



# **ADOPTED BUDGET**

## **FISCAL YEAR 2015-16**



**CITY OF CAPITOLA  
& CAPITOLA SUCCESSOR AGENCY**





## **CITY COUNCIL**

**Dennis Norton, Mayor**  
**Ed Bottorff, Vice Mayor**  
**Jacques Bertrand**  
**Stephanie Harlan**  
**Michael Termini**

**Christine McBroom, City Treasurer**

Jamie Goldstein, City Manager  
Rudy Escalante, Chief of Police  
Rich Grunow, Community Development Director  
Mark Welch, Finance Director  
Steve Jesberg, Public Works Director  
Larry Laurent, Assistant to the City Manager  
Su Sneddon, City Clerk

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# TABLE OF CONTENTS

Mission Statement.....	1
City Manager’s Budget Message.....	3
Community Profile.....	13
Summary Information.....	25
General Fund Revenue.....	39
General Fund Expenditures.....	51
<b>Department Overview.....</b>	<b>71</b>
City Council.....	73
City Manager.....	75
City Attorney.....	81
Finance.....	83
Police.....	85
Public Works.....	93
Community Development.....	99
Recreation.....	101
Capitola Museum.....	105
Capitola Art & Cultural Commission.....	107
<b>Internal Service Funds.....</b>	<b>109</b>
Information Technology Fund.....	112
Self Insurance Liability Fund.....	113
Workers Compensation Fund.....	114
Stores Fund.....	115
Equipment Replacement Fund.....	116
Compensated Absences Fund.....	117
Public Employees Retirement Fund.....	118
<b>Special Revenue Funds.....</b>	<b>119</b>
Supplemental Law Enforcement Services.....	123
Santa Cruz Anti-Crime Team.....	124
Gas Tax.....	125
Wharf.....	126
Development Fees.....	127
General Plan Update and Maintenance.....	128
Green Building Education.....	129
Public Art.....	130
Parking Reserve.....	131
Technology Fee.....	132
Public Education & Government Cable TV Access.....	133
Capitola Village & Wharf BIA.....	134
Community Development Block Grants.....	135
CDBG Program Income.....	136
HOME Program Reuse.....	137
HOME Grant.....	138
Housing Trust.....	139
BEGIN Grant.....	140
Capitola Housing Successor.....	141

<b>Reserves</b> .....	143
Emergency Reserves.....	146
Contingency Reserves.....	147
PERS Contingency Reserves .....	148
Facility Reserves .....	149
<b>Multi-Year Assets &amp; Obligations</b> .....	151
City and Joint Powers Authority .....	153
2007 Pension Obligation Bonds.....	154
OPEB Trust Fund .....	156
Pacific Cove Lease Financing.....	158
Beach and Village Lot II Lease Financing .....	160
<b>Capital Improvement Program</b> .....	163
<b>Successor Agency</b> .....	173
<b>Supplementary Information / Attachments</b> .....	177
Organization Chart .....	181
Comparative Information .....	185
Financial Management Policies .....	191
Fund Balance Policy.....	199
City Investment Policy .....	203
GANN / Appropriation Limit .....	207
Budget Resolution .....	211
Glossary .....	219
Acronyms .....	233

# MISSION STATEMENT

## **MISSION**

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

## **VISION**

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

## **VALUES**

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

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

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TO: City Council

FROM: City Manager

SUBJECT: FY 2015/16 Adopted and FY 2016/17 Planned Budget.

## OVERVIEW

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On behalf of City Staff, I am pleased to submit for review and consideration a balanced budget for Fiscal Year (FY) 2015/16. The City's financial situation continues to improve and stabilize due to an improving economy and the passage of Measure O. The proposed two-year budget plan reflects projections for a stable economic climate, with an emphasis on long-term fiscal planning and implementing capital improvements. The City is anticipating nearly \$1.1 million in Measure O sales tax revenues each of the next two years. In the two-year budget plan, all Measure O proceeds, along with an additional \$60,400 in general fund contributions have been set aside to replenish and build reserves, repair and maintain City streets, and fund community policing projects. The Adopted budget includes a \$1,000,000 allocation to the Capital Improvement Fund to fund infrastructure improvements.

This current fiscal year, all core revenues continue to meet or exceed their targeted amounts, with a combined 2.2 percent increase in sales and TOT tax performance. The trend is primarily the result of improved economic conditions and the recent mild winters. Looking ahead, the adopted FY 15/16 budget projects sales tax to increase at 2.1 percent overall.

During the budget process, the estimated general fund FY 14/15 operating surplus was discussed and a plan to utilize the surplus funds was developed. The estimated \$934,500 ending balance will be used to create a new PERS Contingency Reserve Fund (\$300,000), increased transfer to the Capital Improvement Fund (\$300,000), Facilities Fund Transfer (\$50,000), along with an enhanced trial sidewalk-cleaning program, and the Plein-air Event, with the balance remaining in the general fund.

Capitola's property tax revenues are also projected to increase in the proposed budget. The County of Santa Cruz Auditor-Controller's Office has indicated they are realizing a three to five percent increase in property tax receipts for Capitola. In general, this trend is consistent with improving state-wide economic conditions, increasing local home sales and prices; and a reduction in Capitola unemployment rates from a three-year high for calendar year 2011 to a rate of 5.0 percent in 2014. The FY 15/16 Budget projects a three percent growth in property tax.

As part of the Redevelopment dissolution process, the Successor Agency has completed the Long Range Property Management Plan (LRPMP) process and received a Finding of Completion from the Department of Finance. With the successful completion of the LRPMP, the City is moving forward with projects on the historical Rispin Mansion property. There is still some uncertainty as to whether the Department of Finance will allow reinstatement of a \$618,028 Cooperative Agreement. Due to the winding down of the RDA, the City reduced the Successor Agency's Administrative Allowance contribution to the General Fund from \$150,000 in FY 14/15 to \$50,000 in FY 15/16.

As part of the budget process, long-term fiscal projections will be reviewed to assess the challenges associated with the loss of \$1.1 million in Measure D sales tax revenues in December of 2017; the reduction in the Successor Agency Administrative Allowance in FY 15/16; and increases in CalPERS rates. The City will continue to monitor financial trends and adopt budgetary changes as needed.

## **BUDGETARY AND FINANCIAL HIGHLIGHTS**

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The FY 15/16 General Fund budget was developed with an emphasis on financial stability, capital improvements, and enhancing the levels of programs and services for Capitola residents and visitors. Key budgetary items and changes include:

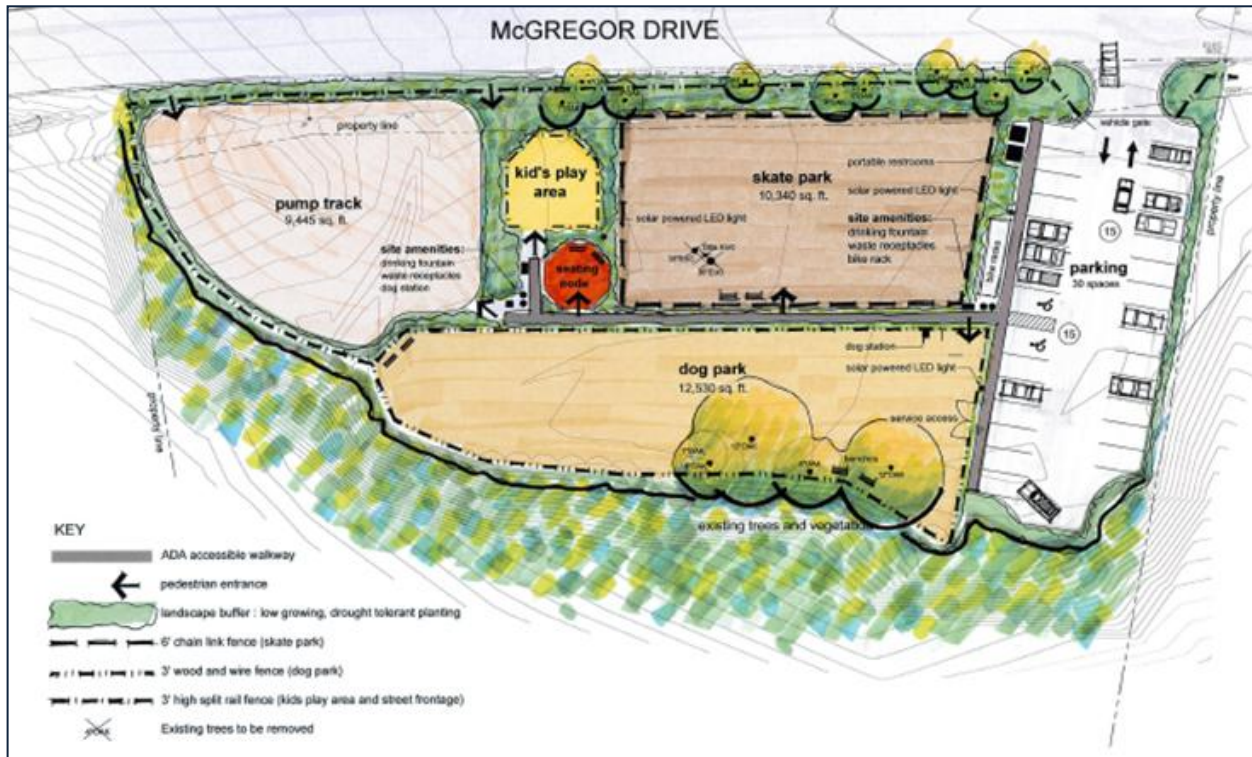
- Completing a \$165,000 multi-use park on the City's McGregor property with supplementary funds contributed through a private sector park sponsorship program
- Allocating over \$1 million to capital improvement projects.
- Contributing \$150,000 to the Facility Reserve Fund to set aside funds to maintain existing City facilities.
- Reducing the Successor Agency Administrative Allowance in FY 15/16 from \$150,000 to \$50,000.
- Applying 100% of Measure O revenues to Measure O commitments
  - Reserve Replenishment
  - CIP/Street Projects
  - Staffing for street improvements
  - Staffing for Village policing efforts
- Implementing the following CIP projects: Monterey Avenue Paving, 42<sup>nd</sup> Avenue/Diamond Neighborhood Paving, Rispin Park Development, Stockton Avenue Bridge Assessment, Tennis Court Reconstruction, Village Sidewalk Replacement, Bike Facilities Projects, Pump House Area Pathway Design, Drainage Assessment and a Sanctuary Trail Marker.
- Completing the following CIP projects with prior year funding: Clares/Wharf Traffic Calming, 38th Avenue Overlay, Park Avenue Sidewalk, Stockton Ave Pedestrian Improvements, Hill Street Pedestrian Improvements, Rosedale Avenue/Bay Avenue Paving, Monterey & Park Rail Pathway, Capitola Avenue & Bay Avenue Roundabout design.
- Fully prefunding "Other Post Employment Benefits"

- Implementing employee cost of living adjustments (COLA) as identified in memoranda of understanding (MOUs).
- Managing CalPERS cost increases.

## MAJOR INITIATIVES

### Developing a Multi-Use Recreational Site – McGregor Park

In FY13/14, Council approved converting about 1.4 acres of property on the City-owned McGregor site to a multi-use park. The proposed recreational site will include a skate park, bicycle pump track, and a dog park. The FY 14/15 budget appropriated \$165,000 to grade, fence, landscape; and improve the parking lot and related park features. Private sponsors have committed funding to construct a bicycle pump track, skate park and the dog park. In FY 14/15 the City appropriated an additional \$50,000 to the skate park to match the \$50,000 in funding from the Monte Foundation to construct an improved skate park with concrete skate elements. The park is expected to open in fall 2015.



### Planning for a New Library

In 1999, the City of Capitola developed a temporary 4,320 square foot library at the corner of Clares Street and Wharf Road. The City's former RDA established plans to construct a permanent library building by making annual contributions to a County Trust Fund. That \$2.64 million obligation has been fulfilled; however additional funds will be needed to complete the library project. In April of 2013, the Santa Cruz Public Libraries (SCPL) commissioned and accepted a \$63 million Facilities Master Plan. Currently the SCPL is considering a Community

Facilities District tax to fund the plan. If successful, it is estimated that Capitola would receive an additional \$10 million towards the construction of a new library.

#### Maintain the Facility Reserve Fund

As part of the FY 14/15 Budget hearings the City establish a Facilities Reserve Fund. In recent years maintenance and repairs of City facilities have been deferred due to fiscal constraints. This new fund provides a resource to stabilize long term maintenance expenditures. Examples of projects that could be financed through the fund include replacing roofs, painting exteriors, replacing mechanical/electrical equipment, and maintenance on adjoining parking spaces. A preliminary list of projects at City Hall, the Corporation Yard, Capitola Wharf, Library, and the Rispin Mansion are included in the Summary Section of the budget. The FY 15/16 proposed budget includes a \$150,000 transfer to the Facility Reserve Fund. A formal funding policy will also be developed in FY 15/16 to assist in implementing long-term maintenance strategies.

#### Funding Measure O Commitments

In FY 11/12, the City conducted a voter survey of 350 Capitola residents to gauge city services and needs. This voter survey indicated that 70% of the voters would support a tax measure that provides for long-term financial stability and improves local streets. These priorities were incorporated into a successful  $\frac{1}{4}$  sales tax measure in 2012. A five-year plan was developed to use all Measure O revenues to fund capital improvement projects, restore and build City reserve levels; and enhance policing program efforts. Due to improved economic conditions and receipt of a \$1.35 million insurance settlement, the General Fund has contributed over \$1.2 million to these priorities. An updated table outlining the five year plan and the additional reserve contributions can be found in the Summary Section of this document.

#### Fee Study

In FY 13/14, the City initiated a contract for a comprehensive fee study. The goal of this study is to ensure compliance with State and local legislation such as Proposition 218 and 26; identify the full costs associated with services, and streamline the existing fee schedule. Due to transitions in the Finance Department, this study has been delayed, however it is anticipated the updated fee schedule will be implemented in FY 15/16.

#### Controlling Payroll Costs / Acknowledging Employee Commitment

In FY 13/14 all bargaining units agreed to multi-year contracts through June 30, 2018, which cap the City's share of retirement costs for all Employees. Those contracts include cost of living adjustments (COLA) based on the Consumer Price Index.

Recent changes in the CalPERS cost pooling formulas have had a significant negative impact on the City. Those changes will result in 3-5 percent per year increases in CalPERS costs. Understanding that existing employees were already contributing more than the CalPERS-designated "employee share," the update contracts provide a solution to reduce the impact on the employees for the reaming terms of the contracts.

The number of positions city-wide increased 0.6 FTE in FY 15/16, consisting of the City Clerk increasing from 0.9 to 1.0 FTE and the Associate Planner increasing from 0.5 to 1.0 FTE.

## PRIOR YEAR ACCOMPLISHMENTS

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In FY 14/15, the City accomplished several significant projects which placed the City in a stronger fiscal condition, provided residents and visitors with increased recreational and public art opportunities, while continuing to strengthen public safety and community development activities.

- Established two-year cycle for Community Grants.
- Began construction on multi-use park on McGregor Drive.
- Implemented a new council agenda management system enhancing accessibility for the public.
- Installed and updated parking pay stations and meters.
- Opened negotiations with employee groups to address CalPERS changes.
- Completed consolidation of property and evidence storage, reducing risk management concerns.
- Obtained grants for DUI enforcement, technology equipment, and speed enforcement equipment.
- Continued water conservation projects completed by City crews at parks and landscaped areas.
- Completed the General Plan Update and associated Environmental Impact Report (EIR).
- Obtained a \$383,000 grant to fund Rispin Park improvements.
- Obtained a \$500,000 Community Development Block Grant (CDBG) to reinstate the Housing Rehabilitation and Mortgage Assistance Programs.
- Completed a public review draft Climate Action Plan
- Initiated the Housing Element and zoning code update projects
- Processed over 2,500 enrollments in Junior Guards and Camp Capitola
- Coordinated use of City facilities for groups using the Capitola Community Center, including renters for meetings and small events, the Red Cross, Santa Cruz County Election Department, Central Fire Protection District, Soquel Union Elementary School District, Capitola Police Department and City of Capitola sponsored meetings.
- Opened a new Museum exhibit, "Postmarked Capitola: A History Through Postcards".
- Transferred title of the New Brighton Gym back to the Soquel Union School District
- Received more than 500 donated volunteer hours, and welcomed over 6,000 guests to the museum.
- Completed extension of Wharf Road Mural Project
- Reduced violent crime by 24%, collisions by 18%, and increased self-initiated police activity by 9%.

- Installed speed sign on Wharf Road to address speed concerns.
- Replaced aging marked patrol vehicle.
- Implemented new payroll and human resources software to streamline processes, provide a shared database, increase accessibility to reports, and save on contract costs.
- Received the Government Finance Officer's Award for Excellence in Financial Reporting for the FY 13/14 CAFR.

## **BUDGET PRINCIPLES**

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The table on the following page outlines the City's adopted budget principles for FY15/16. Included in that table are staff-recommended goals for the fiscal year.

The goals and budget items represent a summary of staff's proposed mechanisms to implement the City's budget principles. The table is intended to be an easily accessible document that summarizes the key City goals and projects.

## **CONCLUSION**

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The development of the annual budget takes a great amount of staff time and efforts, and has to 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 their efforts in coordinating the budget process and preparing the annual budget document.

I am also pleased to report that the City of Capitola received the Excellence Award for from the California Municipal Finance Officers Association for the FY 14/15 Budget. This award is presented to cities whose budgeted documents meet program criteria as a policy document, operational guide, financial plan, and a communications device. Staff believes this budget document will continue to conform to the award program requirements.

As the new fiscal year approaches, I wish to express my thanks and appreciation to the Mayor, members of the City Council, and the City Treasurer 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, that Capitola will continue to be a great place to live, work, and enjoy.

## FISCAL YEAR 2015-16 BUDGET PRINCIPLES

### FISCAL POLICY PRINCIPLES

- Maintain a balanced budget and ensure fiscal stability
  - End each year with a positive fund balance
  - Continue to reestablish City reserves
  - Review and prioritize City services
  - Continue to examine contract services to reduce costs and increase efficiency levels
  - Develop a Facility Maintenance Fund
- Support economic development
  - Work with the Capitola Mall to facilitate Mall improvements
  - Reexamine the In-Lieu Parking Program
  - Continue to research economic development options and tools
- Maintain a responsible level of fees
  - Review and revise the City fee schedule

### PUBLIC SERVICE PRINCIPLES

- Maintain a transparent, efficient, and accessible government
  - Seek opportunities for continued citizen communication and interaction through the City's website
    - and social media
  - Maintain the City's social media participation and presence
  - Expand City's ability to accept credit cards
  - Produce timely, accurate, easy to read analytical financial reports
- Recognize and respond to the high priority the community places on public safety
  - Provide staff training to raise expertise levels
  - Explore grant opportunities for Police Department in-vehicle video systems
- Continue to review funding and funding sources for CIP, Community Based Health and Human Service Providers, Begonia Festival, and other community organizations
  - Establish two year grant cycle for Community Based Health and Human Service Providers
- Continue to perform timely inspection services and efficiently process building and permit applications
  - Ensure programs are in place to judiciously respond to public and private development projects
- Evaluate new recreational programs through research and outreach
- Maintain existing Museum historic photograph and exhibit services to the City and County residents, as well as area visitors

## FISCAL YEAR 2015-16 BUDGET PRINCIPLES

### PUBLIC IMPROVEMENT PRINCIPLES

Continue to maintain the City infrastructure by providing maximum funding for the pavement management program

- Complete Clares Traffic Calming Project
- Implement proposed Measure O CIP/Streets funding plan
- Complete annual slurry seal project
- Utilized engineering consultants to improve project delivery schedules

Complete infrastructure improvements at McGregor site for dog, bike, skate park

Ensure successful outcome for new Capitola Branch Library

- Continued active involvement on and with the Santa Cruz County Library Joint Powers Board
- Support Library Subcommittee development of design options
- Continue to accelerate Library Trust funding through the Successor Agency

Implement and improve environmental stewardship programs

- Maintain and improve Capitola's natural resources and sustainable green programs
  - Update Green Building Ordinance
  - Continue to increase recycling diversion rates through expansion of existing programs
  - Fund the \$90,000 NPDES program and water quality monitoring
  - Maintain \$9,000 in funding for recycling education
- Develop and implement long term water conservation programs and projects on City properties
- Complete Climate Action Plan

Ensure Maintenance and cleanliness of City facilities, sidewalks, and streets

- Increase street and facilities maintenance through allocation of Measure O resources
- Develop Village sidewalk cleaning options in partnership with the CWVBIA
- Development of the Village Sidewalk Cleaning Program
- Consider mechanisms to ensure long term Wharf maintenance

Complete City adoption of the General Plan Update and zoning ordinance update, including Village parking standards

Support the Capitola Library

- Continue active involvement on the Santa Cruz County Library Joint Powers Board
- Continue to accelerate the Library Trust funding through Successor Agency
- Support Library Subcommittee to review location/design options



Improve pedestrian/ADA access in the City

Continue to closely monitor ADA compliance in all new construction

Continue effort to develop parking structure to free up lower Pacific Cove for alternative uses

Establish Mayor's Committee to work on public outreach

Evaluate additional projects

Continue to seek opportunities to reduce City water use

Consider "Welcome to Capitola" art project

Reinstate the Housing Rehabilitation and Mortgage Assistance Programs

Open the entire Rispin property to the public

Pursue park improvement grants to complete Rispin Park

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# COMMUNITY PROFILE



## COMMUNITY PROFILE

The City of Capitola is a small coastal community located in Santa Cruz County. Situated on the northern edge of the Monterey Bay, 35 miles north of Monterey 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 craft galleries, boutiques and restaurants. The City is host to numerous events, including the Begonia Festival, Capitola Art & Wine Festival, and the annual Wharf to Wharf Race.



Voted one of the best beach locations on the California Coast by Sunset Magazine, Capitola has fishing and boating services in addition to its 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, a native of Germany who came to California during the Gold Rush. Frederick obtained the land that is now Capitola Village in 1865 from 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, a former contractor who planned to settle down as a farmer. In 1874, his daughter, Lulu Hall Wolbach, suggested that he set up a tent camp along the beach for the summer. It may have been Lulu, a former Soquel teacher, who named the resort "Capitola" after the heroine in a series of popular novels. Camp Capitola welcomed its first guests on July 4, 1874.



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 himself 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, and enjoyed themselves on land and sea.

Following Hihn's death in 1913, Capitola was inherited by his daughter, Katherine Henderson, who 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.

## Summary Statistics

Date of Incorporation: 1949

Form of Government: Council – Manager

Area in Square Miles: Approx. 2 square miles

Average Temperature: 59 Degrees



## Demographics

Calendar Year	Population	Per Capita Personal Income \$	Median Age	Unemployment Rate %
2004	10,011	32,720	38	3.4%
2005	9,913	35,080	37	3.5%
2006	9,901	38,588	37	3.1%
2007	9,922	40,918	37	3.2%
2008	9,992	41,457	38	4.1%
2009	10,078	39,769	41	6.4%
2010	10,198	32,350	38	7.3%
2011	9,981	33,090	43	6.9%
2012	9,988	33,443	41	5.5%
2013	10,136	35,232	41	5.0%
2014	10,146	36,532	41	5.0%

## Education

Capitola is fortunate to have outstanding educational opportunities. In addition, to the 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 95.4%
- College Graduates – Bachelor’s Degree or Higher 41.3%
- College Attendance
  - Current Enrollments in Undergraduate Programs 9%
  - Current Enrollments in Graduate or Professional Programs 1.9%

## Housing

- Median Household Income <sup>(1)</sup> \$54,129
- Median Value <sup>(1)</sup> \$472,500
- Persons per Household <sup>(1)</sup> 2.22
- Assessed Valuation <sup>(2)</sup> :
  - Net Total Assessed Value: \$1,860,100,004
  - Secured \$1,784,628,948
  - Unsecured \$75,387,448

(1) Source: US Census Bureau, US Department of Commerce, 2010 data

(2) Source: Hdl Companies, Santa Cruz County Assessor 2013/14 Combined Tax Rolls

## 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 (approximately 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)

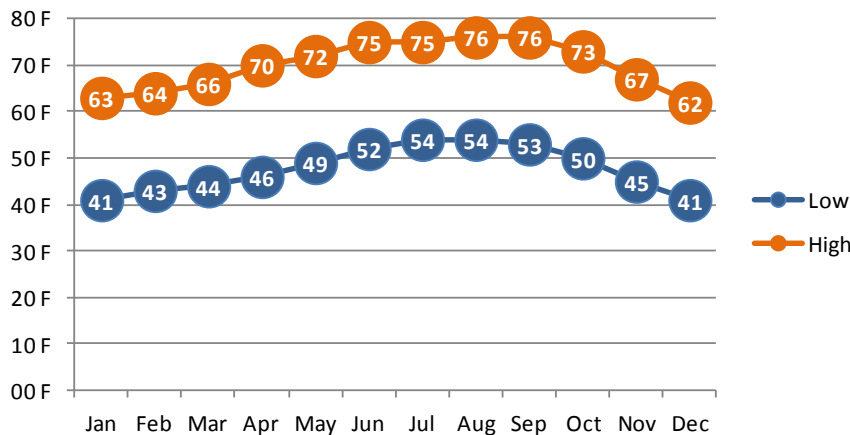
## Climate

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 <sup>(3)</sup>.

*Capitola's mild weather makes it a perfect location for outdoor events and festivals. Just a few of them are presented below:*



### Average High and Low Temperatures

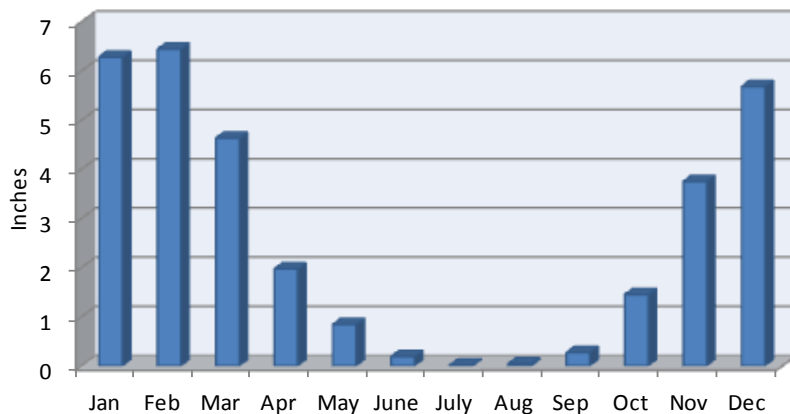


### Art and Music



### Begonia Festival

### Average Precipitation

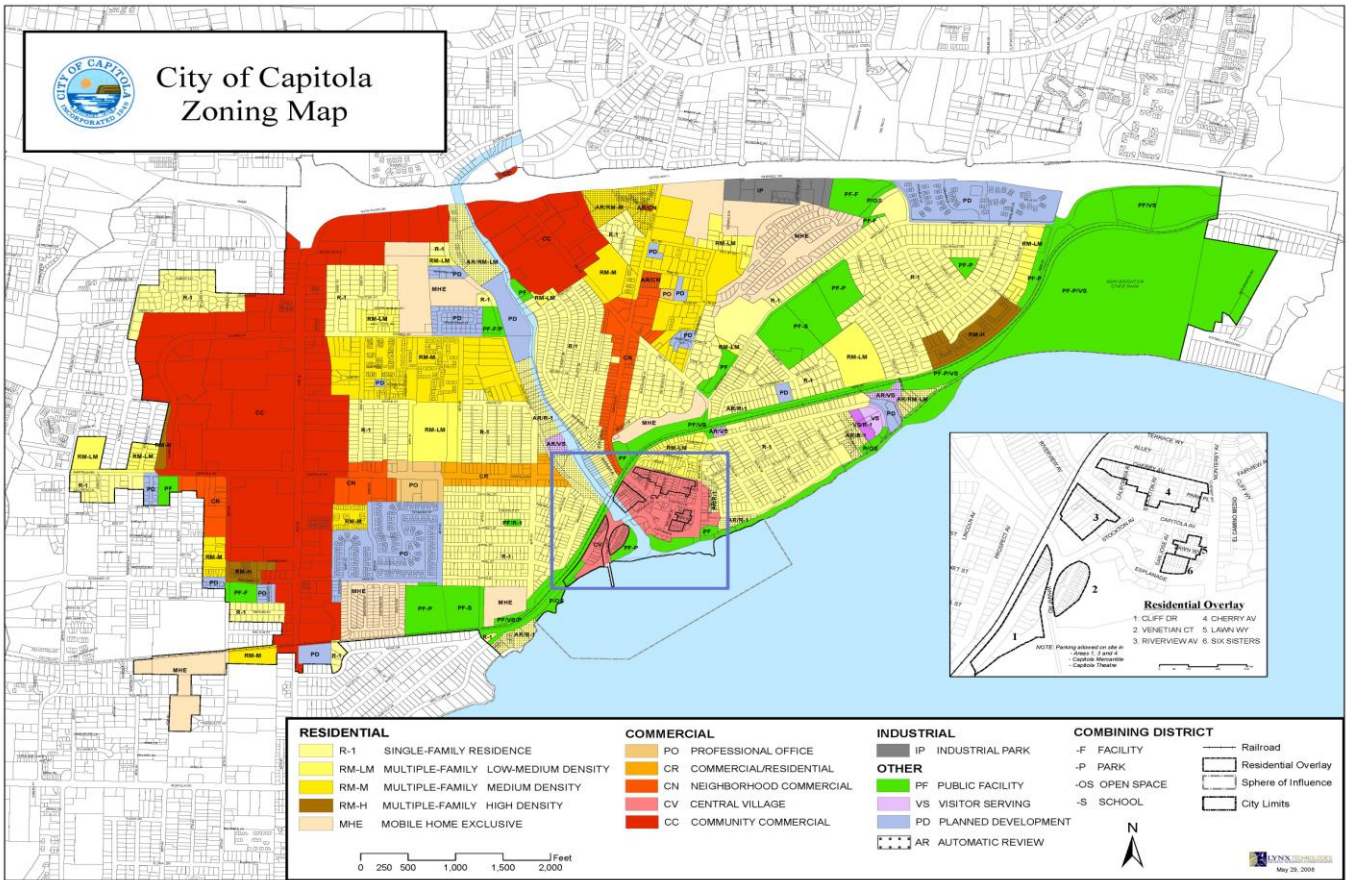


### Rod and Classic Car Show

(3) [www.weatherchannel.com/weather/wxclimatology/monthly/graph/95010](http://www.weatherchannel.com/weather/wxclimatology/monthly/graph/95010)

## Planned Community

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.



## Business Types

Annual business license reports provide a good overview of the types of businesses and non-profits within the City. In FY 14/15, the Finance Department issued 307 new business licenses, processed 1,206 licenses renewals, and processed 176 closures or cancellations. These transitions resulted in a net increase of 131 entities within the City. While the number of licenses has increased, the annual business license revenues have remained relatively constant to be consistent with increased sales. The number and types of businesses/non-profits within the City for FY 14/15:

### Professional/Personal Services



### Retail / Restaurants



### Contractors / Builders



### Miscellaneous Business/Non-Profits



### Quarterly Contractors



### Coin Operated Vending

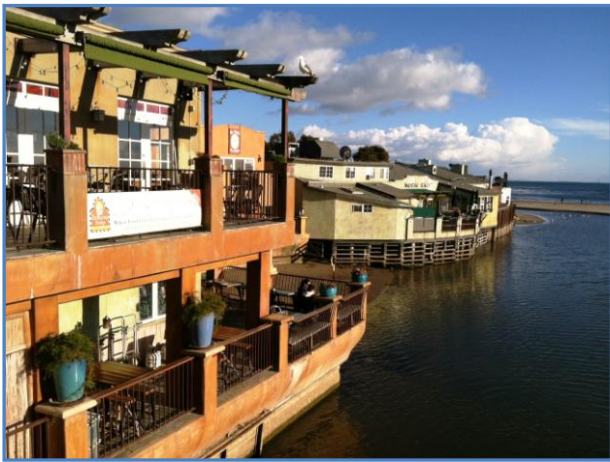


**Commercial**

Although Capitola’s location and atmosphere as a Central Coast beach town has made it a day trip and vacation destination city, it is also one of two major retail centers in the County. In July of 2012, the City welcomed a 100,000 square foot Target retail store to the Capitola Mall. The Mall, combined with Brown’s Ranch and 41<sup>st</sup> Avenue businesses are the retail hub of the central county. With major retailers such as Target, Macy’s, Sears, Kohl’s, CVS, Orchard Supply, Ross, and Bed Bath and Beyond, Capitola is a “net regional retail provider” bringing in five to six times the City household retail demand within Capitola. Total sales tax revenue for 2015/16 is anticipated to be \$7.5 or more than 50% of General Fund operating revenues.



The economic challenges of the past few years are beginning to subside. Sales tax and transient occupancy tax revenues are both projected to increase by more than three percent; which is indicative



of increased consumer confidence and economic recovery. The City continues to seek redevelopment opportunities that will help to update and upgrade the City’s major retail corridor and mall area. This includes a \$1 million pledge for public infrastructure improvements with the Macerich Partnership, the Capitola Mall management company and majority owner. The pledged funding would be used for improvements on 41<sup>st</sup> Avenue and the update of architectural features. Proposed projects include sidewalk widening, landscaping, improved bicycle and public access, and assisting with the reconstruction of the existing public transit center located at the Mall.

**Principal Employers <sup>(1)</sup>**

Employer	Ranking	Number of Employees	% of Total Employment
Target <sup>(2)</sup>	1	175	2.6%
Subaru, Toyota, Kia of Santa Cruz	2	175	2.6%
Gayle’s Bakery & Rosticceria	3	170	2.5%
Macy’s	4	160	2.4%
Shadowbrook Restaurant	5	135	2.0%
Whole Foods Market	6	134	2.0%
Trader Joe’s	7	103	1.5%
Pacific Coast Manor <sup>(2)</sup>	8	99	1.5%
Zelda’s on the Beach <sup>(2)</sup>	9	96	1.4%
New Leaf Community Markets	10	95	1.4%
Number of Employees: Principal Employers		1,342	14.8%
Total Employment:		6,700	100.0%

(1) MuniServices, LLC: 2014



# SERVING THE COMMUNITY

## Police

The mission of the Capitola Police Department is to provide highly visible and responsive police service to our community. The department welcomes the opportunity and challenge of working with the community and other Criminal Justice Agencies to provide enhanced public safety and security in a diverse and dynamic community.

In a 2012 survey conducted by FM3, more than 92% of the surveyed residents indicated that they were satisfied with police protection services. This is four percentage points greater than the 2008 satisfaction levels.

The City of Capitola Police Department is comprised of the following 31.65 positions and 2 canines:

- Sworn Officers: 22
- Community Service Officers: 2
- Parking Enforcement Officers: 3
- Administrative Staff: 4.65
- K-9's/Canines: 2



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

Capitola Police Department Responses	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Calls for service	17,760	19,936	16,480	20,053	17,598
Crimes - Felonies	708	682	537	628	674
Crimes - Misdemeanors	1,095	962	948	1,148	1,192
Arrests	946	875	836	1,045	1,117
Citations	2,126	1,862	1883	2,720	1,718

## Fire

Fire protection services for the City of Capitola are provided through the Central Fire Protection District of Santa Cruz County. The Fire District has four fire stations, with Fire Station Four located within the city limits.

## Parks

The City maintains over 16.5 acres of park lands and 12 acres of beach, including:

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



## Capitola Wharf



The City Public Works Department maintains the Capitola Wharf. The structure was nearly rebuilt in the mid-1980's following storm damage. In addition to providing expansive views of the area and fishing opportunities, the wharf has one restaurant and a boat and bait shop.

Each July, thousands of runners and walkers participate in the annual six-mile Wharf-to-Wharf Race that begins in Santa Cruz and ends in Capitola.

## Recreation

The City of Capitola's recreation programs are over 91% funded by participant fees. It provides City-staffed activities, including Junior Lifeguards and Camp Capitola. The recreation department offers adult and youth sports leagues; runs open gym basketball, futsal and volleyball; and manages the rental of the Jade Street Park tennis courts, softball field, soccer field, and Monterey Park.

Classes offered include:

- Preschool play, dance, tennis, martial arts
- School-age sports, drama, music, tennis, dance, art
- Adult/Teen arts & crafts, foreign language, tai chi, yoga, music, dance, martial arts, ocean & water sports, fitness, Pilates, bone building, strength training, tennis and volleyball.



Service indicators related to Recreation's community services are listed below:

Recreation Enrollment					
	FY10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Recreation Classes	4,627	4,386	3,399	3,611	3,411
Junior Guards - Session I/II	1,029	1,054	1,073	1,096	1,237
Camp Capitola - Regular and Extended Care	775	908	729	724	858
Junior Guards - Photos	509	502	531	525	671
Junior Guards Regional Competition	70	74	73	74	76
Camp Capitola/Junior Guards Transport	79	115	125	121	114
Sports Participation					
	FY10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Sports Leagues - Teams	90	69	69	32	20
Sports Rentals - Teams/Groups	72	48	48	30	30
Open Gym - Individuals	1,016	975	975	781	632

**Museum**

The Capitola Historical Museum maintains extensive collections of photographs and artifacts related to Capitola's history, and offers changing exhibits on the history and art of the area, as well as on special seasonal and topical themes. Museum grounds now include a reconstructed cottage from the era of the early 20th century beach resort, and a wash house. The museum welcomes over 6,000 guests annually.

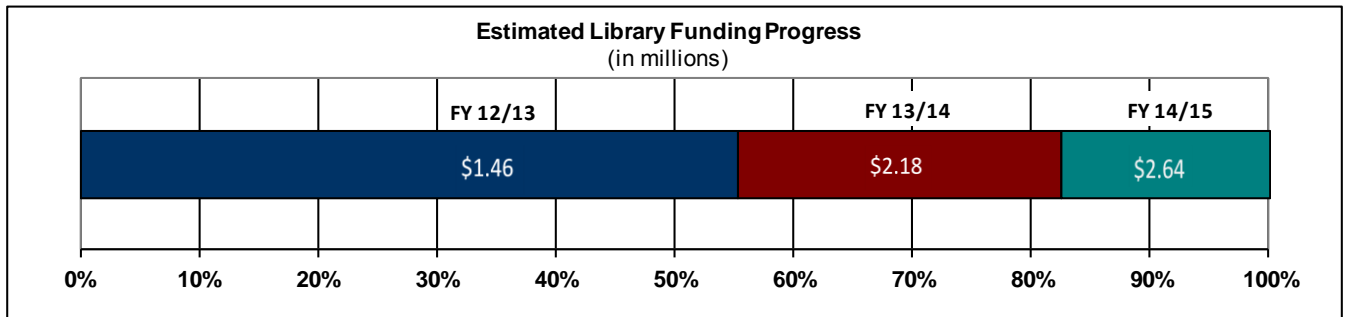
In 2013, the museum opened a new exhibit "Picture This – Capitola by the Sea". This exhibit features images beginning in 1874 of the west coast's oldest seaside resort. Several of the photographs on display will also appear in the Arcadia history book "Images of America". This book documents the history of Capitola between 1874-1974.



**Library**

In 1999, the City of Capitola dedicated a new temporary 4,320 square foot library at the corner of Clares Street and Wharf Road. A six-foot redwood sculpture titled "Children of the World" by Luis Villareal and a whimsical "tot lot" are two of the things that give the Capitola Library a unique and special feel.

The City's former RDA established plans to construct a permanent library building by making annual contributions to a County Trust Fund. The \$2.64 million funding agreement was originally scheduled to be fully paid in 2018; however the full payment was achieved in 2015. This accelerated timeline is contingent upon the availability of RPTTF funds that are provided to Successor Agencies. The estimated library funding progress schedule is provided below.



**Arts and Cultural**

Capitola has an abundant art community. 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 has a rich history of providing for the community a wide variety of visual and performing art events. This includes twilight concerts at the beach, movies at the beach; and children’s art events at the Begonia and Art & Wine Festivals. The Commission is also responsible for the oversight of the City’s Public Art Program.



**Open Meetings**

The City of Capitola is dedicated to provide residents and visitors with the highest level of public service. To assist in targeting the needs of the community, the City offers several opportunities for residents to engage in local government activities. Providing open meetings are consistent with 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 City Clerk’s office compiles all City Council agendas, publishes meeting information, and prepares Council meeting minutes. The regularly scheduled Board and Committee meetings are typically coordinated and staffed by a department head or management-level employee.

A list of City Council meetings, as well as open Committee and Board meetings are provided for reference:

City Council and RDA/ Successor Agency					
	FY10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Meetings <sup>(1)</sup>	37	31	34	26	31



<b>Committee and Board Meetings</b>					
	<b>FY10/11</b>	<b>FY 11/12</b>	<b>FY 12/13</b>	<b>FY 13/14</b>	<b>FY 14/15</b>
Architecture & Site Review Committee	8	11	10	12	11
Art & Cultural Commission	12	11	10	10	10
Commission on the Environment	5	4	3	6	10
Finance Advisory Committee	8	10	7	6	9
General Plan Advisory Committee	5	8	6	5	0
Museum Board	11	8	9	12	13
Oversight Board Capitola Successor Agency	-	4	7	4	3
Planning Commission	11	11	12	12	13
Traffic & Parking Commission	8	5	7	4	5
<b>Total Committee and Board Meetings</b>	<b>68</b>	<b>72</b>	<b>71</b>	<b>71</b>	<b>74</b>

(1) Fiscal Year 12/13 Council and RDA/Successor Agency Meetings restated from 39 to 34 meetings based on updated information.

### Public Works

The Public Works Department is divided into the following divisions: 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:

<b>City Assets / Activities</b>	<b>FY 12/13</b>	<b>FY 13/14</b>	<b>FY 14/15</b>
Miles of streets maintained	26	26	26
Hours of street sweeping	-	2,100	1,779
Number of street lights maintained	71	71	71
Number of traffic signals operated and maintained	8	8	8
Encroachment permits issued	45	53	55
Number of facilities maintained	14	14	16
Number of fleet vehicles maintained	55	54	58
Number of parking spaces provided	492	718	718
Number of parks managed	8	8	8

### Community Development – Building Division

The Building Division of the Community Development Department provides plan checks and building inspection services to ensure compliance with the California Building Code, as well as enforcement of the provisions of the State Housing and Building Codes.

As part of the Public Service Budget Principles, the Building Division strives to provide timely business inspections and the efficient processing of building and permit applications.



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# 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.

Budgeted revenues and expenditures related to deposit accounts are not included as part of the budget process. Transfer of funds from deposit accounts to revenue accounts are made by Finance staff at the time related expenditures are incurred.

The Municipal Code (3.200.020 E.) defines a balanced budget as one in which “financing uses including expenditures, interfund 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 the current year expenditures are balanced with current year revenue.

The City’s budget process continues throughout the year, with quarterly financial updates published to the Finance Department website at the end of the following month; and at weekly department head meetings with the City Manager. An outline of the on-going budget processes are listed below:

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



## **Basis of Accounting**

The City's operating budget consists of governmental funds that include General Fund, Special Revenue Funds, Internal Service Funds, Debt Services Funds and Capital Project Funds for both the City and the Successor Agency. Governmental fund types and agency funds budgets are developed using the modified accrual basis of accounting. This method is consistent with the presentation of the City's Annual Financial Statements. To summarize, 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 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 to pay current liabilities.

## **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 (including Housing Set-Aside) are considered Budget Units to be at the category level as defined in the budget document.

## **Budget Adjustments**

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

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

## **Financial Committees and Boards**

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

### Finance Advisory Committee

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

### Oversight Board to the Successor Agency of the Former Redevelopment Agency

As part of the Redevelopment Agency Dissolution Act, the City of Capitola elected to be the Successor Agency to the former Redevelopment Agency (RDA). As part of the dissolution process a seven member Oversight Board was established to review and approve recognized obligation payments of the Successor Agency. The Oversight Board also has a fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from property tax distributions. The Capitola Oversight Board will meet a minimum of two times a year to approve a six-month Recognized Obligation Payment Schedule (ROPS).

## GENERAL FUND SUMMARY

The General Fund continues to stabilize with the improving economy. The projected General Fund FY 14/15 ending fund balance totals \$934,500. The adopted budget reflects the use of this money in FY 15/16.

The below chart summarizes the projected and historical General Fund revenues, expenditures, and fund balances. The table illustrates the improving local economy with increased general fund revenue. Revenue variances primarily include an increase in sales and Transient Occupancy Tax revenues. Fiscal Year 13/14 represents the first full year that the City received Measure O revenues. Operating revenues continue to trend positive in FY 15/16 due to improved general economic performance and Measure O revenue. The increase amount in Other Financing Uses in FY 15/16 primarily relates to transfer to reserves and CIP funding.

An overview of Measure O, reserves, and internal service funds are provided within this Summary Section.

### General Fund Summary

Major Categories	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>Revenues</b>						
Taxes	\$9,663,353	\$11,076,261	\$11,098,500	\$11,380,100	\$11,603,200	\$11,909,100
Licenses and permits	209,946	304,218	254,450	251,150	247,950	249,450
Intergovernmental	254,646	138,004	168,700	236,400	178,793	166,100
Charges for services	1,907,023	2,123,124	1,921,400	1,990,900	1,940,700	1,973,000
Fines and forfeitures	688,272	730,668	718,800	748,700	720,000	720,000
Use of money & property	24,167	21,697	51,800	53,900	59,100	59,500
Other revenues	196,978	81,384	70,400	67,325	67,400	66,500
Other financing sources	99,000	-	-	-	-	-
Extraordinary items	1,349,000	-	-	-	-	-
<b>Revenues Totals</b>	<b>\$14,392,384</b>	<b>\$14,475,356</b>	<b>\$14,284,050</b>	<b>\$14,728,475</b>	<b>\$14,817,143</b>	<b>\$15,143,650</b>
<b>Expenditures</b>						
Personnel	\$7,124,483	\$7,662,396	\$7,985,744	\$7,803,557	\$8,383,075	\$8,713,191
Contract services	2,751,137	2,474,662	2,725,130	2,908,871	2,760,000	2,777,950
Training & Memberships	65,030	67,239	83,545	82,600	93,225	92,025
Supplies	475,968	529,682	550,000	555,728	552,400	565,950
Grants and Subsidies	248,633	254,270	269,763	269,763	277,296	275,000
Capital outlay	-	27,848	10,000	5,000	5,000	5,000
Internal service fund charges	940,373	892,925	850,647	850,647	954,500	999,500
Other financing uses	2,588,639	2,237,068	2,270,025	2,395,025	2,459,626	1,682,566
<b>Expenditures Totals</b>	<b>\$14,194,265</b>	<b>\$14,146,090</b>	<b>\$14,744,854</b>	<b>\$14,871,191</b>	<b>\$15,485,122</b>	<b>\$15,111,182</b>
<b>Impact on Fund Balance</b>	<b>\$ 198,120</b>	<b>\$ 329,266</b>	<b>\$ (460,804)</b>	<b>\$ (142,716)</b>	<b>\$ (667,979)</b>	<b>\$ 32,468</b>
<b>Budgetary Fund Balance</b>	<b>\$ 747,950</b>	<b>\$ 1,077,216</b>	<b>\$ 616,412</b>	<b>\$ 934,500</b>	<b>\$ 266,521</b>	<b>\$ 298,989</b>

# Revenue Summary

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>General Fund</b>	<b>\$ 14,392,384</b>	<b>\$ 14,475,356</b>	<b>\$ 14,284,050</b>	<b>\$ 14,728,475</b>	<b>\$ 14,817,143</b>	<b>\$ 15,143,650</b>
<b>Designated Reserves</b>						
Contingency Reserve	817,750	398,700	182,600	182,600	89,400	60,000
PERS Contingency Reserve	-	-	-	-	300,000	-
Emergency Reserve	413,750	214,400	465,100	465,100	213,000	40,000
Donations	-	500	-	10,000	10,000	10,000
Facility Reserve	-	-	167,000	167,000	150,000	-
<b>Total Designated Reserves</b>	<b>\$ 1,231,500</b>	<b>\$ 613,600</b>	<b>\$ 814,700</b>	<b>\$ 824,700</b>	<b>\$ 762,400</b>	<b>\$ 110,000</b>
<b>Debt Service</b>						
Pension Obligation Bond	\$ 672,874	\$ 240,000	\$ 674,200	\$ 674,200	\$ 669,204	\$ 669,595
Pac Cove Lease Financing	703,387	150,226	165,065	165,515	165,066	165,066
Pacific Cove Park	-	1,460,500	85,860	86,080	89,400	89,200
OPEB Trust	-	43,415	39,500	39,500	38,600	38,600
<b>Total Debt Service</b>	<b>\$ 1,376,260</b>	<b>\$ 1,894,141</b>	<b>\$ 964,625</b>	<b>\$ 965,295</b>	<b>\$ 962,270</b>	<b>\$ 962,461</b>
<b>Capital Improvement Fund</b>	<b>\$ 614,600</b>	<b>\$ 884,225</b>	<b>\$ 1,341,900</b>	<b>\$ 1,059,510</b>	<b>\$ 1,040,000</b>	<b>\$ 961,000</b>
<b>Internal Service Funds</b>						
Stores Fund	\$ 34,994	\$ 40,153	\$ 39,100	\$ 39,450	\$ 35,000	\$ 35,000
Information Techology	144,868	254,611	133,468	133,468	177,128	133,468
Equipment Replacement	116,238	304,259	68,147	90,147	110,000	60,000
Self-Insurance Liability	146,450	194,996	249,300	249,300	444,500	389,500
Workers Compensation	528,100	415,400	364,100	364,100	385,000	385,000
PERS	403,626	-	-	-	-	-
Compensated Absences	153,000	130,000	110,000	110,000	130,500	108,600
<b>Total Internal Service Funds</b>	<b>\$ 1,527,276</b>	<b>\$ 1,339,419</b>	<b>\$ 964,115</b>	<b>\$ 986,465</b>	<b>\$ 1,282,128</b>	<b>\$ 1,111,568</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 98,452	\$ 102,011	\$ 100,100	\$ 100,100	\$ 100,200	\$ 100,200
SCCACT-SCC Anti-Crime Team	71,324	74,235	75,070	76,659	85,076	88,075
Gas Tax	273,944	322,992	261,725	335,129	222,000	222,000
Wharf	85,289	97,854	84,850	94,370	86,200	95,200
Development Fees	1,415	-	-	-	-	-
General Plan Update and Maint	115,342	123,388	80,000	95,842	80,160	80,160
Green Building Education	8,541	20,255	7,500	7,500	8,000	8,000
Public Arts Fee	11,000	73,968	60,000	50,000	30,000	30,000
Parking Reserve	162,800	100,000	100,000	100,000	100,000	100,000
Technology Fee	10,543	12,704	9,650	9,100	9,500	9,500
PEG-Public Education and Gov.	18,857	18,314	19,050	18,075	17,050	17,050
BIA-Capitola Village-Wharf BIA	68,963	54,785	65,000	65,050	65,000	65,000
CDBG Grants	108,827	50,596	-	146,000	500,000	-
CDBG Program Income	6,969	14,070	-	-	-	-
BEGIN Grant	(60,171)	-	-	-	-	-
HOME Reuse	15,014	47,656	12,300	12,300	12,300	12,300
HOME Grant	-	4,770	-	-	-	-
Housing Trust	62,708	11,577	12,000	12,000	15,000	15,000
Cap Hsg Succ- Program Income	85,407	36,667	-	31,759	-	-
<b>Total Special Revenue Funds</b>	<b>\$ 1,145,224</b>	<b>\$ 1,165,842</b>	<b>\$ 887,245</b>	<b>\$ 1,153,884</b>	<b>\$ 1,330,486</b>	<b>\$ 842,485</b>
<b>Successor Agency</b>	<b>\$ 1,320,549</b>	<b>\$ 1,246,438</b>	<b>\$ 1,156,089</b>	<b>\$ 472,789</b>	<b>\$ 626,935</b>	<b>\$ 711,036</b>
<b>Total Revenues - All Funds</b>	<b>\$ 21,607,795</b>	<b>\$ 21,619,021</b>	<b>\$ 20,412,724</b>	<b>\$ 20,191,118</b>	<b>\$ 20,821,362</b>	<b>\$ 19,842,200</b>

# Expenditure Summary

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>General Fund</b>	<b>\$14,194,265</b>	<b>\$14,146,090</b>	<b>\$14,744,854</b>	<b>\$ 14,871,191</b>	<b>\$ 15,485,122</b>	<b>\$15,111,182</b>
<b>Designated Reserves</b>						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	90	200,000	-	-	-	-
Donations	-	500	-	-	-	-
Facilities Reserve	-	-	-	80,000	-	-
<b>Total Designated Reserves</b>	<b>\$ 90</b>	<b>\$ 200,500</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service</b>						
Pension Obligation Bond	\$ 672,467	\$ 674,713	\$ 672,900	\$ 672,860	\$ 669,204	\$ 668,595
Pac Cove Lease Financing	1,721,135	235,421	165,066	165,067	165,066	165,066
Pac Cove Park	-	1,386,251	85,440	198,675	89,375	89,202
OPEB Trust	-	7	-	-	-	-
<b>Total Debt Service Funds</b>	<b>\$ 2,393,602</b>	<b>\$ 2,296,392</b>	<b>\$ 923,406</b>	<b>\$ 1,036,602</b>	<b>\$ 923,645</b>	<b>\$ 922,863</b>
<b>Capital Improvement Fund</b>	<b>\$ 512,257</b>	<b>\$ 602,917</b>	<b>\$ -</b>	<b>\$ 430,753</b>	<b>\$ 1,040,000</b>	<b>\$ 966,100</b>
<b>Internal Service Funds</b>						
Stores	\$ 37,575	\$ 32,914	\$ 39,100	\$ 39,100	\$ 35,000	\$ 35,000
Information Technology	243,344	175,223	200,000	207,300	257,000	187,000
Equipment Replacement	412,337	308,340	60,000	82,000	120,000	78,000
Self-Insurance Liability	141,950	221,555	249,300	401,250	344,500	389,500
Workers Compensation	407,960	388,822	364,100	364,100	485,000	385,000
PERS	612,873	-	-	-	-	-
Compensated Absences	128,838	100,400	90,000	95,000	105,500	108,600
<b>Total Internal Service Funds</b>	<b>\$ 1,984,878</b>	<b>\$ 1,227,254</b>	<b>\$ 1,002,500</b>	<b>\$ 1,188,750</b>	<b>\$ 1,347,000</b>	<b>\$ 1,183,100</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 47,424	\$ 84,244	\$ 61,700	\$ 61,700	\$ 61,700	\$ 61,800
SCCACT-SCC Anti-Crime Team	72,486	73,883	75,070	75,870	85,076	88,075
Gas Tax	265,570	314,110	279,225	234,675	277,900	266,400
Wharf	95,718	51,276	84,850	73,400	86,150	89,250
Development Fees	3,441	-	-	-	-	-
General Plan Update and Maint.	221,703	178,051	144,300	112,000	158,000	77,000
Green Building Education	-	278	9,000	14,000	36,000	35,000
Public Arts Fee	120,879	140,453	38,300	39,300	39,300	39,300
Parking Reserve	84,800	153,436	100,000	115,000	100,000	100,000
Technology Fee	-	-	10,000	10,000	16,000	16,000
PEG-Public Education and Gov.	19,268	26,353	30,000	18,000	22,500	22,500
BIA-Capitola Village-Wharf BIA	72,151	50,354	64,700	67,200	67,200	67,200
CDBG Grants	76,816	18,594	-	163,000	485,000	-
CDBG Program Income	2,500	2,630	-	-	-	-
HOME Reuse	-	11,170	3,200	3,200	3,200	3,500
HOME Grant	10,000	-	-	-	-	-
Housing Trust	55,000	75,050	65,000	65,000	65,000	40,000
Cap Hsg Succ- Program Income	6,637	32,241	45,000	75,000	35,000	5,000
<b>Total Special Revenue Funds</b>	<b>\$ 1,154,393</b>	<b>\$ 1,212,123</b>	<b>\$ 1,010,345</b>	<b>\$ 1,127,345</b>	<b>\$ 1,538,026</b>	<b>\$ 911,025</b>
<b>Successor Agency</b>	<b>\$ 2,561,966</b>	<b>\$ 1,227,977</b>	<b>\$ 1,156,089</b>	<b>\$ 873,106</b>	<b>\$ 402,024</b>	<b>\$ 882,024</b>
<b>Total Expenditures - All Funds</b>	<b>\$22,801,451</b>	<b>\$20,913,253</b>	<b>\$18,837,194</b>	<b>\$ 19,607,747</b>	<b>\$ 20,735,817</b>	<b>\$ 19,976,294</b>

## Multi-Year Milestones

Identifying future financial milestones is a critical component of long-term fiscal planning. The following list identifies those changes that will impact the City's budget assuming base revenues and expenditures remain constant.

A further analysis of future year projected expenditure and revenue will be presented during the budget work session.

Key future milestones:

- FY 15/16
  - Lower Successor Agency Administrative Allowance.
  - Increase in PERS contributions level.
  - One time revenue from Triple-flip completion.
  
- FY 17/18
  - Final Pension Obligation Bond payment in August 2017.
  - Expiration of Measure D sales tax in December 2017.
  
- FY 18/19
  - Full year revenue impact from Measure D expiration
  
- FY 28/29
  - Final Pacific Cove Lease Financing Payment.

## Emergency, PERS Contingency and Contingency Reserves

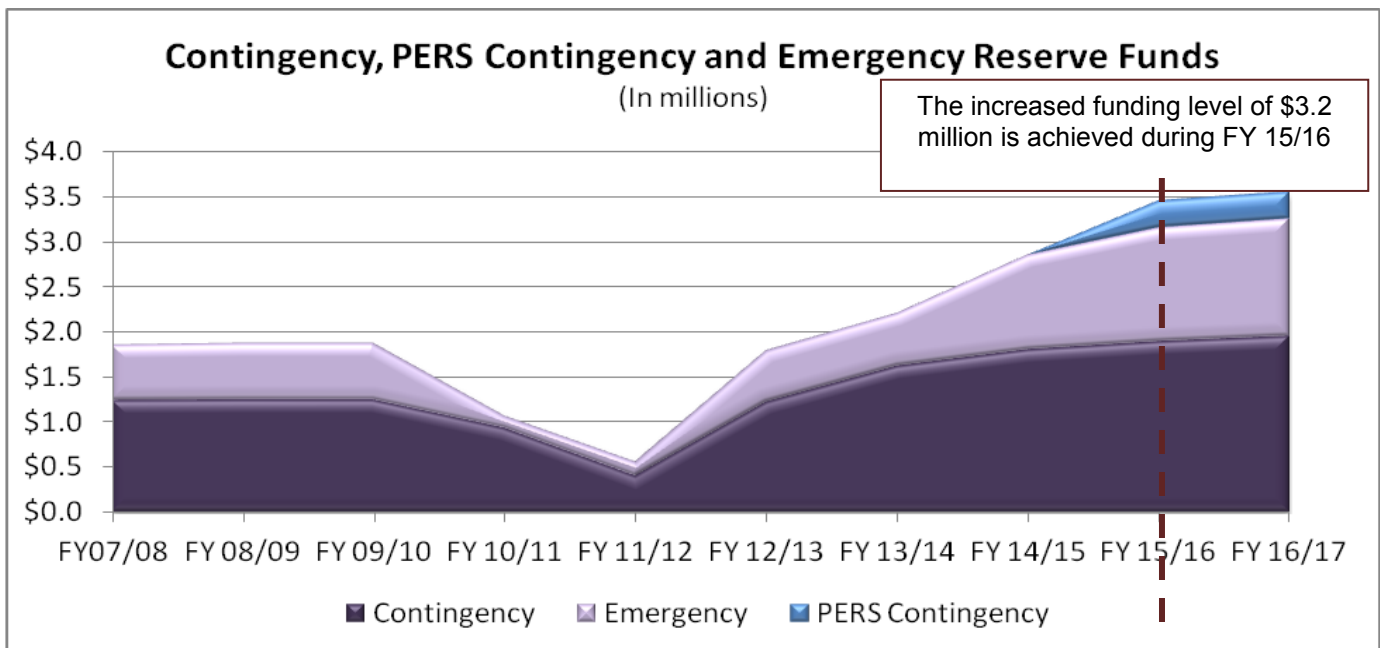
In 2000, the City adopted Financial Management policies, establishing a ten percent Contingency and a five percent Emergency Reserve Fund. The Contingency Reserve provides a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to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

In the City's 2012 Benchmark Report, Capitola ranked last among the seven benchmark cities with the lowest total levels of reserves. Due to the volatile nature of the City's primary revenue sources, and the increased delay in the receipts of several major revenues each year, the City increased its Contingency Reserve funding levels to 15 percent of operating expenditures.

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 major creek and highway, the City chose to also increase the Emergency Reserve Funding Level to ten percent of operating expenditures.

Part of the FY 15/16 Budget process the City implemented a PERS Contingency Reserve to ensure future funding availability for potential CalPERS contribution increases. The initial funding comes from a \$300,000 transfer from the General Fund.

With the receipt of Measure O, it was originally planned that the reserves would be fully funded in FY 16/17. In FY 12/13, an additional \$300,000 was transferred to reserves from the proceeds of an insurance settlement, along with a FY 13/14 contribution of \$325,000 and FY 14/15 contribution of \$647,700. These additional contributions are anticipated to bring the reserves to their original \$3 million fund target in mid FY 15/16. It should be noted that due to new increased budgetary expenses, the FY 15/16 target has increased to approximately \$3.2 million.



## Measure O Initiative

### Sales Tax for Disaster and Economic Recovery

On November 6, 2012, voters approved Measure O, instituting a 0.25% local sales tax, which was projected to raise approximately \$1 million in additional revenues. Currently, the City has an additional 0.25% sales tax (Measure D) which is scheduled to expire in December of 2017. During the five-year bridge period when both sales tax measures are in place, the City plans to fund initiatives that assist with disaster and economic recovery. The basis for the Measure O initiative, along with the proposed funding priorities are presented below:

#### Reestablish Reserves / Disaster Recovery

Due to disaster recovery efforts from the March 2011 pipe failure, the combined reserve balances were reduced to \$561,000 at the end of FY 11/12. This was \$1.2 million less than the original funding level. In addition, another \$200,000 was needed to repair a retaining wall at the Pacific Cove Mobile Home Park site. A five-year plan using Measure O revenues to restore reserves to increased reserve funding levels is included in the preceding section.

#### Repave and Repair City Streets / Public Works Positions

Due to the severe economic downturn over the last five years, coupled with State take-aways, the funding to maintain streets has not been sufficient to maintain their condition. Based on the most recent inventory of pavement condition, the City's overall rating decreased by 7% in the last two years. This Pavement Management Index Study also indicated that the amount necessary to maintain the existing condition of City roads is \$640,000.

Measure O funding has been allocated to support the City's Pavement Management Program and significant road projects. In addition, it has provided funds to hire one additional public works crew member in FY 13/14 and one additional Maintenance Worker I/II in FY 14/15.

#### Support Community Policing Projects

In 2014, the Police Department saw significant increases in critical areas of service. Violent crime decreased significantly, but call for services, arrests, Part 2 Crimes, and drug violations have increased.

To better respond to the increased demands for services, the Police Department is exploring opportunities to more effectively utilize existing authorized positions and budget while meeting the increased demands placed on the Department. Those opportunities will be presented during the budget hearing.

#### Five Year Plan

The following five-year Measure O funding plan was provided to promote economic and disaster recovery. Additional transfers from the operating surpluses in the General Fund in FY 12/13 thru FY 14/15 promoted early funding of reserves, which resulted in increased allocations to CIP in FY 15/16 and FY 16/17.

Fiscal Year	Measure O					GF to Reserves
	Measure O Funding	PW Crew	PD Staff	CIP/Street Maint.	Reserves	
12/13	\$245,600	\$9,100	\$5,400	\$94,600	\$136,500	\$350,000
13/14	1,018,750	45,950	18,800	490,900	463,100	150,000
14/15	1,041,900	63,300	26,000	504,900	447,700	200,000
15/16	1,082,000	105,000	35,000	700,000	242,000	60,400
16/17	1,109,100	108,000	35,000	966,100	-	
Total	\$4,497,350	\$331,350	\$120,200	\$2,756,500	\$1,289,300	\$760,400

## Facilities Reserve Fund

The Facilities Reserve Fund was established in FY 14/15 to serve as a resource to fund capital improvements and major repairs on City facilities. This fund would provide a resource to address long-term maintenance needs, as well as deferred projects. Examples of projects could include replacing roofs, painting exteriors, replacing mechanical/electrical equipment, and maintenance on adjoining parking spaces.

A preliminary list of identified facilities and select projects are listed below.

Facility	Potential Projects	Draft Estimates
City Hall	Roof	\$60,000 - \$70,000
City Hall	Restrooms, community room	
Corporation Yard	Remodel – Females locker room, restrooms	
Jade Street	Exterior paint, restrooms, pipes, accordion walls	\$400,000
Library		
Restrooms - Parks		
Rispin Mansion		
Wharf	Restrooms	

The City plans to establish a formal funding policy for ongoing contributions in FY 15/16. Methods considered could include setting aside funds based on annual depreciation costs, a percentage of revenue, or using the National Research Council Stewardship of Facilities guidelines, which recommends contributing 2 - 4% of facility replacement costs. The current annual amount of depreciation on City facilities is \$70,000. The FY 14/15 Adopted Budget included initial \$167,000 transfer to the facilities reserve. The FY 15/16 Budget includes another \$150,000.





## General Fund Resources

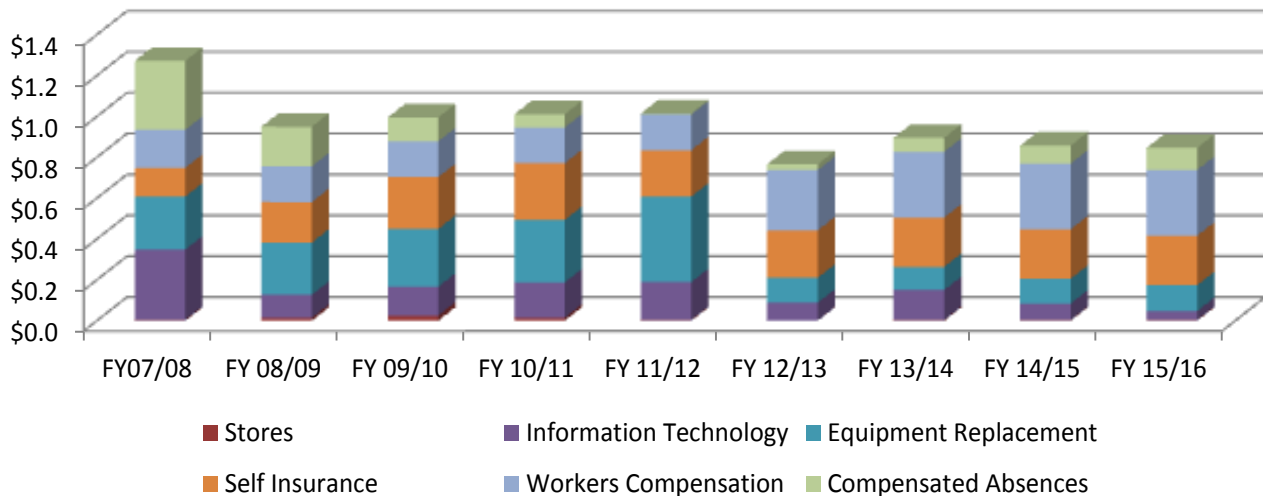
The General Fund Resources include the Reserve Funds (Emergency, Contingency, PERS Contingency, Facilities) and Internal Service Funds designated for equipment purchases, risk management, and pension obligations. The Reserve Funds have specific purposes and require a vote of the Council to expend.

The following table shows the estimated Total General Fund available resources:

Estimated Year End Fund Balance	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
General Fund	\$ 934,500	\$ 266,521	\$ 298,989
Designated Reserves			
Emergency Reserve	1,049,206	1,262,206	1,302,206
Contingency Reserve	1,803,946	1,893,346	1,953,346
PERS Contingency Reserve	-	300,000	30,000
Facilities Reserve	87,000	237,000	237,000
Donations	-	10,000	20,000
Internal Service Funds			
Stores	8,209	8,209	8,209
Information Technology	93,013	13,141	(40,391)
Equipment Replacement	126,204	116,204	98,204
Self Insurance Liability	103,341	203,341	203,341
Workers Compensation	321,853	221,853	221,853
Compensated Absences	72,874	97,874	97,874
<b>Total General Fund Resources</b>	<b>\$ 4,600,146</b>	<b>\$ 4,629,695</b>	<b>\$ 4,430,631</b>

In FY12/13, \$400,000 was transferred from the Equipment, Information Technology, and Stores Funds to assist in restoring the City's primary reserves. The corresponding chart and graph illustrate the impact of the transfers on the affected funds. In FY 13/14, the City budgeted additional transfers of \$41,230 to the Equipment Fund and \$114,000 to the Information Technology Fund to assist with replenishment efforts. This additional funding, along with reduced spending in the upcoming budgets are anticipated to gradually bring the Equipment Fund closer to its previous fund balance.

**Internal Service Funds**  
(In millions)



## Fund Balance Summary FY 2015/16

	Estimated Balance 07/01/2015	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 06/30/2016
<b>General Fund</b>	\$ 934,500	\$14,817,143	\$ -	\$ 13,025,496	\$ 2,459,626	\$ 266,521
<b>Designated Reserves</b>						
Contingency Reserve	\$ 1,803,946	\$ -	\$ 89,400	\$ -	\$ -	\$ 1,893,346
PERS Contingency Reserve	-	-	300,000	-	-	300,000
Emergency Reserve	1,049,206	-	213,000	-	-	1,262,206
Donations	-	10,000	-	-	-	10,000
Facility Reserve	87,000	-	150,000	-	-	237,000
<b>Total Designated Reserves</b>	<b>\$ 2,940,152</b>	<b>\$ 10,000</b>	<b>\$ 752,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,702,552</b>
<b>Debt Service</b>						
Pension Obligation Bond	\$ 485,567	\$ -	\$ 669,204	\$ 669,204	\$ -	\$ 485,567
Pac Cove Lease Financing	330,106	-	165,066	165,066	-	330,106
Pac Cove Park	30,254	-	89,400	89,375	-	30,279
OPEB Trust	43,408	-	38,600	-	-	82,008
<b>Total Debt Service</b>	<b>\$ 889,335</b>	<b>\$ -</b>	<b>\$ 962,270</b>	<b>\$ 923,645</b>	<b>\$ -</b>	<b>\$ 927,960</b>
<b>Capital Improvement Fund</b>	<b>\$ 1,565,404</b>	<b>\$ 40,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,040,000</b>	<b>\$ -</b>	<b>\$ 1,565,404</b>
<b>Internal Service Funds</b>						
Stores	\$ 8,209	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ 8,209
Information Technology	93,013	107,128	70,000	257,000	-	13,141
Equipment Replacement	126,204	60,000	50,000	120,000	-	116,204
Self-Insurance Liability	103,341	344,500	100,000	344,500	-	203,341
Workers Compensation	321,853	385,000	-	385,000	100,000	221,853
Compensated Absences	72,874	-	130,500	105,500	-	97,874
<b>Total Internal Service Funds</b>	<b>\$ 725,494</b>	<b>\$ 931,628</b>	<b>\$ 350,500</b>	<b>\$ 1,247,000</b>	<b>\$ 100,000</b>	<b>\$ 660,622</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 157,931	\$ 100,200	\$ -	\$ 61,700	\$ -	\$ 196,431
SCCACT-SCC Anti-Crime Team	-	85,076	-	85,076	-	-
Gas Tax	121,322	222,000	-	277,900	-	65,422
Wharf	93,764	86,200	-	86,150	-	93,814
General Plan Update and Maint	82,670	80,160	-	158,000	-	4,830
Green Building Education	115,471	8,000	-	36,000	-	87,471
Public Arts Fee	233,128	30,000	-	39,300	-	223,828
Parking Reserve	6,662	100,000	-	100,000	-	6,662
Technology Fee	47,541	9,500	-	16,000	-	41,041
PEG-Public Education and Gov.	43,187	17,050	-	22,500	-	37,737
BIA-Capitola Village-Wharf BIA	4,525	65,000	-	67,200	-	2,325
CDBG Grants	25,459	500,000	-	485,000	-	40,459
CDBG Program Income	(2,470)	-	-	-	-	(2,470)
HOME Reuse	68,807	12,300	-	3,200	-	77,907
Housing Trust	67,576	15,000	-	65,000	-	17,576
Former RDA Low/Mod	432,454	-	-	-	-	432,454
Cap Hsg Succ- Program Income	41,382	-	-	35,000	-	6,382
<b>Total Special Revenue Funds</b>	<b>\$ 1,539,409</b>	<b>\$ 1,330,486</b>	<b>\$ -</b>	<b>\$ 1,538,026</b>	<b>\$ -</b>	<b>\$ 1,331,869</b>
<b>Successor Agency</b>	<b>\$ 207,543</b>	<b>\$ 626,935</b>	<b>\$ -</b>	<b>\$ 402,024</b>	<b>\$ -</b>	<b>\$ 432,454</b>
<b>Total Fund Balance - All Funds</b>	<b>\$ 8,801,837</b>	<b>\$17,756,192</b>	<b>\$ 3,065,170</b>	<b>\$ 18,176,191</b>	<b>\$ 2,559,626</b>	<b>\$ 8,887,382</b>

## Fund Balance Summary FY 2016/17

	Estimated Balance 07/01/2016	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 06/30/2017
<b>General Fund</b>	\$ 266,521	\$ 15,143,650	\$ -	\$ 13,428,616	\$ 1,682,566	\$ 298,989
<b>Designated Reserves</b>						
Contingency Reserve	\$ 1,893,346	\$ -	\$ 60,000	\$ -	\$ -	\$ 1,953,346
Emergency Reserve	300,000	-	-	-	-	300,000
Donations	1,262,206	-	40,000	-	-	1,302,206
Facility Reserve	10,000	10,000	-	-	-	20,000
<b>Total Designated Reserves</b>	<b>237,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237,000</b>
	<b>\$ 3,702,552</b>	<b>\$ 10,000</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,812,552</b>
<b>Debt Service</b>						
Pension Obligation Bond						
Pac Cove Lease Financing	\$ 485,567	\$ -	\$ 669,595	\$ 668,595	\$ -	\$ 486,567
Pac Cove Park	330,106	-	165,066	165,066	-	330,106
OPEB Trust	30,279	-	89,200	89,202	-	30,277
<b>Total Debt Service</b>	<b>82,008</b>	<b>-</b>	<b>38,600</b>	<b>-</b>	<b>-</b>	<b>120,608</b>
	<b>\$ 927,960</b>	<b>\$ -</b>	<b>\$ 962,461</b>	<b>\$ 922,863</b>	<b>\$ -</b>	<b>\$ 967,558</b>
<b>Capital Improvement Fund</b>						
	<b>\$ 1,565,404</b>	<b>\$ -</b>	<b>\$ 700,000</b>	<b>\$ 700,000</b>	<b>\$ -</b>	<b>\$ 1,565,404</b>
<b>Internal Service Funds</b>						
Stores						
Information Technology	\$ 8,209	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ 8,209
Equipment Replacement	13,141	133,468	-	187,000	-	(40,391)
Self-Insurance Liability	116,204	60,000	-	78,000	-	98,204
Workers Compensation	203,341	389,500	-	389,500	-	203,341
Compensated Absences	221,853	385,000	-	385,000	-	221,853
<b>Total Internal Service Funds</b>	<b>97,874</b>	<b>108,600</b>	<b>-</b>	<b>108,600</b>	<b>-</b>	<b>97,874</b>
	<b>\$ 660,622</b>	<b>\$ 1,111,568</b>	<b>\$ -</b>	<b>\$ 1,183,100</b>	<b>\$ -</b>	<b>\$ 589,090</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc						
SCCACT-SCC Anti-Crime Team	\$ 196,431	\$ 100,200	\$ -	\$ 61,800	\$ -	\$ 234,831
Gas Tax	-	88,075	-	88,075	-	-
Wharf	65,422	222,000	-	266,400	-	21,022
General Plan Update and Maint	93,814	95,200	-	89,250	-	99,764
Green Building Education	4,830	80,160	-	77,000	-	7,990
Public Arts Fee	87,471	8,000	-	35,000	-	60,471
Parking Reserve	223,828	30,000	-	39,300	-	214,528
Technology Fee	6,662	100,000	-	100,000	-	6,662
PEG-Public Education and Gov.	41,041	9,500	-	16,000	-	34,541
BIA-Capitola Village-Wharf BIA	37,737	17,050	-	22,500	-	32,287
CDBG Grants	2,325	65,000	-	67,200	-	125
CDBG Program Income	40,459	-	-	-	-	40,459
HOME Reuse	(2,470)	-	-	-	-	(2,470)
Housing Trust	77,907	12,300	-	3,500	-	86,707
Cap Hsg Succ- Program Income	432,454	-	-	-	-	432,454
<b>Total Special Revenue Funds</b>	<b>6,382</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>1,382</b>
	<b>\$ 1,331,869</b>	<b>\$ 842,485</b>	<b>\$ -</b>	<b>\$ 911,025</b>	<b>\$ -</b>	<b>\$ 1,263,329</b>
<b>Successor Agency</b>						
	<b>\$ 432,454</b>	<b>\$ 711,036</b>	<b>\$ -</b>	<b>\$ 882,024</b>	<b>\$ -</b>	<b>\$ 261,466</b>
<b>Total Fund Balance - All Funds</b>						
	<b>\$ 8,887,382</b>	<b>\$ 17,818,739</b>	<b>\$ 1,762,461</b>	<b>\$ 18,027,628</b>	<b>\$ 1,682,566</b>	<b>\$ 8,758,388</b>

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# GENERAL FUND REVENUES



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## GENERAL FUND REVENUES

Revenues for the FY15/16 General Fund operating budget total \$14.8 million, an increase of approximately \$533,000 or a 3.7 percent, with property and sales taxes primarily responsible for the increase. Property tax revenues remain strong as assessed values (basis for property tax levies) continue to increase with change in ownership due to a hot real estate market, reinstatement of assessed values lowered during Great Recession, and an additional 2% CPI increase per Prop 13 provisions. Sales tax collections continue to increase with strong taxable sales at the Capitola Mall as well as opening of newly renovated Toyota Auto dealership. The Transient Occupancy Tax collection remain strong due to improved statewide economic conditions, extended summer season, and more visitors choosing Capitola as a vacation destination.

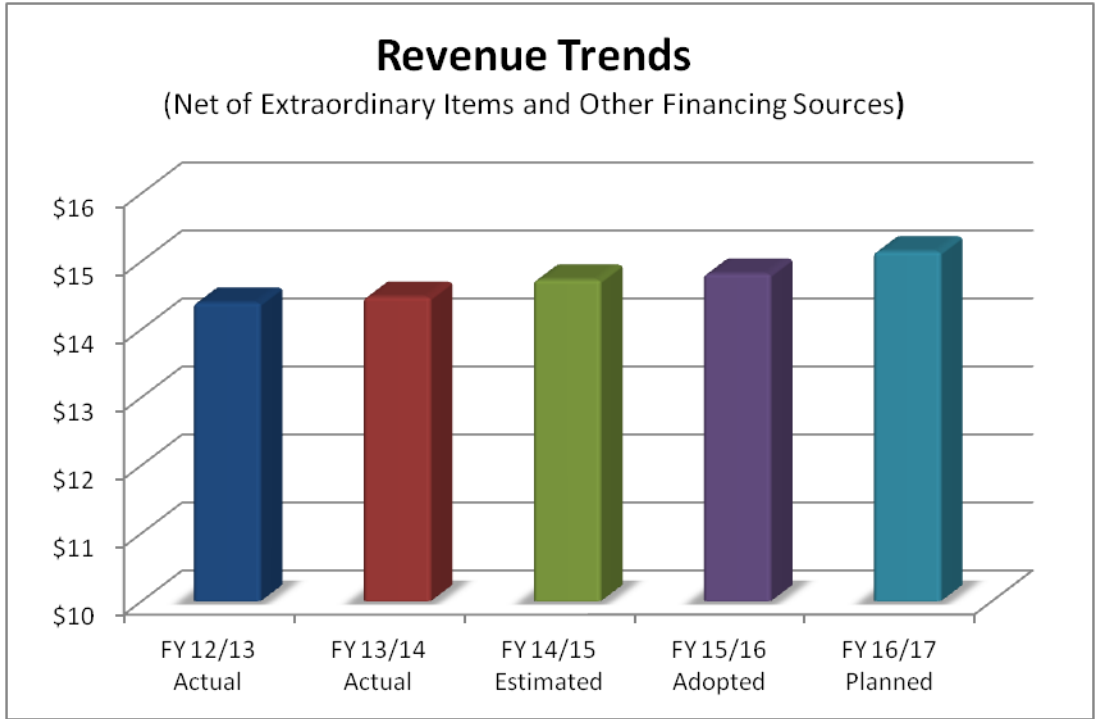
While we forecast many positive signs of economic improvement, these increases may not continue to rise as rapidly in FY 16/17 and beyond. Increased tax revenues in FY 15/16 and FY 16/17 are offset by reductions in intergovernmental revenues and Charges for Services related to reductions in federal grant funding and the reduction and loss of a \$100,000 Successor Agency Administrative Allowance. A summary of major revenues changes between the FY14/15 Adopted and FY 15/16 Proposed budgets are listed below:

• Property Taxes incl Motor Vehicle In-Lieu	\$209,600
• Sales Tax	171,300
• Other Taxes – Franchise Fee, TOT Etc	123,800
• Successor Agency Administrative Allowance	(100,000)
• Other Revenue Categories	<u>115,500</u>
	<b>\$520,200</b>

An overview of revenues and the related history is presented below.

### General Fund Summary

Revenues by Major Category	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>Revenue</b>					
Taxes	\$9,663,353	\$11,076,261	\$11,380,100	\$11,603,200	\$11,909,100
Licenses and permits	209,946	304,218	251,150	247,950	249,450
Intergovernmental revenues	254,646	138,004	236,400	178,793	166,100
Charges for services	1,907,023	2,123,124	1,992,900	1,940,700	1,973,000
Fines and forfeitures	688,272	730,668	748,700	720,000	720,000
Use of money & property	24,167	21,697	53,900	59,100	59,500
Other revenues	196,978	81,384	65,325	67,400	66,500
Other financing sources	-	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>General Fund Revenues</b>	<b>\$14,392,384</b>	<b>\$14,475,356</b>	<b>\$14,728,475</b>	<b>\$14,817,143</b>	<b>\$15,143,650</b>



**General Revenue Information**

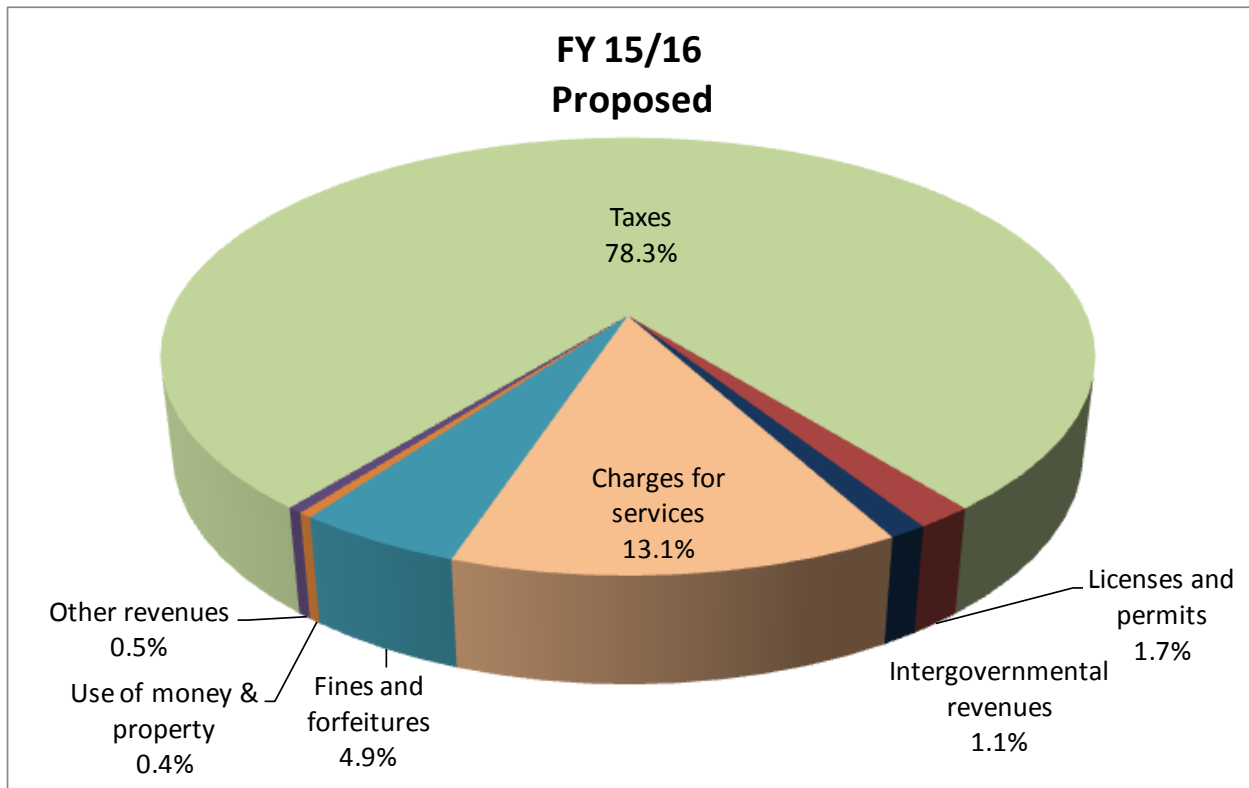
The City does not receive General Fund revenues in equal monthly increments. While the City receives some revenue regularly throughout the fiscal year, others are received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola’s lowest cash balance occurs in mid-December prior to property tax revenue being received. The City developed a cash flow model to assist with on-going cash flow projections 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 FY12/13, 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 \$7,489,900
- Transient Occupancy Tax 1,280,200
- Parking Meters 768,900
- Parking Fines 477,000
- Property Taxes / Property Taxes in Lieu of Vehicle Fees 1,972,500
- \$11,988,500**

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





**Sales Tax**

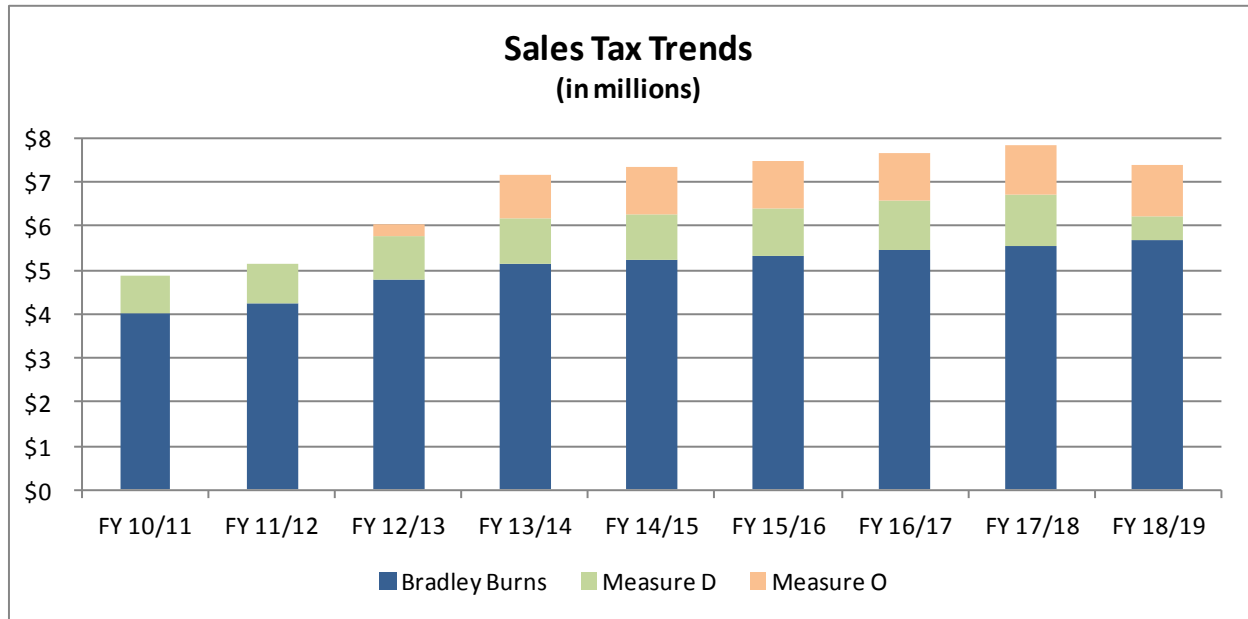
The City of Capitola sales tax consists of one percent Bradley Burns, a quarter percent Capitola District Tax (Measure D), and a new permanent quarter percent Capitola District (Measure O). In FY13/14, annual sales tax revenue was \$7.2 million, with just over \$2 million in revenues contributed by Measure D and Measure O. Measure D is currently scheduled to sunset in December of 2017.

Sales Tax by Geographic Area	
Area	% of Sales
41st Avenue Corridor	84.0%
Upper Village	7.4%
Village	7.5%
Kennedy Drive, Other	1.1%
Total Sales Tax Revenue	100.0%

The Finance Department staff work closely with MuniServices, 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 MuniServices, internal quarter over quarter analyses, and the impact of one-time events. In FY15/16, sales tax revenue performance is anticipated to increase by approximately two percent or \$148,900 over the FY 14/15 estimates. In FY 16/17, sales tax growth is projected to be closer to two and a half percent, with increases projected of approximately two percent in FY 17/18 and FY 18/19.

The following chart highlights signs of increased economic recovery in FY 12/13, first quarter revenues associated with Measure O, and the addition of a major retail store. In FY 12/13, Measure O, was implemented as “bridge” funding to replenish reserves, fund City street repairs,

and enhance community policing projects prior to the sunset of Measure D. The City projects Measure D and O, collections to be over \$1 million in FY 15/16. The chart below illustrates the effect of the partial year expiration of Measure D in FY 18/19. The chart does not contain estimates based on the expiration of the State In-Lieu or Triple Flip method of disbursements that is anticipated to appear in FY 16/17. Only regular operating revenue receipts have been included in the FY 16/17 and FY 17/18 estimated receipts. Due to this transition there could be an estimated one-time payment of \$232,700 due to the unwinding of this program.



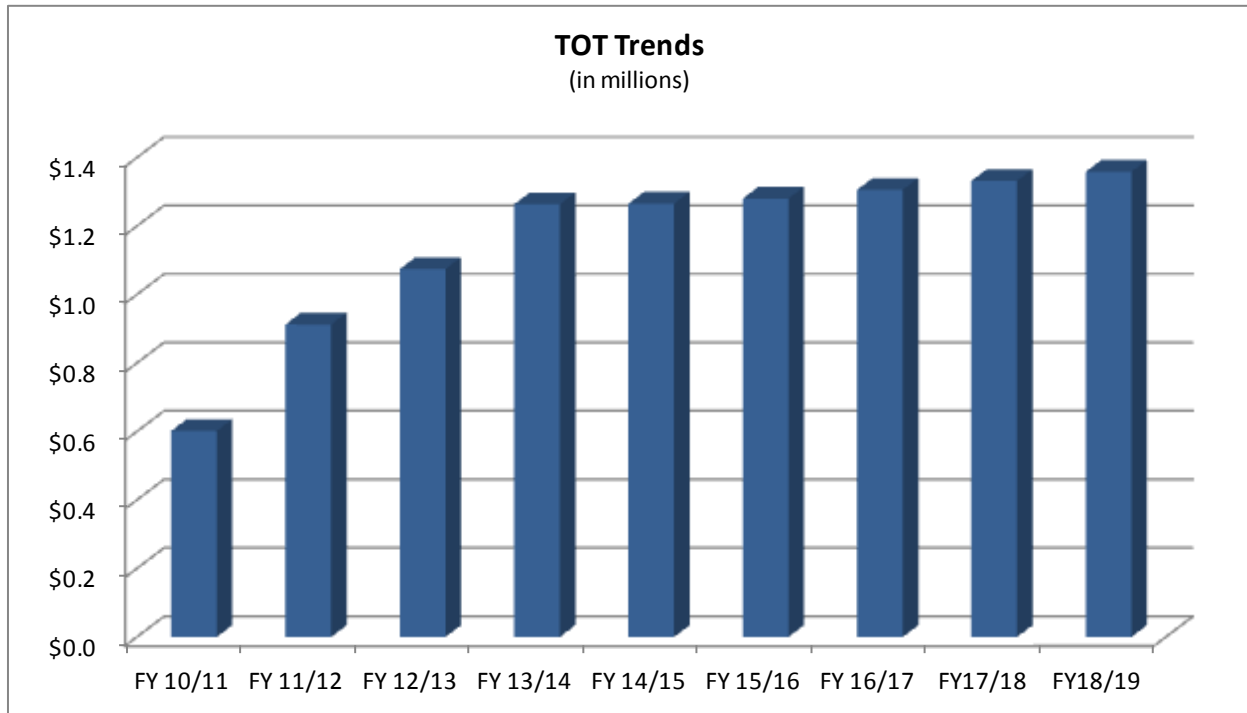
### Transient Occupancy Taxes (TOT)

Hotel tax, also known as the Transient Occupancy Tax (TOT) charges rental accommodation of less than 30 days a 10% tax. In FY15/16, TOT tax accounts for over eight percent of the General Fund operating revenues. The City's TOT revenues come from the following sources:

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

In FY13/14, TOT revenues grew by 17.7 percent or \$189,200. This could be attributed to an extended warm weather season, economic growth, and significant increased receipts from two hotels. The dry winter season, with limited snow in the mountains could have motivated more vacationers to choose a coastal, rather than mountain vacation destination. The FY 15/16 and FY 16/17 estimates are based on a more conservative growth factor of one to two percent. The City anticipates TOT revenue to increase by 2% in the remaining projected years. The estimates were derived internally by monitoring quarterly revenues, reviewing local tourism trends, and referencing CPI as an indicator of growth. The U.S. Travel Association's Travel Forecast Model for Domestic Person-Trips was also referenced for comparative purposes.

The following chart illustrates the continued growth of TOT revenues within the City. Signs of economic recovery, along with the addition of a major hotel increased revenues in FY 11/12 by over \$300,000. Growth continued by 17 percent in FY 12/13, followed by an additional 18 percent increase in FY 13/14. Due to Capitola's seaside location, proximity to regional attractions, and beginning signs of economic recovery, the City is continuing efforts to attract another hotel to the area.



### Parking Meters and Parking Fines

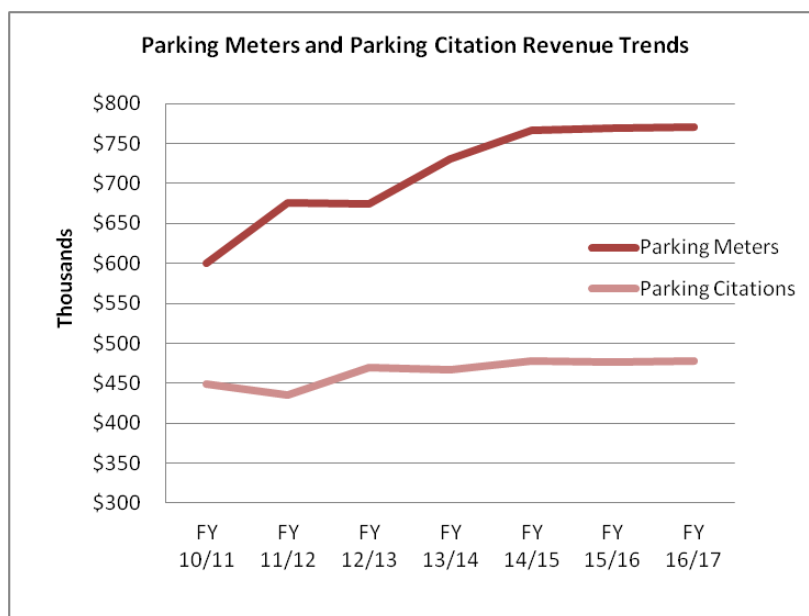
In FY 13/14, parking meter and parking fine revenues contributed over \$1.2 million to the General Fund. Revenue sources include fees collected from the meters and fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. At the end of FY 13/14, a 226-space parking lot opened adjacent to the existing Pacific Cove Parking Lot and City Hall. 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:

Location	Spaces	Estimated FY 15/16 Revenue	Avg. Meter Revenue per Space
Village	195	\$ 521,300	\$ 2,673
Cliff Drive	65	\$ 86,200	\$ 1,326
Pacific Cove - Upper Lot	232	\$ 117,300	\$ 506
Pacific Cove - Lower Lot	226	\$ 44,100	\$ 195

The following chart illustrates parking and parking citation trends within the City. In FY10/11, combined revenues declined by over \$140,000 due to damage caused by the ruptured storm drain, installation time associated with new pay stations, parking meter holidays, and reduced

parking enforcement staff. In November of 2011, the City completed the installation of the first set of pay stations in the Capitola Village. All previous parking meters were replaced with pay stations, with the exceptions of newly retrofitted meters on the 300 and 400 blocks of Capitola Ave. The City anticipates the new equipment will increase revenues, while adding the convenience of credit card acceptance.

While parking receipts may increase, uncertainty remains as to the net impact of the parking meter to pay station conversion. Preliminary information indicates that the cost of credit card acceptance and monthly pay station maintenance fees, netted against previous coin collection charges remains relatively cost neutral. In FY 13/14, it was noted that while parking revenues increased 8.5 percent, the value of citations decreased by 0.8 percent. This could be due to a reduction in staffing or technology changes. Staff believes that technology designed to assist parking space monitoring could be more effective with enhanced cellular service in the Village.



In the FY15/16 budgetary projections, the City chose to a conservative approach to parking meter and parking fine estimates compared to FY 14/15 Estimates, with revenue projections relatively unchanged compared to the prior year. A temporary Parking Enforcement Officer became a full-time position during the last quarter of FY 13/14. In addition, to providing parking enforcement services, the position also assists in defraying pay station maintenance repairs.

### 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 \$1000 of assessed property value.

In FY13/14, property taxes collections were over \$892,800, representing a 4.4 percent overall increase over the prior year, with over \$875,000 attributed to secured property values. The City's collections are consistent with information from the County Auditor-Controller's Office which indicated that property valuations in Capitola are rising at a rate of three to five percent. Additional FY 13/14 revenues results from \$32,800 in unsecured and supplement assessments. In FY 11/12 and FY 12/13, the City received approximately \$52,000 and \$38,000 in additional

revenues associated with the dissolution of the Redevelopment Agency. The prior year redistributions resulted from recaptured disallowed obligations of the former RDA. There were only \$19,900 residual distributions in FY 13/14 and \$91,392 in FY 14/15. The FY 15/16 Budget reduces the residual distribution to \$50,000.

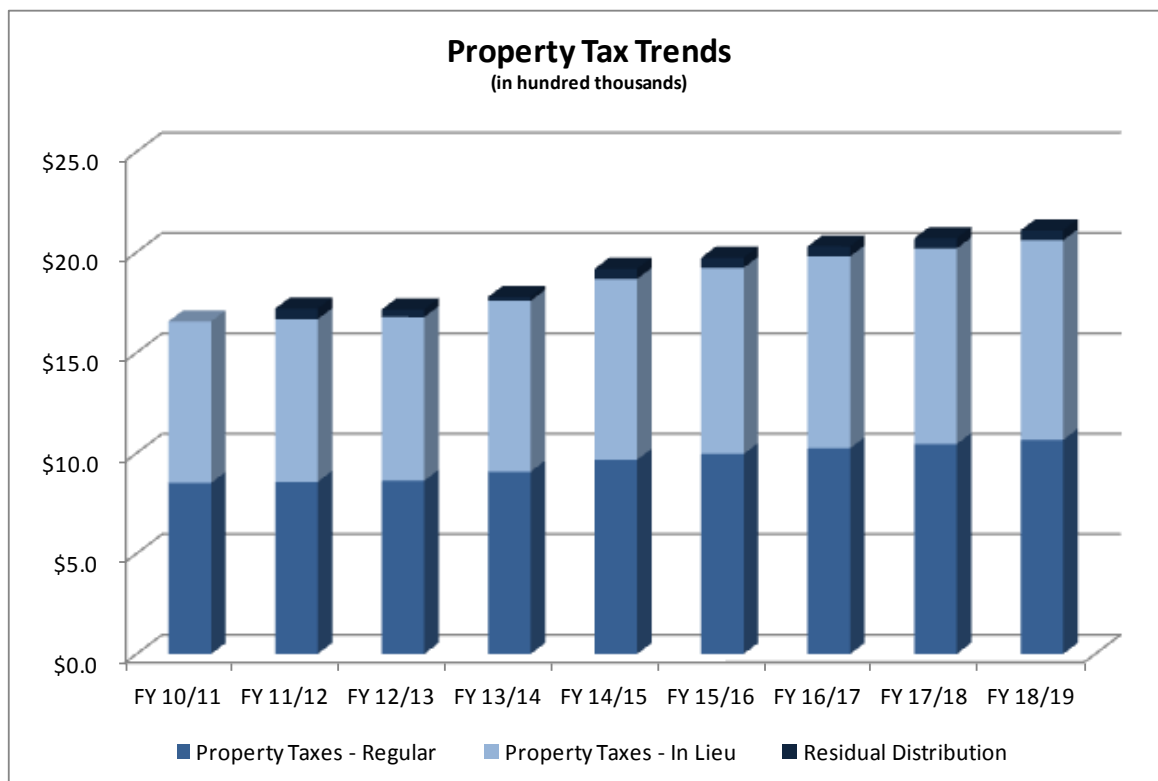
In the FY15/16 Budget, base property tax revenues projects an increase of approximately three percent with a similar increase projected in FY 16/17. The City based the projection on information from the Auditor-Controller’s Office; uncertainties over supplemental and unsecured assessments; and a review of the current housing market. The maximum growth factor of two percent of the assessed property valuation used to estimate FY 17/18 and FY 18/19 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 remains relatively constant over prior years; however there is an eight percent or \$69,000 increase projected in FY 15/16. 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 two to three percent have been applied to the upcoming fiscal years.



# Revenue Summary

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b><u>Taxes</u></b>						
Property taxes - Secured	\$842,226	\$889,113	\$885,700	\$948,500	\$976,600	\$1,005,600
Property taxes - Unsecured	19,821	18,693	19,200	18,900	18,900	18,900
Property taxes In lieu of motor vehicle fee	814,722	849,957	858,000	900,000	927,000	954,800
Property taxes Residual Distr. - Former RDA	37,928	19,870	-	50,000	50,000	50,000
General Sales Tax	4,765,126	5,143,852	5,224,500	5,228,900	5,325,900	5,495,800
General Sales Tax - Measure D	1,020,747	1,025,513	1,052,200	1,055,600	1,082,000	1,109,100
General Sales Tax - Measure O	254,668	1,010,362	1,041,900	1,054,500	1,082,000	1,109,100
Documentary Transfer Tax	63,340	71,742	-	64,000	50,000	30,000
Business License Tax	291,643	287,225	280,800	280,800	283,700	289,200
Franchise Tax Electric	98,500	102,618	98,000	105,200	107,900	110,600
Franchise Tax Gas	27,049	28,441	29,000	29,000	29,700	30,500
Franchise Tax Refuse	224,866	231,520	230,000	233,300	239,100	245,100
Franchise Tax Refuse AB939 Surcharge	4,707	11,411	6,000	11,800	12,100	12,400
Franchise Tax Cable TV	95,264	93,466	94,000	96,300	99,200	102,200
Franchise Tax Universe-AT&T	24,041	25,104	24,000	33,700	34,700	35,800
Franchise Tax Recycling Grant	4,200	4,200	4,200	4,200	4,200	4,200
Transient Occupancy Tax	1,074,506	1,263,175	1,251,000	1,265,400	1,280,200	1,305,800
<b>Taxes - Totals</b>	<b>\$9,663,353</b>	<b>\$11,076,262</b>	<b>\$11,098,500</b>	<b>\$11,380,100</b>	<b>\$11,603,200</b>	<b>\$11,909,100</b>
<b><u>Licenses and permits</u></b>						
Building Permits	\$135,070	\$236,529	\$191,900	\$191,900	\$191,900	\$191,900
Encroachment Permit	22,940	12,701	15,000	10,000	10,000	10,000
Special Events Permit	890	1,120	900	900	900	900
Entertainment Permit	4,596	5,547	4,000	4,000	4,000	4,000
Parking Permit	33,777	39,543	32,900	34,600	32,900	32,900
Other Permit	12,673	8,778	9,750	9,750	8,250	9,750
<b>Licenses and permits - Totals</b>	<b>\$209,946</b>	<b>\$304,218</b>	<b>\$254,450</b>	<b>\$251,150</b>	<b>\$247,950</b>	<b>\$249,450</b>
<b><u>Intergovernmental Revenues</u></b>						
Federal government grants Federal grant-operating	\$98,776	\$44,522	\$85,000	\$130,500	\$92,893	\$80,000
Federal government grants Federal grant-capital	2,762	14,928	-	12,100	5,000	5,000
State gov't shared revenues State- Prop 172 Sales tax	35,468	36,480	35,000	37,200	38,000	38,700
State gov't shared revenues Abandoned vehicle	12,619	14,058	10,500	10,500	10,500	10,500
State gov't shared revenues POST Police offcr sfty	24,305	7,910	16,000	16,000	16,000	16,300
State gov't shared revenues Motor vehicle in-lieu tax	5,228	4,326	5,000	4,200	4,000	3,000
State gov't shared revenues State recycling grant	5,000	5,000	5,000	-	-	-
State gov't shared revenues Homeowner prop tax relief	7,165	7,048	7,200	7,200	7,400	7,600
State gov't shared revenues SB90 State mandated cost	6,822	3,732	5,000	18,700	5,000	5,000
Local Government Revenue County Contribution	56,500	-	-	-	-	-
<b>Intergovernmental Revenues - Totals</b>	<b>\$254,646</b>	<b>\$138,004</b>	<b>\$168,700</b>	<b>\$236,400</b>	<b>\$178,793</b>	<b>\$166,100</b>
<b><u>Charges for Services</u></b>						
Gen gov't RDA bus svcs/OSB Admin	\$250,000	\$250,000	\$150,000	\$150,000	\$50,000	50,000
Gen gov't Pkg meters/pay stations-Village	550,149	544,209	550,000	520,000	521,300	522,600
Gen gov't Pkg meters/pay stations-Cliff Dr	65,664	78,130	55,000	86,000	86,200	86,400
Gen gov't Pkg meters/Paystations-Pac Cove I	58,178	108,837	84,000	117,000	117,300	117,600
Gen gov't Pkg meters/Paystations - Pac Cove II	-	-	20,000	44,000	44,100	44,200

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Proposed	FY 16/17 Planned
<b><u>Charges for Services (cont.)</u></b>						
Gen govt BIA - finance support services	4,200	4,200	4,200	4,200	4,200	4,200
Gen govt CVC-Finance Support Services	940	590	600	600	600	600
Gen govt Green Building Program Mgmt	-	-	1,000	1,000	1,000	1,000
Public safety Vehicle release fee	12,969	16,733	15,000	15,000	17,500	17,500
Public safety Police reports and others	5,059	4,965	4,600	4,600	5,000	5,000
Public safety Booking fees	2,566	5,909	5,000	5,000	5,500	5,500
Public safety DUI collections	3,535	6,374	3,500	5,000	5,500	5,500
Public safety Animal services	4,123	2,145	3,500	3,500	1,000	1,000
Public safety Special events - police services	15,108	15,485	14,000	14,000	14,000	14,400
Public safety Special Events-Lifeguard Svcs	200	-	-	-	-	-
Public works BIA - public works services	3,000	3,000	3,000	3,000	3,000	3,000
Public works Special events - pw services	8,878	4,902	8,500	8,500	5,000	5,000
Public works Sweeper Svc Provided to Gas Tax	45,000	-	-	-	-	-
Public works Trash & Cleanup Removal Agrmnt	2,000	2,000	-	2,000	2,000	2,000
Building fees Building plan check fees	86,753	120,789	105,000	105,000	105,000	105,000
Comm Dev Planning fee - Sr Plnr Cost	56,720	78,330	37,500	60,000	55,000	55,000
Comm Dev Planning fee - Assist Plnr Cost	-	3,045	17,500	10,000	10,000	10,000
Comm Dev Planning Fee - Director Cost	1,547	41,226	15,000	5,000	5,000	5,000
Comm Dev Planning - Plan Check Fee	13,222	14,500	10,000	10,000	10,000	10,000
Comm dev Planning application fee	17,528	19,858	18,000	12,000	15,000	15,000
Comm Dev Planning - Billing to Gen Plan	-	25,000	25,000	25,000	40,000	40,000
Comm Dev - Green Building	-	-	3,000	12,000	30,000	30,000
Comm Dev Planning - Other Fees	14,960	22,811	18,000	18,000	18,000	18,000
Recreation Fees - Class Fees	299,947	340,861	289,000	269,000	270,000	270,000
Recreation Fees - Class Fee Refunds	(2,111)	(2,777)	(1,500)	(1,500)	(1,500)	(1,500)
Recreation Fees - Jr. Guard Fees	246,804	271,932	295,000	309,000	320,000	340,000
Recreation fees - Jr. Guard Fee Refund	(6,342)	(3,489)	(2,000)	(2,000)	(2,000)	(2,000)
Recreation Fees - Camp Capitola Fees	93,981	103,963	122,000	148,000	150,000	160,000
Recreation Fees - Camp Fee Refunds	(73)	(953)	(500)	(500)	(500)	(500)
Recreation Fees - Sports Fees	52,521	41,973	50,000	32,000	35,000	35,000
Recreation fees - Sports Fee Refund	-	(1,424)	(1,500)	(1,500)	(1,500)	(1,500)
<b>Charges for Services Totals</b>	<b>1,907,023</b>	<b>2,123,124</b>	<b>1,921,400</b>	<b>1,992,900</b>	<b>1,940,700</b>	<b>1,973,000</b>
<b><u>Fines and forfeitures</u></b>						
Redlight Camera Enforcement	\$82,388	\$96,719	\$90,000	\$90,000	\$90,000	\$90,000
General Fines	144,230	167,516	161,100	181,000	153,000	153,000
Pkg Citations	461,654	466,433	467,700	477,700	477,000	477,000
<b>Fines and Forfeitures - Totals</b>	<b>\$688,272</b>	<b>\$730,668</b>	<b>\$718,800</b>	<b>\$748,700</b>	<b>\$720,000</b>	<b>\$720,000</b>

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Proposed	FY 16/17 Planned
<b><u>Use of Money &amp; property</u></b>						
Investment earnings LAIF	\$5,277	\$4,938	\$4,500	\$6,600	\$6,900	\$7,300
Rents Pac cove park - Space Lease	2,495	-	-	-	-	-
Rents Jade Street Facility	7,335	5,142	5,000	5,000	7,000	7,000
Rents Esplanade Restaurants	3,834	3,919	3,800	3,800	4,000	4,000
Rents Esplanade - Surf Trailer	1,236	1,263	1,200	1,200	1,200	1,200
Rents Esplanade Bandstand	3,990	3,570	2,300	2,300	5,000	5,000
Lease Revenue Vehicles and Equipment	-	2,865	35,000	35,000	35,000	35,000
<b>Use of Money &amp; Property Totals</b>	<b>\$24,167</b>	<b>\$21,697</b>	<b>\$51,800</b>	<b>\$53,900</b>	<b>\$59,100</b>	<b>\$59,500</b>
<b><u>Other Revenues</u></b>						
Safety Donations & Contributions	10,030	\$5,251	\$5,000	\$5,000	\$5,400	\$4,500
Arts - Twilight Concert Sponsors	5,800	13,200	13,200	13,200	16,000	16,000
Arts - Movies at the Beach Sponsors	1,000	2,000	2,000	2,000	2,000	2,000
Arts - Art at the Beach Fee	3,810	3,600	3,600	3,600	3,000	3,000
Sunday Art & Music Concerts	800	1,600	1,600	3,025	2,000	2,000
Museum Donations - Box Revenue	664	1,558	1,000	1,000	1,000	1,000
Museum Donations-Fundraising	5,725	3,306	5,000	5,000	5,000	5,000
Memorial Plaques and Benches	17,416	15,105	10,000	5,000	7,500	7,500
Miscellaneous Revenues	127,353	4,647	5,000	5,500	5,500	5,500
Reimburse - Fuel by CFPD/School	24,405	23,156	20,000	18,000	20,000	20,000
Change Machine-Misc Rev	(26)	7,961	4,000	4,000	0	0
<b>Other Revenues Totals</b>	<b>\$196,978</b>	<b>\$81,384</b>	<b>\$70,400</b>	<b>\$65,325</b>	<b>\$67,400</b>	<b>\$66,500</b>
<b><u>Other financing sources</u></b>						
Proceeds of gen cap asst dispos Sale of general	99,000	-	-	-	-	-
Extraordinary Items	1,349,000	-	-	-	-	-
<b>Other financing Sources Totals</b>	<b>\$1,448,000</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Revenue Totals</b>	<b>\$14,392,384</b>	<b>\$14,475,357</b>	<b>\$14,284,050</b>	<b>\$14,728,475</b>	<b>\$14,817,143</b>	<b>\$15,143,650</b>



# GENERAL FUND EXPENDITURES



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## GENERAL FUND EXPENDITURES

In FY 15/16 General Fund operating expenditures Budget increases \$740,268 from the 14/15 Adopted Budget; while transfers increase from the prior year by \$189,601. Key differences between the two fiscal years include:

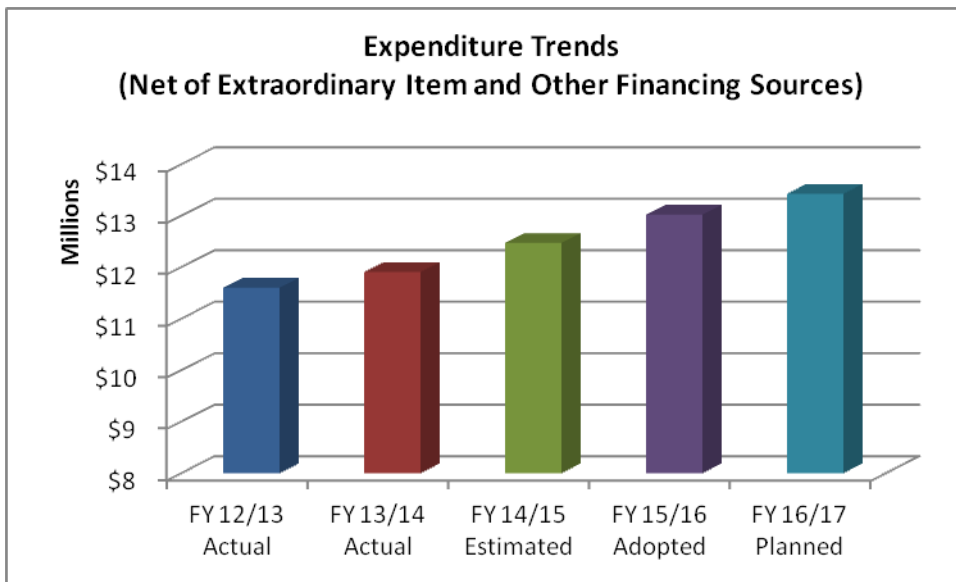
- Total personnel costs (salary and benefits) increased \$397,331 over FY14/15 Adopted Budget.
- Establishment of a new PERS Contingency Fund with a \$300,000 transfer from the General Fund.
- Salary costs are \$58,691 higher due to COLA adjustments and step increases per MOUs plus a new Police Officers, Eliminating a Community Services Officer and the City Clerk budgeted position from 0.9 FTE to 1.0 FTE.
- Increase of \$218,269 in personnel benefit costs mainly due to higher CalPers contributions of \$204,485 and 2.5 percent increase in flex credits based on current contracts.
- Other personnel cost categories such as temporary staffing, overtime and specialty pay increased \$120,371 in FY 15/16 Budget.
- Increase of \$103,853 in internal fund service charges are mainly due to higher self-insurance and workers insurance costs.
- Increase transfer to the Capital Improvement Fund.

The following chart provides an overview of expenditures for the period from FY12/13 to FY16/17 Planned. A complete description of major changes will follow in the related expenditure detail pages.

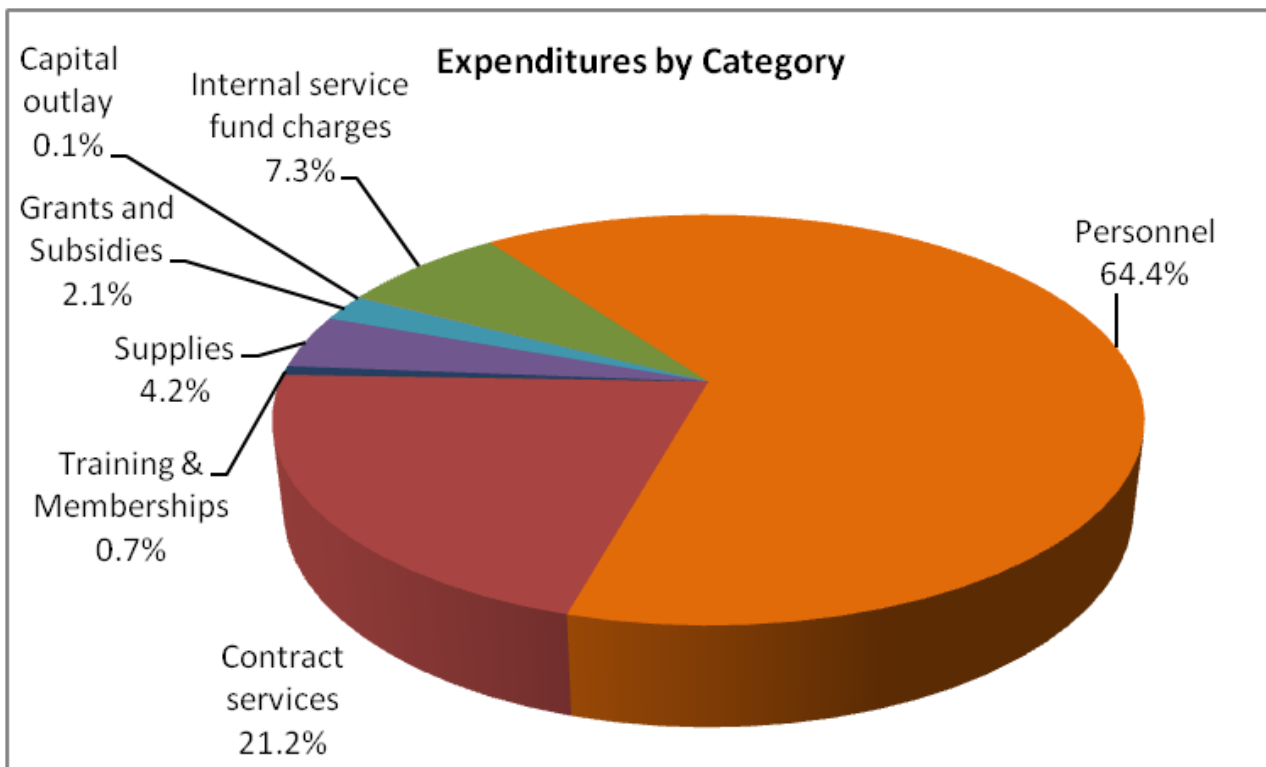
### General Fund Summary

Major Categories	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>Expenditures</b>						
Personnel	\$7,124,483	\$7,662,396	\$7,985,744	\$7,803,557	\$8,383,075	\$8,713,191
Contract services	2,751,137	2,474,662	2,725,130	2,908,871	2,760,000	2,777,950
Training & Memberships	65,030	67,239	83,545	82,600	93,225	92,025
Supplies	475,968	529,682	550,000	555,728	552,400	565,950
Grants and Subsidies	248,633	254,270	269,763	269,763	277,296	275,000
Capital outlay	-	27,848	10,000	5,000	5,000	5,000
Internal service fund charges	940,373	892,925	850,647	850,647	954,500	999,500
<b>Sub Total</b>	<b>\$11,605,626</b>	<b>\$11,909,022</b>	<b>\$12,474,829</b>	<b>\$12,476,166</b>	<b>\$13,025,496</b>	<b>\$13,428,616</b>
Other financing uses	2,588,639	2,237,068	2,270,025	2,395,025	2,459,626	1,682,566
<b>Expenditure Grand Totals</b>	<b>\$14,194,265</b>	<b>\$14,146,090</b>	<b>\$14,744,854</b>	<b>\$14,871,191</b>	<b>\$15,485,122</b>	<b>\$15,111,182</b>

The following chart provides an overview of expenditure trends, excluding transfers. The chart demonstrates that operating costs are escalating year-to-year mainly due to personnel costs.

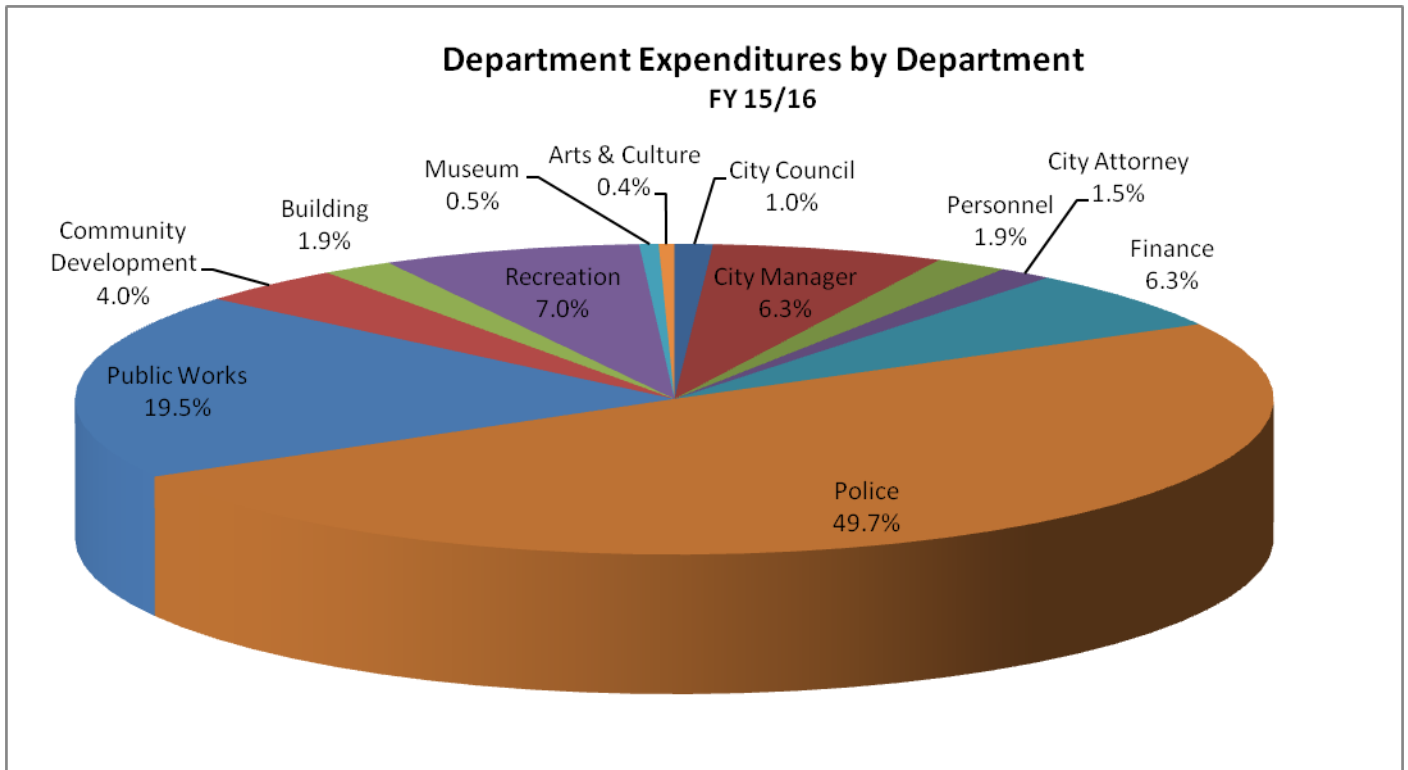


A chart displaying the percentage of expenditures by category is also provided for reference. As the personnel costs have increased by \$397,331 over the prior fiscal year, the ratio of personnel services to other expenditures has also increased from 64.0 percent to 64.4 percent. Other notable changes were in contract services which decreased from 21.7 percent to 21 percent, and internal service charges increased from 6.8 percent to 7.3 percent.



# General Fund Expenditures - By Department

Department	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
City Council	\$121,249	\$111,715	\$127,115	\$125,240	\$131,565	\$132,465
City Manager	792,131	817,364	850,228	847,919	798,827	907,676
Personnel	194,245	188,812	201,926	209,744	248,589	258,186
City Attorney	599,255	186,943	185,000	187,323	187,000	187,000
Finance	679,598	750,971	800,366	770,773	800,431	832,115
Community Grants	248,633	254,270	269,763	269,763	277,296	275,000
Police - Law Enforcement	5,075,724	5,242,069	5,338,631	5,292,460	5,670,242	5,819,768
Police - Parking Enforcement	429,779	488,489	534,916	552,180	565,618	575,934
Police - Lifeguard Services	73,018	70,565	71,900	71,900	73,449	76,156
Police - Animal Services	22,326	22,473	23,500	23,500	23,691	24,581
Public Works - Streets	987,135	1,178,986	1,268,501	1,282,572	1,361,176	1,382,274
Public Works - Facilities	182,477	201,219	263,100	308,883	247,298	257,018
Public Works - Fleet	303,771	346,294	327,732	317,969	335,489	341,055
Public Works - Parks	471,079	520,500	558,096	549,594	538,088	563,719
Community Development	281,425	375,322	439,845	441,910	508,923	521,231
Building	221,977	241,677	255,485	270,312	246,066	246,373
Recreation	800,555	809,423	847,398	843,837	891,385	912,907
Museum	79,704	54,211	65,175	64,135	66,728	63,919
Art & Cultural	41,544	47,719	46,152	46,152	53,635	51,239
<b>Subtotal</b>	<b>\$11,605,626</b>	<b>\$11,909,022</b>	<b>\$12,474,829</b>	<b>\$12,476,166</b>	<b>\$13,025,496</b>	<b>\$13,428,616</b>
Non - Departmental	200,415	-	-	-	-	-
Transfers	2,388,224	2,237,068	2,270,025	2,395,025	2,459,626	1,682,566
<b>Expenditure Totals</b>	<b>\$14,194,265</b>	<b>\$14,146,090</b>	<b>\$14,744,854</b>	<b>\$14,871,191</b>	<b>\$15,485,122</b>	<b>\$15,111,182</b>



## 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 next step unless they are already at the top step of their classification. Per the MOUs, a 2.8 percent COLA has been applied to all classifications. Specialty pays are budgeted as a separate line item. Hourly employees have been budgeted at mid-range. Changes include the following:

FY 15/16: Full funding of the Assistant Planner position which was converted from .5 FTE to 1.0 FTE in FY 14/15 and increase in City Clerk budgeted position from 0.9 FTE to 1.0 FTE. The Police Department will also add a Police Officer in FY 15/16 while eliminating a Community Services Officer. In response to the Affordable Health Care Act, a temporary Recreation Assistant position was moved from an existing .50 FTE position into a 0.75 FTE permanent position. This was offset by decrease in .25 FTE Museum Coordinator budgeted position. For FY 15/16, total citywide FTE count is at 65.90, a .60 FTE increase compared to FY 14/15 Adopted Budget.

The table below summarizes the budget positions & hours, and the following page provides a detail summary of the staffing budget changes.

<b>General Fund</b>	<b>FY09/10</b>	<b>FY10/11</b>	<b>FY11/12</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY 16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
<b><u>Elected</u></b>								
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<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>6.00</b>	<b>6.00</b>
<b><u>Fully Benefited by Dept</u></b>								
City Attorney	-	-	-	-	-	-	-	-
Finance	4.38	4.38	3.95	3.38	4.33	4.50	4.50	4.50
City Manager	6.75	6.75	7.00	7.00	6.90	6.90	7.00	7.00
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50
Police	30.25	30.25	29.59	28.59	30.65	31.65	31.65	31.65
CDD	6.17	4.67	4.12	3.79	4.00	4.50	5.00	5.00
Public Works	12.33	12.33	11.83	12.33	13.00	14.00	14.00	14.00
Recreation	3.00	3.00	3.00	3.00	2.75	3.00	3.25	3.25
<b>Dept - Total FTEs</b>	<b>63.63</b>	<b>62.13</b>	<b>60.24</b>	<b>58.84</b>	<b>62.38</b>	<b>65.30</b>	<b>65.90</b>	<b>65.90</b>
<b>Change from prior year</b>	<b>(6.00)</b>	<b>(1.50)</b>	<b>(1.89)</b>	<b>(1.40)</b>	<b>3.54</b>	<b>2.92</b>	<b>0.60</b>	<b>0.00</b>

## SALARIES & BENEFITS (continued)

City services are primarily staff delivered, therefore staffing is the most significant expenditure. For the FY15/16 Budget staffing costs total \$8,383,075 in the General Fund. This represents a five percent or \$397,331 increase from the FY14/15 Adopted Budget. This is primarily due to negotiated cost of living adjustments (COLA) for all bargaining units which are based on the CPI index. The increase for both fiscal years has been estimated to be 2.8 percent to 3 percent, with an additional 2.5 percent increase in flex benefits. The salaries also reflect the addition of .60 FTEs, and police department adjustments, as described above. In addition, there was an increase of \$218,269 in personnel benefit costs majority of which was related to CalPERS retirement contributions.

Staffing by Category	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
Salary	\$4,361,923	\$4,715,490	\$4,966,431	\$4,818,950	\$5,025,122	\$5,248,854
Salary Temp	286,045	270,837	260,100	260,100	325,046	289,667
Overtime	194,296	194,040	221,825	221,470	243,500	248,700
Specialty Pays	197,622	235,847	207,414	234,159	241,164	246,538
Benefits	2,084,597	2,246,181	2,329,974	2,268,878	2,548,243	2,679,432
<b>Total Staffing</b>	<b>\$7,124,483</b>	<b>\$7,662,395</b>	<b>\$7,985,744</b>	<b>\$7,803,557</b>	<b>\$8,383,075</b>	<b>\$8,713,191</b>

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
City Council	\$35,874	\$34,881	\$34,715	\$34,715	\$36,030	\$36,479
City Manager	611,489	662,651	663,408	667,054	619,300	714,043
Personnel	145,567	139,012	154,826	154,644	191,746	200,530
Finance	463,677	494,685	545,866	491,560	534,098	556,086
Law Enforcement	3,744,840	3,965,975	3,998,771	3,950,300	4,280,215	4,395,508
Parking Enforcement	202,533	188,260	215,116	214,080	232,762	240,391
Streets	603,794	739,280	850,182	822,903	888,451	917,810
Fleet	102,734	117,399	128,223	122,460	129,800	134,193
Parks	293,959	300,248	314,262	305,885	295,117	306,058
Community Development	200,242	303,121	337,645	359,210	409,400	422,547
Building	193,582	205,963	212,685	162,512	196,294	202,626
Recreation	457,953	459,472	482,093	471,282	519,433	535,128
Museum	56,534	36,903	35,400	34,400	36,322	37,261
Art & Cultural	11,704	14,546	12,552	12,552	14,107	14,531
	<b>\$7,124,483</b>	<b>\$7,662,396</b>	<b>\$7,985,744</b>	<b>\$7,803,557</b>	<b>\$8,383,075</b>	<b>\$8,713,191</b>

## Staffing Budget Assumptions - Salary

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

<u>Group</u>	<u>Current Agreement</u>	<u>Expiration Date</u>
Assoc. of Capitola Employees/Gen. Govt.	7/1/2012, amended 5/14/2015	06/30/2018
Confidential	7/1/2012, amended 5/14/2015	06/30/2018
Mid-Management	7/1/2012, amended 5/14/2015	06/30/2018
Police Captains	7/1/2013, amended 5/14/2015	06/30/2018
Police Officers Association (POA)	7/1/2013, amended 5/14/2015	06/30/2018

## Staffing Budget Assumptions - Overtime

The following table provides the detail for the overtime budget. The overtime budget for the Police Department increased in recent years due to multiple vacancies, a few significant police efforts; and the carry-forward of grant funding. This trend is anticipated to continue in FY 15/16 with significant police activities. In the FY 15/16 Proposed and the FY 16/17 Planned Budgets, \$45,500 and 46,600, respectively in overtime expenditures are anticipated to be funded through the SLESF grant program.

<b>Overtime</b>	<b>FY 12/13 Actual</b>	<b>FY 13/14 Actual</b>	<b>FY 14/15 Adopted</b>	<b>FY 14/15 Estimated</b>	<b>FY 15/16 Adopted</b>	<b>FY 16/17 Planned</b>
City Manager	\$695	\$615	\$600	\$0	\$0	\$0
Finance	6,271	5,808	5,500	5,500	7,500	7,500
Police*	178,181	175,320	196,600	195,800	214,000	219,200
Public Works	6,974	9,036	12,000	15,000	20,000	20,000
Recreation	2,174	3,261	7,125	5,170	2,000	2,000
<b>Total Overtime</b>	<b>\$194,296</b>	<b>\$194,040</b>	<b>\$221,825</b>	<b>\$221,470</b>	<b>\$243,500</b>	<b>\$248,700</b>

\*Funding Sources for Police Overtime

General Fund	\$135,977	\$132,850	\$161,500	\$151,500	\$168,500	\$172,600
Grant Funded	42,204	42,470	35,100	44,300	45,500	46,600
	<b>\$178,181</b>	<b>\$175,320</b>	<b>\$196,600</b>	<b>\$195,800</b>	<b>\$214,000</b>	<b>\$219,200</b>



## Staffing Budget Assumptions – Specialty Pay

The FY15/16 and FY16/17 budget includes the following specialty pays in the calculation of staffing costs; these are also added to the calculation of the overtime rate. Specialty pays include education, longevity, bilingual as well as a variety of others mainly in the police department.

Specialty Pays	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
City Manager	\$616	\$2,036	-	3,920	-	-
Finance	1,755	2,018	1,995	2,090	2,038	2,099
Police	144,217	172,925	158,214	175,780	195,036	199,196
Public Works	41,369	50,523	39,091	46,430	38,417	39,570
Community Development	4,247	4,502	4,575	2,300	-	-
Recreation	3,439	3,538	3,539	3,639	5,673	5,673
Museum	1,979	305	-	-	-	-
<b>Total Specialty Pays</b>	<b>\$197,622</b>	<b>\$235,847</b>	<b>\$207,414</b>	<b>\$234,159</b>	<b>\$241,164</b>	<b>\$246,538</b>

## Staffing Budget Assumptions – Benefits

### Benefits –Post Retirement Medical Benefit

The City of Capitola's contribution toward employee and annuitant Health Benefit enrollment is at the minimum amount provided under Government Code Section 22826 of the Public Employees Medical and Hospital Care Act. This is contract expenditure within the City Manager's Personnel Department budget. The table of minimum monthly contribution per retired employee is as follows:

- January 1, 2012                 \$112
- January 1, 2013                 \$115
- January 1, 2014                 \$119
- January 1, 2015                 \$122
- January 1, 2016                 \$125

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

The City offers defined benefit retirement plans to safety and non-sworn employees, except hourly/seasonal employees. These retirement plans are administered by California Public Employee Retirement Systems ("CalPERS" or "PERS"). The Safety plan is 3% @ 50 and the Miscellaneous plan is 2.5% @ 55. Both plans include an employee sharing program on the total amount the City contributes to employee's retirement costs. A CalPERS member becomes eligible for retirement benefits upon reaching the age of 50 with at least 5 years of credited services (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, which is actuarially determined annual by CalPERS.

PERS Rates: The FY 14/15 PERS rate for Classic Tier I and Tier II Safety is 40.165% with employees paying 11.874% and 16.874%, respectively. For the Miscellaneous Group, the rate for Classic Tier I and Tier II is 26.780% and employees pay 10.292% and 15.292%, respectively. FY15/16 proposed

PERS Rate reflects employees contributing an additional 1% towards their PERS contributions. The FY 15/16 PERS rate for Classic Tier I and Tier II Safety is 43.51% with employees paying 12.874% and 16.874%, respectively. For the Miscellaneous Group, the rate for Classic Tier I and Tier II is 33.159% and employees pay 11.292% and 15.292%, respectively.

Pension Obligation Bonds (POB). In July 2007, the City Council authorized the issuance of pension obligation bonds (POB) for approximately \$5 million to refinance the unfunded liability with CalPERS. Additionally, on that date, Council authorized that \$1 million of City available funds to be used to pay down the PERS unfunded liability by June 30, 2007. Additional bond information can be found in the Multi-Year Assets and Obligations section of the budget.

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. This law became effective on January 1, 2013 and will require all employees who were 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 50 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 11.5% and 6.25%, respectively.

### **Totality of Retirement Costs**

	<b>2014 Adopted Budget</b>	<b>2015 Adopted Budget</b>	<b>2016 Adopted Budget</b>	<b>2017 Forecast</b>
Pension Cost- Safety	540,502	583,665	372,738	383,920
Unfunded Liability Pension Cost-Safety*	-	-	318,781	395,101
Pension Cost- Misc	484,319	478,697	202,701	208,782
Unfunded Liability Pension Cost-Misc*	-	-	372,627	441,371
Pension Obligation Bond Payments	674,713	672,900	669,204	668,595
OPEB Retiree Health	23,000	33,150	31,940	35,078
OPEB Trust Fund	43,415	39,500	38,600	38,600
PARS	3,340	4,336	3,940	4,046
<b>Total City Retirement Costs</b>	<b>1,769,289</b>	<b>1,812,248</b>	<b>2,010,531</b>	<b>2,175,493</b>
<b>Total Employee Contributions**</b>	<b>549,979</b>	<b>559,282</b>	<b>586,497</b>	<b>604,092</b>
Unfunded Actuarial Liability-Safety	5,933,935	8,042,676	7,144,975	7,472,159
Unfunded Actuarial Liability-Misc	6,348,043	8,036,379	7,118,107	7,452,552
Unfunded OPEB Liability	1,011,800	657,500	618,900	580,300
Funding Ratio PERS Safety	78.9%	73.7%	77.5%	n/a
Funding Ratio PERS Misc	75.3%	71.0%	75.2%	n/a

\*New Budget Item for 2015/16

\*\*The City implemented in-house payroll system in March of 2014. 2013-14 Employee Contribution is estimated based on the available data in new system.

## **CONTRACT SERVICES**

The table on the next pages depicts the contract services for the City.

Department	Contract Description	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
City Council	Gen/Admin Winter Shelter	\$14,700	\$15,000	\$15,000
City Council	Gen/Admin SCC Homeless Shelter Partnership	\$0	\$2,300	\$2,300
City Council	Gen/Admin Begonia Festival	5,000	5,000	5,000
City Council	Gen/Admin United Way	1,000	1,000	1,000
City Council	Gen/Admin Chamber of Commerce Funding	30,000	30,000	30,000
City Council	Gen/Admin - Community TV	8,000	8,000	8,000
City Council	Gen/Admin Contracts - General, Legal Notices	3,000	3,500	3,500
<b>City Council Total</b>		<b>\$61,700</b>	<b>\$64,800</b>	<b>\$64,800</b>
City Manager	Gen/Admin Muni code - Codification Services	\$5,000	\$5,000	\$5,000
City Manager	Gen/Admin Records Mgmt-Document Imaging	5,000	5,000	5,000
City Manager	Gen/Admin Records Mgmt-Storage	3,500	3,500	3,500
City Manager	Gen/Admin New sletter	3,500	7,000	7,000
City Manager	Gen/Admin Council Election	10,000	-	10,000
City Manager	Gen/Admin Contracts - General	7,000	7,000	7,000
City Manager	Environmental Svcs - Central Coast Recycling	5,000	5,000	5,000
City Manager	Environmental Svcs Garage Sale Day	1,800	1,300	1,300
City Manager	Environmental Svcs SCC-Hazardouse Waste Disp	25,000	25,000	25,000
City Manager	Environmental Svcs Recycling Services	7,200	7,200	7,200
City Manager	Environmental Svcs Recycling Prog-NB Middle	4,200	4,200	4,200
City Manager	Environmental Svcs JPA-Pollution Control	2,837	3,100	3,100
City Manager	Temp. Staff & Instr. Temporary Staff	3,000	3,000	3,000
City Manager	Other Contract Services Unanticipated Events	10,000	10,000	10,000
<b>City Manager Total</b>		<b>\$93,037</b>	<b>\$86,300</b>	<b>\$96,300</b>
Personnel	Legal svcs Labor and Personnel Related	7,000	3,000	3,000
Personnel	Personnel Svcs Recruitment Services	1,000	1,500	1,500
Personnel	Personnel Svcs Background Investigations	4,000	3,000	3,000
Personnel	Personnel Svcs Medical Examinations	2,500	2,500	2,500
Personnel	Personnel Svcs Education Reimbursement	2,000	2,000	2,000
Personnel	Other Contract Services Flex-Health-Dental-Vision	15,000	15,000	15,000
Personnel	Other Contract Services Advertising	2,500	3,000	3,000
<b>Personnel Total</b>		<b>\$34,000</b>	<b>\$30,000</b>	<b>\$30,000</b>
City Attorney	Gen/Admin Contracts - General	\$12,000	\$12,000	\$12,000
City Attorney	Legal Svcs Legal Services - General	135,000	135,000	135,000
City Attorney	Legal Svcs Special Services	40,323	40,000	40,000
<b>City Attorney Total</b>		<b>\$187,323</b>	<b>\$187,000</b>	<b>\$187,000</b>
Finance	Gen/Admin Contracts - General	\$11,100	\$11,300	\$10,900
Finance	Legal Svcs Dissolution Legal Fees	3,500	3,500	3,500
Finance	Fin Svcs Financial Consultant	25,000	5,000	5,000
Finance	Fin Svcs Audit-Annual Financial Audits	41,000	35,700	37,500
Finance	Fin Svcs Audit-Sales Tax (1%)	8,000	10,000	10,000
Finance	Fin Svcs Audit-Sales Tax (City 1/4%)	3,000	3,000	3,000
Finance	Fin Svcs Sales Tax Report (STAR)	5,000	5,000	5,000
Finance	Fin Svcs State Mandated Claims Svcs	2,543	2,600	2,600
Finance	Fin Svcs Bank Fees (Excl Cr Card Fees)	6,000	6,000	6,000
Finance	Fin Svcs SCC-Property Tax Admin Fee	12,200	12,600	13,000
Finance	Fin Svcs State Admin fee - Bradley-Burns	55,000	56,400	60,750
Finance	Fin Svcs State Admin fee - Xaction & Use, Meas D	54,000	55,400	56,700
<b>Finance Total</b>		<b>\$226,343</b>	<b>\$206,500</b>	<b>\$213,950</b>

Department	Contract Description	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
Law Enforcement	Gen/Admin Contracts - General	\$2,100	\$2,100	\$2,200
Law Enforcement	Grant funded Allied Agencies	30,000	20,000	20,000
Law Enforcement	Police Svcs Investigation and Hearing Svcs	600	600	600
Law Enforcement	Police Svcs Hazardous Material Response - SV	5,300	5,700	6,000
Law Enforcement	Police Svcs Tow ing Service	1,400	1,400	1,400
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	25,600	28,200	28,800
Law Enforcement	Police Svcs SCCECC-911 JPA	443,300	434,000	442,700
Law Enforcement	Police Svcs Red Light Enforcement	85,000	85,000	85,000
Law Enforcement	Police Svcs SCC-Booking Fees	25,000	25,000	25,000
Law Enforcement	Police Svcs SCC-Blood Alcohol Trust Fund	4,700	3,000	3,100
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Law Enforcement	Police Svcs SCC-Sexual Assault Response Prog	6,000	6,400	6,600
Law Enforcement	Police Svcs SCC-Info Svcs for SCAN Chgs	7,000	7,400	7,700
Law Enforcement	Fin Svcs Collections-Booking Fees	2,000	2,000	2,000
Law Enforcement	Other Contract Services Outside Security Service	-	5,000	5,000
Law Enforcement	Fin Svcs Collections-DUI Cost Recovery	2,000	2,000	2,000
Law Enforcement	Personnel Svcs Background Investigations	500	500	500
Law Enforcement	Prop & Equip Comm - Local & Long Distance	4,500	4,500	4,600
Law Enforcement	Prop & Equip Comm - T-1 Line	10,000	12,000	12,100
Law Enforcement	Prop & Equip Comm - Mobile Phone	28,000	25,000	25,000
Law Enforcement	Prop & Equip Property alarm Service	2,000	2,000	2,100
Law Enforcement	Prop & Equip Property Repair and Maintenance	5,000	3,500	3,600
Law Enforcement	Prop & Equip Equipment Repair and Maintenance	12,000	12,000	12,200
Law Enforcement	Rental contracts Equipment and vehicles	3,600	3,600	3,700
Law Enforcement	Other Contract Services Uniform clng Services	7,300	7,600	7,900
<b>Law Enforcement Total</b>		<b>\$730,900</b>	<b>\$716,500</b>	<b>\$727,800</b>
Parking Enforcement	Police Svcs State of CA-DMV processing fee	\$7,800	\$7,800	\$7,800
Parking Enforcement	Police Svcs State of CA-Equip Assess	200	200	200
Parking Enforcement	Police Svcs State of CA-Reg assess	67,200	67,200	67,200
Parking Enforcement	Police Svcs State of CA-Immed & Critical nd	25,000	25,000	25,000
Parking Enforcement	Police Svcs State of CA-St Court Facilities	13,000	13,000	13,000
Parking Enforcement	Police Svcs State of CA-Trial Court Trust Fd	22,900	22,900	22,900
Parking Enforcement	Police Svcs SCC-Citation processing	35,900	35,900	35,900
Parking Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	12,000	12,000	12,000
Parking Enforcement	Police Svcs SCC-Courthouse surcharge	12,000	12,000	12,000
Parking Enforcement	Fin Svcs Courier-Cash & Coin	11,000	7,000	7,100
Parking Enforcement	Fin Svcs Credit card merchant fees	50,000	50,000	50,000
Parking Enforcement	Prop & Equip Property Repair and Maintenance	900	900	900
Parking Enforcement	Prop & Equip Equipment Repair and Maintenance	1,500	1,500	1,500
Parking Enforcement	Prop & Equip Wheelchair purchase and repairs	13,000	13,000	13,300
Parking Enforcement	Prop & Equip Pkg Meter Repairs	1,000	1,000	1,000
Parking Enforcement	Prop & Equip Pay Station Repair & Maintenance	32,100	33,100	33,800
<b>Parking Enforcement Total</b>		<b>\$305,500</b>	<b>\$302,500</b>	<b>\$303,600</b>
Lifeguard Services	Police Svcs Lifeguard Services	\$68,500	\$69,400	\$71,800
Lifeguard Services	Police Svcs Special Events-Lifeguard Svcs	-	-	-
<b>Lifeguard Services Total</b>		<b>\$68,500</b>	<b>\$69,400</b>	<b>\$71,800</b>
Animal Services	Police Svcs Animal Services	\$22,000	\$22,000	\$22,800
<b>Animal Services Total</b>		<b>\$22,000</b>	<b>\$22,000</b>	<b>\$22,800</b>

Department	Contract Description	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
Streets	Grant funded Pass Through	\$27,350	\$ 21,150	\$ -
Streets	PW & Trans. Transportation-Beach shuttle svc	30,000	25,000	25,000
Streets	PW & Trans. Lagoon grading	14,000	14,000	14,000
Streets	PW & Trans. Soquel Crk monitoring-fish	35,000	36,500	38,000
Streets	PW & Trans. Soquel Crk monitoring-w ater qual	27,500	28,500	29,500
Streets	PW & Trans. Inspections	30,000	30,000	30,000
Streets	PW & Trans. Electrical Services	7,000	7,500	8,000
Streets	PW & Trans. PW Engineering Services	30,000	30,000	30,000
Streets	PW & Trans. PW Path Maintenance	7,500	7,500	7,500
Streets	PW & Trans. CA NPDES-storm w ater mgmt prog	45,000	50,000	55,000
Streets	PW & Trans. Integrated Regional Water Plan	-	5,000	5,000
Streets	Temp. Staff & Instr. Temporary staff	32,500	35,000	37,500
Streets	Temp. Staff & Instr. Hope Services	13,000	13,500	14,000
Streets	Prop & Equip Comm - mobile phone	12,000	12,000	13,000
Streets	Prop & Equip Eucalyptus maintenance -Park Ave	4,000	4,000	4,000
Streets	Prop & Equip Riparian Restoration	10,000	11,000	12,000
Streets	Rental contracts Union Pacific RR yearly	500	500	500
Streets	Other Contract Services Unanticipated events	10,000	10,000	10,000
Streets	Esplande Sidew alk Cleaning	-	24,000	-
<b>Streets Total</b>		<b>\$335,350</b>	<b>\$365,150</b>	<b>\$333,000</b>
Facilities	PW & Trans. Inspections	\$0	\$0	\$0
Facilities	PW & Trans. Electrical Services	-	-	-
Facilities	PW & Trans. ADA compliance	25,000	25,000	25,000
Facilities	Prop & Equip Comm - local & long distance	1,150	1,250	1,250
Facilities	Prop & Equip Comm - T-1 line	5,640	6,000	6,000
Facilities	Prop & Equip Utility serv - gas and electric	53,600	55,000	56,300
Facilities	Prop & Equip Utility serv - sanitation distr	4,050	5,200	5,500
Facilities	Prop & Equip Utility serv - w ater	8,950	8,400	9,000
Facilities	Prop & Equip Janitorial Services	24,213	23,200	24,300
Facilities	Prop & Equip Property alarm Service	1,100	1,100	1,200
Facilities	Prop & Equip Property Repair and Maintenance	109,200	45,000	47,200
Facilities	Prop & Equip Equipment Repair and Maintenance	9,100	10,000	11,200
Facilities	Rental contracts Equipment and vehicles	1,500	1,500	1,500
<b>Facilities Total</b>		<b>\$243,503</b>	<b>\$181,650</b>	<b>\$188,450</b>
Fleet	Prop & Equip Equipment Repair and Maintenance	\$10,000	\$12,000	\$14,000
<b>Fleet Total</b>		<b>\$10,000</b>	<b>\$12,000</b>	<b>\$14,000</b>
Parks	PW & Trans. Tree Services	\$15,000	\$15,000	\$15,000
Parks	Prop & Equip Comm - mobile phone	2,500	3,000	3,200
Parks	Prop & Equip Utility serv - gas and electric	6,300	6,800	7,050
Parks	Prop & Equip Utility serv - sanitation distr	10,300	10,500	10,800
Parks	Prop & Equip Utility serv - w ater	94,900	97,800	104,700
Parks	Prop & Equip Janitorial Services	15,000	23,000	26,000
Parks	Prop & Equip Property Repair and Maintenance	13,000	8,500	9,200
Parks	Prop & Equip Equipment Repair and Maintenance	12,500	8,000	8,500
Parks	Rental contracts Equipment and vehicles	-	-	-
<b>Parks Total</b>		<b>\$169,500</b>	<b>\$172,600</b>	<b>\$184,450</b>

Department	Contract Description	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
Planning	Gen/Admin Contracts - General	\$10,000	\$12,000	\$12,000
Planning	Info Tech Contracts Geographic information	4,100	6,600	4,100
Planning	Plng & Hsg Hsg grant admin & CDD technical	23,000	15,000	15,000
Planning	Plan Svc Library Planning	15,000	15,000	15,000
Planning	Other Contract Services Legal notices	4,000	6,000	6,000
<b>Planning Total</b>		<b>\$56,100</b>	<b>\$54,600</b>	<b>\$52,100</b>
Building	Info Tech Contracts Building permit tracking	\$1,500	\$1,500	\$1,500
Building	Bldg Svcs Engineering & Inspections	2,000	2,000	2,000
Building	Bldg Svcs Bldg plan checks - Consultant Svc	70,000	-	-
Building	Bldg Svcs Bldg plan checks - outsourced	15,000	-	-
<b>Building Total</b>		<b>\$88,500</b>	<b>\$3,500</b>	<b>\$3,500</b>
Recreation	Gen/Admin Contracts - General	\$5,750	\$4,100	\$4,200
Recreation	Fin Svcs Credit card merchant fees	18,000	18,000	18,000
Recreation	Personnel Svcs Background investigations	1,430	600	350
Recreation	PW & Trans. Transportation-Rec program	15,000	11,000	12,000
Recreation	Temp. Staff & Instr. Rec contract inst and sports	144,500	155,000	155,000
Recreation	Temp. Staff & Instr. Recreation youth volunteers	9,000	6,000	6,000
Recreation	Prop & Equip Comm - local & long distance	2,500	2,500	2,000
Recreation	Prop & Equip Comm - T-1 line	4,000	4,400	4,400
Recreation	Prop & Equip Property Repair and Maintenance	1,000	1,000	1,000
Recreation	Rental contracts Equipment and vehicles	1,400	700	700
Recreation	Other Contract Services Events liability insurance	1,000	1,000	1,000
Recreation	Other Contract Services Advertising	725	650	700
Recreation	Other Contract Services Mailing Service	10,000	10,300	10,600
Recreation	Other Contract Services Copying, printing and	28,000	30,900	31,800
Recreation	Other Contract Services Photography	5,000	5,100	5,200
<b>Recreation Total</b>		<b>\$247,305</b>	<b>\$251,250</b>	<b>\$252,950</b>
Museum	Prop & Equip Comm - Local & Long Distance	\$150	\$150	\$150
Museum	Rental contracts Land and Buildings	4,260	4,600	4,600
<b>Museum Total</b>		<b>\$4,410</b>	<b>\$4,750</b>	<b>\$4,750</b>
Arts & Cultural	Other, Events & Tourism Art at the Beach	\$3,200	\$3,300	\$3,400
Arts & Cultural	Other, Events & Tourism Twilight Concert-Sound	6,000	6,200	6,800
Arts & Cultural	Other, Events & Tourism Twilight Concert-Band	13,200	14,000	14,000
Arts & Cultural	Other, Events & Tourism Jazz in the Park	2,500	2,500	2,500
Arts & Cultural	Other, Events & Tourism Plein Air Event	-	3,500	-
<b>Arts &amp; Cultural Total</b>		<b>\$24,900</b>	<b>\$29,500</b>	<b>\$26,700</b>
<b>Grand Total</b>		<b>\$2,908,871</b>	<b>\$2,760,000</b>	<b>\$2,777,950</b>

## COMMUNITY BASED HEALTH AND HUMAN SERVICES PROVIDERS

Community Based Health and Human Service Providers' (previously reported as Community Grants) is a program that is entirely funded by the General Fund. Each year, a determination is made on the total funds available for distribution.

Due to reduced General Fund revenues in FY12/13, an in-depth review of all grants was conducted, with a renewed emphasis on health and human services. This new focus was reflected in the FY12/13 funding amounts. The FY 15/16 budget includes \$277,296 in funding for Community Based Health and Human Service Providers. The FY16/17 distributions will be determined as part of the annual budget hearings.

AGENCY	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 15/16 Adopted	FY 16/17 Planned
<b>ARTS:</b>					
Cultural Council of Santa Cruz County	\$ 930	\$ 930	\$ 950	\$ 977	
<b>TOTAL - ARTS</b>	<b>\$ 930</b>	<b>\$ 930</b>	<b>\$ 950</b>	<b>\$ 977</b>	
<b>ENVIRONMENTAL:</b>					
Save Our Shores	\$ 1,309	\$ 2,000	\$ 2,044	\$ 2,102	
O'Neill Sea Odyssey	2,746	2,746	2,806	2,885	
<b>TOTAL - ENVIRONMENTAL</b>	<b>\$ 4,055</b>	<b>\$ 4,746</b>	<b>\$ 4,850</b>	<b>\$ 4,987</b>	
<b>COMMUNITY CONTRIBUTIONS</b>					
Community Action Board, Inc.	\$ 1,286	\$ 1,286	\$ 1,314	\$ 1,351	
Conflict Resolution Program	2,686	3,000	3,066	3,152	
Native Animal Rescue	1,118	1,118	1,143	1,176	
Volunteer Center of Santa Cruz County	1,286	3,000	3,066	3,152	
<b>TOTAL - COMMUNITY CONTRIBUTIONS</b>	<b>\$ 6,376</b>	<b>\$ 8,404</b>	<b>\$ 8,589</b>	<b>\$ 8,831</b>	
<b>HUMAN SERVICES:</b>					
Advocacy, Inc.	\$ 7,165	\$ 7,165	\$ 7,323	\$ 7,529	
Big Brothers/Big sisters	2,692	2,692	2,751	2,829	
Cabrillo College Stroke and Disability Center	6,688	6,688	6,835	7,027	
California Grey Bears, Inc.	13,871	13,871	14,176	14,573	
Campus Kids Connection - After School	16,495	16,495	16,858	17,331	
Central Coast Center for Independent Living	4,627	4,627	9,627	9,897	
Community Bridges <sup>(1)</sup>					
Meals on Wheels for Santa Cruz County	55,361	55,361	56,579	58,318	
Lift Line	44,730	44,730	45,714	46,857	
Live Oak Family Resource Center	4,794	4,794	4,899	5,022	
Child Development Division	863	863	882	904	
Companion for Life/Lifeline	-	-	5,000	5,140	
Court-Appointed Special Advocates	2,157	2,957	3,022	3,107	
Dientes Community Dental Care	1,308	1,308	1,337	1,337	
Diversity Center	-	1,000	1,022	1,051	
Families in Transition of Santa Cruz County	2,352	2,352	2,404	2,472	
Family Service Agency of Santa Cruz <sup>(1)</sup>	-	-		8,742	
Counseling - North County	4,575	4,575	4,676	-	
I - You Venture	1,305	1,305	1,334	-	
Senior Outreach	1,305	1,305	1,334	-	
Suicide Prevention	1,134	1,134	1,159	-	
Survivors Healing Center	458	458	468	482	
WomenCARE	2,195	2,195	2,243	2,306	
Homeless Services Center - Paul Lee Loft Shelt	2,502	2,500	2,555	2,627	
Hospice Caring Project	1,310	1,500	1,533	1,576	



<b>AGENCY</b>	<b>FY 12/13 Actual</b>	<b>FY 13/14 Actual</b>	<b>FY 14/15 Adopted</b>	<b>FY 15/16 Adopted</b>	<b>FY 16/17 Planned</b>
<b>HUMAN SERVICES (CONT.)</b>					
Parents Center, Inc.	7,018	7,018	7,172	7,373	
Santa Cruz Community Counseling Center <sup>(1)</sup>					
Santa Cruz AIDS Project	7,080	7,080	7,236	7,439	
Youth Services Counseling	6,816	6,816	6,966	7,162	
Santa Cruz Toddler Care Center	1,164	1,164	1,190	1,224	
Benito	9,755	9,755	9,970	10,250	
Senior Citizens Legal Services	9,673	9,673	9,886	10,163	
Senior Network Services	2,391	2,391	2,444	2,513	
Seniors Council of Santa Cruz/San Benito - Proj United Way <sup>(1)</sup>	3,207	3,207	3,278	3,370	8,296
Santa Cruz County Child Abuse Prevention	6,037	6,037	6,170	-	
Community Assessment Report	930	930	950	-	
2-1-1 Help Line	-	930	950	-	
Vista Center for the Blind (formerly Doran)	1,771	1,771	1,810	1,861	
Women's Crisis Support	3,543	3,543	3,621	3,723	
<b>TOTAL - HUMAN SERVICES</b>	<b>\$ 237,271</b>	<b>240,190</b>	<b>\$ 255,374</b>	<b>\$ 262,501</b>	<b>\$ -</b>
Unassigned	-	-	-	-	275,000
<b>TOTAL COMMUNITY GRANTS</b>	<b>\$ 248,633</b>	<b>\$ 254,270</b>	<b>\$ 269,763</b>	<b>\$ 277,296</b>	<b>\$ 275,000</b>

## MATERIALS AND SUPPLIES

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

<b>Materials and Supplies</b>	<b>FY 12/13</b>	<b>FY 13/14</b>	<b>FY 14/15</b>	<b>FY 14/15</b>	<b>FY 15/16</b>	<b>FY 16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
City Council	\$1,969	\$1,581	\$3,700	\$3,000	\$3,000	\$3,000
City Manager	16,454	14,033	23,700	20,428	17,650	18,650
Finance	1,986	2,065	2,300	2,670	2,800	4,600
Police Department	83,786	81,176	96,700	98,200	99,300	101,200
Public Works	292,518	353,148	324,950	333,730	330,400	342,500
Community Development	3,138	2,464	6,700	4,200	6,700	6,700
Recreation	55,907	60,538	64,250	65,500	64,350	64,900
Museum	14,274	8,911	21,500	21,800	21,500	17,500
Arts & Culture	5,936	5,766	6,200	6,200	6,700	6,900
<b>Total Materials and Supplies</b>	<b>\$475,968</b>	<b>\$529,682</b>	<b>\$550,000</b>	<b>\$555,728</b>	<b>\$552,400</b>	<b>\$565,950</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>Training &amp; Memberships</b>	<b>FY 12/13</b>	<b>FY 13/14</b>	<b>FY 14/15</b>	<b>FY 14/15</b>	<b>FY 15/16</b>	<b>FY 16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
City Council	\$15,280	\$15,026	\$17,800	\$18,895	\$19,000	\$19,000
City Manager	9,780	11,181	10,220	10,816	11,600	11,600
Finance	4,666	2,641	5,500	5,500	6,500	6,500
Police	27,811	25,426	34,150	31,339	37,300	38,200
Public Works	850	2,493	2,300	2,800	3,400	3,400
Community Development	4,708	8,141	10,600	9,575	11,700	9,500
Recreation	1,590	1,986	2,850	3,550	3,600	3,700
Museum	345	345	125	125	125	125
<b>Total Training/Memberships</b>	<b>\$65,030</b>	<b>\$67,239</b>	<b>\$83,545</b>	<b>\$82,600</b>	<b>\$93,225</b>	<b>\$92,025</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 (Workers Compensation; Self Insurance Liability; Stores; Information Technology; and Equipment Replacement) is described in the Internal Service Fund section.

In FY 13/14 and FY 14/15, the costs of the liability fund increased due to a change in the method used to calculate insurance rates. The change resulted in a reduction in the cost of Workers' Compensation insurance. Additional liability fund increases are anticipated in FY 15/16 and FY 16/17 to assist with offsetting excess insurance costs absorbed by the pipe failure. It is anticipated this amount will be included in premiums over a five-year period.

<b>Internal Transfers</b>	<b>FY 12/13 Actual</b>	<b>FY 13/14 Actual</b>	<b>FY 14/15 Adopted</b>	<b>FY 14/15 Estimated</b>	<b>FY 14/15 Adopted</b>	<b>FY 15/16 Planned</b>
Stores Fund	\$34,450	\$40,000	\$39,100	\$39,100	\$35,000	\$35,000
Information Technology Fund	141,400	137,000	130,000	130,000	257,000	187,000
Equipment Replacement Fund	89,973	105,529	68,147	90,147	120,000	78,000
Self Insurance Liability Fund	146,450	194,996	249,300	344,500	344,500	389,500
Workers Compensation Fund	528,100	415,400	364,100	364,100	485,000	385,000
<b>Total Internal Services</b>	<b>\$940,373</b>	<b>\$892,925</b>	<b>\$850,647</b>	<b>\$967,847</b>	<b>\$1,241,500</b>	<b>\$1,074,500</b>

## GENERAL FUND TRANSFERS

General Fund Transfers move funds directly from the General Fund to a specific fund a designated purpose. Each of the funds listed in the table below are detailed in the section titled “Other Funds” for the Contingency Reserve, PERS Contingency Fund, Emergency Reserve and the Compensated Absences Fund. The CIP is detailed in a separate section and the Pension Obligation Bond is detailed in the Multi-Year Assets and Obligations section.

In FY11/12 the flood disaster depleted the Emergency Reserve Fund. To assist in restoring emergency reserves, \$200,000 that was typically allocated to the CIP and \$137,500 that was used to fund Community Based Health and Human Service Providers (CBHHSP) were redirected to the Emergency Reserve Fund. To assist in replenishing reserves, Capitola voters approved a ¼ % sales tax measure (Measure O) in FY 12/13. Approximately \$245,600 or a percentage of the first quarter of Measure O revenues; along with \$1 million in insurance proceeds and residual general fund balances were transferred to reserves in FY 12/13. In the Estimated, Proposed, and Planned budgets, over \$1 million in Measure O funding has been applied to CIP and reserve funds.

Below is a summary of the transfers from the General Fund to other funds/reserves:

<b>General Fund Transfers</b>	<b>FY 12/13 Actual</b>	<b>FY 13/14 Actual</b>	<b>FY 14/15 Adopted</b>	<b>FY 14/15 Estimated</b>	<b>FY 15/16 Adopted</b>	<b>FY 16/17 Planned</b>
Contingency Reserves	\$551,000	\$398,700	\$182,600	\$182,600	\$89,400	\$60,000
PERS Contingency Reserve	-	-	-	-	300,000	-
Emergency Reserves	280,500	214,400	465,100	465,100	213,000	40,000
Facilities Fund	-	-	167,000	167,000	150,000	-
CIP Capital Projects	614,600	640,900	864,900	989,900	1,000,000	966,100
Information Technology	-	114,000	-	-	43,660	-
Equipment Acquisition	-	198,730	-	-	50,000	-
Compensated Absences	153,000	130,000	110,000	110,000	130,500	108,600
Parking Reserve	162,800	100,000	100,000	100,000	100,000	100,000
Pension Obligation Bond	60,000	240,000	240,000	240,000	240,000	240,000
OPEB Trust Fund	-	42,143	39,500	39,500	38,600	38,600
Pacific Cove Lease	566,324	14,682	15,065	15,065	15,066	40,066
Pacific Cove Park	-	88,000	85,860	85,860	89,400	89,200
Redevelopment Property Tax	200,415	-	-	-	-	-
<b>Total Transfers</b>	<b>\$2,588,639</b>	<b>\$2,181,555</b>	<b>\$2,270,025</b>	<b>\$2,395,025</b>	<b>\$2,459,626</b>	<b>\$1,682,566</b>

# DEPARTMENT OVERVIEW



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## CITY COUNCIL DEPARTMENT

### **DEPARTMENT PURPOSE**

The City Council consists of four Council Members and the Mayor, all of whom are directly elected by the residents of Capitola. The Council elects the Mayor and Vice-Mayor annually and the Council Members serve four-year staggered terms. Although not granted special decision-making powers, the Mayor represents the City in all ceremonial and official affairs. In 2002, the voters approved a term limit of two consecutive terms for council members. The City's Municipal elections are held the first Tuesday of November in each even-numbered year.

The Council meets regularly twice monthly on the second and fourth Thursdays. The purpose of the City Council is to establish local laws, to set policy, to reject or to approve programs, to allocate funds and provide direction, through the City Manager, to City staff to implement its policy. The Council can also appoint members to various local and regional committees, commissions and other boards.

As Capitola is a General Law City, its Council must act within the framework of limitations and procedures established by State Law. Local laws are established by ordinance and are compiled in a book called the Municipal Code. These laws are enforceable by the City, and violations thereof constitute an infraction. Other directives and policies of the City Council are recorded in Council resolutions and Council minutes.

### **KEY CHANGES**

Contract services will increase due to the funding of a contract with Community Television to broadcast City Council and Planning Commission meetings. Previously funding was in the Public, Education, and Government Cable TV Access Fund (PEG) but State and Federal law now prevents this contract from being paid for by PEG funds.

### **FISCAL YEAR ACCOMPLISHMENTS - 2014/15**

- Established two-year cycle for Community Grants
- Began work on McGregor Drive Park
- Installed and update Pay Stations and Meters
- Installed new Village sidewalks
- Negotiated Employee Contracts to address CalPERS changes
- Created Mayor's Select Committee for Pacific Cove/City Hall Site

### **FISCAL YEAR GOALS - 2015/16 and 2016/17**

- Develop projects and programs to maintain and enhance the quality of life in Capitola

**CITY COUNCIL DEPARTMENT**

**BUDGET SUMMARY**

<b>1000-10-10-000</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Revenues</b>						
General Fund	\$ 121,249	\$ 111,715	\$ 127,115	\$ 125,240	\$ 131,565	\$ 132,465
<b>Revenue Total</b>	<b>\$ 121,249</b>	<b>\$ 111,715</b>	<b>\$ 127,115</b>	<b>\$ 125,240</b>	<b>\$ 131,565</b>	<b>\$ 132,465</b>
<b>Expenditures</b>						
Personnel	\$ 35,874	\$ 34,882	\$ 34,715	34,715	\$ 36,030	\$ 36,479
Contract services	61,425	52,280	63,200	61,700	64,800	64,800
Training & Memberships	15,280	15,027	17,800	18,125	19,000	19,000
Supplies	1,970	1,581	3,700	3,000	3,000	3,000
Internal service fund charges	6,700	7,945	7,700	7,700	8,735	9,186
<b>Expenditure Totals</b>	<b>\$ 121,249</b>	<b>\$ 111,715</b>	<b>\$ 127,115</b>	<b>\$125,240</b>	<b>\$ 131,565</b>	<b>\$ 132,465</b>
<b>Authorized Positions</b>						
Mayor	1.0	1.0	1.0	1.0	1.0	1.0
Vice Mayor	1.0	1.0	1.0	1.0	1.0	1.0
Council Members	3.0	3.0	3.0	3.0	3.0	3.0
<b>FTE Total</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>



## CITY MANAGER DEPARTMENT – OVERVIEW

### MISSION STATEMENT

The City Manager's Department is responsible for the overall administration of the City. Working closely with the City Council this department's priority is to assist them with policy legislation and direct policy implementation. In pursuing these endeavors emphasis is placed on excellence in customer services, thorough community outreach, recruiting and retaining skilled and knowledgeable employees, creating and maintaining a working environment that fosters creativity and innovation, and prioritizing scarce resources.

### DEPARTMENT PURPOSE

Under the Council-Manager form of government used by Capitola, the City Council appoints a City Manager to serve as the City's chief administrative officer and be responsible for ensuring the policies of the City Council are implemented. The City Manager provides administrative direction and leadership to all City departments. The City Manager's Office is responsible for a wide variety of activities including general administration, personnel and labor relations. The department is composed of Personnel, City Clerk Administration, and Information Systems.

### KEY CHANGES

This department maintains existing programs such as; solid waste & recycling programs, management of all franchise agreements, oversight of the City Attorney, Museum and Art & Cultural Commission, City Clerk Administration and Information Systems. In addition, human resources programs including; liability & risk management, employee training, safety programs, and benefit administration are administered by this department.

### FISCAL YEAR GOALS - 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Maintain a balanced budget</li> <li>• Continue to reestablish City Reserves</li> <li>• Continue to research economic development options</li> <li>• Work with the Capitola Mall to facilitate improvements</li> <li>• Review and revise the City fee schedule</li> </ul>	Fiscal Policy
<ul style="list-style-type: none"> <li>• Seek opportunities to improve citizen communication through the City's website and social media.</li> <li>• Expand City's ability to accept credit cards</li> <li>• Ensure programs are in place to judiciously respond to public and private development projects</li> </ul>	Public Service
<ul style="list-style-type: none"> <li>• Complete McGregor Park project</li> <li>• Continue to increase recycling diversion rates and support recycling education.</li> <li>• Continue to pursue opening the Rispin property to the public.</li> <li>• Update Green Building Ordinance</li> <li>• Increase street and facilities maintenance through allocation of Measure O resources</li> </ul>	Public Improvement

**CITY MANAGER DEPARTMENT - SUMMARY**

**BUDGET SUMMARY**

<b>City Manager Summary</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Revenue</b>						
General Fund	\$ 981,780	\$ 1,000,429	\$ 1,043,154	\$ 1,048,663	\$ 1,043,416	\$ 1,161,862
Licenses and permits	4,596	5,547	4,000	4,000	4,000	4,000
Other revenues	-	-	5,000	5,000	-	-
<b>Revenue Totals</b>	<b>\$ 986,376</b>	<b>\$ 1,005,976</b>	<b>\$ 1,052,154</b>	<b>\$ 1,057,663</b>	<b>\$ 1,047,416</b>	<b>\$ 1,165,862</b>
<b>Expenditures</b>						
Personnel	\$ 757,056	\$ 801,662	\$ 818,234	\$ 821,698	\$ 811,046	\$ 914,573
Contract services	127,186	101,637	122,200	127,037	120,300	130,300
Training & Memberships	9,780	11,180	10,220	10,700	12,100	12,100
Supplies	16,454	14,032	23,700	20,428	17,650	18,650
Internal service fund charges	75,900	77,465	77,800	77,800	86,320	90,239
<b>Expenditure Totals</b>	<b>\$ 986,376</b>	<b>\$ 1,005,976</b>	<b>\$ 1,052,154</b>	<b>\$ 1,057,663</b>	<b>\$ 1,047,416</b>	<b>\$ 1,165,862</b>
<b>Authorized Positions</b>						
City Manager	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	0.90	0.90	0.90	1.00	1.00
Administrative Services Director	1.00	1.00	1.00	-	-	-
Assistant to the City Manager	-	-	-	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Information System Specialist	1.00	1.00	1.00	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>7.00</b>	<b>6.90</b>	<b>6.90</b>	<b>6.90</b>	<b>7.00</b>	<b>7.00</b>

## CITY MANAGER DEPARTMENT – ADMINISTRATION

### MISSION STATEMENT

The mission of the City Manager’s Department is to ensure that all City programs and services are provided effectively and efficiently. The core services of the City Manager’s Office are to: provide administrative direction and leadership for City departments, programs, and services to ensure the community receives a high level of service.

### DEPARTMENT PURPOSE

The purpose of this division is to implement the policies of the City Council and provide leadership and direction to the city departments. In addition, the City Manager’s office oversees the Council agenda process; provides staff support to the Art and Culture Commission; manages sustainability programs; manages the Community Grant process; oversees all Personnel related activities and the Information Systems division.

### KEY CHANGES

There are no significant changes in the FY15/16 City Manager’s budget.

### FISCAL YEAR ACCOMPLISHMENTS - 2014/15

- Submitted a balance budget
- Successfully coordinated and administered the activities of the city
- Advised and informed the City Council on policy and action matters
- Began work on recreational facility at McGregor Drive property.
- Implemented a new council agenda management system enhancing accessibility for the public
- Supported the Art & Culture Commission with the extension of the Wharf Road Mural.

### FISCAL YEAR GOALS - 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Maintain a balanced budget and ensure fiscal stability</li> <li>• Continue to reestablish the City reserves.</li> <li>• Review and prioritize City services</li> <li>• Support economic development</li> <li>• Seek opportunities to partner with other agencies to achieve savings.</li> </ul>	Fiscal Policy
<ul style="list-style-type: none"> <li>• Seek opportunities to improve citizen communication and interaction through social media.</li> <li>• Consider Village internet project</li> <li>• Continue to increase recycling diversion rates by expanding the commercial composting program.</li> <li>• Support the Capitola Library</li> <li>• Open Rispin property to the public</li> <li>• Conduct a resident satisfaction survey</li> <li>• Implement a document management system using LaserFiche.</li> </ul>	Public Service

**CITY MANAGER DEPARTMENT - ADMINISTRATION**

**BUDGET SUMMARY**

<b>1000-10-11-000</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenues</b>						
General Fund	\$ 787,535	\$ 811,817	\$ 841,228	\$ 838,919	\$ 794,827	\$ 903,676
Licenses and permits	4,596	5,547	4,000	4,000	4,000	4,000
Intergovernmental revenues	-	-	5,000	5,000	-	-
<b>Revenue Totals</b>	<b>\$ 792,131</b>	<b>\$ 817,364</b>	<b>\$ 850,228</b>	<b>\$ 847,919</b>	<b>\$ 798,827</b>	<b>\$ 907,676</b>
<b>Expenditures</b>						
Personnel	\$ 611,489	\$ 662,651	\$ 663,408	\$ 667,054	\$ 619,300	\$ 714,043
Contract services	92,682	68,562	99,200	93,037	86,300	96,300
Training & Memberships	9,780	10,272	9,220	9,700	11,100	11,100
Supplies	9,080	5,719	8,200	7,928	5,150	6,150
Internal service fund charges	69,100	70,160	70,200	70,200	76,977	80,083
<b>Expenditure Totals</b>	<b>\$ 792,131</b>	<b>\$ 817,364</b>	<b>\$ 850,228</b>	<b>\$ 847,919</b>	<b>\$ 798,827</b>	<b>\$ 907,676</b>
<b>Authorized Positions</b>						
	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
City Manager	0.65	0.65	0.65	0.65	0.65	0.65
City Clerk	1.00	0.9	0.90	0.90	1.00	1.00
Administrative Services Director	0.75	0.75	0.75	-	-	-
Assistant to the City Manager	-	-	-	0.80	0.80	0.80
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
Information System Specialist	1.00	1.00	1.00	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>5.90</b>	<b>5.80</b>	<b>5.80</b>	<b>5.85</b>	<b>5.95</b>	<b>5.95</b>

## CITY MANAGER DEPARTMENT – PERSONNEL

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

The Personnel Department is a subset of the City Managers Department. Personnel functions are the responsibility of the City Manager and all programs associated with personnel including:

- Employee Recruitment and Selection Testing, including examination development and administration
- Benefits Coordination, including administration of the employee insurance and retirement benefit programs.
- Employee Relations, including labor negotiations
- Classification and Compensation, including development and maintenance of job descriptions and compensation plans
- Employee Development, including coordination of the citywide employee training program
- Risk Management, including the administration of liability claims against the City, and the purchase of excess liability and property insurance policies

### KEY CHANGES

There are no significant changes in the budget or existing programs for next fiscal year.

### FISCAL YEAR ACCOMPLISHMENTS - 2014/15

- Continue to reduce City’s workers compensation claims
- Developed a Mandated Reporter policy and training program
- Vision & Dental programs became fully insured programs, thereby saving the City financially and providing better service to employees.
- Negotiated Employee Contracts to address CalPERS changes.

### FISCAL YEAR GOALS - 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Reduce workers compensation claims through safety training and education</li> <li>• Continue to find free benefit enhancement programs for employees</li> <li>• Continue to monitor and implement new federal healthcare reform.</li> <li>• Seek new opportunities to provide training and organizational development</li> <li>• Streamline existing processes with the use of technology</li> </ul>	Public Service

**CITY MANAGER DEPARTMENT - PERSONNEL**

**BUDGET SUMMARY**

<b>1000-10-12-000</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Revenues</b>						
General Fund	\$ 194,245	\$ 188,612	\$ 201,926	\$ 209,744	\$ 248,589	\$ 258,186
<b>Revenue Totals</b>	<b>\$ 194,245</b>	<b>\$ 188,612</b>	<b>\$ 201,926</b>	<b>\$ 209,744</b>	<b>\$ 248,589</b>	<b>\$ 258,186</b>
<b>Expenditures</b>						
Personnel	\$ 145,567	\$ 139,011	\$ 154,826	\$ 154,644	\$ 191,746	\$ 200,530
Contract services	34,504	33,075	23,000	34,000	34,000	34,000
Training & Memberships	-	908	1,000	1,000	1,000	1,000
Supplies	7,374	8,313	15,500	12,500	12,500	12,500
Internal service fund charges	6,800	7,305	7,600	7,600	9,343	10,156
<b>Expenditure Totals</b>	<b>\$ 194,245</b>	<b>\$ 188,612</b>	<b>\$ 201,926</b>	<b>\$ 209,744</b>	<b>\$ 248,589</b>	<b>\$ 258,186</b>

<b>Authorized Positions</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
City Manager	0.35	0.35	0.35	0.35	0.35	0.35
Administrative Services Director	0.25	0.25	0.25	-	-	-
Assistant to the City Manager	-	-	-	0.20	0.20	0.20
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
<b>FTE Total</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>1.05</b>	<b>1.05</b>	<b>1.05</b>

# CITY ATTORNEY DEPARTMENT

## DEPARTMENT PURPOSE

The City Attorney became a contract position during the FY01-02. The City Attorney represents the City as primary Counsel in all legal matters. To this end, the City Attorney provides legal analysis and advice on a variety of matters; assists staff with legal issues such as: municipal code interpretation, understanding and complying with state and federal laws, drafting various legal documents such as agreements, resolutions and ordinances; provides counsel on labor matters and employee/employer relations.

## KEY CHANGES

The City Attorney is a contract position with the firm of Atchison, Barisone, Condotti & Kovacevich. There are no changes to the existing contract.

## FISCAL YEAR ACCOMPLISHMENTS - 2014/15

- Resolved all litigation relating to the Capitola Drain Pipe Failure.
- Advised on matters associated with the dissolution of the Redevelopment Agency

## FISCAL YEAR GOALS - 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Successfully advise the council regarding potential litigation</li><li>• Provide assistance and advice to staff regarding contracts, labor relations and other legal assessments</li><li>• Resolve existing litigation.</li></ul>	Fiscal Policy

**CITY ATTORNEY DEPARTMENT**

**BUDGET SUMMARY**

<b>1000-10-16-000</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 599,255	\$ 186,944	\$ 185,000	\$ 187,323	\$187,000	\$ 187,000
<b>Revenue Totals</b>	<b>\$ 599,255</b>	<b>\$ 186,944</b>	<b>\$ 185,000</b>	<b>\$ 187,323</b>	<b>\$187,000</b>	<b>\$ 187,000</b>
<b>Expenditures</b>						
Contract services	\$ 599,255	\$ 186,944	\$ 185,000	\$ 187,323	\$187,000	\$ 187,000
<b>Expenditure Totals</b>	<b>\$ 599,255</b>	<b>\$ 186,944</b>	<b>\$ 185,000</b>	<b>\$ 187,323</b>	<b>\$187,000</b>	<b>\$ 187,000</b>



# FINANCE DEPARTMENT

## MISSION STATEMENT

The Finance Department's mission is to present timely and accurate financial information and analysis to Capitola stakeholders, with an emphasis on transparency, while providing City Management with sound financial data to facilitate informed decision-making on the allocation of resources. The Finance Department strives to present the City's financial performance and financial alternatives in a transparent and understandable manner, while holding customer service and continuous improvement as top functional priorities.

## DEPARTMENT PURPOSE

Finance provides staff support to internal departments, assures legal and financial accountability to the public, and provides superior customer service to both internal and external customers. Finance maintains a standard of excellence in financial reporting and oversight, and administers all City Funds and accounts. Core functions include accounts payable, payroll, accounts receivable, cash receipts, banking, business licenses, and transient occupancy tax. The department prepares the Comprehensive Annual Financial Report, annual Budget, quarterly and monthly financial statements and analysis, as well as provides financial analysis and guidance.

## KEY CHANGES

Filled Senior Accountant vacancy that existed from September through mid-February. Placed a new Finance Director in late April.

## FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Continued implementation of in-house payroll system
- Capitola's 2014 Comprehensive Annual Financial Report received the CSMFO Certificate of Achievement for Excellence in Financial Reporting for the 15<sup>th</sup> year.
- Received the GFOA Certificate of Achievement for Excellence in Financial Reporting and CSMFO Operating Budget Awards
- Provided support in the winding down of the RDA, including Department of Finance (DOF) Asset Transfer audit, newly implemented SB341 reporting, two Santa Cruz County Recognized Obligations Payment Schedule (ROPS) audit, two DOF ROPS audits, and completion of two semi-annual ROPS Schedules.

## FISCAL YEAR GOALS – 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Maintain a balanced budget</li> </ul>	Fiscal
<ul style="list-style-type: none"> <li>• Increase City's ability to accept credit cards</li> </ul>	Fiscal and Public Service
<ul style="list-style-type: none"> <li>• Publish financial reports and information to the City's website</li> </ul>	Fiscal and Public Service
<ul style="list-style-type: none"> <li>• Begin final development of cost recovery policy for City fees</li> </ul>	Fiscal and Public Service
<ul style="list-style-type: none"> <li>• Receive the CSMFO and GFOA Excellence Awards for Financial Reporting and Budget</li> </ul>	Fiscal and Public Service
<ul style="list-style-type: none"> <li>• Explore potential short-term investment opportunities</li> </ul>	Fiscal

**FINANCE DEPARTMENT**

**BUDGET SUMMARY**

<b>1000-10-17-000</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 371,261	\$ 450,205	\$ 507,466	\$ 477,873	\$ 501,731	\$ 527,915
Taxes	291,643	287,225	280,800	280,800	283,700	289,200
Charges for services	5,139	4,790	4,800	4,800	4,800	4,800
Use of money & property	11,555	8,751	7,300	7,300	10,200	10,200
<b>Revenue Totals</b>	<b>\$ 308,337</b>	<b>\$ 750,971</b>	<b>\$ 800,366</b>	<b>\$ 770,773</b>	<b>\$ 800,431</b>	<b>\$ 832,115</b>

<b>Expenditures</b>						
Personnel	\$ 463,677	\$ 494,685	\$ 545,866	\$ 491,560	\$ 534,098	\$ 556,086
Contract services	168,670	206,924	202,000	226,343	206,100	211,000
Training & Memberships	4,665	2,641	5,500	5,500	6,500	6,500
Supplies	1,986	2,066	2,300	2,670	2,800	4,600
Internal service fund charges	40,600	44,655	44,700	44,700	50,933	53,929
<b>Expenditure Totals</b>	<b>\$ 679,598</b>	<b>\$ 750,971</b>	<b>\$ 800,366</b>	<b>\$ 770,773</b>	<b>\$ 800,431</b>	<b>\$ 832,115</b>

<b>Authorized Positions</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
Finance Director	1.00	1.00	1.00	0.83	1.00	1.00
Senior Accountant	0.67	0.83	1.00	0.58	1.00	1.00
Accountant II	1.00	1.00	1.00	1.00	1.00	1.00
Accts Rec/Payable Clerk	1.38	0.75	0.75	0.75	0.75	0.75
Account Technician	0.00	0.75	0.75	0.75	0.75	0.75
<b>FTE Total</b>	<b>4.05</b>	<b>4.33</b>	<b>4.50</b>	<b>3.91</b>	<b>4.50</b>	<b>4.50</b>

<b>Elected Official</b>						
City Treasurer	1.00	1.00	1.00	1.00	1.00	1.00
City Treasurer Annual Pay	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

## POLICE DEPARTMENT – OVERVIEW

### MISSION STATEMENT

To provide highly visible and responsive police service to our community. Staff takes great pride in the professionalism, creativity and dedication of our staff. We welcome the opportunity and challenge of working with the community, city departments, public service providers, and other criminal justice agencies to provide enhanced public safety and security in a diverse and dynamic community.

### DEPARTMENT PURPOSE

The Department carries out the implementation of the mission of prevention and deterrence of crime by the utilization of patrol in response to calls for service, Problem-oriented policing (POP) projects and directed patrol, detectives performing comprehensive investigations and liaison with other local law enforcement agencies, parking enforcement, juvenile diversion programs, and city wide traffic enforcement.

### KEY CHANGES

Acquired new cell phones and completed migration to more affordable carrier. Increased one Police Officer and eliminated one Community Services Officer.

### FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Applied for and were awarded grants for DUI enforcement, technology equipment, and speed enforcement equipment
- Completed consolidation of property and evidence storage, reducing risk management concerns
- Developed internal audit procedures
- Completed an evaluation for a complete in-car and body camera system
- Hired a new Police Officer
- Conducted a successful Sergeant's promotional exam

### FISCAL YEAR GOALS – 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Continue to explore ways of mitigating traffic concerns throughout the city</li> </ul>	Public Service
<ul style="list-style-type: none"> <li>• Continue to explore contract service opportunities wherever possible</li> </ul>	Public Service and Fiscal
<ul style="list-style-type: none"> <li>• Evaluate and expand advanced training and education opportunities</li> </ul>	Public Service
<ul style="list-style-type: none"> <li>• Continue to develop community partnerships</li> </ul>	Public Service
<ul style="list-style-type: none"> <li>• Offer credit card acceptance</li> </ul>	Public Service

**POLICE DEPARTMENT - SUMMARY**

**BUDGET SUMMARY**

<b>Police Department Summary</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Revenue</b>						
General Fund	\$ 4,645,399	\$ 4,886,032	\$ 5,021,647	\$ 4,947,840	\$ 5,364,707	\$ 5,538,139
Licenses and permits	39,708	41,031	36,400	38,100	34,900	36,400
Intergovernmental revenues	173,681	117,648	141,500	155,800	162,393	150,500
Charges for services	43,558	51,612	45,600	47,100	48,500	48,900
Fines and forfeitures	688,272	722,218	718,800	748,700	720,000	720,000
Other revenues	10,030	5,251	5,000	2,500	2,500	2,500
<b>Revenue Totals</b>	<b>\$ 5,600,648</b>	<b>\$ 5,823,792</b>	<b>\$ 5,968,947</b>	<b>\$ 5,940,040</b>	<b>\$ 6,333,000</b>	<b>\$ 6,496,439</b>

<b>Expenditures</b>						
Personnel	\$3,947,173	\$4,154,234	\$4,213,887	\$4,164,380	\$4,512,977	\$4,635,899
Contract services	936,909	993,092	1,102,800	1,126,900	1,105,400	1,120,700
Training & Memberships	27,811	26,006	34,800	34,800	36,500	37,200
Supplies	83,786	81,176	96,700	98,200	99,300	101,200
Capital outlay	-	27,849	10,000	5,000	5,000	5,000
Internal service fund charges	604,969	541,435	510,760	510,760	573,823	596,440
<b>Expenditure Totals</b>	<b>\$ 5,600,648</b>	<b>\$ 5,823,792</b>	<b>\$ 5,968,947</b>	<b>\$ 5,940,040</b>	<b>\$ 6,333,000</b>	<b>\$ 6,496,439</b>

<b>Authorized Positions</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</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	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer	14.50	15.00	15.00	15.00	16.00	16.00
Police Officer - Grant Funded	1.00	0.00	0.00	0.00	0.00	0.00
Community Service Officer	1.50	3.00	3.00	3.00	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	0.84	1.00	1.00	1.00	1.00	1.00
Records Clerk	1.00	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.90	0.90	0.90	0.90	0.90
<b>FTE Total</b>	<b>28.59</b>	<b>30.65</b>	<b>31.65</b>	<b>31.65</b>	<b>31.65</b>	<b>31.65</b>

# POLICE DEPARTMENT – LAW ENFORCEMENT

## MISSION STATEMENT

To provide highly visible and responsive police service to our community. Staff takes great pride in the professionalism, creativity and dedication of our staff. We welcome the opportunity and challenge of working with the community, city departments, and other criminal justice agencies to provide enhanced public safety and security in a diverse and dynamic community.

## DEPARTMENT PURPOSE

The Department carries out implementation of the mission of prevention and deterrence of crime by the utilization of patrol in response to calls for service, POP projects and directed patrol, Detectives performing comprehensive investigations and liaisons with other local law enforcement agencies, parking enforcement, juvenile diversion programs, and city wide traffic enforcement.

## KEY CHANGES

Added a second police canine.

## FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Reduced total collisions citywide by 18%
- Increased self-initiated activity by 9%
- Reduced violent crime by 24%
- Installed speed sign on Wharf Road to address speed concerns
- Replaced aging marked patrol vehicle

## FISCAL YEAR GOALS – 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Continue to explore grant opportunities relative to alcohol enforcement, suppression, and education</li></ul>	Fiscal
<ul style="list-style-type: none"><li>• Purchase a new marked patrol vehicle</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Continue to evaluate staffing needs and allocations for maximum efficiency</li></ul>	Public Service and Fiscal

**POLICE DEPARTMENT - LAW ENFORCEMENT**

**BUDGET SUMMARY**

<b>1000-20-20-000</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Revenue</b>						
General Fund	\$ 4,594,601	\$ 4,773,084	\$ 4,870,631	\$ 4,781,460	\$ 5,179,949	\$ 5,339,468
Licenses and permits	39,708	41,031	36,400	38,100	34,900	36,400
Intergovernmental revenues	173,681	117,648	141,500	155,800	162,393	150,500
Charges for services	39,236	49,466	42,100	43,600	47,500	47,900
Fines and forfeitures	218,269	255,785	243,000	271,000	243,000	243,000
Other revenues	10,030	5,251	5,000	2,500	2,500	2,500
<b>Revenue Totals</b>	<b>\$ 5,075,525</b>	<b>\$ 5,242,265</b>	<b>\$ 5,338,631</b>	<b>\$ 5,292,460</b>	<b>\$ 5,670,242</b>	<b>\$ 5,819,768</b>
<b>Expenditure</b>						
Personnel	\$ 3,744,840	\$ 3,965,974	\$ 3,998,771	\$ 3,950,300	\$ 4,280,215	\$ 4,395,508
Contract services	640,611	633,933	724,600	730,900	716,500	727,800
Training & Memberships	27,811	26,006	34,800	34,800	36,500	37,200
Supplies	77,994	68,998	80,700	81,700	83,800	85,600
Capital outlay	-	27,849	10,000	5,000	5,000	5,000
Internal service fund charges	584,269	519,505	489,760	489,760	548,227	568,660
<b>Expenditure Totals</b>	<b>\$ 5,075,525</b>	<b>\$ 5,242,265</b>	<b>\$ 5,338,631</b>	<b>\$ 5,292,460</b>	<b>\$ 5,670,242</b>	<b>\$ 5,819,768</b>

<b>Authorized Positions</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</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	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer	14.50	15.00	15.00	15.00	16.00	16.00
Police Officer - Grant Funded	1.00	0.00	0.00	0.00	0.00	0.00
Community Service Officer	1.50	3.00	3.00	3.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	0.84	1.00	1.00	1.00	1.00	1.00
Records Clerk	1.00	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.90	0.90	0.90	0.90	0.90
<b>FTE Total</b>	<b>26.59</b>	<b>28.65</b>	<b>28.65</b>	<b>28.65</b>	<b>28.65</b>	<b>28.65</b>

# POLICE DEPARTMENT – PARKING ENFORCEMENT

## MISSION STATEMENT

To provide highly visible and responsive parking enforcement and public assistance to visitors, merchants, and the residents of Capitola, who are the most heavily impacted by parking problems and traffic congestion.

## 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.

## KEY CHANGES

Implemented new handheld devices for parking citations to increase efficiency levels.

## FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Upgraded pay station modems
- Replaced Wharf and Capitola Ave. parking meters.

## FISCAL YEAR GOALS – 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Implement Parkmobile pay by phone application</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Continue to partner with Public Works to evaluate parking-related issues within the city</li></ul>	Public Service, Public Improvement and Fiscal
<ul style="list-style-type: none"><li>• Expand pay station area to include entrance to the wharf</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Maintain full staffing levels for sworn personnel</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Evaluate three-hour parking limit</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Continue to upgrade parking equipment (including meters) to improve visitor experience and efficiency levels</li></ul>	Public Service

**POLICE DEPARTMENT - PARKING ENFORCEMENT**

**BUDGET SUMMARY**

<b>1000-20-21-000</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ (40,224)	\$ 22,056	\$ 59,116	\$ 74,480	\$ 88,618	\$ 98,934
Fines and forfeitures	470,003	466,433	475,800	477,700	477,000	477,000
<b>Revenue Totals</b>	<b>\$ 429,779</b>	<b>\$ 488,489</b>	<b>\$ 534,916</b>	<b>\$ 552,180</b>	<b>\$ 565,618</b>	<b>\$ 575,934</b>
<b>Expenditures</b>						
Personnel	\$ 202,333	\$ 188,260	\$ 215,116	\$ 214,080	\$ 232,762	\$ 240,391
Contract services	205,167	269,418	287,700	305,500	297,500	298,300
Supplies	4,979	11,336	14,000	14,500	13,500	13,600
Internal service fund charges	17,300	19,475	18,100	18,100	21,856	23,643
<b>Expenditure Totals</b>	<b>\$ 429,779</b>	<b>\$ 488,489</b>	<b>\$ 534,916</b>	<b>\$ 552,180</b>	<b>\$ 565,618</b>	<b>\$ 575,934</b>
<b>Authorized Positions</b>						
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>



## POLICE DEPARTMENT – LIFEGUARD SERVICES

### MISSION STATEMENT

To serve and protect the visitors of Capitola Beach from the natural and manmade hazards inherent in the ocean environment, with the ultimate focus being the prevention of drowning and other serious injuries, while providing a highly visible and responsive lifeguard staff.

### DEPARTMENT PURPOSE

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

### POLICE DEPARTMENT - LIFEGUARD SERVICES

#### BUDGET SUMMARY

<b>1000-20-22-000</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenues</b>						
General Fund	\$ 72,818	\$ 70,565	\$ 71,900	\$ 71,900	\$ 73,449	\$ 76,156
Charges for services	200	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 73,018</b>	<b>\$ 70,565</b>	<b>\$ 71,900</b>	<b>\$ 71,900</b>	<b>\$ 73,449</b>	<b>\$ 76,156</b>
<b>Expenditures</b>						
Contract services	69,500	68,500	68,500	68,500	69,400	71,800
Supplies	318	-	1,000	1,000	1,000	1,000
Internal service fund charges	3,200	2,065	2,400	2,400	3,049	3,356
<b>Expenditure Totals</b>	<b>\$ 73,018</b>	<b>\$ 70,565</b>	<b>\$ 71,900</b>	<b>\$ 71,900</b>	<b>\$ 73,449</b>	<b>\$ 76,156</b>

## POLICE DEPARTMENT – ANIMAL SERVICES

### MISSION STATEMENT

To balance the health, public safety, and welfare needs of people and animals in the City of Capitola by responsibly and humanely enforcing animal-related laws; providing nourishment and a safe environment for unwanted, stray, abused, and impounded animals; educating the public about responsible companion animal ownership; investigating cases where animal care is questionable; and assisting in finding new homes for homeless animals.

### 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.

## POLICE DEPARTMENT - ANIMAL SERVICES

### BUDGET SUMMARY

<b>1000-20-23-000</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 18,204	\$ 20,327	\$ 20,000	\$ 20,000	\$ 22,691	\$ 23,581
Charges for services	4,122	2,146	3,500	3,500	1,000	1,000
<b>Revenue Totals</b>	<b>\$ 22,326</b>	<b>\$ 22,473</b>	<b>\$ 23,500</b>	<b>\$ 23,500</b>	<b>\$ 23,691</b>	<b>\$ 24,581</b>
<b>Expenditures</b>						
Contract services	\$ 21,631	\$ 21,241	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,800
Supplies	495	842	1,000	1,000	1,000	1,000
Internal service fund charges	200	390	500	500	691	781
<b>Expenditure Totals</b>	<b>\$ 22,326</b>	<b>\$ 22,473</b>	<b>\$ 23,500</b>	<b>\$ 23,500</b>	<b>\$ 23,691</b>	<b>\$ 24,581</b>

# PUBLIC WORKS DEPARTMENT – OVERVIEW

## DEPARTMENT PURPOSE

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

## KEY CHANGES

The FY 15/16 Public Works Budget includes a reorganization that will fill and re-title the currently unfunded Maintenance Supervisor position to Field Supervisor and the Maintenance Superintendent position reclassified to a newly created Project Manager position when next vacated. This plan will allow for improved planning and scheduling of the crews while maintaining appropriate supervision in the field and office. The Project Manager position will be in the administration section to assist the department with meeting the demands for project delivery.

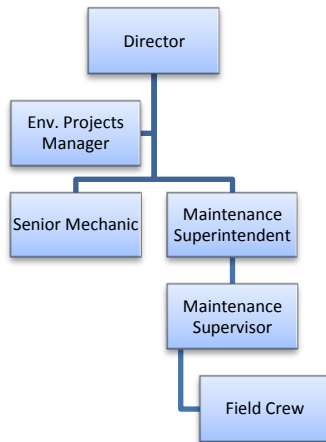


Figure 1a Existing Organization

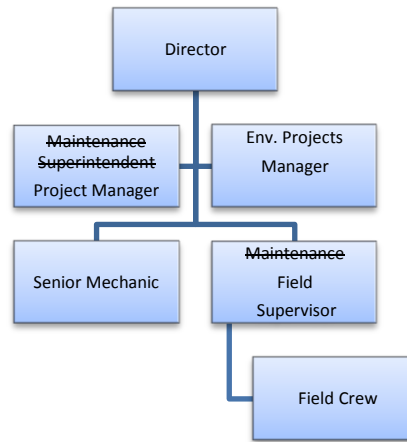


Figure 1b New Organization

The FY15/16 Public Works budget reflects a 0.12% increase in expenses compared to the FY14/15 Estimate. Salaries account for a 5.0% increase related to the Maintenance Supervisor position discussed above and programmed salary and benefit increases. Contract services remains relatively constant, but anticipated increases in storm water program regulations will necessitate future increases. The capital outlays, training, and internal service budgets have minor changes. Projections for department related direct revenue remains relatively unchanged.

## FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Rispin Park Planning
- McGregor Park
- Continued Water conservation projects completed by City crews at parks and landscaped areas

**FISCAL YEAR GOALS – 2015/16**

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>Continually review purchases of cleaning and other materials to make sure safest materials are used</li> </ul>	Public Service and Improvement
<ul style="list-style-type: none"> <li>Improve completion of Capital Improvement Program</li> </ul>	Public Improvement and Fiscal
<ul style="list-style-type: none"> <li>Develop and implement long term water conservation programs and projects on City properties</li> </ul>	Public Improvement
<ul style="list-style-type: none"> <li>Improve quality of public spaces through improved maintenance and contract services</li> <li>Improve ADA compliance and bike facilities</li> </ul>	Public Service

**PUBLIC WORKS DEPARTMENT - SUMMARY**

**BUDGET SUMMARY**

	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Public Works Summary</b>						
<b>Revenue</b>						
General Fund	\$ 1,820,772	\$ 2,185,884	\$ 2,360,929	\$ 2,367,018	\$ 2,434,551	\$ 2,496,566
Licenses and permits	22,940	12,702	15,000	10,000	10,000	10,000
Intergovernmental revenues	250	250	-	45,500	-	-
Charges for services	58,878	9,902	11,500	13,500	10,000	10,000
Other revenues	41,821	38,261	30,000	23,000	27,500	27,500
<b>Revenue Totals</b>	<b>\$ 1,944,661</b>	<b>\$ 2,246,999</b>	<b>\$ 2,417,429</b>	<b>\$ 2,459,018</b>	<b>\$ 2,482,051</b>	<b>\$ 2,544,066</b>

<b>Expenditures</b>						
Personnel	\$ 1,000,687	\$ 1,156,927	\$ 1,292,667	\$ 1,251,248	\$ 1,313,368	\$ 1,358,061
Contract services	540,863	612,240	684,625	758,353	711,750	708,200
Training & Memberships	850	2,494	2,300	2,800	3,900	3,900
Supplies	292,517	353,148	324,950	333,730	330,400	342,500
Internal service fund charges	109,744	122,190	112,887	112,887	122,633	131,405
<b>Expenditure Totals</b>	<b>\$ 1,944,661</b>	<b>\$ 2,246,999</b>	<b>\$ 2,417,429</b>	<b>\$ 2,459,018</b>	<b>\$ 2,482,051</b>	<b>\$ 2,544,066</b>

Authorized Positions	Actual	Actual	Adopted	Estimated	Adopted	Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
Field Supervisor	0.00	0.00	0.00	0.00	1.00	1.00
Maintenance Worker I & II <sup>(1)</sup>	8.00	8.00	9.00	9.00	8.00	8.00
Maintenance Worker III <sup>(1)</sup>	1.00	1.00	1.00	1.00	1.00	1.00
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	0.00	1.00	1.00	1.00	1.00	1.00
Development Services Tech	0.33	0.00	0.00	0.00	0.00	0.00
<b>FTE Total</b>	<b>12.33</b>	<b>13.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>

<sup>(1)</sup> Addition of Measure O funded Maintenance Worker I/II in Fiscal Year 13/14 and Maintenance Worker III in FY 14/15.

## PUBLIC WORKS DEPARTMENT – STREETS

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

### KEY CHANGES

Additional maintenance requirements for Beach and Village Parking Lot 2

### PUBLIC WORKS DEPARTMENT - STREETS BUDGET SUMMARY

1000-30-30-000	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Revenues</b>						
General Fund	\$ 887,651	\$ 1,141,027	\$ 1,232,001	\$ 1,208,572	\$ 1,333,676	\$ 1,354,774
Licenses and permits	22,940	12,702	15,000	10,000	10,000	10,000
Intergovernmental revenues	250	250	-	45,500	-	-
Charges for services	58,878	9,902	11,500	13,500	10,000	10,000
Other revenues	17,416	15,105	10,000	5,000	7,500	7,500
<b>Revenue Totals</b>	<b>\$ 987,135</b>	<b>\$ 1,178,986</b>	<b>\$ 1,268,501</b>	<b>\$ 1,282,572</b>	<b>\$ 1,361,176</b>	<b>\$ 1,382,274</b>
<b>Expenditures</b>						
Personnel	\$ 603,794	\$ 739,280	\$ 850,182	\$ 822,903	\$ 888,451	\$ 917,810
Contract services	269,103	302,828	302,000	333,350	349,000	327,000
Supplies	48,070	59,387	47,750	57,750	49,500	58,600
Internal service fund charges	66,168	77,491	68,569	68,569	74,225	78,864
<b>Expenditure Totals</b>	<b>\$ 987,135</b>	<b>\$ 1,178,986</b>	<b>\$ 1,268,501</b>	<b>\$ 1,282,572</b>	<b>\$ 1,361,176</b>	<b>\$ 1,382,274</b>
<b>Authorized Positions</b>						
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
Field Supervisor	-	-	-	-	1.00	1.00
Maintenance Worker I & II <sup>(1)</sup>	4.00	4.00	5.00	5.00	4.00	4.00
Maintenance Worker III <sup>(1)</sup>	1.00	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	-	1.00	1.00	1.00	1.00	1.00
Development Services Technician	0.33	-	-	-	-	-
<b>FTE Total</b>	<b>7.33</b>	<b>8.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>

## PUBLIC WORKS DEPARTMENT – FACILITIES

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

## PUBLIC WORKS DEPARTMENT - FACILITIES

### BUDGET SUMMARY

1000-30-31-xxx	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Revenues</b>						
General Fund	\$ 182,477	\$ 201,219	\$ 263,100	\$ 308,883	\$ 247,298	\$ 257,018
<b>Revenue Totals</b>	<b>\$ 182,477</b>	<b>\$ 201,219</b>	<b>\$ 263,100</b>	<b>\$ 308,883</b>	<b>\$ 247,298</b>	<b>\$ 257,018</b>
<b>Expenditures</b>						
Contract services Totals	\$ 130,988	\$ 144,675	\$ 209,500	\$ 245,503	\$ 181,650	\$ 188,450
Supplies	47,089	52,139	47,800	57,580	57,900	59,900
Internal service fund charges	4,400	4,405	5,800	5,800	7,748	8,668
<b>Expenditure Totals</b>	<b>\$ 182,477</b>	<b>\$ 201,219</b>	<b>\$ 263,100</b>	<b>\$ 308,883</b>	<b>\$ 247,298</b>	<b>\$ 257,018</b>

## PUBLIC WORKS DEPARTMENT – PARKS

### MISSION STATEMENT

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.

### DEPARTMENT PURPOSE

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

### KEY CHANGES

Maintenance of new part facilities at McGregor and Rispin

## PUBLIC WORKS DEPARTMENT - PARKS

### BUDGET SUMMARY

1000-30-33-xxx	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Revenues</b>						
General Fund	\$ 471,078	\$ 520,500	\$ 558,096	\$ 549,594	\$ 538,088	\$563,719
<b>Revenue Totals</b>	<b>\$ 471,078</b>	<b>\$ 520,500</b>	<b>\$ 558,096</b>	<b>\$ 549,594</b>	<b>\$ 538,088</b>	<b>\$563,719</b>
<b>Expenditures</b>						
Personnel	\$ 293,959	\$ 300,248	\$ 314,262	\$ 305,885	\$ 295,117	\$306,058
Contract services	118,584	159,399	168,125	169,500	171,100	182,750
Training & Memberships	850	2,494	2,300	2,800	3,900	3,900
Supplies	24,609	25,539	43,100	41,100	38,000	39,000
Internal service fund	33,076	32,820	30,309	30,309	29,971	32,011
<b>Expenditure Totals</b>	<b>\$ 471,078</b>	<b>\$ 520,500</b>	<b>\$ 558,096</b>	<b>\$ 549,594</b>	<b>\$ 538,088</b>	<b>\$563,719</b>
<b>Authorized Positions</b>						
Maintenance Worker I & II	4.00	4.00	4.00	4.00	4.00	4.00
<b>FTE Total</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

## PUBLIC WORKS DEPARTMENT – FLEET MAINTENANCE

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

### PUBLIC WORKS DEPARTMENT - FLEET MAINTENANCE

#### BUDGET SUMMARY

1000-30-32-000	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Revenues</b>						
General Fund	\$ 279,566	\$ 323,138	\$ 307,732	\$ 299,969	\$ 315,489	\$321,055
Other revenues	24,405	23,156	20,000	18,000	20,000	20,000
<b>Revenue Totals</b>	<b>\$ 303,971</b>	<b>\$ 346,294</b>	<b>\$ 327,732</b>	<b>\$ 317,969</b>	<b>\$ 335,489</b>	<b>\$341,055</b>
<b>Expenditures</b>						
Personnel	\$ 102,934	\$ 117,399	\$ 128,223	\$ 122,460	\$ 129,800	\$134,193
Contract services	22,188	5,338	5,000	10,000	10,000	10,000
Supplies	172,749	216,083	186,300	177,300	185,000	185,000
Internal service fund charges	6,100	7,474	8,209	8,209	10,689	11,862
<b>Expenditure Totals</b>	<b>\$ 303,971</b>	<b>\$ 346,294</b>	<b>\$ 327,732</b>	<b>\$ 317,969</b>	<b>\$ 335,489</b>	<b>\$341,055</b>
<b>Authorized Positions</b>						
Mechanic/Sr. Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
Temporary Mechanic Hours		960	960	960	960	960



# COMMUNITY DEVELOPMENT DEPARTMENT

## MISSION STATEMENT

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

## DEPARTMENT PURPOSE

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

## KEY CHANGES

The City's Building Official retired during this past fiscal year. The City's Building Inspector was promoted to fill the Building Official position and a new Building Inspector was hired. In addition, a half-time Assistant Planner was converted to full-time during FY 14/15.

## FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Completed the General Plan Update and associated Environmental Impact Report (EIR).
- Obtained a \$383,000 grant to fund Rispin Park improvements.
- Obtained a \$500,000 Community Development Block Grant (CDBG) to reinstate the Housing Rehabilitation and Mortgage Assistance Programs.
- Completed a public review draft Climate Action Plan Initiated the Housing Element Update
- 126 planning permits issued
- Issued 337 building permits with a total valuation over \$11 million (07/14 – 05/15)

## FISCAL YEAR GOALS – 2015/16 and 2016/17

Goal	Corresponding Principle
• Complete the Zoning Ordinance update.	Fiscal and Public Service
• Complete a Climate Action Plan	Fiscal and Public Service
• Revise the CDD Fee Structure and convert some deposit accounts to flat fees.	Fiscal and Public Service
• Update the Green Building Ordinance	Fiscal and Public Service
• Continue to implement customer service improvements (applicant guidance brochures, FAQs, standard conditions of approval, website integration, etc)	Public Service
• Complete the Housing Element update	Public Service
• Support Library Subcommittee to develop design options	Public Service and Public Improvements
• Continue to process discretionary permit applications in a timely and cost effective manner	Fiscal and Public Service
• Continue to perform timely inspection services and efficiently process building permit applications	Fiscal and Public Service

**COMMUNITY DEVELOPMENT DEPARTMENT - SUMMARY**

**BUDGET SUMMARY**

<b>Community Development Summary</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Revenue</b>						
General Fund	\$ 169,971	\$ 37,553	\$ 246,280	\$ 255,172	\$ 266,939	\$ 279,554
Licenses and permits	142,701	244,938	199,050	199,050	199,050	199,050
Charges for services	190,730	326,059	250,000	258,000	289,000	289,000
Fines and forfeitures	-	8,450	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 503,402</b>	<b>\$ 617,001</b>	<b>\$ 695,330</b>	<b>\$ 712,222</b>	<b>\$ 754,989</b>	<b>\$ 767,604</b>

<b>Expenditures</b>						
Personnel	\$ 393,824	\$ 509,085	\$ 550,330	\$ 521,722	\$ 605,694	\$ 625,173
Contract services	52,972	49,798	78,600	130,100	78,100	70,600
Training & Memberships	4,708	7,903	10,500	7,000	11,500	9,500
Supplies	3,138	2,464	6,700	4,200	6,700	6,700
Internal service fund charges	48,760	47,750	49,200	49,200	52,995	55,631
<b>Expenditure Totals</b>	<b>\$ 503,402</b>	<b>\$ 617,000</b>	<b>\$ 695,330</b>	<b>\$ 712,222</b>	<b>\$ 754,989</b>	<b>\$ 767,604</b>

<b>Authorized Positions</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
Community Dev. Director	0.45	1.00	1.00	1.00	1.00	1.00
Senior Planner	0.67	1.00	1.00	1.00	1.00	1.00
Associate Planner	0.00	0.00	0.50	1.00	1.00	1.00
Development Services Tech	0.67	0.00	0.00	0.00	0.00	0.00
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	1.00	0.50	1.00	1.00
<b>FTE Total</b>	<b>3.79</b>	<b>4.00</b>	<b>4.50</b>	<b>4.50</b>	<b>5.00</b>	<b>5.00</b>

<b>Officials Positions</b>						
Planning Commissioners	5.00	5.00	5.00	5.00	5.00	5.00
Members	2.00	2.00	2.00	2.00	2.00	2.00
<b>Total</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>

<b>Officials Annual Pay</b>						
Planning Commissioners	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Arch & Site Committee	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
<b>Expenditure Totals</b>	<b>\$ 8,700</b>	<b>\$ 8,700</b>	<b>\$ 8,700</b>	<b>\$ 8,700</b>	<b>\$ 8,700</b>	<b>\$ 8,700</b>

## RECREATION DEPARTMENT – OVERVIEW

The Capitola Recreation Department's mission is to enhance the leisure lifestyle and quality of life for the people of Capitola through recreational activities and opportunities. The department is committed to providing affordable, fun, integrated, and safe recreational activities to people of all ages, races, and ability levels. The department has a commitment to excellence, and continually strives to improve its programs, procedures, and services, to best meet the needs and interests of the community.

### DEPARTMENT PURPOSE

The Recreation Department plans, organizes, schedules, markets, oversees and evaluates recreation and leisure services offered to the City of Capitola and the broader community beyond the City's borders. These services come in a variety of formats, including City-staffed programs such as Junior Lifeguards, Camp Capitola, and Adult Sports Leagues as well as over 500 Classes offered by Contract Instructors. The department also manages the Capitola Community Center, the Capitola Community Gymnasium, and Jade Street and Monterey Parks.

### KEY CHANGES

An increase of 10% to the Junior Guard and Camp Capitola fees will go into effect January 1, 2016. This increase will help offset the costs of running the programs, including training and the changes to the Minimum Wage. A ¾-time Recreation Assistant Authorized position was approved in order to comply with the Affordable Care Act. Other front office staffing is currently allocated as Hourly Employees. Junior Guard instructor staffing hours have increased in the past few years due to additionally required pre-season training and an increase in Guard participation. For the 2015 Summer season, the City will continue to use the City of Santa Cruz Fire Department Marine Safety Division to train and certify all Junior Lifeguard staff as beach lifeguards. Capitola will contract with Cabrillo College to provide Title 22 classes for Junior Lifeguard instructors.

### FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Processed approximately 4,500 enrollments in over 500 regular classes.
- Processed over 800 enrollments in 4 sessions of Camp Capitola, including ½-day and all-day care, morning and afternoon extended care, and transportation to and from the beach for children participating in both Camp and Junior Lifeguards.
- Processed approximately 1,700 enrollments in Junior Guards, including program enrollments, regional competitions, and photos
- Hired new independent contractors as class Instructors; added approximately 45 new classes.
- Worked with the City of Santa Cruz Fire Department Marine Safety Division to train and certify all Capitola Junior Lifeguard staff as beach lifeguards. This training, and affiliation with the United States Surf Lifesaving Association, now provides the program with professional affiliation with nationwide standards of excellence and care in beach and aquatic programs.
- Worked with the City Manager and the Capitola Police Department to continue free parking passes for the Junior Lifeguard parents to reduce congestion through the Esplanade.
- Recreation staff continues to improve the recreation website to better serve users.
- Redesigned the recreation department's Facebook page and added weekly features, including upcoming registration dates, instructor and class profiles, art displays, and local events. Increased page "likes" to over 500 at this time.
- Through the Junior Lifeguard Captains Corps and the Camp Capitola Junior Leader program, provided opportunities for approximately 65 teens to train for future summer employment as Junior Lifeguard Instructors and Camp Leaders.

- Established Title 22 training classes with Cabrillo College for Junior Lifeguard instructors.
- All staff received training materials regarding Mandated Reporter of Child Abuse and Neglect and signed the Statement Acknowledging Requirement to Report Child Abuse.
- Produced 6 Capitola Recreation brochures; evaluated the mailing area and eliminated some postal zones, reducing expenditures and making mailing more targeted and efficient.
- Redesigned and updated the recreation department brochure format.
- Successfully established year-round, low/no-cost women's self-defense classes, in cooperation with the Capitola Police Department.
- Successfully coordinated 3 art shows at the Capitola Community Center related to Capitola Recreation classes, generating significant interest and participation in those classes, and adding to the attractiveness of the Center.
- The transfer of the gym to the SUESD removed the need for the department to have a year-round Sports Coordinator.
- The department is continuing to offer spring and summer softball leagues; maintain the fields at Jade Street Park and Monterey Park; and process rental permits for youth groups.
- Coordinated use of City facilities for groups using the Capitola Community Center, including renters for meetings and small events, the Red Cross, Santa Cruz County Election Department, Central Fire Protection District, Soquel Union Elementary School District, Capitola Police Department and City of Capitola sponsored meetings.

#### **FISCAL YEAR GOALS – 2015/16 and 2016/17**

<b>Goal</b>	<b>Corresponding Principle</b>
<ul style="list-style-type: none"> <li>• Work to build revenues and program participation through development of new programs; evaluation of community needs, desires and trends; online research; professional development and networking; and outreach.</li> </ul>	Public Service and Fiscal
<ul style="list-style-type: none"> <li>• Continue promotional marketing, advertising, Facebook and other social media posting; evaluate regularly for effectiveness and continue to explore other ideas.</li> </ul>	Public Service and Fiscal
<ul style="list-style-type: none"> <li>• Evaluate the effectiveness of listing the entire brochure of classes on the department's website. Explore the possibility of removing the brochure pages and using ActiveNet, the online registration program only.</li> </ul>	Public Service and Fiscal
<ul style="list-style-type: none"> <li>• Work with ActiveNet to explore options for enhancement of the recreation registration site to provide a more attractive, promotional site and a more user-friendly interface.</li> </ul>	Public Service and Fiscal
<ul style="list-style-type: none"> <li>• Explore the possibility of online registration for summer programs for 2015.</li> </ul>	Public Service and Fiscal
<ul style="list-style-type: none"> <li>• Continue to update and expand training for recreation summer employees.</li> </ul>	Public Service and Fiscal
<ul style="list-style-type: none"> <li>• Maximize rental opportunities for sports groups; continue to expand on outreach for those groups.</li> </ul>	Public Service and Fiscal

## RECREATION DEPARTMENT - SUMMARY

### BUDGET SUMMARY

Recreation Summary 1000-50-50-xxx	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Revenue</b>						
<b>General Fund</b>	\$ 108,494	\$ 54,695	\$ 91,898	\$ 81,337	\$ 114,885	\$ 106,407
Charges for services	684,726	749,586	750,500	757,500	769,500	799,500
Use of money & property	7,335	5,142	5,000	5,000	7,000	7,000
<b>Revenue Totals</b>	<b>\$ 800,555</b>	<b>\$ 809,423</b>	<b>\$ 847,398</b>	<b>\$ 843,837</b>	<b>\$ 891,385</b>	<b>\$ 912,907</b>

#### Expenditures

Personnel	\$457,953	\$459,472	\$482,093	\$471,282	\$519,433	\$535,128
Contract services	237,505	241,987	257,055	261,805	251,850	253,850
Training & Memberships	1,590	1,986	2,300	3,550	3,600	3,700
Supplies	55,907	60,538	64,250	65,500	64,350	64,900
Internal service fund charges	47,600	45,440	41,700	41,700	52,152	55,329
<b>Expenditure Totals</b>	<b>\$ 800,555</b>	<b>\$ 809,423</b>	<b>\$ 847,398</b>	<b>\$ 843,837</b>	<b>\$ 891,385</b>	<b>\$ 912,907</b>

#### Authorized Positions

	FY12/13	FY13/14	FY14/15	FY14/15	FY15/16	FY16/17
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Recreation Coordinator	1.50	1.25	1.50	1.50	1.50	1.50
Recreation Assistant	0.50	0.50	0.50	0.75	0.75	0.75
<b>FTE Total</b>	<b>3.00</b>	<b>2.75</b>	<b>3.00</b>	<b>3.25</b>	<b>3.25</b>	<b>3.25</b>

#### Hourly Allocation

Jr. Lifeguard Instructor	7,000	7,000	7,000	7,000	8,500	8,500
Jr. Lifeguard Coordinator	450	450	450	450	450	450
CC Leader	2,900	2,500	2,500	2,500	2,500	2,500
Camp Capitola Coordinator	850	480	480	480	400	400
CC Jr. Leader Coordinator	400	400	400	400	400	400
Recreation Admin Temps	3,300	3,300	3,300	2,420	1,600	1,600
Sports Scorekeepers	2,100	2,100	2,100	2,100	1,500	1,500
Recreation Facilities Assistant	1,100	1,100	200	1,000	1000	1,000
<b>Hours Total</b>	<b>18,100</b>	<b>17,330</b>	<b>16,430</b>	<b>16,350</b>	<b>16,350</b>	<b>16,350</b>

\*The Recreation Assistant "authorized position"- Dependent upon the available workforce, the Rec. Assist. Authorized position may be filled by a seasonal/temp emp. In conjunction with the Recr Program Assist. Hours.

## RECREATION DEPARTMENT – JUNIOR GUARDS, CAMP CAPITOLA, CLASSES, SPORTS AND MORE



### RECREATION DEPARTMENT - PROGRAM REVENUE BUDGET SUMMARY

Recreation by Programs	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
Recreation Classes	\$ 297,836	\$ 337,584	\$ 287,500	\$ 267,500	\$ 268,500	\$ 268,500
Capitola Junior Guards	240,461	268,443	293,000	307,000	318,000	338,000
Camp Capitola	93,908	103,010	121,500	147,500	149,500	159,500
Sports Teams	52,521	40,549	48,500	30,500	33,500	33,500
<b>Total programs</b>	<b>\$ 684,726</b>	<b>\$ 749,586</b>	<b>\$ 750,500</b>	<b>\$ 752,500</b>	<b>\$ 769,500</b>	<b>\$ 799,500</b>
Jade Street rental	7,335	5,142	5,000	5,000	7,000	7,000
<b>Revenue Total</b>	<b>\$ 692,061</b>	<b>\$ 754,728</b>	<b>\$ 755,500</b>	<b>\$ 757,500</b>	<b>\$ 776,500</b>	<b>\$ 806,500</b>

Camp Capitola and Junior Guards receives over 2,500 enrollments annually. Of these enrollments, over 75% of the participants come from outside the City. These programs bring in both parents and children to the City. These visitors bring in additional City revenues associated with shopping, eating, and parking, while building positive, enjoyable associations with the City of Capitola. The Recreation Department receives an additional 4,500 class enrollments throughout the year. The Department provides participants with an impression of Capitola through the programs offered, class instructors selected, seasonal youth hired and trained, smooth registration and participation processes, and condition of locations and facilities utilized.

In addition, the Recreation Program provides training for approximately 50 young people through the Junior Lifeguard Captains Corps and another 20-30 through the Camp Capitola Junior Leader Program.

# CAPITOLA MUSEUM

## MISSION STATEMENT

The Capitola Historical Museum preserves and promotes the history of Capitola.

## 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.

## KEY CHANGES

This current budget remains pretty much status quo with no significant changes from the previous year.

## FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Opened a new exhibit, “Postmarked Capitola: A History Through Postcards”.
- Received more than 500 donated volunteer hours, and welcomed over 6,000 guests to the museum.
- Provided walking tours and lectures for local organizations and the public.
- Assisted public with questions about local history and historic buildings.
- Produced quarterly newsletter.
- Contributed to Capitola Walking Tour App.
- Participated in the Art & Wine Festival and Begonia Festival

## FISCAL YEAR GOALS – 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Work to reduce expenditures and increase private donations</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Continue work highlighted in FY4/15</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Create a new exhibit</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Maintain existing services to the public.</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Continue promotional marketing of the Museum to attract new visitors.</li></ul>	Public Service

**CAPITOLA MUSEUM**

**BUDGET SUMMARY**

<b>Capitola Museum 1000-50-51-000</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Revenue</b>						
General Fund	\$ 73,315	\$ 49,347	\$ 59,175	\$ 58,135	\$ 60,728	\$ 57,919
Other revenues	6,389	4,865	6,000	6,000	6,000	6,000
<b>Revenue Totals</b>	<b>\$ 79,704</b>	<b>\$ 54,212</b>	<b>\$ 65,175</b>	<b>\$ 64,135</b>	<b>\$ 66,728</b>	<b>\$ 63,919</b>

<b>Expenditures</b>						
Personnel	\$56,534	\$36,904	\$35,400	\$34,400	\$36,322	\$37,261
Contract services	4,351	4,332	4,750	4,410	4,800	4,800
Training & Memberships	345	-	125	125	125	125
Supplies	14,274	8,911	21,500	21,800	21,500	17,500
Internal service fund	4,200	4,065	3,400	3,400	3,981	4,233
<b>Expenditure Totals</b>	<b>\$ 79,704</b>	<b>\$ 54,212</b>	<b>\$ 65,175</b>	<b>\$ 64,135</b>	<b>\$ 66,728</b>	<b>\$ 63,919</b>

<b>Authorized Positions</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
Museum Curator	0.75	0.75	0.75	0.50	0.50	0.50
<b>FTE Total</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>



# CAPITOLA ART & CULTURAL COMMISSION

## MISSION STATEMENT

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

## DEPARTMENT PURPOSE

The first Arts Commission was created in 1984. The commission was reorganized by Ordinance #851 effective May 10, 2003 under the new title of Art & Cultural Commission. The composition, term of office, duties and responsibilities were modified to empower the commission to accomplish the development of arts and culture within the City of Capitola. With the adopted Arts & Cultural Master Plan, the Art & Cultural Commission develops and reviews Public Art projects and creates opportunities for a variety of art and cultural experiences for City Council approval.

The City Council, under the City Manager's direction, provides an Administrative Assistant to the Art & Cultural Commission. Clerical duties include: preparing agendas; taking minutes; coordinating correspondence; researching and preparing reports; reviewing and processing financial functions; assisting in coordination of cultural events; filing and keeping records; providing information for the city scroll and website, and informing the city and other agencies of Art & Cultural Commission activities.

## KEY CHANGES

The Commission will add a new event in 2015/16; Plein-Air. The Commission continues to off-set nearly 50% of its budget by obtaining sponsors for the events.

## FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Extension of Wharf Road Mural Project completed March 2015.
- Sponsors obtained to continue funding concerts and movies.
- Continued rotating Art Displays program in City of Capitola Buildings.
- Conducted children's art events at the Begonia Festival and Art & Wine Festival.
- Revised Public Art App. which informs visitors of locations of public art in Capitola and historical places of interest.

## FISCAL YEAR GOALS – 2015/16 and 2016/17

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Continue to offer twilight concerts, art in the park, music on Sundays and movies at the beach.</li> <li>• Display art work by community members at City Facilities</li> <li>• Identify new Public Art Projects.</li> <li>• Promote Capitola as a culturally rich and fun destination</li> <li>• Create a dynamic interaction between art and people</li> <li>• Develop a Winter Performing Arts event.</li> </ul>	Public Services

**CAPITOLA ART & CULTURAL COMMISSION**

**BUDGET SUMMARY**

**Capitola Art & Cultural  
Commission  
1000-50-52-000**

	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Revenue</b>						
General Fund	\$ 30,134	\$ 27,319	\$ 25,752	\$ 24,327	\$ 30,635	\$ 28,239
Other revenues	11,410	20,400	20,400	21,825	23,000	23,000
<b>Revenue Totals</b>	<b>\$ 41,544</b>	<b>\$ 47,719</b>	<b>\$ 46,152</b>	<b>\$ 46,152</b>	<b>\$ 53,635</b>	<b>\$ 51,239</b>

**Expenditures**

Personnel	\$11,704	\$14,546	\$12,552	\$12,552	\$14,107	\$14,531
Contract services	22,004	25,427	24,900	24,900	29,900	26,700
Supplies	5,936	5,766	6,200	6,200	6,700	6,900
Internal service fund	1,900	1,980	2,500	2,500	2,928	3,108
<b>Expenditure Totals</b>	<b>\$ 41,544</b>	<b>\$ 47,719</b>	<b>\$ 46,152</b>	<b>\$ 46,152</b>	<b>\$ 53,635</b>	<b>\$ 51,239</b>

Hourly Employee Allocation

Hours	480	480	480	480	480	480
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# INTERNAL SERVICE FUNDS



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## INTERNAL SERVICE FUNDS

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

**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 department to pay for Workers' Compensation coverage through the MBASIA.

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

**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.

**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.

**Public Employees' Retirement (PERS) (Finance):** The City utilized a PERS Fund between FY04/05 and FY 12/13 to distinguish between specific PERS details. The City eliminated the fund due to changes in accounting practices.

## 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 identified in Table 2. The City entered into a contract to provide IT services with a transfer of \$70,000 from the General Fund.

### SOURCES AND USES

Fund - 2211	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 185,933	\$ 87,457	\$ 166,845	\$ 166,845	\$ 93,013	\$ 13,141
<b>Revenue</b>						
Other Revenues	\$ 3,468	\$ 3,611	\$ 3,468	\$ 3,468	\$ 3,468	\$ 3,468
Internal Service Charges	141,400	137,000	130,000	130,000	103,660	130,000
Other Financing Sources	-	114,000	-	-	70,000	-
<b>Revenue Totals</b>	<b>\$ 144,868</b>	<b>\$ 254,611</b>	<b>\$ 133,468</b>	<b>\$ 133,468</b>	<b>\$ 177,128</b>	<b>\$ 133,468</b>
<b>Expenditures</b>						
Contract Services	\$ 71,618	\$ 66,776	\$ 67,000	\$ 69,500	\$ 164,000	\$ 94,000
Training & Memberships	160	160	1,000	800	1,000	1,000
Supplies	48,243	54,478	52,000	52,000	52,000	52,000
Capital Outlay	11,123	53,809	80,000	85,000	40,000	40,000
Other Financing Uses	112,200	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 243,344</b>	<b>\$ 175,223</b>	<b>\$ 200,000</b>	<b>\$ 207,300</b>	<b>\$ 257,000</b>	<b>\$ 187,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 87,457</b>	<b>\$ 166,845</b>	<b>\$ 100,313</b>	<b>\$ 93,013</b>	<b>\$ 13,141</b>	<b>\$ (40,391)</b>

Table 2

Department	PC	Laptop	MDC	Printers	Servers	Hardware - only Annual Charge
Council		4				4,000
Finance	6	0		2	4	16,800
Attorney Manager	9	8		2	6	32,800
Personnel	1					700
Museum	1	1				1,200
Arts	1					700
Police - Law Enf	25	5	10	5	3.00	46,500
Police - Parking Enf	1	0		1	0	1,000
Police - Lifeguard	1	0		0	0	700
CDD	4	0		2	0.50	4,900
Building	2	0		1	0.25	2,500
PW - Streets	4				0.25	3,400
PW - Facilities	1					700
PW - Parks	2					1,300
PW - Fleet						-
Recreation	7			1	1	8,000
<b>Total</b>	<b>65</b>	<b>18</b>	<b>10</b>	<b>14</b>	<b>15</b>	<b>\$ 125,200</b>
	<b>PC</b>	<b>Laptop</b>	<b>MDC</b>	<b>Printers</b>	<b>Servers</b>	
Replacement Cost/Each	\$ 2,000	\$ 3,000	\$ 7,000	\$ 1,500	\$ 12,000	
Estimated Life	3	3	5	4	4	
<b>Total Replacement Cost</b>	<b>\$ 130,000</b>	<b>\$ 52,500</b>	<b>\$ 70,000</b>	<b>\$ 21,000</b>	<b>\$ 180,000</b>	<b>\$ 453,500</b>
<b>Replacement Budget - Target Balance 25% of Replacement Budget</b>						<b>\$ 113,400</b>

## SELF-INSURANCE LIABILITY FUND

The Self-Insurance Liability Program 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 insured by Lexington. The City's premium is \$20,000.
- Vehicle and Equipment Insurance Coverage - Coverage for vehicles and equipment with a purchase value of \$25,000 or more. The annual premium is \$4,000 with a \$2,000 deductible.
- Unemployment Insurance - The California Employment Development Department (EDD) defines the City as a "State Unemployment Insurance Reimbursement Client". The City does not pay unemployment insurance premiums to the State. When an employee files for and receives unemployment benefits from the State, the City is responsible for that benefit.

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

### SOURCES AND USES

Fund - 2213	FY12/13	FY13/14	FY14/15	FY14/15	FY15/16	FY16/17
	Actual	Actual	Adopted	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 277,350	\$ 281,850	\$ 255,291	\$ 255,291	\$ 103,341	\$ 203,341
<b>Revenue</b>						
Internal Service Charges	\$ 146,450	\$ 194,996	\$ 249,300	\$ 249,300	\$ 344,500	\$ 389,500
Other Financing Sources	-	-	-	-	100,000	-
<b>Revenue Totals</b>	<u>\$ 146,450</u>	<u>\$ 194,996</u>	<u>\$ 249,300</u>	<u>\$ 249,300</u>	<u>\$ 444,500</u>	<u>\$ 389,500</u>
<b>Expenditures</b>						
Contract Services	\$ 141,750	\$ 221,950	\$ 248,800	\$ 400,050	\$ 343,500	\$ 388,500
Supplies	-	(395)	500	1,200	1,000	1,000
Grants and Subsidies	200	-	-	-	-	-
<b>Expenditure Totals</b>	<u>\$ 141,950</u>	<u>\$ 221,555</u>	<u>\$ 249,300</u>	<u>\$ 401,250</u>	<u>\$ 344,500</u>	<u>\$ 389,500</u>
<b>Fund Balance at 06/30</b>	<b>\$ 281,850</b>	<b>\$ 255,291</b>	<b>\$ 255,291</b>	<b>\$ 103,341</b>	<b>\$ 203,341</b>	<b>\$ 203,341</b>

## WORKERS' COMPENSATION FUND

The Workers' Compensation Fund satisfies the requirements of the Capitola Municipal Code, 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: (1) the number of employees in each of the two major categories (Safety & Miscellaneous); (2) the experience rate (cost incurred) of each the participating agency and (3) debt service allocation. The greater a City experience rate (the number of workers' compensation claims) the more the annual premium assessment to that City exceeds its FTE participation level. Containment of workers' compensation claims results in a lower premium.

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**

<b>Fund - 2214</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	\$ 175,135	\$ 295,275	\$ 321,853	\$ 321,853	\$ 321,853	\$ 221,853
<b>Revenue</b>						
Internal Service Charges	\$ 528,100	\$ 415,400	\$ 364,100	\$ 364,100	\$ 385,000	\$ 385,000
<b>Revenue Totals</b>	<b>\$ 528,100</b>	<b>\$ 415,400</b>	<b>\$ 364,100</b>	<b>\$ 364,100</b>	<b>\$ 385,000</b>	<b>\$ 385,000</b>
<b>Expenditures</b>						
Contract Services	\$ 407,960	\$ 388,822	\$ 364,100	\$ 364,100	\$ 385,000	\$ 385,000
Other Financing Uses	-	-	-	-	100,000	-
<b>Expenditure Totals</b>	<b>\$ 407,960</b>	<b>\$ 388,822</b>	<b>\$ 364,100</b>	<b>\$ 364,100</b>	<b>\$ 485,000</b>	<b>\$ 385,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 295,275</b>	<b>\$ 321,853</b>	<b>\$ 321,853</b>	<b>\$ 321,853</b>	<b>\$ 221,853</b>	<b>\$ 221,853</b>



## STORES FUND

The Stores Fund accounts for general supplies and postage. The Executive Assistant to the City Manager orders and maintains supplies for the City. This also includes the rental of the postage machine and the repair and maintenance of shared office equipment.

### SOURCES AND USES

Fund - 2210	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 3,201	\$ 620	\$ 7,859	\$ 7,859	\$ 8,209	\$ 8,209
<b>Revenue</b>						
Other Revenues	\$ 544	\$ 153	\$ -	\$ 350	\$ -	\$ -
Internal Service Charges	34,450	40,000	39,100	39,100	35,000	35,000
<b>Revenue Totals</b>	<u>\$34,994</u>	<u>\$40,153</u>	<u>\$39,100</u>	<u>\$ 39,450</u>	<u>\$ 35,000</u>	<u>\$35,000</u>
<b>Expenditures</b>						
Contract Services	\$14,084	\$10,381	\$13,400	\$ 13,400	\$ 10,000	\$10,000
Supplies	18,691	22,533	25,700	25,700	25,000	25,000
Other Financing Uses	4,800	-	-	-	-	-
<b>Expenditure Totals</b>	<u>\$37,575</u>	<u>\$32,914</u>	<u>\$39,100</u>	<u>\$ 39,100</u>	<u>\$ 35,000</u>	<u>\$35,000</u>
<b>Fund Balance at 06/30</b>	<b>\$ 620</b>	<b>\$ 7,859</b>	<b>\$ 7,859</b>	<b>\$ 8,209</b>	<b>\$ 8,209</b>	<b>\$ 8,209</b>

## EQUIPMENT REPLACEMENT FUND

The Equipment Replacement Fund provides adequate funding levels 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 receives revenues received for trade in or the sale of surplus equipment. Revenues accumulation does not apply to a particular vehicle. 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. The City Manager approves all budgeted vehicles. In FY 12/13, \$283,000 was transferred to the General Fund to assist in replenishing reserves. In FY 13/14, an additional \$52,000 was transferred from the General Fund to assist in restoring the Equipment Fund's balance; while \$146,730 was transferred from the General Fund to purchase a street sweeper. Typically, new street sweepers are financed with Gas Tax Revenues; however in an effort to achieve interest savings and maintain the City's debt ratio, the General Fund purchased the equipment. The operating lease with the Gas Tax Fund covers the cost of the street sweeper.

FY 15/16 Capital Outlay		FY 16/17 Capital Outlay	
Public Works Bobcat	\$80,000	Police vehicle	\$40,000
Police Vehicle	40,000	Public Works Truck	25,000
		Tractor	13,000
<b>Total</b>	<b>\$120,000</b>	<b>Total</b>	<b>\$78,000</b>

### SOURCES AND USES

Fund - 2212	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 418,237	\$ 122,138	\$ 118,057	\$ 118,057	\$ 126,204	\$116,204
<b>Revenue</b>						
Internal Service Charges	\$89,973	\$105,529	\$68,147	\$90,147	\$60,000	\$60,000
Other Financing Sources	26,265	198,730	-	-	50,000	-
<b>Revenue Totals</b>	<b>\$ 116,238</b>	<b>\$ 304,259</b>	<b>\$ 68,147</b>	<b>\$ 90,147</b>	<b>\$ 110,000</b>	<b>\$ 60,000</b>
<b>Expenditures</b>						
Capital Outlay	\$ 129,337	\$ 308,340	\$ 60,000	\$ 82,000	\$ 120,000	\$ 78,000
Other Financing Uses	283,000	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 412,337</b>	<b>\$ 308,340</b>	<b>\$ 60,000</b>	<b>\$ 82,000</b>	<b>\$ 120,000</b>	<b>\$ 78,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 122,138</b>	<b>\$ 118,057</b>	<b>\$ 126,204</b>	<b>\$ 126,204</b>	<b>\$ 116,204</b>	<b>\$ 98,204</b>

## COMPENSATED ABSENCES FUND

The Compensated Absences 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.

Police Captain Cashable Sick Leave: Refer to contract.

Vacation > 360 hours: The standard memorandum of understanding requires employees with vacation accrual greater than 360 hours in April of any year paid the hours greater than 360 at their current pay rate.

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 out up to 80 hours of vacation.

Final Pay: Upon resignation, employees are eligible for various cash outs, dependent upon the applicable memorandum of understanding with the City of Capitola.

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

City Manager	12 months	Finance Director	4 months
Public Works Director	4 months	Police Chief	4 months
Comm. Dev. Director	4 months	Admin. Services Director	4 months

### SOURCES AND USES

Fund - 2216	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balanc</b>	\$ 4,112	\$ 28,274	\$ 57,874	\$ 57,874	\$ 72,874	\$ 97,874
<b>Revenue</b>						
Other financing sources	\$ 153,000	\$ 130,000	\$ 110,000	\$ 110,000	\$ 130,500	\$ 108,600
<b>Revenue Totals</b>	<u>\$ 153,000</u>	<u>\$ 130,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 130,500</u>	<u>\$ 108,600</u>
<b>Expenditures</b>						
Personnel	\$ 94,838	\$ 100,400	\$ 90,000	\$ 95,000	\$ 105,500	\$ 108,600
Other Financing Uses	34,000	-	-	-	-	-
<b>Expenditure Totals</b>	<u>\$ 128,838</u>	<u>\$ 100,400</u>	<u>\$ 90,000</u>	<u>\$ 95,000</u>	<u>\$ 105,500</u>	<u>\$ 108,600</u>
<b>Fund Balance at 06/30</b>	<b>\$ 28,274</b>	<b>\$ 57,874</b>	<b>\$ 77,874</b>	<b>\$ 72,874</b>	<b>\$ 97,874</b>	<b>\$ 97,874</b>

The City's estimated non-current Compensated Absence Liability based on Governmental Accounting Standards Board Statement No. 16 for the fiscal year ended June 30, 2014, is \$695,346.

## PUBLIC EMPLOYEES' RETIREMENT FUND

The Public Employees Retirement Internal Service Fund established in the 2004-05 Fiscal Year to be a pass-through account for debt service and the employer's share of PERS payments.

The City dissolved the fund in FY12/13 with future payments coming directly from the General Fund to PERS and the Pension Obligation Fund. The remaining fund balance transferred into the General Fund as a one-time credit.

### SOURCES AND USES

Fund - 2215	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 209,247	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue</b>						
Internal Service Charges	\$ 403,626	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue Totals</b>	\$ 403,626	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>						
Other Financing Uses	\$ 612,873	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	\$ 612,873	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance at 06/30</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SPECIAL REVENUE FUNDS**



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## SPECIAL REVENUE FUNDS

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

**Santa Cruz County Anti-Crime Team (Police):** A joint task force by all county law enforcement agencies to address violent crime and the sales of narcotics that support criminal street gang activity in and around Santa Cruz County.

**Gas Tax (Public Works):** This fund accounts for receipt and expenditure of gasoline tax revenue as provided by state law. The Gas Tax Fund revenue can fund new construction, maintenance and the reconstruction of City streets.

**Wharf (Public Works):** The Wharf Fund accounts for rents and other income generated from wharf operations and related costs involving major improvements.

**Development Fees (Public Works):** This Fund accounts for fees imposed on building permits for new development or substantial improvements in specific areas to pay for traffic improvements, which mitigate the effect of that development.

**General Plan Update and Maintenance (Community Development):** This fund accumulates money received as General Plan Maintenance Fee to cover the cost of future updates to the City's General Plan and implementing ordinances and plans.

**Green Building (Community Development):** The Green Building Fund is to 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.

**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):** The fee is 5% of the building permit fee to fund new software for permit processing.

**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 grants that are awarded to the City on a project-by-project basis. Typically these grants are conducted with CDBG on a reimbursement 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. Loan payoffs and interest earning in this fund are restricted to CDBG approved uses.

**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.

**HOME Grant (Community Development):** This Special Revenue Fund is the depository for loan payments made on prior year HOME program loans made by the City using funds from the federal Home Investments Partnership Program (HOME).

**Housing Trust (Community Development):** City Council adopted an Inclusionary Housing Ordinance in November 2004. This ordinance created an Affordable Housing Trust Fund, funded from in-lieu fees, which can be used to provide a local, flexible source of funding for the creation of new affordable housing, and the rehabilitation of existing affordable housing.

**BEGIN Grant (Community Development):** A Building Equity and Growth in Neighborhoods (BEGIN) grant through the California Department of Housing and Community Development was received to assist the First Time Homebuyer Loans the Inclusionary housing units as a part of the Capitola Beach Villas condominium project.

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



## SUPPLEMENTAL LAW ENFORCEMENT SERVICES – POLICE

The City of Capitola receives \$100,000 each year from the State of California Citizens Option for Public Safety (COPS) program that required to be for front-line law enforcement services and cannot supplant existing funding. Last year these fund purchased Police supplies and equipment.

SOURCES AND USES						
Fund - 1300 SLESF	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 50,736	\$ 101,764	\$ 119,531	\$ 119,531	\$ 157,931	\$ 196,431
<b>Revenue</b>						
Intergovernmental revenues	\$ 98,230	\$ 101,770	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Use of money & property	222	241	100	100	200	200
<b>Revenue Totals</b>	<b>\$ 98,452</b>	<b>\$ 102,011</b>	<b>\$ 100,100</b>	<b>\$ 100,100</b>	<b>\$ 100,200</b>	<b>\$ 100,200</b>
<b>Expenditures</b>						
Contract services	1,623	1,485	1,700	1,700	1,700	1,800
Supplies	8,298	38,036	30,000	30,000	30,000	30,000
Capital outlay	37,503	44,723	30,000	30,000	30,000	30,000
<b>Expenditure Totals</b>	<b>\$ 47,424</b>	<b>\$ 84,244</b>	<b>\$ 61,700</b>	<b>\$ 61,700</b>	<b>\$ 61,700</b>	<b>\$ 61,800</b>
<b>Fund Balance at 06/30</b>	<b>\$ 101,764</b>	<b>\$ 119,531</b>	<b>\$ 157,931</b>	<b>\$ 157,931</b>	<b>\$ 196,431</b>	<b>\$ 234,831</b>

## SANTA CRUZ COUNTY ANTI-CRIME TEAM – POLICE

The Santa Cruz County Anti Crime Team (SCCACT) is a joint task force which includes participation by all county law enforcement agencies (either staffing or funding) to address violent crime and the sale of narcotics that support criminal street gang activity in and around Santa Cruz County. SCCACT provides investigative and undercover assistance in drug sales investigations to local police agencies and the Sheriff's Department, which require special equipment, training and/or expertise. The DA's Office provides assistance in filing, collecting and distributing asset forfeiture collections from the courts. SCCACT is based in Santa Cruz County and receives additional funding and resources from State and Federal drug enforcement agencies during large-scale investigations.

The City of Capitola contributes \$18,000 to SCCACT for operations costs from the General Fund, which is budgeted in the Police Department, Contract Services. The County Anti-Crime Team also applies for and receives additional funding from Byrne Grant opportunities and HIDTA funding sources to supplement equipment and training needs. The Anti-Crime Team has expanded its investigative scope to include major crime activity and criminal street gang violence. Additionally, the City pays for an Administrative Assistant. SCCACT reimburses staffing costs by their Adjudicated Asset Forfeiture Account on a monthly basis.

<b>SOURCES AND USES</b>						
<b>Fund - 1301 SCC Anti-Crime Team</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Beginning Fund Balance</b>	\$ 21	\$ (1,141)	\$ (789)	\$ (789)	\$ -	\$ -
<b>Revenue</b>						
Other revenues	\$ 71,324	\$ 74,235	\$ 75,070	\$ 76,659	\$ 85,076	\$ 88,075
<b>Revenue Totals</b>	<b>\$ 71,324</b>	<b>\$ 74,235</b>	<b>\$ 75,070</b>	<b>\$ 76,659</b>	<b>\$ 85,076</b>	<b>\$ 88,075</b>
<b>Expenditures</b>						
Personnel	\$ 72,486	\$ 73,883	\$ 75,070	\$ 75,870	\$ 85,076	\$ 88,075
<b>Expenditure Totals</b>	<b>\$ 72,486</b>	<b>\$ 73,883</b>	<b>\$ 75,070</b>	<b>\$ 75,870</b>	<b>\$ 85,076</b>	<b>\$ 88,075</b>
<b>Fund Balance at 06/30</b>	<b>\$ (1,141)</b>	<b>\$ (789)</b>	<b>\$ (789)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## GAS TAX – PUBLIC WORKS

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

<b>SOURCES AND USES</b>						
<b>Fund - 1310</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
<b>Gas Tax</b>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 3,612</b>	<b>\$ 11,986</b>	<b>\$ 20,868</b>	<b>\$ 20,868</b>	<b>\$ 121,322</b>	<b>\$ 65,422</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ 235,663	\$ 322,955	\$ 261,725	\$ 295,978	\$ 222,000	\$ 222,000
Use of money & property	32	37	-	150	-	-
Other revenues	-	-	-	39,001	-	-
Other financing sources	38,249	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 273,944</b>	<b>\$ 322,992</b>	<b>\$ 261,725</b>	<b>\$ 335,129</b>	<b>\$ 222,000</b>	<b>\$ 222,000</b>
<b>Expenditures</b>						
Contract services*	\$ 216,709	\$ 308,773	\$ 271,725	\$ 221,775	\$ 265,000	\$ 253,000
Supplies	7,499	-	7,500	7,500	7,500	8,000
Capital outlay	38,249	-	-	-	-	-
Debt service	3,113	5,337	-	5,400	5,400	5,400
<b>Expenditure Totals</b>	<b>\$ 265,570</b>	<b>\$ 314,110</b>	<b>\$ 279,225</b>	<b>\$ 234,675</b>	<b>\$ 277,900</b>	<b>\$ 266,400</b>
<b>Fund Balance at 06/30</b>	<b>\$ 11,986</b>	<b>\$ 20,868</b>	<b>\$ 3,368</b>	<b>\$ 121,322</b>	<b>\$ 65,422</b>	<b>\$ 21,022</b>

\*Includes \$35,000 for the Street Sweeper Lease Financing Payment to the General Fund

## WHARF – PUBLIC WORKS

The Wharf Fund accounts for rents and other income generated from wharf operations and related costs including maintenance and improvements.

The Wharf Fund retains these revenues in order to help meet the majority of its expenditure demands. Major repairs that tend to occur in a 3-5 year cycle require occasional general fund support in order to keep this key public facility open.

<b>SOURCES AND USES</b>						
<b>Fund - 1311 Wharf</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Beginning Fund Balance</b>	\$ 36,645	\$ 26,216	\$ 72,794	\$ 72,794	\$ 93,764	\$ 93,814
<b>Revenue</b>						
Use of money & property	\$ 85,289	\$ 97,854	\$ 84,850	\$ 94,370	\$ 86,200	\$ 95,200
Other financing	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 85,289</b>	<b>\$ 97,854</b>	<b>\$ 84,850</b>	<b>\$ 94,370</b>	<b>\$ 86,200</b>	<b>\$ 95,200</b>
<b>Expenditures</b>						
Contract services	\$ 93,389	\$ 47,169	\$ 62,450	\$ 70,400	\$ 81,400	\$ 84,300
Supplies	2,329	4,107	3,000	3,000	4,750	4,950
Capital outlay	-	-	19,400	-	-	-
<b>Expenditure Totals</b>	<b>\$ 95,718</b>	<b>\$ 51,276</b>	<b>\$ 84,850</b>	<b>\$ 73,400</b>	<b>\$ 86,150</b>	<b>\$ 89,250</b>
<b>Fund Balance at 06/30</b>	<b>\$ 26,216</b>	<b>\$ 72,794</b>	<b>\$ 72,794</b>	<b>\$ 93,764</b>	<b>\$ 93,814</b>	<b>\$ 99,764</b>

## DEVELOPMENT FEES – PUBLIC WORKS

The Development Fee Fund accounts for fees imposed as part of development agreements for new development or substantial improvements in certain areas, to pay for traffic improvements, which mitigate the effect of that development. The City records simple interest on an annual basis and to the corresponding deposit.

### SOURCES AND USES

Fund - 1312 Development Fees	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 2,026	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue</b>						
Other revenue	\$ 1,415	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$ 1,415</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 3,441	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ 3,441</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 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 0.6% 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. These valuations are close to market rates.

The City adopted a General Plan Update in July of 2014. Staff is currently working on a comprehensive update to the Zoning Code, the General Plan Housing Element, and is preparing the City’s first Climate Action Plan. The adopted budget provides adequate resources to fund consultant contracts and staff time to continue these efforts.

<b>SOURCES AND USES</b>						
<b>Fund - 1313 General Plan</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Beginning Fund Balance</b>	\$ 259,852	\$ 153,491	\$ 98,828	\$ 98,828	\$ 82,670	\$ 4,830
<b>Revenue</b>						
Intergovernmental revenues	\$ 48,989	\$ 17,879	\$ -	\$ 15,682	\$ -	\$ -
Charges for services	65,662	105,193	80,000	80,000	80,000	80,000
Use of money & property	691	316	-	160	160	160
<b>Revenue Totals</b>	<b>\$ 115,342</b>	<b>\$ 123,388</b>	<b>\$ 80,000</b>	<b>\$ 95,842</b>	<b>\$ 80,160</b>	<b>\$ 80,160</b>
<b>Expenditures</b>						
Contract services	\$ 221,703	\$ 176,535	\$ 142,300	\$ 110,000	\$ 155,000	\$ 75,000
Supplies	-	1,516	2,000	2,000	3,000	2,000
<b>Expenditure Totals</b>	<b>\$ 221,703</b>	<b>\$ 178,051</b>	<b>\$ 144,300</b>	<b>\$ 112,000</b>	<b>\$ 158,000</b>	<b>\$ 77,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 153,491</b>	<b>\$ 98,828</b>	<b>\$ 34,528</b>	<b>\$ 82,670</b>	<b>\$ 4,830</b>	<b>\$ 7,990</b>

## GREEN BUILDING – COMMUNITY DEVELOPMENT

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

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

### SOURCES AND USES

Fund - 1314 Green Building	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 93,453	\$ 101,994	\$ 121,971	\$ 121,971	\$ 115,471	\$ 87,471
<b>Revenue</b>						
Charges for services	\$ 8,541	\$ 20,255	\$ 7,500	\$ 7,500	\$ 8,000	\$ 8,000
<b>Revenue Totals</b>	<b>\$ 8,541</b>	<b>\$ 20,255</b>	<b>\$ 7,500</b>	<b>\$ 7,500</b>	<b>\$ 8,000</b>	<b>\$ 8,000</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ 7,000	\$ 12,000	\$ 33,000	\$ 33,000
Training & Memberships	-	278	1,000	1,000	2,000	1,000
Supplies	-	-	1,000	1,000	1,000	1,000
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 278</b>	<b>\$ 9,000</b>	<b>\$ 14,000</b>	<b>\$ 36,000</b>	<b>\$ 35,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 101,994</b>	<b>\$ 121,971</b>	<b>\$ 120,471</b>	<b>\$ 115,471</b>	<b>\$ 87,471</b>	<b>\$ 60,471</b>

## PUBLIC ART – CITY MANAGER

The City established a Public Arts Fee in 2004. The Public Arts Fee requires two percent of the cost of eligible municipal capital improvement, renovation, or restoration projects, with a total building permit valuation of \$250,000 or more, funded in whole or in part by the City of Capitola or any private, non-residential development project 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 one percent of the total budget to the Public Art Program. The program allows up to 20 percent of the art allocations for program administration, project management and community outreach activities. There will be 125 hours of the Administrative Assistant for the Art & Cultural Commission time allocated to administering projects.

**Completed Art Projects Include:**

- Historical Directional signs
- Sea Kelp Medallion on Esplanade Park
- Sea Wall Tiles
- Graphic Traffic Box Art Project.
- Wharf Road Mural & 41<sup>st</sup> Ave Median Project
- Bay Ave. tile mural project
- Esplanade Kiosk
- 41<sup>st</sup> Ave. Street Median Project
- Extension of Wharf Road Mural

### SOURCES AND USES

Fund - 1315 Public Art	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 398,792	\$ 288,913	\$ 222,428	\$ 222,428	\$ 233,128	\$ 223,828
<b>Revenue</b>						
Charges for services	\$ 11,000	\$ 73,968	\$ 60,000	\$ 50,000	\$ 30,000	\$ 30,000
<b>Revenue Totals</b>	<b>\$ 11,000</b>	<b>\$ 73,968</b>	<b>\$ 60,000</b>	<b>\$ 50,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>
<b>Expenditures</b>						
Personnel	\$ -	\$ -	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300
Contract services	118,238	140,453	35,000	36,000	36,000	36,000
Supplies	2,641	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 120,879</b>	<b>\$ 140,453</b>	<b>\$ 38,300</b>	<b>\$ 39,300</b>	<b>\$ 39,300</b>	<b>\$ 39,300</b>
<b>Fund Balance at 06/30</b>	<b>\$ 288,913</b>	<b>\$ 222,428</b>	<b>\$ 244,128</b>	<b>\$ 233,128</b>	<b>\$ 223,828</b>	<b>\$ 214,528</b>



## 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 percent of parking meter revenues from the Village area (Parking Meter Zone A1). The fund pays for parking improvement projects throughout the Village.

SOURCES AND USES						
Fund - 1316 Parking Reserve	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ (2,902)	\$ 75,098	\$ 21,662	\$ 21,662	\$ 6,662	\$ 6,662
<b>Revenue</b>						
Other financing sources	\$ 162,800	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
<b>Revenue Totals</b>	<b>\$ 162,800</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>
<b>Expenditures</b>						
Capital outlay	\$ -	\$ 68,636	\$ -	\$ 15,000	\$ -	\$ -
Other financing uses	84,800	84,800	100,000	100,000	100,000	100,000
<b>Expenditure Totals</b>	<b>\$ 84,800</b>	<b>\$ 153,436</b>	<b>\$ 100,000</b>	<b>\$ 115,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 75,098</b>	<b>\$ 21,662</b>	<b>\$ 21,662</b>	<b>\$ 6,662</b>	<b>\$ 6,662</b>	<b>\$ 6,662</b>

## TECHNOLOGY FEE – COMMUNITY DEVELOPMENT

On November 12, 2009, the City of Capitola adopted a resolution establishing the Technology Fee, setting the fee at five percent of the Community Development and Public Works permit fees. Permit processing in the City of Capitola was a paper process, which relies on an outdated and antiquated computer process. An upgrade to the City's current computer software provides the minimum service level the development community has come to expect when dealing with local government permitting. The industry standard is quickly becoming electronic communication, with the internet as the primary conduit between city services and our customers. Installing new web based software system will provide up-to-date communications, as well as improve in-house productivity. The system will better coordinate plan review activities among departments and will allow the public to inquire and search records and monitor progress of applications through the internet. The General Plan update and its ongoing maintenance will also benefit from the system's data resources and enhanced reporting capabilities. The City has updated the Building, Planning, and Public Works Permitting software and will continue to make improvements to provide more functionality for both internal staff as well as the public.

<b>SOURCES AND USES</b>						
<b>Fund - 1317</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
<b>Technology Fee</b>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund</b>	\$ 25,194	\$ 35,737	\$ 48,441	\$ 48,441	\$ 47,541	\$ 41,041
<b>Revenue</b>						
Charges for services	\$ 10,543	\$ 12,704	\$ 9,650	\$ 9,100	\$ 9,500	\$ 9,500
<b>Revenue Totals</b>	<b>\$ 10,543</b>	<b>\$ 12,704</b>	<b>\$ 9,650</b>	<b>\$ 9,100</b>	<b>\$ 9,500</b>	<b>\$ 9,500</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000
Supplies	-	-	5,000	5,000	6,000	6,000
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 35,737</b>	<b>\$ 48,441</b>	<b>\$ 48,091</b>	<b>\$ 47,541</b>	<b>\$ 41,041</b>	<b>\$ 34,541</b>

## 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 in a separate fund.

The funds received through PEG fees will be 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
- Governmental: Used for programming by local governments

SOURCES AND USES						
Fund - 1320 Public Education & Gov't.	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 51,562	\$ 51,151	\$ 43,112	\$ 43,112	\$ 43,187	\$ 37,737
<b>Revenue</b>						
Licenses and permits	\$ 18,704	\$ 18,195	\$ 19,000	\$ 18,000	\$ 17,000	\$ 17,000
Use of money & property	153	119	50	75	50	50
<b>Revenue Totals</b>	<b>\$ 18,857</b>	<b>\$ 18,314</b>	<b>\$ 19,050</b>	<b>\$ 18,075</b>	<b>\$ 17,050</b>	<b>\$ 17,050</b>
<b>Expenditures</b>						
Contract services	\$ 19,268	\$ 26,353	\$ 10,000	\$ 6,000	\$ 7,500	\$ 7,500
Capital Outlay	-	-	20,000	12,000	15,000	15,000
<b>Expenditure Totals</b>	<b>\$ 19,268</b>	<b>\$ 26,353</b>	<b>\$ 30,000</b>	<b>\$ 18,000</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>
<b>Fund Balance at 06/30</b>	<b>\$ 51,151</b>	<b>\$ 43,112</b>	<b>\$ 32,162</b>	<b>\$ 43,187</b>	<b>\$ 37,737</b>	<b>\$ 32,287</b>

## 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) to generate revenue for the sole purpose of promoting business in Capitola Village and on the Wharf. The governing State law requires certain annual actions and public hearing to continue this assessment district. The program is run with the assistances of a BIA Board of Directors.

<b>SOURCES AND USES</b>						
<b>Fund - 1321 Business Impr. Distr.</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Beginning Fund Balance</b>	\$ 5,432	\$ 2,244	\$ 6,675	\$ 6,675	\$ 4,525	\$ 2,325
<b>Revenue</b>						
Charges for services	\$ 68,890	\$ 54,720	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Use of money & property	73	65	-	50	-	-
<b>Revenue Totals</b>	<b>\$ 68,963</b>	<b>\$ 54,785</b>	<b>\$ 65,000</b>	<b>\$ 65,050</b>	<b>\$ 65,000</b>	<b>\$ 65,000</b>
<b>Expenditures</b>						
Contract services	\$ 57,226	\$ 49,148	\$ 54,200	\$ 54,200	\$ 54,200	\$ 54,200
Supplies	14,925	1,206	10,500	13,000	13,000	13,000
<b>Expenditure Totals</b>	<b>\$ 72,151</b>	<b>\$ 50,354</b>	<b>\$ 64,700</b>	<b>\$ 67,200</b>	<b>\$ 67,200</b>	<b>\$ 67,200</b>
<b>Fund Balance at 06/30</b>	<b>\$ 2,244</b>	<b>\$ 6,675</b>	<b>\$ 6,975</b>	<b>\$ 4,525</b>	<b>\$ 2,325</b>	<b>\$ 125</b>

## COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) – COMMUNITY DEVELOPMENT

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

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

SOURCES AND USES						
Fund - 1350 CDBG Grants	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ (21,553)	\$ 10,457	\$ 42,459	\$ 42,459	\$ 25,459	\$ 40,459
<b>Revenue</b>						
Intergovernmental revenues	\$ 108,826	\$ 50,596	\$ -	\$ 146,000	\$ 500,000	-
<b>Revenue Totals</b>	<b>\$ 108,826</b>	<b>\$ 50,596</b>	<b>\$ -</b>	<b>\$ 146,000</b>	<b>\$ 500,000</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 76,816	\$ 18,594	\$ -	\$ 32,000	\$ 19,883	\$ -
Supplies	-	-	-	1,000	-	-
Grants and subsidies	-	-	-	130,000	465,117	-
<b>Expenditure Totals</b>	<b>\$ 76,816</b>	<b>\$ 18,594</b>	<b>\$ -</b>	<b>\$ 163,000</b>	<b>\$ 485,000</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 10,457</b>	<b>\$ 42,459</b>	<b>\$ 42,459</b>	<b>\$ 25,459</b>	<b>\$ 40,459</b>	<b>\$ 40,459</b>

## COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) 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, 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. Fiscal Year 07/08 was the last time the City qualified under this requirement. The applicable funds have since been distributed and the restricted fund closed.

In FY14/15, the City was awarded a new \$500,000 CDBG grant. Fund balance will return to a positive balance as loans are repaid to the fund.

SOURCES AND USES						
Fund - 1351 CDBG Program Income	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ (18,379)	\$ (13,910)	\$ (2,470)	\$ (2,470)	\$ (2,470)	\$ (2,470)
<b>Revenue</b>						
Use of money & property	\$ 6,969	\$ 14,070	\$ -	\$ -	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$ 6,969</b>	<b>\$ 14,070</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 2,500	\$ 2,630	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ 2,500</b>	<b>\$ 2,630</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ (13,910)</b>	<b>\$ (2,470)</b>	<b>\$ (2,470)</b>	<b>\$ (2,470)</b>	<b>\$ (2,470)</b>	<b>\$ (2,470)</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.

Ongoing revenue of \$12,200 represents principal and interest payments on the 30-year \$238,000 Wharf Road Manor Mobile Home Park Acquisition and Rehabilitation Project loan. The funds were loaned in October of 2004 with payments deferred until January of 2008 after completion of on-site rehabilitation work, including hazardous material abatement and demolition of a building on site, and installation of two new mobile homes.

SOURCES AND USES						
Fund - 1370 HOME Reuse	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 8,207	\$ 23,221	\$ 59,707	\$ 59,707	\$ 68,807	\$ 77,907
<b>Revenue</b>						
Use of money & property	\$ 15,014	\$ 47,656	\$ 12,300	\$ 12,300	\$ 12,300	\$ 12,300
<b>Revenue Totals</b>	<b>\$ 15,014</b>	<b>\$ 47,656</b>	<b>\$ 12,300</b>	<b>\$ 12,300</b>	<b>\$ 12,300</b>	<b>\$ 12,300</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 6,400	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,500
Other financing uses	-	4,770	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 11,170</b>	<b>\$ 3,200</b>	<b>\$ 3,200</b>	<b>\$ 3,200</b>	<b>\$ 3,500</b>
<b>Fund Balance at 06/30</b>	<b>\$ 23,221</b>	<b>\$ 59,707</b>	<b>\$ 68,807</b>	<b>\$ 68,807</b>	<b>\$ 77,907</b>	<b>\$ 86,707</b>

## HOME GRANT – COMMUNITY DEVELOPMENT

In January 2009, the City of Capitola entered into a \$2,000,000 Standard Agreement with the California Department of Housing and Community Development for a HOME grant for rehabilitation expenses related to the 109-unit Bay Avenue Senior Apartments Project completed in May of 2011. The administrative costs for the project totaled \$100,000. The balance of the grant went to First Community Housing, the Bay Avenue Senior Apartments project developer, as a residual receipts loan at three percent interest. In May of 2011, the HOME program increased the grant award by \$1.2 million dollars to cover additional costs related to required rent level revisions, which are lower than estimated in the original pro-forma. The grant funds have been received and dispersed.

### SOURCES AND USES

Fund - 1371 HOME Grant	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 5,230	\$ (4,770)	\$ -	\$ -	\$ -	\$ -
<b>Revenue</b>						
Other financing sources	\$ -	\$ 4,770	\$ -	\$ -	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ 4,770</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ (4,770)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## HOUSING TRUST – COMMUNITY DEVELOPMENT

As part of the City’s ongoing efforts to provide affordable housing the City Council adopted an Inclusionary Housing Ordinance on November 10, 2004. This ordinance created an Affordable Housing Trust Fund, funded from in-lieu fees, which can be used to provide a local, flexible source of funding for the creation of new affordable housing, the rehabilitation of existing affordable housing, for the funding of local programs to assist lower and moderate income purchasers find affordable housing, and for use as leverage of local funds for larger State and Federal grants. The in-lieu fees collected will depend on the amount of development that occurs. The fees are a source of funding for affordable housing and will not impact the General Fund.

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

SOURCES AND USES						
Fund - 1372 Housing Trust	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund</b>	\$ 176,341	\$ 184,049	\$ 120,576	\$ 120,576	\$ 67,576	\$ 17,576
<b>Revenue</b>						
Charges for services	\$ 45,008	\$ 11,577	\$ 12,000	\$ 12,000	\$ 15,000	\$ 15,000
Use of money & property	17,700	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 62,708</b>	<b>\$ 11,577</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>
<b>Expenditures</b>						
Contract services	\$ 5,000	\$ 25,050	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Other Financing Uses	50,000	50,000	50,000	50,000	50,000	25,000
<b>Expenditure Totals</b>	<b>\$ 55,000</b>	<b>\$ 75,050</b>	<b>\$ 65,000</b>	<b>\$ 65,000</b>	<b>\$ 65,000</b>	<b>\$ 40,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 184,049</b>	<b>\$ 120,576</b>	<b>\$ 67,576</b>	<b>\$ 67,576</b>	<b>\$ 17,576</b>	<b>\$ (7,424)</b>

## BEGIN GRANT – COMMUNITY DEVELOPMENT

In February 2008, the City entered into a Standard Agreement with the California Department of Housing and Community Development (HCD) for a grant commitment from the Building Equity and Growth in Neighborhoods (BEGIN) Program for \$240,000. The exclusive purpose of the grant is to assist in the provision of First Time Homebuyer Loans for the eight Inclusionary housing units that were built as a part of the 55-unit Capitola Beach Villas condominium project on 41<sup>st</sup> Ave. Due to financial hardship, the ownership of the completed project was transferred and the sale of the individual units delayed. In FY 08/09, the City received \$60,000 of the \$240,000 grant funds, which the City returned to HCD in FY 12/13.

### SOURCES AND USES

Fund - 1380 BEGIN Grant	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 60,171	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue</b>						
Intergovernmental revenues	\$ (60,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	(171)	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ (60,171)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## CAPITOLA HOUSING SUCCESSOR - COMMUNITY DEVELOPMENT

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

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

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

<b>SOURCES AND USES</b>						
<b>Fund - 5552 Capitola Housing Successor</b>	<b>FY12/13 Actual</b>	<b>FY13/14 Actual</b>	<b>FY14/15 Adopted</b>	<b>FY14/15 Estimated</b>	<b>FY15/16 Adopted</b>	<b>FY16/17 Planned</b>
<b>Beginning Fund Balance</b>	\$ 1,427	\$ 80,197	\$ 84,623	\$ 84,623	\$ 41,382	\$ 6,382
<b>Revenue</b>						
Use of money & property	\$ 84,407	\$ 36,167	\$ -	\$ 31,759	\$ -	\$ -
Other revenues	1,000	500	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 85,407</b>	<b>\$ 36,667</b>	<b>\$ -</b>	<b>\$ 31,759</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract Services	\$ 5,000	\$ 10,072	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000
Grants and Subsidies	1,637	22,169	35,000	65,000	30,000	
<b>Expenditure Totals</b>	<b>\$ 6,637</b>	<b>\$ 32,241</b>	<b>\$ 45,000</b>	<b>\$ 75,000</b>	<b>\$ 35,000</b>	<b>\$ 5,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 80,197</b>	<b>\$ 84,623</b>	<b>\$ 39,623</b>	<b>\$ 41,382</b>	<b>\$ 6,382</b>	<b>\$ 1,382</b>

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# RESERVES



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## RESERVES

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

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

**PERS Contingency Reserve** (Finance Department): The City Council established the PERS Contingency Reserve Fund in FY 15/16. The Council discussed possible uses of a General Fund positive ending balance, and wanted to set aside funds for future PERS increases. The initial \$300,000 funds the projected two-year increases in City contributions.

**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. The City is anticipated to formalize a funding policy in FY 15/16.

## EMERGENCY RESERVES FUND

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 12/13, the City amended the Financial Management Policies to increase the funding level of Emergency Reserves from five to ten percent of the General Fund budgeted expenditures, or approximately \$1,260,000 by 2016.

The Emergency Reserve fund was nearly depleted in March of 2011 due to an underground storm drain failure that flooded Capitola Village and the surrounding area. The City was required to recognize a \$1.4 million extraordinary loss on the FY 10/11 and FY 11/12 financial statements. An additional \$200,000 was needed to fund a related retaining wall project. In FY 12/13, 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 CIP. In FY 11/12, the Emergency Reserve Fund balance was \$410,000 lower than the targeted balance. In FY 12/13, 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 14/15 and FY 15/16, \$465,100 and \$213,000 respectively, have been budgeted for transfer to the fund to prepare for any unforeseeable emergencies and to meet the new Emergency Reserve targeted levels. As the chart shows below, the reserve balance is projected to meet its target level in FY 15/16. The FY 16/17 Planned Budget of \$40,000 will ensure that the reserve will continue to meet or exceed its target level based on new expenditure levels.

### SOURCES AND USES

Fund - 1020	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>Beginning Fund Balance</b>	\$ 156,046	\$569,706	\$584,106	\$584,106	\$1,049,206	\$1,262,206
<b>Revenue</b>						
Other Financing Sources	\$413,750	\$214,400	\$465,100	\$465,100	\$213,000	\$40,000
<b>Revenue Totals</b>	<b>\$413,750</b>	<b>\$214,400</b>	<b>\$465,100</b>	<b>\$465,100</b>	<b>\$213,000</b>	<b>\$40,000</b>
<b>Expenditures</b>						
Contract Services	\$ 90	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	-	200,000	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 90</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$569,706</b>	<b>\$584,106</b>	<b>\$1,049,206</b>	<b>\$1,049,206</b>	<b>\$1,262,206</b>	<b>\$1,302,206</b>

#### Calculation of Funding Target

Gen. Fund Expense - Excludes Transfe	\$11,605,426	\$11,489,022	\$12,022,336	\$12,056,166	\$12,598,474	\$13,003,316
Designated at 10% in FY 13/14	5%	10%	10%	10%	10%	10%
Target Balance	\$580,271	\$1,148,902	\$1,202,234	\$1,205,617	\$1,259,847	\$1,300,332
Over or Short of Target	(\$10,566)	(\$564,797)	(\$153,028)	(\$156,411)	\$2,358	\$1,874

<sup>(1)</sup> Starting In FY 13/14, \$420,000 related to the POB expiring in December 2017 was removed from the target calculation.



## CONTINGENCY RESERVES FUND

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 12/13, the City amended the Financial Management Policies to increase the Contingency Reserve target from 10 to 15 percent of the General Fund budgeted expenditures, or approximately \$1,890,000 by 2016.

Due to the expenses associated with the March 2011 pipe failure, a loan was made from the Contingency Reserves to the Emergency Reserves. As a result, Contingency Reserves were \$727,000 below their Financial Management Policy funding goal in FY 11/12. In FY 12/13, 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 14/15 and FY 15/16, a total of \$182,600 and \$60,000 has been budgeted to be provided to the fund to meet the new Contingency Reserve targeted levels. As the chart below shows, City is projected to meet its target reserve level in FY 15/16. The FY 16/17 Planned Budget of \$126,100 will ensure that the reserve will continue to meet or exceed its target level based on new expenditure levels.

### SOURCES AND USES

Fund - 1010	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>Beginning Fund Balance</b>	\$ 404,896	\$1,222,646	\$1,621,346	\$1,621,346	\$1,803,946	\$1,893,346
<b>Revenue</b>						
Other Financing Sources	\$ 817,750	\$398,700	\$182,600	\$182,600	\$89,400	\$60,000
<b>Revenue Totals</b>	<b>\$ 817,750</b>	<b>\$398,700</b>	<b>\$182,600</b>	<b>\$182,600</b>	<b>\$89,400</b>	<b>\$60,000</b>
<b>Expenditures</b>						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$1,222,646</b>	<b>\$1,621,346</b>	<b>\$1,803,946</b>	<b>\$1,803,946</b>	<b>\$1,893,346</b>	<b>\$1,953,346</b>

#### Calculation of Funding Target

Gen. Fund Expense - Excludes Transfe	\$11,605,426	\$11,489,022	\$12,022,336	\$12,056,166	\$12,598,474	\$13,003,316
Designated at 10% in FY 13/14	10%	15%	15%	15%	15%	15%
<b>Target Balance</b>	<b>\$1,160,543</b>	<b>\$1,723,353</b>	<b>\$1,801,700</b>	<b>\$1,808,425</b>	<b>\$1,889,771</b>	<b>\$1,950,497</b>
Over or Short of Target	\$62,103	(\$102,007)	\$2,246	(\$4,479)	\$3,575	\$2,849

<sup>(1)</sup> Starting In the FY 13/14, \$420,000 related to the POB expiring in December 2017 was removed from the target calculation.

## PERS CONTINGENCY RESERVES FUND

The City of Capitola established a PERS Contingency Reserve as part of the FY 15/16 Budget process. The fund was setup to help stabilize the City's finances and help manage future increases in PERS contributions.

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

Fund - 1015	SOURCES AND USES					
	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>Beginning Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
<b>Revenue</b>						
Other Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>Expenditures</b>						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>

## FACILITIES RESERVES FUND

The Facilities Reserve Fund was established in FY 14/15 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. While the City is in the process of adopting a formal Facilities Reserve policy, the initial goal is to target two percent or a \$350,000 annual contribution to the Facilities Reserve Fund. The City is anticipated to formalize a funding policy in FY 15/16.

As facility projects are approved, funds will be transferred to the CIP Fund for project implementation. The annual contribution, along with designation of projects will be determined each budget year. As part of the FY 14/15 budget process, a \$167,000 transfer was approved to establish the account. In addition, \$80,000 was transferred to the CIP fund for the City Hall Community Room Project, which includes remodeling the community room, providing entry way improvements, and planting drought tolerant landscaping. FY 15/16 Proposed Budget transfers \$150,000 to the Facilities Reserve.

### SOURCES AND USES

Fund - 1025	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Adopted	FY 16/17 Planned
<b>Beginning Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$87,000	\$237,000
<b>Revenue</b>						
Other Financing Sources	\$ -	\$ -	\$ 167,000	\$ 167,000	\$150,000	\$0
<b>Revenue Totals</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,000</u>	<u>\$ 167,000</u>	<u>\$150,000</u>	<u>\$0</u>
<b>Expenditures</b>						
Other Financing Uses	\$ -	\$ -	\$ 80,000	\$ 80,000	-	-
<b>Expenditure Totals</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance at 06/30</b>	\$ -	\$ -	\$ 87,000	\$ 87,000	\$237,000	\$237,000

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# MULTI-YEAR ASSETS & OBLIGATIONS



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## MULTI-YEAR ASSETS & OBLIGATIONS

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

**2007 Pension Obligation Bonds:** The City of Capitola issued Taxable Pension Obligation Bonds of \$5,040,000 dated July 13, 2007 to finance the public employee retirement system (PERS) unfunded liability.

**OPEB Trust Fund:** The City of Capitola has an actuarially accrued liability of \$ 657,500 for Other Post Employment Benefits (OPEB).

**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 ASSET AND OBLIGATION LISTING

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

City Multi-Year Obligations	Principal balance as of June 30, 2015	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 695,346	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Other Post Employment Benefits (OPEB) - Capitola Retiree Healthcare Plan (CRHP)	\$ 657,500	CERBT contribution	Ongoing	The City of Capitola established an OPEB Trust through California Public Employees' Retirement Benefit Trust (CERBT) in 2014. The City continues to contribute the PEMHCA minimum required monthly payment of \$122 per retiree on PERS Health for 2015.
Pension Obligation Bond	\$ 1,830,000	PERS payments	10	Originally a CalPERS 18 year, 7.75% liability, refinanced as a 10 year POB at 6.01%. Balance at June 30, 2015 reflects the 7th of 10 principal bond payments.
Pacific Cove Lease Financing	\$ 1,751,467	Financing Lease	20	20 year term, 3.25% fixed rate through 10 years, then resets to 10 Yr. T-Bill + 1.5% points.
Beach & Village Parking Lot II Lease Financing	\$ 1,372,500	Tax Exempt Lease	20	20 year term, fixed 2.26% interest. Final distribution of the \$1,372,500 IBank loan was in March, 2015.
Gas Tax Lease Financing of Street Sweeper	\$ 136,905	Lease	5	Gas Tax lease financing of Street Sweeper from General Fund. No Interest Due.
<b>Total City Multi-Year Obligation</b>	<b>\$6,443,718</b>			

(a) Compensated absences are through 6/30/2014.

JPA Bond Obligations	Original Principal	Form of payment	Original Obligation	Other Terms
Monterey Bay Area Self-Insurance Authority (MBASIA) JPA Bond	\$ 5,150,000	JPA membership and paid via premiums	30	On Oct. 1, 2004, MBASIA issued debt in the amount of \$5,150,000. Each year the debt service is included in the MBASIA budget and used to determine each member agency's premium. While the MBASIA debt is amortized over 30 years, the first fixed term is for five years. At the end of this initial five year term MBASIA has the option to a 30 day variable payment, indexed to 60 basis points above LIBOR or negotiate another fixed term for a yet to be determined interest rate.
Santa Cruz Consolidated Emergency Communications Center (SCCECC) JPA Bond	\$ 3,965,000	JPA membership and paid via premiums	22	In 2002, SCCECC issued lease revenue refunding bonds in the amount of \$5,760,000. This was refinanced in April, 2012 for \$3,965,000. Each member agency entered into a Use Agreement which obligates the member agencies to pay use payments each year as rental for the use and occupancy of the related facilities. These payments are included in the City's contracts services budget to SCCECC. The Use Agreement between Capitola and SCCECC is effective through 2024.



## DEBT SERVICE 2007 PENSION OBLIGATION BOND

The City of Capitola contracts with California Public Employee Retirement Systems (“PERS”) for two retirement plans: Safety Plan for sworn police personnel and Miscellaneous Plan for all other employees. Contribution rates for each plan are composed of the Normal Cost (annual cost of service accrual for the upcoming fiscal year for active employees, also viewed as the long term contribution rate) plus the additional Unfunded Accrued Liability (the difference between the value of plan assets and the accrued plan liability).

In 2003, risk pooling was implemented as part of the PERS actuarial valuation process, in part to protect small employers against large fluctuation in employer contribution rates. The City of Capitola became part of two separate risk pools, one each for Safety and Miscellaneous employees. Existing agency Unfunded Actuarial Accrued Liabilities were placed in side funds as the responsibility of each individual agency. The Side Fund was established with an 18 year life at the then-current PERS interest rate of 7.75%, with annual payments expressed as a percentage of payroll. As of June 30, 2007, the City of Capitola’s UAAL was \$5,912,220, split evenly between the Safety and Miscellaneous Plans. On July 13, 2007, the PERS UAAL obligation through June 30, 2007 was paid via a \$1 million pay down and \$5,040,000 of taxable pension obligation bonds (POB). The POB is a 10 year, 3.01%, level payment obligation. In May, 2014, the CalPERS Board of Directors approved structural changes to risk pooling.

### SOURCES AND USES

Fund - 1410	FY 12/13	FY13/14	FY14/15	FY14/15	FY15/16	FY16/17
Pension Obligation Bond	Actual	Actual	Adopted	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 480,834	\$ 481,241	\$ 484,227	\$ 484,227	\$ 485,567	\$ 485,567
<b>Revenue</b>						
Other Financing Sources	\$ 672,874	\$ 677,699	\$ 674,200	\$ 674,200	\$ 669,204	\$ 669,595
<b>Revenue Totals</b>	<b>\$ 672,874</b>	<b>\$ 677,699</b>	<b>\$ 674,200</b>	<b>\$ 674,200</b>	<b>\$ 669,204</b>	<b>\$ 669,595</b>
<b>Expenditures</b>						
Contract Services	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Debt Service	670,967	673,213	671,400	671,360	667,704	667,095
<b>Expenditure Totals</b>	<b>\$ 672,467</b>	<b>\$ 674,713</b>	<b>\$ 672,900</b>	<b>\$ 672,860</b>	<b>\$ 669,204</b>	<b>\$ 668,595</b>
<b>Fund Balance at 06/30</b>	<b>\$ 481,241</b>	<b>\$ 484,227</b>	<b>\$ 485,527</b>	<b>\$ 485,567</b>	<b>\$ 485,567</b>	<b>\$ 486,567</b>

## 2007 Taxable Pension Obligation Bond Debt Service

Payment Dates	Principal	Interest	Total	Fiscal Year
2/1/2008		\$ 166,597	\$ 166,597	\$ 166,597
8/1/2008	\$ 370,000	\$ 151,452	\$ 521,452	
2/1/2009		\$ 140,334	\$ 140,334	\$ 661,786
8/1/2009	\$ 405,000	\$ 140,334	\$ 545,334	
2/1/2010		\$ 128,163	\$ 128,163	\$ 673,497
8/1/2010	\$ 435,000	\$ 128,163	\$ 563,163	
2/1/2011		\$ 115,092	\$ 115,092	\$ 678,255
8/1/2011	\$ 455,000	\$ 115,092	\$ 570,092	
2/1/2012		\$ 101,419	\$ 101,419	\$ 671,510
8/1/2012	\$ 485,000	\$ 101,419	\$ 586,419	
2/1/2013		\$ 86,845	\$ 86,845	\$ 673,263
8/1/2013	\$ 515,000	\$ 86,845	\$ 601,845	
2/1/2014		\$ 71,369	\$ 71,369	\$ 673,213
8/1/2014	\$ 545,000	\$ 71,369	\$ 616,369	
2/1/2015		\$ 54,992	\$ 54,992	\$ 671,360
8/1/2015	\$ 575,000	\$ 54,992	\$ 629,992	
2/1/2016		\$ 37,713	\$ 37,713	\$ 667,704
8/1/2016	\$ 610,000	\$ 37,713	\$ 647,713	
2/1/2017		\$ 19,382	\$ 19,382	\$ 667,095
8/1/2017	\$ 645,000	\$ 19,382	\$ 664,382	\$ 664,382
<b>TOTAL</b>	<b>\$ 5,040,000</b>	<b>\$ 1,828,663</b>	<b>\$ 6,868,663</b>	<b>\$ 6,868,663</b>

## DEBT SERVICE OPEB TRUST FUND

The City's defined benefit postemployment healthcare plan provides a contribution to medical benefit costs for eligible retired City employees and spouses. The City has historically contributed the Minimum Employer Contribution required under the Public Employees' Medical and Hospital Care Act (PEMHCA) on a pay-as-you go basis. The monthly contribution for each eligible retired employee is \$119 for calendar year 2014 and \$122 for calendar year 2015.

In accordance with GASB 45, the City has accrued an OPEB liability based on an actuarial determined amount. As of June 30, 2014, the actuarially accrued liability is anticipated to be \$657,500.

In FY13/14, the City budgeted \$30,000 to begin prefunding the actuarially accrued liability through California Public Employees Retirement Benefit Trust Fund (CERBT). The City Council approved the prefunding on March 27, 2014 for an initial \$42,000. Prefunding will allow the City to substantially reduce its unfunded actuarially accrued liability and increase its return on investment. The actuarially calculated discount rate for prefunding is 7.5% versus the 4.5% of the prior pay-as-you-go method. In determining to use CERBT, the City considered the option that best minimizes risk, produces the best investment return and provides the most effective trust administrative fees. The following table references the estimated value of the OPEB Trust fund contributions, net of administrative costs and interest earnings. The Fund Balance is held by CERBT and displayed below for information purposes but is not considered City funds once we provide contributions to CERBT.

<b>SOURCES AND USES</b>						
<b>Fund - 1430</b>	<b>FY 12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>
<b>OPEB Trust</b>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	\$ -	\$ -	\$ 43,408	\$ 43,408	\$ 82,908	\$ 121,508
<b>Revenue</b>						
Use of money & property	\$ -	\$ 1,272	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	-	42,143	39,500	39,500	38,600	38,600
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ 43,415</b>	<b>\$ 39,500</b>	<b>\$ 39,500</b>	<b>\$ 38,600</b>	<b>\$ 38,600</b>
<b>Expenditures</b>						
Contract Services	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -
Debt Service	-	43,408	39,500	39,500	38,600	38,600
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 43,415</b>	<b>\$ 39,500</b>	<b>\$ 39,500</b>	<b>\$ 38,600</b>	<b>\$ 38,600</b>
<b>Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ 43,408</b>	<b>\$ 82,908</b>	<b>\$ 82,908</b>	<b>\$ 121,508</b>	<b>\$ 160,108</b>

**City of Capitola Retiree Health Plan**  
**ARC Minus Benefits Contributed End of Year Assumed**  
**Investment Income at 7.5% per Year**  
**ARC Increases with Payroll at 3% per Year**

<b>Fiscal Yr</b>	<b>Number</b>	<b>Annual</b>	<b>City</b>	<b>Assets End</b>
<b>Begin</b>	<b>Retirees</b>	<b>Benefits</b>	<b>ARC</b>	<b>of Year</b>
2013	21	29,800	69,900	40,100
2014	22	32,500	72,000	82,600
2015	23	35,600	74,200	127,400
2016	25	38,700	76,400	174,700
2017	26	42,200	78,700	224,300
2018	27	45,600	81,100	276,600
2019	28	49,200	83,500	331,600
2020	29	52,900	86,000	389,600
2021	29	56,400	88,600	451,000
2022	30	60,000	91,300	516,100
2023	31	63,900	94,000	584,900
2024	31	67,700	96,800	657,900
2025	32	71,400	99,700	735,500
2026	32	75,400	102,700	818,000
2027	33	79,500	105,800	905,700
2028	33	83,000	109,000	999,600

Source: Steven T. Itelson, Consulting Actuary

## DEBT SERVICE PACIFIC COVE LEASE FINANCING

The City of Capitola owns the property at 426 Capitola Avenue, formerly Pacific Cove Mobile Home Park. The Park initially included 44 spaces and 41 mobile homes. On March 24, 2011 following a heavy storm, a 72" storm drain that carries Noble Gulch Creek water from Bay Avenue to Soquel Creek catastrophically failed resulting in a flood of the Pacific Cove Mobile Home Park, City Hall and the Village. The initial estimate to bring the Park to a temporary operable condition for one year was \$255,275; and \$1.33 million to bring the Park up to current code. 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 on January 12, 2012. The RIR estimated the cost of relocating residents, including the services of a professional relocation consultant to help Park residents find suitable replacement housing.

In order to provide financing for the closure and relocation, the City executed a \$2.39 million lease/sublease agreement using the existing City Hall site and adjacent "upper" parking lot as the subject 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 allowed the City to refinance the existing debt at a 3.25% tax-exempt interest rate with a Treasury Bill reset + 1.5% in year 10. As a result of the refinancing, annual loan payments were reduced by approximately \$28,000, with an estimated nine-year interest savings of approximately \$350,000. In FY 12/13 the City reached a \$1.35 million insurance settlement related to the pipe failure. This resulted in a principal reduction of \$476,200, with a prepayment penalty of \$23,800.

SOURCES AND USES						
Fund - 1420						
Pacific Cove Lease Financing	FY 12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	\$ 1,432,601	\$ 414,853	\$ 329,658	\$ 329,658	\$ 330,106	\$ 330,106
<b>Revenue</b>						
Use of money & property	\$ 2,263	\$ 744	\$ -	\$ 450	\$ -	\$ -
Other Financing Sources	701,124	149,482	165,065	165,065	165,066	165,066
<b>Revenue Totals</b>	<b>\$ 703,387</b>	<b>\$ 150,226</b>	<b>\$ 165,065</b>	<b>\$ 165,515</b>	<b>\$ 165,066</b>	<b>\$ 165,066</b>
<b>Expenditures</b>						
Contract Services	\$ 1,006,011	\$ 87,605	\$ -	\$ -	\$ -	\$ -
Debt Service	715,124	147,816	165,066	165,067	165,066	165,066
<b>Expenditure Totals</b>	<b>\$ 1,721,135</b>	<b>\$ 235,421</b>	<b>\$ 165,066</b>	<b>\$ 165,067</b>	<b>\$ 165,066</b>	<b>\$ 165,066</b>
<b>Fund Balance at 06/30</b>	<b>\$ 414,853</b>	<b>\$ 329,658</b>	<b>\$ 329,657</b>	<b>\$ 330,106</b>	<b>\$ 330,106</b>	<b>\$ 330,106</b>

### Pacific Cove Financing Lease Debt Service

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

## DEBT SERVICE BEACH & VILLAGE PARKING LOT II LEASE FINANCING

In April 2013, the City of Capitola received funding from the California Infrastructure and Economic Development Bank (I-Bank) to pay for the development of a parking lot on the previous Pacific Cove Mobile Home Park site. This funding was used to develop a 226 space public parking lot, now known as Beach & Village Parking Lot II (BVPL II). The project included grading and installation of pay stations, shuttle bus stops, public restrooms, landscaping, and pedestrian walkways. In addition, it included pay stations for the upper parking lot. The I-Bank financing is \$1,372,000 tax exempt reimbursement funding with a 2.26% interest rate.

This project improves access to Capitola Village, Capitola Beach, and Capitola Wharf, while increasing vehicle parking during peak seasonal periods. To pay the I-Bank debt service, the City will transfer \$89,000 from the General Fund to the Beach and Village Parking Lot II Lease Financing Fund annually, with an estimated \$40,000 in annual revenues generated from the BVPL II.

SOURCES AND USES						
Fund - 1421 Beach & Village II	FY 12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund</b>	\$ -	\$ -	\$ 74,248	\$ 74,248	\$ 30,254	\$ 30,279
<b>Revenue</b>						
Other Financing	-	1,460,500	85,860	154,679	89,400	89,200
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ 1,460,500</b>	<b>\$ 85,860</b>	<b>\$ 154,679</b>	<b>\$ 89,400</b>	<b>\$ 89,200</b>
<b>Expenditures</b>						
Contract Services	\$ -	\$ 1,305,333	\$ -	\$ 112,823	\$ -	\$ -
Supplies	\$ -	\$ 69,252	\$ -	\$ -	\$ -	\$ -
Debt Service	-	11,667	85,440	85,850	89,375	89,202
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 1,386,252</b>	<b>\$ 85,440</b>	<b>\$ 198,673</b>	<b>\$ 89,375</b>	<b>\$ 89,202</b>
<b>Fund Balance at</b>	<b>\$ -</b>	<b>\$ 74,248</b>	<b>\$ 74,668</b>	<b>\$ 30,254</b>	<b>\$ 30,279</b>	<b>\$ 30,277</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



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## CAPITAL IMPROVEMENT PROGRAM

The City of Capitola's Capital Improvement Program Fund is the data collection point for the City's Capital Improvement Program. It is designed to track the planning, design, and construction costs of the City's improvement projects. The CIP program is broken into five categories including facilities, parks, streets, creek enhancement, and neighborhood traffic projects. The project lists are developed through a collaborative effort involving City staff, the City Council and the community.

The City's facilities include City Hall and Police Station complex, the Corporation Yard, the Jade Street Park Community Center, Upper and Lower Pacific Cove Park Parking Lots, the Capitola Municipal Wharf, and library building. Parks include Monterey Park, 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.

Keeping up City infrastructure requires long range planning and prioritizing to plan for needed improvements, identify funding needs, and allocate available funding.

### SOURCES AND USES

Fund - 1200 CIP	FY12/13 Actual	FY13/14 Actual	FY14/15 Adopted	FY14/15 Estimated	FY15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	<b>\$ 552,996</b>	<b>\$ 655,339</b>	<b>\$ 936,647</b>	<b>\$ 936,647</b>	<b>\$ 1,565,404</b>	<b>\$ 1,565,404</b>
<b>Revenue</b>						
Other revenues	\$ -	\$ 43,325	\$ 67,000	\$ 69,610	\$ 40,000	\$ -
Other financing sources	614,600	840,900	1,042,897	989,900	1,000,000	966,100
<b>Revenue Totals</b>	<b>\$ 614,600</b>	<b>\$ 884,225</b>	<b>\$ 1,109,897</b>	<b>\$ 1,059,510</b>	<b>\$ 1,040,000</b>	<b>\$ 966,100</b>
<b>Expenditures</b>						
Contract services	\$ 512,257	\$ 602,917	\$ 318,300	\$ 430,753	\$ 1,040,000	\$ 966,100
<b>Expenditure Totals</b>	<b>\$ 512,257</b>	<b>\$ 602,917</b>	<b>\$ 318,300</b>	<b>\$ 430,753</b>	<b>\$ 1,040,000</b>	<b>\$ 966,100</b>
<b>Fund Balance at 6/30</b>	<b>\$ 655,339</b>	<b>\$ 936,647</b>	<b>\$ 1,728,244</b>	<b>\$ 1,565,404</b>	<b>\$ 1,565,404</b>	<b>\$ 1,565,404</b>

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## CAPITAL IMPROVEMENT PROJECTS

2015-16		2015-16 Proposed Funding										
		All figures x1,000								Adopted 2015-16 Appropriations	Total Appropriations	
Project	Project Number	Fund Number	Location	Prior Budget Appropriations	General Fund	Grants & Other	Gas Tax	TDA	Measure O	Wharf		
<b>Completed Projects</b>												
McGregor Park	P18		Skate, Dog, Bike Track	\$ 165								
Community Room Reconstruction		Facilities	City Hall									
Rispin/Peery Park Improvements		Parks	Park Design, CEQA review, Phase 1 path									
Esplanade Showers		Parks	Recycling water system									
<b>On-Going Projects</b>												
Clares & Wharf Traffic Calming	N5	ct0001	41st Ave to Wharf Rd	\$ 430							\$ -	\$ 430
38th Avenue Overlay	S48	cs0008	Brommer St to Capitola Ave	\$ 590							\$ -	\$ 590
Park Avenue Sidewalk	N6		Monterey Ave to Cabrillo Ave	\$ 450							\$ -	\$ 450
Stockton Ave Pedestrian Improvements	N9		Stockton Ave & Esplanade	\$ 150							\$ -	\$ 150
Hill Street Pedestrian Improvements	S53		Between Capitola Ave & Rosedale	\$ 70							\$ -	\$ 70
Park Avenue Paving & Bike Lane	PMP	Streets	Cabrillo to McGregor	\$ 400							\$ -	\$ 400
Rosedale Ave, Carl Lane, Alma Lane & Rosedale Cir	PMP	Streets	Coordinate with sewer project	\$ 87							\$ -	\$ 87
Monterey & Park Railroad Station Park & Pathway		Parks	Beach & Village Lot 1	\$ 300							\$ -	\$ 300
Village Sidewalk Cooperative Projects		Streets	TBD	\$ 19	50				22		\$ 72	\$ 91
ADA Improvements			TBD	\$ 75							\$ -	\$ 75
Roundabout Design at Capitola Ave and Bay Ave		Streets	Capitola Ave & Bay Ave	\$ 100					100		\$ 100	\$ 200
<b>New Projects</b>												
Monterey Avenue Paving	PMP	Streets	Washburn to Park Ave						330		\$ 330	\$ 330
PMP paving - 42nd & Diamond neighborhood	PMP	Streets	See PMP						198		\$ 198	\$ 198
Utility Undergrounding	S35		Bay Avenue Utility Undergrounding			133					\$ 133	\$ 133
Stockton Avenue Bridge Assessment	S22	Streets	Conduct Hazard Analysis						50		\$ 50	\$ 50
Bay Avenue Streetscape			Oak to Monterey	\$ 34							\$ -	\$ 34
Rispin Park	P17	Parks	Development of Rispin Park		100	384					\$ 484	\$ 484
Tennis Court Reconstruction			Resurfacing Tennis Courts		50	50					\$ 100	\$ 100
Enhanced Bike Lanes at Highway 1 crossing					60						\$ 60	\$ 60
Stockton Avenue Bridge Parkway Design					20						\$ 20	\$ 20
Village Drainage Assessment (Capitola Avenue)					10						\$ 10	\$ 10
Sanctuary Trail Markers					10						\$ 10	\$ 10
<b>Totals</b>												167
				\$ 2,705	\$ 300	\$ 567	\$ -	\$ -	\$ 700	\$ -	\$ 1,567	\$ 4,272

**CAPITAL IMPROVEMENT PROJECTS**

2016-17 FISCAL YEAR			New Proposed Funding										Total Est. Appropriation
Project	Project Number	Project Category	Project Location/Description	Opinion of Project Cost	Carry Forward Funding all funding sources	General Fund	Grants & Other	Gas Tax	TDA	Measure O	Wharf		
<u>On-Going Projects</u>												\$ -	
												\$ -	
												\$ -	
<u>New Projects</u>												\$ -	
												\$ -	
												\$ -	
Fanmar Paving & Drainage	PMP	Streets	Capitola Ave to Monterey		150					150		\$ 150	
PMP Paving - Mid Avenues	PMP	Streets	See PMP		310					310		\$ 310	
												\$ -	
												\$ -	
												\$ -	
												\$ -	
												\$ -	
												\$ -	
												\$ -	
												\$ -	
												\$ -	
<b>Totals</b>			\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 460	\$ -	\$ 460	

# CAPITAL IMPROVEMENT PROJECTS

2017-18 FISCAL YEAR							New Proposed Funding					
				Opinion of Project Cost	Carry Forward Funding	General Fund	Grants & Other	Gas Tax	TDA	Measure O	Wharf	Total Est. Appropriation
Project	Project Number	Project Category	Project Location/Description		all funding sources							
<b>On-Going Projects</b>												
<b>New Projects</b>												
PMP Paving - Bay, Washburn neighborhood, 30	PMP	Streets	PMP 2017		335					335		335
PMP Slurry - Jewel Box	PMP	Streets	Slurry 2017		102					102		102
<b>Totals</b>							\$ -	\$ -	\$ -	\$ 437	\$ -	\$ 437

**CAPITAL IMPROVEMENT PROJECTS**

2018-19 FISCAL YEAR							New Proposed Funding					
	Project Number	Project Category	Project Location/Description	Opinion of Project Cost	Carry Forward Funding	General Fund	Grants & Other	Gas Tax	TDA	Measure O	Wharf	Total Est. Appropriation
<b>Project</b>					all funding sources							
<u><b>On-Going Projects</b></u>												
<u><b>New Projects</b></u>												
41st Ave - Clares to Cory	PMP	Streets	PMP 2018							560		\$ 560
Wharf Road - Capitola Rd to City limit	PMP											\$ -
<b>Totals</b>							\$ -	\$ -	\$ -	\$ 560	\$ -	\$ 560



# CAPITAL IMPROVEMENT PROJECTS

2019-20 FISCAL YEAR						New Proposed Funding						
	Project Number	Project Category	Project Location/Description	Opinion of Project Cost	Carry Forward Funding  all funding sources	General Fund	Grants & Other	Gas Tax	TDA	Measure O	Wharf	Total Est. Appropriation
Project												
<b>On-Going Projects</b>												
<b>New Projects</b>												
Pavement Management			TBD based on program update							500		\$ 500
												\$ -
<b>Totals</b>							\$ -	\$ -	\$ -	\$ -	\$ 500	\$ - \$ 500

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# SUCCESSOR AGENCY



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## SUCCESSOR AGENCY

The California State Legislature passed ABX1 26 officially dissolved redevelopment agencies as of February 1, 2012. The legislation was contested but upheld by the California Supreme Court. The City of Capitola elected to become the Successor Agency of the former Redevelopment Agency and oversee the winding down of its obligations. The Capitola Redevelopment Agency January 31, 2012 cash balance of \$2.1 million was transferred to the Successor Agency.

By law, a seven member Oversight Board composed of representatives of the County Board of Supervisors, School District, Community College District, Central Fire Protection District, Capitola community, Mayor of the City of Capitola, and employees of the former RDA reviews and approves any Successor Agency actions. The full obligations of the Successor Agency were initially approved by the California State Department of Finance (DOF), the State Controller's Office (SCO), and the Santa Cruz County Auditor-Controller's Office. Subsequent actions of the Successor Agency must also be reviewed, approved, and audited by each these Agencies.

Payments of approved obligations of the Successor Agency are authorized through Recognized Obligation Payment Schedules (ROPS) for successive six month periods. Funding of the obligations comes from property tax proceeds allocated to a Redevelopment Property Tax Trust Fund (RPTTF). The DOF, SCO, and County Auditor-Controller audit each ROPS submission, prior period adjustment report, and RPTTF cash flow and balance.

Effective July 1, 2016, there will be a single County Oversight Board for all Successor Agencies within the County of Santa Cruz. Capitola's Successor Agency Oversight Board activities and responsibilities will be assumed by that Oversight Board.

### FISCAL YEAR ACCOMPLISHMENTS – 2014/15

- Completed Department of Finance (DOF) Asset Transfer Determinations audit
- Completed newly implemented SB341 reporting on Housing Successor Assets
- Received Department of Finance final approval for ROPS 14-15B and 15-16A
- Completed two Santa Cruz County ROPS audits, two DOF ROPS audits

### FISCAL YEAR GOALS – 2015/16 and 2016/17

Goal	Corresponding Principle
Wind down Agency obligations as quickly as possible	Fiscal Policy
Receive Department of Finance approval on all ROPS	Fiscal Policy
Endeavor to reinstate City/RDA loans	Fiscal Policy
Provide a smooth transition to County Oversight Board	Fiscal Policy

**SOURCES AND USES**

Fund - 5501 Successor Agency	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Adopted	FY 14/15 Estimate	FY 15/16 Adopted	FY16/17 Planned
<b>Beginning Fund Balance</b>	<b>\$ 1,830,816</b>	<b>\$ 589,399</b>	<b>\$ 607,860</b>	<b>\$ 607,860</b>	<b>\$ 207,543</b>	<b>\$ 432,454</b>
<b>Revenue</b>						
Intergovernmental	\$ 1,120,077	\$ 1,193,431	\$ 1,156,089	\$ 472,789	\$ 626,935	\$ 711,036
Other revenues	57	694	-	-	-	-
Extraordinary items	200,415	52,313	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 1,320,549</b>	<b>\$ 1,246,438</b>	<b>\$ 1,156,089</b>	<b>\$ 472,789</b>	<b>\$ 626,935</b>	<b>\$ 711,036</b>
<b>Expenditures</b>						
Contract Services	\$ 250,000	\$ 250,000	\$ 150,000	\$ 150,000	\$ 50,000	\$ 50,000
Grants and subsidies	202,024	193,382	557,084	202,024	352,024	832,024
Debt service	1,972,511	731,220	449,005	432,494	-	-
Other financing uses	137,431	53,375	-	88,588	-	-
<b>Expenditure Totals</b>	<b>\$ 2,561,966</b>	<b>\$ 1,227,977</b>	<b>\$ 1,156,089</b>	<b>\$ 873,106</b>	<b>\$ 402,024</b>	<b>\$ 882,024</b>
<b>Fund Balance at 06/30</b>	<b>\$ 589,399</b>	<b>\$ 607,860</b>	<b>\$ 607,860</b>	<b>\$ 207,543</b>	<b>\$ 432,454</b>	<b>\$ 261,466</b>

# SUPPLEMENTARY INFORMATION



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## **SUPPLEMENTARY INFORMATION INDEX**

ATTACHMENT B - COMPARATIVE INFORMATION

ATTACHMENT C - FINANCIAL POLICIES

ATTACHMENT D - FUND BALANCE POLICY

ATTACHMENT E - CITY INVESTMENT POLICY

ATTACHMENT F - GANN / APPROPRIATION LIMIT

ATTACHMENT G - BUDGET RESOLUTION

ATTACHMENT H - GLOSSARY

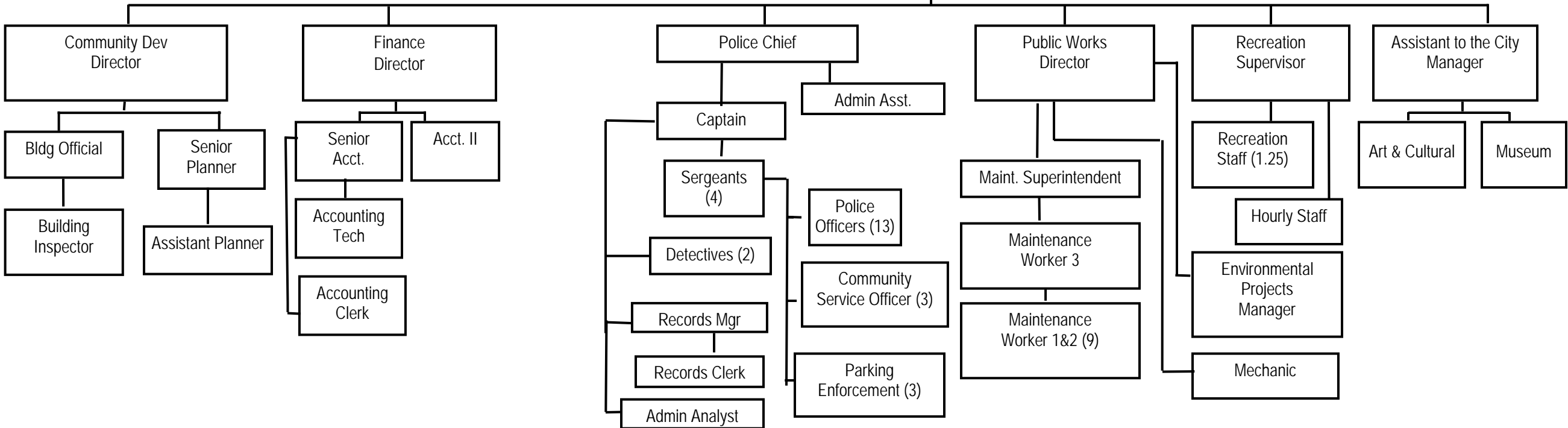
ATTACHMENT I - ACRONYMS

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

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Citizens of the City of Capitola



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**ATTACHMENT B**  
**COMPARATIVE INFORMATION**

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## COMPARATIVE DATA

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

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

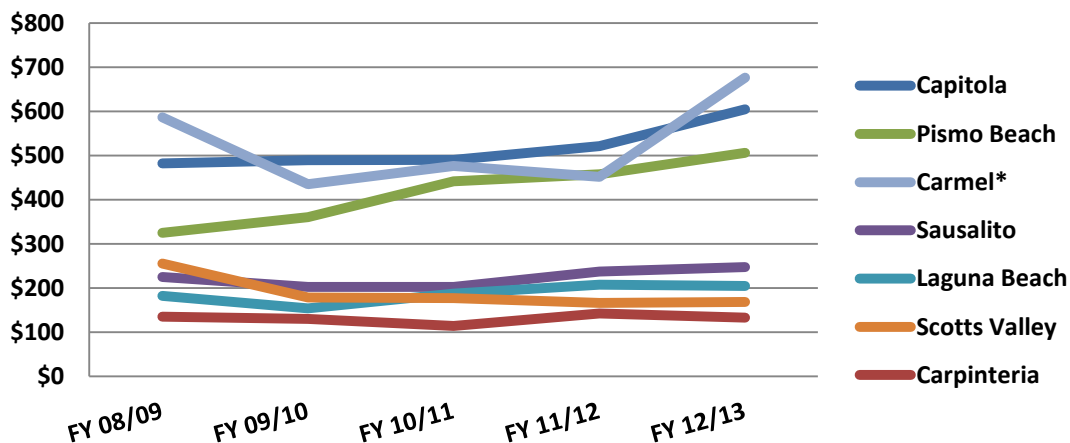
- Population between 3,500 and 25,000
- Located in a coastal county
- Strong “sense of place/quality of life” community
- Economy based heavily on tourism
- Similar scope of services
- Management/governance reputation

The benchmarks in the original report were based on the comparable cities’ FY 10/11 Comprehensive Annual Financial Reports (CAFR). The following charts reference updated information from the FY 13/14 CAFR’s.

### Sales Tax Per Capita

The City of Capitola’s sales tax is the largest single revenue stream. In FY 13/14, sales tax accounted for over 50 percent of General Fund operating revenues. The analysis shows all sales taxes, including locally administered sales tax measures approved by the electorate. Capitola improved upon the 2011 benchmark study from \$490 to \$718 per capita in FY 13/14, with the large increase attributes to the addition of Measure O, a new 1/4% district sales tax in FY 12/13.

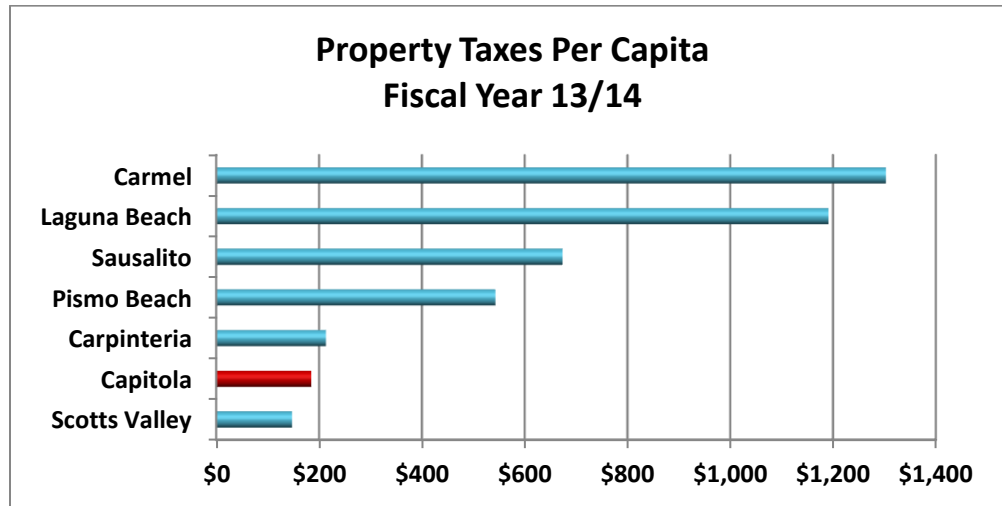
**Sales Tax Per Capita  
Fiscal Years 08/09 to 13/14**



\*Estimated population of 3,720 for 2008 and 2009

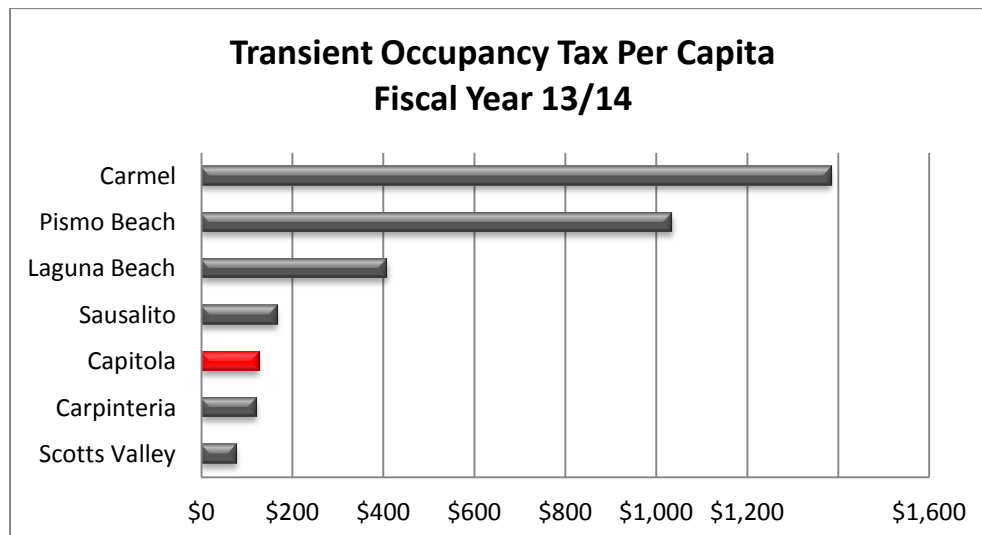
## Property Taxes

Property taxes, based on assessed valuations, indicate the vitality of the local housing market. Carmel, Laguna Beach, and Sausalito continue to show a very strong market for assessed valuations and the resultant property tax collection. Capitola remains second lowest in FY 13/14.



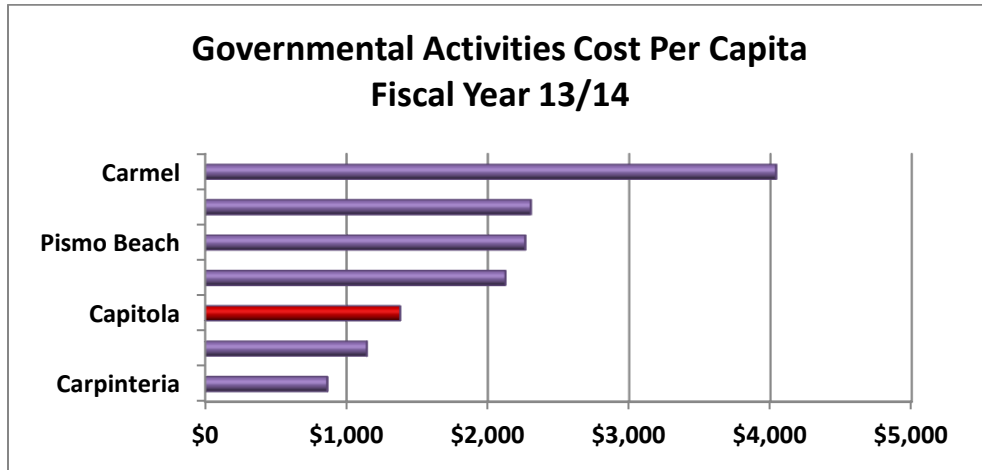
## Transient Occupancy Taxes

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 on transient occupancy in FY 12/13, with the exception of Sausalito and Carpinteria, which charged 12%. In FY 12/13, transient occupancy tax increased for all benchmark cities. The City of Capitola's transient occupancy tax increased from \$108 to \$126 per capita. The city improved one spot to fifth highest position in this category.



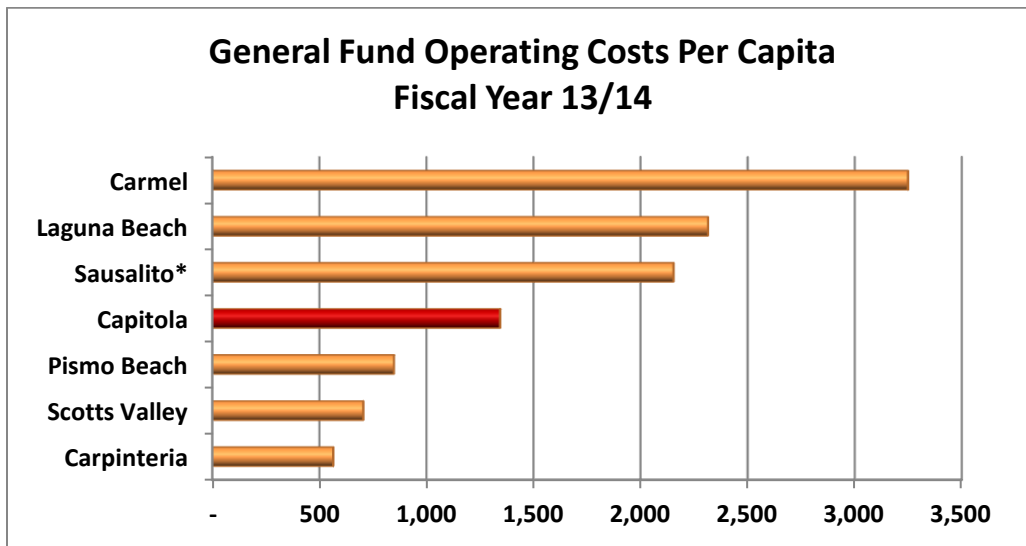
### Citywide Activity Costs

One of the ways to evaluate the citywide costs of providing government services is to review the Statement of Activities section of the CAFR. This graph shows comparable data for each city and excludes fire department and sewer expenses for consistency purposes. Capitola's ratio from FY 13/14 shows a decrease from \$1,516 per capita to \$1,380 per capita. Capitola retained its position as the third lowest City in this category, while Scotts Valley and Carpinteria also reduced expenses in FY 13/14.



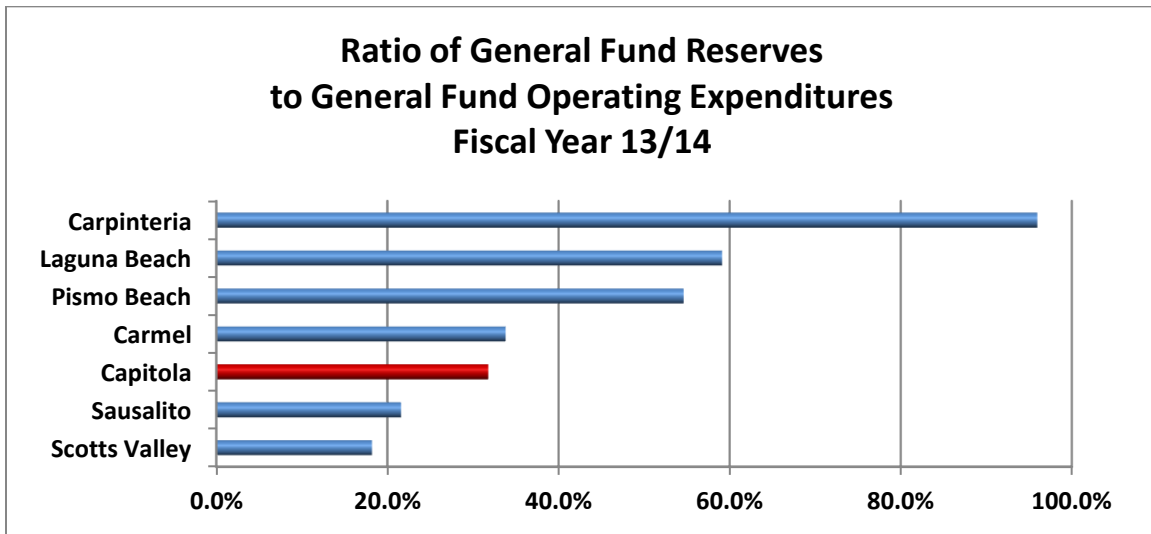
### General Fund Operating Costs per Capita

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 fourth 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,



**ATTACHMENT C**  
**FINANCIAL MANAGEMENT POLICIES**

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## ADMINISTRATIVE POLICY

Number: III-3  
Issued: June 8, 2000  
Revised: March 14, 2013  
June 13, 2013

Jurisdiction: City Council

### FINANCIAL MANAGEMENT POLICIES

#### POLICY

The following financial policies (herein, the "Policies") were developed in an effort to assist the City of Capitola with the management of its operating and capital budgeting processes and to standardize and rationalize the issuance of debt by the City. Regular, updated policies are an important tool to 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 therefore guidelines for general use, and allow for exceptions in extraordinary conditions. The Policies will have served 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 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 & reliable 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 use of a general obligation pledge usually eliminates the need for a bond reserve and due to its high credit quality and the ability to levy a tax to repay it, produces borrowing terms and costs unavailable through other methods. Moreover, since 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. Accordingly, the general obligation bond is more properly described as a "unlimited tax" bond.

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 and prudent finance practice require the submission of such a proposed debt to the electorate. Article XIII of the California Constitution requires that general obligation bonds be submitted to the voters for approval and that the issuance of such bonds be approved by a two-thirds vote.

Ad valorem property taxes affect various classes of taxpayers differently. Since the enactment of Proposition 13 in 1978, the increases in assessed value of real property have been limited for established property owners. This has the effect of disproportionately burdening newer property owners, who may have less wealth or taxpaying capacity than older, more established property owners. Moreover, business property owners, whose property turns over less frequently than residential property often benefit as a result of this phenomenon.

Cities in California may issue general obligation bonds only for the purpose of acquiring, improving or constructing real property. Accordingly, it shall be the City's policy to issue general obligation bonds only for such purposes and then only when the acquisition, improvement, or construction of the proposed real property will provide benefits to the community, in significant amounts, to both users and non-users of the facility.

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 may use revenue debt or financing leases for those projects which are not sufficiently popular to obtain a two-thirds vote for the issuance of general obligation bonds or which must be financed at a time, or in a manner which do not permit the use of general obligation bonds. 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 APPROPRIATION.

For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to fifteen percent (15%) of General Fund Expenditures. The City shall implement a strategy to reach the required funding level in no more than five fiscal years. 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 ten percent (10%) of General Fund budgeted expenditures.

### 7. 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.

8. 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.

9. 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.

10. DEVELOPMENT FEES

The City's development process costs and related administrative expenses should be offset by development fees to the greatest extent possible. Fees will be reviewed and updated on an on-going 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. Generally, it shall be the City's

policy to submit the proposed debt issuance to the City Council in a study session wherever possible prior to submittal to the full City Council as an action item at a regular or special meeting.

### 3. INTERFUND LOANS

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. The City Manager is authorized to make temporary cash loans between and among the General Fund, internal service funds, and the Contingency Fund. All short-term loans and the changes in cash position will be presented to the City Council on a monthly basis. The Finance Director has the authority to initiate year-end accounting entries that create temporary interfund loans for the financial statement presentation purposes.

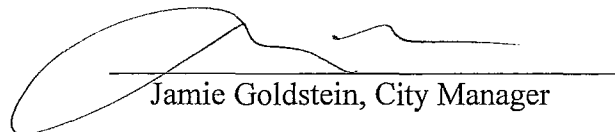
All short-term loans from other funds must be authorized by the City Council. This includes the Emergency Reserve Fund which has been designated as "Assigned" pursuant to Governmental Accounting Standards Board (GASB) Statement 54.

All interfund loans shall be repaid by the borrowing fund to the lending fund as soon as, in the opinion of the City Manager; it is fiscally prudent to do so. In addition, interest on interfund 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

**ATTACHMENT D**  
**FUND BALANCE POLICY**

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## ADMINISTRATIVE POLICY

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

### FUND BALANCE POLICY

#### I. PURPOSE

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

#### II. SUMMARY

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

#### III. DEFINITIONS

The five new categories of ending fund balance are:

##### **Nonspendable Fund Balance**

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

##### **Restricted Fund Balance**

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

##### **Committed Fund Balance**

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

##### **Assigned Fund Balance**

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

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

**Unassigned Fund**

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

**IV. POLICY**

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

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

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

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

  
\_\_\_\_\_  
Jamie Goldstein  
City Manager

JG/lis



**ATTACHMENT E**  
**CITY INVESTMENT POLICY**

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## ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 9, 2001

Jurisdiction: City Council

### INVESTMENT POLICY

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

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

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

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

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

1. State of California Local Agency Investment Fund
2. U.S. Treasury T-Bills
3. Negotiable Certificates of Deposit
4. 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 20% of total portfolio at time of investment.
- B. Maturity date of securities shall not be more than 365 days from date of purchase.
- C. Issuer must be one of top 20 national or state chartered banks, one of top 20 state or federal savings associations, or one of top 10 state licensed foreign banks as compiled by American Banker from Merrill Lynch.
- D. CD's may be purchased only from the issuer, a federal or state chartered bank, a federal or state association, or a brokerage firm designated as a primary dealer by the Federal Reserve Bank.
- E. The deposit shall not exceed the total of the paid-up capital and the surplus of any depository bank, nor shall the deposit exceed the net worth of any depository association.

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.

  
Christine McBroom, City Treasurer

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**ATTACHMENT F**  
**GANN / APPROPRIATION LIMITS**

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## GANN / APPROPRIATION LIMIT

On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Initiative, establishing Article XIII B of the State Constitution. This proposition places annual limits on the appropriation of tax proceeds that can be made, based on the 1978-79 base year, and adjusted each year for population growth and cost-of-living factors. It precludes state and local government from retaining “excess” revenues above the appropriation limit, and requires the State to reimburse local government for the cost of certain mandates.

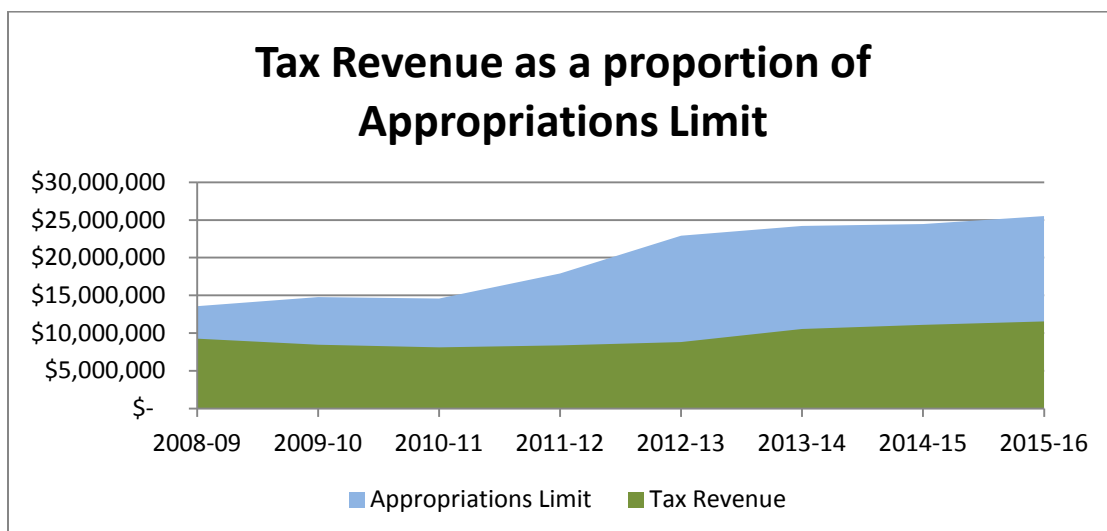
Two subsequent initiatives, Proposition 98 in 1988 and Proposition 111 in 1990, modify the appropriation limit requirements. Proposition 98 amends the methodology for allocation of excess revenues. Proposition 111 changes the population growth and cost-of-living factors to be used in calculating the limit, adds additional exempted items, and further adjusts allocation of excess revenues.

The appropriations limit 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 Appropriations Limit for a given fiscal year is established in the months prior to the beginning of a fiscal year. The 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 for January 1, 2013 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. 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 upcoming fiscal year.

For FY15/15, the City has appropriated 45.26% of the calculated appropriation limit. Based on historical information, it is estimated that the City will not be impacted within the next few years by the Gann limit.

Historic Limit versus Tax Revenue



Capitola's 2015/16 calculation is:

	Annual % change in County Population minus Exclusions	X	Change in California per capita Income	=	Appropriation Factor	X	FY 2014-15 Appropriation Limit	=	FY 2015-16 Appropriation Limit
2015/16	1.0048		1.0382		1.0432		\$24,471,912		\$25,529,099

The proposed 2015/16 Budget tax revenues are:

Source of Tax Revenue	2015-16 Budget
Sales Tax and Triple Flip (1%)	\$ 5,325,900
District Taxes (Measures D and O)	\$ 2,164,000
Property Tax and In-Lieu	\$ 1,972,500
Transient Occupancy Tax	\$ 1,280,200
Franchise Taxes	\$ 526,900
Business License Tax	\$ 283,700
Interest Income from tax revenue	\$ 1,380
	<u>\$ 11,554,580</u>

The 2015/16 percent of the appropriations limit used is:

For Fiscal Year ended:	2013-14	2014-15	2015-16
Appropriations Limit	\$ 24,220,024	\$ 24,471,912	\$ 25,528,692
Tax revenue	\$ 10,522,830	\$ 11,099,418	\$ 11,554,580
Remaining to limit	\$ 13,697,194	\$ 13,372,494	\$ 13,974,112
% of limit used	43.45%	45.36%	45.26%
Increase over prior year - \$	\$ 1,295,250	\$ 251,888	\$ 1,056,780
Increase over prior year - %	8.9%	1.0%	4.3%

The appropriations limit is \$25.5 million or an increase of \$1.05 million. It represents a 4.3% increase from 2014/15 to 2015/16.



## RESOLUTION NO. 4021

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
SETTING THE 2015-2016 FISCAL YEAR APPROPRIATION LIMIT PURSUANT  
TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION**

**WHEREAS**, before June 30 of each year, the City Council must select the factors to calculate the appropriation limit for the ensuing fiscal year and set the appropriation limit accordingly.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Capitola that the 2015-16 Fiscal Year Appropriation Limit shall be \$ 25,528,692 calculated as follows:

Population change within the city:	1.0048
Change in California per capita Income	1.0382
2014-15 Appropriation Limit:	\$ 24,471,912
Adjustment Factor (1.0048 x 1.0382)	<u>x 1.0432</u>
2015-16 Appropriation Limit:	<u>\$ 25,528,692</u>

**I HEREBY CERTIFY** that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 11th day of June, 2015, by the following vote:

**AYES:** Council Members Bertrand, Harlan, Termini, Bottorff, and Mayor Norton  
**NOES:** None  
**ABSENT:** None  
**ABSTAIN:** None



\_\_\_\_\_  
Dennis Norton, Mayor

ATTEST:

 CMC  
Susan Sneddon, City Clerk

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**ATTACHMENT G**  
**BUDGET RESOLUTION**

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**RESOLUTION NO. 4024**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ADOPTING THE 2015/2016 FISCAL YEAR CITY BUDGET  
AND CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET**

**WHEREAS**, it is necessary to adopt the 2015/2016 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, 2015 through June 30, 2016; and

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Capitola that the 2015/2016 Fiscal Year Budget is hereby adopted as amended, including Exhibit A (Changes to Proposed Budget), Exhibit B (General Fund Overview), and Exhibit C (Summary by Fund) to this Resolution; and

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

**I HEREBY CERTIFY** that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 11<sup>th</sup> day of June, 2015, by the following vote:

**AYES:** Council Members Bertrand, Harlan, Termini, Bottorff, and Mayor Norton

**NOES:** None

**ABSENT:** None

**ABSTAIN:** None



Dennis Norton, Mayor

ATTEST:

 CMC  
Susan Sneddon, City Clerk

## EXHIBIT A

## CHANGES TO PROPOSED BUDGET

FY15/16 Budget Amendments		
FY 15/16 Revenues /Resources	Acct #	Amount Incr./((Decr.)
City/School District Trust Fund	1200-00-00-000-3700.300	\$ 40,000.00
PD ABC (Alcoholic Beverage Control) Grant	1000-20-20-000-3310.100	12,893.00
Transfer in from General Fund (PERS Contingency Fund)	1011-00-00-000-3910.100	300,000.00
Transfer in from General Fund (Facilities)	1025-00-00-000-3910.100	50,000.00
Transfer in from General Fund (CIP)	1200-00-00-000-3910.100	300,000.00
Transfer in from General Fund (IT Fund)	2211-00-00-000-3910.100	(51,340.00)
<b>Total Revenue Changes - All Funds</b>		<b>\$ 651,553.00</b>
FY 15/16 Expenditures/Transfers	Acct #	Amount
GF: Add Police Officer Position	1000-20-20-000-41xx.xxx	130,000
GF: Remove Community Services Officer Positions	1000-20-20-000-41xx.xxx	(85,000)
GF: Companion for Life/Lifeline	1000-10-18-000-4600.432	5,140
GF: Dientes Community Dental Care	1000-10-18-000-4600.425	1,200
CIP: School District Trust Fund Expenditure	1200-00-00-000-4390.400	40,000
Gas Tax: Speed Signs	1310-00-00-000-4355.393	8,000
GF: Alcoholic Beverage Control Grant	1000-20-20-000-41xx.xxx	12,893
GF: Transfer out to IT Fund	1000-99-99-000-4910.111	(51,340)
<b>FY 14/15 Fund Balance</b>		
PERS Contingency Fund Transfer	1000-99-99-000-4910.111	300,000
Capital Improvement Fund Transfer	1000-99-99-000-4910.200	300,000
Capital Improvement Fund	1200-00-00-000-4390.400	300,000
Facilities Fund Transfer	1025-99-99-000-4910.104	50,000
Esplanade one year Enhanced Cleaning Pilot Program	1000-30-30-000-4375.520	15,000
GF: Arts & Cultural Commission: Plein-air Event	1000-50-52-000-4370.203	3,500
<b>Total Expenditure/Transfer Changes - All Funds</b>		<b>\$ 1,029,393</b>
FY16/17 Planned		
FY16/17 Expenditure	Acct #	Amount
<b>Total Expenditure Changes - All Funds</b>		<b>\$ -</b>

## EXHIBIT B

## GENERAL FUND OVERVIEW

Major Categories	FY 14/15 Adopted	FY 14/15 Estimated	FY 15/16 Proposed	FY 16/17 Planned
<b>Revenues</b>				
Taxes	\$11,098,500	\$11,380,100	\$11,603,200	\$11,909,100
Licenses and permits	254,450	251,150	247,950	249,450
Intergovernmental revenues	168,700	236,400	178,793	166,100
Charges for services	1,921,400	1,990,900	1,940,700	1,973,000
Fines and forfeitures	718,800	748,700	720,000	720,000
Use of money & property	51,800	53,900	59,100	59,500
Other revenues	70,400	67,325	67,400	66,500
<b>Revenues Totals</b>	<b>\$ 14,284,050</b>	<b>\$ 14,728,475</b>	<b>\$ 14,817,143</b>	<b>\$ 15,143,650</b>
<b>Expenditures</b>				
Personnel	\$7,985,744	\$7,803,557	\$8,453,075	\$8,713,191
Contract services	2,725,130	2,908,871	2,751,000	2,777,950
Training & Memberships	83,545	82,600	93,225	92,025
Supplies	550,000	555,728	561,400	565,950
Grants and Subsidies	269,763	269,763	277,296	275,000
Capital outlay	10,000	5,000	5,000	5,000
Internal service fund charges	850,647	850,647	954,500	999,500
Other financing uses	2,270,025	2,395,025	2,389,626	1,682,566
<b>Expenditures Totals</b>	<b>\$ 14,744,854</b>	<b>\$ 14,871,191</b>	<b>\$ 15,485,122</b>	<b>\$15,111,182</b>
<b>Impact on Fund Balance <sup>(1)</sup></b>	<b>\$ (460,804)</b>	<b>\$ (142,716)</b>	<b>\$ (667,979)</b>	<b>\$ 32,468</b>
<b>Budgetary Fund Balance</b>	<b>\$ 616,412</b>	<b>\$ 934,500</b>	<b>\$ 266,521</b>	<b>\$ 298,989</b>

(1) Impact on Fund Balance negative due to the allocation of the FY 14/15 ending fund balance

## EXHIBIT C

## SUMMARY BY FUND

	Estimated Balance 07/01/2015	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 06/30/2016
<b>General Fund</b>	\$ 934,500	\$ 14,817,143	\$ -	\$ 13,095,496	\$ 2,389,626	\$ 266,521
<b>Designated Reserves</b>						
Contingency Reserve	\$ 1,803,946	\$ -	\$ 89,400	\$ -	\$ -	\$ 1,893,346
PERS Contingency Reserve	-	-	300,000	-	-	300,000
Emergency Reserve	1,049,206	-	213,000	-	-	1,262,206
Donations	-	10,000	-	-	-	10,000
Facility Reserve	87,000	-	150,000	-	-	237,000
<b>Total Designated Reserves</b>	<b>\$ 2,940,152</b>	<b>\$ 10,000</b>	<b>\$ 752,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,702,552</b>
<b>Debt Service</b>						
Pension Obligation Bond	\$ 485,567	\$ -	\$ 669,204	\$ 669,204	\$ -	\$ 485,567
Pac Cove Lease Financing	330,106	-	165,066	165,066	-	330,106
Pac Cove Park	30,254	-	89,400	89,375	-	30,279
OPEB Trust	43,408	-	38,600	-	-	82,008
<b>Total Debt Service</b>	<b>\$ 889,335</b>	<b>\$ -</b>	<b>\$ 962,270</b>	<b>\$ 923,645</b>	<b>\$ -</b>	<b>\$ 927,960</b>
<b>Capital Improvement Fund</b>	<b>\$ 1,565,404</b>	<b>\$ 40,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,040,000</b>	<b>\$ -</b>	<b>\$ 1,565,404</b>
<b>Internal Service Funds</b>						
Stores	\$ 8,209	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ 8,209
Information Technology	93,013	82,128	25,000	187,000	-	64,481
Equipment Replacement	126,204	60,000	50,000	120,000	-	116,204
Self-Insurance Liability	103,341	344,500	100,000	344,500	-	203,341
Workers Compensation	321,853	385,000	-	385,000	100,000	221,853
Compensated Absences	72,874	130,500	-	105,500	-	97,874
<b>Total Internal Service Funds</b>	<b>\$ 725,494</b>	<b>\$ 1,037,128</b>	<b>\$ 175,000</b>	<b>\$ 1,177,000</b>	<b>\$ 100,000</b>	<b>\$ 711,962</b>



## EXHIBIT C

## SUMMARY BY FUND

	Estimated Balance 07/01/2015	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 06/30/2016
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 157,931	\$ 100,200	\$ -	\$ 61,700	\$ -	\$ 196,431
SCCACT-SCC Anti-Crime Team	-	85,076	-	85,076	-	-
Gas Tax	121,322	222,000	-	277,900	-	73,422
Wharf	93,764	86,200	-	86,150	-	93,814
General Plan Update and Maint	82,670	80,160	-	158,000	-	4,830
Green Building Education	115,471	8,000	-	36,000	-	87,471
Public Arts Fee	233,128	30,000	-	39,300	-	223,828
Parking Reserve	6,662	100,000	-	100,000	-	6,662
Technology Fee	47,541	9,500	-	16,000	-	41,041
PEG-Public Education and Gov.	43,187	17,050	-	22,500	-	37,737
BIA-Capitola Village-Wharf BIA	4,525	65,000	-	67,200	-	2,325
CDBG Grants	25,459	500,000	-	485,000	-	40,459
CDBG Program Income	(2,470)	-	-	-	-	(2,470)
HOME Reuse	68,807	12,300	-	3,200	-	77,907
Housing Trust	67,576	15,000	-	65,000	-	17,576
Former RDA Low/Mod	490,454	-	-	-	-	490,454
Cap Hsg Succ- Program Income	41,382	-	-	35,000	-	6,382
<b>Total Special Revenue Funds</b>	<b>\$ 1,597,409</b>	<b>\$ 1,330,486</b>	<b>\$ -</b>	<b>\$ 1,538,026</b>	<b>\$ -</b>	<b>\$ 1,397,869</b>
<b>Successor Agency</b>	<b>\$ 207,543</b>	<b>\$ 626,935</b>	<b>\$ -</b>	<b>\$ 402,024</b>	<b>\$ -</b>	<b>\$ 432,454</b>
<b>Total Fund Balance - All Funds</b>	<b>\$ 8,859,837</b>	<b>\$ 17,861,692</b>	<b>\$ 2,889,670</b>	<b>\$ 18,176,191</b>	<b>\$ 2,489,626</b>	<b>\$ 9,004,722</b>

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## **ATTACHMENT H**

### **GLOSSARY**

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## GLOSSARY OF BUDGET TERMS

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

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

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

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

**Annual Budget** – Budget applicable to a single fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**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.

**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 section (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. The various funds are grouped in fund types and categories as follows:

**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** – accounts 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 (MBIAF) Monterey Bay Area Insurance Fund.

**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, fire, 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.

**Interfund 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** – 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; typically, a fiscal year.

**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 reappraise 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.

**Worker's Compensation Fund** – A fund used to account for the cost to provide worker's 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 2013 are listed below:

The Santa Cruz County Area Median Income for a family of four in 2013 was: \$87,000.

### State of California Income Limits for Santa Cruz County 2013 Number of Persons In household

	One	Two	Three	Four
(< 30% of area median income)	\$20,150	\$23,000	\$25,900	\$28,750
<b>Very Low-Income</b> (30% to 50% of area median income)	\$33,550	\$38,350	\$43,150	\$47,900
<b>Low-Income</b> (50% to 80% of area median income)	\$53,700	\$61,350	\$69,000	\$76,650
<b>Median Income</b>	\$56,900	\$69,000	\$78,300	\$87,000
<b>Moderate-Income</b> (80% to 120% of area median income)	\$68,300	\$78,300	\$93,950	\$104,400

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 a number of CDBG grants over the last fifteen years.

### **CalHFA**

For over 30 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. A three million dollar HOME grant was awarded to the Bay Avenue Senior Apartments project. 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 2007-2014 Housing Element must be updated and submitted to 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 mobilehome 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 required that the housing sites identified in the Housing Element are actually developed as affordable housing. It does, however, required 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 they will not be in a position to build equity in their home. Upon resale the unit must be sold to another income eligible buyer and the sale price is limited to be affordable to the new lower-income buyer.



**ATTACHMENT I**  
**ACRONYMS**

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## ACRONYMS

<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>CaIPERS</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>UAAL</b>	Unfunded Actuarial Accrued Liability

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