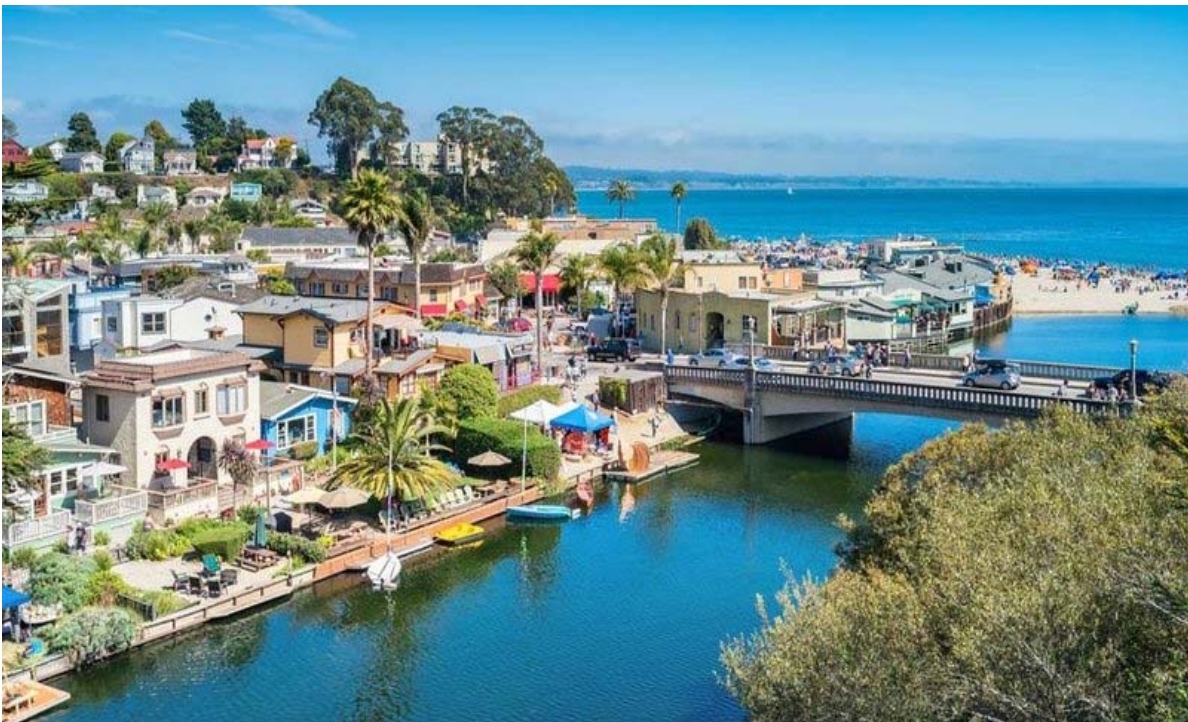




# **ADOPTED BUDGET**

## **FISCAL YEAR 2025-26**



**CITY OF CAPITOLA**  
Capitola, California



**CITY COUNCIL**

**Joe Clarke, Mayor**

**Margaux Morgan, Vice Mayor**

**Gerry Jensen**

**Melinda Orbach**

**Susan Westman**

Jamie Goldstein, City Manager

Sarah Ryan, Chief of Police

Jessica Kahn, Public Works Director

Jim Malberg, Administrative Services Director / Treasurer

Katie Herlihy, Building, Planning, & Economic Development Director

Nikki Bryant, Community Services & Recreation Director

Chloe Woodmansee, Assistant to the City Manager

Julia Gautho, City Clerk

THIS PAGE LEFT INTENTIONALLY BLANK



# *California Society of Municipal Finance Officers*

*Certificate of Award*

## ***Operating Budget Excellence Award Fiscal Year 2024-2025***

*Presented to the*

***City of Capitola***

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

***February 7, 2025***



*Ernie Reyna*

***Ernie Reyna  
2024 CSMFO President***

*James Russell-Field*

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

***Dedicated to Excellence in Municipal Financial Reporting***



THIS PAGE LEFT INTENTIONALLY BLANK

## 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
<b>Department Overview .....</b>	<b>61</b>
City Council .....	62
City Attorney .....	63
City Manager .....	64
Administrative Services.....	66
Police.....	69
Public Works.....	74
Building, Planning, & Economic Development .....	81
Community Services and Recreation .....	83
Capitola Museum.....	85
<b>Internal Service Funds.....</b>	<b>87</b>
Stores Fund.....	89
Information Technology Fund.....	90
Equipment Replacement Fund .....	91
Self-Insurance Liability Fund .....	92
Workers' Compensation Fund .....	93
Compensated Absences Fund .....	94
<b>Special Revenue Funds .....</b>	<b>95</b>
Supplemental Law Enforcement Services.....	98
Restricted Transient Occupancy Tax (TOT).....	99
Road Maintenance & Rehabilitation Act (SB1).....	100
RTC Streets.....	101
Gas Tax.....	102
Wharf .....	103
General Plan Update and Maintenance .....	104
Green Building Education .....	105
Public Art .....	106
Parking Reserve ... ..	107
Technology Fee .....	108
Public Education & Government Cable TV Access .....	109
Capitola Village & Wharf BIA .....	110
Community Development Block Grants (CDBG) .....	111
CDBG Program Income.....	112
Library.....	113
HOME Program Reuse .....	114
Housing Trust .....	115
Permanent Local Housing Allocation (PLHA).....	116
Capitola Housing Successor .....	117

<b>Reserves</b> .....	119
Emergency Reserves .....	121
Contingency Reserves .....	122
PERS Contingency Reserves.....	123
Facility Reserves .....	124
 <b>Multi-Year Assets &amp; Obligations</b> .....	125
City and Joint Powers Authority.....	128
Pacific Cove Lease Financing .....	129
Beach and Village Lot II Lease Financing .....	131
 <b>Capital Improvement Program</b> .....	133
 <b>Supplementary Information</b> .....	137
Organization Chart .....	139
Comparative Information .....	145
Financial Management Policies.....	151
Fund Balance Policy .....	159
City Investment Policy .....	163
GANN / Appropriation Limit ....	167
Budget Resolution ....	171
Glossary ....	175
Acronyms ....	189



## **Mission and Values**

### *Mission - Why we're here*

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

### *Vision - Where we're going*

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

### *Values – The Capitola Way*

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

### *Strategic Priorities:*

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

Approved March 2025

THIS PAGE LEFT INTENTIONALLY BLANK



TO: City Council

FROM: City Manager

SUBJECT: FY 2025-26 Proposed and FY 2026-27 Planned Budget.

### **CITY MANAGER'S MESSAGE - STATE OF THE CITY**

On behalf of City staff, I am pleased to submit the proposed budget for Fiscal Year (FY) 2025-26. Staff was tasked with developing a budget that continues to deliver the high-quality of services the community is accustomed to while also allocating available resources to City Council goals and strategic priorities. The result is a balanced budget that maintains the minimum target general fund balance of more than \$500,000. The proposed budget projects to end the year with a general fund balance of approximately \$753,000.

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

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

The remaining projects awaiting approval and estimated damage amounts include:

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



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

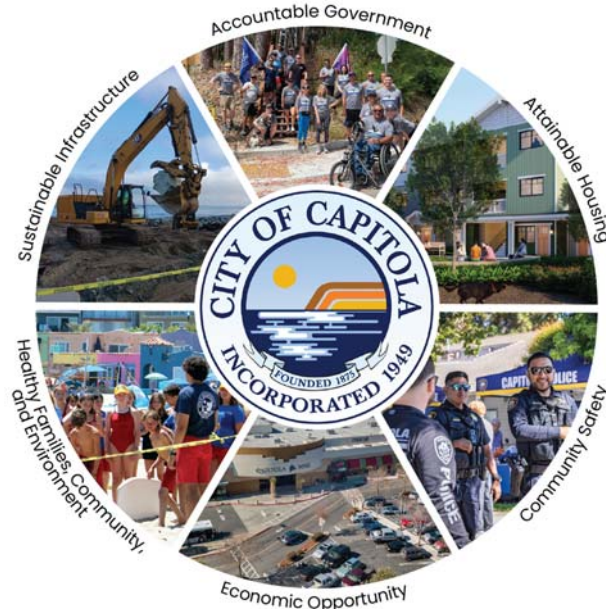
The Capitola Mall remains a major funding source for the City, however long-term national and local trends have put significant pressure on existing brick-and-mortar retailers to remain competitive with internet options. The Mall was purchased in 2016 by Merlone Geier Partners, which also acquired the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

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

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

## **BUDGETARY GOALS AND PRINCIPLES**

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



## OTHER BUDGETARY HIGHLIGHTS AND PROPOSED CHANGES

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

### Measure Q: Santa Cruz County Water and Wildlife Protection Initiative

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

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

### Parking Pay Station Strategy and Transition to Digital Payments

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

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

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

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

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

### Countywide Radio Project

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

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

### Measure S

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

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

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

### Administrative Services Department

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

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

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

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

### Youth Funding and Business Group Funding

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



## General Fund Balance

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

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

## **PRIOR YEAR ACCOMPLISHMENTS**

In FY 2024-25 the City completed several significant projects, which provided residents and visitors with increased recreational and public art opportunities, while continuing to strengthen public safety and community development activities. Some of the City's accomplishments include:

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

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

## CONCLUSION



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

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

# COMMUNITY PROFILE



## 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 2024-25, the Finance Department issued 261 new business licenses, processed 1,134 license renewals and 118 closures or cancellations. While this resulted in a net decrease of 8 licensed entities within the City, the City realized an increase of approximately \$10,500 in business license revenue. The chart below shows the number and types of businesses/non-profits in Capitola:

### Business Licenses Issued

Business Types	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Vending Machines	10	5	3	5	3
Contractors / Builders	310	326	294	353	374
Miscellaneous	84	83	85	81	81
Professional/Personal Svcs.	510	519	540	549	522
Quarterly Contractor	35	40	46	44	48
Retail/General Business	388	402	397	371	367
	1,337	1,375	1,365	1,403	1,395

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, 41<sup>st</sup> Avenue businesses, and the nearby Auto Center, form this commercial center. Major retailers include Target, Macy's, Kohl's, and Ross. They form a "net regional retail provider" bringing in five to six times the City household retail demand within Capitola.

The City continues to seek redevelopment opportunities to update and upgrade the City's major retail corridor and mall area. Upgrades to the Capitola Mall were 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. However, the project was put on hold due to the COVID-19 Pandemic and the City continues to explore opportunities to revive the project.



## Top 25 Sales Tax Producers – Calendar Year 2024

### Top 25 Sales Tax Producers

#### Calendar Year 2024

#### Business Name

Ajs Fuel Market	Outdoor Suppluy Hardware
BevMo	Pizza My Heart
Capitola Coast	Ross
Capitola Shell	Santa Cruz Subaru
Chevron	Santa Cruz Toyota
CVS Pharmacy	Shadowbrook
Gayle's Bakery & Rosticceria	Sierra Utility Sales
Greentech Renewables	Target
Kohls	Toyota Lease Trust
Macy's	Trader Joe's
Michael's Arts & Crafts	Ulta Beauty
New Leaf Community Market	Whole Foods Market
Nob Hill General Store	

Source: California Department of Taxes and Fees Administratin, The HdL Companies

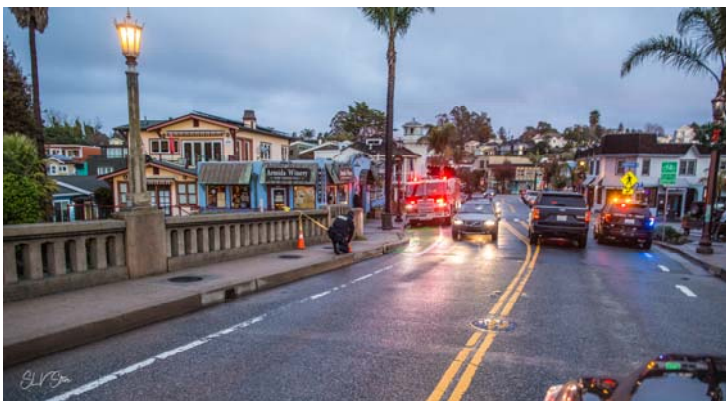
# SERVING THE COMMUNITY

## Police

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

The department has 31 positions – 22 sworn officers, 2 Community Service Officers, 3 Parking Enforcement Officers, and an administrative support staff of 4 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 engages the community by being active with the Business Improvement and Wharf Association, Capitola Soquel Chamber of Commerce, New Brighton Middle School, and a Chief Advisory Committee. The police department has had a successful group of Volunteers in Policing (VIPS) since 2004. This level of collaboration has been essential in keeping us relevant and sustaining a high level of service.



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

<b>Capitola PD</b>					
<b>Community Responses</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>FY 24/25</b>
Calls for service	15,169	13,771	6,350	13,306	12,673
Crimes - Felonies	335	314	315	290	290
Crimes - Misdemeanors	574	579	640	683	709
Arrests	317	345	424	560	635
Citations	787	929	1,249	1,306	1,116





## 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 2024.

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 residents of Capitola passed a sales tax measure in 2016 to rehabilitate the wharf and beach area. The beach flume and jetty were repaired in FY 2020-21 and the Wharf project went out for construction bids in late FY 2022-23. Construction began in September 2023 with project completion in Fall of 2024. In January and December 2023, the Wharf suffered significant storm damage, and those repairs were included in the overall rehabilitation project which was completed in Aug. 2024.





## Jade Street Community Center and Park



On November 22, 2022, the City Council authorized the City Manager to sign a Long-Term Use Agreement between the City of Capitola and Soquel Union Elementary School District for the Jade Street Park Property, including the Capitola Community Center. The agreement requires the City to complete certain specific infrastructure improvements to the Community Center within four years. Additional “ancillary” improvements, such as replacement of flooring and partitions, are also specified as intended improvements to be made by the City. The City Council appropriated \$150,000 in FY 2021-22 and \$1,650,000 in FY 2022-23. Additionally, in December 2024 the City was awarded \$3.5 million in Community Development Block Grant (CDBG) funding to fully fund construction of the project. Construction began in spring 2025 and is anticipated to be completed in the spring 2026.

The Treasure Cove at Jade Street Park (Project) was allocated \$275,000 in the FY 2022-23 Capital Improvement Plan (CIP) budget, plus an additional \$200,000 in the FY 2023-24 budget. In addition, the City partnered with County Park Friends, a local non-profit, who raised an additional \$1 million. In July 2025, the City was awarded \$3.2 million in CDBG funding to fully fund construction of Treasure Cove and associated park improvements. Construction is anticipated to begin in the fall 2025 and be completed in the spring 2026.

### 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 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Miles of streets maintained	26	26	26	26	26
Hours of street sweeping	1,368	1,280	1,536	1,477	1,294
Street lights maintained	75	75	75	75	75
Traffic signals operated and maintained	8	8	8	8	8
Encroachment permits issued	73	32	74	97	103
Facilities maintained	16	16	16	16	16
Fleet vehicles maintained	68	71	70	69	64
Parking space provided	718	718	718	718	718
Parks managed	10	10	10	10	10
Pedestrian Safety Signals maintained	6	7	9	10	11

## 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 the Afterschool Program, Junior Lifeguards and Camp Capitola, as well as adult and youth sports leagues. In addition to providing Lifeguards on Capitola Beach, they also manage rental of Jade Street Community Center, the tennis courts, softball field, soccer field, and Monterey Park.



<b>Enrollment statistics</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>FY 24/25</b>
Recreation Classes	1,325	1,788	2,441	2,344	2,137
Junior Guards	407	756	843	945	958
Camp Capitola	297	593	648	896	873
Junior Guards - Photo pkg purch	0	436	134	558	958
Jr Guards Regional Competition	0	0	43	51	64
Camp Cap/Jr Guards Transport	0	37	95	132	115
Sports Leagues - teams	0	8	14	6	6
Sports Rentals - # of rental groups	30	11	28	26	20
Facility Rentals	0	17	32	27	25
Afterschool/Recreation Club	0	28	29	256	202





## 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 advises City Council on the use of the City's Public Art Program. The Commission also advises on a wide variety of visual and performing art events, including 12 Twilight Concerts at the Beach, 2 Movies at the Beach nights, 4 Makers Markets, Plein Air and will introduce several new events: Dueling Pianos and New Music Sundays.

## 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 are maintained by Curator Deborah Osterberg, 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 <sup>(1)</sup> 91.1%
- College Graduates – bachelor's degree or higher <sup>(1)</sup> 45.6%

## Housing

- Median Household Income <sup>(1)</sup> \$96,412
- Median Value <sup>(2)</sup> \$746,000
- Persons per Household <sup>(1)</sup> 2.7
- Assessed Valuation <sup>(2)</sup>:
  - Net Total Assessed Value: \$ 3,305,186,041
  - Secured \$ 3,225,289,236
  - Unsecured \$ 79,896,805

Calendar Year <sup>(1)</sup>	Population	Per Capita Personal Income	Median Age	Unemployment Rate
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%
2020	10,091	41,561	42	9.6%
2021	9,794	49,512	45	6.7%
2022	9,625	57,036	47	4.8%
2023	9,497	60,609	49	5.5%
2024	9,938	57,335	46	5.9%

(1) Source: Data USA

(2) Source: Santa Cruz County Assessor

## 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

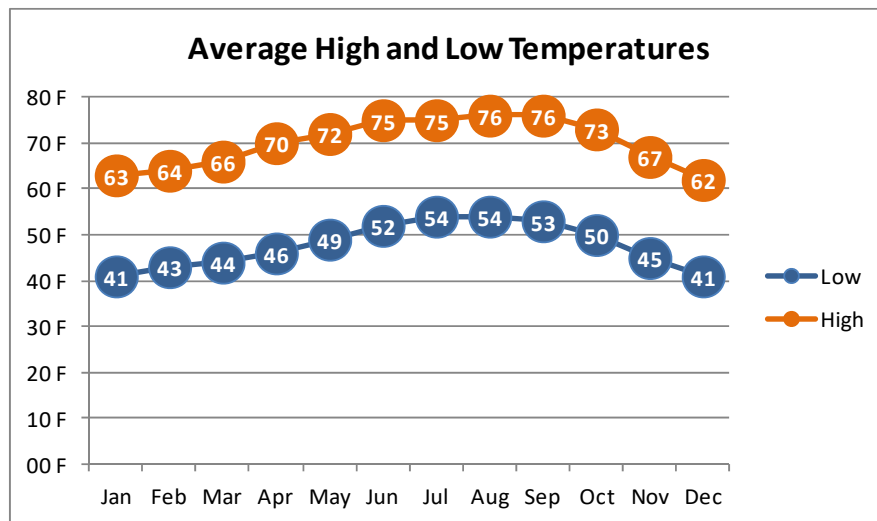
The City is located within 40 miles of three airports:

- 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](http://www.weatherchannel.com)



[www.weather.com](http://www.weather.com)





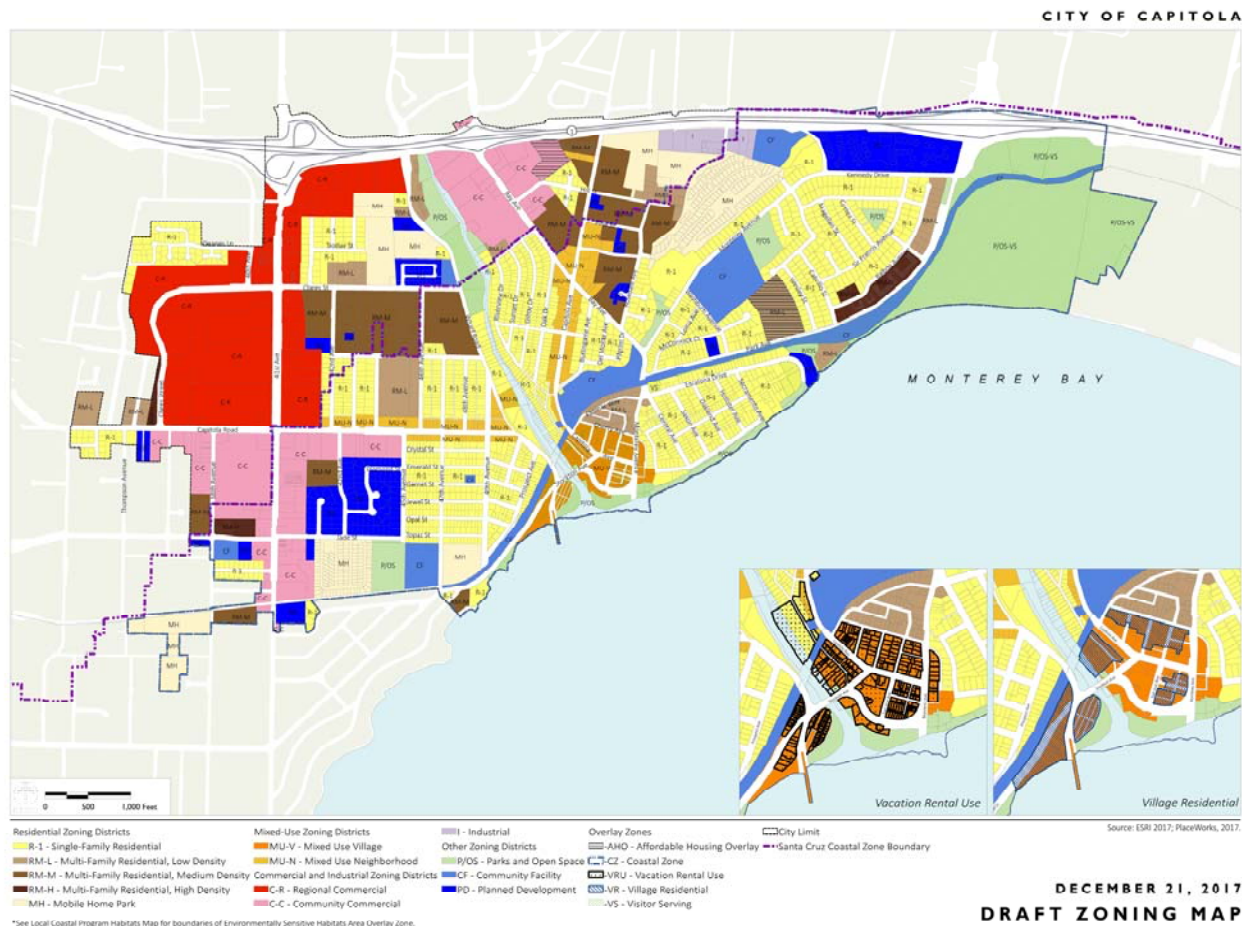
## Open Meetings

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 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
City Council	23	29	28	27	32
Architecture & Site Review Committee	17	7	-	-	-
Art & Cultural Commission	12	12	11	14	15
Commission on the Environment	4	6	9	10	11
Finance Advisory Committee	8	7	8	7	8
Historical Museum Board	11	9	11	12	12
Planning Commission	12	14	14	14	14
Total Committee and Board Meetings	87	84	81	84	92

## 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.



THIS PAGE LEFT INTENTIONALLY BLANK



# SUMMARY INFORMATION



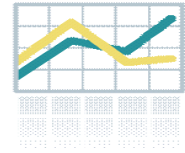
## Budget Process Overview

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

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

The City's budget process continues throughout the year, with quarterly financial updates published on the Finance Department website and at weekly department head meetings with the City Manager. An outline of the on-going budget process is listed below:

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



## **Financial Policies**

---

### **Basis of Accounting**

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

### **Level of Budget Control**

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

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

### **Budget Adjustments**

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

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

### **Financial Committees and Boards**

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

#### Finance Advisory Committee

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

## General Fund Summary

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

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

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

### General Fund Summary

Major Categories	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Adopted	FY 26/27 Planned
<b>Revenues</b>						
Taxes	\$ 14,709,173	\$ 14,495,884	\$ 15,383,270	\$ 15,358,270	\$ 16,883,877	\$ 17,354,164
Licenses and permits	650,188	767,635	737,309	737,309	734,500	743,740
Intergovernmental revenues	351,671	230,640	106,360	106,360	106,700	108,700
Charges for services	1,817,637	2,126,976	2,389,640	2,389,640	2,495,741	2,495,741
Fines and forfeitures	566,907	425,043	607,500	607,500	690,000	690,000
Use of money & property	70,527	355,181	190,195	190,195	139,000	143,500
Other revenues	240,413	365,348	117,206	117,206	97,000	102,875
<b>Revenues Totals</b>	<b>\$18,406,515</b>	<b>\$18,766,706</b>	<b>\$19,531,479</b>	<b>\$19,506,479</b>	<b>\$21,146,818</b>	<b>\$21,638,720</b>
<b>Expenditures</b>						
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract services	3,336,801	3,714,466	3,515,981	3,515,981	3,635,128	3,467,002
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	801,700	786,800
Grants and Subsidies	125,000	125,000	125,000	125,000	133,425	133,425
Internal service fund charges	1,444,499	1,617,841	1,523,578	1,523,578	1,663,200	1,703,950
Other financing uses	3,271,324	2,288,788	287,568	287,568	407,344	287,116
<b>Expenditures Totals</b>	<b>\$20,389,330</b>	<b>\$20,949,586</b>	<b>\$19,527,932</b>	<b>\$19,479,266</b>	<b>\$21,229,614</b>	<b>\$21,565,004</b>
<b>Impact on Fund Balance</b>	<b>\$ (1,982,815)</b>	<b>\$ (2,182,880)</b>	<b>\$ 3,547</b>	<b>\$ 27,214</b>	<b>(\$82,796)</b>	<b>\$73,717</b>
<b>Budgetary Fund Balance</b>	<b>\$ 3,141,552</b>	<b>\$ 958,672</b>	<b>\$ 762,219</b>	<b>\$ 785,885</b>	<b>\$ 603,090</b>	<b>\$ 676,806</b>
<b>Designations</b>						
Employee Downpayment			\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
Infrastructure	\$ -	\$ -	\$ -	\$ -		
<b>Revised Budgetary Fund Balance</b>	<b>\$ 3,141,552</b>	<b>\$ 758,672</b>	<b>\$ 662,219</b>	<b>\$ 685,885</b>	<b>\$ 503,090</b>	<b>\$ 576,806</b>

## Revenue Summary

	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Adopted	FY 26/27 Planned
<b>General Fund</b>	<b>\$ 18,406,515</b>	<b>\$18,766,706</b>	<b>\$19,531,479</b>	<b>\$19,506,479</b>	<b>\$21,146,818</b>	<b>\$21,638,720</b>
<b>Designated Reserves</b>						
Contingency Reserve	131,000	172,000	-	-	-	-
PERS Contingency Reserve	283,497	343,370	10,000	70,000	50,000	50,000
Emergency Reserve	250,000	250,000	-	-	-	-
Facility Reserve	-	100,000	-	-	-	-
<b>Total Designated Reserves</b>	<b>\$ 664,497</b>	<b>\$ 865,370</b>	<b>\$ 10,000</b>	<b>\$ 70,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	165,139	670,000	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,344	87,116
<b>Total Debt Service</b>	<b>\$ 292,139</b>	<b>\$ 757,788</b>	<b>\$ 87,568</b>	<b>\$ 87,568</b>	<b>\$ 87,344</b>	<b>\$ 87,116</b>
<b>Capital Improvement Fund</b>	<b>\$ 342,864</b>	<b>\$ 3,766,006</b>	<b>\$ 6,453,203</b>	<b>\$ 4,789,000</b>	<b>\$ 7,177,000</b>	<b>\$ 972,341</b>
<b>Internal Service Funds</b>						
Stores Fund	\$ 27,000	\$ 27,001	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	261,570	510,068	272,000	272,000	352,000	342,000
Equipment Replacement	185,000	709,271	65,000	65,000	197,000	200,000
Self-Insurance Liability	955,290	622,136	760,036	760,036	688,200	715,800
Workers Compensation	431,999	447,705	403,542	403,542	403,000	423,150
Compensated Absences	220,000	225,000	200,000	200,000	200,000	200,000
<b>Total Internal Service Funds</b>	<b>\$ 2,080,859</b>	<b>\$ 2,541,180</b>	<b>\$ 1,727,578</b>	<b>\$ 1,727,578</b>	<b>\$ 1,867,200</b>	<b>\$ 1,907,950</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 107,082	\$ 107,524	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000
TOT Restricted Revenue	105,682	102,884	101,841	96,250	97,250	97,250
Gas Tax	255,825	280,848	274,160	280,160	279,546	290,462
RTC Streets	381,953	379,314	374,000	384,000	397,732	397,971
SB1 RMRA	227,379	265,779	252,161	267,161	258,668	262,770
Wharf	72,310	5,373	95,500	97,500	24,000	24,000
General Plan Update and Maint	127,062	137,542	114,375	146,875	62,000	62,000
Green Building Education	13,459	46,307	15,000	20,000	15,000	15,000
Public Arts Fee	-	-	-	54,460	25,000	-
Parking Reserve	100,000	469,000	-	-	-	-
Technology Fee	14,659	18,726	14,500	16,500	17,000	17,000
PEG-Public Education and Gov.	13,437	12,450	16,000	11,500	11,500	11,500
BIA-Capitola Village-Wharf BIA	145,789	134,254	146,970	149,915	150,000	152,000
CDBG Grants	168,768	160,560	3,592,576	3,432,335	-	-
CDBG Program Income	1,151	1,906	-	165,241	-	-
Library	51,693	2,103	-	-	165,000	165,000
HOME Reuse	99,530	86,985	-	104,529	20,000	500
Housing Trust	50,377	95,220	14,000	76,802	75,000	70,000
PLHA	-	105,092	171,825	376,400	-	-
Cap Hsg Succ- Program Income	150,872	153,801	27,400	91,846	20,000	20,000
<b>Total Special Revenue Funds</b>	<b>\$ 2,087,026</b>	<b>\$ 2,565,668</b>	<b>\$ 5,314,308</b>	<b>\$ 5,875,474</b>	<b>\$ 1,721,696</b>	<b>\$ 1,689,453</b>
<b>Total Revenues - All Funds</b>	<b>\$ 23,873,900</b>	<b>\$29,262,718</b>	<b>\$33,124,136</b>	<b>\$32,056,099</b>	<b>\$32,050,058</b>	<b>\$26,345,580</b>

## Expenditure Summary

	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Adopted	FY 26/27 Planned
<b>General Fund</b>	<b>\$ 20,389,330</b>	<b>\$ 20,949,586</b>	<b>\$ 19,527,932</b>	<b>\$ 19,479,266</b>	<b>\$ 21,229,614</b>	<b>\$ 21,565,004</b>
<b>Designated Reserves</b>						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	80,000	250,000	-	-	-	-
Facilities Reserve	-	250,000	-	-	-	-
<b>Total Designated Reserves</b>	<b>\$ 80,000</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	165,066	649,940	-	-	-	-
Pac Cove Park	88,002	87,788	87,568	87,568	87,344	87,116
<b>Total Debt Service Funds</b>	<b>\$ 253,068</b>	<b>\$ 737,727</b>	<b>\$ 87,568</b>	<b>\$ 87,568</b>	<b>\$ 87,344</b>	<b>\$ 87,116</b>
<b>Capital Improvement Fund</b>	<b>\$ 1,057,024</b>	<b>\$ 1,476,467</b>	<b>\$ 6,863,140</b>	<b>\$ 1,386,500</b>	<b>\$ 12,686,300</b>	<b>\$ 1,190,000</b>
<b>Internal Service Funds</b>						
Stores	\$ 29,759	\$ 25,595	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	299,723	301,063	317,406	317,406	348,000	338,000
Equipment Replacement	275,161	1,035,582	417,661	473,500	197,000	200,000
Self-Insurance Liability	656,222	720,403	760,036	760,036	688,200	715,800
Workers' Compensation	681,777	446,257	403,542	403,542	403,000	423,150
Compensated Absences	276,821	248,166	200,000	200,000	200,000	200,000
<b>Total Internal Service Funds</b>	<b>\$ 2,219,462</b>	<b>\$ 2,777,067</b>	<b>\$ 2,125,645</b>	<b>\$ 2,181,484</b>	<b>\$ 1,863,200</b>	<b>\$ 1,903,950</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 109,954	\$ 84,360	\$ 133,500	\$ 133,500	\$ 133,500	\$ 133,500
TOT Restricted Revenue	109,968	98,141	131,833	128,333	97,250	97,250
Gas Tax	149,949	275,741	296,741	296,741	279,500	290,000
RTC Streets	1,129,884	33,061	369,000	369,000	397,732	397,971
SB1 RMRA	253,428	21,801	252,161	252,161	258,668	262,770
Wharf	61,003	46,778	141,250	152,000	58,000	58,300
General Plan Update and Maint.	125,760	119,265	333,846	333,846	75,500	45,500
Green Building Education	-	7,710	57,000	12,500	62,500	7,500
Public Arts Fee	-	579	75,500	101,020	55,500	-
Parking Reserve	100,000	469,000	-	-	-	-
Technology Fee	18,250	-	13,250	15,750	16,000	16,000
PEG-Public Education and Gov.	32,159	-	12,000	16,000	16,000	16,000
BIA-Capitola Village-Wharf BIA	140,940	146,011	155,900	153,200	165,500	165,500
CDBG Grants	220,884	239,612	3,595,770	3,610,240	-	-
CDBG Program Income	-	-	170,241	214,443	-	-
Library	1,085	-	-	-	165,000	165,000
HOME Reuse	3,700	3,700	4,100	4,850	979,000	-
Housing Trust	25,000	201,000	150,000	150,000	75,000	75,000
PLHA	-	5,256	449,376	449,376	-	-
Cap Hsg Succ- Program Income	92,316	324,528	2,224,649	999,649	32,500	32,500
<b>Total Special Revenue Funds</b>	<b>\$ 2,574,279</b>	<b>\$ 2,076,543</b>	<b>\$ 8,566,117</b>	<b>\$ 7,392,610</b>	<b>\$ 2,867,150</b>	<b>\$ 1,762,791</b>
<b>Total Expenditures - All Funds</b>	<b>\$ 26,573,163</b>	<b>\$ 28,517,390</b>	<b>\$ 37,170,403</b>	<b>\$ 30,527,427</b>	<b>\$ 38,733,608</b>	<b>\$ 26,508,861</b>

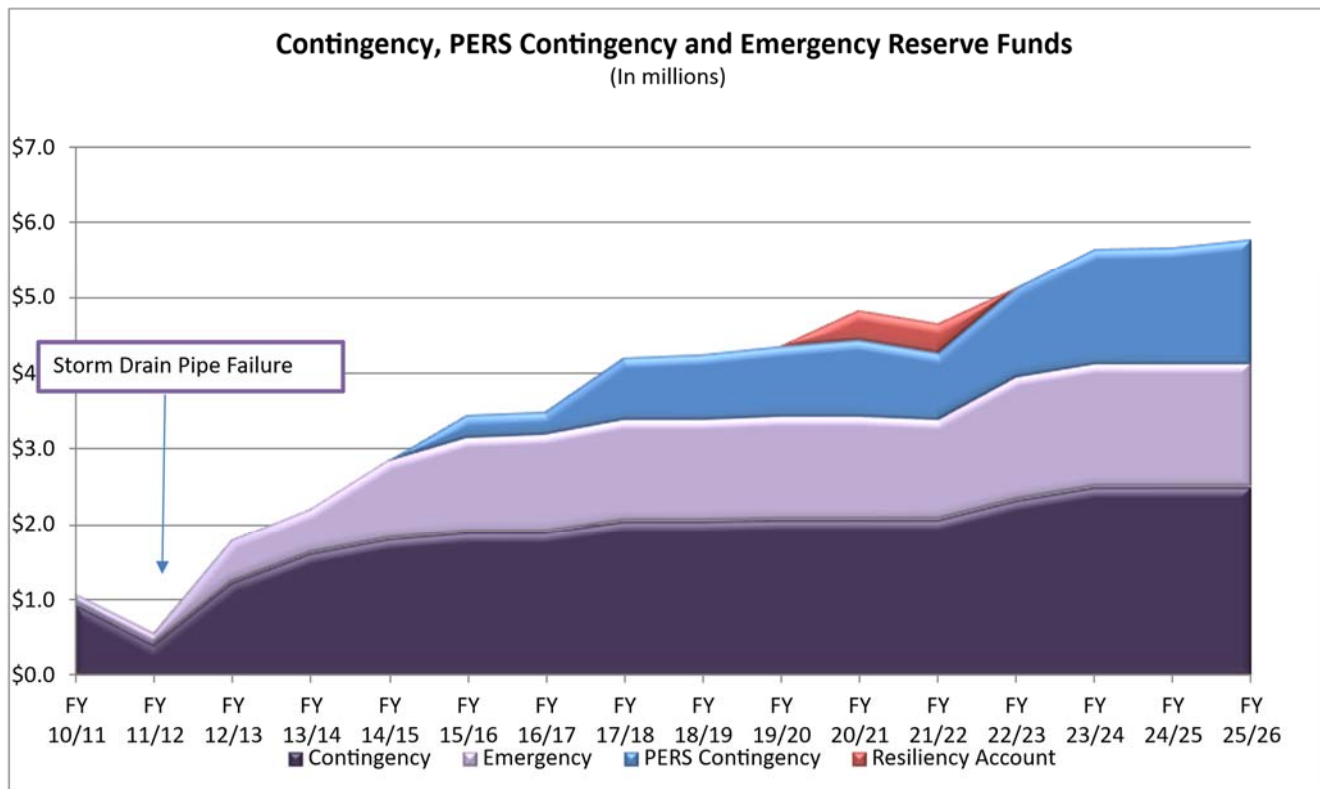


## Emergency, PERS Contingency and Contingency Reserves

In 2000 the City adopted Financial Management policies, establishing a fifteen percent Contingency and a ten percent Emergency Reserve Fund. The Contingency Reserve provides a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements. The Emergency Reserve protects against significant one-time costs, which might arise from major unpredictable emergency events.

As the 2011 pipe failure demonstrated, a sufficient Emergency Reserve Fund is needed to respond quickly to local disasters, as well as sustain low debt ratios. Due to the City's location in an active geologic region, adjacency to the ocean, and proximity to a major creek and highway, the City chose to also increase the Emergency Reserve funding level to ten percent of operating expenditures. In FY 15/16 the City implemented a PERS Contingency Reserve Fund to ensure future funding availability for potential CalPERS contribution increases.

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





## OPEB and PERS Trust Funds

---

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

### **OPEB Trust Fund:**

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

### **PERS Trust Fund:**

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

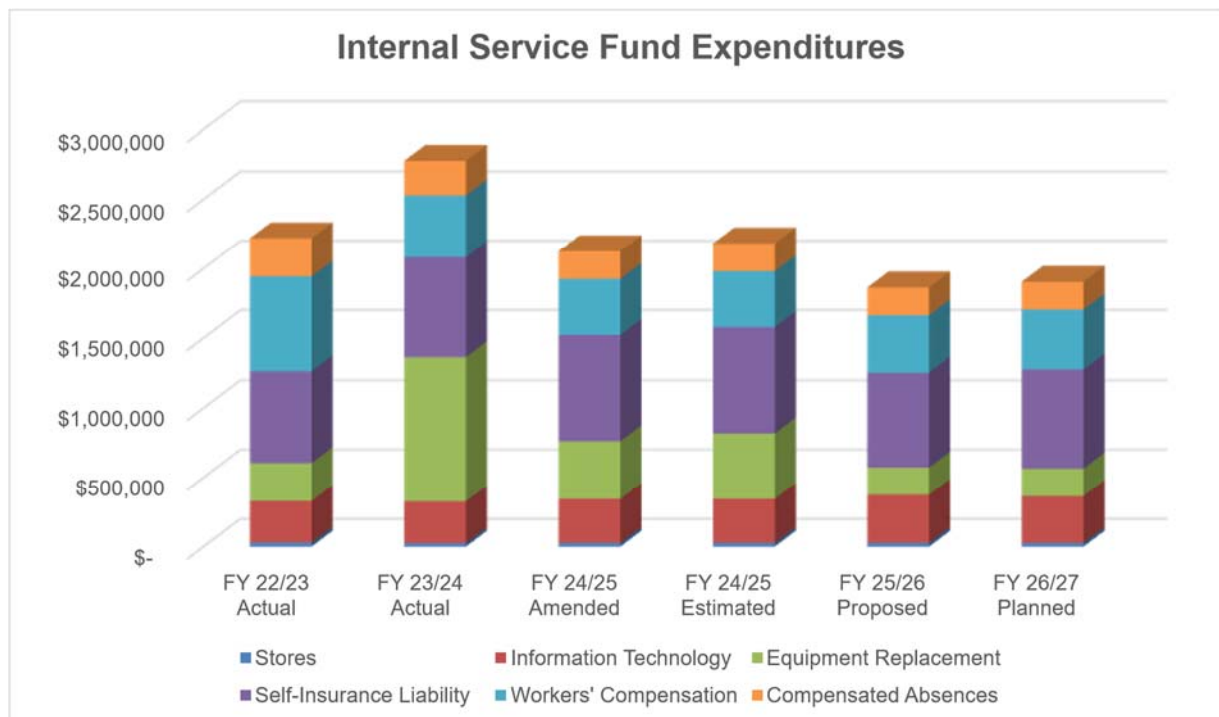
## General Fund Resources

General Fund resources include reserve funds (Emergency, Contingency, PERS Contingency, Facilities) and Internal Service Funds designated for funding equipment purchases, risk management, workers' compensation, and compensated absences. The reserve funds have specific purposes and require a vote of the Council to expend.

The following table shows the estimated General Fund available resources:

<b>Estimated Year End Fund Balance</b>	<b>FY 24/25 Estimated</b>	<b>FY 25/26 Adopted</b>	<b>FY 26/27 Planned</b>
General Fund	\$ 785,885	\$ 603,090	\$ 676,806
Designated Reserves			
Emergency	1,631,506	1,631,506	1,631,506
Contingency	2,495,346	2,495,346	2,495,346
PERS Contingency	1,601,142	1,651,142	1,701,142
Facilities Reserve	282,714	282,714	282,714
Internal Service Funds			
Stores	64,082	64,082	64,082
Information Technology	481,250	485,250	489,250
Equipment Replacement	141,157	141,157	141,157
Self-Insurance Liability	179,920	179,920	179,920
Workers' Compensation	118,749	118,749	118,749
Compensated Absences	30,899	30,899	30,899
<b>Total General Fund Resources</b>	<b>\$ 7,812,650</b>	<b>\$ 7,683,855</b>	<b>\$ 7,811,571</b>

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



## Fund Balance Summary

	Estimated Balance 7/1/2025	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2026
<b>General Fund</b>	<b>\$ 685,885</b>	<b>\$21,146,818</b>	<b>\$ -</b>	<b>\$ 20,822,270</b>	<b>\$ 407,344</b>	<b>\$ 603,090</b>
<b>Designated Reserves</b>						
Contingency Reserve	\$2,495,346	\$ -	\$ -			\$ 2,495,346
PERS Contingency Reserve	1,601,142	50,000	-	-	-	1,651,142
Emergency Reserve	1,631,506		-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	282,714	-	-	-	-	282,714
<b>Total Designated Reserves</b>	<b>\$ 6,010,707</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,060,707</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	75,204	-	-		-	75,204
Pac Cove Park	12	-	87,568	87,568	-	12
<b>Total Debt Service</b>	<b>\$ 75,216</b>	<b>\$ -</b>	<b>\$ 87,568</b>	<b>\$ 87,568</b>	<b>\$ -</b>	<b>\$ 75,216</b>
<b>Capital Improvement Fund</b>	<b>\$ 1,351,312</b>	<b>\$ 1,420,700</b>	<b>\$ -</b>	<b>\$ 2,600,000</b>	<b>\$ -</b>	<b>\$ 172,012</b>
<b>Internal Service Funds</b>						
Stores	\$ 64,082	\$ 27,000		\$ 27,000	\$ -	\$ 64,082
Information Technology	481,250	275,000	-	348,000	-	408,250
Equipment Replacement	141,157	197,000	-	197,000	-	141,157
Self-Insurance Liability	179,920	688,200		688,200	-	179,920
Workers' Compensation	118,749	403,000		403,000	-	118,749
Compensated Absences	30,899	-	200,000	200,000	-	30,899
<b>Total Internal Service Funds</b>	<b>\$ 1,016,058</b>	<b>\$ 1,590,200</b>	<b>\$ 200,000</b>	<b>\$ 1,863,200</b>	<b>\$ -</b>	<b>\$ 943,058</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 33,427	\$ 104,000		\$ 133,500		\$ 3,927
TOT Restricted Revenue	21,296	97,250		97,250		21,296
SB1 RMRA	300,518	258,668		258,668		300,518
RTC Streets	60,325	397,732		397,732		60,325
Gas Tax	273,397	279,546		279,500		273,443
Wharf	124,018	24,000		58,000		90,018
General Plan Update and Maint	280,571	62,000		75,500		267,071
Green Building Education	260,555	15,000		62,500		213,055
Public Art	155,236	25,000		55,500		124,736
Parking Reserve	737	-		-	-	737
Technology Fee	94,371	17,000		16,000		95,371
PEG-Public Education and Govt.	51,341	11,500		16,000		46,841
Capitola Village/Wharf BIA	33,426	150,000	-	165,500		17,926
CDBG Grants	(1,080)	-		-		(1,080)
CDBG Program Income	39,199	-		-		39,199
Library	51,569	165,000		165,000		51,569
HOME Reuse	780,264	20,000		979,000		(178,736)
Housing Trust	241,690	75,000		75,000		241,690
PLHA	5,255	-		-		5,255
Cap Hsg Succ- Program Income	1,925,511	20,000		32,500		1,913,011
<b>Total Special Revenue Funds</b>	<b>\$ 4,731,626</b>	<b>\$ 1,721,696</b>	<b>\$ -</b>	<b>\$ 2,867,150</b>	<b>\$ -</b>	<b>\$ 3,586,172</b>
<b>Prelim. Fund Balance - All Funds</b>	<b>\$ 13,870,804</b>	<b>\$ 25,929,414</b>	<b>\$ 287,568</b>	<b>\$ 28,240,188</b>	<b>\$ 407,344</b>	<b>\$ 11,440,254</b>
<b>GF Fund Balance Designation</b>	<b>(100,000)</b>					<b>(100,000)</b>
<b>Total Fund Balance - All Funds</b>	<b>13,770,804</b>					<b>11,340,254</b>

## Fund Balance Summary

	Estimated Balance 7/1/2026	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2027
<b>General Fund</b>	<b>\$ 603,090</b>	<b>\$ 21,638,720</b>	<b>\$ -</b>	<b>\$ 21,277,888</b>	<b>\$ 287,116</b>	<b>\$ 676,806</b>
<b>Designated Reserves</b>						
Contingency Reserve	\$ 2,495,346	\$ -	\$ -		\$ -	\$ 2,495,346
PERS Contingency Reserve	1,651,142	50,000	-	-	-	1,701,142
Emergency Reserve	1,631,506	-	-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	282,714	-	-	-	-	282,714
<b>Total Designated Reserves</b>	<b>\$ 6,060,707</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,110,707</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	75,204	-	-	-	-	75,204
Pac Cove Park	12	-	87,344	87,344	-	12
<b>Total Debt Service</b>	<b>\$ 75,216</b>	<b>\$ -</b>	<b>\$ 87,344</b>	<b>\$ 87,344</b>	<b>\$ -</b>	<b>\$ 75,216</b>
<b>Capital Improvement Fund</b>	<b>\$ 172,012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 172,012</b>
<b>Internal Service Funds</b>						
Stores	\$ 64,082	\$ 27,000	\$ -	\$ 27,000	\$ -	\$ 64,082
Information Technology	408,250	342,000	-	338,000	-	412,250
Equipment Replacement	141,157	200,000	-	200,000	-	141,157
Self-Insurance Liability	179,920	715,800	-	715,800	-	179,920
Workers' Compensation	118,749	423,150	-	423,150	-	118,749
Compensated Absences	30,899	-	200,000	200,000	-	30,899
<b>Total Internal Service Funds</b>	<b>\$ 943,058</b>	<b>\$ 1,707,950</b>	<b>\$ 200,000</b>	<b>\$ 1,903,950</b>	<b>\$ -</b>	<b>\$ 947,058</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 3,927	\$ 104,000		\$ 133,500		\$ (25,573)
TOT Restricted Revenue	21,296	97,250		97,250		21,296
SB1 RMRA	300,518	262,770		262,770		300,518
RTC Streets	60,325	397,971		397,971		60,325
Gas Tax	273,443	290,462		290,000		273,905
Wharf	90,018	24,000		58,300		55,718
General Plan Update and Maint	267,071	62,000		45,500		283,571
Green Building Education	213,055	15,000		7,500		220,555
Public Art	124,736	-		-		124,736
Parking Reserve	737	-	-	-	-	737
Technology Fee	95,371	17,000		16,000		96,371
PEG-Public Education and Govt.	46,841	11,500		16,000		42,341
BIA-Capitola Village-Wharf BIA	17,926	152,000		165,500		4,426
CDBG Grants	(1,080)	-		-		(1,080)
CDBG Program Income	39,199	-		-		39,199
Library	51,569	165,000		165,000		51,569
HOME Reuse	(178,736)	500		-		(178,236)
Housing Trust	241,690	70,000			75,000	236,690
PLHA	5,255	-		-		5,255
Cap Hsg Succ- Program Income	1,913,011	20,000		32,500		1,900,511
<b>Total Special Revenue Funds</b>	<b>\$ 3,586,172</b>	<b>\$ 1,689,453</b>	<b>\$ -</b>	<b>\$ 1,687,791</b>	<b>\$ 75,000</b>	<b>\$ 3,512,834</b>
<b>Prelim. Fund Balance - All Funds</b>	<b>\$ 11,440,254</b>	<b>\$ 25,086,123</b>	<b>\$ 287,344</b>	<b>\$ 24,956,973</b>	<b>\$ 362,116</b>	<b>\$ 11,494,633</b>
<b>GF Fund Balance Designation</b>	<b>(100,000)</b>					<b>(100,000)</b>
<b>Total Fund Balance - All Funds</b>	<b>11,340,254</b>					<b>11,394,633</b>

THIS PAGE LEFT INTENTIONALLY BLANK

# GENERAL FUND REVENUES

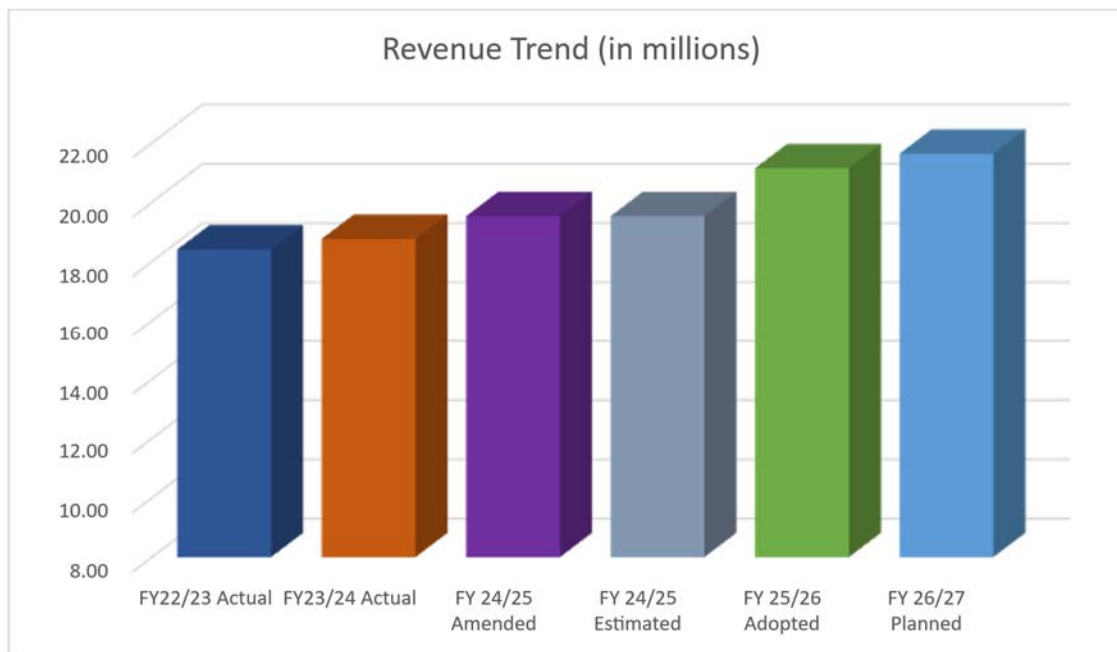


## General Fund Revenues

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

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

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





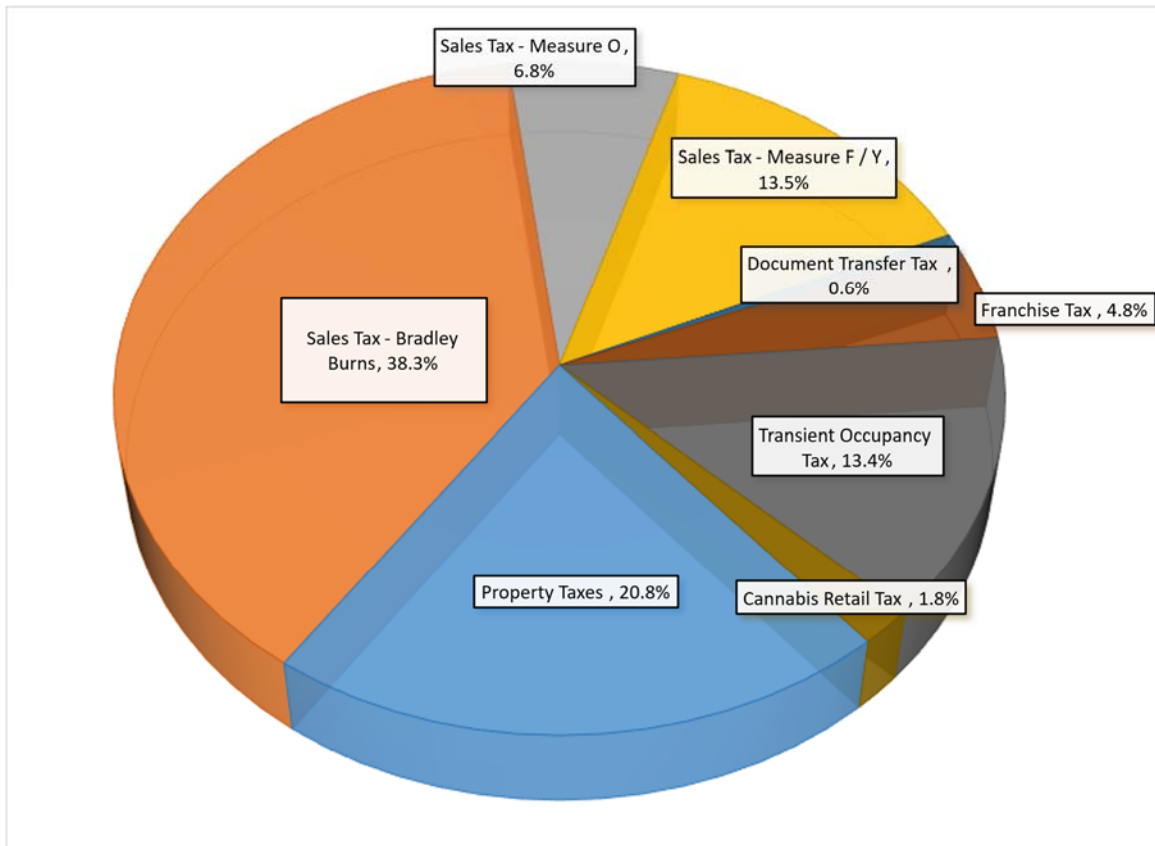
## General Revenue Information

The City does not receive General Fund revenues in equal monthly increments. While the City receives some revenue regularly throughout the fiscal year, some is received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola's lowest cash balances occur in April and again in mid-December prior to property tax revenue being received. The City developed a cash flow model to assist with on-going cash flow variability and to identify reserve requirements. While monitoring the City's cash flow has always been a priority, the need to identify patterns became more critical during the disaster recovery period when reserves were nearly depleted. In FY 2012-13 the City approved increasing the Contingency Reserve balance from 10 percent to 15 percent to assist in covering potential cash flow deficits.

Projections for each source of revenue include a review of historical trends, the local economy, new business development, and pending legislation. Due to significant changes, the City is closely monitoring the following five core revenues, which represent over 80 percent of the General Fund:

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

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



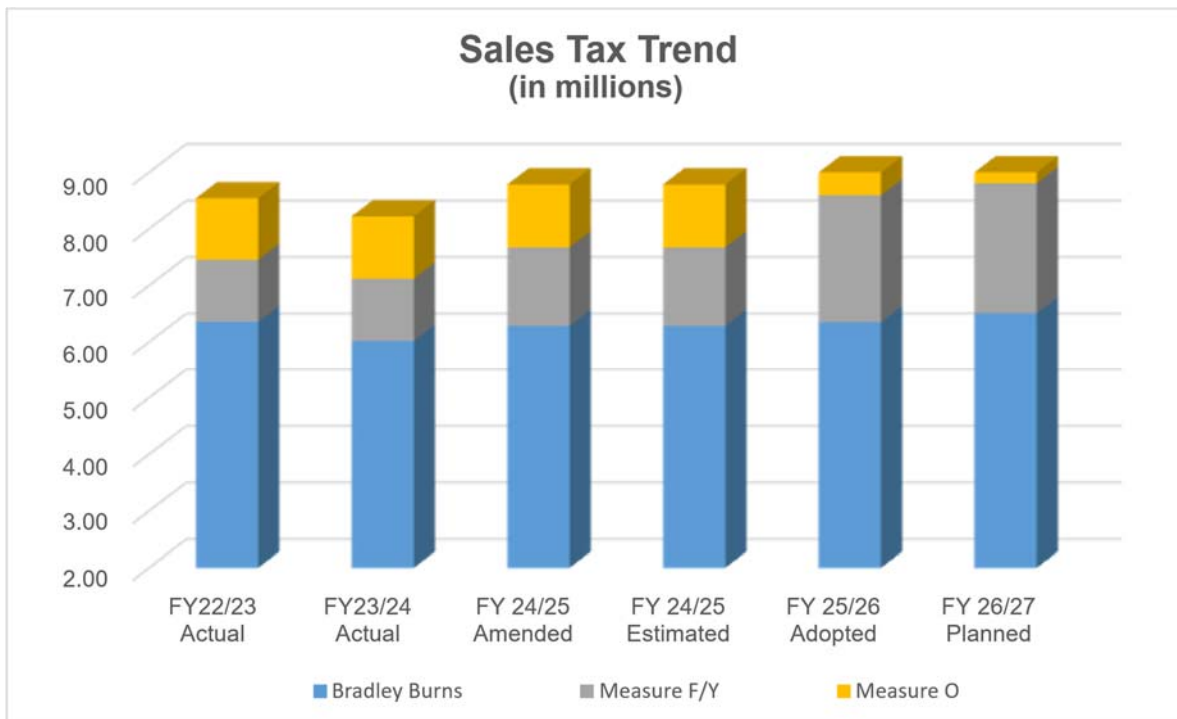
## Sales Tax

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

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

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

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



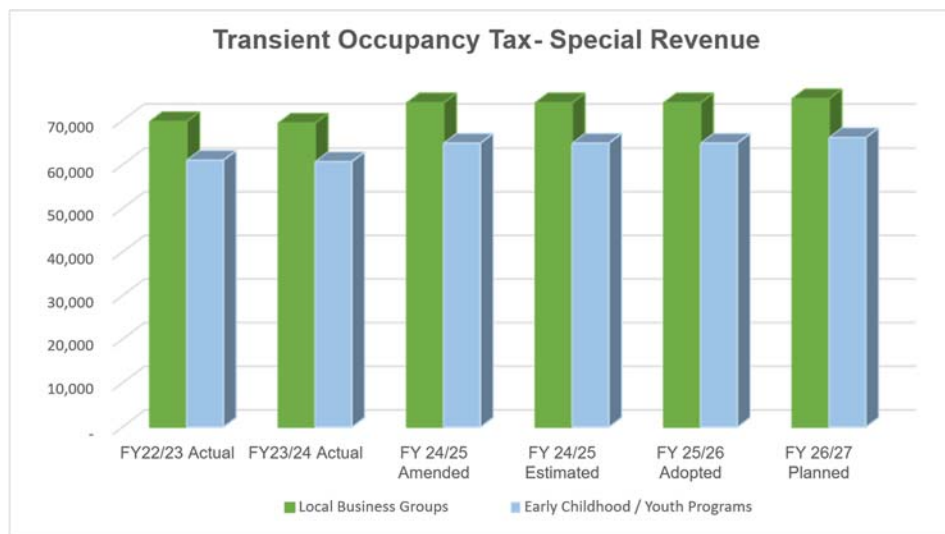
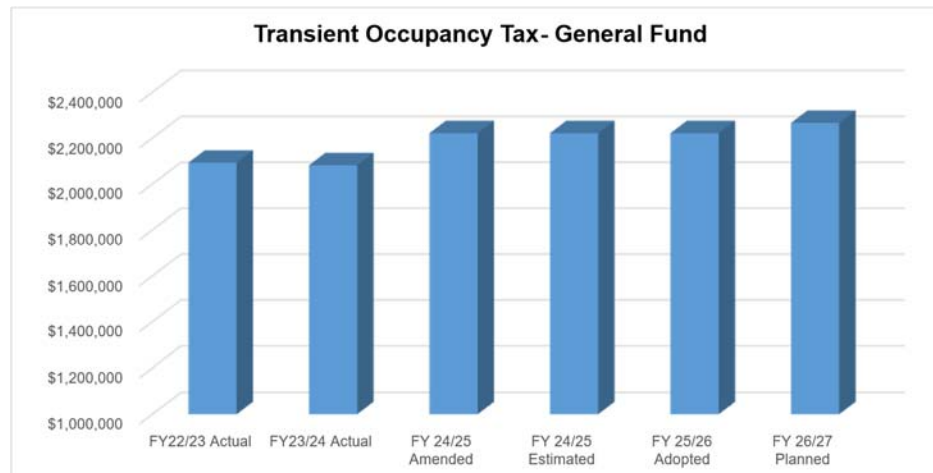
## Transient Occupancy Taxes (TOT)

Hotel tax, also known as the Transient Occupancy Tax (TOT), charges rental accommodation of less than 30 days a 12 percent tax of which 0.75% is restricted for local business groups and early childhood and youth programs. In FY 2024-25 TOT tax generally accounts for approximately 13% of General Fund operating revenues. The City's TOT revenues come from the following sources:

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

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

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

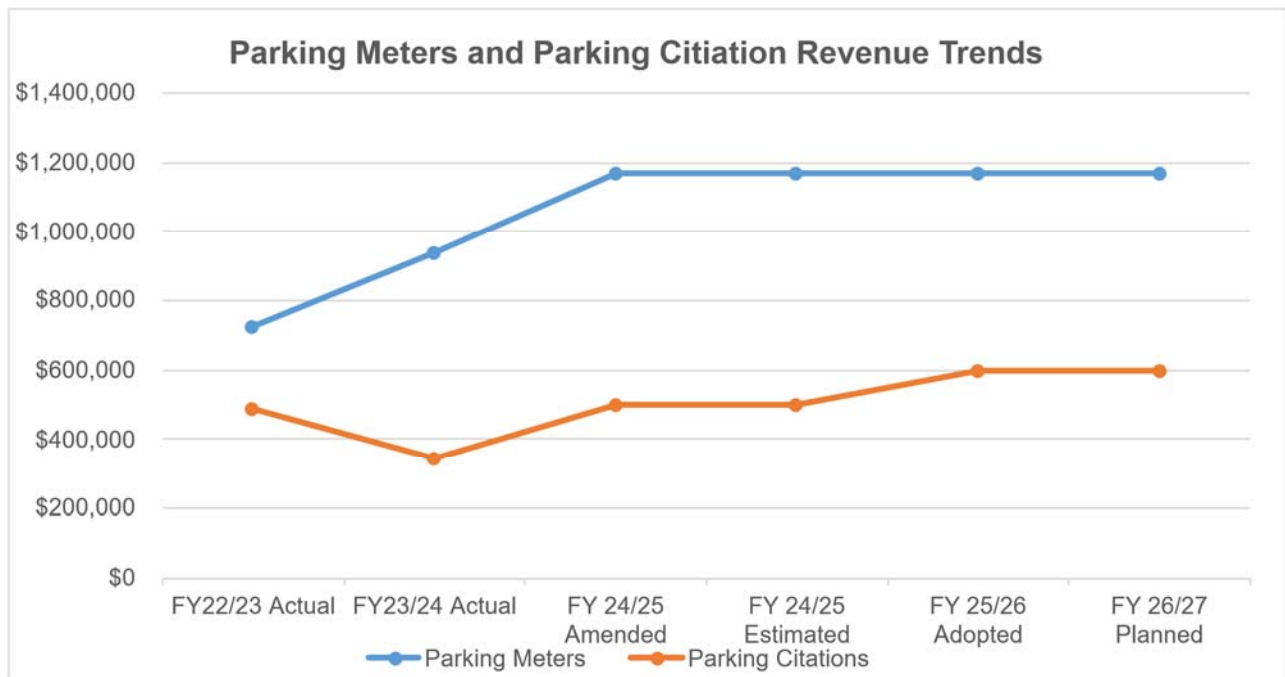


## Parking Meters and Parking Fines

In FY 2025-26 parking meter and parking fine revenues are estimated to contribute approximately \$1.8 million to the General Fund. Revenue sources include fees collected from the meters and fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. During the summer, the City offers shuttle bus service from the parking lots to the Village, beach, and Capitola Wharf. Projected revenues for each location are estimated below:

Location	Spaces		FY 25/26 Adopted	Avg. Meter Rev. per Space
Village	191	\$	766,000	\$ 4,010
Cliff Drive	65	\$	162,500	\$ 2,500
Pacific Cove - Upper Lot	232	\$	175,000	\$ 754
Pacific Cove - Lower Lot	226	\$	62,500	\$ 277

The following chart illustrates parking meter revenue and parking citation revenue trends within the City. Overall, the revenue trend reflects the previously mentioned parking meter rate increase while showing citation revenue remaining flat. In FY 2015/16 the City implemented 3-hour parking in the Village. The change has had a positive impact on meter revenue while decreasing citations.



## Property Taxes

---

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

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

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

Property taxes are received based on the following distribution schedule:

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

### **Property Taxes in-lieu-of Vehicle License Fees**

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



## Revenue Summary

	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY 24/25 Estimated	FY 25/26 Adopted	FY 26/27 Planned
<b><u>Taxes</u></b>						
Property Taxes	\$ 2,959,208	\$ 3,105,788	\$ 3,277,120	\$ 3,277,120	\$ 3,441,000	\$ 3,613,050
Sales Tax- Bradley Burns	6,359,143	6,023,319	6,286,590	6,286,590	6,349,456	6,508,192
Sales Tax- Measure O	1,087,700	1,098,473	1,111,030	1,111,030	1,122,140	1,150,194
Sales Tax- Measure F / Y	1,095,576	1,099,849	1,388,030	1,388,030	2,244,281	2,300,388
Measure Q	-	-	-	-	150,000	150,000
Measure S (GF repayment)	-	-	-	-	165,000	165,000
Document Transfer Tax	98,938	95,108	100,000	100,000	100,000	100,000
Franchise Tax	708,276	729,485	698,500	698,500	790,000	797,900
Transient Occupancy Tax	2,093,243	2,082,097	2,222,000	2,222,000	2,222,000	2,266,440
Cannabis Retail Tax	307,089	261,764	300,000	300,000	300,000	303,000
<b>Total</b>	<b>\$ 14,709,173</b>	<b>\$14,495,884</b>	<b>\$ 15,383,270</b>	<b>\$15,383,270</b>	<b>\$16,883,877</b>	<b>\$17,354,164</b>
<b><u>Licenses and permits</u></b>						
Business License	\$ 309,349	\$ 323,755	\$ 318,750	\$ 318,750	\$ 324,000	\$ 327,240
Building Permits	179,754	276,019	250,000	250,000	250,000	255,000
Cannabis Annual License Fee	5,354	10,324	5,400	5,400	6,500	6,500
Encroachment Permits	37,311	30,247	30,000	30,000	35,000	36,000
Special events permit	9,382	2,592	10,000	10,000	5,000	5,000
Entertainment permit	4,659	4,072	4,659	4,659	4,500	4,500
Parking Permits	42,098	46,506	45,500	45,500	45,500	45,500
Planning Permits	61,705	73,892	70,000	70,000	63,000	63,000
Other Permits	575	230	3,000	3,000	1,000	1,000
<b>Total</b>	<b>\$ 650,188</b>	<b>\$ 767,635</b>	<b>\$ 737,309</b>	<b>\$ 737,309</b>	<b>\$ 734,500</b>	<b>\$ 743,740</b>
<b><u>Intergovernmental revenues</u></b>						
Federal and State Grants	\$ 345,037	\$ 223,791	\$ 99,660	\$ 99,660	\$ 100,000	\$ 102,000
Gen gov't BIA - Fin. support svcs.	4,200	4,200	4,200	4,200	4,200	4,200
Gen gov't CVC - Fin. support svcs.	2,434	2,649	2,500	2,500	2,500	2,500
<b>Total</b>	<b>\$ 351,671</b>	<b>\$ 230,640</b>	<b>\$ 106,360</b>	<b>\$ 106,360</b>	<b>\$ 106,700</b>	<b>\$ 108,700</b>
<b><u>Charges for Svcs.</u></b>						
Gen gov't Pay stations-Village	\$ 452,741	\$ 656,816	\$ 765,940	\$ 765,940	\$ 766,000	\$ 766,000
Gen gov't Pay stations-Cliff Dr.	119,577	80,384	162,500	162,500	162,500	162,500
Gen gov't Pay station-upper Pac Cove	112,445	141,841	175,000	175,000	175,000	175,000
Gen gov't Pay stations-lower Pac Cove	38,089	56,274	62,500	62,500	62,500	62,500
Public safety Vehicle release fee	8,014	9,675	7,000	7,000	9,000	9,000
Public safety Police reports	667	1,103	500	500	1,000	1,000
Public safety Booking fees	-	-	250	250	-	-
Public safety DUI collections	2,133	7,186	6,000	6,000	5,000	5,000
Public safety Spec. events - Police Svcs.	41,141	32,261	60,000	60,000	60,000	60,000
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public Works - Special Events	4,427	3,318	-	-	5,000	5,000
Public works Stormwater dev. Review	1,524	4,328	2,000	2,000	4,000	4,000
Building fees Building plan check fees	129,767	145,772	100,000	100,000	110,000	110,000
Bldg. Official Reimbursement	103,761	-	-	-	-	-
Comm dev Planning fee - Sr./Assoc plnr cost	46,479	45,700	50,000	50,000	50,000	50,000
Comm Planning fee - assist plnr cost	-	2,080	-	-	-	-
Comm dev Planning fee - director cost	18,575	19,017	10,000	10,000	15,000	15,000
Comm dev Subdivisions	-	-	-	-	-	-
Comm dev Planning plan check fee	19,708	34,118	30,000	30,000	30,000	30,000
Comm dev Planning application fee	-	-	-	-	-	-
Comm dev Planning - Gen Plan	-	-	25,000	25,000	30,000	30,000



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

THIS PAGE LEFT INTENTIONALLY BLANK

# GENERAL FUND EXPENDITURES



## General Fund Expenditures

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

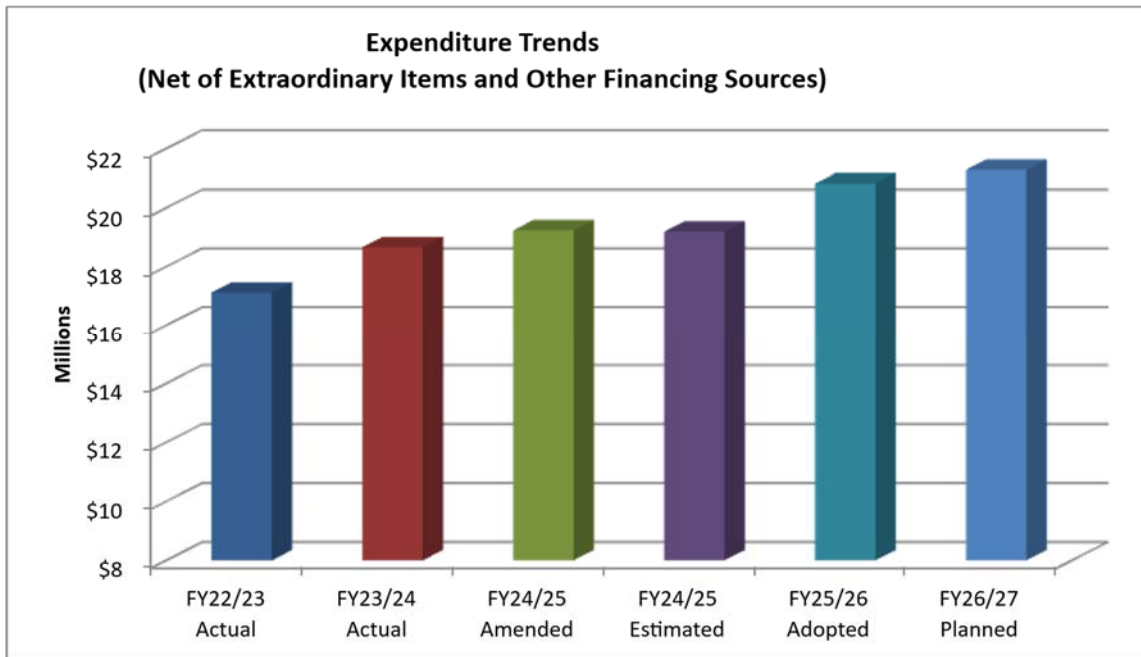
- Total personnel costs (salary and benefits) are estimated to increase \$1.3 million from the FY 2024-25 Amended Budget due to significant increases in the annual Cal PERS Unfunded Actuarial Liability payment, cost of living adjustments, increased employee health care contributions, scheduled step increases,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

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

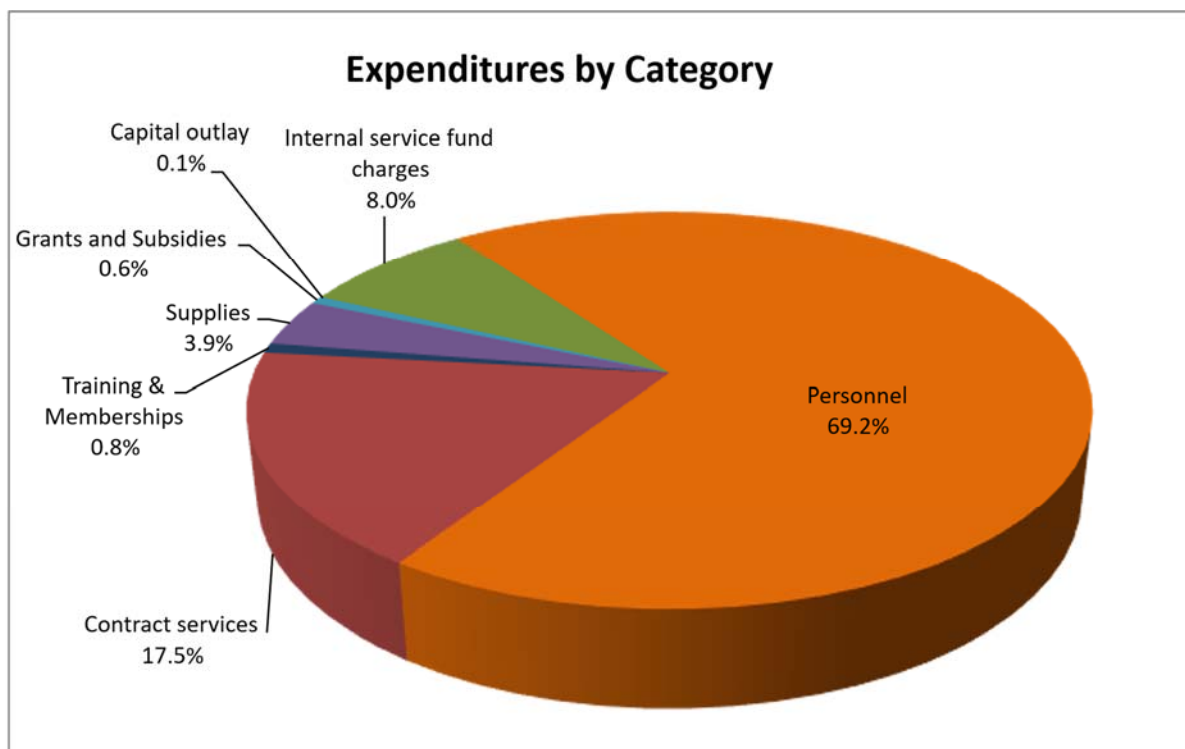
**General Fund Expenditures Summary**

<b>Major Categories</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract services	3,336,801	3,714,466	3,515,981	3,515,981	3,635,128	3,467,002
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	801,700	786,800
Grants and Subsidies	125,000	125,000	125,000	125,000	133,425	133,425
Internal service fund	1,444,499	1,617,841	1,523,578	1,523,578	1,663,200	1,703,950
<b>Subtotal</b>	<b>\$17,118,006</b>	<b>\$18,660,798</b>	<b>\$19,240,364</b>	<b>\$19,191,698</b>	<b>\$20,822,270</b>	<b>\$21,277,888</b>
Other financing uses	3,271,324	2,288,788	287,568	287,568	407,344	287,116
<b>Expenditure Total</b>	<b>\$20,389,330</b>	<b>\$20,949,586</b>	<b>\$19,527,932</b>	<b>\$19,479,266</b>	<b>\$21,229,614</b>	<b>\$21,565,005</b>

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



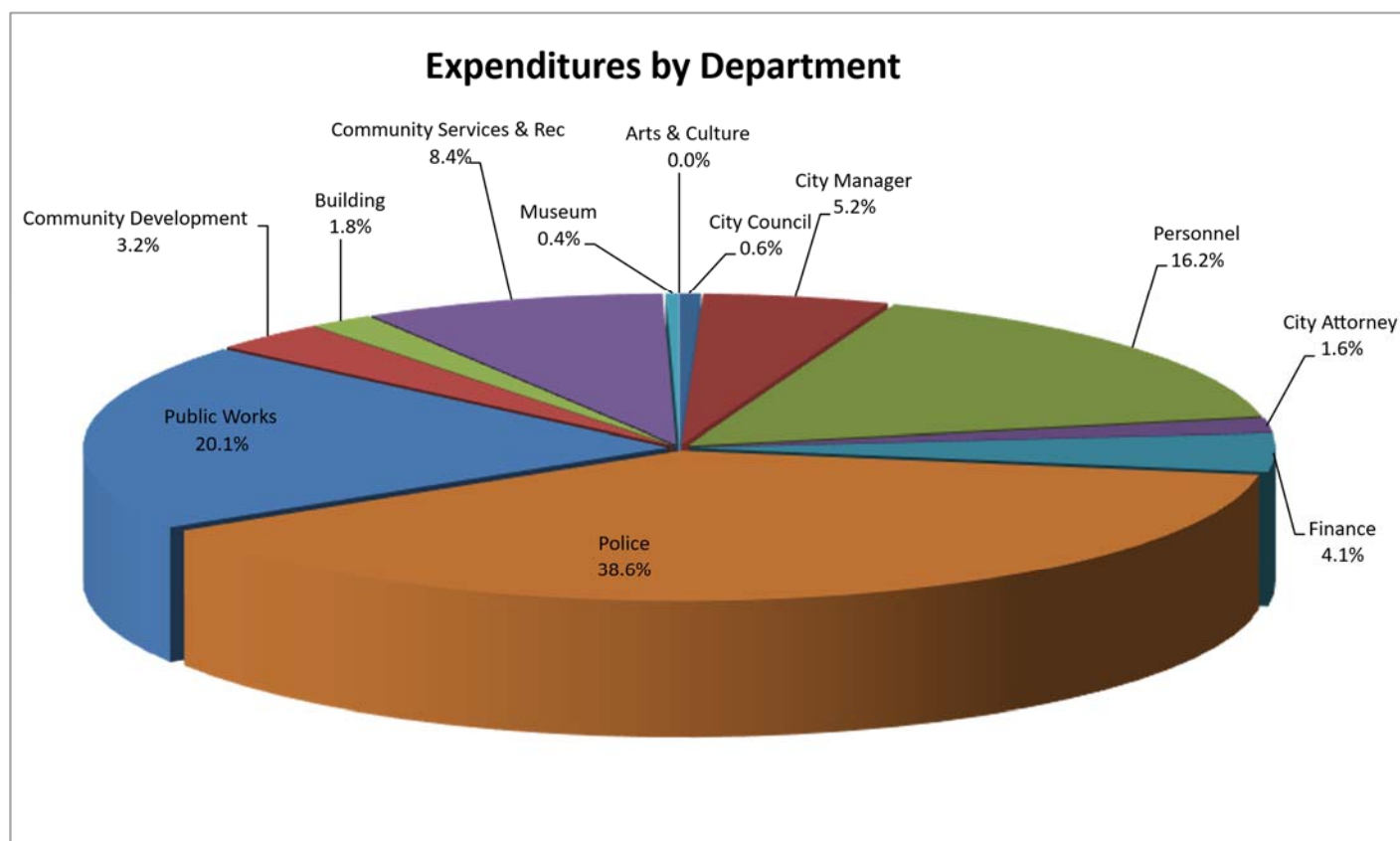
A chart displaying the percentage of expenditures by category is also provided for reference. Personnel costs are estimated to increase \$1.3 million from the prior fiscal year causing the ratio of personnel services to total expenditures to increase from 67.5 percent to 69.2 percent. Other notable changes were in contract services, which decreased from 18.6 percent to 17.5 percent.





## General Fund Department Expenditures

Department	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Adopted	FY26/27 Planned
City Council	\$107,274	\$99,496	\$136,007	\$111,007	\$121,549	\$171,815
City Manager	1,089,679	1,214,203	1,264,655	1,264,805	1,067,938	1,123,491
Personnel	362,138	397,852	504,122	513,522	3,343,009	3,647,415
City Attorney	371,305	506,544	270,000	388,000	325,000	325,000
Admin Services	824,038	920,606	1,005,474	1,008,134	843,952	864,549
Community Grants	133,425	133,425	133,425	133,425	133,425	133,425
Police - Law Enforcement	7,417,328	7,932,934	8,272,688	8,285,613	7,275,713	7,391,935
Police - Pkg. Enforcement	637,952	592,774	594,734	577,259	569,981	537,591
Police - Animal Services	81,667	99,478	140,939	140,939	140,803	147,830
Public Works - Streets	1,990,454	2,268,122	2,338,771	2,318,671	2,183,140	2,246,271
Public Works-Storm Water	116,560	98,529	216,262	248,762	209,298	211,474
Public Works - Facilities	322,275	363,733	416,197	448,397	439,684	382,275
Public Works - Fleet	367,213	433,981	459,327	469,152	504,357	516,818
Public Works - Parks	673,019	808,975	778,858	738,332	820,352	802,904
Community Development	507,717	595,467	596,425	590,650	663,096	660,849
Building	511,540	405,337	326,058	307,555	374,328	271,740
Community Services & Rec	1,504,085	1,632,964	1,713,707	1,718,521	1,731,306	1,758,123
Museum	71,824	88,393	87,650	90,200	75,339	81,862
Art & Cultural	62,472	99,075	104,236	109,957	0	0
<b>Subtotal</b>	<b>\$17,151,965</b>	<b>\$18,691,888</b>	<b>\$19,359,535</b>	<b>\$19,462,901</b>	<b>\$20,822,270</b>	<b>\$21,275,367</b>
Transfers & Other	\$3,271,324	\$2,288,788	\$287,568	\$287,568	\$407,344	\$287,116
<b>Expenditure Total</b>	<b>\$20,423,289</b>	<b>\$20,980,676</b>	<b>\$19,647,103</b>	<b>\$19,750,469</b>	<b>\$21,229,614</b>	<b>\$21,562,483</b>



## General Fund Expenditures

### SALARIES & BENEFITS

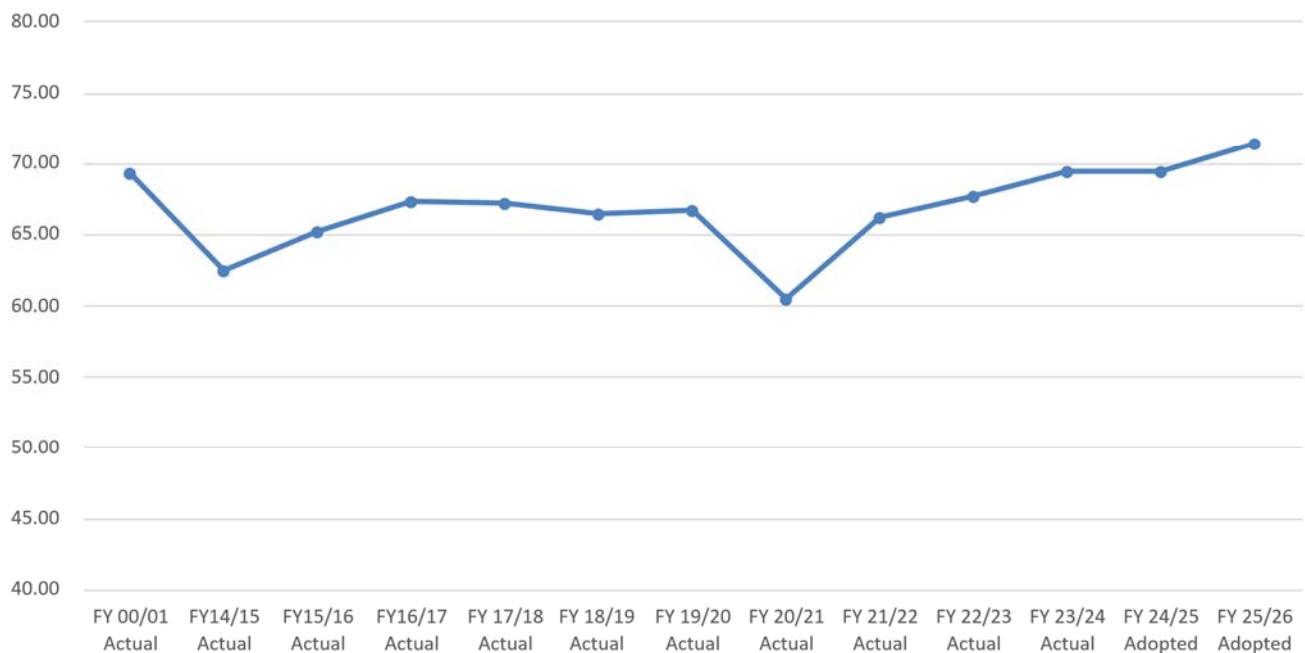
All positions listed in the General Fund are fully funded with full benefit costing. Fully benefited positions are budgeted at their current step plus an assumption that they will move to the next step unless they are already at the top step of their classification. Specialty pays are budgeted as a separate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

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

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

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

City FTE Count



## General Fund Expenditures

### SALARIES & BENEFITS

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

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

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

## 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.

<b><u>Group</u></b>	<b><u>Current Agreement</u></b>	<b><u>Expiration Date</u></b>
Assoc. of Capitola Employees/Gen. Govt.	6/23/2024	6/30/2027
Confidential	6/23/2024	6/30/2027
Mid-Management	7/7/2024	6/30/2027
Police Captains	7/7/2024	6/30/2027
Police Officers Association (POA)	6/7/2021	6/30/2027

### **Overtime**

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

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

### **Specialty Pay**

The FY 2025-26 proposed budget includes the following specialty pays in the calculation of staffing costs, which are also included in overtime calculations: education, longevity, bilingual, motorcycle, detective pay, senior officer, canine, and shift differential pay.

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

## General Fund Expenditures

---

### Salaries & Benefits – Retirement Assumptions

#### **Benefits – Post Retirement Medical Benefit**

The City of Capitola contributes the minimum amount toward retired employees' health insurance premiums in accordance with Government Code Section 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA). This expenditure is accounted for in the City Manager's personnel department budget. Below is a table showing the PEMHCA minimum over the last 10 years.

• January 1, 2017	\$128
• January 1, 2018	\$133
• January 1, 2019	\$136
• January 1, 2020	\$139
• January 1, 2021	\$143
• January 1, 2022	\$149
• January 1, 2023	\$151
• January 1, 2024	\$157
• January 1, 2025	\$158
• January 1, 2026	\$162

#### **Benefits – Public Employee Retirement System (PERS)**

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

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

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

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

**Public Employees' Pension Reform Act (PEPRA).** On September 12, 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA became effective on January 1, 2013, and requires all employees who are not previously members of the PERS reciprocal system to be placed in an alternate retirement plan. The City's PEPRA plan for Safety employees is 2.7% at 57 and 2% at 62 for Miscellaneous employees. This new plan requires that the City and plan members contribute an equivalent share of retirement costs. The rates for public safety and miscellaneous employees are 13.75% and 7.75%, respectively.



## Retirement Costs Summary

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

## General Fund Expenditures - Contract Services (5 pages)

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

<b>Department</b>	<b>Contract Description</b>	<b>FY24/25 Amended</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
Finance	Gen/Admin Contracts - General	\$ 50,000	\$ -	\$ -
Finance	Fin Svcs OPEB Valuation	4,000	1,000	4,000
Finance	Fin Svcs Audit-Annual Financial Audits	54,000	51,000	51,000
Finance	Fin Svcs Audit-Sales Tax	12,000	12,000	12,000
Finance	Fin Svcs State Mandated Claims Svcs	1,750	-	-
Finance	Fin Svcs HdL TOT Fees	20,000	19,000	19,000
Finance	Fin Svcs Credit Card Merchant Fees	4,000	3,000	3,000
Finance	Fin Svcs SCC-Property tax admin fee	12,000	-	-
Finance	Fin Svcs State Admin Fee - Bradley Burns	50,000	45,000	45,000
Finance	Fin Svcs State Admin Fee - Measure D/F	15,000	18,000	18,000
Finance	Fin Svcs State Admin Fee - SB 1186	500	500	500
Finance	Fin Svcs State Admin Fee - Measure O	15,000	18,000	18,000
Finance	Fin Svcs Bank fees	12,000	-	-
Finance	Fin Svcs St Admin fee	3,000	4,000	4,000
<b>Total</b>		<b>\$ 253,250</b>	<b>\$ 171,500</b>	<b>\$ 174,500</b>
Law Enforcement	Police Svcs SCC-Booking fees	\$ -	2,500	\$ 2,500
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	500	500	500
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	25,000	25,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	24,000	22,000	22,000
Law Enforcement	Other contract services Uniform cleaning services	12,000	12,000	0
Law Enforcement	Police Svcs Red light enforcement	20,000	0	0
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	5,500	8,000	8,000
Law Enforcement	Fin Svcs Collections-booking fees	75	0	0
Law Enforcement	Fin Svcs Collections-DUI cost recovery	1,000	2,000	2,000
Law Enforcement	Prop & equip Comm - local & long distance	8,000	8,000	8,000
Law Enforcement	Prop & equip Comm - T-1 line	39,000	20,000	20,000
Law Enforcement	Prop & equip Comm - mobile phone	30,000	25,000	25,000
Law Enforcement	Police Svcs Hazardous material response - SV	8,900	-	0
Law Enforcement	Police Svcs Towing service	3,000	4,000	4,000
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	48,924	47,987	49,427
Law Enforcement	Police Svcs SCCECC-911 JPA	615,898	696,994	717,904
Law Enforcement	Prop & equip Property alarm service	1,200	-	-
Law Enforcement	Prop & equip Property repairs & maintenance	1,000	-	-
Law Enforcement	Prop & equip Equipment repairs & maintenance	10,000	27,500	-
Law Enforcement	Rental contracts Equipment and vehicles	3,000	2,500	-
Law Enforcement	Other contract services Outside security service	17,000	20,000	-
Law Enforcement	CS-Gen/Admin Contracts - general	4,000	4,000	4,000
<b>Total</b>		<b>\$ 870,997</b>	<b>\$ 927,981</b>	<b>\$ 888,330</b>

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



Department	Contract Description	FY24/25 Amended	FY25/26 Adopted	FY26/27 Planned
Facilities	PW & Trans. ADA compliance	\$ 15,000	\$ 15,000	\$ 15,000
Facilities	Gen/Admin Contracts - inspections	-	-	-
Facilities	Prop & equip Comm - local & long distance	1,500	1,200	1,200
Facilities	Prop & equip Comm - T-1 line	7,500	7,500	7,500
Facilities	Prop & equip Utility serv - gas & electric	86,000	117,500	97,000
Facilities	Prop & equip Utility serv - sanitation distr	5,500	4,000	4,000
Facilities	Prop & equip Utility serv - water	18,500	15,000	15,000
Facilities	Prop & equip Janitorial services	34,500	35,000	35,000
Facilities	Prop & equip Property alarm service	2,800	3,400	3,400
Facilities	Prop & equip Property repairs & maintenance	25,000	95,500	95,500
Facilities	Prop & equip Equipment repairs & maintenance	19,500	16,000	16,000
Facilities	Tree Services		2,000	2,000
Facilities	Rental contracts Equipment and vehicles	5,000	7,000	7,000
<b>Total</b>		<b>\$ 220,800</b>	<b>\$ 319,100</b>	<b>\$ 298,600</b>
Fleet	Prop & Equip Equipment Repair and Maint.	\$ 5,000	\$ 10,000	\$ 10,000
<b>Total</b>		<b>\$ 5,000</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>
Parks	PW & Trans. Tree Svcs.	\$ 20,000	\$ 15,000	\$ 15,000
Parks	Prop & Equip Utility serv - gas and elec.	5,000	6,300	6,300
Parks	CS-PW & Trans Electrical Services	-	2,000	2,000
Parks	Prop & Equip Utility serv - sanitation distr	21,000	25,000	25,000
Parks	Prop & Equip Utility serv - water	125,000	177,400	177,400
Parks	Prop & Equip Janitorial Svcs.	32,500	37,500	37,500
Parks	Prop & Equip Property Repair and Maint.	8,000	26,000	26,000
Parks	Prop & Equip Equip. Repair and Maint.	8,500	6,000	6,000
Parks	Rental contracts Equipment and vehicles	10,000	10,500	10,500
Parks	General		8,000	-
Parks	Bike Track Maintenance	6,000	-	-
<b>Total</b>		<b>\$ 236,000</b>	<b>\$ 313,700</b>	<b>\$ 305,700</b>
Planning	Plng & Hsg Hsg grant admin & CDD tech	\$ -	\$ 5,000	\$ 5,000
Planning	Contract Svcs. Legal notices	8,000	-	\$ -
Planning	Gen/Admin Contracts - General	-	20,000	\$ -
Planning	CS-Plan Svc Admin Services	25,000	-	\$ -
<b>Total</b>		<b>\$ 33,000</b>	<b>\$ 25,000</b>	<b>\$ 5,000</b>
Building	Bldg Svcs Engineering & Inspections	\$ 5,000	\$ -	\$ -
Building	CS-Gen/Admin Contracts - general	-	\$ -	\$ -
Building	Bldg Svcs Bldg plan checks - Consultant Svc	-	\$ 110,000	\$ -
Building	Bldg Svcs Bldg plan checks - outsourced	60,000	\$ -	\$ -
<b>Total</b>		<b>\$ 65,000</b>	<b>\$ 110,000</b>	<b>\$ -</b>



Department	Contract Description	FY24/25 Amended	FY25/26 Adopted	FY26/27 Planned
Comm Svcs & Rec	Gen/Admin Contracts - General	\$ 26,000	\$ 29,000	\$ 29,000
Comm Svcs & Rec	CS-IT Contracts Recreation technology system	\$ 17,750	\$ 19,000	\$ 19,000
Comm Svcs & Rec	Fin Svcs Credit card merchant fees	15,000	10,000	10,000
Comm Svcs & Rec	PW & Trans. Transportation-Rec program	1,600	2,200	2,200
Comm Svcs & Rec	Temp. Staff/Instr. Rec contract inst/sports off	133,200	112,500	112,500
Comm Svcs & Rec	Prop & Equip Comm - local & long distance	-	-	-
Comm Svcs & Rec	Prop & Equip Comm - T-1 line	-	-	-
Comm Svcs & Rec	Prop & Equip Property Repair and Maint.	-	-	-
Comm Svcs & Rec	Rental contracts Equipment and vehicles	-	-	-
Comm Svcs & Rec	Contract Svcs. Events liability insurance	500	8,000	8,000
Comm Svcs & Rec	Contract Svcs. Advertising	3,000	-	-
Comm Svcs & Rec	Contract Svcs. Mailing Service	-	18,000	18,000
Comm Svcs & Rec	Contract Svcs. Copying, printing and binding	15,000	15,000	15,000
Comm Svcs & Rec	Contract Svcs. Photography	8,000	8,000	8,000
Comm Svcs & Rec	Food Truck Fridays	-	5,500	5,500
Comm Svcs & Rec	Wharf Music	-	6,750	6,750
Comm Svcs & Rec	Rapid Weddings	-	3,700	3,700
Comm Svcs & Rec	Weekend Music	-	6,000	6,000
Comm Svcs & Rec	Events & Tourism Twilight Concert-Sound Engr	-	14,000	14,000
Comm Svcs & Rec	Events & Tourism Twilight Concert-Band Costs	-	15,000	15,000
Comm Svcs & Rec	Movies at the Beach	-	2,100	2,100
Comm Svcs & Rec	Plein Air - Vendors	-	5,000	5,000
Comm Svcs & Rec	Plein Air - Other	-	10,000	10,000
Comm Svcs & Rec	July IS	-	1,600	1,600
<b>Total</b>		<b>\$ 220,050</b>	<b>\$ 291,350</b>	<b>\$ 221,700</b>
Museum	Prop & Equip Comm - Local & Long Distance	\$ -	\$ -	\$ -
Museum	Rental contracts Land and Buildings	12,000	15,000	20,000
Museum	Other contract services Museum oral history	1,000	1,500	1,500
<b>Total</b>		<b>\$ 13,000</b>	<b>\$ 16,500</b>	<b>\$ 21,500</b>
Arts & Cultural	Events & Tourism Art at the Beach Coordinator	\$ 3,000	\$ -	\$ -
Arts & Cultural	Events & Tourism Twilight Concert-Sound Engr	10,000	-	-
Arts & Cultural	Events & Tourism Twilight Concert-Band Costs	15,000	-	-
Arts & Cultural	Contract Svcs. liability insurance	-	-	-
Arts & Cultural	Events & Tourism Art in Public Places	3,000	-	-
Arts & Cultural	Events & Tourism Sunday Art & Music	10,000	-	-
<b>Total</b>		<b>\$ 41,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total</b>		<b>\$3,557,718</b>	<b>\$3,635,128</b>	<b>\$3,467,002</b>

## Community Based Social Service Providers

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

AGENCY	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY25/26 Adopted	FY26/27 Planned
<b>Community Services</b>					
Homeless Action Partnership (HAP)				\$ 8,425	\$ 8,425
Advocacy, Inc.	0		10,000		
Blue Circle	0		5,000		
Cabrillo College Stroke and Disability Center	7,779		10,000		
Central Coast Center for Independent Living	0				
Community Action Board, Inc.	0		10,000		
Community Bridges	5,522				
Community Bridges - Lift Line					
Community Bridges - Live Oak					
Community Resources					
Community Bridges - Meals on Wheels					
Companion for Life / Lifeline					
Conflict Resolution Program	3,489				
Arts Council of Santa Cruz County	0		2,500		
Dientes Community Dental Care	1,524				
Diversity Center	0				
Encompass Santa Cruz AIDS Project					
Family Service Agency of Santa Cruz	12,762		7,500		
Grey Bears, Inc.	0				
Homeless Svcs. Center	0				
Hospice Caring Project	0		3,000		
MidCounty Senior Center			7,500		
Monarch Services Servidios Monarca			7,500		
Monterey Bay National Marine					
Sancuturary	0		5,000		
NAMI Santa Cruz County	0		12,000		
Native Animal Rescue	1,303				
Second Harvest Food Bank	0				
Senior Citizens Legal Services	0				
Senior Network Services	2,782		7,500		
Srs Council - SCC/San Benito Co.	0		10,000		
Survivors' Healing Center					
United Way	5,000		7,500		
United Way - 2-1-1 Help Line					
Vista Center for the Blind	0		5,000		
Volunteer Center of Santa Cruz County	3,489		7,500		
Women Care				0	0
Cabrillo College Foundation	0			0	0
Community Grants-Unassigned		101,650		117,500	117,500
<b>\$ 43,650</b>	<b>\$ 101,650</b>	<b>\$ 117,500</b>	<b>\$ 125,925</b>	<b>\$ 125,925</b>	

AGENCY	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY25/26 Adopted	FY26/27 Planned
<b>Children/Youth Services (General Fund)</b>					
Big Brothers/Big sisters		\$0	\$0	-	-
Campus Kids Connection - After School				-	-
Community Bridges - Child Development Division			-	-	-
Court-Appointed Special Advocates		-	-	-	-
Encompass Youth Services Counseling			-	-	-
Families in Transition - Santa Cruz Co.			-	-	-
O'Neill Sea Odyssey		-	-	-	-
Parents Center, Inc.	-	-	7,500	-	-
Toddler Care Center		-	-	-	-
United Way - Community Assessment Project			-	-	-
Childcare Center Fee Grant			-	-	-
	\$0	\$0	\$7,500	\$7,500	\$7,500
<b>General Fund Total</b>	<b>\$ 43,650</b>	<b>\$ 101,650</b>	<b>\$ 125,000</b>	<b>\$ 133,425</b>	<b>\$ 133,425</b>
<b>Early Childhood / Youth Services (TOT Children's Fund )</b>					
Early Childhood & Youth Services		\$	-	\$	-
Big Brothers/Big sisters	0	6,000	7,500		
Community Bridges - Child Development Division	1,004				
Diversity Center SC County	0	0	7,500		
Court-Appointed Special Advocates			7,500		
Encompass Youth Services Counseling	0				
O'Neill Sea Odyssey	0		10,000		
Monterey Bay National Marine Sanctuary	0	0	7,500		
Parents Center, Inc.	0	7,400			
Toddler Care Center	0				
United Way - Youth Action Network (YAN) youth liason program	0	5,000			
Santa Cruz Museum of Discovery	0	10,000	12,500		
Casa of Santa Cruz	0	10,000			
Boys and Girls Club of Santa Cruz County	0	10,000	7,500		
Childcare Center Fee Grant					
Recreation Programming	0	19,332			
<b>TOT Youth Funding Total</b>	<b>\$1,004</b>	<b>\$67,732</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Estimated Children's Fund Revenue</b>	<b>\$45,401</b>	<b>\$62,049</b>	<b>\$60,000</b>	<b>\$64,800</b>	<b>\$66,104</b>
<b>Remaining Funds</b>	<b>\$44,397</b>	<b>-\$5,683</b>	<b>\$0</b>	<b>\$64,800</b>	<b>\$66,104</b>
<b>Total Social Service Program Funding</b>	<b>\$44,654</b>	<b>\$169,382</b>	<b>\$185,000</b>	<b>\$133,425</b>	<b>\$133,425</b>

## 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.

<b>Supplies</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
City Council	\$5,354	\$2,082	\$7,500	\$7,500	\$5,500	\$5,500
City Manager	13,857	22,683	13,874	13,874	4,000	4,000
Finance	4,105	4,182	4,600	4,600	10,600	10,600
Police Department	96,600	160,401	101,800	120,600	109,400	109,400
Public Works	539,117	625,328	552,766	523,000	572,700	557,800
Community Development	1,586	978	5,100	7,500	2,500	2,500
Community Services & Rec	93,695	88,943	93,800	83,500	94,650	94,650
Museum	13,718	20,324	21,500	21,250	2,350	2,350
Arts & Culture	9,978	35,300	42,000	38,299	0	0
<b>Total</b>	<b>\$778,011</b>	<b>\$960,221</b>	<b>\$842,939</b>	<b>\$820,123</b>	<b>\$801,700</b>	<b>\$786,800</b>

### 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.

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

## **INTERNAL SERVICES**

Internal Service Funds finance special activities and services performed by one City department for another on a cost and reimbursement basis. These funds share costs, designate targeted reserves levels, and allocate costs to all departments benefiting from the activities and services. The methodology for cost allocation for each Internal Service Fund is described in the Internal Service Fund section.

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

<b>Internal Services</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
Stores	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	257,502	271,000	268,000	268,000	348,000	338,000
Equipment Replacement	105,000	250,000	65,000	65,000	197,000	200,000
Self-Insurance Liability	622,998	622,136	760,036	760,036	688,200	715,800
Workers' Compensation	431,999	447,705	403,542	403,542	403,000	423,150
<b>Total</b>	<b>\$ 1,444,499</b>	<b>\$ 1,617,841</b>	<b>\$ 1,523,578</b>	<b>\$ 1,523,578</b>	<b>\$ 1,663,200</b>	<b>\$ 1,703,950</b>

## **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.

<b>General Fund Transfers</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
Contingency Reserves	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
Emergency Reserves	147,300	250,000	-	-	-	-
Facilities Fund	-	100,000	-	-	-	-
PERS Contingency Reserve	250,000	-	-	-	-	-
CIP Capital Projects	2,205,000	550,000	-	-	120,000	-
Stores ISF	-	-	-	-	-	-
Information Technology	-	235,000	-	-	-	-
Equipment Replacement	-	200,000	-	-	-	-
Interfund transfer Library fund	50,958	-	-	-	-	-
Compensated Absences	220,000	225,000	200,000	200,000	200,000	200,000
RTC Streets	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
Wharf Fund	-	-	-	-	-	-
Parking Reserve	100,000	469,000	-	-	-	-
OPEB Trust Fund	-	-	-	-	-	-
Pacific Cove Lease	40,066	-	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,344	87,116
			-	-	-	-
<b>Total</b>	<b>\$ 3,271,324</b>	<b>\$ 2,288,788</b>	<b>\$ 287,568</b>	<b>\$ 287,568</b>	<b>\$ 407,344</b>	<b>\$ 287,116</b>



# DEPARTMENTAL BUDGETS



## CITY COUNCIL

## GENERAL GOVERNMENT

### DEPARTMENT PURPOSE

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

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

### **ESTABLISHED PRINCIPLES OF THE CITY**

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

### **FISCAL YEAR ACCOMPLISHMENTS – 2024/25**

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

### **FISCAL YEAR GOALS - 2025/26**

- Provide services, staff, and equipment to ensure public safety and trust
- Develop projects and programs to maintain and enhance the quality of life in Capitola
- Finalize plans and begin construction for Treasure Cove at Jade Street Park
- Collect public input and determine path forward for Capitola Wharf Master Plan
- Review and update, if necessary, the City Council Code of Conduct

### **CITY COUNCIL**

	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY 24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>1000-10-10-000</b>						
<b>Revenues</b>						
General Fund	\$ 107,274	\$ 99,496	\$ 136,007	\$ 111,007	\$ 121,549	\$ 171,815
<b>Revenue Total</b>	<b>\$ 107,274</b>	<b>\$ 99,496</b>	<b>\$ 136,007</b>	<b>\$ 111,007</b>	<b>\$ 121,549</b>	<b>\$ 171,815</b>
<b>Expenditures</b>						
Personnel	\$ 44,053	\$ 40,752	\$ 40,689	\$ 40,689	\$ 40,689	\$ 40,689
Contract services	19,953	19,150	38,000	24,000	24,000	74,000
Training & Memberships	21,502	20,531	31,650	20,650	31,380	31,600
Supplies	5,354	2,082	7,500	7,500	5,500	5,500
Internal service fund charges	16,412	16,981	18,168	18,168	19,980	20,026
<b>Expenditure Totals</b>	<b>\$ 107,274</b>	<b>\$ 99,496</b>	<b>\$ 136,007</b>	<b>\$ 111,007</b>	<b>\$ 121,549</b>	<b>\$ 171,815</b>
<b>Authorized Positions</b>						
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
<b>FTE Total</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

## CITY ATTORNEY

### GENERAL GOVERNMENT

#### DEPARTMENT PURPOSE

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

#### FISCAL YEAR ACCOMPLISHMENTS – 2024/25

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

#### FISCAL YEAR GOALS – 2025/26

- Advise Council on potential and pending litigation.
- Assist and advise staff on contracts, labor relations, and other legal assessments.
- Resolve existing litigation.
- Evaluate Public Records Act (PRA) request process and make recommendations, if any.

#### CITY ATTORNEY

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

# CITY MANAGER

## GENERAL GOVERNMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

### KEY CHANGES

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

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

### FISCAL YEAR 2024/25 ACCOMPLISHMENTS

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

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

#### Accountable Government:

- Encourage and improve citizen participation and communication by increasing the availability of Spanish language city resources; update and improve the City website.
- Continue efforts to increase transparency, with the website, public records, and outreach.
- Continue to improve public meeting access.
- Conduct additional educational opportunities for the public to learn about Capitola's government. Staff plans to host an informational tabletop event during a Summer 2025 Twilight Concert and gauge public interest for additional educational opportunities. The City Manager Department plans to host a formal Local Government Academy in early 2026.

#### Attainable Housing:

- Support the Community Development Department in implementing the Housing Element

## Community Safety

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

## Economic Opportunity

- Pursue city wide economic development opportunities and work with Capitola Mall to improve the mall facility and develop economic opportunities for Capitola and the greater community including the "Red Tree" and "Village Theatre" properties.
- Support economic development.
- Ensure programs are in place to respond to public and private development projects.

## Healthy Families, Community, and Environment

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

## Sustainable Infrastructure

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

### CITY MANAGER ADMINISTRATION

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>1000-10-11-000</b>						
<b>Revenues</b>						
General Fund	\$1,085,020	\$1,210,131	\$1,260,655	\$1,260,305	\$1,063,938	\$1,119,491
Licenses and permits	4,659	4,072	4,000	4,500	4,000	4,000
<b>Revenue Totals</b>	<b>\$1,089,679</b>	<b>\$1,214,203</b>	<b>\$1,264,655</b>	<b>\$1,264,805</b>	<b>\$1,067,938</b>	<b>\$1,123,491</b>
<b>Expenditures</b>						
Personnel	\$ 808,164	\$ 962,045	\$ 985,022	\$ 985,022	\$ 808,847	\$ 833,082
Contract services	150,719	109,836	132,710	136,660	99,500	131,200
Training & Memberships	3,457	12,551	13,000	8,200	8,200	8,200
Supplies	7,874	5,811	3,000	4,000	4,000	4,000
Internal service fund charges	119,466	123,959	130,923	130,923	147,391	147,009
<b>Expenditure Totals</b>	<b>\$1,089,679</b>	<b>\$1,214,203</b>	<b>\$1,264,655</b>	<b>\$1,264,805</b>	<b>\$1,067,938</b>	<b>\$1,123,491</b>
	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Authorized Positions</b>						
City Manager	0.80	0.80	0.80	0.80	0.80	0.80
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	0.50	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	1.00	1.00
Human Resources Analyst	1.00	1.00	1.00	1.00	0.00	0.00
Information System Specialist	0.50	0.50	0.50	0.50	0.00	0.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>5.30</b>	<b>5.80</b>	<b>5.80</b>	<b>5.80</b>	<b>4.80</b>	<b>4.80</b>



## ADMINISTRATIVE SERVICES - PERSONNEL

GENERAL GOVERNMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

### PERSONNEL

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
1000-10-12-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenues</b>						
General Fund	\$362,138	\$397,852	\$504,122	\$ 513,522	\$3,343,009	\$3,647,415
<b>Revenue Totals</b>	<b>\$362,138</b>	<b>\$397,852</b>	<b>\$504,122</b>	<b>\$ 513,522</b>	<b>\$3,343,009</b>	<b>\$3,647,415</b>
<b>Expenditures</b>						
Personnel	\$291,887	\$287,608	\$438,496	\$ 430,896	\$3,268,866	\$3,572,684
Contract services	46,297	74,211	38,500	57,000	47,000	47,000
Training & Memberships	1,579	4,620	2,000	500	3,000	3,000
Supplies	5,984	14,809	6,000	6,000	6,000	6,000
Internal service fund charges	16,392	16,604	19,126	19,126	18,143	18,731
<b>Expenditure Totals</b>	<b>\$362,138</b>	<b>\$397,852</b>	<b>\$504,122</b>	<b>\$ 513,522</b>	<b>\$3,343,009</b>	<b>\$3,647,415</b>
<b>Authorized Positions</b>						
City Manager	0.20	0.20	0.20	0.20	0.20	0.20
Finance Director	-	-	-	-	0.25	0.25
Human Resources Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	-	0.00
<b>FTE Total</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.45</b>	<b>1.45</b>

# **ADMINISTRATIVE SERVICES – FINANCE AND INFORMATION TECHNOLOGY**

## **GENERAL GOVERNMENT**

### **MISSION STATEMENT**

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

### **DEPARTMENT PURPOSE**

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

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

### **FISCAL YEAR ACCOMPLISHMENTS – 2024-25**

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

### **FISCAL YEAR GOALS – 2025-26 and 2026-27**

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

# ADMIN SERVICES - FINANCE & IT

<b>1000-10-17-000</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY 24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 492,344	\$ 574,082	\$ 665,524	\$ 668,184	\$ 498,252	\$ 515,609
Licenses & Permits	309,349	323,755	318,750	318,750	324,000	327,240
Intergovernmental	6,634	6,849	6,700	6,700	6,700	6,700
Use of money & property	12,777	12,220	11,500	11,500	12,000	12,000
Other revenue	2,934	3,700	3,000	3,000	3,000	3,000
<b>Revenue Totals</b>	<b>\$ 824,038</b>	<b>\$ 920,606</b>	<b>\$1,005,474</b>	<b>\$1,008,134</b>	<b>\$ 843,952</b>	<b>\$ 864,549</b>

## Expenditures

Personnel	\$ 540,947	\$ 629,425	\$ 706,246	\$ 709,406	\$ 559,475	\$ 576,259
Contract services	192,920	195,003	192,431	191,931	171,500	174,500
Training & Memberships	1,441	4,872	7,500	7,500	7,500	7,500
Supplies	4,105	4,182	4,600	4,600	4,600	4,600
Internal service fund charges	84,624	87,124	94,697	94,697	100,877	101,690
<b>Expenditure Totals</b>	<b>\$ 824,038</b>	<b>\$ 920,606</b>	<b>\$1,005,474</b>	<b>\$1,008,134</b>	<b>\$ 843,952</b>	<b>\$ 864,549</b>

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

# POLICE SUMMARY

---

POLICE

## MISSION STATEMENT

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

## VISION STATEMENT

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

## CORE VALUES

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

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

## FISCAL YEAR ACCOMPLISHMENTS – 2024-25

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

## FISCAL YEAR GOALS –2025-26

- Upgrade Interview Room recording system- Axon.
- Continue PD facility update/upgrade. (\$65,000 provided by Council)
- Bicycle and pedestrian safety will remain our traffic goals for 2025/26. Seek grant opportunities to support our traffic goals, including speed and DUI grant opportunities.
- Purchase one patrol vehicle
- Officer staffing
  - Evaluate the Community Service Officer position
- Seek Department of Justice (DOJ) tobacco grant funding
- Update Emergency Operations Plan

**POLICE SUMMARY**

<b>Police Department Summary</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY 24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
<b>Revenue</b>						
General Fund	\$ 7,282,777	\$ 7,986,740	\$ 8,150,380	\$ 8,348,080	\$ 7,089,497	\$ 7,185,356
Licenses and permits	52,055	49,327	55,500	41,000	45,500	45,500
Intergovernmental revenues	137,649	82,760	110,231	99,231	75,000	75,000
Charges for services	57,309	60,548	58,750	78,500	81,500	81,500
Fines and forfeitures	566,907	425,043	599,500	434,500	690,000	690,000
Other revenues	292	1,433	-	2,500	5,000	-
<b>Revenue Totals</b>	<b>\$ 8,096,988</b>	<b>\$ 8,605,851</b>	<b>\$ 8,974,361</b>	<b>\$ 9,003,811</b>	<b>\$ 7,986,497</b>	<b>\$ 8,077,356</b>

**Expenditures**

Personnel	\$5,925,880	\$6,202,707	\$6,591,538	\$6,591,863	\$5,491,879	\$5,631,527
Contract services	✓ 1,229,344	✓ 1,299,851	✓ 1,356,496	✓ 1,332,821	✓ 1,361,775	✓ 1,370,202
Training & Memberships	56,831	77,379	73,650	73,650	79,500	79,500
Supplies	✓ 96,600	✓ 160,401	✓ 101,800	✓ 120,600	✓ 109,400	✓ 109,400
Internal service fund charges	✓ 828,291	✓ 884,847	✓ 884,877	✓ 884,877	✓ 943,942	✓ 940,592
<b>Expenditure Totals</b>	<b>\$ 8,136,947</b>	<b>\$ 8,625,185</b>	<b>\$ 9,008,361</b>	<b>\$ 9,003,811</b>	<b>\$ 7,986,496</b>	<b>\$ 8,131,221</b>

<b>Authorized Positions</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY 24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	2.00	2.00	3.00	3.00	3.00	3.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
<b>FTE Total</b>	<b>30.50</b>	<b>30.50</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>



# LAW ENFORCEMENT

POLICE

## LAW ENFORCEMENT

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>1000-20-20-000</b>						
<b>Revenue</b>						
General Fund	\$ 7,089,325	\$ 7,659,276	\$ 7,948,207	\$ 7,929,382	\$ 6,978,713	\$ 7,099,935
Licenses and permits	52,055	49,327	55,500	41,000	45,500	45,500
Intergovernmental revenues	137,649	82,760	110,231	99,231	75,000	75,000
Charges for services	57,309	60,548	58,750	78,500	81,500	81,500
Fines and forfeitures	80,699	79,590	100,000	135,000	90,000	90,000
Other revenues	292	1,433	-	2,500	5,000	-
<b>Revenue Totals</b>	<b>\$ 7,417,328</b>	<b>\$ 7,932,934</b>	<b>\$ 8,272,688</b>	<b>\$ 8,285,613</b>	<b>\$ 7,275,713</b>	<b>\$ 7,391,935</b>
<b>Expenditure</b>						
Personnel	\$ 5,676,262	\$ 6,004,382	\$ 6,383,044	\$ 6,383,044	\$ 5,267,720	\$ 5,416,177
Contract services	802,152	860,848	882,499	878,824	932,778	959,230
Training & Memberships	56,831	77,379	73,650	73,650	79,500	79,500
Supplies	91,790	143,922	93,000	109,600	93,400	93,400
Internal service fund charges	790,292	846,403	840,495	840,495	902,315	897,493
<b>Expenditure Totals</b>	<b>\$ 7,417,328</b>	<b>\$ 7,932,934</b>	<b>\$ 8,272,688</b>	<b>\$ 8,285,613</b>	<b>\$ 7,275,713</b>	<b>\$ 7,391,935</b>

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Authorized Positions</b>						
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
<b>FTE Total</b>	<b>28.50</b>	<b>28.50</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>

## PARKING ENFORCEMENT

POLICE

### DEPARTMENT PURPOSE

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

### FISCAL YEAR ACCOMPLISHMENTS – 2024/25

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

### FISCAL YEAR GOALS –2025/26

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

### PARKING ENFORCEMENT

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
1000-20-21-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenue</b>						
General Fund	\$ 111,785	\$ 227,986	\$ 61,234	\$ 277,759	\$ (30,019)	\$ (62,409)
Fines and forfeitures	486,207	345,452	499,500	299,500	600,000	600,000
Use of money & property	39,959	19,335	34,000	-	-	-
<b>Revenue Totals</b>	<b>\$ 637,952</b>	<b>\$ 592,774</b>	<b>\$ 594,734</b>	<b>\$ 577,259</b>	<b>\$ 569,981</b>	<b>\$ 537,591</b>
<b>Expenditures</b>						
Personnel	\$ 249,618	\$ 198,325	\$ 208,494	\$ 208,819	\$ 224,159	\$ 215,350
Contract services	346,699	340,705	334,500	314,500	289,500	264,500
Supplies	4,811	16,480	8,800	11,000	16,000	16,000
Internal service fund charges	36,824	37,264	42,940	42,940	40,322	41,741
<b>Expenditure Totals</b>	<b>\$ 637,952</b>	<b>\$ 592,774</b>	<b>\$ 594,734</b>	<b>\$ 577,259</b>	<b>\$ 569,981</b>	<b>\$ 537,591</b>
<b>Authorized Positions</b>						
	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
	Actual	Actual	Amended	Estimated	Adopted	Planned
Parking Enforcement Officer	2.00	2.00	3.00	3.00	3.00	3.00
<b>FTE Total</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

## ANIMAL SERVICES

POLICE

### DEPARTMENT PURPOSE

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

### ANIMAL SERVICES

	FY22/23	FY23/24	FY 24/25	FY24/25	FY25/26	FY26/27
1000-20-23-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenue</b>						
General Fund	\$ 81,667	\$ 99,478	\$140,939	\$ 140,939	\$ 140,803	\$147,830
Charges for services	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 81,667</b>	<b>\$ 99,478</b>	<b>\$140,939</b>	<b>\$ 140,939</b>	<b>\$ 140,803</b>	<b>\$147,830</b>
<b>Expenditures</b>						
Contract services	\$ 80,492	\$ 98,298	\$139,497	\$ 139,497	\$ 139,497	\$146,472
Internal service fund charges	1,175	1,180	1,442	1,442	1,306	1,358
<b>Expenditure Totals</b>	<b>\$ 81,667</b>	<b>\$ 99,478</b>	<b>\$140,939</b>	<b>\$ 140,939</b>	<b>\$ 140,803</b>	<b>\$147,830</b>

## PUBLIC WORKS SUMMARY

---

### PUBLIC WORKS

#### MISSION STATEMENT

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

#### DEPARTMENT PURPOSE

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

To provide this stewardship, the department has three divisions.

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

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

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

#### FISCAL YEAR ACCOMPLISHMENTS – 2024-25

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

## FISCAL YEAR GOALS – 2025-26 and 2026-27

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

PUBLIC WORKS SUMMARY						
Public Works Summary	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Adopted	FY26/27 Planned
<b>Revenue</b>						
General Fund	\$ 3,412,508	\$ 3,876,663	\$ 4,165,415	\$ 4,164,314	\$ 4,094,831	\$ 4,096,742
Licenses and permits	37,311	30,247	30,000	32,000	35,000	36,000
Charges for services	8,951	10,646	6,000	12,000	12,000	12,000
Other revenues	10,751	15,138	8,000	12,000	10,000	10,000
<b>Revenue Totals</b>	<b>\$ 3,469,521</b>	<b>\$ 3,973,340</b>	<b>\$ 4,209,415</b>	<b>\$ 4,223,314</b>	<b>\$ 4,156,831</b>	<b>\$ 4,159,742</b>
<b>Expenditures</b>						
Personnel	\$ 1,895,349	\$ 2,031,373	\$ 2,219,257	\$ 2,255,882	\$ 2,163,278	\$ 2,226,668
Contract services	869,834	1,019,783	1,242,000	1,251,040	1,169,300	1,084,500
Training & Memberships	2,661	4,684	5,500	4,000	6,000	6,000
Supplies	539,117	625,328	552,766	523,000	572,700	557,800
Internal service fund charges	162,560	292,172	189,392	189,392	245,553	284,773
<b>Expenditure Totals</b>	<b>\$ 3,469,520</b>	<b>\$ 3,973,339</b>	<b>\$ 4,208,915</b>	<b>\$ 4,223,314</b>	<b>\$ 4,156,831</b>	<b>\$ 4,159,741</b>
<b>Authorized Positions</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY 24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	1.00	1.00	1.00	1.00	1.00	1.00
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00	-	-	-	-	-
Maintenance Worker I & II	9.00	9.00	7.50	7.50	9.00	9.00
Maintenance Worker III	2.00	1.00	2.00	2.00	2.00	2.00
SR. Mechanic/Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>16.00</b>	<b>16.00</b>	<b>16.00</b>	<b>16.00</b>	<b>18.00</b>	<b>18.00</b>



# STREETS

## PUBLIC WORKS

### STREETS

1000-30-30-000	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Adopted	FY26/27 Planned
<b>Revenues</b>						
General Fund	\$ 1,934,965	\$ 2,180,505	\$ 2,297,771	\$ 2,263,671	\$ 2,125,140	\$ 2,187,271
Licenses and permits	37,311	30,247	30,000	32,000	35,000	36,000
Intergovernmental revenues	-	40,647	-	3,000	5,000	5,000
Charges for services	7,427	6,318	3,000	8,000	8,000	8,000
Other revenues	10,751	10,405	8,000	12,000	10,000	10,000
<b>Revenue Totals</b>	<b>\$ 1,990,454</b>	<b>\$ 2,268,122</b>	<b>\$ 2,338,771</b>	<b>\$ 2,318,671</b>	<b>\$ 2,183,140</b>	<b>\$ 2,246,271</b>

### Expenditures

Personnel	\$ 1,443,455	\$ 1,555,228	\$ 1,609,608	\$ 1,636,908	\$ 1,494,753	\$ 1,538,396
Contract services	328,463	365,784	513,210	479,210	390,500	393,500
Training & Memberships	2,661	4,174	3,000	1,500	3,000	3,000
Supplies	121,921	120,183	104,400	92,500	125,000	105,000
Internal service fund charges	93,955	222,753	108,553	108,553	169,887	206,375
<b>Expenditure Totals</b>	<b>\$ 1,990,454</b>	<b>\$ 2,268,122</b>	<b>\$ 2,338,771</b>	<b>\$ 2,318,671</b>	<b>\$ 2,183,140</b>	<b>\$ 2,246,271</b>

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

## STORMWATER

PUBLIC WORKS

### STORM WATER

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

## FACILITIES

PUBLIC WORKS

FACILITIES						
1000-30-31-xxx	FY22/23 Actual	FY23/24 Actual	FY 24/25 Amended	FY24/25 Estimated	FY25/26 Adopted	FY26/27 Planned
<b>Revenues</b>						
General Fund	\$322,275	\$363,733	\$416,197	\$ 448,397	\$439,684	\$382,275
Other revenues	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$322,275</b>	<b>\$363,733</b>	<b>\$416,197</b>	<b>\$ 448,397</b>	<b>\$439,684</b>	<b>\$382,275</b>
<b>Expenditures</b>						
Contract services	\$181,425	\$208,951	\$288,140	\$ 320,090	\$319,100	\$261,200
Supplies	127,146	140,938	111,500	111,750	105,000	105,000
Internal service fund charges	13,704	13,843	16,557	16,557	15,584	16,075
<b>Expenditure Totals</b>	<b>\$322,275</b>	<b>\$363,733</b>	<b>\$416,197</b>	<b>\$ 448,397</b>	<b>\$439,684</b>	<b>\$382,275</b>

**FLEET****PUBLIC WORKS****FLEET**

	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY 24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>1000-30-32-000</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenues</b>						
General Fund	\$367,213	\$429,248	\$459,327	\$469,152	\$504,357	\$516,818
Other revenues	-	4,733	-	-	-	-
<b>Revenue Totals</b>	<b>\$367,213</b>	<b>\$433,981</b>	<b>\$459,327</b>	<b>\$469,152</b>	<b>\$504,357</b>	<b>\$516,818</b>
<b>Expenditures</b>						
Personnel	\$112,333	\$129,170	\$199,244	\$204,569	\$226,206	\$232,842
Contract services	1,068	18,360	5,000	15,000	10,000	10,000
Training & Memberships	-	-	500	-	500	500
Supplies	235,393	267,891	232,500	227,500	247,500	252,500
Internal service fund	18,420	18,560	22,083	22,083	20,151	20,975
<b>Expenditure Totals</b>	<b>\$367,213</b>	<b>\$433,981</b>	<b>\$459,327</b>	<b>\$469,152</b>	<b>\$504,357</b>	<b>\$516,818</b>
	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY 24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>Authorized Positions</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
Mechanic/Sr. Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
<b>FTE Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.50</b>	<b>1.50</b>	<b>2.00</b>	<b>2.00</b>

## PUBLIC WORKS

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

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

## Maintaining the status quo.

80



# **BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT**

## **BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT**

### **MISSION STATEMENT**

The Building, Planning, and Economic Development Department (BPED) promotes development which supports attainable housing, economic opportunities, community wellbeing, and the environment. The Department provides responsive, high-quality services and programs which enhance the quality of life for the City's residents, businesses, and visitors within the built and natural environment.

### **DEPARTMENT PURPOSE**

The BPED administers the City's land use policies and standards adopted by the City Council including Zoning Code (Title 17), Housing and Development Administration (Title 18), General Plan, Housing Element, Local Coastal Program, and other regulations. The Department's key functions include review of development applications, application of CEQA, maintenance of regulatory and long-range planning documents, implement economic development strategy, building plan check and inspection services, code compliance, administration of the affordable housing programs, and grant administration related to planning, housing, economic development, public facilities, and public services. The Department provides staff support to the Planning Commission and City Council.

### **KEY CHANGES**

During the past fiscal year, building focused on interim staff changes and certifications and planning on the implementation of the Housing Element. Priorities for FY2025-26, include economic development, the Wharf Master Plan, and housing element implementation, including mall redevelopment incentives.

### **FISCAL YEAR ACCOMPLISHMENTS – 24/25**

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

### **FISCAL YEAR GOALS – 25/26**

- Rebrand the department as the Building, Planning, and Economic Development Department and realign priorities toward housing and economic development initiatives.
- Promote economic growth through coordinated retail strategies, vacancy reduction, place making, and branding initiatives; and propose zoning incentives to catalyze redevelopment of the Capitola Mall and potential hotel sites.
- Engage property owners of economic development opportunity sites including Capitola Mall, Redtree's 1 Bay Avenue, and Swenson's 120 Monterey.
- Implement Housing Element policies through convening local employers, educational institutions, faith-based organizations, and affordable housing developers to facilitate the development of workforce and affordable housing.
- Issue building permits for new hotel at 720 Hill Street and affordable housing at 1098 38<sup>th</sup> Ave.
- Issue occupancy of 36-unit, 100% affordable housing at 4401 Capitola Road.
- Complete Capitola Wharf Master Plan and research funding opportunities for implementation.
- Complete 41<sup>st</sup> Avenue corridor study.
- Administer grants to support Capitola residents with food services and housing production.
- Provide training opportunities for all staff to encourage growth, job satisfaction, and longevity.

# **BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT**

	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY 24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>Community Development</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 454,348	\$ 398,918	\$ 391,983	\$ 367,705	\$ 485,424	\$ 385,589
Licenses and permits	241,459	349,910	313,500	313,500	313,000	313,000
Charges for services	323,450	251,975	217,000	217,000	239,000	234,000
Fines and forfeitures	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$1,019,257</b>	<b>\$1,000,804</b>	<b>\$ 922,483</b>	<b>\$ 898,205</b>	<b>\$ 1,037,424</b>	<b>\$ 932,589</b>

## **Expenditures**

Personnel	\$ 877,933	\$ 783,697	\$ 713,854	\$ 702,276	\$ 800,442	\$ 824,157
Contract services	55,157	136,706	103,000	96,000	135,000	5,000
Training & Memberships	10,435	3,928	17,700	9,600	16,250	16,250
Supplies	1,586	978	5,100	7,500	2,500	2,500
Internal service charges	74,146	75,495	82,829	82,829	83,232	84,682
<b>Expenditure Totals</b>	<b>\$1,019,257</b>	<b>\$1,000,804</b>	<b>\$ 922,483</b>	<b>\$ 898,205</b>	<b>\$ 1,037,424</b>	<b>\$ 932,589</b>

	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY 24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>Authorized Positions</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
Community Dev. Director	1.00	1.00	1.00	1.00	1.00	1.00
Senior Planner	-	-	1.00	1.00	1.00	1.00
Associate Planner	-	1.00	1.00	1.00	1.00	1.00
Assistant Planner	2.00	1.00	-	-	-	-
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	-	-	-	-
Development Services Tech	0.50	0.75	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>5.50</b>	<b>5.75</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

## **Officials Positions**

Planning Commissioners	5.00	5.00	5.00	5.00	5.00	5.00
Arch & Site Committee	2.00	2.00	-	-	-	-
<b>Total</b>	<b>7.00</b>	<b>7.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

## **Officials Annual Pay**

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

# COMMUNITY SERVICES AND RECREATION

---

## CULTURE & LEISURE

### MISSION

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

### DEPARTMENT PURPOSE

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

### KEY CHANGES

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

### FISCAL YEAR ACCOMPLISHMENTS – 2024/25

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

### FISCAL YEAR GOALS –2025/26

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

# **COMMUNITY SERVICES AND RECREATION**

<b>Recreation Summary 1000-50-50-xxx</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY 24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
<b>Revenue</b>						
General Fund	\$ 745,004	\$ 729,513	\$ 789,657	\$ 817,894	\$ 710,015	\$ 736,832
Recreation Classes	\$ 224,903	\$ 265,704	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Capitola Junior Guards	272,552	297,008	354,800	354,800	364,308	364,308
Sports	26,185	22,465	19,000	14,435	26,900	26,900
Camp Capitola	150,173	194,966	216,867	216,867	216,867	216,867
Afterschool Program	68,338	104,857	121,483	98,000	131,316	131,316
Events	5,849	2,347	9,900	5,900	71,900	71,900
<b>Total Charges for Svcs.</b>	<b>\$ 748,000</b>	<b>\$ 887,348</b>	<b>\$ 922,050</b>	<b>\$ 890,002</b>	<b>\$1,011,291</b>	<b>\$1,011,291</b>
Jade St. Rentals	\$ 11,081	\$ 16,103	\$ 2,000	\$ 10,625	\$ 10,000	\$ 10,000
<b>Revenue Totals</b>	<b>\$1,504,085</b>	<b>\$1,632,964</b>	<b>\$1,713,707</b>	<b>\$1,718,521</b>	<b>\$1,731,306</b>	<b>\$1,758,123</b>
<b>Expenditures</b>						
Personnel	\$877,308	\$1,081,435	\$1,262,924	\$1,288,538	\$1,238,291	\$1,262,945
Contract services	381,937	335,258	247,050	234,300	291,350	291,350
Training & Memberships	15,264	13,592	13,900	16,150	16,650	16,650
Supplies	93,695	88,943	93,800	83,500	94,650	94,650
Internal service fund charges	135,880	113,737	96,033	96,033	90,365	92,528
<b>Expenditure Totals</b>	<b>\$1,504,085</b>	<b>\$1,632,964</b>	<b>\$1,713,707</b>	<b>\$1,718,521</b>	<b>\$1,731,306</b>	<b>\$1,758,123</b>
<b>Authorized Positions</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY 24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
Community Svcs. & Recreation						
Director					1.00	1.00
Recreation Division Manager	1.00	1.00	1.00	1.00	-	-
Recreation Coordinator	3.00	3.00	3.00	3.00	3.00	3.00
Customer Svc./Off. Coord.	1.00	1.00	1.00	1.00	1.00	1.00
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	0.50
<b>FTE Total</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>
<b>Hourly Allocation</b>						
Beach Lifeguard Captain				-	-	-
Beach Lifeguard/JG Instructor	7,200	7,200	12,648	12,648	12,091	12,091
Jr. Lifeguard Coordinator	1,200	1,200	-	-	-	-
Lifeguard Lieutenant/ JG Asst. Cord.	-	-	1,296	1,296	2,801	2,801
Recreation Leader I			3,503	3,503	4,492	4,492
Recreation Leader II	4,800	4,800	2,952	2,952	3,142	3,142
Recreation Coordinator	1,200	1,200	-	-	-	-
Recreation Asst. Coordinator	500	500	857	857	960	960
Youth Program Coordinator	720	720	687	687	-	-
Youth Program Leader	2,880	2,880	-	-	-	-
Recreation Admin Temps	1,560	1,560	-	-	-	-
Sports Scorekeepers	900	900	-	-	-	-
Recreation Facilities Assistant	-	-	-	-	-	-
Recreation Specialist I	-	-	100	300	570	570
Recreation Specialist II	-	-	-	-	460	460
<b>Hours Total</b>	<b>20,960</b>	<b>20,960</b>	<b>22,043</b>	<b>22,243</b>	<b>24,516</b>	<b>24,516</b>

### MISSION

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

### DEPARTMENT PURPOSE

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

### FISCAL YEAR ACCOMPLISHMENTS – 2024-2025 *(only through April 25, 2025)*

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

### FISCAL YEAR GOALS – 2025-2026

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



## MUSEUM

<b>Capitola Museum 1000-50-51-000</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY 24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
<b>Revenue</b>						
General Fund	\$ 61,735	\$ 77,718	\$ 77,650	\$ 78,200	\$ 63,339	\$ 69,862
Other revenues	10,089	10,675	10,000	12,000	12,000	12,000
<b>Revenue Totals</b>	<b>\$ 71,824</b>	<b>\$ 88,393</b>	<b>\$ 87,650</b>	<b>\$ 90,200</b>	<b>\$ 75,339</b>	<b>\$ 81,862</b>
<b>Expenditures</b>						
Personnel	\$43,210	\$52,053	\$43,917	\$43,917	\$47,570	\$48,997
Contract services	8,017	7,926	13,000	16,500	16,500	21,500
Training & Memberships	151	1,167	1,700	1,000	1,000	1,000
Supplies	13,718	20,324	21,500	21,250	2,350	2,350
Internal service fund charges	6,728	6,922	7,533	7,533	7,919	8,015
<b>Expenditure Totals</b>	<b>\$ 71,824</b>	<b>\$ 88,393</b>	<b>\$ 87,650</b>	<b>\$ 90,200</b>	<b>\$ 75,339</b>	<b>\$ 81,862</b>
<b>Authorized Positions</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Actual</b>	<b>FY 24/25 Amended</b>	<b>FY24/25 Estimated</b>	<b>FY25/26 Adopted</b>	<b>FY26/27 Planned</b>
Museum Curator	0.50	0.50	0.50	0.50	0.50	0.50
<b>FTE Total</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>

# INTERNAL SERVICE FUNDS



## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

## STORES FUND

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

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

## INFORMATION TECHNOLOGY FUND

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

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

Contract services: on-going technology licenses

Supplies: replacement technology equipment



## EQUIPMENT REPLACEMENT FUND

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

During the annual budget process, the Public Works and the Police Department review the current vehicle inventory listing and make recommendations for vehicle acquisitions and replacements, considering on-going maintenance costs.

### FY 2025-26 CAPITAL OUTLAY

PD Patrol vehicles	\$ 75,000
Fleet Vehicle – City Hall	55,000
EV Truck – Public Works	67,000

### FY 2026-27 CAPITAL OUTLAY

Depreciation	\$ 200,000
--------------	------------

### SOURCES AND USES

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

## SELF-INSURANCE LIABILITY FUND

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

- Excess Insurance Premiums - The City belongs to the Monterey Bay Area Self Insurance Authority (MBASIA) joint powers authority. MBASIA covers all liability expenses, fire, property protection, and general liability claims up to \$10,000 per occurrence.
- Property Insurance – The City receives property insurance through the Public Entity Property Insurance Program and is insured by Lexington. The City's premium is \$100,000.
- Vehicle and Equipment Insurance Coverage - Coverage for vehicles and equipment with a purchase value of \$25,000 or more. The annual premium is \$7,500 with a \$2,000 deductible.
- Unemployment Insurance - The California Employment Development Department (EDD) defines the City as a "State Unemployment Insurance Reimbursement Client." The City does not pay unemployment insurance premiums to the State. When an employee files for and receives unemployment benefits from the State, the City is responsible for that benefit.

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

SOURCES AND USES						
Fund - 2213	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Adopted	FY26/27 Planned
<b>Beginning Fund Balance</b>	\$ (20,881)	\$ 278,187	\$ 179,920	\$ 179,920	\$ 179,920	\$ 179,920
<b>Revenue</b>						
Other Revenue	\$ 82,292	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	622,998	622,136	760,036	760,036	688,200	715,800
Other Financing Sources	250,000	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 955,290</b>	<b>\$ 622,136</b>	<b>\$ 760,036</b>	<b>\$ 760,036</b>	<b>\$ 688,200</b>	<b>\$ 715,800</b>
<b>Expenditures</b>						
Contract Services	\$ 651,920	\$ 720,403	\$ 760,036	\$ 760,036	\$ 688,200	\$ 715,800
Supplies	4,302	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 656,222</b>	<b>\$ 720,403</b>	<b>\$ 760,036</b>	<b>\$ 760,036</b>	<b>\$ 688,200</b>	<b>\$ 715,800</b>
<b>Fund Balance at 06/30</b>	<b>\$ 278,187</b>	<b>\$ 179,920</b>	<b>\$ 179,920</b>	<b>\$ 179,920</b>	<b>\$ 179,920</b>	<b>\$ 179,920</b>

## WORKERS' COMPENSATION FUND

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

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

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

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

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

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

### Distribution to General Fund Departments:

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

SOURCES AND USES						
	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Fund - 2214	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 367,079	\$ 117,301	\$ 118,749	\$ 118,749	\$ 118,749	\$ 118,749
<b>Revenue</b>						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$ 431,999	\$ 447,705	\$ 403,542	\$ 403,542	\$ 403,000	\$ 423,150
<b>Revenue Totals</b>	<u>\$ 431,999</u>	<u>\$ 447,705</u>	<u>\$ 403,542</u>	<u>\$ 403,542</u>	<u>\$ 403,000</u>	<u>\$ 423,150</u>
<b>Expenditures</b>						
Contract Services	\$ 431,777	\$ 446,257	\$ 403,542	\$ 403,542	\$ 403,000	\$ 423,150
Other Financing Uses	250,000	-	-	-	-	-
<b>Expenditure Totals</b>	<u>\$ 681,777</u>	<u>\$ 446,257</u>	<u>\$ 403,542</u>	<u>\$ 403,542</u>	<u>\$ 403,000</u>	<u>\$ 423,150</u>
<b>Fund Balance at 06/30</b>	<b>\$ 117,301</b>	<b>\$ 118,749</b>	<b>\$ 118,749</b>	<b>\$ 118,749</b>	<b>\$ 118,749</b>	<b>\$ 118,749</b>

## COMPENSATED ABSENCES LIABILITY FUND

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

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

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

Police Captain Cashable Sick Leave: Refer to contract.

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

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

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

### SOURCES AND USES

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

## SPECIAL REVENUE FUNDS





## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SUPPLEMENTAL LAW ENFORCEMENT SERVICES

POLICE

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

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

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

### SOURCES AND USES

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

Contract Services – Utility services – Gas & Electric

Supplies – Front line law enforcement

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

## RESTRICTED TRANSIENT OCCUPANCY TAX (TOT)

CITY COUNCIL

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

### SOURCES AND USES

<b>Fund - 1305</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>TOT Restricted Revenue</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 62,758</b>	<b>\$ 58,473</b>	<b>\$ 63,216</b>	<b>\$ 63,216</b>	<b>\$ 31,133</b>	<b>\$ 92,383</b>
<b>Revenue</b>						
Transient Occupancy Tax	105,126	102,643	101,841	96,250	96,250	96,250
Other revenue	557	241	-	-	1,000	1,000
<b>Revenue Totals</b>	<b>\$105,682</b>	<b>\$102,884</b>	<b>\$101,841</b>	<b>\$ 96,250</b>	<b>\$ 97,250</b>	<b>\$ 97,250</b>
<b>Expenditures</b>						
ECYP Supplies	\$ 29,779	\$ -	\$ 16,300	\$ 16,300	\$ -	\$ -
ECYP Enrichment	11,740	1,380	5,000	1,500	1,000	1,000
ECYP Scholarships	10,000	-	12,500	12,500	-	-
Chamber of Commerce	-	36,761	37,033	37,033	35,000	35,000
ECYP Programs	-	-	-	-	-	-
ECYP Community Grants	58,449	60,000	61,000	61,000	-	-
<b>Expenditure Totals</b>	<b>\$109,968</b>	<b>\$ 98,141</b>	<b>\$131,833</b>	<b>\$128,333</b>	<b>\$ 36,000</b>	<b>\$ 36,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 58,473</b>	<b>\$ 63,216</b>	<b>\$ 33,224</b>	<b>\$ 31,133</b>	<b>\$ 92,383</b>	<b>\$ 153,633</b>
Local Business Groups <sup>(1)</sup>	\$ -	\$ 36,761	\$ 37,033	\$ 37,033	\$ 35,000	\$ 35,000
Early Childhood/Youth Programs	\$105,126	\$ 65,882	\$ 64,808	\$ 59,217	\$ 61,250	\$ 61,250
	<b>\$105,126</b>	<b>\$102,643</b>	<b>\$101,841</b>	<b>\$ 96,250</b>	<b>\$ 96,250</b>	<b>\$ 96,250</b>

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

#### ECYP Enrichment

- Field Trips and similar activities

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

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

- Equal amount distributed directly to Capitola BIA fund.

## ROAD MAINTENANCE & REHABILITATION ACT (SB1)

### PUBLIC WORKS

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

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

Capital Outlay – Annual pavement management plan.

## REGIONAL TRANSPORTATION COMMISSION (RTC) STREETS

### PUBLIC WORKS

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

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

Capital Outlay – Annual pavement management plan.



## GAS TAX

## PUBLIC WORKS

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

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

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

### Contract Services:

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

## WHARF

## PUBLIC WORKS

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

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

### SOURCES AND USES

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

#### Contract Services:

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

## GENERAL PLAN UPDATE & MAINTENANCE

### COMMUNITY DEVELOPMENT

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

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

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

### SOURCES AND USES

<b>Fund - 1313</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>General Plan</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$247,105</b>	<b>\$248,407</b>	<b>\$ 266,684</b>	<b>\$ 266,684</b>	<b>\$ 79,713</b>	<b>\$ 61,213</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ 65,000	\$ -	\$ 64,375	\$ 64,375	\$ -	\$ -
Charges for services	55,838	127,005	50,000	75,000	55,000	55,000
Use of money & property	6,224	10,538	-	7,500	7,000	7,000
<b>Revenue Totals</b>	<b>\$127,062</b>	<b>\$137,542</b>	<b>\$ 114,375</b>	<b>\$ 146,875</b>	<b>\$ 62,000</b>	<b>\$ 62,000</b>
<b>Expenditures</b>						
Contract services	\$125,614	\$119,265	\$ 333,846	\$ 333,846	\$ 80,000	\$ 50,000
Supplies	146	-	-	-	500	500
<b>Expenditure Totals</b>	<b>\$125,760</b>	<b>\$119,265</b>	<b>\$ 333,846</b>	<b>\$ 333,846</b>	<b>\$ 80,500</b>	<b>\$ 50,500</b>
<b>Fund Balance at 06/30</b>	<b>\$248,407</b>	<b>\$266,684</b>	<b>\$ 47,213</b>	<b>\$ 79,713</b>	<b>\$ 61,213</b>	<b>\$ 72,713</b>

Contract services:

- RRM - \$20,000 – Housing Element
- Update Housing Impact Fee – Rental - \$30000
- City Staff time – Housing Element - \$30,000

## GREEN BUILDING

## COMMUNITY DEVELOPMENT

The Green Building Ordinance (Chapter 17.10 to the Capitola Municipal Code) was adopted in May 2008 and later amended in November 2014. The Green Building Ordinance establishes the Green Building Fund, which provides funding for the administration and implementation of the Green Building program and related sustainability initiatives. The intent of the Green Building fund is to provide resources for programs and initiatives which promote environmental sustainability, resource conservation, greenhouse gas emission reductions, and solid waste reduction. The fund is utilized for the City's participation in regional climate action planning as a member of the Resilient Central Coast, fund a consultant contract to update the Climate Action Plan, and implement the Green Halo construction waste tracking system.

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						
<b>Fund - 1314</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>Green Building</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$211,349</b>	<b>\$224,808</b>	<b>\$263,404</b>	<b>\$263,404</b>	<b>\$270,904</b>	<b>\$215,404</b>
<b>Revenue</b>						
Charges for services	\$ 13,459	\$ 46,307	\$ 15,000	\$ 20,000	\$ 15,000	\$ 15,000
<b>Revenue Totals</b>	<b>\$ 13,459</b>	<b>\$ 46,307</b>	<b>\$ 15,000</b>	<b>\$ 20,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 2,710	\$ 55,000	\$ 5,000	\$ 68,000	\$ 7,400
Supplies	-	5,000	2,000	7,500	2,500	2,500
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 7,710</b>	<b>\$ 57,000</b>	<b>\$ 12,500</b>	<b>\$ 70,500</b>	<b>\$ 9,900</b>
<b>Fund Balance at 06/30</b>	<b>\$224,808</b>	<b>\$263,404</b>	<b>\$221,404</b>	<b>\$270,904</b>	<b>\$215,404</b>	<b>\$220,504</b>

Contract services:

Resilient Coast California Working Group - \$5,000

Climate Action Plan - \$55,000

ADD Green Halo - \$8,000

## PUBLIC ART

CITY MANAGER

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

### Projects completed in 2024/25

- Begonia Festival Commemorative Public Art Project

### Projects for 2025/26

- Monterey Ave Railing Public Art Project-in contract

### SOURCES AND USES

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

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

## PARKING RESERVE

## PUBLIC WORKS

In 2009, as part of a parking meter rate increase, the City Council established the Parking Reserve Fund. Revenues deposited into this fund represent 16% of parking meter revenues from the Village area (Parking Meter Zone A1). The fund was established to fund parking improvement projects throughout the Village. As part of the FY 2023-24 City Council Goals this debt was paid off.

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



## 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

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

#### Contract Services:

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

## **PUBLIC EDUCATION/GOVERNMENT CABLE TV ACCESS (PEG)**

CITY MANAGER

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

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

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

### **SOURCES AND USES**

<b>Fund - 1320</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>Public Education &amp; Gov't.</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 63,802</b>	<b>\$ 45,080</b>	<b>\$ 57,531</b>	<b>\$ 57,531</b>	<b>\$ 53,031</b>	<b>\$ 48,531</b>
<b>Revenue</b>						
Licenses and permits	\$ 11,903	\$ 10,453	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000
Use of money & property	1,534	1,997	1,000	1,500	1,500	1,500
<b>Revenue Totals</b>	<b>\$ 13,437</b>	<b>\$ 12,450</b>	<b>\$ 16,000</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>
<b>Expenditures</b>						
Contract services	\$ 14,777	\$ -	\$ 12,000	\$ 6,000	\$ 6,000	\$ 6,000
Supplies	-	-	-	-	-	-
Capital Outlay	17,382	-	-	10,000	10,000	10,000
<b>Expenditure Totals</b>	<b>\$ 32,159</b>	<b>\$ -</b>	<b>\$ 12,000</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 45,080</b>	<b>\$ 57,531</b>	<b>\$ 61,531</b>	<b>\$ 53,031</b>	<b>\$ 48,531</b>	<b>\$ 44,031</b>

Capitola Outlay – Technology upgrades – City Council Chambers

## **CAPITOLA VILLAGE/WHARF BUSINESS IMPROVEMENT AREA (BIA)**

### **FINANCE**

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

#### **SOURCES AND USES**

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

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

## COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

### COMMUNITY DEVELOPMENT

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

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

SOURCES AND USES						
Fund - 1350	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
CDBG Grants	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	<b>\$ (18,773)</b>	<b>\$ (70,889)</b>	<b>\$ (149,941)</b>	<b>\$ (149,941)</b>	<b>\$ 9,419</b>	<b>\$ 9,419</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ 168,768	\$ 160,560	\$3,592,576	\$3,710,693	\$ 129,992	\$ -
<b>Revenue Totals</b>	<b>\$ 168,768</b>	<b>\$ 160,560</b>	<b>\$3,592,576</b>	<b>\$3,710,693</b>	<b>\$ 129,992</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 192,873	\$ 83,548	\$ 35,530	\$ 55,590	\$ 49,480	\$ -
Grants and subsidies	28,012	156,064	200,000	135,503	80,512	-
Other financing uses	-	-	3,360,240	3,360,240	-	-
<b>Expenditure Totals</b>	<b>\$ 220,884</b>	<b>\$ 239,612</b>	<b>\$3,595,770</b>	<b>\$3,551,333</b>	<b>\$ 129,992</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ (70,889)</b>	<b>\$ (149,941)</b>	<b>\$ (153,136)</b>	<b>\$ 9,419</b>	<b>\$ 9,419</b>	<b>\$ 9,419</b>

Contract Services – CDBG Preliminary Award

## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME

### COMMUNITY DEVELOPMENT

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

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

#### SOURCES AND USES

<b>Fund - 1351</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>CDBG Program Income</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 44,548</b>	<b>\$ 45,699</b>	<b>\$ 47,605</b>	<b>\$ 47,605</b>	<b>\$ 403</b>	<b>\$ 403</b>
<b>Revenue</b>						
Loan pymt Principle	-	-	-	160,241	-	-
Use of money & property	1,151	1,906	0	5,000	0	0
<b>Revenue Totals</b>	<b>\$ 1,151</b>	<b>\$ 1,906</b>	<b>\$ -</b>	<b>\$ 165,241</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$0	\$0	\$10,000	\$3,000	\$0	\$0
other financing uses	0	0	160,241	209,443	0	0
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 170,241</b>	<b>\$ 212,443</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Available Fund Balance at 06/30</b>	<b>\$ 45,699</b>	<b>\$ 47,605</b>	<b>\$ (122,635)</b>	<b>\$ 403</b>	<b>\$ 403</b>	<b>\$ 403</b>

## LIBRARY

CITY MANAGER

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

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

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

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

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

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



## HOME PROGRAM REUSE

### COMMUNITY DEVELOPMENT

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

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

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

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

#### SOURCES AND USES

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

Contract Services: Affordable housing project

## HOUSING TRUST

### COMMUNITY DEVELOPMENT

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

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

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

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

#### SOURCES AND USES

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

Contract Services: Down Payment Assistance

## PERMANENT LOCAL HOUSING ALLOCATION

### COMMUNITY DEVELOPMENT

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

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

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

#### SOURCES AND USES

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

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

## CAPITOLA HOUSING SUCCESSOR

### COMMUNITY DEVELOPMENT

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

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

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

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

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

Contract Services: Homeless Action Plan

THIS PAGE LEFT INTENTIONALLY BLANK

# RESERVES





## RESERVES

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

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

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

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

## EMERGENCY RESERVES

The City of Capitola adopted an Emergency Reserve Policy as part of the City's Financial Management Policies. This reserve protects against significant one-time costs that arise from major unpredictable emergency events. In FY 2012/13, the City amended the Financial Management Policies to increase the funding level of Emergency Reserves from five to ten percent of the General Fund budgeted expenditures, or approximately \$1.6 million in FY 2024-25.

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

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

In FY 2014/15 and FY 2015/16, \$465,100 and \$213,000, respectively, were budgeted for transfer to the fund to prepare for any unforeseeable emergencies and to meet the new Emergency Reserve targeted levels. As the chart below shows, the reserve balance is currently below the target level for FY 2024-25 in part due to the transfer of \$80,000 for damages from the Jan. 2023 storms. The City anticipates receiving reimbursements from FEMA and Cal OES and plans to fund reserves to target balances once received.

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

Reserve Target equals 10% of General Fund expenditures excluding transfers and internal service charges						
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract Services	3,336,801	3,714,466	3,515,981	3,515,981	3,635,128	3,467,002
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	801,700	786,800
Grants	125,000	125,000	125,000	125,000	133,425	133,425
<b>Total GF Expenditures</b>	<b>\$15,673,507</b>	<b>\$17,042,957</b>	<b>\$17,716,786</b>	<b>\$17,668,120</b>	<b>\$19,159,070</b>	<b>\$19,573,938</b>
Target Balance (10%)	\$ 1,567,351	\$ 1,704,296	\$ 1,771,679	\$ 1,766,812	\$ 1,915,907	\$ 1,957,394
Over / (Short) of Target	\$ 64,155	\$ (72,790)	\$ (140,173)	\$ (135,306)	\$ (284,401)	\$ (325,888)

## CONTINGENCY RESERVES

The City of Capitola adopted a Contingency Reserve Policy as part of the City's Financial Management Policies. This reserve was established to provide a prudent level of financial resources to protect against temporary revenue shortfalls, unanticipated operating costs, and/or to meet short-term cash flow requirements. In FY 2012/13, the City amended the Financial Management Policies to increase the Contingency Reserve target from 10 to 15 percent of General Fund budgeted expenditures, or approximately \$2.6 million in FY 2024-25.

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

In FY 2014/15 and FY 2015/16, a total of \$182,600 and \$89,400 were transferred to the fund to meet the new Contingency Reserve targeted levels. As the chart below shows, the reserve balance is currently estimated to be below the target level for FY 2024-25. The City anticipates receiving reimbursements from FEMA and Cal OES and plans to fund reserves to target balances once received.

SOURCES AND USES						
Fund - 1010	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY24/25 Estimated	FY25/26 Adopted	FY26/27 Planned
<b>Beginning Fund Balance</b>	\$ 2,192,346	\$ 2,323,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346
<b>Revenue</b>						
Other Financing Sources	\$ 131,000	\$ 172,000	\$ -	\$ -		
<b>Revenue Totals</b>	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance at 06/30</b>	<b>\$ 2,323,346</b>	<b>\$2,495,346</b>	<b>\$2,495,346</b>	<b>\$2,495,346</b>	<b>\$2,495,346</b>	<b>\$2,495,346</b>
<b>Reserve Target equals 15% of General Fund expenditures excluding transfers and internal service charges</b>						
Personnel	\$11,320,375	\$12,099,946	\$13,065,766	\$13,065,766	\$14,419,337	\$15,017,010
Contract Services	3,336,801	3,714,466	3,515,981	3,515,981	3,635,128	3,467,002
Training & Memberships	113,320	143,324	167,100	141,250	169,480	169,700
Supplies	778,011	960,221	842,939	820,123	801,700	786,800
Grants	125,000	125,000	125,000	125,000	133,425	133,425
<b>Total GF Expenditures</b>	<b>\$15,673,507</b>	<b>\$17,042,957</b>	<b>\$17,716,786</b>	<b>\$17,668,120</b>	<b>\$19,159,070</b>	<b>\$19,573,938</b>
Target Balance (15%)	\$ 2,351,026	\$ 2,556,444	\$ 2,657,518	\$ 2,650,218	\$ 2,873,861	\$ 2,936,091
Over / (Short) of Target	\$ (27,680)	\$ (61,098)	\$ (162,172)	\$ (154,872)	\$ (378,515)	\$ (440,745)

## PERS CONTINGENCY RESERVES

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

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

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

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

## FACILITIES RESERVES

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

The Facilities Reserve is used to fund future facility needs of the City. The Proposed FY 2024-25 Budget does not include any funding for the Facilities Reserve.

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

# MULTI-YEAR ASSETS & OBLIGATIONS





THIS PAGE INTENTIONALLY LEFT BLANK

## 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.

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

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

<b>JPA Bond Obligations</b>	<b>Original Principal</b>	<b>Form of payment</b>	<b>Original Obligation</b>	<b>Other Terms</b>
Santa Cruz Consolidated Emergency Communications Center (SCCECC) JPA Bond	\$ 3,965,000	JPA membership and paid via premiums	22 years	In 2002, SCCECC issued \$5.76 million in lease revenue refunding bonds, which were refinanced in April 2012, at \$3,965,000. Payments are made to Santa Cruz Regional 911 from the Police Department's contracts services budget. The Use Agreement between Capitola and SCCECC is effective through June 15, 2034.

## PACIFIC COVE LEASE FINANCING

### DEBT SERVICE

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

At the time the loan was issued, there was some uncertainty as to whether the property would be developed for public or private use. This resulted in the City entering into a 20-year taxable lease/sublease agreement at an interest rate of 5.14%. In FY 12/13, the City determined that the site would be converted to a public parking lot, now named Beach & Village Parking Lot II (BVPL II). This public use allows the City to refinance the existing debt at a 3.25% tax-exempt interest rate with a 10-year Treasury Bill reset + 1.5% in year 10. As a result of the refinancing, annual loan payments were reduced by approximately \$28,000, with an estimated nine-year interest savings of approximately \$350,000. In FY 12/13 the City reached a \$1.35 million insurance settlement related to the pipe failure. This resulted in a principal reduction of \$476,200, with a prepayment penalty of \$23,800. During the FY 2023-24 City Council Goal setting the Council allocated \$725,000 to pay off the outstanding balance saving approximately \$150,000 of interest costs over the next several years.

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

### Pacific Cove Financing Lease Debt Service

<b>Payment Date</b>	<b>Principal</b>	<b>Interest /Prepmt penalty</b>	<b>Total</b>	<b>Fiscal Year</b>
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	-	-	-	-
<b>TOTAL</b>	<b>\$2,390,000</b>	<b>\$897,681</b>	<b>\$3,287,681</b>	<b>\$ 3,287,681</b>

## BEACH & VILLAGE PARKING II – LEASE FINANCING

### DEBT SERVICE

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

This project improved parking capacity for Capitola Village, Capitola Beach, and Capitola Wharf, and is especially helpful during peak seasons. The additional parking spaces are also anticipated to facilitate the development of a hotel. The parking lot contributes about \$44,000 annual revenue to the General Fund and the I-Bank annual debt service of \$87,568 is paid with funds transferred from the General Fund.

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



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

<b>Payment Dates</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Fiscal Year</b>
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
<b>Total</b>	<b>\$ 1,372,500</b>	<b>\$ 375,736</b>	<b>\$ 1,748,236</b>	<b>\$ 1,748,236</b>

# CAPITAL IMPROVEMENT PROGRAM



THIS PAGE INTENTIONALLY LEFT BLANK

## 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 City currently has seven active projects totaling approximately \$9 million and anticipates an additional \$3.2 million of CIP grant funding to be approved during the fiscal year.

#### SOURCES AND USES

Fund - 1200	FY22/23	FY23/24	FY24/25	FY24/25	FY25/26	FY26/27
Capital Improvement Program	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	<b>\$3,762,201</b>	<b>\$ 5,401,313</b>	<b>\$ (773,058)</b>	<b>\$ (773,058)</b>	<b>\$ (397,756)</b>	<b>\$ 10,244</b>
<b>Revenue</b>						
Intergovernmental revenue	\$ 27,616	\$ 5,112,589	\$ 1,000,000	\$ 2,123,519	\$ 8,100,000	\$ 1,000,000
Other revenues	890,264	225,695	90,000	1,110,699	1,043,000	650,000
Other financing sources	2,205,000	2,700,000	-	-	965,000	-
<b>Revenue Totals</b>	<b>\$ 3,122,880</b>	<b>\$ 8,038,284</b>	<b>\$ 1,090,000</b>	<b>\$ 3,234,219</b>	<b>\$ 10,108,000</b>	<b>\$ 1,650,000</b>
<b>Expenditures</b>						
Contract services	\$ 186,348	\$ 778,298	\$ 571,112	\$ 945,629	\$ 700,000	\$ -
Construction services	\$ 1,223,420	\$13,408,175	\$ 6,683,451	\$ 1,886,975	\$ 9,000,000	\$ 1,650,000
Other financing uses	\$ 74,000	\$ 26,182	\$ 6,774	\$ 26,312	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ 1,483,768</b>	<b>\$14,212,655</b>	<b>\$ 7,261,337</b>	<b>\$ 2,858,916</b>	<b>\$ 9,700,000</b>	<b>\$ 1,650,000</b>
<b>Fund Balance at 6/30</b>	<b>\$ 5,401,313</b>	<b>\$ (773,058)</b>	<b>\$ (6,944,396)</b>	<b>\$ (397,756)</b>	<b>\$ 10,244</b>	<b>\$ 10,244</b>

## CAPITAL IMPROVEMENT PROJECTS

### 2025-26 Capital Improvement Budget Report

Prior Project Appropriations and Status												
Project	General Fund	Measure F	Grants & Other	Transportation Grant	RTC Measure D	State SB 1	Total Other Funding Sources	Total Prior Year Appropriations	Expenses to Date	Existing Fund Balance	Estimated Total Project Cost	Status
<b>On-going Projects</b>												
Rispen Park	\$ 480,000		\$ 911,952				\$ 911,952	\$ 1,391,952	\$ 1,396,444	\$ (4,492)	\$ 1,396,444	In construction
Bay Ave. Corridor	\$ 221,580							\$ 221,580	\$ 146,298	\$ 75,282	\$ 220,000	In conceptual design
Utility Undergrounding	\$ 102,440						\$ -	\$ 102,440	\$ 34,750	\$ 67,690	\$ 100,000	Contingent on PG&E funding
Jade Street Park Universal Design Project	\$ 475,000		\$ 965,000				\$ 1,440,000	\$ 1,440,000	\$ 223,185	\$ 1,216,815	\$ 1,400,000	Bid plan for Fall
Community Center	\$ 1,650,000		\$ 4,360,000				\$ 6,010,000	\$ 6,010,000	\$ 930,155	\$ 5,079,845	\$ 5,250,000	In construction
Stockton Bridge Protection Project	\$ 350,000		\$ 500,000				\$ 850,000	\$ 850,000	\$ 65,560	\$ 784,440	\$ 785,000	Structural evaluation scheduled for summer
Cliff Drive Resiliency	\$ -		\$ 1,183,000				\$ 1,183,000	\$ 1,183,000	\$ 376,818	\$ 806,182	\$ 1,230,000	In design and permitting
24-25 PMP	\$ -				\$ 369,000	\$ 252,000	\$ 621,000	\$ 621,000	\$ 32,427	\$ 588,573	\$ 621,000	Construction summer 2025
Park Avenue Traffic Calming	\$ 100,000						\$ 100,000	\$ 100,000	\$ 43,846	\$ 56,154	\$ 100,000	On hold
41st. Ave. Multimodal Corridor Improvements	\$ -			\$ 1,000,000	\$ 529,000	\$ 514,000	\$ 2,043,000	\$ 2,043,000	\$ 297,767	\$ 1,745,233	\$ 2,040,000	In design and permitting
Wharf Master Plan - Wharf special revenue fund	\$ -		\$ 75,000				\$ 75,000	\$ 75,000		\$ 75,000	TBD	approx. 50% complete
41st Ave. Corridor Plan - General Plan Update special revenue fund	\$ -		\$ 100,000				\$ 100,000	\$ 100,000	\$ -	\$ 100,000	TBD	approx. 25% complete

2025-26 Recommended Appropriations												
Project	General Fund	Measure F	Facility Fund	Transportation Grant	RTC Measure D	State SB 1	Total 2025/26 Funding	Total Prior Year(s) Project Funding	Total Project Appropriation	Funding Balance	Estimated Construction Cost	
Park Avenue Traffic Calming	\$ 60,000						\$ 60,000	\$ 100,000	\$ 40,000	\$ 120,000	\$ 120,000	
Esplanade Park	\$ 50,000						\$ 50,000			\$ 50,000		
Monterey Park Playground	\$ 10,000						\$ 10,000			\$ 10,000		

Completed Projects									
Project	General Fund	Measure F	Grants & Other	Transportation Grants	RTC Measure D	SB 1	Total Funding	Project Costs	Project Fund Balance
Capitola Wharf Improvements	\$ 849,000	\$ 2,500,000	\$ 6,900,000				\$ 10,249,000	\$ 10,249,000	\$ -
Upper Pac Cove Sidewalk	\$ 100,000		\$ 350,000				\$ 450,000	\$ 450,000	\$ -
McGregor Pump Track	\$ 30,000		\$ 90,000				\$ 120,000	\$ 120,000	\$ -
Perry Park Bridge Emergency Repair	\$ 125,000						\$ 125,000	\$ 125,000	\$ -

# SUPPLEMENTARY INFORMATION





THIS PAGE INTENTIONALLY LEFT BLANK

## **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

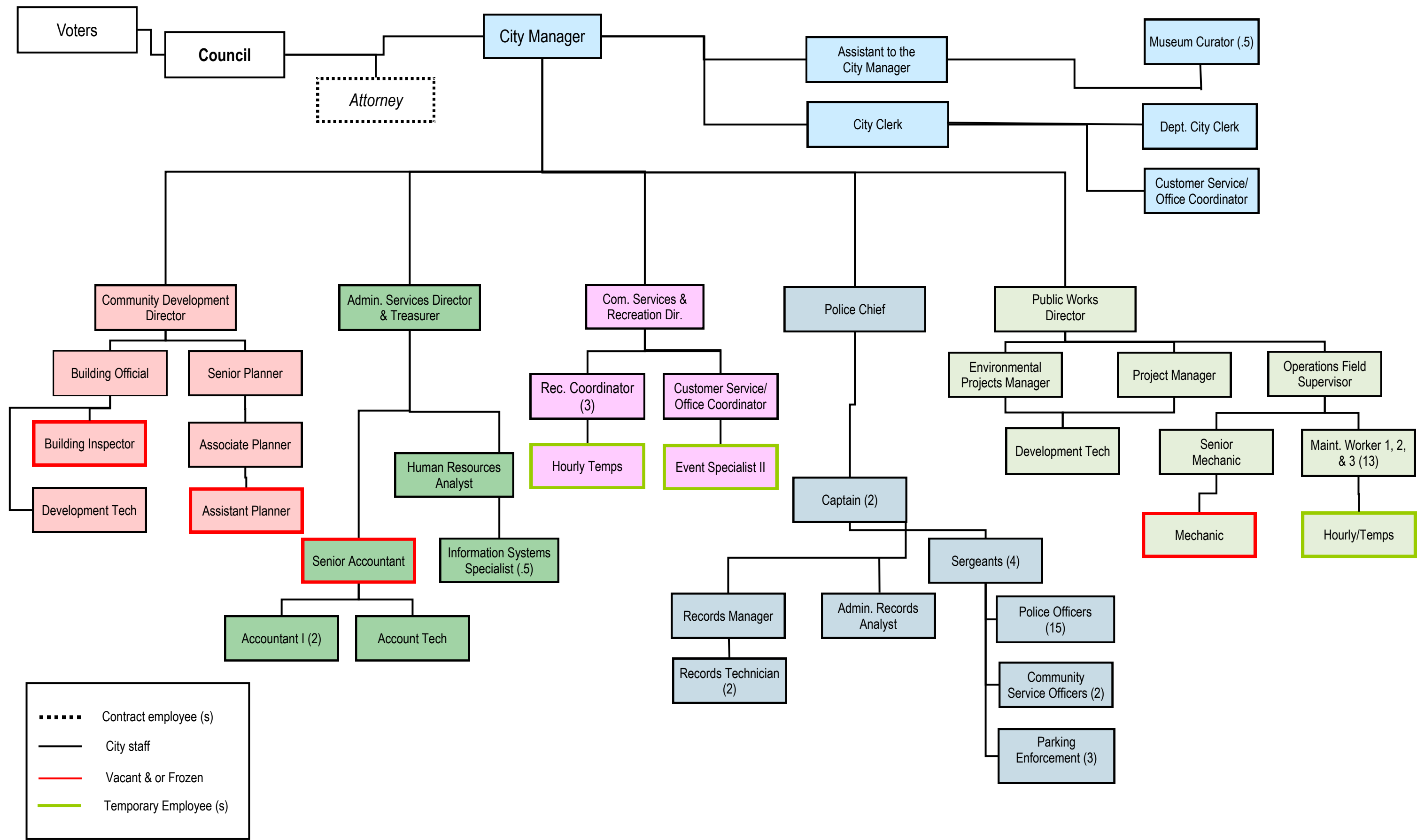
ATTACHMENT I - ACRONYMS

THIS PAGE INTENTIONALLY LEFT BLANK

**ATTACHMENT A**  
**ORGANIZATION CHART**

THIS PAGE LEFT INTENTIONALLY BLANK

City of Capitola Organization Chart July 2025





THIS PAGE INTENTIONALLY LEFT BLANK

**ATTACHMENT B**

**COMPARATIVE INFORMATION**

THIS PAGE LEFT INTENTIONALLY BLANK

## 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.

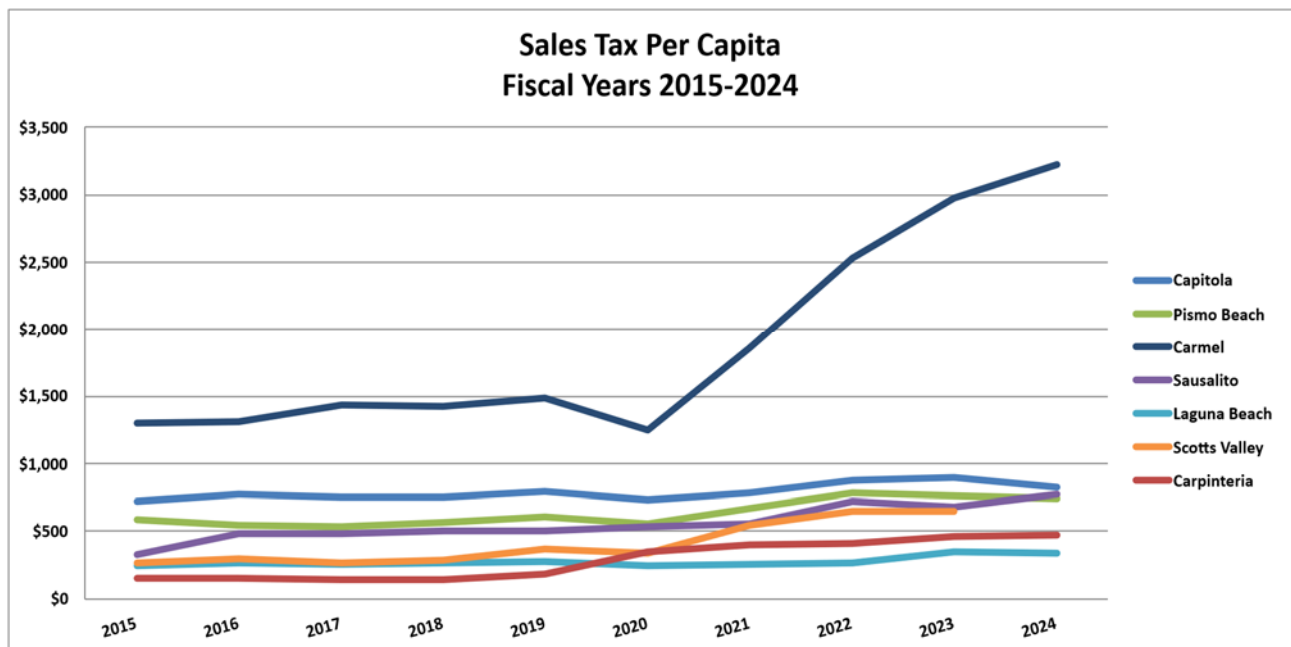
The comparable cities were chosen not only by comparable population size, but also by important service, economic, geographic and demographic characteristics. The following factors were considered in selecting benchmark cities:

- 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 Annual Comprehensive Financial Reports (ACFR). The following charts reference updated information from the FY 2023-24 ACFR’s.

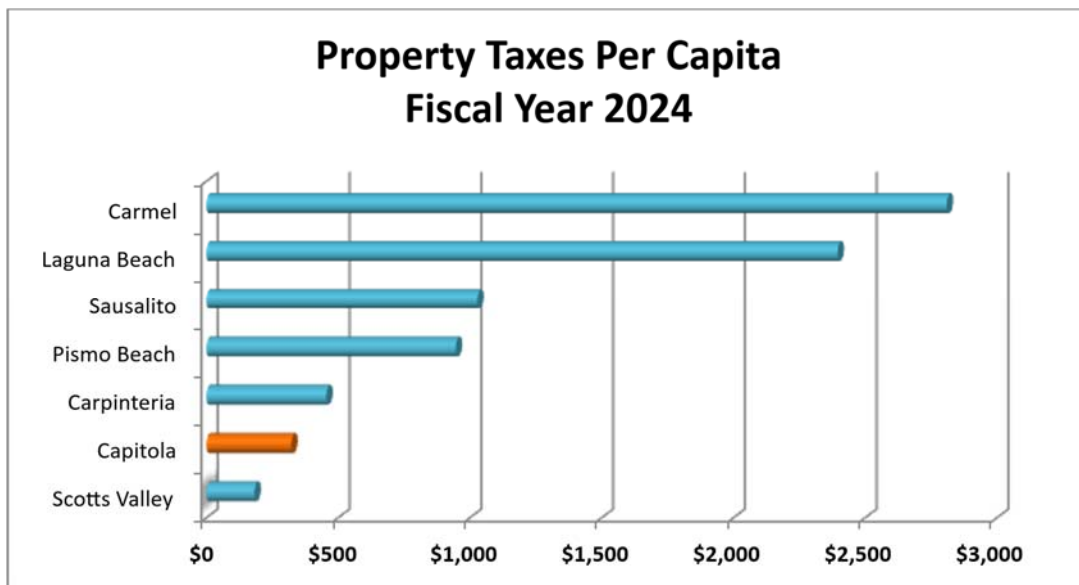
### Sales Tax Per Capita

The City of Capitola’s sales tax is the largest single revenue stream. In FY 2023-24, sales tax accounted for approximately 43 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 \$482 to \$827 per capita in FY 2023-24 which is down from \$899 in the prior fiscal year.



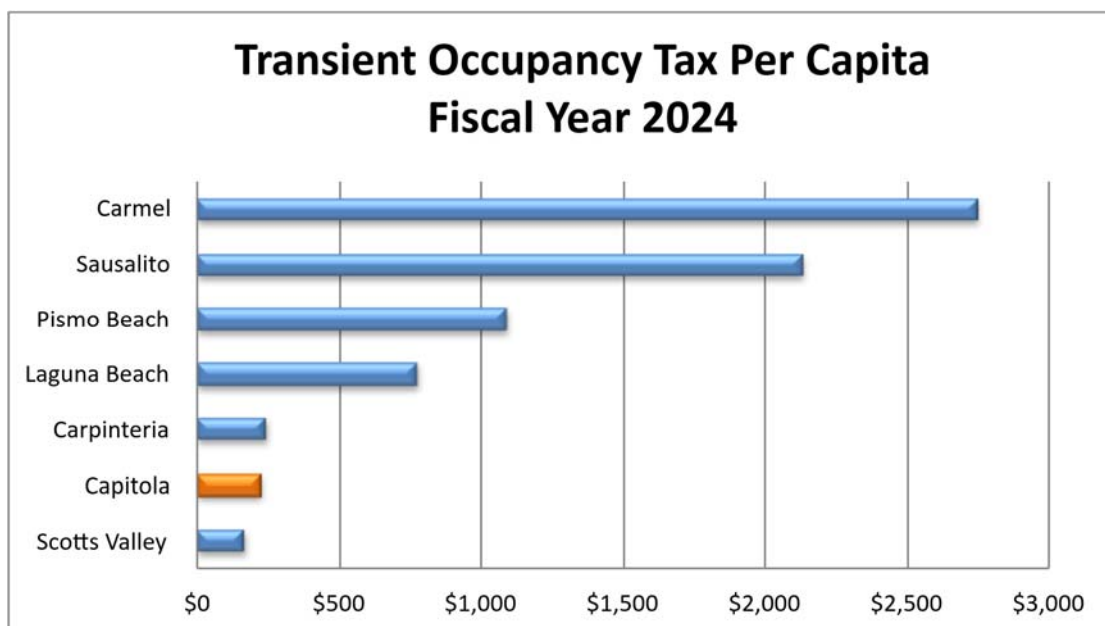
## Property Taxes

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 2023-24.



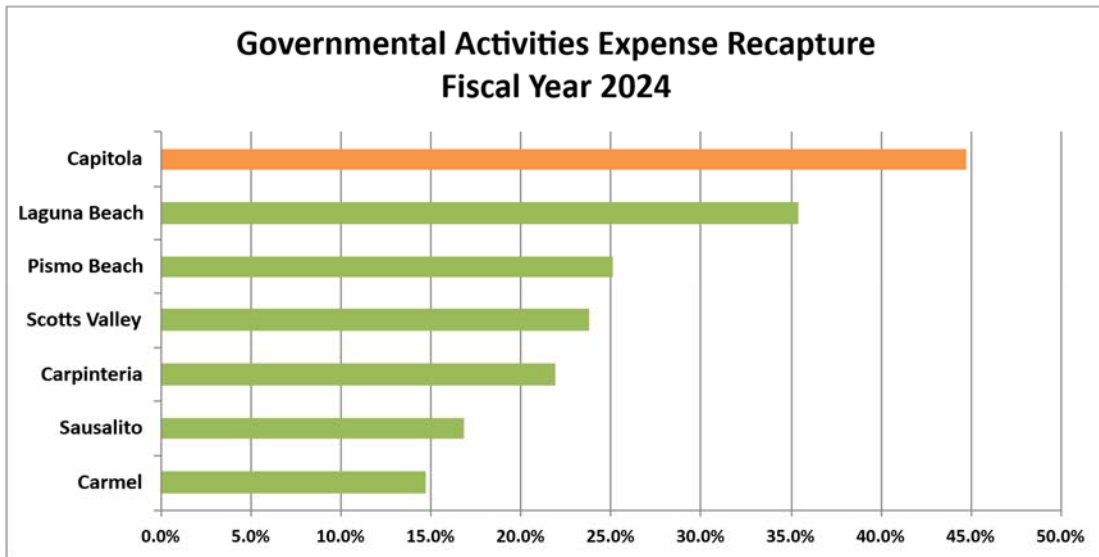
## Transient Occupancy Taxes

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 2023-24, transient occupancy tax decreased slightly from the prior year. The City of Capitola's transient occupancy tax decreased from \$224 to \$223 per capita.



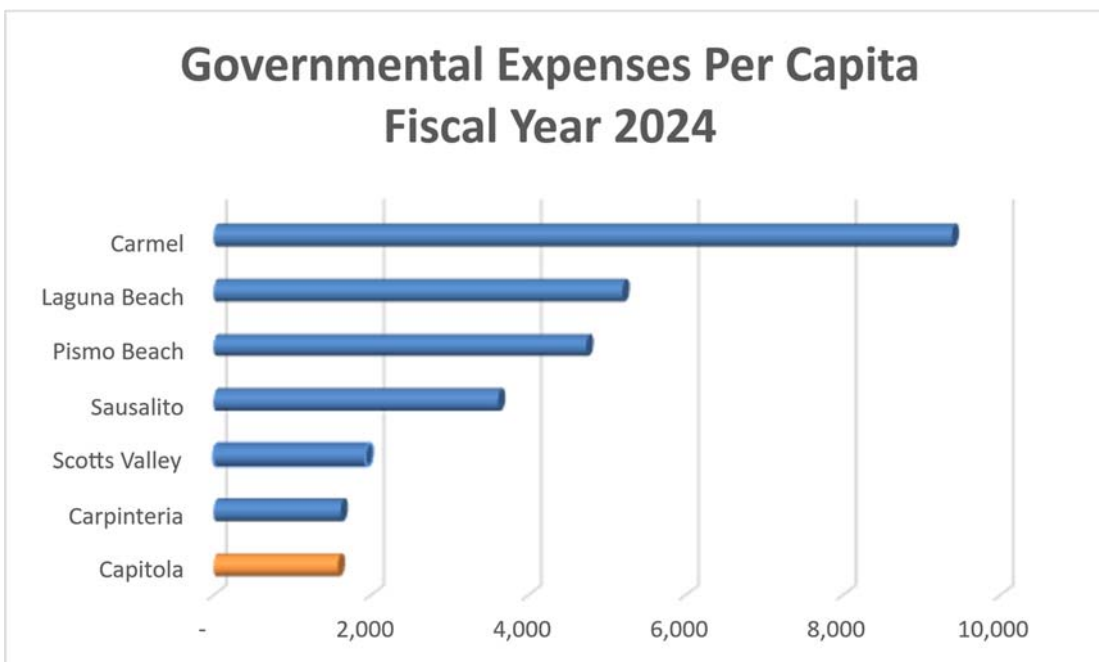
## Citywide Activity Costs

One of the ways to evaluate the citywide costs of providing government services is to review the Statement of Activities section of the ACFR. 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 2023-24 with a revenue recapture of 44.7% percent of governmental activities which was an increase from the prior year.



## General Fund Operating Costs per Capita

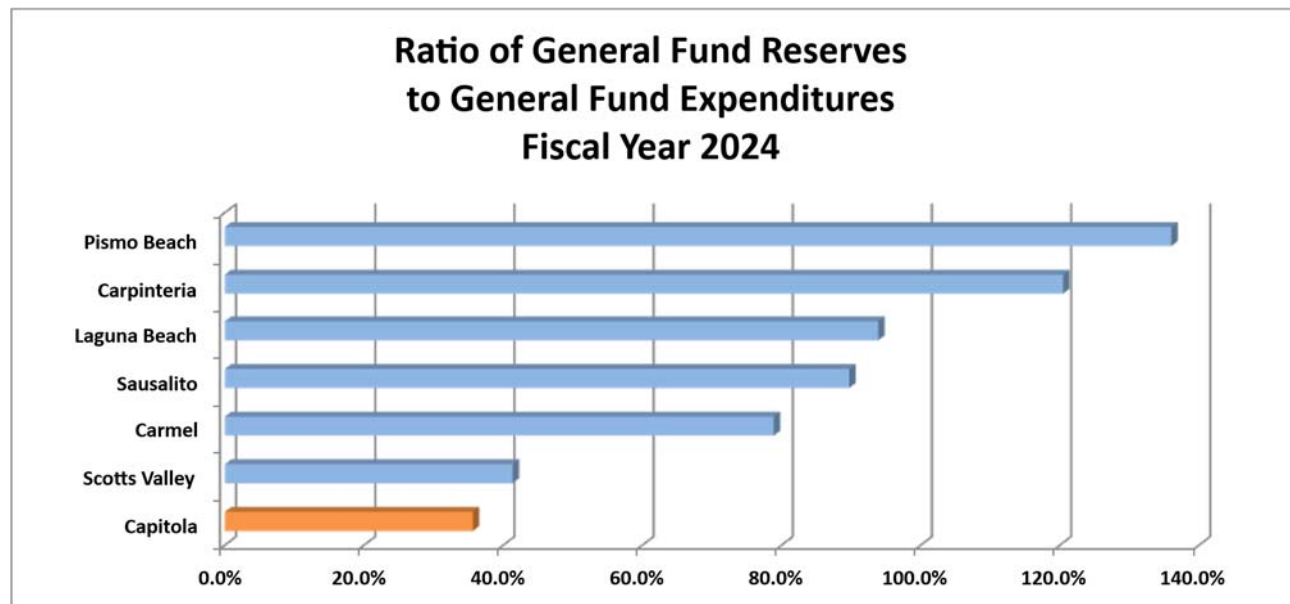
The following graph shows the operating costs per capita of each city's general fund. For consistency, the costs of fire and sewer have been removed from each municipality. Capital outlay and debt service have also been removed to reflect only operating costs. Capitola is the lowest position in this 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 has increased from the 30% in FY 2012-13 to 35.6% if FY 2023-24, however this is down from 49.7% in FY 2022-23 and this was well below the 60.3% in the prior year. The City's remains last in relation to the benchmark cities. The City's ratio is anticipated to level out once the Emergency and Contingency Reserves are fully funded at 10% and 15% of operating expenditures, respectively, following reimbursements from FEMA & Cal OES for storm damages. 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**

THIS PAGE LEFT INTENTIONALLY BLACK



## 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.

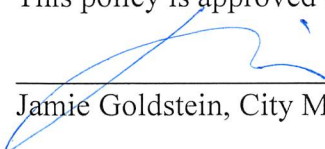
3. INTERNAL BORROWINGS:

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



THIS PAGE LEFT INTENTIONALLY BLANK

**ATTACHMENT D**

**FUND BALANCE POLICY**

THIS PAGE LEFT INTENTIONALLY BLACK



## 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 9<sup>th</sup> day of June, 2011, and authorized by:



Jamie Goldstein  
City Manager

JG/lis

## **ATTACHMENT E**

### **CITY INVESTMENT POLICY**

THIS PAGE LEFT INTENTIONALLY BLANK





## ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 24, 2023

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. Placement Service Deposits
6. Placement Service Certificates of Deposit
7. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months\*

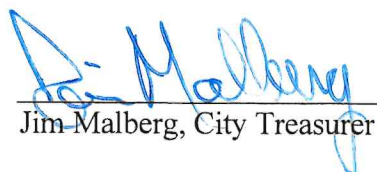
The following limitations shall apply to permitted investments:

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

THIS PAGE LEFT INTENTIONALLY BLACK

**ATTACHMENT F**

**GANN/APPROPRIATION LIMITS**

THIS PAGE LEFT INTENTIONALLY BLACK

## GANN APPROPRIATION LIMIT

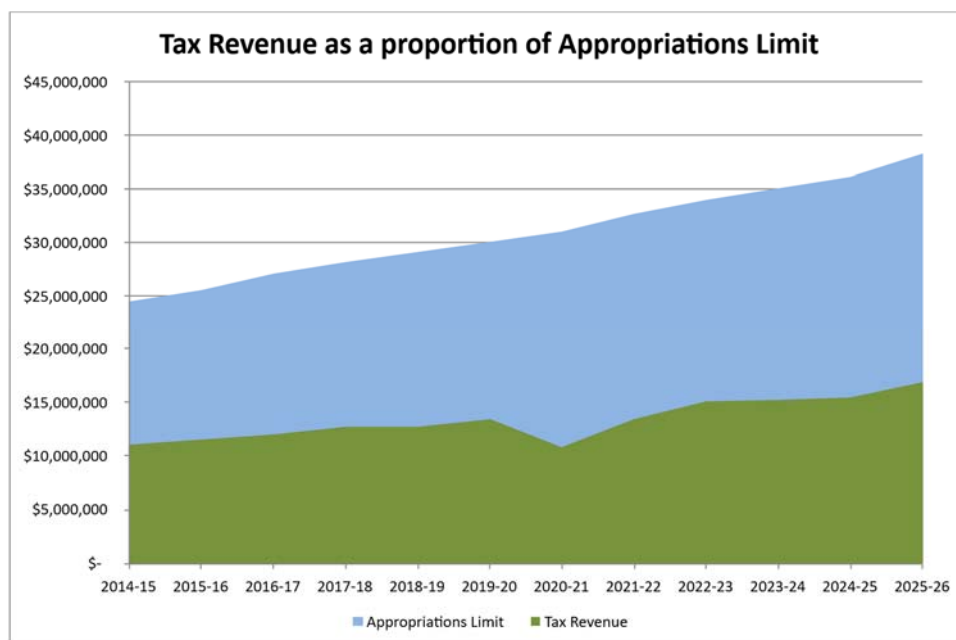
On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Initiative, establishing Article XIII B of the State Constitution. This proposition places annual limits on the appropriation of tax proceeds that can be made, based on the 1978-79 base year and adjusted each year 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 2025-26 calculation is:

Annual % change in City Population minus Exclusions	x	Change in California per capita Income	=	Appropriation Factor	x	FY 2024-25 Appropriation Limit	=	FY 2025-26 Appropriation Limit
0.9965		1.0644		1.0607		\$ 36,164,767		\$ 38,359,050

The 2025-26 estimated budget tax revenues are:

Source of Tax Revenue	2025-26 Proposed Budget
Sales Tax (1%)	\$ 6,349,456
District Taxes (Measures O & F / Y)	3,366,421
Property Tax and In-Lieu	3,441,000
Transient Occupancy Tax	2,222,000
Document Transfer Tax	100,000
Franchise Taxes	790,000
Business License Tax	324,000
Cannabis Retail Tax	300,000
Interest Income from tax revenue	20,000
Total Tax Revenue	<u>\$ 16,912,877</u>

The 2025-26 percentage of appropriations limit used is:

Fiscal Year ended:	2023-24	2024-25	2025-26
Appropriations Limit	\$ 35,126,146	\$ 36,164,767	\$ 38,359,050
Tax revenue	\$ 15,276,471	\$ 15,445,020	\$ 16,912,877
Remaining to limit	<u>\$ 19,849,675</u>	<u>\$ 20,719,747</u>	<u>\$ 21,446,173</u>
% of limit used	43.49%	42.71%	44.09%
Limit vs. prior year	\$ 1,046,860	\$ 1,038,621	\$ 2,194,283
Incr./(Decr.) vs. pr. yr.	3.1%	3.0%	6.1%

The appropriations limit increased \$2,194,283 to \$38.4 million, or 6.1% from 2024-25 to 2025-26.

**ATTACHMENT G**

**BUDGET ADOPTION RESOLUTION**



THIS PAGE LEFT INTENTIONALLY BLANK

**RESOLUTION NO. 4437**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ADOPTING THE FISCAL YEAR 2025-26 CITY BUDGET AND CAPITAL IMPROVEMENT  
PROGRAM BUDGET**

**WHEREAS**, it is necessary to adopt the 2025-26 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, 2025, through June 30, 2026; and


**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Capitola that the 2025-26 Fiscal Year Budget and Capital Improvement Program is hereby adopted; 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 26<sup>th</sup> day of June, 2025, by the following vote:

<b>AYES:</b>	<b>JENSEN, ORBACH, WESTMAN, MORGAN, CLARKE</b>
<b>NOES:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>NONE</b>
<b>ABSTAIN:</b>	<b>NONE</b>

Signed by:  
  
9FBD331E9DE54D6...  
Joe Clarke, Mayor

ATTEST:  
Signed by:  
  
13632E1B518D4A9...  
Julia Gautho, City Clerk

THIS PAGE LEFT INTENTIONALLY BLANK

## **ATTACHMENT H**

### **GLOSSARY**

THIS PAGE LEFT INTENTIONALLY BLACK

# 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 1<sup>st</sup> and ends June 30<sup>th</sup>.

**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
<b>Extremely Low-Income</b> (30% of area median income)	\$25,800	\$29,450	\$33,150	\$36,800
<b>Very Low-Income</b> (50% of area median income)	\$42,950	\$49,100	\$55,250	\$61,350
<b>Low-Income</b> (80% of area median income)	\$68,900	\$78,750	\$88,600	\$98,400
<b>Median Income</b>	\$68,600	\$78,400	\$88,200	\$98,000
<b>Moderate-Income</b> (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 41<sup>st</sup> 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**

THIS PAGE LEFT INTENTIONALLY BLACK

## Acronyms

---

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

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

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