local governments on a formula basis.

Successor Agency – The State of California eliminated Redevelopment Agencies as of February 1, 2012, and established Successor Agencies to manage redevelopment projects underway or contractually committed, make payments on its enforceable obligations, and dispose of its assets and properties. The Successor Agency is governed by the same council as the local agency and supervised by a local oversight board defined by legislation.

Supplemental Appropriation – An appropriation approved by the Council after the initial budget is adopted.

Supplemental Property Tax Assessment - State law requires the Assessor's Office to re-appraise property immediately upon change in ownership or completion of new construction. The Assessor's Office must issue a supplemental assessment which reflects the difference between the prior assessed value and the new assessment. The value is prorated based on the number of months remaining in the fiscal year, ending June 30. This is in addition to the regular tax bill.

Supplies – An expenditure classification for articles and commodities purchased for consumption or resale.

Taxes – Compulsory charges levied by the City, County and State for the purpose of financing services performed for the common benefit.

Teeter – The Alternate Methods of Property Tax Apportionment as authorized in Revenue & Taxation Code Sections 4701-4717. These taxes and assessments are paid on the basis of the full tax levy (receivable) regardless of delinquencies. If a property is ultimately sold for non-payment of taxes, any shortfall is deducted from the tax Losses Reserve Fund.

Traffic Fines – A portion of the fines collected upon conviction or bail forfeiture of vehicle code violations committed within the jurisdiction's boundaries.

Transient Occupancy Tax – Imposed on hotels, motels, inns or other lodging facilities.

Transfers In/Out – Money transferred from one fund to another.

Unsecured Taxes - Unsecured taxes are assessed for ownership of assets including, but not limited to boats, planes, business property, mobile homes, structural improvements on leased land and other leasehold interests. The tax is assessed if you were in business or possessed the asset on January 1 of the tax year.

Workers' Compensation Fund – A fund used to account for the cost to provide workers' compensation insurance coverage to all employees in compliance with State of California requirements.

GLOSSARY OF AFFORDABLE HOUSING TERMS

Affordable Housing

Affordable housing is an extremely broad and non-technical term that basically includes rental and ownership housing that is affordable to a range of household incomes up to the moderate-income level. A rule of thumb says that to be “affordable” the combined total of all housing related costs (rent, mortgage, upkeep, utilities & taxes) should not exceed 30% of the household’s income. Most affordable housing funding sources utilize eligibility requirements that identify each income group by household size. The basic State income limits for Santa Cruz County for 2019 are listed below:

The Santa Cruz County Area Median Income for a family of four in 2019 was: \$98,000.

State of California Income Limits for Santa Cruz County 2019 Number of Persons In household

	One	Two	Three	Four
Extremely Low-Income (30% of area median income)	\$25,800	\$29,450	\$33,150	\$36,800
Very Low-Income (50% of area median income)	\$42,950	\$49,100	\$55,250	\$61,350
Low-Income (80% of area median income)	\$68,900	\$78,750	\$88,600	\$98,400
Median Income	\$68,600	\$78,400	\$88,200	\$98,000
Moderate-Income (120% of area median income)	\$82,300	\$94,100	\$105,850	\$117,600

Affordable housing units can include both rental and ownership units. Some affordable housing units are determined “affordable” only at the time of purchase while other programs will also require long-term affordability for future buyers through the use of resale restrictions. Affordable rental units developed with local, state or federal assistance will usually have an affordability term of fifty-five years or longer.

BEGIN Program

Building Equity and Growth in Neighborhoods Program (BEGIN) is a grant program of the California State Department of Housing and Community Development (HCD). The program provides grants of up to \$30,000 per unit to local jurisdictions to make deferred-payment second mortgage loans to low or moderate-income first time new home buyers in BEGIN projects that have affordability enhanced by local regulatory incentives or barrier reductions. For example, the Capitola Beach Villas project on 41st Avenue would qualify for funding under this project for its affordable housing units due to the bonus density and parking variances provided to the project.

CDBG Program

The Community Development Block Grant (CDBG) Program is provided by the Federal Department of Housing and Urban Development (HUD). Larger jurisdictions are called participating jurisdictions and receive CDBG funding directly from HUD. Smaller communities apply for CDBG funding through a program administered by the California State Department of Housing and Community Development (HCD). The purpose of the program is to fund housing activities, public works,

community facilities, and public service projects serving lower-income people and to provide funds for planning and evaluation studies related to any CDBG-eligible activity. The funds are provided as a grant to the local jurisdiction. There is one annual Notice of Funding Availability for General Allocation, Economic Development, and Planning and Technical Assistance. The City has received several CDBG grants over the last fifteen years.

CalHFA

For over 40 years, California Housing Finance Agency (CalHFA) has supported the needs of renters and first-time homebuyers by providing financing and programs that create safe, decent and affordable housing opportunities for individuals within specified income ranges. Established in 1975, CalHFA was chartered as the State's affordable housing bank to make below market-rate loans through the sale of tax-exempt bonds. A completely self-supporting State agency, bonds are repaid by revenues generated through mortgage loans, not taxpayer dollars.

First Time Homebuyer Loan Program

The City of Capitola has established a First-Time Homebuyer Program to help low and moderate income households purchase homes in the City of Capitola. The program is funded through the City of Capitola and the Capitola Housing Successor (former Capitola Redevelopment Agency Low and Moderate Income Fund) and is administered by the Housing Authority of the County of Santa Cruz and the City Housing program. The program provides assistance in the form of a deferred payment loan or "silent second" to help meet the gap between purchase price and the principal first mortgage. The program provides loans of up to \$60,000 or 15% of the sales price of the home. To be eligible to participate in the program the borrower must be a first-time homebuyer, must be low or moderate-income, must have a household member that is employed in Capitola and must occupy the home as their principal residence. Interest on the loan is 3% simple interest. Payments are deferred until sale or transfer of the home. This loan program can be used for the purchase of single-family homes, condominiums and mobile homes. Because of the high housing costs in Capitola, this loan program has almost exclusively been used for the purchase of mobile homes and for single-family homes that have reduced sales prices provided through the City's Inclusionary Housing Program.

HOME Program

The HOME Investment Partnerships Program (HOME) is funded through the Federal Department of Housing and Urban Development (HUD). Smaller communities apply for HOME funding through a program administered by the California State Department of Housing and Community Development (HCD). The purpose of the program is to assist cities, counties and non-profit community development organizations to create and retain affordable housing. The funds are provided to cities in the form of grants that can then be loaned to affordable housing development projects or to individual homeowners in the community. As HOME funded loans are repaid to the local community those funds are held in a HOME Reuse Fund that can then be used on future affordable housing related activities.

Home Rehabilitation Loan/grant Program

This program is funded by the City of Capitola and is administered by the Housing Authority. The program is geared to help meet the basic safe and healthy living environment needs of low and moderate-income mobile home homeowners. Low interest, deferred payment loans of up to \$20,000 are available. Emergency Repair Grants of up to \$7,500 are also available for mobile home homeowners who are very low-income and in need of urgent repairs.

Housing Element

The housing element is one of the seven mandated elements of the local general plan. Housing element law, enacted in 1969, mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law acknowledges that, in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and

do not unduly constrain, housing development. As a result, housing policy in the State rests largely upon the effective implementation of local general plans and, in particular, local housing elements. Local Housing Elements must be updated periodically and unlike the other elements in the General Plan, must be certified by the State Department of Housing and Community Development (HCD). Capitola's current 2015-2023 Housing Element was updated and approved by the state in 2014. Local municipalities that are not in compliance with State housing element law are prohibited from participation in HOME, CDBG and other State housing loan and grant programs.

Inclusionary Housing Ordinance

The City of Capitola has an Affordable (Inclusionary) Housing Ordinance. The Ordinance requires developers of residential projects to contribute toward the provision of affordable housing in the City. Projects that entail seven or more for-sale housing units, residential parcels or converted condominiums are required to provide fifteen percent of the units for sale to low or moderate-income households. Housing development projects that are smaller than seven units in size, including major single-family home rehabilitation projects, are required to pay affordable housing in-lieu fees to the City's Affordable Housing Trust Fund. The City's Inclusionary Housing Ordinance utilizes an affordability formula to calculate the original sale price of the inclusionary units. Resale restrictions are then recorded against the property so that all future sales are also restricted as to the income level of the buyer and the affordable sale price of the unit.

MPROP

Mobile home Park Resident Ownership Program (MPROP) is a loan program provided by the State Department of Housing and Community Development (HCD). The purpose of the program is the preservation of affordable mobile home parks by conversion to ownership or control by resident organizations, nonprofit housing sponsors, or local public agencies. MPROP loans were key to the resident purchases of both the Wharf Road Manor and the Turner Lane Mobile Home Parks in Capitola.

Regional Housing Needs Assessment (RHNA)

By State law local Housing Elements must include the identification of development opportunity sites to meet the local municipality's fair share of the Regional Housing Need. The Association of Monterey Bay Area Governments (AMBAG) prepares a Regional Housing Needs Assessment (RHNA) to identify the housing needs for each jurisdiction within the AMBAG region. State law does not require that the housing sites identified in the Housing Element are actually developed as affordable housing. It does, however, require that the identified sites are available for that purpose and that appropriate replacement sites are identified if any of the current sites are rezoned or developed for other purposes.

Resale Restricted Housing Units

Affordable housing units provided through the City's Inclusionary Housing Ordinance and some other units funded with City or State loan or grant programs include resale restrictions that ensure affordability not just for the current owner but also for all future buyers. These resale restricted units allow the opportunity for lower-income households to become homeowners while also helping build the community's permanent affordable housing stock. The owners of these units will be able to enjoy the benefits of homeownership and take advantage of lower than market mortgage payments but will not be able to build equity in their home. The unit must be resold to another income eligible buyer and the sale price is limited to be affordable to the new lower-income buyer.

ATTACHMENT I

ACRONYMS

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Acronyms

AB	Assembly Bill
AB X1	First Extraordinary Session, California Assembly Bill
ADA	American with Disabilities Act
ASU	Animal Services Unit
BEGIN	Building Equity and Growth in Neighborhoods Program
BIA	Capitola Village & Wharf Business Improvement Area
CAFR	Comprehensive Annual Financial Report
CaIPERS	California Public Employees' Retirement System
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CFPD	Central Fire Protection District
CHS	Capitola Housing Successor
CIP	Capital Improvement Program
COLA	Cost of living allowance
CPI	Consumer Price Index
CSMFO	California Society of Municipal Finance Officers
CSO	Community Service Officer
CVC	Santa Cruz County Conference & Visitors Council
CVWBIA	Capitola Village & Wharf Business Improvement Area
DA	District Attorney
DDR	Due Diligence Review
DEA	Drug Enforcement Agency
DOF	State of California Department of Finance
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FLSA	Fair Labor Standards Act

FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GPAC	General Plan Advisory Committee
HCD	State of California Housing and Community Development Department
HOPTR	Home Owners' Property Tax Relief
HOME	Housing Investment Partnerships Program
HS	Housing Successor
HUD	U.S. Department of Housing and Urban Development
ISF	Internal Services Fund
IT	Information Technology
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
LAIF	Local Agency Investment Fund
LMIHF	Low and Moderate Income Housing Fund
MBASIA	Monterey Bay Area Self-Insurance Authority
MOU	Memorandum of Understanding
MVLI	Motor Vehicle in Lieu
NPDES	National Pollution Discharge Elimination System
OES	Office of Emergency Services
OPEB	Other Post-Employment Benefits
OSB	Oversight Board of the City of Capitola, as Successor Agency to the former Capitola Redevelopment Agency
PEG	Public Education & Government Cable Access TV

PEPRA	Public Employees' Pension Reform Act
PERS	Public Employees' Retirement System
POA	Police Officers' Association
POB	Pension Obligation Bond
POST	Police Officer Standardized Training
RDA	Redevelopment Agency
ROPS	Recognized Obligation Payment Schedule
RPTTF	Redevelopment Property Tax Trust Fund
SA	City of Capitola, as Successor Agency to the former Capitola Redevelopment Agency
SCAN	Open query, Santa Cruz County Information Services Department
SCC	Santa Cruz County
SCCACT	Santa Cruz County Anti-Crime Team
SCCECC	Santa Cruz Consolidated Emergency Communications Center
SCO	California State Controller's Office
SCRMS	Santa Cruz Regional 9-1-1
TOT	Transient Occupancy Tax
UAL	Unfunded Accrued Liability