



# **ADOPTED BUDGET**

## **FISCAL YEAR 2024-25**



**CITY OF CAPITOLA**  
Capitola, California



**CITY COUNCIL**

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**Yvette Brooks, Vice Mayor**  
**Joe Clarke**  
**Margaux Morgan**  
**Alexander Pedersen**

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Jim Malberg, Finance Director / Treasurer  
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***January 29, 2024***



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# 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 2024-25 Proposed and FY 2025-26 Planned Budget.

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

On behalf of City staff, I am pleased to submit the proposed budget for Fiscal Year (FY) 2024-25. Staff was tasked with developing a budget that continues to deliver the high quality of services the community is accustomed to while also allocating available resources to City Council goals. The result is a balanced budget that maintains the minimum target general fund balance of more than \$500,000 as well as the \$100,000 designated for employee downpayment assistance. The proposed budget projects to end the year with a general fund balance of approximately \$727,400, contingent on the outcome of ongoing labor negotiations, as designated above.

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

During 2023 the City was heavily impacted by major storm events. Those events resulted in approximately \$3.5 million in damage to public infrastructure and significant impacts to private development adjacent to the ocean. In response, the City, State and Federal government declared a state of emergency, which enables the City to utilize Federal Emergency Management Agency (FEMA) and State disaster funding (Cal OES).

Strom damages were categorized into fourteen projects of which FEMA and Cal OES have approved ten for reimbursement totaling \$262,000 with the City responsible for matching funds of \$7,400. To date, we have received \$208,000 with \$54,000 still outstanding.



The remaining four projects and estimated damage amounts include:

- The Wharf - \$1 million – currently under review by FEMA
- Noble Gulch/Soquel Park - \$89,000
- Hoopers Ramp - \$15,000 – seeking mitigation to make ramp more resilient, under review by Cal OES
- Grand Ave. fence - \$7,500 – once all projects are approved, a credit for donated resources will be calculated and applied as City matching funds.

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

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

In 2016 voters passed Measure F to extend a temporary quarter percent local sales tax for an additional 10 years. The City is committed to using this funding source to protect the wharf and beach from storms and rising sea levels, maintain police services, and improve sidewalks, parks, and bike safety. Staff anticipates Measure F revenues in FY 2024-25 to slightly increase and the proposed budget continues to implement these commitments.

The first major Measure F projects completed were renovations to the City's jetty and flume in 2020. Improvements to the jetty and rebuilding the flume that conveys water from the seasonal lagoon to the ocean, allows the City to maintain a world-class beach during the summer. The jetty sustained damages during the Jan. 5, 2023, storm which has been repaired and FEMA has approved reimbursement for those repairs.

The Wharf renovation project is the second important focus for the Measure F funding. Capitola's Wharf is a historic icon for the City, allowing countless residents and visitors to experience the Monterey Bay Marine Sanctuary in a unique way. The Wharf renovation project will focus on improving the Wharf's long-term resilience in the face of rising sea levels and powerful winter storms. The City completed environmental review in 2020 and began construction last summer with completion currently targeted for late summer / early fall 2024.

The \$10.5 million wharf project is funded with a \$3.5 million federal grant, \$2.4 million in state grants, \$3.0 million of Measure F funding, \$400,000 of local fund raising, and \$250,000 general fund. In addition, the wharf suffered approximately \$1 million in damages during the Jan. 5, 2023, storm. It is anticipated that those costs will be funded with a combination of insurance and FEMA reimbursements.

## BUDGETARY GOALS AND PRINCIPLES

The FY 2024-25 General Fund budget was developed with an emphasis on financial stability and maintaining core programs and services for Capitola residents and visitors. As a first step in developing the Budget, the City Council identified its budget principles as well as key projects and programs for FY 2024-25. Those key projects and programs provide a tool for the City to clearly articulate its priorities to the community and to evaluate performance on an annual basis.

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

### Budget Principles

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

### Key Projects/Programs - Workplan

The City Council also proposed General fund allocations to the following projects:

Project	Funding
Employee Downpayment Assistance Program	\$ 100,000
Lifeguard Equipment Storage	25,000
PD Facility Improvements	65,000
Crosswalk Daylighting Citywide	10,000
Citywide digital applications	5,000
Employee engagement	6,000
Elections Outreach	4,000
Translation services	5,000
Website updates	7,000
Portable stage for events	7,000
Art & Cultural	13,000
<b>Total</b>	<b>\$ 247,000</b>

Additional FY 2024-25 and ongoing City Council Goals are listed below. Items shaded in gray are not funded or planned for in the FY 2024-25 Proposed Budget.

Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non-Gen Fund	Current Status
PW	Wharf Resiliency Project	Very High	Funded		In Progress
PW	Jade Street UA Playground Project	Very High			In Design
PW	Community Center Renovation Project	Very High			In Design
PW	Update Climate Action Plan	High		\$50,000	Not Started
PW	Stockton Bridge Debris Mitigation Project	High	Funded		In Progress
PW	Cliff Drive Resiliency Project	High	Funded		In Progress
PW	41st Ave Median imprvmts. (Esplanade Park)	Medium	\$50,000		Not Started
PW	Complete/Additional Peery Bridge Repairs	Medium	Funded		In Progress
PW	2023 FEMA Projects (Stockton Bridge, Noble Gulch, Hooper's Stairs)	Medium	Funded		In Progress
PW	Upper lot eastern access pedestrian path	Medium	Funded		Not Started
PW	Bay Avenue Corridor Traffic Study	Medium	Funded		In Progress
PW	Finish the Park at Rispin Mansion Project	Medium	Funded		Finalizing Contract
PW	41st Ave pavement rehabilitation & multimodal improvements	Medium		1,000,000	Multi-Year Project
PW	Complete Streets Safety Assessments	Medium	Funded		Not Started
PW	Peery Park Bridge Maintenance Project	Medium	TBD		
PW	Storage solutions for Rec - lifeguard equipment	Medium	\$25,000		Not Started
PW	PD facility improvements (lockers, restrooms, meeting area)	Medium	\$65,000		Not Started
PW	Daylighting - Village and elsewhere (parking/pedestrian requirement)	Medium	\$10,000		In Progress
PW	Noble Gulch Pipeline Repairs	Low	Funded		In Progress
PW	Park Ave. traffic calming	Low	Funded		In Progress
PW	2025 Pavement Maintenance Project	Low		\$500,000	In Design
PW	Pump Track Renovation Project	Low	Funded		Not Started
PW	Esplanade Park improvements (moved to 41 <sup>st</sup> )	Medium	Unfunded (\$50,000)		Not Started
PW	Depot Hill encroachments	Very High	None		Not Started
PW	Storage solutions for Rec – softball shed	Low	\$10,000		Not Started
PW	PD motor shed	Low	\$20,000		Not Started
PW	Village Resiliency Study (circulation and sea level rise )	Very High	\$500,000		Not Started
	<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$100,000</b>	<b>\$1,550,000</b>	
Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non-Gen Fund	Current Status
CD	Wharf Re-Envisioning Plan & public outreach process & temporary structure CDPs	Very High	\$75,000		Not Started
CD	Complete Housing Element	Very High	Funded		In Progress



CD	Update 41st Ave. Visioning Plan	Very High		\$100,000	Not Started
CD	Create a Housing Rehab Grant/Loan Program	Very High		\$225,000	Not Started
CD	Code Update - Housing Element action item	High		\$65,000	Ongoing
CD	Create Homebuyer Assistance Program	High		\$150,000	Not Started
CD	City Hall Phase 2 - goal setting and alternatives analysis	Very High	\$67,000		Not Started
CD	Update tree ordinance	High		\$30,000	Not Started
CD	Historical guidelines	High	\$75,000		Not Started
	<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$75,000</b>	<b>\$540,000</b>	

Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non-Gen Fund	Current Status
CM	5-Year Strategic Plan Project management	Very High	Funded		Paused until Fall 2024
CM	Employee contract negotiations	Very High			In Progress
CM	Citywide digital applications	High	\$5,000		Not Started
CM	UA Playground fundraising coordination	Medium			In Progress
CM	Risk Management & HR Policy updates	Medium		\$2,000	In Progress
CM	Revenue Tax Measure - Polling Research Project management and public information	Medium	Funded		In Progress
CM	Update Employee Downpayment Assistance Program	Low	Funded		Completed
CM	Employee engagement	Low	\$6,000		Ongoing
CM	Elections outreach	Low	\$4,000		Not Started
CM	Translation services	Low	\$5,000		Not Started
CM	Website updates	Low	\$7,000		Not Started
CM	Technology updates to improve hybrid meetings	Medium		\$25,000	Not Started
CM	Increase public outreach and information services	Medium	Funded		Budgeted annually
CM	Annexation/City Sphere Study	Medium	Funded		In Progress
CM	Memorial plaque program update	High	Unfunded		Not Started
	<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$27,000</b>	<b>\$2,000</b>	

Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non-Gen Fund	Current Status
Rec	Pilot "rapid wedding" event	High			Not Started
Rec	Equity Swim & Public Safety Outreach Program	Medium		\$20,000	Ongoing
Rec	Implementation of Park Use Permit Program	Medium	\$0		Not Started
A&C	Public Art Maintenance: 41st Ave. median art & utility box murals	Medium	\$10,000		
Rec	Purchase of portable stage for events	Low	\$7,000		Not Started
A&C	Banners for streetlights	Low	\$3,000		Not Started

Rec	Lifeguard Equipment (PWC)	Low	\$10,000		Not started
	<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$20,000</b>	<b>\$20,000</b>	
<b>Department Assigned</b>	<b>Project</b>	<b>Staff Requirement</b>	<b>Potential FY24/25 General Fund</b>	<b>Potential FY24/25 Non-Gen Fund</b>	<b>Current Status</b>
PD	FLOCK Cameras	High		\$35,000	Not Started
PD	High Surf Thresholds/Response Checklist	Medium			
PD	Electronic/online Police reporting	Medium		\$25,000	Not Started
PD	E-Citations	Medium		\$10,000	Not Started
	<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$0</b>	<b>\$70,000</b>	
<b>Department Assigned</b>	<b>Project</b>	<b>Staff Requirement</b>	<b>Potential FY24/25 General Fund</b>	<b>Potential FY24/25 Non-Gen Fund</b>	<b>Current Status</b>
Finance	Updates to TOT Ordinance & outreach to operators	High	\$0		In Progress
Finance	City banking RFP	Medium	\$0		In Progress
Finance	Implementation of fee study recommendations	Medium	\$0		Not Started
	<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$0</b>	<b>\$0</b>	
<b>Total Potential FY 24/25 Budget Allocations</b>			<b>\$222,000</b>	<b>\$2,112,000</b>	

#### Remaining FY 2023-24 Council Goals

The table below shows the funding allocated to the remaining FY 2023-24 City Council goals:

<b>Project</b>	<b>Funding</b>
LAFCO Sphere Study (\$15,000 match from LAFCO)	\$ 30,000
Long-term strategic plan	50,000
Community Center Renovation	1,650,000
41 <sup>st</sup> Ave. Medians (transferred from Esplanade Park mid-year)	50,000
<b>Total</b>	<b>\$ 1,780,000</b>

## OTHER BUDGETARY HIGHLIGHTS AND PROPOSED CHANGES

While the budget was largely prepared to maintain core services and keep expenditures at the lowest level possible, several changes are identified in this budget.

### New Community Services and Recreation Department

Following extensive community engagement, in 2019 the City adopted a comprehensive five-year strategic plan for the Capitola Recreation Division. Scheduled to conclude next Fiscal Year, this strategic roadmap has undergone refinement and adaptation, particularly in response to the challenges posed by the COVID-19 pandemic.

Prior to the implementation of this strategic plan, the Recreation Division's offerings included: Adult Classes, the Junior Guard Program, Camp Capitola, a softball league, and facility rentals. Today, the Division manages these same programs but has significantly expanded its portfolio to include:

- Serving more than 2,000 youth through the Junior Guard, Camp, After School, Parents Night Out and School Break Camps and Equity Swim programs.
- Offering over 135 classes to 1,400 youth and adults three times a year
- Coordinating all public art projects throughout the City and serving as staff to the Art and Cultural Commission.
- Protecting the public with the City's USLA-Certified Lifeguard Service through nearly 7,000 public interactions, including 84 rescues in their first season.
- Providing over \$35,000 in youth scholarship partially funded by Early Childhood and Youth Program funds.
- Maintaining two National Certifications for high quality professional standards in programs.
- Producing over 25 high quality community events annually including the Twilight Concert series, Food Truck Fridays, and single productions such as the Beyond the Flood Benefit Concert.

With these changes, the Division has grown from 3.75 FTE to 5.5 FTE and now supervises over 50 temporary seasonal staff each year. The program revenue remains strong and covers the direct cost of programs. Further the Division now supports numerous equity and accessibility initiatives for the community.

Given the scope and growth of the Division, I am recommending the establishment of the Capitola Community Services and Recreation Department. This proposed change will ensure the sustainability of the current programming by establishing a Director of Community Services and Recreation, developing the proposed organizational chart which delineates a clear chain of command, with program staff reporting to coordinators, who in turn report to the Director.

Furthermore, the integration of the Art & Cultural program Administrative Assistant into the new departmental structure as a Recreation Specialist II aims to centralize operational responsibilities for Art & Cultural events. These structural adjustments are intended to yield long-term benefits by fostering sustainability and efficiency across the Department's program areas. The change will solidify the City's long-term commitment to providing these services to our residents, maintaining public safety on our beaches, and continuing to build community through affordable, intergenerational and fun activities that support safety and personal well-being.

## Youth Funding and Business Group Funding

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

## General Fund Balance

The general fund balance is estimated to end FY 2023-24 to be slightly below the minimum target of \$500,000. Additionally, both the Contingency and Emergency reserves are projected to be below their target balance amounts. This is primarily due to increased wharf project costs associated with the storm damage sustained in 2023. The FY 2024-24 Proposed Budget returns the general fund to the \$500,000 target balance while maintaining \$100,000 for the employee downpayment assistance program. Staff is still awaiting FEMA's determination of the damage cost reimbursement amount and once those funds are received it is proposed they are used to fund the reserves to their target balance amounts.

Current revenue and expenditure projections show revenues not keeping pace with expenditures, requiring usage of Measure F revenues to structurally balance the budget in the 5-year forecast. Staff will continue to closely monitor revenues, expenditures, and fund balance throughout FY 2024-25 and will report to Council during the mid-year budget report.

## **PRIOR YEAR ACCOMPLISHMENTS**

In FY 2023-24 the City completed several significant projects, which provided residents and visitors with increased recreational and public art opportunities, while continuing to strengthen public safety and community development activities. Some of the City's accomplishments include:

- Implemented a new Council Chambers meeting video and audio system .
- Began city-wide comprehensive fee study.
- Upgraded Radio System to include a second radio channel for emergency operations and for seasonal lifeguard services.
- Upgraded Axon equipment to include Body Cameras, Tasers, and storage infrastructure.
- Conducted multiple bicycle safety and informational presentations at New Brighton Middle School and other locations.
- Introduced an Unmanned Aircraft Systems (UAS) drone program.
- Introduced the Flock Safety Program
- Upgraded Village pay stations with a new payment interface.
- Establish a computerized maintenance management system
- Completed Capitola Road Pavement Rehabilitation Project
- Completed Kennedy Drive Sidewalk Project
- Completed Bay/Hill Intersection Pedestrian Safety Quick Build
- Substantially completed the Wharf Resiliency and Public Access Project
- Substantially completed repairs from the January 2023 storms
- Adopt Housing Element update with a focus on public outreach, public hearings, adoptions, and working toward State of California Department of Housing and Community Development certification.

- Administered CDBG Grant of \$500,000 to provide food and transit services to low-income families through local nonprofits.
- Applied for CDBG Grant of \$3.3 million for renovation of the Jade Street Community Center.
- Implemented a 5-year Contract for a Regional Bikeshare Program with BCycle.
- City operated Lifeguard Service achieved United States Lifesaving Association (USLA) Certification as an Open Water Lifesaving Agency and hosted the California Surf Lifesaving Association (CSLSA) Spring Board of Directors Meeting.
- Recertified Camp Capitola as an American Camp Association (ACA) Accredited program and promoted from a 3-year cycle to a 5-year cycle.
- Expanded the learn to swim program for under resourced youth by doubling attendance for Spring 2024 and successfully enrolled Spring 2023 group in the Junior Guard Summer 2023 program.
- Provided, for the first time, School Break Camps and other Family Support programs.
- Installed 2024 annual exhibition “Little City Under Canvas” – The 150<sup>th</sup> Anniversary of Camp Capitola - March 2024.
- Installed three rotating exhibits at the Capitola Library.

## CONCLUSION

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

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



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# COMMUNITY PROFILE



## COMMUNITY PROFILE

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



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

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

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



subdivision map and began to sell lots for summer homes. Visitors stayed at the big hotel or in cabins and tents along the beach.

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

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

## Commercial Activity

Annual business license reports provide an overview of the business types and non-profits in the City. In FY 2023-24, the Finance Department issued 224 new business licenses, processed 1,178 license renewals and 123 closures or cancellations. This resulted in a net increase of 38 licensed entities within the City and an increase of approximately \$20,000 in business license revenue. The chart below shows the number and types of businesses/non-profits in Capitola:

### Business Licenses Issued

Business Types	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Vending Machines	1	10	5	3	5
Contractors / Builders	310	310	326	294	353
Miscellaneous	92	84	83	85	81
Professional/Personal Svcs.	499	510	519	540	549
Quarterly Contractor	21	35	40	46	44
Retail/General Business	374	388	402	397	371
	1,297	1,337	1,375	1,365	1,403

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

The City continues to seek redevelopment opportunities to update and upgrade the City's major retail corridor and mall area. Upgrades to the Capitola Mall were anticipated with the April 2016 purchase of the Mall by Merlone Geier Partners, a private real estate investment company focused on the acquisition, development, and redevelopment of retail and retail-driven mixed-use properties on the West Coast. However, the project was put on hold due to the COVID-19 Pandemic and the City is now exploring opportunities to revive the project.



### Top 25 Sales Tax Producers – Calendar Year 2023

Business Name	
Ajs Fuel Market	Pizza My Heart
BevMo	Ross
Capitola Coast	Santa Cruz Subaru
Capitola Shell	Santa Cruz Toyota
Chevron	Shadowbrook
CVS Pharmacy	Sierra Utility Sales
Gayle's Bakery & Rosticceria	Target
Greentech Renewables	Toyota Lease Trust
Kohls	Trader Joe's
Macy's	Ulta Beauty
Nob Hill General Store	Whole Foods Market
O'Neill Surf Shop	Zelda's on the Beach
Outdoor Supply Hardware	

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



# SERVING THE COMMUNITY

## Police

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

The department has 31 positions – 22 sworn officers, 2 Community Service Officers, 3 Parking Enforcement Officers, and an administrative support staff of 4 total positions. A recent city-wide survey conducted by FM3 found that greater than 92% of Capitola residents indicated that they were satisfied with the services provided by our police department.

Capitola also engages the community by being active with the Business Improvement and Wharf Association, Capitola Soquel Chamber of Commerce, New Brighton Middle School, and a Chief Advisory Committee. The police department has had a successful group of Volunteers in Policing (VIPS) since 2004. This level of collaboration has been essential in keeping us relevant and sustaining a high level of service.



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

<b>Capitola PD</b>					
<b>Community Responses</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>
Calls for service	19,276	15,169	13,771	6,350	13,306
Crimes - Felonies	467	335	314	315	290
Crimes - Misdemeanors	732	574	579	640	683
Arrests	503	317	345	424	560
Citations	707	787	929	1,249	1,306



## Fire

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

## Parks

Capitola is working on the rehabilitation of the historic Rispin Mansion property which will open as a new park in 2024.

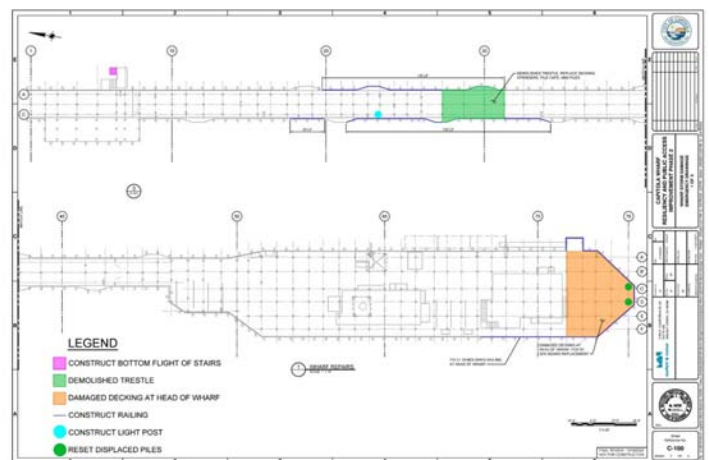
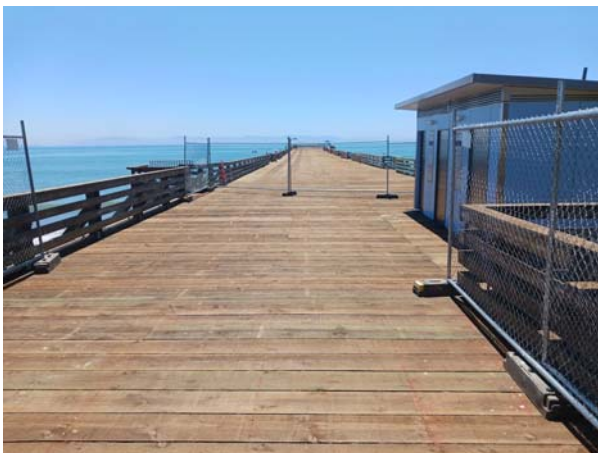
The City maintains over 17.5 acres of park lands and 12 acres of beach, including:

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



## Capitola Wharf

The Capitola Wharf is a well-known asset of the City, maintained by the Public Works Department. Generations of local and repeat visitors have grown up fishing from the wharf. The residents of Capitola passed a sales tax measure in 2016 to rehabilitate the wharf and beach area. The beach flume and jetty were repaired in FY 2020-21 and the Wharf project went out for construction bids in late FY 2022-23. Construction began in September 2023 with project completion in Fall of 2024. In January and December 2023, the Wharf suffered significant storm damage, and those repairs have been included in the overall rehabilitation project which has an anticipated completion date of Aug. 2024.





## Jade Street Community Center and Park



On November 22, 2022, the City Council authorized the City Manager to sign a Long-Term Use Agreement between the City of Capitola and Soquel Union Elementary School District for the Jade Street Park Property, including the Capitola Community Center. The agreement requires the City to complete certain specific infrastructure improvements to the Community Center within four years. Additional “ancillary” improvements, such as replacement of flooring and partitions, are also specified as intended improvements to be made by the City. On February 23, 2023, the City Council authorized an agreement with Boone Low Ratliff Architects for the design of the remodel of the Community Center, inclusive of stakeholder input, site analysis, preparation of conceptual design, and development of initial construction documents.

The Jade Street Park Universally Accessible (UA) Playground Project (Project) was allocated \$275,000 in the FY 2022-23 Capital Improvement Plan (CIP) budget, plus an additional \$200,000 in the proposed FY 2023-24 budget. The proposed playground will replace an existing playground that was installed in 1999 and updated in 2007. A renovated UA playground will provide recreation features and design elements that appeal to individuals of all abilities, including those with mobility, cognitive, developmental, sight and hearing impairments.

### Public Works

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

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



City Assets / Activities	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Miles of streets maintained	26	26	26	26	26
Hours of street sweeping	1,387	1,368	1,280	1,536	1,477
Street lights maintained	71	75	75	75	75
Traffic signals operated and maintained	8	8	8	8	8
Encroachment permits issued	97	73	32	74	97
Facilities maintained	16	16	16	16	16
Fleet vehicles maintained	66	68	71	70	69
Parking space provided	718	718	718	718	718
Parks managed	10	10	10	10	10
Pedestrian Safety Signals maintained	6	6	7	9	10

## Community Development Department

The Community Development Department is dedicated to providing responsive, high-quality services and programs which enhance the quality of life for the City's residents, businesses, and visitors. The Community Development Department includes the Building and Planning divisions and administers the land use policies and standards adopted by the City Council, including the General Plan, Local Coastal Program, Zoning Code, Design Guidelines, Building Codes, and affordable housing policies.



## Recreation

The Recreation Department provides City-staffed activities, including the Afterschool Program, Junior Lifeguards and Camp Capitola, as well as adult and youth sports leagues. In addition to providing Lifeguards on Capitola Beach, they also manage rental of Jade Street Community Center, the tennis courts, softball field, soccer field, and Monterey Park.



<b>Enrollment statistics</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>
Recreation Classes	2,299	1,325	1,788	2,441	2,344
Junior Guards	728	407	756	843	945
Camp Capitola	636	297	593	648	896
Junior Guards - Photo pkg purch	119	0	436	134	558
Jr Guards Regional Competition	69	0	0	43	51
Camp Cap/Jr Guards Transport	54	0	37	95	132
Sports Leagues - teams	9	0	8	14	6
Sports Rentals - # of rental groups	22	30	11	28	26
Facility Rentals	18	0	17	32	27
Afterschool/Recreation Club	187	0	28	29	256
Outside School Time Program	N/A	116	N/A	N/A	N/A





## Art and Culture



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

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

## Museum



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

# DEMOGRAPHICS AND STATISTICS

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

## Education

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



- High School Graduates <sup>(1)</sup> 93.8%
- College Graduates – bachelor's degree or higher <sup>(1)</sup> 47.9%

## Housing

- Median Household Income <sup>(1)</sup> \$91,850
- Median Value <sup>(2)</sup> \$860,000
- Persons per Household <sup>(1)</sup> 2.1
- Assessed Valuation <sup>(2)</sup>:
  - Net Total Assessed Value: \$ 3,157,742,571
  - Secured \$ 3,078,002,957
  - Unsecured \$ 79,739,614

Calendar Year <sup>(1)</sup>	Population	Per Capita Personal Income	Median Age	Unemployment Rate
2014	10,004	36,451	42	7.0%
2015	10,150	37,539	43	6.0%
2016	10,162	38,414	43	5.5%
2017	10,563	39,902	43	3.3%
2018	10,240	37,922	42	2.2%
2019	10,108	43,605	43	1.4%
2020	10,091	41,561	42	2.1%
2021	9,794	49,512	45	1.8%
2022	9,625	57,036	47	2.3%
2023	9,497	65,570	49	2.8%

(1) Source: Data USA

(2) Source: Santa Cruz County Assessor

## Hospitals

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

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

## Airports

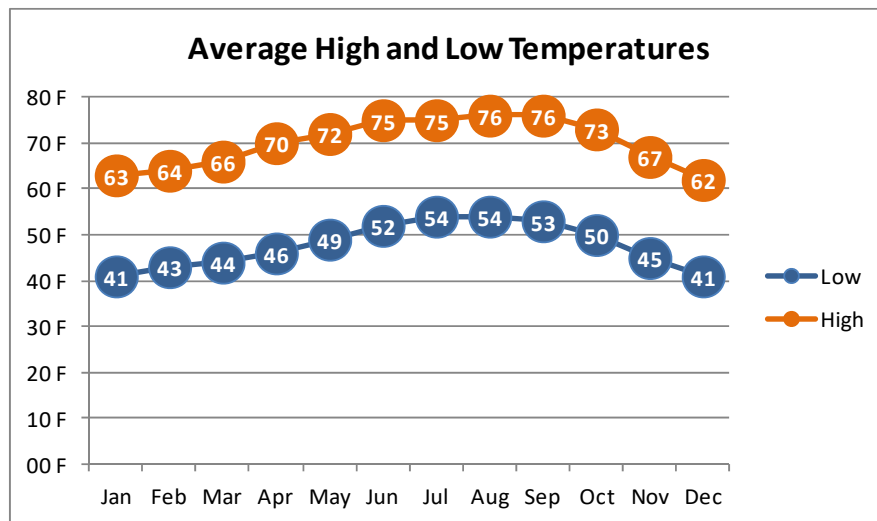
The City is located within 40 miles of three airports:

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

## Climate

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

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



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





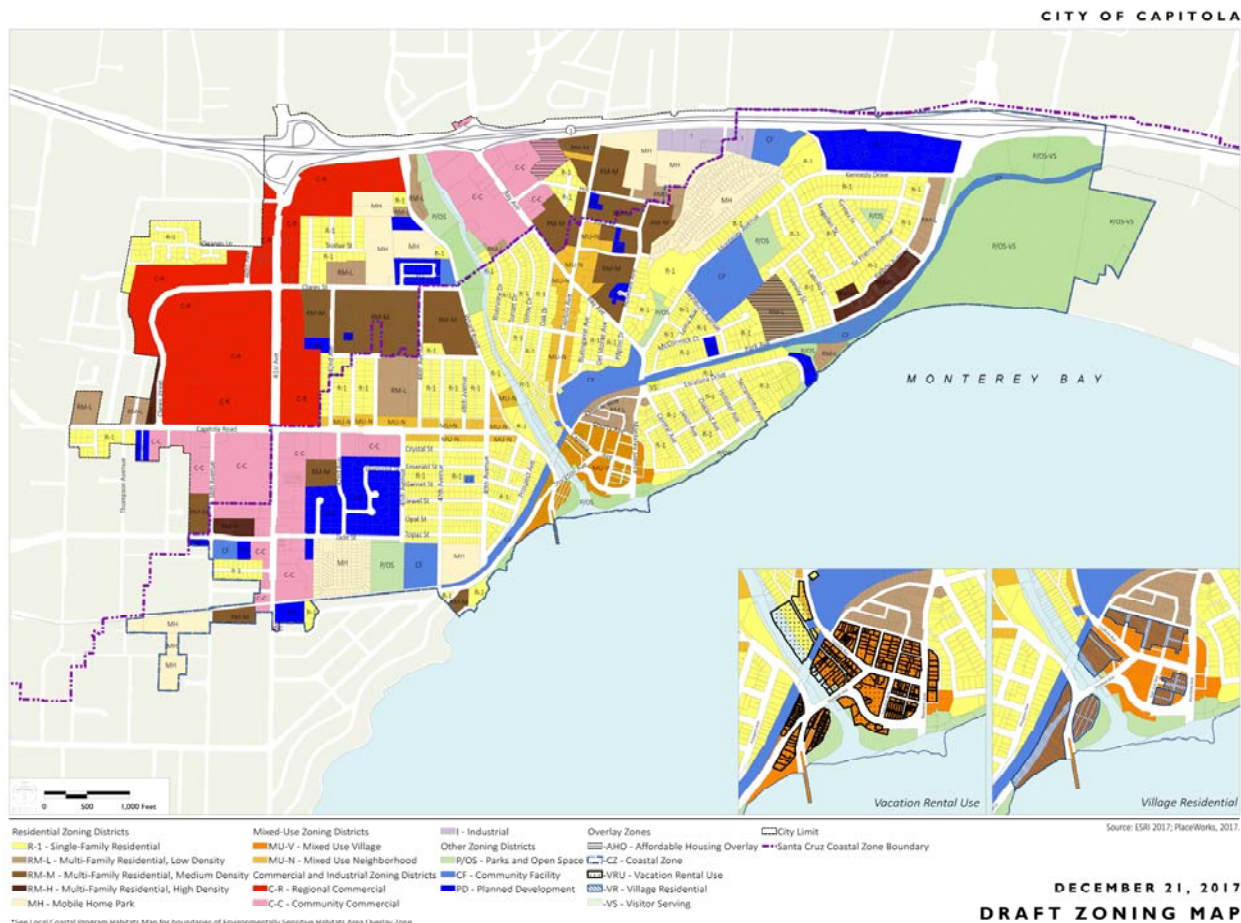
## Open Meetings

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

Number of meetings annually	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
City Council	27	23	29	28	27
Architecture & Site Review Committee	12	17	7	-	-
Art & Cultural Commission	12	12	12	11	14
Commission on the Environment	4	4	6	9	10
Finance Advisory Committee	8	8	7	8	7
Historical Museum Board	12	11	9	11	12
Planning Commission	14	12	14	14	14
Total Committee and Board Meetings	89	87	84	81	84

## Community Zoning

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



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# SUMMARY INFORMATION



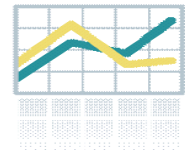
## Budget Process Overview

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.

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

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

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



## **Financial Policies**

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### **Basis of Accounting**

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

### **Level of Budget Control**

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

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

### **Budget Adjustments**

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

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

### **Financial Committees and Boards**

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

#### Finance Advisory Committee

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



## General Fund Summary

The General Fund balance decreased as planned in FY 2023-24 due to implementation of City Council goals. The projected General Fund FY 2023-24 ending budgetary fund balance totals \$600,000. The FY 2024-25 Adopted Budget maintains the General Fund balance at the minimum target of \$500,000 while maintaining \$100,000 for the employee downpayment assistance program.

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

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

### General Fund Summary

Major Categories	FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Amended	FY 23/24 Estimated	FY 24/25 Adopted	FY 25/26 Planned
<b>Revenues</b>						
Taxes	\$ 14,514,218	\$ 14,709,173	\$ 14,643,970	\$ 14,521,871	\$ 15,106,270	\$ 15,632,013
Licenses and permits	718,935	650,188	664,159	695,854	740,409	743,597
Intergovernmental revenues	1,350,001	351,671	89,700	105,700	106,360	108,353
Charges for services	1,894,868	1,817,637	2,157,937	1,912,013	2,369,640	2,369,640
Fines and forfeitures	588,832	566,907	607,500	648,000	607,500	607,500
Use of money & property	31,722	70,527	198,495	183,200	190,195	190,195
Other revenues	891,204	240,413	115,403	135,953	117,206	119,053
<b>Revenues Totals</b>	<b>\$19,989,781</b>	<b>\$18,406,515</b>	<b>\$18,477,164</b>	<b>\$18,202,591</b>	<b>\$19,237,579</b>	<b>\$19,770,351</b>
<b>Expenditures</b>						
Personnel	\$10,273,249	\$11,793,722	\$11,793,722	\$11,766,171	\$12,771,739	\$13,245,288
Contract services	3,018,482	3,336,801	3,483,368	3,483,368	3,515,981	3,409,956
Training & Memberships	101,501	113,320	178,936	144,018	166,650	166,900
Supplies	671,950	768,110	631,975	779,626	817,050	780,000
Grants and Subsidies	43,650	101,650	125,000	125,000	125,000	125,000
Internal service fund charges	1,196,204	1,444,499	1,617,841	1,617,841	1,523,578	1,715,947
Other financing uses	3,608,343	3,271,324	2,288,788	2,288,788	287,568	287,344
<b>Expenditures Totals</b>	<b>\$18,913,379</b>	<b>\$20,829,427</b>	<b>\$20,119,630</b>	<b>\$20,204,812</b>	<b>\$19,207,566</b>	<b>\$19,730,434</b>
<b>Impact on Fund Balance</b>	<b>\$ 1,076,402</b>	<b>\$ (2,422,912)</b>	<b>\$ (1,642,466)</b>	<b>\$ (2,002,221)</b>	<b>\$30,013</b>	<b>\$39,916</b>
<b>Budgetary Fund Balance</b>	<b>\$ 5,224,050</b>	<b>\$ 2,801,138</b>	<b>\$ 958,672</b>	<b>\$ 598,917</b>	<b>\$ 628,931</b>	<b>\$ 668,847</b>
<b>Designations</b>						
Employee Downpayment					\$ (100,000)	\$ (100,000)
Infrastructure	\$ -	\$ -	\$ -	\$ -		
<b>Revised Budgetary Fund Balance</b>	<b>\$ 5,224,050</b>	<b>\$ 2,601,138</b>	<b>\$ 958,672</b>	<b>\$ 598,917</b>	<b>\$ 528,931</b>	<b>\$ 568,847</b>

## Revenue Summary

	FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Amended	FY 23/24 Estimated	FY 24/25 Adopted	FY 25/26 Planned
<b>General Fund</b>	<b>\$ 19,989,781</b>	<b>\$18,406,515</b>	<b>\$18,477,164</b>	<b>\$18,202,591</b>	<b>\$19,237,579</b>	<b>\$19,770,351</b>
<b>Designated Reserves</b>						
Contingency Reserve	-	131,000	172,000	172,000	-	-
PERS Contingency Reserve	(111,278)	250,000	260,000	260,000	10,000	10,000
Emergency Reserve	-	147,300	250,000	250,000	-	-
Facility Reserve	-	-	-	-	-	-
<b>Total Designated Reserves</b>	<b>\$ (111,278)</b>	<b>\$ 528,300</b>	<b>\$ 682,000</b>	<b>\$ 682,000</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	165,074	165,066	670,000	670,000	-	-
Pacific Cove Park	88,211	88,002	87,788	87,788	87,568	87,344
<b>Total Debt Service</b>	<b>\$ 253,285</b>	<b>\$ 253,068</b>	<b>\$ 757,788</b>	<b>\$ 757,788</b>	<b>\$ 87,568</b>	<b>\$ 87,344</b>
<b>Capital Improvement Fund</b>	<b>\$ 342,864</b>	<b>\$ 3,766,006</b>	<b>\$ 6,453,203</b>	<b>\$ 4,789,000</b>	<b>\$ 7,177,000</b>	<b>\$ 972,341</b>
<b>Internal Service Funds</b>						
Stores Fund	\$ 20,010	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	201,968	261,570	510,000	509,390	272,000	272,000
Equipment Replacement	461,000	185,000	570,000	710,000	65,000	200,000
Self-Insurance Liability	438,930	955,290	622,136	622,136	760,036	797,228
Workers Compensation	427,680	431,999	447,705	447,705	403,542	423,719
Compensated Absences	220,000	220,000	225,000	225,000	200,000	200,000
<b>Total Internal Service Funds</b>	<b>\$ 1,769,588</b>	<b>\$ 2,080,859</b>	<b>\$ 2,401,841</b>	<b>\$ 2,541,231</b>	<b>\$ 1,727,578</b>	<b>\$ 1,919,947</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 101,541	\$ 107,082	\$ 100,500	\$ 103,044	\$ 104,000	\$ 104,000
TOT Restricted Revenue	99,483	96,497	100,833	100,157	102,842	104,878
Gas Tax	242,995	255,825	284,881	288,502	274,160	263,905
RTC Streets	385,691	381,953	371,000	260,779	374,000	385,000
SB1 RMRA	208,983	227,379	248,500	254,869	252,161	257,204
Wharf	119,189	72,310	-	2,620	20,500	32,500
General Plan Update and Maint	66,975	127,062	194,750	108,294	114,375	50,000
Green Building Education	13,273	13,459	3,000	43,457	15,000	15,000
Public Arts Fee	-	-	5,000	-	-	-
Parking Reserve	100,000	100,000	469,000	469,000	-	-
Technology Fee	17,845	14,659	11,500	14,309	14,500	14,500
PEG-Public Education and Gov.	14,249	13,437	16,000	6,261	16,000	16,000
BIA-Capitola Village-Wharf BIA	105,842	145,789	146,684	146,684	148,600	148,600
CDBG Grants	220,191	168,768	253,335	89,809	232,335	-
CDBG Program Income	171	1,151	250	1,000	-	-
Library	551,180	51,693	1,500	962	1,000	1,000
HOME Reuse	14,051	99,530	-	64,614	-	-
Housing Trust	7,131	50,377	10,000	61,148	14,000	14,000
PLHA	-	-	481,732	105,092	171,825	185,983
Cap Hsg Succ- Program Income	6,502	127,642	40,000	168,122	27,400	7,400
<b>Total Special Revenue Funds</b>	<b>\$ 2,275,294</b>	<b>\$ 2,054,611</b>	<b>\$ 2,738,465</b>	<b>\$ 2,288,722</b>	<b>\$ 1,882,698</b>	<b>\$ 1,599,971</b>
<b>Total Revenues - All Funds</b>	<b>\$ 24,519,533</b>	<b>\$27,089,359</b>	<b>\$31,510,461</b>	<b>\$29,261,332</b>	<b>\$30,122,423</b>	<b>\$24,359,953</b>



## Expenditure Summary

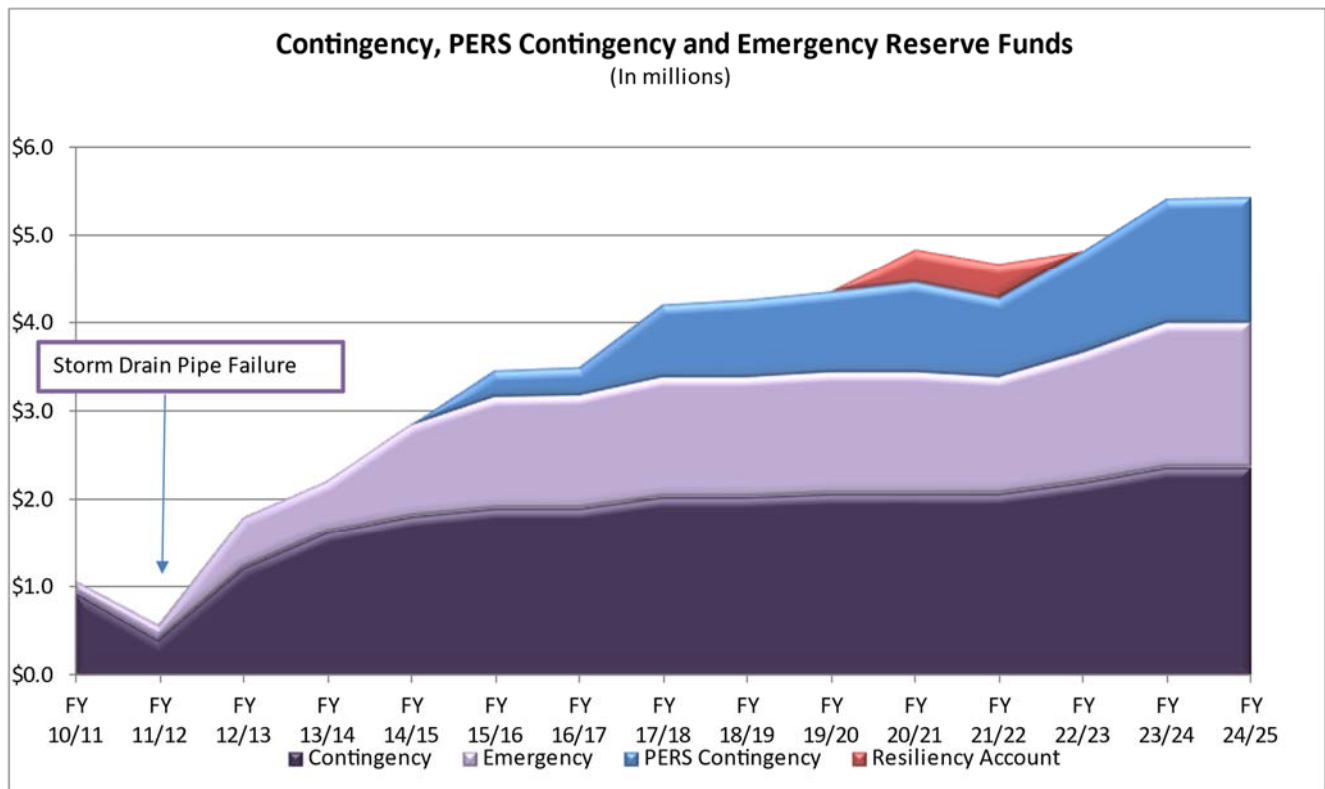
	FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Amended	FY 23/24 Estimated	FY 24/25 Adopted	FY 25/26 Planned
<b>General Fund</b>	<b>\$ 18,913,379</b>	<b>\$ 20,829,427</b>	<b>\$ 20,119,630</b>	<b>\$ 20,204,812</b>	<b>\$ 19,207,566</b>	<b>\$ 19,730,434</b>
<b>Designated Reserves</b>						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	60,000	-	80,000	80,000	-	-
Facilities Reserve	90,116	-	-	-	-	-
<b>Total Designated Reserves</b>	<b>\$ 150,116</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	165,066	165,066	725,000	649,940	-	-
Pac Cove Park	88,211	88,002	87,788	87,788	87,568	87,344
<b>Total Debt Service Funds</b>	<b>\$ 253,277</b>	<b>\$ 253,068</b>	<b>\$ 812,788</b>	<b>\$ 737,728</b>	<b>\$ 87,568</b>	<b>\$ 87,344</b>
<b>Capital Improvement Fund</b>	<b>\$ 1,057,024</b>	<b>\$ 1,476,467</b>	<b>\$ 6,863,140</b>	<b>\$ 1,386,500</b>	<b>\$ 12,686,300</b>	<b>\$ 1,190,000</b>
<b>Internal Service Funds</b>						
Stores	\$ 23,690	\$ 29,759	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	174,084	299,723	626,000	650,000	272,000	272,000
Equipment Replacement	178,703	275,161	403,404	1,008,650	140,000	200,000
Self-Insurance Liability	586,251	656,222	622,138	720,406	760,036	797,228
Workers' Compensation	379,401	681,777	447,705	446,257	403,542	423,719
Compensated Absences	372,970	-	225,000	225,000	200,000	200,000
<b>Total Internal Service Funds</b>	<b>\$ 1,715,100</b>	<b>\$ 1,942,641</b>	<b>\$ 2,351,247</b>	<b>\$ 3,077,313</b>	<b>\$ 1,802,578</b>	<b>\$ 1,919,947</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 46,117	\$ 109,954	\$ 221,000	\$ 221,230	\$ 101,500	\$ 101,500
TOT Restricted Revenue	105,167	100,783	151,667	137,333	119,133	105,774
Gas Tax	160,280	149,949	283,350	271,571	272,000	261,900
RTC Streets	96,915	1,129,884	386,345	386,345	369,000	380,000
SB1 RMRA	96,915	253,428	243,500	243,500	252,161	257,204
Wharf	98,523	61,003	17,500	44,796	141,250	31,605
General Plan Update and Maint.	22,493	125,760	401,412	76,130	209,375	45,000
Green Building Education	-	-	21,000	7,710	57,000	7,000
Public Arts Fee	-	5,031	78,000	11,000	66,500	26,000
Parking Reserve	100,000	100,000	469,000	469,000	-	-
Technology Fee	4,375	18,250	13,250	13,250	13,250	13,250
PEG-Public Education and Gov.	34,284	32,159	15,000	-	12,000	12,000
BIA-Capitola Village-Wharf BIA	95,849	140,940	157,500	157,500	155,900	155,900
CDBG Grants	265,954	220,884	273,335	20,000	235,530	20,000
CDBG Program Income	64,907	-	7,500	7,500	10,000	10,000
Library	1,305,325	1,085	-	-	-	-
HOME Reuse	3,200	3,700	64,100	64,100	4,100	4,100
Housing Trust	25,000	25,000	201,000	201,000	150,000	-
PLHA	-	-	256,800	99,837	171,825	185,983
Cap Hsg Succ- Program Income	97,969	92,316	405,807	293,610	1,324,025	74,025
<b>Total Special Revenue Funds</b>	<b>\$ 2,623,272</b>	<b>\$ 2,570,126</b>	<b>\$ 3,667,066</b>	<b>\$ 2,725,413</b>	<b>\$ 3,664,549</b>	<b>\$ 1,691,241</b>
<b>Total Expenditures - All Funds</b>	<b>\$ 24,712,168</b>	<b>\$ 27,071,728</b>	<b>\$ 33,893,871</b>	<b>\$ 28,211,767</b>	<b>\$ 37,448,561</b>	<b>\$ 24,618,966</b>

## Emergency, PERS Contingency and Contingency Reserves

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

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

The City was able to navigate the fiscal impacts associated the COVID-19 Pandemic without utilizing reserve funds, however, the atmospheric river storms on Jan. 5, 2023, has caused the City to utilize funds from the Emergency Reserve to make emergency repairs. Additionally, as the City continues to make storm damage repairs the general fund balance has been drawn down and therefore the FY 2024-25 Adopted Budget does not include any general fund transfers into the reserves. As storm damage repair costs are reimbursed through FEMA and Cal OES the City anticipates returning reserves to minimum target balances.



## OPEB and PERS Trust Funds

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

### **OPEB Trust Fund:**

Balance 6/30/2023	\$645,733
FY 2023/24 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2024	\$717,783
FY 2024/25 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2025	\$789,833

### **PERS Trust Fund:**

Balance 6/30/2023	\$1,187,772
Estimated Interest Earned	10,000
<u>FY 2023/24 Contributions</u>	<u>250,000</u>
Estimated Balance 6/30/2024	\$1,447,772
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2025	\$1,457,772

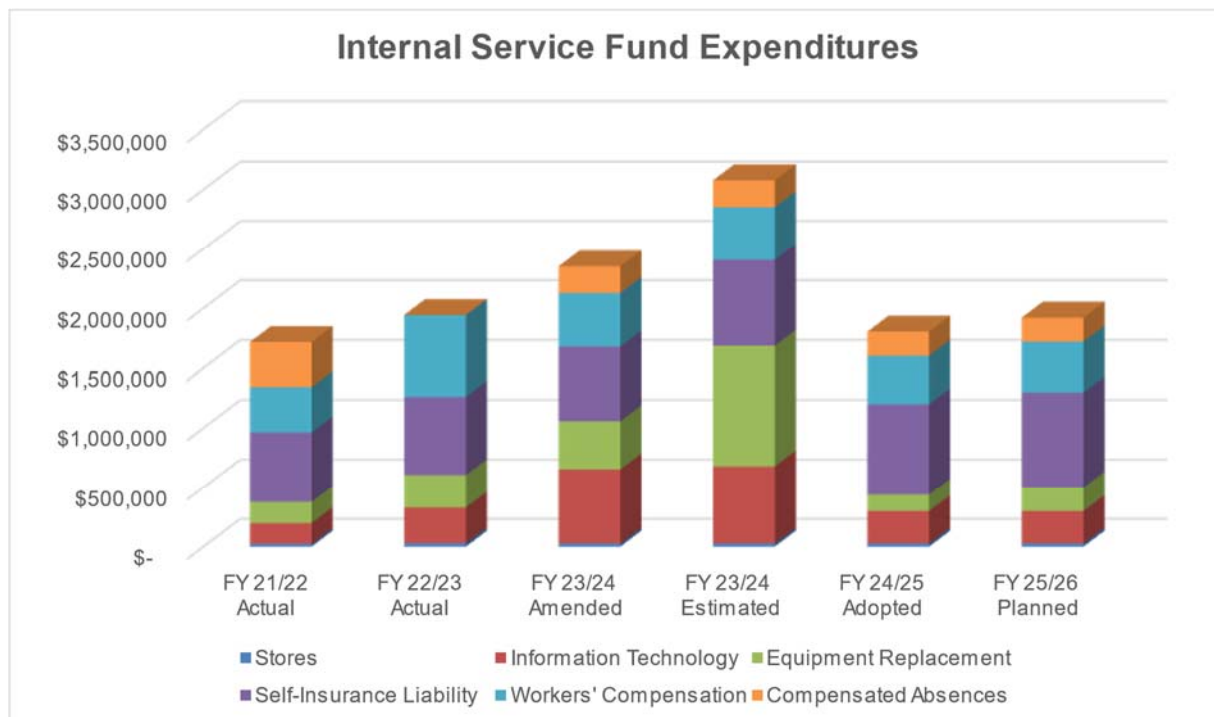
## General Fund Resources

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

The following table shows the estimated General Fund available resources:

<b>Estimated Year End Fund Balance</b>	<b>FY 23/24 Estimated</b>	<b>FY 24/25 Adopted</b>	<b>FY 25/26 Planned</b>
General Fund	\$ 598,917	\$ 628,931	\$ 668,847
Designated Reserves			
Emergency	1,631,506	1,631,506	1,631,506
Contingency	2,364,346	2,364,346	2,364,346
PERS Contingency	1,414,275	1,424,275	1,434,275
Facilities Reserve	532,714	532,714	532,714
Internal Service Funds			
Stores	62,676	62,676	62,676
Information Technology	177,041	177,041	177,041
Equipment Replacement	577,318	502,318	502,318
Self-Insurance Liability	179,917	179,917	179,917
Workers' Compensation	118,749	118,749	118,749
Compensated Absences	330,886	330,886	330,886
<b>Total General Fund Resources</b>	<b>\$ 7,988,344</b>	<b>\$ 7,953,358</b>	<b>\$ 8,003,274</b>

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





## Fund Balance Summary

	Estimated Balance 7/1/2024	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2025
<b>General Fund</b>	\$ 598,917	\$19,237,579	\$ -	\$ 18,919,998	\$ 287,568	\$ 628,931
<b>Designated Reserves</b>						
Contingency Reserve	\$2,364,346	\$ -	\$ -			\$ 2,364,346
PERS Contingency Reserve	1,414,275	10,000	-	-	-	1,424,275
Emergency Reserve	1,631,506		-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	532,714	-	-	-	-	532,714
<b>Total Designated Reserves</b>	<b>\$ 5,942,840</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,952,840</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	75,204	-	-		-	75,204
Pac Cove Park	12	-	87,568	87,568	-	12
<b>Total Debt Service</b>	<b>\$ 75,216</b>	<b>\$ -</b>	<b>\$ 87,568</b>	<b>\$ 87,568</b>	<b>\$ -</b>	<b>\$ 75,216</b>
<b>Capital Improvement Fund</b>	<b>\$ 1,351,312</b>	<b>\$ 1,420,700</b>	<b>\$ -</b>	<b>\$ 2,600,000</b>	<b>\$ -</b>	<b>\$ 172,012</b>
<b>Internal Service Funds</b>						
Stores	\$ 62,676	\$ 27,000		\$ 27,000	\$ -	\$ 62,676
Information Technology	177,041	275,000	-	272,000	-	180,041
Equipment Replacement	577,318	65,000	-	140,000	-	502,318
Self-Insurance Liability	179,917	760,036		760,036	-	179,917
Workers' Compensation	118,749	403,542		403,542	-	118,749
Compensated Absences	330,886	-	200,000	200,000	-	330,886
<b>Total Internal Service Funds</b>	<b>\$ 1,446,587</b>	<b>\$ 1,530,578</b>	<b>\$ 200,000</b>	<b>\$ 1,802,578</b>	<b>\$ -</b>	<b>\$ 1,374,587</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 33,427	\$ 104,000		\$ 101,500		\$ 35,927
TOT Restricted Revenue	21,296	102,842		119,133		5,004
SB1 RMRA	300,518	252,161		252,161		300,518
RTC Streets	60,325	374,000		369,000		65,325
Gas Tax	273,397	274,160		272,000		275,557
Wharf	124,018	20,500		141,250		3,268
General Plan Update and Maint	280,571	114,375		209,375		185,571
Green Building Education	260,555	15,000		57,000		218,555
Public Art	155,236	-		66,500		88,736
Parking Reserve	737	-		-	-	737
Technology Fee	94,371	14,500		13,250		95,621
PEG-Public Education and Govt.	51,341	16,000		12,000		55,341
Capitola Village/Wharf BIA	33,426	148,600	-	155,900		26,126
CDBG Grants	(1,080)	232,335		235,530		(4,275)
CDBG Program Income	39,199	-		10,000		29,199
Library	51,569	1,000		-		52,569
HOME Reuse	780,264	-		4,100		776,164
Housing Trust	241,690	14,000		150,000		105,690
PLHA	5,255	171,825		171,825		5,255
Cap Hsg Succ- Program Income	1,925,511	27,400		1,324,025		628,886
<b>Total Special Revenue Funds</b>	<b>\$ 4,731,626</b>	<b>\$ 1,882,698</b>	<b>\$ -</b>	<b>\$ 3,664,549</b>	<b>\$ -</b>	<b>\$ 2,949,774</b>
<b>Prelim. Fund Balance - All Funds</b>	<b>\$ 14,146,498</b>	<b>\$ 24,081,555</b>	<b>\$ 287,568</b>	<b>\$ 27,074,693</b>	<b>\$ 287,568</b>	<b>\$ 11,153,359</b>
<b>GF Fund Balance Designation</b>	<b>(100,000)</b>					<b>(100,000)</b>
<b>Total Fund Balance - All Funds</b>	<b>14,046,498</b>					<b>11,053,359</b>

## Fund Balance Summary

	Estimated Balance 7/1/2025	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2026
<b>General Fund</b>	\$ 628,931	\$ 19,770,351	\$ -	\$ 19,443,090	\$ 287,344	\$ 668,847
<b>Designated Reserves</b>						
Contingency Reserve	\$ 2,364,346	\$ -	\$ -		\$ -	\$ 2,364,346
PERS Contingency Reserve	1,424,275	10,000	-	-	-	1,434,275
Emergency Reserve	1,631,506	-	-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	532,714	-	-	-	-	532,714
<b>Total Designated Reserves</b>	<b>\$ 5,952,840</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,962,840</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	75,204	-	-	-	-	75,204
Pac Cove Park	12	-	87,344	87,344	-	12
<b>Total Debt Service</b>	<b>\$ 75,216</b>	<b>\$ -</b>	<b>\$ 87,344</b>	<b>\$ 87,344</b>	<b>\$ -</b>	<b>\$ 75,216</b>
<b>Capital Improvement Fund</b>	<b>\$ 172,012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 172,012</b>
<b>Internal Service Funds</b>						
Stores	\$ 62,676	\$ 27,000	\$ -	\$ 27,000	\$ -	\$ 62,676
Information Technology	180,041	272,000	-	272,000	-	180,041
Equipment Replacement	502,318	200,000	-	200,000	-	502,318
Self-Insurance Liability	179,917	797,228	-	797,228	-	179,917
Workers' Compensation	118,749	423,719	-	423,719	-	118,749
Compensated Absences	330,886	-	200,000	200,000	-	330,886
<b>Total Internal Service Funds</b>	<b>\$ 1,374,587</b>	<b>\$ 1,719,947</b>	<b>\$ 200,000</b>	<b>\$ 1,919,947</b>	<b>\$ -</b>	<b>\$ 1,374,587</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 35,927	\$ 104,000		\$ 101,500		\$ 38,427
TOT Restricted Revenue	5,004	104,878		105,774		4,109
SB1 RMRA	300,518	257,204		257,204		300,519
RTC Streets	65,325	385,000		380,000		70,325
Gas Tax	275,557	263,905		261,900		277,562
Wharf	3,268	32,500		31,605		4,163
General Plan Update and Maint	185,571	50,000		45,000		190,571
Green Building Education	218,555	15,000		7,000		226,555
Public Art	88,736	-		26,000		62,736
Parking Reserve	737	-	-	-	-	737
Technology Fee	95,621	14,500		13,250		96,871
PEG-Public Education and Govt.	55,341	16,000		12,000		59,341
BIA-Capitola Village-Wharf BIA	26,126	148,600		155,900		18,826
CDBG Grants	(4,275)	-		20,000		(24,275)
CDBG Program Income	29,199	-		10,000		19,199
Library	52,569	1,000		-		53,569
HOME Reuse	776,164	-		4,100		772,064
Housing Trust	105,690	14,000			-	119,690
PLHA	5,255	185,983		185,983		5,255
Cap Hsg Succ- Program Income	628,886	7,400		74,025		562,261
<b>Total Special Revenue Funds</b>	<b>\$ 2,949,774</b>	<b>\$ 1,599,971</b>	<b>\$ -</b>	<b>\$ 1,691,241</b>	<b>\$ -</b>	<b>\$ 2,858,504</b>
<b>Prelim. Fund Balance - All Funds</b>	<b>\$ 11,153,359</b>	<b>\$ 23,100,269</b>	<b>\$ 287,344</b>	<b>\$ 23,141,622</b>	<b>\$ 287,344</b>	<b>\$ 11,112,006</b>
<b>GF Fund Balance Designation</b>	<b>(100,000)</b>				<b>-</b>	<b>(100,000)</b>
<b>Total Fund Balance - All Funds</b>	<b>11,053,359</b>					<b>11,012,006</b>



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# GENERAL FUND REVENUES

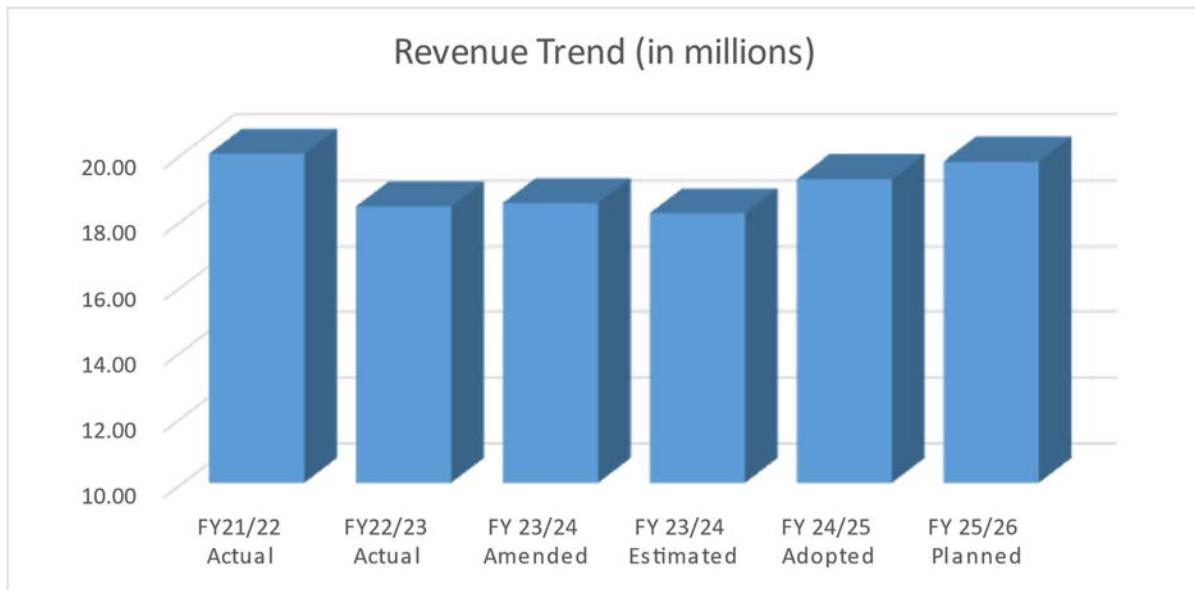


## General Fund Revenues

Revenues for the FY 2024-25 General Fund operating budget total \$19.2 million, an increase of approximately \$760,000 or 4.1 percent above FY 2023-24 estimated revenue. Property tax revenues remain strong as assessed values (basis for property tax levies) continue to increase with changes in ownership and an additional 2% CPI increase per Prop 13 provisions. Staff anticipates sales tax revenue to increase around 2.3% over FY 2023-24 and transient occupancy tax to increase about 1% compared to prior year as hotels, motels, and short-term rentals continue strong operations.

A summary of major revenue changes between the FY 2023-24 adopted and FY 2024-25 adopted budgets is listed below:

General Fund Revenues						
	FY21/22 Actual	FY22/23 Actual	FY 23/24 Amended	FY 23/24 Estimated	FY 24/25 Adopted	FY 25/26 Planned
Taxes	\$ 14,514,218	\$14,709,173	\$14,643,970	\$14,521,871	\$15,106,270	\$15,632,013
Licenses and permits	718,935	650,188	664,159	695,854	740,409	743,597
Intergovernmental revenues	1,350,001	351,671	89,700	105,700	106,360	108,353
Charges for services	1,894,868	1,817,637	2,157,937	1,912,013	2,369,640	2,369,640
Fines and forfeitures	588,832	566,907	607,500	648,000	607,500	607,500
Use of money & property	31,722	70,527	198,495	183,200	190,195	190,195
Other revenues	891,204	240,413	115,403	135,953	117,206	119,053
<b>General Fund Revenues</b>	<b>\$ 19,989,781</b>	<b>\$18,406,515</b>	<b>\$18,477,164</b>	<b>\$18,202,591</b>	<b>\$19,237,579</b>	<b>\$19,770,351</b>



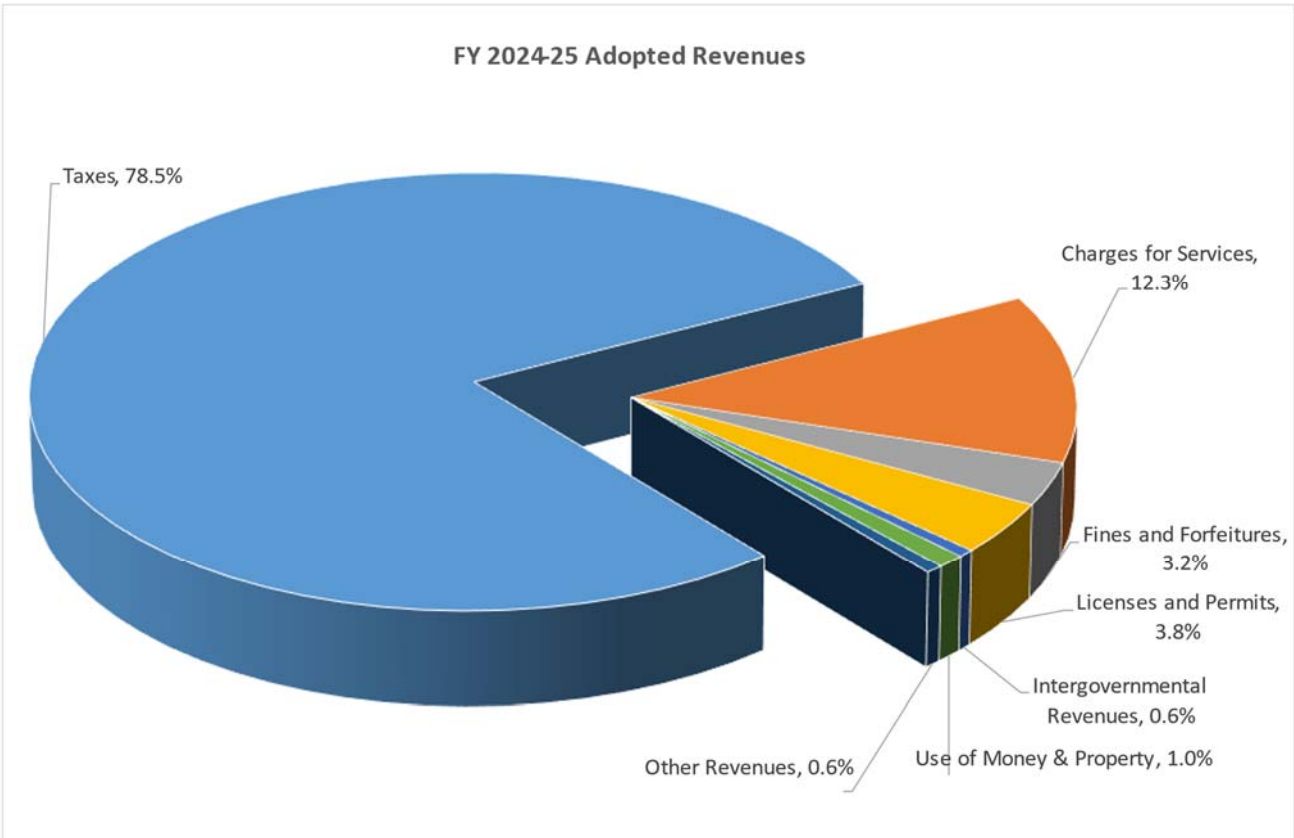
## General Revenue Information

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

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

• Sales Tax	\$8,508,650
• Transient Occupancy Tax	2,222,000
• Parking Meters	1,165,940
• Parking Fines	497,500
• Property Taxes	<u>3,277,120</u>
	\$15,671,210

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



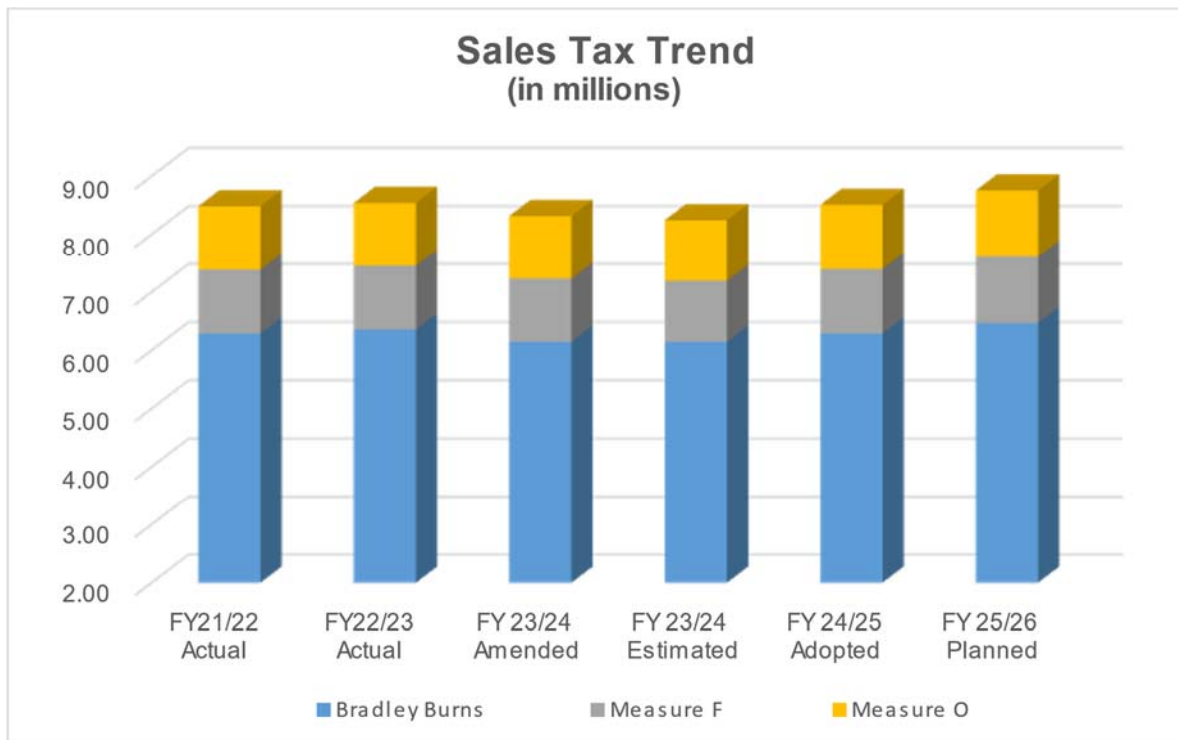
## Sales Tax

The City of Capitola sales tax consists of one percent Bradley Burns, a quarter percent Capitola District Tax (Measure F), and a permanent quarter percent Capitola District Tax (Measure O). In FY 2023-24 annual sales tax revenue is estimated to be \$8.2 million, with approximately \$2.1 million in revenues contributed by Measure O, and Measure F.

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

The Finance Department works closely with HdL, the City's sales tax consultant, on tax recovery, statistics, and projections. Sales tax projections are based on a combination of "most likely" estimates provided by HdL, internal quarter over quarter analyses, and the impact of one-time events. In FY 2024-25, Bradley Burns sales tax revenue is anticipated to increase by approximately 2.3 percent, or \$141,000, above the FY 2023-24 estimated sales tax receipts. The City's sales tax collections are heavily dependent on the top five generators.

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



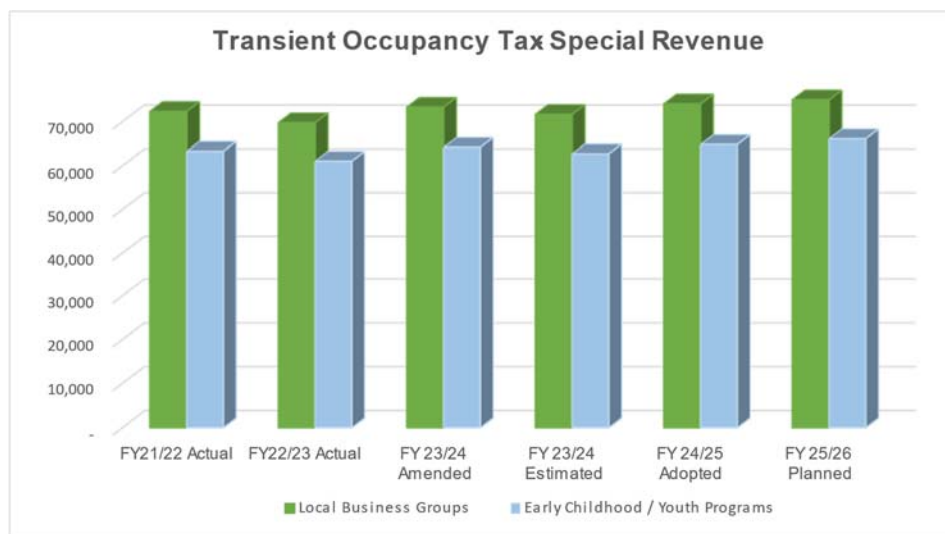
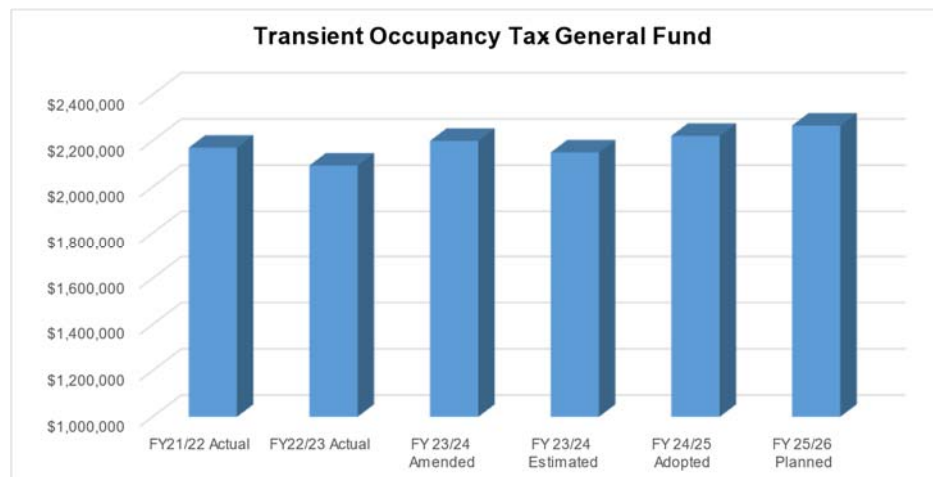
## Transient Occupancy Taxes (TOT)

Hotel tax, also known as the Transient Occupancy Tax (TOT), charges rental accommodation of less than 30 days a 12 percent tax of which 0.75% is restricted for local business groups and early childhood and youth programs. In FY 2023-24 TOT tax generally accounts for approximately 11% of General Fund operating revenues. The City's TOT revenues come from the following sources:

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

TOT revenues are anticipated to increase 1% during FY 2024-25. For the last several years, hotels have experienced high occupancy rates leaving little room for increased TOT revenues. As the industry slows down little revenues are expected to continue to grow slightly as has been the case for the last couple of years.

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

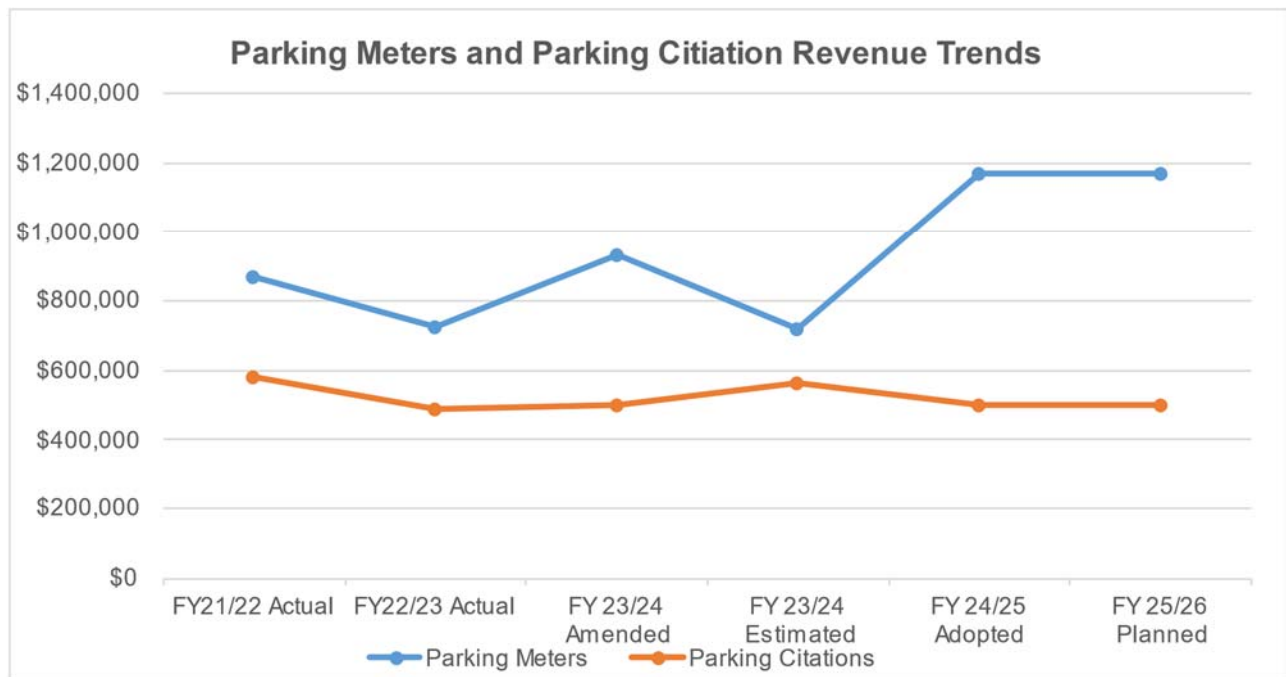


## Parking Meters and Parking Fines

In FY 2024-25 parking meter and parking fine revenues are estimated to contribute approximately \$1.7 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. The FY 2024-25 adopted budget reflects a \$233,000 in parking meter revenue as a result of the parking meter rate increase effective Jan. 1, 2023. During the summer, the City offers shuttle bus service from the parking lots to the Village, beach, and Capitola Wharf. Projected revenues for each location are estimated below:

Location	Spaces		FY 24/25 Adopted	Avg. Meter Rev. per Space
Village	191	\$	765,940	\$ 4,010
Cliff Drive	65	\$	162,500	\$ 2,500
Pacific Cove - Upper Lot	232	\$	175,000	\$ 754
Pacific Cove - Lower Lot	226	\$	62,500	\$ 277

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



## Property Taxes

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

In FY 2024-25 property tax revenue is estimated to be \$3.3 million, representing a six percent increase over the estimated collection amount from FY 2023-24. The City's collections are slightly higher than the information from the County Auditor-Controller's Office due to the increased cost of housing and a robust housing market.

In the FY 2024-25 adopted budget, base property tax revenues are projected to increase approximately six percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. A growth factor of six percent of the assessed property valuation was used to estimate FY 2024-25 property tax revenue.

Property taxes are received based on the following distribution schedule:

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

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

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





## Revenue Summary

	FY21/22 Actual	FY22/23 Actual	FY 23/24 Amended	FY 23/24 Estimated	FY 24/25 Adopted	FY 25/26 Planned
<b><u>Taxes</u></b>						
Property Taxes	\$ 2,782,322	\$ 2,959,208	\$ 3,091,621	\$ 3,091,621	\$ 3,277,120	\$ 3,473,747
Sales Tax- Bradley Burns	6,288,953	6,359,143	6,145,250	6,145,250	6,286,590	6,468,901
Sales Tax- Measure O	1,097,862	1,087,700	1,086,050	1,050,000	1,111,030	1,143,250
Sales Tax- Measure F	1,097,984	1,095,576	1,086,050	1,050,000	1,111,030	1,143,250
Document Transfer Tax	100,861	98,938	100,000	100,000	100,000	100,000
Franchise Tax	634,511	708,276	635,000	635,000	698,500	733,425
Transient Occupancy Tax	2,170,541	2,093,243	2,199,999	2,150,000	2,222,000	2,266,440
Cannabis Retail Tax	341,183	307,089	300,000	300,000	300,000	303,000
<b>Total</b>	<b>\$ 14,514,218</b>	<b>\$ 14,709,173</b>	<b>\$ 14,643,970</b>	<b>\$ 14,521,871</b>	<b>\$ 15,106,270</b>	<b>\$ 15,632,013</b>
<b><u>Licenses and permits</u></b>						
Business License	\$ 315,604	\$ 309,349	\$ 312,500	\$ 305,000	\$ 318,750	\$ 321,938
Building Permits	236,659	179,754	180,000	220,000	250,000	250,000
Cannabis Annual License Fee	5,188	5,354	5,000	5,354	5,000	5,000
Encroachment Permits	26,260	37,311	30,000	32,000	30,000	30,000
Special events permit	1,564	9,382	10,000	9,000	10,000	10,000
Entertainment permit	6,594	4,659	4,659	4,000	4,659	4,659
Parking Permits	43,068	42,098	45,500	45,500	45,500	45,500
Planning Permits	83,464	61,705	63,500	75,000	63,500	63,500
Other Permits	533	575	13,000	-	13,000	13,000
<b>Total</b>	<b>\$ 718,935</b>	<b>\$ 650,188</b>	<b>\$ 664,159</b>	<b>\$ 695,854</b>	<b>\$ 740,409</b>	<b>\$ 743,597</b>
<b><u>Intergovernmental revenues</u></b>						
Federal and State Grants	\$ 1,343,507	\$ 345,037	\$ 83,000	\$ 100,000	\$ 99,660	\$ 101,653
Gen gov't BIA - Fin. support svcs.	4,200	4,200	4,200	4,200	4,200	4,200
Gen gov't CVC - Fin. support svcs.	2,294	2,434	2,500	1,500	2,500	2,500
<b>Total</b>	<b>\$ 1,350,001</b>	<b>\$ 351,671</b>	<b>\$ 89,700</b>	<b>\$ 105,700</b>	<b>\$ 106,360</b>	<b>\$ 108,353</b>
<b><u>Charges for Svcs.</u></b>						
Gen gov't Pay stations-Village	\$ 562,881	\$ 452,741	\$ 612,750	\$ 400,000	\$ 765,940	\$ 765,940
Gen gov't Pay stations-Cliff Dr.	112,522	119,577	130,000	130,000	162,500	162,500
Gen gov't Pay station-upper Pac Cove	139,268	112,445	140,000	140,000	175,000	175,000
Gen gov't Pay stations-lower Pac Cove	56,676	38,089	50,000	50,000	62,500	62,500
Public safety Vehicle release fee	8,118	8,014	7,000	7,000	7,000	7,000
Public safety Police reports	631	667	500	500	500	500
Public safety Booking fees	-	-	250	250	250	250
Public safety DUI collections	5,772	2,133	6,000	3,000	6,000	6,000
Public safety Spec. events - Police Svcs.	4,145	41,141	40,000	40,000	40,000	40,000
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public Works - Special Events	-	4,427	-	4,500	0	0
Public works Stormwater dev. Review	2,224	1,524	2,000	2,000	2,000	2,000
Building fees Building plan check fees	113,353	129,767	100,000	95,000	100,000	100,000
Bldg. Official Reimbursement	105,833	103,761	112,000	112,000	0	0
Comm dev Planning fee - Sr./Assoc plnr cost	11,981	46,479	45,000	40,000	50,000	50,000
Comm Planning fee - assist plnr cost	6,612	-	-	-	0	0
Comm dev Planning fee - director cost	17,544	18,575	10,000	20,000	10,000	10,000
Comm dev Subdivisions	-	-	-	-	0	0
Comm dev Planning plan check fee	10,992	19,708	10,000	7,500	30,000	30,000
Comm dev Planning application fee	1,731	-	-	-	0	0
Comm dev Planning - Gen Plan	-	-	25,000	25,000	25,000	25,000

	FY21/22 Actual	FY22/23 Actual	FY 23/24 Amended	FY 23/24 Estimated	FY 24/25 Adopted	FY 25/26 Planned
Comm dev Planning - other fees	10,554	5,159	-	-	2,000	2,000
Comm dev Planning - Code Enforcement	-	-	-	-	-	-
Recr. fees Class fees	199,902	224,903	225,000	225,000	200,000	200,000
Recr. fees Jr. Guard fees	267,803	263,302	309,263	309,263	354,800	354,800
Recr. School Support Program	1,386	-	-	-	-	-
Recr. fees Sports fees	26,185	22,465	19,000	25,000	26,900	26,900
Recr. fees Camp Capitola fees	174,837	150,173	193,240	193,240	216,867	216,867
Recr. Afterschool Program	50,014	48,338	113,174	75,000	121,483	121,483
Recr. Events	904	1,249	4,760	4,760	7,900	7,900
<b>Total</b>	<b>\$ 1,894,868</b>	<b>\$ 1,817,637</b>	<b>\$ 2,157,937</b>	<b>\$ 1,912,013</b>	<b>\$ 2,369,640</b>	<b>\$ 2,369,640</b>
<b><u>Fines and forfeitures</u></b>						
Redlight camera enforcement	\$ -	\$ 37,924	\$ 40,000	\$ 25,000	\$ 40,000	\$ 40,000
Parking Cititation	580,447	486,207	497,500	563,000	497,500	497,500
General Fines	8,386	42,776	70,000	60,000	70,000	70,000
<b>Total</b>	<b>\$ 588,832</b>	<b>\$ 566,907</b>	<b>\$ 607,500</b>	<b>\$ 648,000</b>	<b>\$ 607,500</b>	<b>\$ 607,500</b>
<b><u>Use of money &amp; property</u></b>						
Investment earnings	\$ 12,390	\$ 7,596	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Rents Jade Street facility	6,700	11,081	11,000	10,000	2,000	2,000
Rents Esplanade restaurants	4,930	4,708	5,000	4,500	5,500	5,500
Rents Esplanade - surf trailer	1,785	2,281	1,800	1,700	2,000	2,000
Rents Esplanade bandstand	677	5,789	4,000	4,000	4,000	4,000
Rents Outdoor Dining	5,240	39,072	51,695	38,000	51,695	51,695
<b>Total</b>	<b>\$ 31,722</b>	<b>\$ 70,527</b>	<b>\$ 198,495</b>	<b>\$ 183,200</b>	<b>\$ 190,195</b>	<b>\$ 190,195</b>
<b><u>Other revenues</u></b>						
Donations - Recreation	\$ 21,250	\$ 29,250	\$ -	\$ 24,250	\$ -	\$ -
Grants, donations, contrib	1,700	2,600	2,000	2,600	2,000	2,000
Arts-Twilight Concert Sponsors	46,400	13,300	25,000	18,500	25,000	25,000
Arts-Movies at the Beach Sponsor	-	2,500	2,000	-	2,000	2,000
Arts-Art at the Beach Booth Fee	3,660	2,680	2,000	1,000	2,000	2,000
Arts-Sunday Art & Music Sponsors	-	-	-	-	-	-
Museum donations-Box Revenue	2,566	2,062	1,300	2,000	1,300	1,300
Museum Donations-Fundraising	5,819	8,028	3,000	7,000	3,000	3,000
Memorial plaques and benches	17,159	10,751	8,000	8,500	8,000	8,000
Miscellaneous revenues	44,495	169,242	72,103	72,103	73,906	75,753
Interfund Transfer In - Library	748,155	-	-	-	-	-
<b>Total</b>	<b>\$ 891,204</b>	<b>\$ 240,413</b>	<b>\$ 115,403</b>	<b>\$ 135,953</b>	<b>\$ 117,206</b>	<b>\$ 119,053</b>
<b>Grand Totals</b>	<b>\$ 19,989,781</b>	<b>\$ 18,406,515</b>	<b>\$ 18,477,164</b>	<b>\$ 18,202,591</b>	<b>\$ 19,237,579</b>	<b>\$ 19,770,351</b>

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# GENERAL FUND EXPENDITURES





## General Fund Expenditures

The total FY 2024-25 General Fund expenditure budget proposes a decrease of approximately \$1.2 million from the FY 2023-24 Amended Budget as existing resources are programmed towards City Council Goals. Increases have been programed in most major categories as inflation continues to impact City expenditures. Key differences between the two fiscal years include:

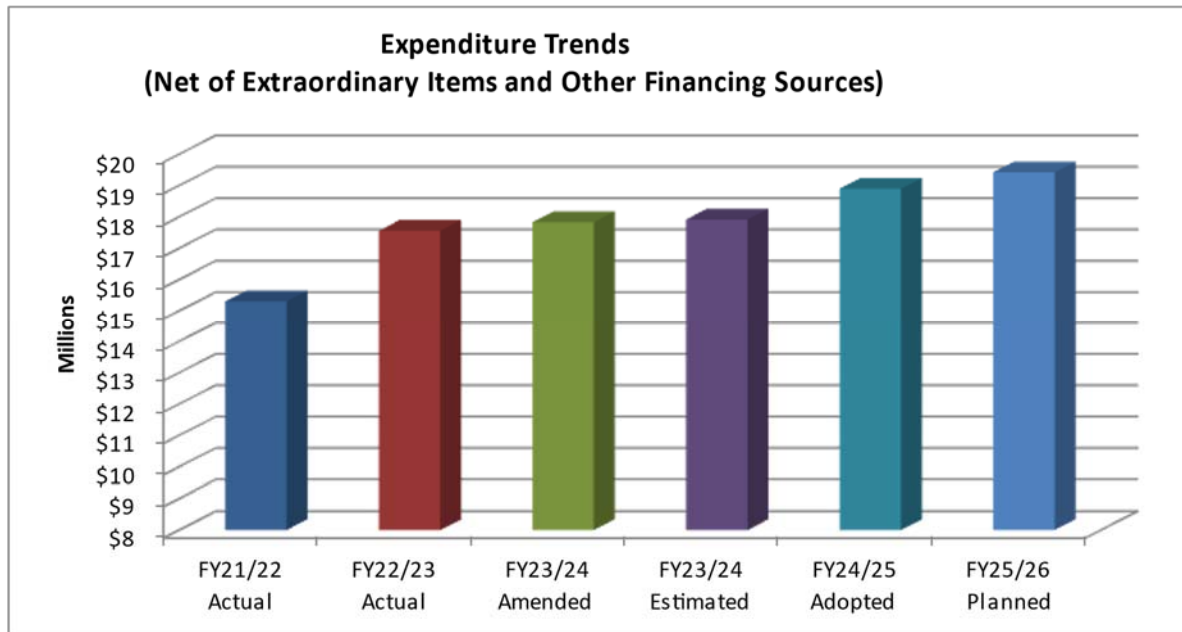
- Total personnel costs (salary and benefits) are estimated to increase \$978,000 from the FY 2023-24 Amended Budget due to significant increases in the annual Cal PERS Unfunded Actuarial Liability payment, cost of living adjustments, increased employee health care contributions, scheduled step increases, and a proposed reorganization of the Recreation Division.
  - Salary costs are estimated to be \$407,000 higher, however labor negotiations between the City and bargaining units are still on going.
  - Salary – Seasonal/Temp increased \$41,000 as summer recreations programs remain at full capacity.
  - Overtime is anticipated to decrease \$92,000 primarily in the Police. This past year was higher than normal due to several felony crime investigations and winter storms.
  - Specialty Pay – increased \$88,000 in part due to more bilingual employees serving the public.
  - Benefits – increased \$533,000, as a result of labor negotiations between the City and labor bargaining units.
- Contract services are slightly above the prior year.

The following chart provides an overview of expenditures for FY 2021-22 to FY 2025-26. A complete description of major changes will follow in the related expenditure detail pages.

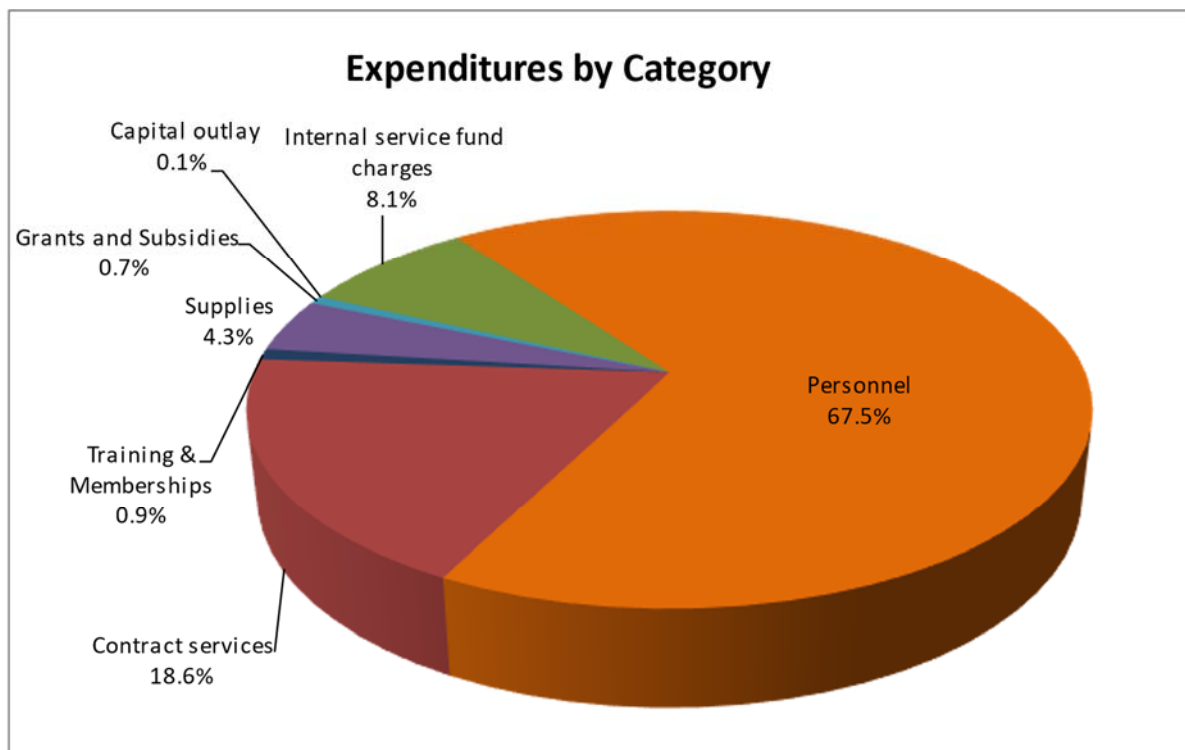
**General Fund Expenditures Summary**

<b>Major Categories</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Personnel	\$10,273,249	\$11,793,722	\$11,793,722	\$11,766,171	\$12,771,739	\$13,245,288
Contract services	3,018,482	3,336,801	3,483,368	3,483,368	3,515,981	3,409,956
Training & Memberships	101,501	113,320	178,936	144,018	166,650	166,900
Supplies	671,950	768,110	631,975	779,626	817,050	780,000
Grants and Subsidies	43,650	101,650	125,000	125,000	125,000	125,000
Internal service fund	1,196,204	1,444,499	1,617,841	1,617,841	1,523,578	1,715,947
<b>Subtotal</b>	<b>\$15,305,036</b>	<b>\$17,558,103</b>	<b>\$17,830,842</b>	<b>\$17,916,024</b>	<b>\$18,919,998</b>	<b>\$19,443,090</b>
Other financing uses	3,608,343	3,271,324	2,288,788	2,288,788	287,568	287,344
<b>Expenditure Total</b>	<b>\$18,913,379</b>	<b>\$20,829,427</b>	<b>\$20,119,630</b>	<b>\$20,204,812</b>	<b>\$19,207,566</b>	<b>\$19,730,435</b>

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



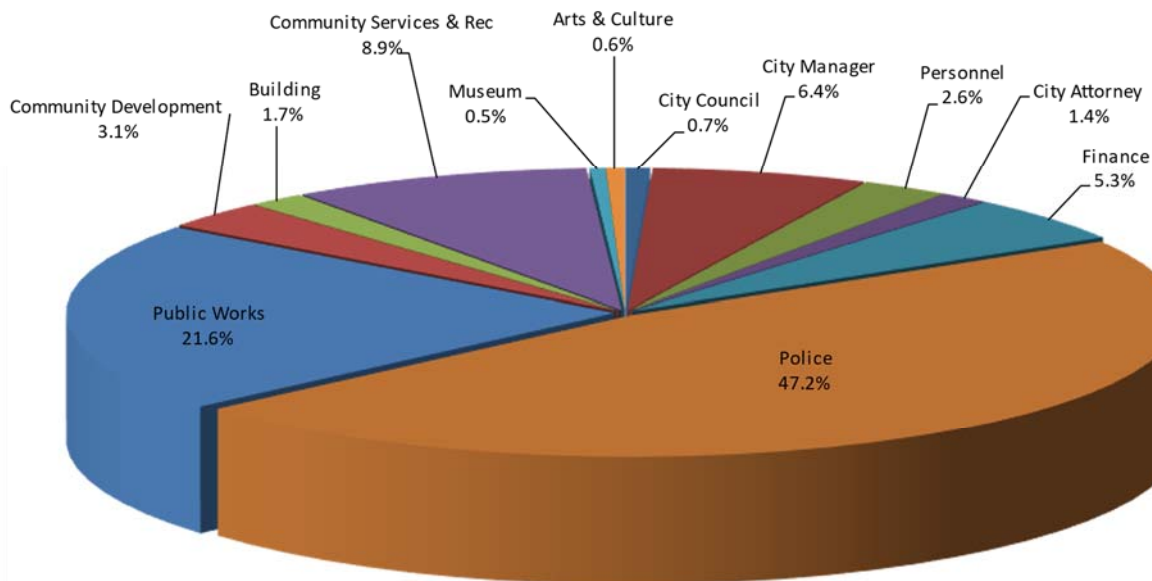
A chart displaying the percentage of expenditures by category is also provided for reference. Personnel costs are estimated to increase \$853,000 from the prior fiscal year causing the ratio of personnel services to total expenditures to increase from 66 percent to 67.5 percent. Other notable changes were in contract services, which decreased from 21.5 percent to 18.6 percent, and internal service charges, which decreased from 9.4 percent to 8.1 percent.



## General Fund Department Expenditures

Department	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
City Council	\$98,851	\$107,274	\$202,431	\$193,309	\$136,007	\$118,476
City Manager	962,776	1,089,679	1,006,073	1,017,815	1,198,703	1,203,513
Personnel	363,511	362,138	458,273	453,803	487,692	500,860
City Attorney	281,956	371,305	288,000	296,766	270,000	270,000
Finance	780,845	824,038	967,309	937,451	987,445	1,020,696
Community Grants	63,648	110,075	133,425	125,000	125,000	125,000
Police - Law Enforcement	6,836,392	7,417,322	7,564,482	7,606,999	8,137,335	8,422,595
Police - Pkg. Enforcement	657,986	637,952	602,855	554,930	594,734	605,024
Police - Lifeguard Svcs.	88,413	0	0	0	0	0
Police - Animal Services	74,785	81,667	88,973	88,973	140,939	147,984
Public Works - Streets	1,738,211	1,990,454	2,349,613	2,355,700	2,265,311	2,468,697
Public Works-Storm Water	129,179	116,560	204,538	203,538	209,821	212,412
Public Works - Facilities	282,891	322,275	256,143	307,681	409,757	369,793
Public Works - Fleet	325,344	367,213	359,573	364,664	429,389	436,708
Public Works - Parks	458,374	673,019	659,126	712,545	754,746	723,429
Community Development	595,244	507,717	583,645	583,587	590,410	636,509
Building	397,021	511,540	476,365	411,266	321,676	297,134
Community Services & Rec	1,049,529	1,455,657	1,492,206	1,553,642	1,669,146	1,696,339
Museum	66,434	71,824	77,592	82,329	87,651	89,565
Art & Cultural	60,147	62,472	69,644	94,625	104,236	98,357
<b>Subtotal</b>	<b>\$15,311,537</b>	<b>\$17,080,181</b>	<b>\$17,840,266</b>	<b>\$17,944,623</b>	<b>\$18,919,998</b>	<b>\$19,443,091</b>
Transfers & Other	\$3,608,343	\$3,271,324	\$2,288,788	\$2,288,788	\$287,568	\$287,344
<b>Expenditure Total</b>	<b>\$18,919,880</b>	<b>\$20,351,505</b>	<b>\$20,129,054</b>	<b>\$20,233,411</b>	<b>\$19,207,566</b>	<b>\$19,730,435</b>

**Expenditures by Department**



## General Fund Expenditures

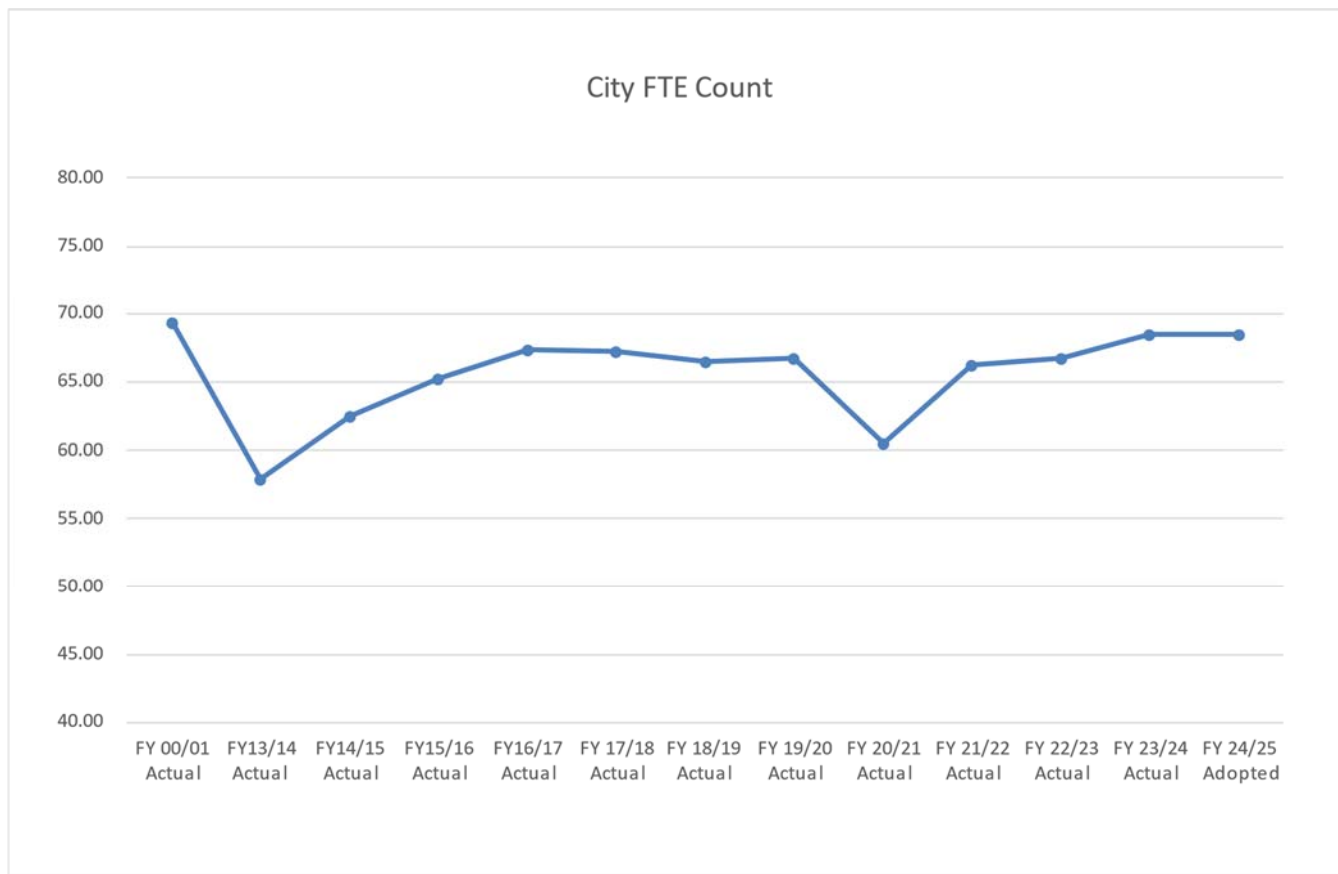
### SALARIES & BENEFITS

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

Positions budgeted for in FY 2024-25 include the reorganization of the Recreation Division into the Proposed Community Services and Recreation Department while maintaining 68.5 full-time employees.

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

General Fund	FY 00/01 Actual	FY13/14 Actual	FY14/15 Actual	FY15/16 Actual	FY16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Adopted
<b>Elected</b>													
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Elected - Total FTE's</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Fully Benefited by Dept</b>													
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	4.33	3.91	4.50	4.50	4.50	3.75	2.75	2.75	2.75	3.00	4.00	4.00
City Manager	5.50	7.00	6.90	6.00	7.00	6.00	6.00	7.00	5.00	5.50	5.50	6.50	6.50
Museum	0.75	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Police	31.30	27.59	30.65	31.50	31.65	31.50	30.50	30.50	29.50	30.50	30.50	31.00	31.00
CDD	6.67	3.12	4.50	5.00	5.00	5.00	6.00	6.00	5.00	5.50	5.75	5.00	5.00
Public Works	14.33	12.33	13.00	14.00	15.00	16.00	16.00	15.50	14.00	16.00	16.00	16.00	16.00
Community Services & Rec	4.50	2.75	2.75	3.75	3.75	3.75	3.75	4.50	3.75	5.50	5.50	5.50	5.50
<b>Dept - Total FTEs</b>	<b>69.30</b>	<b>57.87</b>	<b>62.46</b>	<b>65.25</b>	<b>67.40</b>	<b>67.25</b>	<b>66.50</b>	<b>66.75</b>	<b>60.50</b>	<b>66.25</b>	<b>66.75</b>	<b>68.50</b>	<b>68.50</b>
<b>Change from prior year</b>			4.59	2.79	2.15	(0.15)	(0.75)	0.25	(6.25)	5.75	0.50	1.75	-





## General Fund Expenditures

### SALARIES & BENEFITS

City services are primarily staff delivered; therefore, staffing is the most significant expenditure. The FY 2024-25 proposed budget estimated staffing costs total \$12.6 million. This represents a 7% increase from the prior year's amended budget. This is primarily due to significant increases in the Cal PERS Unfunded Actuarial Liability annual payment, estimated cost of living adjustments, scheduled step increases, and a reorganization of the recreation division.

<b>Staffing by Category</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Salary	\$5,747,198	\$6,646,360	\$6,646,360	\$7,053,832	\$7,353,619
Salary Temp	406,359	661,329	661,329	702,134	\$708,759
Overtime	181,832	360,802	360,802	269,000	269,000
Specialty Pay	287,026	265,321	265,321	353,654	368,684
Benefits	3,650,834	3,859,910	3,832,359	4,393,120	\$4,545,226
<b>Total</b>	<b>\$10,273,250</b>	<b>\$11,793,722</b>	<b>\$11,766,171</b>	<b>\$12,771,739</b>	<b>\$13,245,288</b>

<b>Staffing by Department</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
City Council	\$41,650	\$40,689	\$40,689	\$40,689	\$40,689
City Manager	764,298	788,744	795,681	954,730	992,374
Personnel	278,629	374,469	374,469	422,066	434,399
Finance	550,668	617,735	620,985	695,548	723,022
Law Enforcement	5,248,370	5,682,882	5,689,741	6,248,142	6,495,107
Pkg. Enforcement	238,424	222,291	222,291	208,494	216,850
Streets	1,291,950	1,540,503	1,550,503	1,603,273	1,665,852
Storm Water	84,105	59,888	59,888	65,821	68,412
Fleet	106,579	112,513	112,577	169,306	175,543
Parks	191,041	292,010	297,665	341,697	355,095
Planning	394,688	488,539	488,539	514,263	533,636
Building	333,397	418,176	327,627	189,193	196,753
Community Services & Rec	692,415	1,094,949	1,138,749	1,253,020	1,279,472
Museum	42,895	41,870	45,990	43,918	45,589
Art & Cultural	14,651	18,464	21,000	21,578	22,495
<b>Total</b>	<b>\$10,273,249</b>	<b>\$11,793,722</b>	<b>\$11,766,171</b>	<b>\$12,771,739</b>	<b>\$13,245,288</b>



## General Fund Expenditures

### Salaries & Benefits - Salary Assumptions

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

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

### **Overtime**

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

	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b><u>Overtime</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>	<b><u>Estimated</u></b>	<b><u>Adopted</u></b>	<b><u>Planned</u></b>
City Manager	\$1,399	\$1,000	\$119	\$1,000	\$1,000
Finance	317	0	0	0	0
Police*	247,176	321,802	321,802	230,000	230,000
Public Works	46,625	17,000	29,761	17,000	17,000
Community Development	422	3,000	2,750	3,000	3,000
Community Services & Rec	28,610	18,000	18,500	18,000	18,000
<b>Total</b>	<b>\$324,548</b>	<b>\$360,802</b>	<b>\$372,932</b>	<b>\$269,000</b>	<b>\$269,000</b>
<i>*Funding Sources for Police Overtime</i>					
General Fund	\$206,744	\$240,000	\$240,000	\$185,000	\$185,000
Grant Funded	40,432	81,802	81,802	45,000	45,000
	<b>\$247,176</b>	<b>\$321,802</b>	<b>\$321,802</b>	<b>\$230,000</b>	<b>\$230,000</b>

### **Specialty Pay**

The FY 2024-25 proposed budget includes the following specialty pays in the calculation of staffing costs, which are also included in overtime calculations: education, longevity, bilingual, motorcycle, detective pay, senior officer, canine, and shift differential pay.

	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b><u>Specialty Pay</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>	<b><u>Estimated</u></b>	<b><u>Adopted</u></b>	<b><u>Planned</u></b>
City Manager	\$5,780	\$5,662	\$2,831	\$15,266	\$15,915
Finance	-	-	3,000	4,158	4,334
Police	257,707	235,619	235,619	315,241	328,638
Public Works	20,927	21,405	23,081	16,152	16,838
Community Dev.	177	2,635	1,976	2,838	1,972
Community Services & Rec	2,435	-	-	-	-
<b>Total</b>	<b>\$287,026</b>	<b>\$265,321</b>	<b>\$266,507</b>	<b>\$353,654</b>	<b>\$367,698</b>

## General Fund Expenditures

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### Salaries & Benefits – Retirement Assumptions

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

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

• January 1, 2015	\$122
• January 1, 2016	\$125
• January 1, 2017	\$128
• January 1, 2018	\$133
• January 1, 2019	\$136
• January 1, 2020	\$139
• January 1, 2021	\$143
• January 1, 2022	\$149
• January 1, 2023	\$151
• January 1, 2024	\$157

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

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

The City's retirement costs are defined as a percentage of payroll, along with a fixed dollar amount to address the City's Unfunded Actuarial Liability (UAL), which is actuarially determined annually by CalPERS. The UAL in FY 2023-24 was \$2,139,191 and is increasing to \$2,552,124 (19.3%) in FY 2024-25. The most recent CalPERS actuarial reports estimate the UAL through FY 2029-30 at an amount of \$3,505,000 which equates to an increase of approximately 137% over ten years from FY 2019-20.

**PERS Rates.** The FY 2024-25 PERS total rate for classic safety members is 36.3%, with employees paying 15% and the city 21.3%. Safety PEPRA members are responsible for 13.75% and the city pays 13.76%. For classic miscellaneous members, the total contribution rate is 22.1%, with employees paying 13.4% and the city 8.7%. Miscellaneous PEPRA employees pay 7.75% and the city pays 7.87%.

The FY 2023-24 PERS total rate for classic safety members was 36.1%, with employees paying 15% and the city 21.1%. Safety PEPRA members are responsible for 13.0% and the city pays 14.25%. For classic miscellaneous members, the total contribution rate was 20.0%, with employees paying 13.4% and the city 8.6%. Miscellaneous PEPRA employees pay 6.75% and the city pays 8.7%.

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

## Retirement Costs Summary

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
<b>Retirement Costs</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Adopted</b>	<b>Planned</b>
Ret. cost - PERS Safety	\$ 436,575	\$ 435,788	\$ 386,338	\$ 439,677	\$ 458,364
Ret. cost - PERS Safety UAL	1,002,849	1,121,718	1,107,637	1,324,947	1,469,000
Ret. cost - PERS Miscellaneous	281,723	291,538	279,615	292,860	305,306
Ret. cost - PERS Misc UAL	966,725	1,059,922	1,031,554	1,227,177	1,358,000
Ret. cost - Retirement PARS	3,890	5,651	6,169	8,332	8,332
Ret. health OPEB - Retiree health	39,482	44,684	38,750	38,750	38,750
OPEB Trust Fund	60,250	67,048	67,050	67,050	67,050
<b>Total Retirement Costs</b>	<b>\$ 2,791,494</b>	<b>\$ 3,026,349</b>	<b>\$ 2,917,113</b>	<b>\$ 3,398,793</b>	<b>\$ 3,704,802</b>
Total Employee Paid Costs	\$ 1,004,938	\$ 1,089,486	\$ 1,050,161	\$ 1,223,565	\$ 1,333,729
Total City Paid Costs	\$ 2,791,494	\$ 3,026,349	\$ 2,917,113	\$ 3,398,793	\$ 3,704,802
Total Costs Employee and City	\$ 3,796,432	\$ 4,115,835	\$ 3,967,274	\$ 4,622,358	\$ 5,038,530
Unfunded Actuarial Liability-Safety	13,594,061	14,685,285	11,169,617	17,213,533	18,074,210
Unfunded Actuarial Liability-Misc	12,422,127	13,354,880	9,924,040	15,324,728	16,090,964
Unfunded OPEB Liability	1,572,208	1,572,208	1,642,315	1,642,315	1,642,315
Funding Ratio PERS Safety	71.3%	72.40%	77.10%	66.60%	66.60%
Funding Ratio PERS Misc	69.7%	69.70%	77.40%	67.20%	67.20%



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

Department	Contract Description	FY23/24 Amended	FY24/25 Adopted	FY25/26 Planned
City Council	Other contract services Legal notices	\$ -	\$ -	\$ -
City Council	Gen/Admin - Community TV	10,000	13,000	13,000
City Council	Gen/Admin Contracts - General	83,000	20,000	2,000
City Council	CS-Gen/Admin Beach Festival	5,000	5,000	5,000
<b>Total</b>		<b>\$ 98,000</b>	<b>\$ 38,000</b>	<b>\$ 20,000</b>
City Manager	Gen/Admin Muni code - Codification Svcs.	\$ 4,000	\$ 4,000	\$ 4,000
City Manager	Gen/Admin Rcrd Mgmt-Doc. Imaging	1,000	4,550	4,550
City Manager	Gen/Admin Records Mgmt-Storage	6,500	8,000	8,000
City Manager	Gen/Admin Newsletter	10,000	6,000	6,000
City Manager	Gen/Admin Public Outreach	-	6,000	-
City Manager	Gen/Admin Council Election	-	29,700	-
City Manager	Gen/Admin Contracts - General	30,000	24,000	24,000
City Manager	Environ. Svcs Garage Sale Day	800	800	800
City Manager	Environ. Svcs SCC-Hzrds Waste Disp Fee	-	-	-
City Manager	Environ. Svcs Recycling Svcs.	7,820	-	-
City Manager	Environ. Svcs JPA-Pollution Control	-	-	-
City Manager	Other Contract services - Legal Notices	1,500	4,000	4,000
City Manager	Mosquito and Vector Control	-	-	-
City Manager	CS-Temp. Staff & Instr. Temporary staff	-	-	-
City Manager	Contract Svcs. Unanticipated Events	10,000	10,000	10,000
<b>Total</b>		<b>\$ 71,620</b>	<b>\$ 97,050</b>	<b>\$ 61,350</b>
Personnel	Legal svcs Labor/Personnel	\$ -	\$ 5,000	\$ 5,000
Personnel	Personnel Svcs Recruitment Svcs.	-	1,000	1,000
Personnel	Personnel Svcs Bkgrnd Invest.	7,000	7,000	7,000
Personnel	Personnel Svcs Medical Exams	3,500	3,500	3,500
Personnel	Personnel Svcs Ed. Reimbrsmnt	10,000	-	-
Personnel	Contract Svcs. Flex-Hlth-Dntl-Vsn Admin	4,000	4,000	4,000
Personnel	Contract Svcs. Employee Training/Risk Mgmt	-	5,000	5,000
Personnel	Contract Svcs. Employee Engagement	-	12,000	12,000
Personnel	CS-Gen/Admin Contracts - general	31,000	1,000	1,000
<b>Total</b>		<b>\$ 55,500</b>	<b>\$ 38,500</b>	<b>\$ 38,500</b>
City Attorney	Gen/Admin Contracts - General	\$ 10,000	\$ -	\$ -
City Attorney	Legal Svcs Legal Svcs. - General	210,000	210,000	210,000
City Attorney	Legal Svcs Special Svcs.	50,000	50,000	50,000
City Attorney	Legal Svcs Rent Control	-	-	-
City Attorney	Legal svcs Labor/Personnel	18,000	10,000	10,000
<b>Total</b>		<b>\$ 288,000</b>	<b>\$ 270,000</b>	<b>\$ 270,000</b>

<b>Department</b>	<b>Contract Description</b>	<b>FY23/24 Amended</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Finance	Gen/Admin Contracts - General	\$ 50,000	\$ 3,000	\$ 3,000
Finance	Fin Svcs OPEB Valuation	4,000	1,000	4,000
Finance	Fin Svcs Audit-Annual Financial Audits	54,000	51,000	51,000
Finance	Fin Svcs Audit-Sales Tax	12,000	15,000	15,000
Finance	Fin Svcs State Mandated Claims Svcs	1,750	-	-
Finance	Fin Svcs HdL TOT Fees	20,000	20,000	20,000
Finance	Fin Svcs Credit Card Merchant Fees	4,000	4,000	4,000
Finance	Fin Svcs SCC-Property tax admin fee	12,000	-	-
Finance	Fin Svcs State Admin Fee - Bradley Burns	50,000	50,000	50,000
Finance	Fin Svcs State Admin Fee - Measure D/F	15,000	18,000	18,000
Finance	Fin Svcs State Admin Fee - SB 1186	500	500	500
Finance	Fin Svcs State Admin Fee - Measure O	15,000	18,000	18,000
Finance	Fin Svcs Bank fees	12,000	1,000	1,000
Finance	Fin Svcs St Admin fee	3,000	3,600	3,600
<b>Total</b>		<b>\$ 253,250</b>	<b>\$ 185,100</b>	<b>\$ 188,100</b>
Law Enforcement	Police Svcs SCC-Booking fees	\$ -	\$ 2,500	\$ 2,500
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	500	500	500
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	24,000	22,000	22,000
Law Enforcement	Other contract services Uniform cleaning services	12,000	12,900	12,900
Law Enforcement	Police Svcs Red light enforcement	20,000	20,000	20,000
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	5,500	7,200	7,200
Law Enforcement	Fin Svcs Collections-booking fees	75	75	75
Law Enforcement	Fin Svcs Collections-DUI cost recovery	1,000	2,000	2,000
Law Enforcement	Prop & equip Comm - local & long distance	8,000	8,000	8,000
Law Enforcement	Prop & equip Comm - T-1 line	39,000	18,000	18,000
Law Enforcement	Prop & equip Comm - mobile phone	30,000	30,000	30,000
Law Enforcement	Police Svcs Hazardous material response - SV	8,900	8,900	8,900
Law Enforcement	Police Svcs Towing service	3,000	4,000	4,000
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	48,924	49,602	49,602
Law Enforcement	Police Svcs SCCECC-911 JPA	615,898	641,322	641,322
Law Enforcement	Prop & equip Property alarm service	1,200	1,500	1,500
Law Enforcement	Prop & equip Property repairs & maintenance	1,000	-	-
Law Enforcement	Prop & equip Equipment repairs & maintenance	10,000	12,000	12,000
Law Enforcement	Rental contracts Equipment and vehicles	3,000	3,000	3,000
Law Enforcement	Other contract services Outside security service	17,000	17,000	17,000
Law Enforcement	CS-Gen/Admin Contracts - general	4,000	4,000	4,000
<b>Total</b>		<b>\$ 870,997</b>	<b>\$ 882,499</b>	<b>\$ 882,499</b>



Department	Contract Description	FY23/24	FY24/25	FY25/26
		Amended	Adopted	Planned
Pkg. Enforcement	Police Svcs State of CA-DMV processing fee	\$ 6,000	\$ 6,000	\$ 6,000
Pkg. Enforcement	Police Svcs State of CA-Reg assess	58,000	58,000	58,000
Pkg. Enforcement	Police Svcs State of CA-Immed & Critical nd	20,000	20,000	20,000
Pkg. Enforcement	Police Svcs State of CA-St Court Facilities	10,000	10,000	10,000
Pkg. Enforcement	Police Svcs State of CA-Trial Court Trust Fd	20,000	20,000	20,000
Pkg. Enforcement	Police Svcs SCC-Citation processing	65,000	65,000	65,000
Pkg. Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	11,000	11,000	11,000
Pkg. Enforcement	Police Svcs SCC-Courthouse surcharge	11,000	11,000	11,000
Pkg. Enforcement	Fin Svcs Courier-Cash & Coin	3,500	3,500	3,500
Pkg. Enforcement	Fin Svcs Credit card merchant fees	60,000	60,000	60,000
Pkg. Enforcement	Prop & equip Pay Station Repair & Maintenance	70,000	70,000	70,000
<b>Total</b>		<b>\$ 334,500</b>	<b>\$ 334,500</b>	<b>\$ 334,500</b>
Animal Svcs.	Police Svcs Animal Svcs.	\$ 87,793	\$ 139,497	\$ 146,472
<b>Total</b>		<b>\$ 87,793</b>	<b>\$ 139,497</b>	<b>\$ 146,472</b>
Streets	PW & Trans. Transportation-Beach shuttle svc	\$ 98,107	\$ 80,000	\$ 80,000
Streets	PW & Trans. Soquel Crk monitoring-fish	68,870	45,000	47,000
Streets	Other contract services Legal notices	-	1,500	1,500
Streets	Prop & equip Comm - mobile phone	15,000	15,000	15,000
Streets	Gen/Admin Contracts - general	21,500	30,000	30,000
Streets	PW & Trans. Lagoon grading	15,000	15,000	15,000
Streets	PW & Trans. PW Engineering services	-	-	-
Streets	Prop & equip Eucalyptus maintenance -Park Ave	111,400	95,985	95,985
Streets	Prop & equip Riparian Restoration	19,481	15,000	15,000
Streets	Rental contracts Union Pacific RR yearly	1,000	1,000	1,000
Streets	Temp. Staff & Instr. Temporary staff	85,000	85,000	87,000
Streets	Temp. Staff & Instr. Hope Services	16,000	24,000	24,000
Streets	Prop & equip Esplanade sidewalk cleaning	30,000	30,000	30,000
Streets	Other contract services Unanticipated events	10,000	10,000	10,000
Storm Water	Environmental Svcs Central coast recycling media	5,000	5,000	5,000
Storm Water	Environmental Svcs SCC-Hazardous waste disp	75,000	75,000	75,000
Storm Water	Environmental Svcs Mosquito & vector control	150	-	-
Storm Water	CS-Environmental Svcs Recycling services	7,500	7,500	7,500
Storm Water	CS-Environmental Svcs JPA-Pollution control	5,000	5,000	5,000
Storm Water	PW & Trans. Soquel Crk monitoring-water qual	10,000	5,000	5,000
Storm Water	PW & Trans. CA NPDES-storm water mgmt prog	40,000	40,000	40,000
Storm Water	PW & Trans. Regional Water Mgmt Foundation	500	5,000	5,000
Storm Water	Water Quality Testing and Equipment	-	-	-
<b>Total</b>		<b>\$ 634,508</b>	<b>\$ 589,985</b>	<b>\$ 593,985</b>

<b>Department</b>	<b>Contract Description</b>	<b>FY23/24 Amended</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Facilities	PW & Trans. ADA compliance	\$ 15,000	\$ 15,000	\$ 15,000
Facilities	Gen/Admin Contracts - inspections	-	600	600
Facilities	Prop & equip Comm - local & long distance	1,500	2,200	2,200
Facilities	Prop & equip Comm - T-1 line	7,500	7,500	7,500
Facilities	Prop & equip Utility serv - gas & electric	86,000	87,200	112,200
Facilities	Prop & equip Utility serv - sanitation distr	5,500	6,900	7,100
Facilities	Prop & equip Utility serv - water	18,500	8,400	8,400
Facilities	Prop & equip Janitorial services	34,500	42,500	42,500
Facilities	Prop & equip Property alarm service	2,800	2,900	2,900
Facilities	Prop & equip Property repairs & maintenance	25,000	94,500	29,500
Facilities	Prop & equip Equipment repairs & maintenance	19,500	9,000	9,000
Facilities	Rental contracts Equipment and vehicles	5,000	5,000	5,000
<b>Total</b>		<b>\$ 220,800</b>	<b>\$ 281,700</b>	<b>\$ 241,900</b>
Fleet	Prop & Equip Equipment Repair and Maint.	\$ 5,000	\$ 5,000	\$ 5,000
<b>Total</b>		<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
Parks	PW & Trans. Tree Svcs.	\$ 20,000	\$ 20,000	\$ 20,000
Parks	Prop & Equip Utility serv - gas and elec.	5,000	4,500	4,500
Parks	CS-PW & Trans Electrical Services	-	3,000	3,000
Parks	Prop & Equip Utility serv - sanitation distr	21,000	25,000	25,000
Parks	Prop & Equip Utility serv - water	125,000	154,400	159,400
Parks	Prop & Equip Janitorial Svcs.	32,500	37,500	37,500
Parks	Prop & Equip Property Repair and Maint.	8,000	26,000	1,000
Parks	Prop & Equip Equip. Repair and Maint.	8,500	4,000	4,000
Parks	Rental contracts Equipment and vehicles	10,000	8,700	8,700
Parks	Bike Track Maintenance	6,000	-	500
<b>Total</b>		<b>\$ 236,000</b>	<b>\$ 283,100</b>	<b>\$ 263,600</b>
Planning	Plng & Hsg Hsg grant admin & CDD tech	\$ -	\$ -	\$ -
Planning	Contract Svcs. Legal notices	8,000	8,000	\$ 8,000
Planning	Gen/Admin Contracts - General	-	-	\$ -
Planning	CS-Plan Svc Admin Services	25,000	-	\$ 25,000
<b>Total</b>		<b>\$ 33,000</b>	<b>\$ 8,000</b>	<b>\$ 33,000</b>
Building	Bldg Svcs Engineering & Inspections	\$ 10,000	\$ 5,000	\$ 5,000
Building	Bldg Svcs Bldg plan checks - outsourced	15,000	90,000	60,000
<b>Total</b>		<b>\$ 25,000</b>	<b>\$ 95,000</b>	<b>\$ 65,000</b>



Department	Contract Description	FY23/24	FY24/25	FY25/26
		Amended	Adopted	Planned
Comm Svs & Rec	Gen/Admin Contracts - General	\$ 15,500	\$ 26,000	\$ 26,000
Comm Svs & Rec	CS-IT Contracts Recreation technology system	\$ 15,000	\$ 17,750	\$ 17,750
Comm Svs & Rec	Fin Svcs Credit card merchant fees	7,000	15,000	15,000
Comm Svs & Rec	PW & Trans. Transportation-Rec program	1,600	1,600	1,600
Comm Svs & Rec	Temp. Staff/Instr. Rec contract inst/sports off	113,300	133,200	131,200
Comm Svs & Rec	Prop & Equip Comm - local & long distance	2,500	-	-
Comm Svs & Rec	Prop & Equip Comm - T-1 line	12,000	-	-
Comm Svs & Rec	Prop & Equip Property Repair and Maint.	500	-	-
Comm Svs & Rec	Rental contracts Equipment and vehicles	-	-	-
Comm Svs & Rec	Contract Svcs. Events liability insurance	-	500	500
Comm Svs & Rec	Contract Svcs. Advertising	-	3,000	3,000
Comm Svs & Rec	Contract Svcs. Mailing Service	23,000	-	-
Comm Svs & Rec	Contract Svcs. Copying, printing and binding	21,000	15,000	15,000
Comm Svs & Rec	Contract Svcs. Photography	4,000	8,000	8,000
<b>Total</b>		<b>\$ 215,400</b>	<b>\$ 220,050</b>	<b>\$ 218,050</b>
Museum	Prop & Equip Comm - Local & Long Distance	\$ -	\$ -	\$ -
Museum	Rental contracts Land and Buildings	12,000	12,000	12,000
Museum	Other contract services Museum oral history	1,000	1,000	1,000
<b>Total</b>		<b>\$ 13,000</b>	<b>\$ 13,000</b>	<b>\$ 13,000</b>
Arts & Cultural	Events & Tourism Art at the Beach Coordinator	\$ 3,000	\$ -	\$ -
Arts & Cultural	Events & Tourism Twilight Concert-Sound Engr	10,000	12,000	12,000
Arts & Cultural	Events & Tourism Twilight Concert-Band Costs	15,000	15,000	15,000
Arts & Cultural	Contract Svcs. liability insurance	-	5,000	5,000
Arts & Cultural	Events & Tourism Art in Public Places	3,000	3,000	3,000
Arts & Cultural	Events & Tourism Sunday Art & Music	10,000	-	-
<b>Total</b>		<b>\$ 41,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>
<b>Grand Total</b>		<b>\$3,483,368</b>	<b>\$3,515,981</b>	<b>\$3,409,956</b>

## Community Based Social Service Providers

Community Based Social Service Providers are funded by the General Fund and restricted Transient Occupancy Tax (TOT) revenue. Each year a determination is made regarding funds available and allocation. Due to COVID-19 the Community Grant program continues to be funded in FY 2024-25 with a combination of general fund, restricted TOT, and federal grants. The table below shows the general fund and restricted TOT funding while the federal grant funding is highlighted in the Community Development Block Grant Special Revenue funds.

AGENCY	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY24/25 Adopted	FY25/26 Planned
<b>Community Services</b>				\$ -	\$ -
Advocacy, Inc.	0		10,000	10,000	10,000
Blue Circle	0		5,000	5,000	5,000
Cabrillo College Stroke and Disability Center	7,779		10,000	10,000	10,000
Central Coast Center for Independent Living	0			0	0
Community Action Board, Inc.	0		10,000	10,000	10,000
Community Bridges	5,522			0	0
Community Bridges - Lift Line				0	0
Community Bridges - Live Oak					
Community Resources				0	0
Community Bridges - Meals on Wheels				0	0
Companion for Life / Lifeline				0	0
Conflict Resolution Program	3,489			0	0
Arts Council of Santa Cruz County	0		2,500	2,500	2,500
Dientes Community Dental Care	1,524			0	0
Diversity Center	0			0	0
Encompass Santa Cruz AIDS Project				0	0
Family Service Agency of Santa Cruz	12,762		7,500	7,500	7,500
Grey Bears, Inc.	0			0	0
Homeless Svcs. Center	0			0	0
Hospice Caring Project	0		3,000	3,000	3,000
MidCounty Senior Center			7,500	7,500	7,500
Monarch Services Servidios Monarca			7,500	7,500	7,500
Monterey Bay National Marine Sanctuary	0		5,000	5,000	5,000
NAMI Santa Cruz County	0		12,000	12,000	12,000
Native Animal Rescue	1,303			0	0
Second Harvest Food Bank	0			0	0
Senior Citizens Legal Services	0			0	0
Senior Network Services	2,782		7,500	7,500	7,500
Srs Council - SCC/San Benito Co.	0		10,000	10,000	10,000
Survivors' Healing Center				0	0
United Way	5,000		7,500	7,500	7,500
United Way - 2-1-1 Help Line				0	0
Vista Center for the Blind	0		5,000	5,000	5,000
Volunteer Center of Santa Cruz County	3,489		7,500	7,500	7,500
Women Care				0	0
Cabrillo College Foundation	0			0	0
Community Grants-Unassigned		101,650		0	0
	<b>\$ 43,650</b>	<b>\$ 101,650</b>	<b>\$ 117,500</b>	<b>\$ 117,500</b>	<b>\$ 117,500</b>



AGENCY	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY24/25 Adopted	FY25/26 Planned
<b>Children/Youth Services (General Fund)</b>					
Big Brothers/Big sisters		\$0	\$0	-	-
Campus Kids Connection - After School				-	-
Community Bridges - Child Development Division			-	-	-
Court-Appointed Special Advocates		-	-	-	-
Encompass Youth Services Counseling			-	-	-
Families in Transition - Santa Cruz Co.			-	-	-
O'Neill Sea Odyssey		-	-	-	-
Parents Center, Inc.	-	-	7,500	7,500	7,500
Toddler Care Center		-	-	-	-
United Way - Community Assessment Project			-	-	-
Childcare Center Fee Grant			-	-	-
	\$0	\$0	\$7,500	\$7,500	\$7,500
<b>General Fund Total</b>	<b>\$ 43,650</b>	<b>\$ 101,650</b>	<b>\$ 125,000</b>	<b>\$ 125,000</b>	<b>\$ 125,000</b>
<b>Early Childhood / Youth Services (TOT Children's Fund )</b>					
Early Childhood & Youth Services			\$ -	\$ -	\$ -
Big Brothers/Big sisters	0	6,000	7,500	7,500	7,500
Community Bridges - Child Development Division	1,004			0	0
Diversity Center SC County	0	0	7,500	7,500	7,500
Court-Appointed Special Advocates			7,500	7,500	7,500
Encompass Youth Services Counseling	0			0	0
O'Neill Sea Odyssey	0		10,000	10,000	10,000
Monterey Bay National Marine Sanctuary	0	0	7,500	7,500	7,500
Parents Center, Inc.	0	7,400		0	0
Toddler Care Center	0			0	0
United Way - Community Assessment Project	0	5,000		0	0
Santa Cruz Museum of Discovery	0	10,000	12,500	12,500	12,500
Casa of Santa Cruz	0	10,000		0	0
Boys and Girls Club of Santa Cruz County	0	10,000	7,500	7,500	7,500
Childcare Center Fee Grant				0	0
Recreation Programming	0	19,332		0	0
<b>TOT Youth Funding Total</b>	<b>\$1,004</b>	<b>\$67,732</b>	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$60,000</b>
<b>Estimated Children's Fund Revenue</b>	<b>\$45,401</b>	<b>\$62,049</b>	<b>\$60,000</b>	<b>\$64,000</b>	<b>\$60,000</b>
<b>Remaining Funds</b>	<b>\$44,397</b>	<b>-\$5,683</b>	<b>\$0</b>	<b>\$4,000</b>	<b>\$0</b>
<b>Total Social Service Program Funding</b>	<b>\$44,654</b>	<b>\$169,382</b>	<b>\$185,000</b>	<b>\$185,000</b>	<b>\$185,000</b>



## GENERAL FUND EXPENDITURES

### SUPPLIES

The following table provides a history of the supply budgets by department. Additional information is available in the General Fund Department section.

<b>Supplies</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
City Council	\$754	\$5,354	\$8,000	\$7,000	\$7,500	\$7,500
City Manager	5,856	13,857	12,500	17,443	9,000	9,000
Finance	2,400	4,105	4,600	4,500	4,600	4,600
Police Department	140,964	96,595	99,800	133,100	101,800	101,800
Public Works	453,235	539,117	429,600	500,391	533,750	507,700
Community Development	860	1,586	2,100	1,100	5,100	2,100
Community Services & Rec	46,995	83,801	55,575	65,398	91,800	90,800
Museum	10,118	13,718	14,800	18,250	21,500	21,500
Arts & Culture	10,766	9,978	5,000	32,445	42,000	35,000
<b>Total</b>	<b>\$671,950</b>	<b>\$768,110</b>	<b>\$631,975</b>	<b>\$779,626</b>	<b>\$817,050</b>	<b>\$780,000</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>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
City Council	\$24,495	\$21,502	\$38,761	\$30,639	\$31,650	\$31,650
City Manager	13,409	5,035	20,950	9,463	15,000	15,000
Finance	1,185	1,441	4,600	4,592	7,500	7,500
Police	52,741	56,831	73,200	73,200	73,200	73,200
Public Works	1,830	2,661	5,000	3,572	6,000	6,000
Community Development	2,601	10,435	17,700	3,150	17,700	17,700
Community Services & Rec	5,033	15,264	17,725	18,234	13,900	14,150
Museum	207	151	1,000	1,167	1,700	1,700
<b>Total</b>	<b>\$101,501</b>	<b>\$113,320</b>	<b>\$178,936</b>	<b>\$144,018</b>	<b>\$166,650</b>	<b>\$166,900</b>

## **INTERNAL SERVICES**

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

The FY 2024-25 proposed budget provides funding for increased insurance premiums as well as equipment purchases for equipment funded in prior years.

<b>Internal Services</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Stores	\$ 20,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	197,900	257,502	271,000	271,000	268,000	268,000
Equipment Replacement	100,000	105,000	250,000	250,000	65,000	200,000
Self-Insurance Liability	450,624	622,998	622,136	622,136	760,036	797,228
Workers' Compensation	427,680	431,999	447,705	447,705	403,542	423,719
<b>Total</b>	<b>\$1,196,204</b>	<b>\$1,444,499</b>	<b>\$1,617,841</b>	<b>\$1,617,841</b>	<b>\$1,523,578</b>	<b>\$1,715,947</b>

## **GENERAL FUND TRANSFERS**

General Fund Transfers move funds from the General Fund to a specific fund for a designated purpose. The CIP is detailed in a separate section and debt issuances are detailed in the Multi-Year Assets and Obligations section. Below is a summary of the transfers from the General Fund to other funds/reserves.

<b>General Fund Transfers</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Contingency Reserves	\$ -	\$ 131,000	\$ 172,000	\$ 172,000	\$ -	\$ -
Emergency Reserves	-	147,300	250,000	250,000	-	-
Facilities Fund	-	-	100,000	100,000	-	-
PERS Contingency Reserve	-	250,000	-	-	-	-
CIP Capital Projects	2,810,066	2,205,000	550,000	550,000	-	-
Stores ISF	-	-	-	-	-	-
Information Technology	-	-	235,000	235,000	-	-
Equipment Replacement	350,000	-	200,000	200,000	-	-
Interfund transfer Library fund	-	50,958	-	-	-	-
Compensated Absences	220,000	220,000	225,000	225,000	200,000	200,000
RTC Streets	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
Wharf Fund	-	-	-	-	-	-
Parking Reserve	100,000	100,000	469,000	469,000	-	-
OPEB Trust Fund	-	-	-	-	-	-
Pacific Cove Lease	40,066	40,066	-	-	-	-
Pacific Cove Park	88,211	127,000	87,788	87,788	87,568	87,344
	-	-	-	-	-	-
<b>Total</b>	<b>\$ 3,608,343</b>	<b>\$ 3,271,324</b>	<b>\$ 2,288,788</b>	<b>\$ 2,288,788</b>	<b>\$ 287,568</b>	<b>\$ 287,344</b>

# DEPARTMENTAL BUDGETS





## CITY COUNCIL

## GENERAL GOVERNMENT

### DEPARTMENT PURPOSE

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

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

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

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

### **FISCAL YEAR ACCOMPLISHMENTS – 2023-24**

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

### **FISCAL YEAR GOALS – 2024-25 and 2025-26**

- Provide services, staff, and equipment to ensure public safety and trust.
- Develop projects and programs to maintain and enhance the quality of life in Capitola.
- Finalize plans and begin construction for the Capitola Wharf Resiliency and Public Access Project (using Measure F funds)

### CITY COUNCIL

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>1000-10-10-000</b>						
<b>Revenues</b>						
General Fund	\$ 98,851	\$ 107,274	\$ 202,431	\$ 193,309	\$ 136,007	\$ 118,476
<b>Revenue Total</b>	<b>\$ 98,851</b>	<b>\$ 107,274</b>	<b>\$ 202,431</b>	<b>\$ 193,309</b>	<b>\$ 136,007</b>	<b>\$ 118,476</b>
<b>Expenditures</b>						
Personnel	\$ 41,650	\$ 44,053	\$ 40,689	\$ 40,689	\$ 40,689	\$ 40,689
Contract services	19,266	19,953	98,000	98,000	38,000	20,000
Training & Memberships	24,495	21,502	38,761	30,639	31,650	31,650
Supplies	754	5,354	8,000	7,000	7,500	7,500
Internal service fund charges	12,686	16,412	16,981	16,981	18,168	18,637
<b>Expenditure Totals</b>	<b>\$ 98,851</b>	<b>\$ 107,274</b>	<b>\$ 202,431</b>	<b>\$ 193,309</b>	<b>\$ 136,007</b>	<b>\$ 118,476</b>
	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Authorized Positions</b>						
Mayor	1.00	1.00	1.00	1.00	1.00	1.00
Vice Mayor	1.00	1.00	1.00	1.00	1.00	1.00
Council Members	3.00	3.00	3.00	3.00	3.00	3.00
<b>FTE Total</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

## CITY ATTORNEY

## GENERAL GOVERNMENT

### DEPARTMENT PURPOSE

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

### KEY CHANGES

Samantha Zutler of Burke, Williams & Sorensen is Capitola City Attorney

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

- Advised City on matters associated with pending legal actions.
- Advised City on legal matters related to City policies and procedures.
- Represented the City in litigation.
- Assisted City in labor negotiations.

### FISCAL YEAR GOALS – 2024-25 and 2025-26

#### FISCAL POLICY

- Advise Council on potential and pending litigation.
- Assist and advise staff on contracts, labor relations, and other legal assessments.
- Resolve existing litigation.

	CITY ATTORNEY					
	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
1000-10-16-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenue</b>						
General Fund	\$281,956	\$371,305	\$288,000	\$ 296,766	\$270,000	\$270,000
<b>Revenue Totals</b>	<b>\$281,956</b>	<b>\$371,305</b>	<b>\$288,000</b>	<b>\$ 296,766</b>	<b>\$270,000</b>	<b>\$270,000</b>
<b>Expenditures</b>						
Outside Legal Services	\$ 2,839	\$ 4,295	\$ 10,000	\$ 2,500	\$ -	\$ -
City Attorney Contract	236,230	265,077	210,000	210,000	210,000	210,000
City Attorney Special Services	42,888	31,084	50,000	60,000	50,000	50,000
City Attorney Rent Control	-	39,409	-	6,266	-	-
City Attorney - Labor & Personnel	-	31,441	18,000	18,000	10,000	10,000
<b>Expenditure Totals</b>	<b>\$281,956</b>	<b>\$371,305</b>	<b>\$288,000</b>	<b>\$ 296,766</b>	<b>\$270,000</b>	<b>\$270,000</b>



# CITY MANAGER SUMMARY

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## GENERAL GOVERNMENT

### MISSION STATEMENT

The City Manager serves the Council and the Community by bringing together resources to meet City needs, provide excellent customer service, and prioritize available resources.

### DEPARTMENT PURPOSE

The City of Capitola is a Council-Manager form of government, under which the City Council appoints a City Manager who serves as the City's chief administrative officer and is responsible for implementing Council policies.

The City Manager Department is responsible for the overall administration of City objectives. The City Manager is the lead position within the City administrative structure and is appointed by the Council. The City Manager provides administrative direction and leadership to all City departments, and directly oversees Human Resources, City Clerk, Information Systems, and the Assistant to the City Manager.

### KEY CHANGES

Recruited and hired new a new City Clerk, Deputy City Clerk, increased HR Analyst to full-time and promoted previous City Clerk to Assistant to the City Manager.

### FISCAL YEAR 2023-24 ACCOMPLISHMENTS

- Implemented a new Council Chambers meeting video and audio system .
- Advised and informed the City Council on policy and action matters.
- Worked to improve risk management and reduce potential liability.

### FISCAL YEAR GOALS – 2023-24 and 2024-25

#### FISCAL POLICY

- Evaluate potential revenue ballot measures.
- Work with Capitola Mall to improve the mall facility.
- Continue to work to create a safer work environment and reduce employee injuries.
- Review and prioritize City services.
- Support economic development.
- Seek opportunities to partner with other agencies for greater outcome or savings.

#### PUBLIC SERVICE

- Encourage and improve citizen participation and communication by increasing the availability of Spanish language city resources; update and improve the City website.
- Ensure programs in place to respond to public and private development projects.
- Continue to improve public meeting access.
- Continue efforts to increase transparency, with the website, public records, and outreach. Continue digitization efforts to improve transparency.
- Use dedicated children's fund for youth programming.

#### PUBLIC IMPROVEMENT

- Work to develop projects to protect and enhance valuable City resources.; including partnerships with outside agencies, such as the Friends of County Parks and the Capitola Wharf Enhancement Team, to facilitate the development of public spaces like Jade Street Park and the Wharf.
- Open Rispin Park to the public.
- Continue increased street and facility maintenance through use of Measure D resources.

# CITY MANAGER SUMMARY

<b>City Manager Summary</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY 23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 1,319,692	\$ 1,447,158	\$ 1,460,346	\$ 1,467,618	\$ 1,682,395	\$ 1,700,373
Licenses and permits	6,594	4,659	4,000	4,000	4,000	4,000
<b>Revenue Totals</b>	<b>\$ 1,326,287</b>	<b>\$ 1,451,817</b>	<b>\$ 1,464,346</b>	<b>\$ 1,471,618</b>	<b>\$ 1,686,395</b>	<b>\$ 1,704,373</b>

<b>Expenditures</b>						
Personnel	\$ 1,042,928	\$ 1,100,051	\$ 1,163,213	\$ 1,170,150	\$ 1,376,796	\$ 1,426,773
Contract services	159,350	197,016	127,120	133,999	135,550	99,850
Training & Memberships	13,409	5,035	20,950	9,463	15,000	15,000
Supplies	5,856	13,857	12,500	17,443	9,000	9,000
Internal service fund charges	104,743	135,858	140,563	140,563	150,049	153,750
<b>Expenditure Totals</b>	<b>\$ 1,326,286</b>	<b>\$ 1,451,818</b>	<b>\$ 1,464,346</b>	<b>\$ 1,471,618</b>	<b>\$ 1,686,395</b>	<b>\$ 1,704,373</b>

<b>Authorized Positions</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY 23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
City Manager	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	-	0.50	1.00	1.00	1.00	1.00
Assistant to the City Manager	1.00	1.00	1.00	1.00	1.00	1.00
Executive Assistant	1.00	-	-	-	-	-
Human Resources Analyst	-	0.50	1.00	1.00	1.00	1.00
Information System Specialist	1.00	1.00	0.50	0.50	0.50	0.50
Records Coordinator	-	-	-	-	-	-
Receptionist	-	-	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>5.00</b>	<b>5.00</b>	<b>6.50</b>	<b>6.50</b>	<b>6.50</b>	<b>6.50</b>

# CITY MANAGER ADMINISTRATION

## GENERAL GOVERNMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

The purpose of this division is to implement the policies of the City Council and provide leadership and direction to the city departments. Core services of the City Manager's Office are administrative direction and leadership for City departments, programs, and services to ensure the community receives a high level of service.

In addition, the City Manager's administrative arm oversees the Council agenda process, oversees public records, provides staff support to the Art and Cultural Commission and Library Advisory Commission, manages sustainability programs, manages the Community Grant process, and oversees Personnel, Information Systems, and the Historical Museum. The department maintains solid waste and recycling programs, management of franchise agreements, and human resources programs including risk management, employee training, safety programs, and benefits administration.

### CITY MANAGER ADMINISTRATION

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
1000-10-11-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenues</b>						
General Fund	\$ 956,182	\$1,085,020	\$1,002,073	\$1,013,815	\$1,194,703	\$1,199,513
Licenses and permits	6,594	4,659	4,000	4,000	4,000	4,000
<b>Revenue Totals</b>	<b>\$ 962,776</b>	<b>\$1,089,679</b>	<b>\$1,006,073</b>	<b>\$1,017,815</b>	<b>\$1,198,703</b>	<b>\$1,203,513</b>
<b>Expenditures</b>						
Personnel	\$ 764,298	\$ 808,164	\$ 788,744	\$ 795,681	\$ 954,730	\$ 992,374
Contract services	90,957	150,719	71,620	88,496	97,050	61,350
Training & Memberships	13,409	3,457	19,250	6,463	13,000	13,000
Supplies	1,835	7,874	2,500	3,215	3,000	3,000
Internal service fund charges	92,276	119,466	123,959	123,959	130,923	133,790
<b>Expenditure Totals</b>	<b>\$ 962,776</b>	<b>\$1,089,679</b>	<b>\$1,006,073</b>	<b>\$1,017,815</b>	<b>\$1,198,703</b>	<b>\$1,203,513</b>
<b>Authorized Positions</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY 23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
City Manager	0.80	0.80	0.80	0.80	0.80	0.80
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	-	0.50	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	0.50	0.50
Human Resources Analyst						
Executive Assistant	1.00	0.50	-	-	-	0.00
Information System Specialist	1.00	1.00	0.50	0.50	0.50	0.50
Records Coordinator	-	-	-	-	-	-
Receptionist	-	-	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>4.30</b>	<b>4.30</b>	<b>4.80</b>	<b>4.80</b>	<b>4.80</b>	<b>4.80</b>

## CITY MANAGER PERSONNEL

### GENERAL GOVERNMENT

#### MISSION STATEMENT

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

#### DEPARTMENT PURPOSE

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

#### CITY MANAGER PERSONNEL

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>1000-10-12-000</b>						
<b>Revenues</b>						
General Fund	\$363,511	\$362,138	\$458,273	\$ 453,803	\$487,692	\$500,860
<b>Revenue Totals</b>	<b>\$363,511</b>	<b>\$362,138</b>	<b>\$458,273</b>	<b>\$ 453,803</b>	<b>\$487,692</b>	<b>\$500,860</b>
<b>Expenditures</b>						
Personnel	\$278,629	\$291,887	\$374,469	\$ 374,469	\$422,066	\$434,399
Contract services	68,393	46,297	55,500	45,503	38,500	38,500
Training & Memberships	-	1,579	1,700	3,000	2,000	2,000
Supplies	4,021	5,984	10,000	14,227	6,000	6,000
Internal service fund charges	12,467	16,392	16,604	16,604	19,126	19,960
<b>Expenditure Totals</b>	<b>\$363,511</b>	<b>\$362,138</b>	<b>\$458,273</b>	<b>\$ 453,803</b>	<b>\$487,692</b>	<b>\$500,860</b>
	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Authorized Positions</b>						
City Manager	0.20	0.20	0.20	0.20	0.20	0.20
Human Resources Analyst	-	0.50	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	0.50	0.50
Executive Assistant	0.50	-	-	-	-	0.00
<b>FTE Total</b>	<b>1.20</b>	<b>1.20</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

- Continued TOT vacation rental audit and enforcement program.
- Entered 5-year agreement with new CPA firm for annual audits.
- Began city-wide comprehensive fee study.
- Issued RFP for Banking Services.
- Provided analytical support to operations departments.

### FISCAL YEAR GOALS – 2024-25 and 2025-26

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



# FINANCE

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
1000-10-17-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenue</b>						
General Fund	\$ 447,923	\$ 492,344	\$ 637,309	\$ 604,349	\$ 647,495	\$ 676,859
Licenses & Permits	315,604	309,349	312,500	317,691	318,750	321,938
Intergovernmental	6,494	6,634	6,700	3,529	6,700	6,700
Use of money & property	7,393	12,777	10,800	9,202	11,500	12,200
Other revenue	3,431	2,934	-	2,680	3,000	3,000
<b>Revenue Totals</b>	<b>\$ 780,845</b>	<b>\$ 824,038</b>	<b>\$ 967,309</b>	<b>\$ 937,451</b>	<b>\$ 987,445</b>	<b>\$1,020,696</b>

## Expenditures

Personnel	\$ 550,668	\$ 540,947	\$ 617,735	\$ 620,985	\$ 695,548	\$ 723,022
Contract services	161,542	192,920	253,250	220,250	185,100	188,100
Training & Memberships	1,185	1,441	4,600	4,592	7,500	7,500
Supplies	2,400	4,105	4,600	4,500	4,600	4,600
Internal service fund charges	65,049	84,624	87,124	87,124	94,697	97,474
<b>Expenditure Totals</b>	<b>\$ 780,845</b>	<b>\$ 824,038</b>	<b>\$ 967,309</b>	<b>\$ 937,451</b>	<b>\$ 987,445</b>	<b>\$1,020,696</b>

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
Authorized Positions	Actual	Actual	Amended	Estimated	Adopted	Planned
Finance Director	1.00	1.00	1.00	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00	-	-	0.00
Accountant II	-	-	-	-	-	-
Accountant I	-	-	-	2.00	2.00	2.00
Account Clerk	0.75	-	1.00	-	1.00	1.00
Account Technician	-	1.00	-	-	-	-
<b>FTE Total</b>	<b>2.75</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>4.00</b>	<b>4.00</b>

# POLICE SUMMARY

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POLICE

## MISSION STATEMENT

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

## VISION STATEMENT

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

## CORE VALUES

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

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

## FISCAL YEAR ACCOMPLISHMENTS – 2023-24

- Upgraded Radio System to include a second radio channel for emergency operations and for seasonal lifeguard services.
- Upgraded Axon equipment to include Body Cameras, Tasers, and storage infrastructure.
- Conducted multiple bicycle safety and informational presentations at New Brighton Middle School and other locations.
- Replaced Lidar/Radar units for traffic enforcement efforts.
- Replaced administration vehicle with EV vehicle and explored other hybrid models for fleet replacement.
- Introduced an Unmanned Aircraft Systems (UAS) drone program.
- Introduced ABLE Program
- Introduced the Flock Safety Program

## FISCAL YEAR GOALS – 2024-25 and 2025-26

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

**POLICE SUMMARY**

<b>Police Department Summary</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY 23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
<b>Revenue</b>						
General Fund	\$ 6,925,540	\$ 7,371,184	\$ 7,436,863	\$ 7,681,725	\$ 8,042,260	\$ 8,344,850
Licenses and permits	44,907	52,055	55,500	33,341	55,500	55,500
Intergovernmental revenues	58,956	137,649	121,002	62,071	83,000	83,000
Charges for services	23,854	57,309	58,750	50,114	58,750	58,750
Fines and forfeitures	588,832	566,907	607,500	474,720	599,500	599,500
Other revenues	592	292	20,000	1,433	-	-
<b>Revenue Totals</b>	<b>\$ 7,642,681</b>	<b>\$ 8,185,395</b>	<b>\$ 8,299,615</b>	<b>\$ 8,303,403</b>	<b>\$ 8,839,010</b>	<b>\$ 9,141,600</b>

**Expenditures**

Personnel	\$5,486,794	\$5,925,880	\$5,905,173	\$5,912,032	\$6,456,637	\$6,711,957
Contract services	1,258,011	1,314,010	1,388,290	1,342,723	1,356,496	1,363,471
Training & Memberships	52,741	56,831	73,200	73,200	73,200	73,200
Supplies	140,964	96,595	99,800	133,100	101,800	101,800
Internal service fund charges	709,412	832,037	884,847	884,847	884,877	925,172
<b>Expenditure Totals</b>	<b>\$ 7,647,921</b>	<b>\$ 8,225,354</b>	<b>\$ 8,351,310</b>	<b>\$ 8,345,902</b>	<b>\$ 8,873,010</b>	<b>\$ 9,175,600</b>

<b>Authorized Positions</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY 23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	2.00	2.00	3.00	3.00	3.00	3.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
<b>FTE Total</b>	<b>30.50</b>	<b>30.50</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>

# LAW ENFORCEMENT

POLICE

## LAW ENFORCEMENT

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
1000-20-20-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenue</b>						
General Fund	\$ 6,699,698	\$ 7,089,319	\$ 7,199,230	\$ 7,382,821	\$ 7,840,087	\$ 8,125,342
Licenses and permits	44,907	52,055	55,500	33,341	55,500	55,500
Intergovernmental revenues	58,956	137,649	121,002	62,071	83,000	83,000
Charges for services	23,854	57,309	58,750	50,114	58,750	58,750
Fines and forfeitures	8,386	80,699	110,000	77,220	100,000	100,000
Other revenues	592	292	20,000	1,433	-	-
<b>Revenue Totals</b>	<b>\$ 6,836,392</b>	<b>\$ 7,417,322</b>	<b>\$ 7,564,482</b>	<b>\$ 7,606,999</b>	<b>\$ 8,137,337</b>	<b>\$ 8,422,592</b>
<b>Expenditure Totals</b>	<b>\$ 6,836,392</b>	<b>\$ 7,417,322</b>	<b>\$ 7,564,482</b>	<b>\$ 7,606,999</b>	<b>\$ 8,137,337</b>	<b>\$ 8,422,592</b>
Personnel	\$ 5,248,370	\$ 5,676,262	\$ 5,682,882	\$ 5,689,741	\$ 6,248,142	\$ 6,495,107
Contract services	729,425	802,152	870,997	873,355	882,499	882,499
Training & Memberships	52,741	56,831	73,200	73,200	73,200	73,200
Supplies	129,637	91,784	91,000	124,300	93,000	93,000
Internal service fund charges	676,220	790,292	846,403	846,403	840,496	878,786

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
Authorized Positions	Actual	Actual	Amended	Estimated	Adopted	Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
<b>FTE Total</b>	<b>28.50</b>	<b>28.50</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>



## PARKING ENFORCEMENT

POLICE

### DEPARTMENT PURPOSE

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

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

- Replaced nine pay stations.
- Upgraded Village pay stations with a new payment interface.
- Purchased hybrid truck for parking enforcement vehicle.

### FISCAL YEAR GOALS – 2024-25 and 2025-26

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

### PARKING ENFORCEMENT

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
1000-20-21-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenue</b>						
General Fund	\$ 72,300	\$ 111,785	\$ 53,660	\$ 114,931	\$ 61,234	\$ 71,524
Fines and forfeitures	580,447	486,207	497,500	397,500	499,500	499,500
Use of money & property	5,240	39,959	51,695	42,499	34,000	34,000
<b>Revenue Totals</b>	<b>\$ 657,986</b>	<b>\$ 637,952</b>	<b>\$ 602,855</b>	<b>\$ 554,930</b>	<b>\$ 594,734</b>	<b>\$ 605,024</b>
<b>Expenditures</b>						
Personnel	\$ 238,424	\$ 249,618	\$ 222,291	\$ 222,291	\$ 208,494	\$ 216,850
Contract services	380,066	346,699	334,500	286,575	334,500	334,500
Supplies	11,323	4,811	8,800	8,800	8,800	8,800
Internal service fund charges	28,173	36,824	37,264	37,264	42,940	44,874
<b>Expenditure Totals</b>	<b>\$ 657,986</b>	<b>\$ 637,952</b>	<b>\$ 602,855</b>	<b>\$ 554,930</b>	<b>\$ 594,734</b>	<b>\$ 605,024</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>

## ANIMAL SERVICES

POLICE

### DEPARTMENT PURPOSE

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

### ANIMAL SERVICES

	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
1000-20-23-000	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenue</b>						
General Fund	\$ 74,785	\$ 81,667	\$ 88,973	\$ 88,973	\$ 140,939	\$147,984
Charges for services	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 74,785</b>	<b>\$ 81,667</b>	<b>\$ 88,973</b>	<b>\$ 88,973</b>	<b>\$ 140,939</b>	<b>\$147,984</b>
<b>Expenditures</b>						
Contract services	\$ 73,855	\$ 80,492	\$ 87,793	\$ 87,793	\$ 139,497	\$146,472
Internal service fund charges	930	1,175	1,180	1,180	1,442	1,512
<b>Expenditure Totals</b>	<b>\$ 74,785</b>	<b>\$ 81,667</b>	<b>\$ 88,973</b>	<b>\$ 88,973</b>	<b>\$ 140,939</b>	<b>\$147,984</b>

# PUBLIC WORKS SUMMARY

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## PUBLIC WORKS

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

To provide this stewardship, the department has three divisions.

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

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

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

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

- Establish a computerized maintenance management system
- Completed Capitola Road Pavement Rehabilitation Project
- Completed Kennedy Drive Sidewalk Project
- Completed Bay/Hill Intersection Pedestrian Safety Quick Build
- Substantially completed the Wharf Resiliency and Public Access Project
- Substantially completed repairs from the January 2023 storms

## FISCAL YEAR GOALS – 2024-25 and 2025-26

- Compete Park at Rispin Mansion Project
- Complete construction of Community Center Renovation Project
- Complete design and construction of Treasure Cove Playground
- Complete design of Cliff Drive Resiliency Project
- Update City Climate Action Plan
- Continue to move 15 additional funded CIP projects toward completion

PUBLIC WORKS SUMMARY						
Public Works Summary	FY21/22 Actual	FY22/23 Actual	FY 23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Revenue</b>						
General Fund	\$ 2,815,514	\$ 3,412,508	\$ 3,785,993	\$ 3,881,230	\$ 4,025,024	\$ 4,167,039
Licenses and permits	26,260	37,311	30,000	30,000	30,000	30,000
Charges for services	5,224	8,951	5,000	9,818	6,000	6,000
Other revenues	41,039	10,751	8,000	11,445	8,000	8,000
<b>Revenue Totals</b>	<b>\$ 2,933,999</b>	<b>\$ 3,469,521</b>	<b>\$ 3,828,993</b>	<b>\$ 3,944,128</b>	<b>\$ 4,069,024</b>	<b>\$ 4,211,039</b>
<b>Expenditures</b>						
Personnel	\$ 1,673,675	\$ 1,895,349	\$ 2,004,914	\$ 2,020,633	\$ 2,180,098	\$ 2,264,902
Contract services	629,589	869,834	1,096,307	1,127,359	1,159,785	1,104,485
Training & Memberships	1,830	2,661	5,000	3,572	6,000	6,000
Supplies	453,235	539,117	429,600	500,391	533,750	507,700
Internal service fund charges	174,801	162,560	292,172	292,172	189,391	327,953
<b>Expenditure Totals</b>	<b>\$ 2,933,130</b>	<b>\$ 3,469,520</b>	<b>\$ 3,827,993</b>	<b>\$ 3,944,128</b>	<b>\$ 4,069,024</b>	<b>\$ 4,211,040</b>
<b>Authorized Positions</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY 23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	1.00	1.00	1.00	1.00	1.00	1.00
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00	-	-	-	-	-
Maintenance Worker I & II	7.50	7.50	8.00	9.00	7.50	7.50
Maintenance Worker III	2.00	2.00	2.00	1.00	2.00	2.00
SR. Mechanic/Mechanic	1.50	1.50	1.00	1.00	1.50	1.50
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>15.00</b>	<b>16.00</b>	<b>16.00</b>	<b>16.00</b>	<b>16.00</b>	<b>16.00</b>



# STREETS

## PUBLIC WORKS

STREETS						
	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>1000-30-30-000</b>						
<b>Revenues</b>						
General Fund	\$ 1,629,450	\$ 1,934,965	\$ 2,308,613	\$ 2,301,035	\$ 2,224,311	\$ 2,427,697
Licenses and permits	26,260	37,311	30,000	30,000	30,000	30,000
Intergovernmental revenues	45,963	-	-	11,635	-	-
Charges for services	3,000	7,427	3,000	6,318	3,000	3,000
Other revenues	33,539	10,751	8,000	6,712	8,000	8,000
<b>Revenue Totals</b>	<b>\$ 1,738,211</b>	<b>\$ 1,990,454</b>	<b>\$ 2,349,613</b>	<b>\$ 2,355,700</b>	<b>\$ 2,265,311</b>	<b>\$ 2,468,697</b>
<b>Expenditures</b>						
Personnel	\$ 1,291,950	\$ 1,443,455	\$ 1,540,503	\$ 1,550,503	\$ 1,603,273	\$ 1,665,852
Contract services	214,916	328,463	491,357	490,785	447,485	451,485
Training & Memberships	540	2,661	2,500	3,572	3,000	3,000
Supplies	108,178	121,921	92,500	88,087	103,000	105,000
Internal service fund charges	122,627	93,955	222,753	222,753	108,553	243,361
<b>Expenditure Totals</b>	<b>\$ 1,738,211</b>	<b>\$ 1,990,454</b>	<b>\$ 2,349,613</b>	<b>\$ 2,355,700</b>	<b>\$ 2,265,311</b>	<b>\$ 2,468,697</b>
<b>Authorized Positions</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY 23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</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
Engineer / Project Manager	1.00	1.00	1.00	1.00	1.00	1.00
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00					
Maintenance Worker I & II	5.50	6.00	6.00	7.00	6.50	6.50
Maintenance Worker III	1.00	1.00	1.00	-	-	-
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>10.50</b>	<b>12.00</b>	<b>12.00</b>	<b>12.00</b>	<b>11.50</b>	<b>11.50</b>

# STORMWATER

## PUBLIC WORKS

STORM WATER						
1000-30-30-301	FY21/22 Actual	FY22/23 Actual	FY 23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Revenues</b>						
General Fund	\$ 126,955	\$ 115,036	\$ 202,538	\$ 200,038	\$ 206,821	\$ 209,412
Charges for services	2,224	1,524	2,000	3,500	3,000	3,000
<b>Revenue Totals</b>	<b>\$ 129,179</b>	<b>\$ 116,560</b>	<b>\$ 204,538</b>	<b>\$ 203,538</b>	<b>\$ 209,821</b>	<b>\$ 212,412</b>
<b>Expenditures</b>						
Personnel	\$ 84,105	\$ 76,831	\$ 59,888	\$ 59,888	\$ 65,821	\$ 68,412
Contract services	45,074	38,025	143,150	143,150	142,500	142,500
Training & Memberships	-	-	-	-	-	-
Supplies	-	1,704	1,500	500	1,500	1,500
<b>Expenditure Totals</b>	<b>\$ 129,179</b>	<b>\$ 116,560</b>	<b>\$ 204,538</b>	<b>\$ 203,538</b>	<b>\$ 209,821</b>	<b>\$ 212,412</b>

## FACILITIES

PUBLIC WORKS

FACILITIES						
1000-30-31-xxx	FY21/22 Actual	FY22/23 Actual	FY 23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Revenues</b>						
General Fund	\$275,391	\$322,275	\$256,143	\$ 307,681	\$409,757	\$369,793
Other revenues	7,500	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$282,891</b>	<b>\$322,275</b>	<b>\$256,143</b>	<b>\$ 307,681</b>	<b>\$409,757</b>	<b>\$369,793</b>
<b>Expenditures</b>						
Contract services	\$157,467	\$181,425	\$220,800	\$ 194,119	\$281,700	\$241,900
Supplies	115,448	127,146	21,500	99,719	111,500	110,600
Internal service fund charges	9,975	13,704	13,843	13,843	16,557	17,293
<b>Expenditure Totals</b>	<b>\$282,891</b>	<b>\$322,275</b>	<b>\$256,143</b>	<b>\$ 307,681</b>	<b>\$409,757</b>	<b>\$369,793</b>

# FLEET

## PUBLIC WORKS

FLEET						
1000-30-32-000	FY21/22 Actual	FY22/23 Actual	FY 23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Revenues</b>						
General Fund	\$325,344	\$367,213	\$359,573	\$359,931	\$429,389	\$436,708
Other revenues	-	-	-	4,733	-	-
<b>Revenue Totals</b>	<b>\$325,344</b>	<b>\$367,213</b>	<b>\$359,573</b>	<b>\$364,664</b>	<b>\$429,389</b>	<b>\$436,708</b>
<b>Expenditures</b>						
Personnel	\$106,579	\$112,333	\$112,513	\$112,577	\$169,306	\$175,543
Contract services	8,338	1,068	5,000	11,027	5,000	5,000
Training & Memberships	869	-	1,000	-	500	500
Supplies	195,762	235,393	222,500	222,500	232,500	232,500
Internal service fund	13,796	18,420	18,560	18,560	22,083	23,165
<b>Expenditure Totals</b>	<b>\$325,344</b>	<b>\$367,213</b>	<b>\$359,573</b>	<b>\$364,664</b>	<b>\$429,389</b>	<b>\$436,708</b>
<b>Authorized Positions</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY 23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Mechanic/Sr. Mechanic	1.50	1.00	1.00	1.00	1.50	1.50
<b>FTE Total</b>	<b>1.50</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.50</b>	<b>1.50</b>



## PARKS

## PUBLIC WORKS

### 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

Maintaining the status quo.

PARKS						
	FY21/22	FY22/23	FY 23/24	FY23/24	FY24/25	FY25/26
1000-30-33-xxx	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Revenues</b>						
General Fund	\$ 458,374	\$ 673,019	\$ 659,126	\$ 712,545	\$ 754,746	\$ 723,429
<b>Revenue Totals</b>	<b>\$ 458,374</b>	<b>\$ 673,019</b>	<b>\$ 659,126</b>	<b>\$ 712,545</b>	<b>\$ 754,746</b>	<b>\$ 723,429</b>
<b>Expenditures</b>						
Personnel	\$ 191,041	\$ 262,731	\$ 292,010	\$ 297,665	\$ 341,697	\$ 355,095
Contract services	203,794	320,853	236,000	288,278	283,100	263,600
Training & Memberships	1,290	-	2,500	-	2,500	2,500
Supplies	33,846	52,954	91,600	89,586	85,250	58,100
Internal service fund charges	28,403	36,481	37,016	37,016	42,199	44,134
<b>Expenditure Totals</b>	<b>\$ 458,374</b>	<b>\$ 673,019</b>	<b>\$ 659,126</b>	<b>\$ 712,545</b>	<b>\$ 754,746</b>	<b>\$ 723,429</b>
<b>Authorized Positions</b>						
Maintenance Worker I & II	3.00	2.00	2.00	2.00	1.00	1.00
Maintenance Worker III	1.00	1.00	1.00	1.00	2.00	2.00
<b>FTE Total</b>	<b>4.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

# COMMUNITY DEVELOPMENT

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## COMMUNITY DEVELOPMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

The CDD administers the City's land use policies and standards adopted by the City Council including Zoning Code (Title 17), Housing and Development Administration (Title 18), General Plan, Housing Element, Local Coastal Program, and other regulations. The Department's key functions include review of development applications, application of CEQA, maintenance of aforementioned regulatory and long-range planning documents, building plan check and inspection services, building and zoning code compliance, and administration of the affordable housing programs. The Department manages grants related to community planning, housing, economic development, and public services through regional, state, and federal opportunities. The Department provides staff support to the City Council, Planning Commission, and the Design and Development Review Committee.

### KEY CHANGES

During the past fiscal year, the Department ended the shared Building Official contract with Scotts Valley. Training is a focus in the FY2024-25 within the Building Department.

### FISCAL YEAR ACCOMPLISHMENTS – FY 2023-24

- Adopt Housing Element update with a focus on public outreach, public hearings, adoptions, and working toward State of California Department of Housing and Community Development certification.
- Administered CDBG Grant of \$500,000 for to provide food and transit services to low-income families through local nonprofits.
- Applied for CDBG Grant of \$3.3 million for renovation of the Jade Street Community Center.
- Implemented a 5-year Contract for a Regional Bikeshare Program with BCycle.
- Awarded Permanent Local Housing Allocation Grant (\$630,557) and utilized first year of funding toward region homeless efforts.
- Planning approval of a 52-unit 100% affordable housing development at 1098 38<sup>th</sup> Avenue.
- Building permit for a 36-unit 100% affordable housing development at 4401 Capitola Road.
- 120 planning permit applications submitted July 1, 2023, through May 1, 2024.
- 286 building permit applications submitted July 1, 2023, through May 1, 2024.

### FISCAL YEAR GOALS – 2024-25 and 2025-26

- Certification of the 6<sup>th</sup> Cycle Housing Element by State of California Department of Housing and Community Development.
- Issue building permits and begin construction of a new hotel at 720 Hill Street and 52-unit affordable housing development at 1098 38<sup>th</sup> Avenue.
- Oversee construction and occupancy of 36-unit 100% affordable housing development at 4401 Capitola Road.
- Plan for long-term use of the Capitola Wharf with a focus on public engagement, environment, and climate resiliency.
- Initiate economic development strategy study for the 41<sup>st</sup> Avenue corridor.
- Explore public/private partnership opportunities toward redevelopment of the Capitola Mall.
- Administer grants to support Capitola residents with food services (CDBG) and housing production (PLHA).
- Provide training opportunities for all staff to encourage growth, job satisfaction, and longevity.

**COMMUNITY DEVELOPMENT**

	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY 23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>Community Development</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 393,543	\$ 454,348	\$ 514,510	\$ 555,161	\$ 381,586	\$ 443,143
Licenses and permits	320,123	241,459	243,500	265,820	313,500	283,500
Charges for services	278,599	323,450	302,000	173,872	217,000	207,000
Fines and forfeitures	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 992,265</b>	<b>\$1,019,257</b>	<b>\$ 1,060,010</b>	<b>\$ 994,853</b>	<b>\$ 912,086</b>	<b>\$ 933,643</b>
<b>Expenditures</b>						
Personnel	\$ 728,084	\$ 877,933	\$ 906,715	\$ 816,166	\$ 703,456	\$ 730,389
Contract services	204,020	55,157	58,000	98,942	103,000	98,000
Training & Memberships	2,601	10,435	17,700	3,150	17,700	17,700
Supplies	860	1,586	2,100	1,100	5,100	2,100
Internal service charges	56,699	74,146	75,495	75,495	82,829	85,455
<b>Expenditure Totals</b>	<b>\$ 992,264</b>	<b>\$1,019,257</b>	<b>\$ 1,060,010</b>	<b>\$ 994,853</b>	<b>\$ 912,086</b>	<b>\$ 933,643</b>
<b>Authorized Positions</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY 23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
Community Dev. Director	1.00	1.00	1.00	1.00	1.00	1.00
Senior Planner	-	-	1.00	1.00	1.00	1.00
Associate Planner	-	1.00	1.00	1.00	1.00	1.00
Assistant Planner	2.00	1.00	-	-	-	-
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	-	-	-	-
Development Services Tech	0.50	0.75	1.00	1.00	1.00	1.00
<b>FTE Total</b>	<b>5.50</b>	<b>5.75</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Officials Positions</b>						
Planning Commissioners	5.00	5.00	5.00	5.00	5.00	5.00
Arch & Site Committee	2.00	2.00	-	-	-	-
<b>Total</b>	<b>7.00</b>	<b>7.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Officials Annual Pay</b>						
Planning Commissioners	\$ 9,250	\$ 9,250	\$ 7,500	\$ 7,500	\$ 8,750	\$ 8,750
Arch & Site Committee	6,000	6,000	-	-	-	-
<b>Total</b>	<b>\$ 15,250</b>	<b>\$ 15,250</b>	<b>\$ 7,500</b>	<b>\$ 7,500</b>	<b>\$ 8,750</b>	<b>\$ 8,750</b>

# COMMUNITY SERVICES AND RECREATION

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## CULTURE & LEISURE

### MISSION

The City of Capitola Community Services and Recreation Departments mission is to enhance recreation, healthy lifestyles, and quality of life for Capitola and the surrounding neighbors through affordable and fun activities and opportunities. The Department has a commitment to excellence, safety and continually strives to improve its programs, procedures, and services, to best meet the needs and interests of the community.

### DEPARTMENT PURPOSE

The Community Services and Recreation Department manages recreation and leisure services offered to residents of Capitola and the broader community as well as the USLA Certified Lifeguard Division which protects beach goers in the Capitola Beach area during from Memorial Day Weekend to the end of October. These services include City-staffed programs such as Junior Lifeguards, Camp Capitola, and community events, as well as over 500 classes offered by contracted instructors. Youth Programs have enrollment of over 2,000 children annually. The Department also manages the Capitola Community Center, Jade Street Park, and Monterey Park.

The Community Services and Recreation Department represents the City through Lifeguards at the beach, programs offered, class instructors selected, seasonal youth hired and trained, and condition of facilities. The department programs provide job training for young people through the Junior Lifeguard Captains Corps and Camp Capitola Junior Leader Program and provide scholarships for under resourced youth.

### KEY CHANGES

Following extensive community engagement, in 2019 the City adopted a comprehensive five-year strategic plan for the Capitola Recreation Division. The division has grown from 3.75 FTE to 5.5 FTE and now supervises over 50 temporary seasonal staff each year. The program revenue remains strong and covers the direct cost of programs. Further the Division now supports numerous equity and accessibility initiatives for the community. Given the scope and growth of the Division and final key initiative of the strategic plan, the establishment of the Capitola Community Services and Recreation Department is proposed for the upcoming budget.

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

- City operated Lifeguard Service achieved United States Lifesaving Association (USLA) Certification as an Open Water Lifesaving Agency and hosted the California Surf Lifesaving Association (CSLSA) Spring Board of Directors Meeting.
- Recertified Camp Capitola as an American Camp Association (ACA) Accredited program and promoted from a 3-year cycle to a 5-year cycle.
- Expanded the learn to swim program for under resourced youth by doubling attendance for Spring 2024 and successfully enrolled Spring 2023 group in the Junior Guard Summer 2023 program.
- Hosted a community event for JoJo's 80<sup>th</sup> Birthday in collaboration with other City Departments and community members.
- Provided, for the first time, School Break Camps and other Family Support programs.
- Integrated Art & Cultural and Recreation program staff for efficiency in implementing events.
- Coordinated a County wide public advertising for July IS Park & Rec Month Campaign

### FISCAL YEAR GOALS – 2024-25 and 2025-26

- Continue to provide quality recreation services with minimal program interruption during displacement due to the Community Center and Treasure Cove at Jade St Playground remodel
- Implement a Park Space Reservation Permit for small groups to host gatherings such as birthday parties in City Parks.



- Provide programming on the Wharf during the temporary use phase of the project.
- Engage Middle School age youth in ocean safety program during the school year.
- Further develop county recreation agency partnerships to provide regional programs, Park Rx, Family Fun Day and other programs.

#### COMMUNITY SERVICES AND RECREATION

<b>Recreation Summary 1000-50-50-xxx</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY 23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
<b>Revenue</b>						
General Fund	\$ 286,144	\$ 702,322	\$ 586,769	\$ 481,769	\$ 739,196	\$ 766,389
Recreation Classes	\$ 199,902	\$ 224,903	\$ 225,000	\$ 224,945	\$ 200,000	\$ 200,000
Capitola Junior Guards	267,803	272,552	309,263	443,101	354,800	354,800
OST Program	1,386	574	-	-	-	-
Sports	26,185	22,465	19,000	14,435	26,900	26,900
Camp Capitola	181,466	150,173	193,240	229,091	216,867	216,867
Afterschool Program	72,838	68,338	143,174	143,174	121,483	121,483
Events	7,104	3,249	4,760	2,347	7,900	7,900
<b>Total Charges for Svcs.</b>	<b>\$ 756,685</b>	<b>\$ 742,254</b>	<b>\$ 894,437</b>	<b>\$1,057,092</b>	<b>\$ 927,950</b>	<b>\$ 927,950</b>
Jade St. Rentals	\$ 6,700	\$ 11,081	\$ 11,000	\$ 14,781	\$ 2,000	\$ 2,000
<b>Revenue Totals</b>	<b>\$1,049,529</b>	<b>\$1,455,657</b>	<b>\$1,492,206</b>	<b>\$1,553,642</b>	<b>\$1,669,146</b>	<b>\$1,696,339</b>

#### **Expenditures**

Personnel	\$692,415	\$877,308	\$1,094,949	\$1,138,749	\$1,253,020	\$1,279,472
Contract services	241,126	353,537	215,400	222,705	220,050	218,050
Training & Memberships	5,033	15,264	17,725	18,234	13,900	14,150
Supplies	46,995	83,801	55,575	65,398	91,800	90,800
Internal service fund charges	63,960	125,747	108,557	108,557	90,376	93,868
<b>Expenditure Totals</b>	<b>\$1,049,529</b>	<b>\$1,455,657</b>	<b>\$1,492,206</b>	<b>\$1,553,642</b>	<b>\$1,669,146</b>	<b>\$1,696,339</b>

<b>Authorized Positions</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY 23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
Community Svcs. & Recreation						
Director					1.00	1.00
Recreation Division Manager	1.00	1.00	1.00	1.00	-	-
Recreation Coordinator	3.00	3.00	3.00	3.00	3.00	3.00
Customer Svc./Off. Coord.	1.00	1.00	1.00	1.00	1.00	1.00
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	0.50
<b>FTE Total</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>

#### **Hourly Allocation**

Beach Lifeguard Captain				-	-	-
Beach Lifeguard/JG Instructor	7,200	7,200	7,536	7,536	12,648	12,648
Jr. Lifeguard Coordinator	1,200	1,200	-	-	-	-
Lifeguard Lieutenant/ JG Asst. Cord.	-	-	400	400	1,296	1,296
Recreation Leader I			3,855	3,855	3,503	3,503
Recreation Leader II	4,800	4,800	3,614	3,614	2,952	2,952
Recreation Coordinator	1,200	1,200	-	-	-	-
Recreation Asst. Coordinator	500	500	1,039	1,039	857	857
Youth Program Coordinator	720	720	-	-	687	687
Youth Program Leader	2,880	2,880	-	-	-	-
Recreation Admin Temps	1,560	1,560	-	-	-	-
Sports Scorekeepers	900	900	900	900	-	-
Recreation Facilities Assistant	-	-	280	280	-	-
<b>Hours Total</b>	<b>20,960</b>	<b>20,960</b>	<b>17,624</b>	<b>17,624</b>	<b>21,943</b>	<b>21,943</b>

### MISSION

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

### DEPARTMENT PURPOSE

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

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

- Continued 2023 exhibition “Capitola – Signs of the Times” – July to December 2023.
- Installed 2024 annual exhibition “Little City Under Canvas” – The 150<sup>th</sup> Anniversary of Camp Capitola - March 2024.
- Installed three rotating exhibits at the Capitola Library.
- Community Involvement:
  - Coordinated museum participation in 2023 Car Show, 2023 Art & Wine Festival (9& 10), 2023 Beach Festival, Plein Air Finale (11/5), and Laura Hecox Day at the Santa Cruz Natural History Museum (1/27). Historic Landmark Committee Blue Plaque Awards (5/11) and Santa Cruz County History Fair (5/18), and the Capitola Car Show (6/8).
  - Co-sponsored the 2024 Santa Cruz County History Fair.
  - Coordinated building of float for the 2023 Beach Festival Lighted Nautical Parade, awarded 3<sup>rd</sup> place with trophy and check for \$500.
  - Funded video of JoJo Urbancic Birthday Party.
- New Landscape Project; Coordinated with:
  - Eagle Scout candidate Owen Lawson on museum landscape project (January through April);
  - Amah Mutsun Land Trust;
  - Public Works: new ADA walkway to the Bathhouse; fumigation of historic Beach Cottage, painting, and redevising opening of Bathhouse doors; reorienting the museum sign; installing a concrete pad behind the photo-op.
- Public Outreach:
  - Wrote more than 4 articles for various publications including the Capitola-Soquel Times
  - 55 posts on the museum Facebook page; gained 300 new followers from September 2023 to May 2024

### FISCAL YEAR GOALS – 2024-25 and 2025-26

- Continue 2024 exhibition “Little City Under Canvas” The 150<sup>th</sup> Anniversary of Camp Capitola through December 2024
- Continue to recognize the 75<sup>th</sup> Anniversary of city incorporation and the 100<sup>th</sup> anniversary of the Venetian Court.
- Develop and install 2025 annual exhibition (theme – fashion – proposed title “The Naughty Surf – 19<sup>th</sup>-20<sup>th</sup> Century Resort Fashions in Capitola” by mid-March 2025.
- Continue to participate in annual festivals and history events.
- Write a historical essay on Capitola history – article on Olaf Palm for the MAH History Journal No. 10 in the summer of 2024.
- Initiate proposal for new book, *Capitola – Then & Now* with Arcadia Publishing.

# MUSEUM

<b>Capitola Museum</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY 23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>1000-50-51-000</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 58,049	\$ 61,735	\$ 73,292	\$ 73,339	\$ 77,651	\$ 79,565
Other revenues	8,385	10,089	4,300	8,991	10,000	10,000
<b>Revenue Totals</b>	<b>\$ 66,434</b>	<b>\$ 71,824</b>	<b>\$ 77,592</b>	<b>\$ 82,329</b>	<b>\$ 87,651</b>	<b>\$ 89,565</b>
<b>Expenditures</b>						
Personnel	\$42,895	\$43,210	\$41,870	\$45,990	\$43,918	\$45,589
Contract services	7,983	8,017	13,000	10,000	13,000	13,000
Training & Memberships	207	151	1,000	1,167	1,700	1,700
Supplies	10,118	13,718	14,800	18,250	21,500	21,500
Internal service fund charges	5,231	6,728	6,922	6,922	7,533	7,776
<b>Expenditure Totals</b>	<b>\$ 66,434</b>	<b>\$ 71,824</b>	<b>\$ 77,592</b>	<b>\$ 82,329</b>	<b>\$ 87,651</b>	<b>\$ 89,565</b>
<b>Authorized Positions</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY 23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
Museum Curator	0.50	0.50	0.50	0.50	0.50	0.50
<b>FTE Total</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>

## ART & CULTURE

## CULTURE & LEISURE

### MISSION

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

### DEPARTMENT PURPOSE

The first Arts Commission was created in 1984. The commission was reorganized by Ordinance #851 effective May 10, 2003, under the new title of Art & Cultural Commission. With the adopted Arts & Cultural Master Plan, the Commission develops and reviews Public Art projects and creates opportunities for a variety of art and cultural experiences for City Council approval. The Commission continues to offset nearly 50% of its budget by obtaining sponsors for the events.

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

- Summer Twilight Concerts at Esplanade Park.
- Capitola Plein Air Event largest ever.
- Recommended public art project to the City Council.

### FISCAL YEAR GOALS – 2024-25 and 2025-26

- Evaluate Art in the Park Event.
- Explore new Cultural events for the City.
- Continue to look at public art opportunities.

### ART & CULTURE

Art & Cultural Commission 1000-50-52-000	FY21/22 Actual	FY22/23 Actual	FY 23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Revenue</b>						
General Fund	\$ 8,387	\$ 29,260	\$ 38,644	\$ 39,707	\$ 50,236	\$ 44,357
Other revenues	51,760	21,080	31,000	54,918	54,000	54,000
<b>Revenue Totals</b>	<b>\$ 60,147</b>	<b>\$ 50,340</b>	<b>\$ 69,644</b>	<b>\$ 94,625</b>	<b>\$104,236</b>	<b>\$ 98,357</b>

### Expenditures

Personnel	\$14,651	\$16,152	\$18,464	\$21,000	\$21,578	\$22,495
Contract services	30,760	31,293	41,000	36,000	35,000	35,000
Supplies	10,766	9,978	5,000	32,445	42,000	35,000
Internal service fund charges	3,971	5,049	5,180	5,180	5,658	5,862
<b>Expenditure Totals</b>	<b>\$ 60,147</b>	<b>\$ 62,472</b>	<b>\$ 69,644</b>	<b>\$ 94,625</b>	<b>\$104,236</b>	<b>\$ 98,357</b>

### Hourly Employee Allocation

Hours	516	500	520	520	600	600
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# INTERNAL SERVICE FUNDS



## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

## STORES FUND

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

SOURCES AND USES						
Fund - 2210	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	\$ 69,115	\$ 65,435	\$ 62,676	\$ 62,676	\$ 62,676	\$ 62,676
<b>Revenue</b>						
Other Revenues	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	20,000	27,000	27,000	27,000	27,000	27,000
General Fund Transfers	-	-	-	-	-	-
<b>Revenue Totals</b>	<u>\$20,010</u>	<u>\$27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
<b>Expenditures</b>						
Contract Services	\$ 6,866	\$ 6,842	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Supplies	16,825	22,917	20,000	20,000	20,000	20,000
<b>Expenditure Totals</b>	<u>\$23,690</u>	<u>\$29,759</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
<b>Fund Balance at 06/30</b>	<b>\$65,435</b>	<b>\$62,676</b>	<b>\$ 62,676</b>	<b>\$ 62,676</b>	<b>\$ 62,676</b>	<b>\$ 62,676</b>

## INFORMATION TECHNOLOGY FUND

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

SOURCES AND USES						
Fund - 2211	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	\$ 327,920	\$ 355,804	\$ 317,651	\$ 317,651	\$ 177,041	\$ 177,041
<b>Revenue</b>						
Other Revenues	\$ 4,068	\$ 4,068	\$ 4,000	\$ 3,390	\$ 4,000	\$ 4,000
Internal Service Charges	197,900	257,502	271,000	271,000	268,000	268,000
Other Financing Sources	-	-	235,000	235,000	-	-
<b>Revenue Totals</b>	<u>\$201,968</u>	<u>\$261,570</u>	<u>\$ 510,000</u>	<u>\$ 509,390</u>	<u>\$ 272,000</u>	<u>\$ 272,000</u>
<b>Expenditures</b>						
Contract Services	\$ 107,974	\$ 194,690	\$ 201,000	\$ 210,000	\$ 196,000	\$ 196,000
Training & Memberships	-	-	-	-	-	-
Supplies	66,111	83,298	70,000	85,000	76,000	76,000
Capital Outlay	-	21,735	355,000	355,000	-	-
<b>Expenditure Totals</b>	<u>\$174,084</u>	<u>\$299,723</u>	<u>\$ 626,000</u>	<u>\$ 650,000</u>	<u>\$ 272,000</u>	<u>\$ 272,000</u>
<b>Fund Balance at 06/30</b>	<b>\$355,804</b>	<b>\$317,651</b>	<b>\$ 201,651</b>	<b>\$ 177,041</b>	<b>\$ 177,041</b>	<b>\$ 177,041</b>

Contract services: on-going technology licenses

Supplies: replacement technology equipment



## EQUIPMENT REPLACEMENT FUND

The Equipment Replacement Fund is designed to provide funding for replacement of City vehicles, including passenger cars, maintenance vehicles, police vehicles and other specialty vehicles. Departments contribute to this replacement fund based on the depreciation costs of existing vehicles. This fund receives revenue from trade-ins and surplus equipment sales. The General Fund charges for services based on the prior year fleet depreciation costs adjusted by the CPI index. The FY 2021-22 depreciation totaled approximately \$210,000 however that is anticipated to approach \$300,000 as we complete previously approved purchases and add the electric street sweeper to the fleet.

During the annual budget process, the Public Works and the Police Department review the current vehicle inventory listing and make recommendations for vehicle acquisitions and replacements, considering on-going maintenance costs. In FY 2021-22, \$300,000 was transferred from the General Fund to assist in restoring the Equipment Fund's balance and to purchase an electric street sweeper. Typically, new street sweepers are financed with gas tax revenues. However, to take advantage of a grant of \$250,000, the General Fund assisted with the purchase of the equipment.

### FY 2024-25 CAPITAL OUTLAY

2 PD Patrol vehicles \$ 140,000

### FY 2025-26 CAPITAL OUTLAY

Electric / Hybrid Fleet \$ 200,000

SOURCES AND USES						
Fund - 2212	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	\$ 683,833	\$ 966,130	\$ 875,969	\$ 875,969	\$ 577,318	\$ 502,318
<b>Revenue</b>						
Other revenues	\$ -	\$ 6,000	\$ 120,000	\$ 260,000	\$ -	\$ -
Internal Service Charges	100,000	105,000	250,000	250,000	65,000	200,000
Other Financing Sources	361,000	74,000	200,000	200,000	-	-
<b>Revenue Totals</b>	<u>461,000</u>	<u>185,000</u>	<u>570,000</u>	<u>710,000</u>	<u>65,000</u>	<u>200,000</u>
<b>Expenditures</b>						
Capital Outlay	\$ 178,703	\$ 275,161	\$ 403,404	\$ 1,008,650	\$ 140,000	\$ 200,000
<b>Expenditure Totals</b>	<u>\$ 178,703</u>	<u>\$ 275,161</u>	<u>\$ 403,404</u>	<u>\$ 1,008,650</u>	<u>\$ 140,000</u>	<u>\$ 200,000</u>
<b>Fund Balance at 06/30</b>	<b>\$ 966,130</b>	<b>\$ 875,969</b>	<b>\$ 1,042,565</b>	<b>\$ 577,318</b>	<b>\$ 502,318</b>	<b>\$ 502,318</b>

## SELF-INSURANCE LIABILITY FUND

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

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

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

SOURCES AND USES						
Fund - 2213	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	\$ 126,440	\$ (20,881)	\$ 278,187	\$ 278,187	\$ 179,917	\$ 179,917
<b>Revenue</b>						
Other Revenue	\$ (11,694)	\$ 82,292	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	450,624	622,998	622,136	622,136	760,036	797,228
Other Financing Sources	-	250,000	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 438,930</b>	<b>\$ 955,290</b>	<b>\$ 622,136</b>	<b>\$ 622,136</b>	<b>\$ 760,036</b>	<b>\$ 797,228</b>
<b>Expenditures</b>						
Contract Services	\$ 586,251	\$ 651,920	\$ 622,138	\$ 720,406	\$ 760,036	\$ 797,228
Other Financing Uses	-	4,302	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 586,251</b>	<b>\$ 656,222</b>	<b>\$ 622,138</b>	<b>\$ 720,406</b>	<b>\$ 760,036</b>	<b>\$ 797,228</b>
<b>Fund Balance at 06/30</b>	<b>\$ (20,881)</b>	<b>\$ 278,187</b>	<b>\$ 278,185</b>	<b>\$ 179,917</b>	<b>\$ 179,917</b>	<b>\$ 179,917</b>

## WORKERS' COMPENSATION FUND

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

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

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

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

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

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

### **Distribution to General Fund Departments:**

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

SOURCES AND USES						
	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
Fund - 2214	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 318,800	\$ 367,079	\$ 117,301	\$ 117,301	\$ 118,749	\$ 118,749
<b>Revenue</b>						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$ 427,680	\$ 431,999	\$ 447,705	\$ 447,705	\$ 403,542	\$ 423,719
<b>Revenue Totals</b>	<u>\$ 427,680</u>	<u>\$ 431,999</u>	<u>\$ 447,705</u>	<u>\$ 447,705</u>	<u>\$ 403,542</u>	<u>\$ 423,719</u>
<b>Expenditures</b>						
Contract Services	\$ 379,401	\$ 431,777	\$ 447,705	\$ 446,257	\$ 403,542	\$ 423,719
Other Financing Uses	-	250,000	-	-	-	-
<b>Expenditure Totals</b>	<u>\$ 379,401</u>	<u>\$ 681,777</u>	<u>\$ 447,705</u>	<u>\$ 446,257</u>	<u>\$ 403,542</u>	<u>\$ 423,719</u>
<b>Fund Balance at 06/30</b>	<b>\$ 367,079</b>	<b>\$ 117,301</b>	<b>\$ 117,301</b>	<b>\$ 118,749</b>	<b>\$ 118,749</b>	<b>\$ 118,749</b>

## COMPENSATED ABSENCES LIABILITY FUND

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

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

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

Police Captain Cashable Sick Leave: Refer to contract.

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

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

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

### SOURCES AND USES

	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
Fund - 2216	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 263,856	\$ 110,886	\$ 330,886	\$ 330,886	\$ 330,886	\$330,886
<b>Revenue</b>						
Other financing sources	\$220,000	\$220,000	\$ 225,000	\$ 225,000	\$ 200,000	\$200,000
<b>Revenue Totals</b>	\$220,000	\$220,000	\$ 225,000	\$ 225,000	\$ 200,000	\$200,000
<b>Expenditures</b>						
Personnel	\$372,970	\$ -	\$ 225,000	\$ 225,000	\$ 200,000	\$200,000
<b>Expenditure Totals</b>	\$372,970	\$ -	\$ 225,000	\$ 225,000	\$ 200,000	\$200,000
<b>Fund Balance at 06/30</b>	<b>\$ 110,886</b>	<b>\$ 330,886</b>	<b>\$ 330,886</b>	<b>\$ 330,886</b>	<b>\$ 330,886</b>	<b>\$ 330,886</b>



## SPECIAL REVENUE FUNDS



## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SUPPLEMENTAL LAW ENFORCEMENT SERVICES

POLICE

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

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

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

### SOURCES AND USES

<b>Fund - 1300 SLESF</b>	<b>FY21/22 Actual</b>	<b>FY22/23 Actual</b>	<b>FY23/24 Amended</b>	<b>FY23/24 Estimated</b>	<b>FY24/25 Adopted</b>	<b>FY25/26 Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 99,060</b>	<b>\$ 154,484</b>	<b>\$151,613</b>	<b>\$ 151,613</b>	<b>\$ 33,427</b>	<b>\$ 35,927</b>
<b>Revenue</b>						
Intergovernmental revenues	\$101,325	\$ 103,114	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	217	3,968	500	3,044	4,000	4,000
<b>Revenue Totals</b>	<b>\$101,541</b>	<b>\$ 107,082</b>	<b>\$100,500</b>	<b>\$ 103,044</b>	<b>\$104,000</b>	<b>\$104,000</b>
<b>Expenditures</b>						
Contract services	\$ 1,352	1,344	\$ 1,000	\$ 1,230	\$ 1,500	\$ 1,500
Supplies	33,765	86,797	35,000	35,000	33,000	33,000
Capital outlay	-	21,813	65,000	65,000	67,000	67,000
Other financing uses	11,000	-	120,000	120,000	-	-
<b>Expenditure Totals</b>	<b>\$ 46,117</b>	<b>\$ 109,954</b>	<b>\$221,000</b>	<b>\$ 221,230</b>	<b>\$101,500</b>	<b>\$101,500</b>
<b>Fund Balance at 06/30</b>	<b>\$154,484</b>	<b>\$ 151,613</b>	<b>\$ 31,113</b>	<b>\$ 33,427</b>	<b>\$ 35,927</b>	<b>\$ 38,427</b>

Contract Services – Utility services – Gas & Electric

Supplies – Front line law enforcement – includes \$5,000 for wellness grant.

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



## RESTRICTED TRANSIENT OCCUPANCY TAX (TOT)

CITY COUNCIL

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

### SOURCES AND USES

<b>Fund - 1305</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>TOT Restricted Revenue</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 68,442</b>	<b>\$ 62,758</b>	<b>\$ 58,473</b>	<b>\$ 58,473</b>	<b>\$ 21,296</b>	<b>\$ 5,004</b>
<b>Revenue</b>						
Transient Occupancy Tax	99,483	95,940	100,833	98,542	101,842	103,878
Other revenue	-	557	-	1,615	1,000	1,000
<b>Revenue Totals</b>	<b>\$ 99,483</b>	<b>\$ 96,497</b>	<b>\$100,833</b>	<b>\$100,157</b>	<b>\$ 102,842</b>	<b>\$ 104,878</b>
<b>Expenditures</b>						
ECYP Supplies	\$ 19,332	\$ -	\$ 16,300	\$ 16,300	\$ -	\$ -
ECYP Enrichment	-	-	11,700	11,700	8,600	8,000
ECYP Scholarships	-	-	27,000	13,500	13,500	-
Chamber of Commerce	36,176	34,887	36,667	35,833	37,033	37,774
ECYP Community Grants	49,660	65,895	60,000	60,000	60,000	60,000
<b>Expenditure Totals</b>	<b>\$105,167</b>	<b>\$100,783</b>	<b>\$151,667</b>	<b>\$137,333</b>	<b>\$ 119,133</b>	<b>\$ 105,774</b>
<b>Fund Balance at 06/30</b>	<b>\$ 62,758</b>	<b>\$ 58,473</b>	<b>\$ 7,639</b>	<b>\$ 21,296</b>	<b>\$ 5,004</b>	<b>\$ 4,109</b>
Local Business Groups <sup>(1)</sup>	\$ 36,176	\$ 34,887	\$ 36,667	\$ 35,833	\$ 37,033	\$ 37,774
Early Childhood/Youth Programs	\$ 63,307	\$ 61,053	\$ 64,167	\$ 62,708	\$ 64,808	\$ 66,104
	<b>\$ 99,483</b>	<b>\$ 95,940</b>	<b>\$100,833</b>	<b>\$ 98,542</b>	<b>\$ 101,842</b>	<b>\$ 103,878</b>

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

#### ECYP Enrichment

- Field Trips and similar activities

#### ECYP Scholarships

- Camp & Jr. Guard - \$13,500 (year 2 of two-year \$27,000 program)

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

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

- Equal amount distributed directly to Capitola BIA fund.

## ROAD MAINTENANCE & REHABILITATION ACT (SB1)

### PUBLIC WORKS

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

SOURCES AND USES						
Fund - 1308 RMRA SB 1	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	<b>\$ 203,131</b>	<b>\$ 315,199</b>	<b>\$ 289,149</b>	<b>\$ 289,149</b>	<b>\$ 300,518</b>	<b>\$ 300,518</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ 202,344	\$ 218,001	\$ 248,500	\$ 248,500	\$ 252,161	\$ 257,204
Other financing sources	6,640	9,378	-	6,369	-	-
<b>Revenue Totals</b>	<b>\$ 208,983</b>	<b>\$ 227,379</b>	<b>\$ 248,500</b>	<b>\$ 254,869</b>	<b>\$ 252,161</b>	<b>\$ 257,204</b>
<b>Expenditures</b>						
Contract services						
Capital outlay	\$ 96,915	\$ 253,428	\$ 243,500	\$ 243,500	\$ 252,161	\$ 257,204
<b>Expenditure Totals</b>	<b>\$ 96,915</b>	<b>\$ 253,428</b>	<b>\$ 243,500</b>	<b>\$ 243,500</b>	<b>\$ 252,161</b>	<b>\$ 257,204</b>
<b>Fund Balance at 06/30</b>	<b>\$ 315,199</b>	<b>\$ 289,149</b>	<b>\$ 294,149</b>	<b>\$ 300,518</b>	<b>\$ 300,518</b>	<b>\$ 300,519</b>

Capital Outlay – Annual pavement management plan.

## REGIONAL TRANSPORTATION COMMISSION (RTC) STREETS

### PUBLIC WORKS

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

SOURCES AND USES						
Fund - 1309 RTC Streets	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	<b>\$ 645,046</b>	<b>\$ 933,823</b>	<b>\$ 185,891</b>	<b>\$ 185,891</b>	<b>\$ 60,325</b>	<b>\$ 65,325</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ 384,195	\$ 368,521	\$ 371,000	\$ 250,682	\$ 369,000	\$ 380,000
Other financing sources	1,497	13,432	-	10,097	5,000	5,000
<b>Revenue Totals</b>	<b>\$ 385,691</b>	<b>\$ 381,953</b>	<b>\$ 371,000</b>	<b>\$ 260,779</b>	<b>\$ 374,000</b>	<b>\$ 385,000</b>
<b>Expenditures</b>						
Contract services	\$ 96,915	\$ 1,129,884	\$ 386,345	\$ 386,345	\$ 369,000	\$ 380,000
Capital outlay	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 96,915</b>	<b>\$ 1,129,884</b>	<b>\$ 386,345</b>	<b>\$ 386,345</b>	<b>\$ 369,000</b>	<b>\$ 380,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 933,823</b>	<b>\$ 185,891</b>	<b>\$ 170,546</b>	<b>\$ 60,325</b>	<b>\$ 65,325</b>	<b>\$ 70,325</b>

Capital Outlay – Annual pavement management plan.

## GAS TAX

## PUBLIC WORKS

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

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

SOURCES AND USES						
<b>Fund - 1310</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>Gas Tax</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 67,875</b>	<b>\$150,590</b>	<b>\$256,466</b>	<b>\$ 256,466</b>	<b>\$273,397</b>	<b>\$275,557</b>
<b>Revenue</b>						
Intergovernmental revenues	\$242,775	\$250,805	\$283,381	\$ 283,381	\$272,660	\$262,405
Use of money & property	220	5,020	1,500	5,121	1,500	1,500
Other revenues	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$242,995</b>	<b>\$255,825</b>	<b>\$284,881</b>	<b>\$ 288,502</b>	<b>\$274,160</b>	<b>\$263,905</b>
<b>Expenditures</b>						
Contract Services	\$160,280	\$149,949	\$283,350	\$ 271,571	\$272,000	\$261,900
Debt service	-	-	-	-	-	-
Interfund Transfer	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$160,280</b>	<b>\$149,949</b>	<b>\$283,350</b>	<b>\$ 271,571</b>	<b>\$272,000</b>	<b>\$261,900</b>
<b>Fund Balance at 06/30</b>	<b>\$150,590</b>	<b>\$256,466</b>	<b>\$257,997</b>	<b>\$ 273,397</b>	<b>\$275,557</b>	<b>\$277,562</b>

### Contract Services:

- Admin & Engineering - \$50,000
- Streetlights & traffic signals - \$127,000
- Street & sidewalks - \$35,000
- Street painting - \$30,000
- Street sweeper maintenance - \$30,000



## WHARF

### PUBLIC WORKS

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

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

SOURCES AND USES						
<b>Fund - 1311</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>Wharf</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$134,220</b>	<b>\$154,886</b>	<b>\$166,194</b>	<b>\$166,194</b>	<b>\$124,018</b>	<b>\$ 3,268</b>
<b>Revenue</b>						
Use of money & property	119,189	72,310	-	2,620	20,500	32,500
Other financing sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$119,189</b>	<b>\$ 72,310</b>	<b>\$ -</b>	<b>\$ 2,620</b>	<b>\$ 20,500</b>	<b>\$ 32,500</b>
<b>Expenditures</b>						
Contract services	\$ 82,474	\$ 53,189	\$ 17,500	\$ 44,708	\$101,250	\$ 26,605
Supplies	16,049	7,814	-	88	-	5,000
Capital Outlay	-	-	-	-	40,000	-
<b>Expenditure Totals</b>	<b>\$ 98,523</b>	<b>\$ 61,003</b>	<b>\$ 17,500</b>	<b>\$ 44,796</b>	<b>\$141,250</b>	<b>\$ 31,605</b>
<b>Fund Balance at 06/30</b>	<b>\$154,886</b>	<b>\$166,194</b>	<b>\$148,694</b>	<b>\$124,018</b>	<b>\$ 3,268</b>	<b>\$ 4,163</b>

#### Contract Services:

- Wharf Revisioning Plan - \$75,000
- Utilities - \$6,750
- Janitorial services - \$7,000
- Property & Equipment repairs & maintenance - \$4,500
- Rentals (portable toilets) - \$8,000

#### Capital – Buildings & Improvements

- Temporary structures / fuel storage - \$40,000

## GENERAL PLAN UPDATE & MAINTENANCE

### COMMUNITY DEVELOPMENT

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

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

The City adopted a comprehensive update to the Zoning Code which was certified by the California Coastal Commission in 2021. The City is currently working on the final stage of 6<sup>th</sup> Cycle Housing Element Update pending certification by the state. The adopted budget provides adequate resources to fund consultant contracts and staff time to finalize the Housing Element efforts and initiate implementation efforts in FY 24/25.

### SOURCES AND USES

<b>Fund - 1313</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>General Plan</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$202,623</b>	<b>\$247,105</b>	<b>\$248,407</b>	<b>\$248,407</b>	<b>\$280,571</b>	<b>\$185,571</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ -	\$ 65,000	\$153,750	\$ -	\$ 64,375	\$ -
Charges for services	66,532	55,838	40,000	103,743	50,000	50,000
Use of money & property	444	6,224	1,000	4,551	-	-
<b>Revenue Totals</b>	<b>\$ 66,975</b>	<b>\$127,062</b>	<b>\$194,750</b>	<b>\$108,294</b>	<b>\$114,375</b>	<b>\$ 50,000</b>
<b>Expenditures</b>						
Contract services	\$ 22,443	\$125,614	\$400,912	\$ 76,130	\$209,375	\$ 45,000
Supplies	50	146	500	-	-	-
<b>Expenditure Totals</b>	<b>\$ 22,493</b>	<b>\$125,760</b>	<b>\$401,412</b>	<b>\$ 76,130</b>	<b>\$209,375</b>	<b>\$ 45,000</b>
<b>Fund Balance at 06/30</b>	<b>\$247,105</b>	<b>\$248,407</b>	<b>\$ 41,745</b>	<b>\$280,571</b>	<b>\$185,571</b>	<b>\$190,571</b>

Contract services:

- Ben Noble - \$64,375 – Housing Element
- RRM design – Housing Element - Rollover prior year encumbrance - \$120,000
- City Staff time – Housing Element - \$25,000

## GREEN BUILDING

## COMMUNITY DEVELOPMENT

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

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

### SOURCES AND USES

<b>Fund - 1314</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>Green Building</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$198,076</b>	<b>\$211,349</b>	<b>\$224,808</b>	<b>\$224,808</b>	<b>\$260,555</b>	<b>\$218,555</b>
<b>Revenue</b>						
Charges for services	\$ 13,273	\$ 13,459	\$ 3,000	\$ 43,457	\$ 15,000	\$ 15,000
<b>Revenue Totals</b>	<b>\$ 13,273</b>	<b>\$ 13,459</b>	<b>\$ 3,000</b>	<b>\$ 43,457</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ 20,000	\$ 2,710	\$ 55,000	\$ 5,000
Training & Memberships	-	-	-	-	-	-
Supplies	-	-	1,000	5,000	2,000	2,000
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,000</b>	<b>\$ 7,710</b>	<b>\$ 57,000</b>	<b>\$ 7,000</b>
<b>Fund Balance at 06/30</b>	<b>\$211,349</b>	<b>\$224,808</b>	<b>\$206,808</b>	<b>\$260,555</b>	<b>\$218,555</b>	<b>\$226,555</b>

Contract services: Update Green Building Code

## PUBLIC ART

CITY MANAGER

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

### Works in progress

- Cypress Tree Stump Project
- Monterey Ave Railing Project
- Begonia Commemorative Art Project

SOURCES AND USES						
Fund - 1315	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
Public Art	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	<b>\$171,267</b>	<b>\$ 171,267</b>	<b>\$166,236</b>	<b>\$166,236</b>	<b>\$155,236</b>	<b>\$ 88,736</b>
<b>Revenue</b>						
Charges for services	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Personnel	\$ -	\$ -	\$ -			
Contract services		5,031	75,500	10,000	65,500	25,000
Supplies		-	2,500	1,000	1,000	1,000
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 5,031</b>	<b>\$ 78,000</b>	<b>\$ 11,000</b>	<b>\$ 66,500</b>	<b>\$ 26,000</b>
<b>Fund Balance at 06/30</b>	<b>\$171,267</b>	<b>\$ 166,236</b>	<b>\$ 93,236</b>	<b>\$155,236</b>	<b>\$ 88,736</b>	<b>\$ 62,736</b>

Contract services: Contracts with artists on various projects - \$65,500



## PARKING RESERVE

## PUBLIC WORKS

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

SOURCES AND USES						
Fund - 1316	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
Parking Reserve	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>
<b>Revenue</b>						
Other financing sources	\$100,000	\$100,000	\$469,000	\$469,000	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$469,000</b>	<b>\$469,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	100,000	100,000	469,000	469,000	-	-
<b>Expenditure Totals</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$469,000</b>	<b>\$469,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>

## TECHNOLOGY FEE

## COMMUNITY DEVELOPMENT

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

### SOURCES AND USES

<b>Fund - 1317</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>Technology Fee</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 83,433</b>	<b>\$ 96,903</b>	<b>\$ 93,312</b>	<b>\$ 93,312</b>	<b>\$ 94,371</b>	<b>\$ 95,621</b>
<b>Revenue</b>						
Charges for services	\$ 17,845	\$ 14,659	\$ 11,500	\$ 14,309	\$ 14,500	\$ 14,500
<b>Revenue Totals</b>	<b>\$ 17,845</b>	<b>\$ 14,659</b>	<b>\$ 11,500</b>	<b>\$ 14,309</b>	<b>\$ 14,500</b>	<b>\$ 14,500</b>
<b>Expenditures</b>						
Contract services	\$ 4,375	\$ 18,250	\$ 13,250	\$ 13,250	\$ 13,250	\$ 13,250
Supplies	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 4,375</b>	<b>\$ 18,250</b>	<b>\$ 13,250</b>	<b>\$ 13,250</b>	<b>\$ 13,250</b>	<b>\$ 13,250</b>
<b>Fund Balance at 06/30</b>	<b>\$ 96,903</b>	<b>\$ 93,312</b>	<b>\$ 91,562</b>	<b>\$ 94,371</b>	<b>\$ 95,621</b>	<b>\$ 96,871</b>

#### Contract Services:

- iWorQ annual fee – Public Works - \$3,500
- iWorQ annual fee – Community Development - \$9,750

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

CITY MANAGER

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

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

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

### **SOURCES AND USES**

<b>Fund - 1320</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>Public Education &amp; Gov't.</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 83,836</b>	<b>\$ 63,802</b>	<b>\$ 45,080</b>	<b>\$ 45,080</b>	<b>\$ 51,341</b>	<b>\$ 55,341</b>
<b>Revenue</b>						
Licenses and permits	\$ 14,085	\$ 11,903	\$ 16,000	\$ 5,400	\$ 15,000	\$ 15,000
Use of money & property	165	1,534	-	860	1,000	1,000
<b>Revenue Totals</b>	<b>\$ 14,249</b>	<b>\$ 13,437</b>	<b>\$ 16,000</b>	<b>\$ 6,261</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 14,777	\$ -	\$ -	\$ 12,000	\$ 12,000
Supplies	9,526	-	-	-	-	-
Capital Outlay	24,758	17,382	15,000	-	-	-
<b>Expenditure Totals</b>	<b>\$ 34,284</b>	<b>\$ 32,159</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 63,802</b>	<b>\$ 45,080</b>	<b>\$ 46,080</b>	<b>\$ 51,341</b>	<b>\$ 55,341</b>	<b>\$ 59,341</b>

Capitola Outlay – Technology upgrades – City Council Chambers

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

### FINANCE

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

SOURCES AND USES						
Fund - 1321	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
CVWBIA	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	<b>\$ 29,401</b>	<b>\$ 39,394</b>	<b>\$ 44,242</b>	<b>\$ 44,242</b>	<b>\$ 33,426</b>	<b>\$ 26,126</b>
<b>Revenue</b>						
Charges for services	\$ 51,619	\$ 53,384	\$ 53,584	\$53,584	\$ 55,000	\$ 55,000
Use of money & property	15,485	54,177	56,600	56,600	56,600	56,600
Restricted TOT	38,738	38,227	36,500	36,500	37,000	37,000
<b>Revenue Totals</b>	<b>\$105,842</b>	<b>\$145,789</b>	<b>\$146,684</b>	<b>\$146,684</b>	<b>\$148,600</b>	<b>\$ 148,600</b>
<b>Expenditures</b>						
Contract services	\$54,426	\$49,631	\$78,800	\$78,800	\$141,900	\$141,900
Supplies	41,423	91,310	78,700	78,700	14,000	14,000
<b>Expenditure Totals</b>	<b>\$ 95,849</b>	<b>\$140,940</b>	<b>\$157,500</b>	<b>\$157,500</b>	<b>\$155,900</b>	<b>\$ 155,900</b>
<b>Fund Balance at 06/30</b>	<b>\$ 39,394</b>	<b>\$ 44,242</b>	<b>\$ 33,426</b>	<b>\$ 33,426</b>	<b>\$ 26,126</b>	<b>\$ 18,826</b>

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



## COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

### COMMUNITY DEVELOPMENT

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

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

SOURCES AND USES						
Fund - 1350	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
CDBG Grants	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	<b>\$ 26,990</b>	<b>\$ (18,773)</b>	<b>\$ (70,889)</b>	<b>\$ (70,889)</b>	<b>\$ (1,080)</b>	<b>\$ (4,275)</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ 220,191	\$ 168,768	\$ 253,335	\$ 89,809	\$ 232,335	\$ -
<b>Revenue Totals</b>	<b>\$ 220,191</b>	<b>\$ 168,768</b>	<b>\$ 253,335</b>	<b>\$ 89,809</b>	<b>\$ 232,335</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 265,954	\$ 192,873	\$ 40,000	\$ 20,000	\$ 35,530	\$ 20,000
Supplies	\$ -					
Grants and subsidies	-	28,012	233,335	-	200,000	-
<b>Expenditure Totals</b>	<b>\$ 265,954</b>	<b>\$ 220,884</b>	<b>\$ 273,335</b>	<b>\$ 20,000</b>	<b>\$ 235,530</b>	<b>\$ 20,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ (18,773)</b>	<b>\$ (70,889)</b>	<b>\$ (90,889)</b>	<b>\$ (1,080)</b>	<b>\$ (4,275)</b>	<b>\$ (24,275)</b>

Contract Services – CDBG Preliminary Award

## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME

### COMMUNITY DEVELOPMENT

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

If the total amount of Program Income received in any fiscal year is less than \$25,000, the funds received are not subject to Federal CDBG regulations. If the amount exceeds \$25,000, all Program Income received during that fiscal year is restricted to CDBG-approved Federal spending guidelines. Since the FY 2022-23 Program Income had no loan payoffs, there are no funds to reallocate in the current budget cycle. The adopted budget provides adequate resources to fund consultant services to apply for future CDBG grants.

SOURCES AND USES						
Fund - 1351	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
CDBG Program Income	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 109,284	\$ 44,548	\$ 45,699	\$ 45,699	\$ 39,199	\$ 29,199
<b>Revenue</b>						
Loan pymt Principle	\$0	\$0	\$0	\$0	\$0	\$0
Use of money & property	171	1,151	250	1,000	0	0
<b>Revenue Totals</b>	<b>\$ 171</b>	<b>\$ 1,151</b>	<b>\$ 250</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$64,907	\$0	\$7,500	\$7,500	\$10,000	\$10,000
Supplies	0	0	0	0	0	0
<b>Expenditure Totals</b>	<b>\$ 64,907</b>	<b>\$ -</b>	<b>\$ 7,500</b>	<b>\$ 7,500</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>
<b>Available Fund Balance at 06/30</b>	<b>\$ 44,548</b>	<b>\$ 45,699</b>	<b>\$ 38,449</b>	<b>\$ 39,199</b>	<b>\$ 29,199</b>	<b>\$ 19,199</b>

Contract Services – Future applications

## LIBRARY

CITY MANAGER

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

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

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

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

### SOURCES AND USES

Fund - 1360 Library	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	<b>\$ 754,145</b>	<b>\$ -</b>	<b>\$ 50,608</b>	<b>\$ 50,608</b>	<b>\$ 51,569</b>	<b>\$ 52,569</b>
<b>Revenue</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing sources	551,180	51,693	1,500	962	1,000	1,000
<b>Revenue Totals</b>	<b>\$ 551,180</b>	<b>\$ 51,693</b>	<b>\$ 1,500</b>	<b>\$ 962</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>Expenditures</b>						
Construction Services	557,170	1,085	-	-	-	-
Supplies		-	-	-	-	-
Other financing uses	748,155	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$1,305,325</b>	<b>\$ 1,085</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ 50,608</b>	<b>\$ 52,108</b>	<b>\$ 51,569</b>	<b>\$ 52,569</b>	<b>\$ 53,569</b>

## HOME PROGRAM REUSE

### COMMUNITY DEVELOPMENT

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

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

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

The adopted budget provides adequate resources to apply for a larger rehabilitation project for the Dakota Apartments in FY24/25. The 25-unit, 100% affordable housing development is approaching 30 years in age and in need of upgrades for the roof, heating system, and main lobby area. The budget also covers long-term monitoring of the Bay Avenue Senior Apartments.

#### SOURCES AND USES

<b>Fund - 1370</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>HOME Reuse</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 673,070</b>	<b>\$ 683,920</b>	<b>\$ 779,750</b>	<b>\$ 779,750</b>	<b>\$ 780,264</b>	<b>\$ 776,164</b>
<b>Revenue</b>						
Use of money & property	\$ 14,051	\$ 99,530	\$ -	\$ 64,614	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$ 14,051</b>	<b>\$ 99,530</b>	<b>\$ -</b>	<b>\$ 64,614</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 3,200	\$ 3,700	\$ 64,100	\$ 64,100	\$ 4,100	\$ 4,100
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 3,200</b>	<b>\$ 3,700</b>	<b>\$ 64,100</b>	<b>\$ 64,100</b>	<b>\$ 4,100</b>	<b>\$ 4,100</b>
<b>Available Fund Balance</b>						
<b>at 06/30</b>	<b>\$ 683,920</b>	<b>\$ 779,750</b>	<b>\$ 715,650</b>	<b>\$ 780,264</b>	<b>\$ 776,164</b>	<b>\$ 772,064</b>

Contract Services: HOME Program long-term monitoring – Bay Avenue Senior Apartments



## HOUSING TRUST

### COMMUNITY DEVELOPMENT

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

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

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

The adopted budget provides adequate resources to initiate a new down payment assistance program.

#### SOURCES AND USES

<b>Fund - 1372</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>Housing Trust</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$374,034</b>	<b>\$356,165</b>	<b>\$381,542</b>	<b>\$381,542</b>	<b>\$ 241,690</b>	<b>\$ 105,690</b>
<b>Revenue</b>						
Charges for services	\$ 6,391	\$ 41,240	\$ 10,000	\$ 53,818	\$ 10,000	\$ 10,000
Other revenue	740	9,137	-	7,330	4,000	4,000
<b>Revenue Totals</b>	<b>\$ 7,131</b>	<b>\$ 50,377</b>	<b>\$ 10,000</b>	<b>\$ 61,148</b>	<b>\$ 14,000</b>	<b>\$ 14,000</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	25,000	25,000	201,000	201,000	150,000	-
<b>Expenditure Totals</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$201,000</b>	<b>\$201,000</b>	<b>\$ 150,000</b>	<b>\$ -</b>
<b>Available Fund Balance</b>						
<b>at 06/30</b>	<b>\$356,165</b>	<b>\$381,542</b>	<b>\$190,542</b>	<b>\$241,690</b>	<b>\$ 105,690</b>	<b>\$ 119,690</b>

Contract Services:

- \$25,000 to create program and \$25,000 per household. 5 household's total. \$150,000 in 8-year period  
- Down Payment Assistance

## PERMANENT LOCAL HOUSING ALLOCATION

### COMMUNITY DEVELOPMENT

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

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

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

SOURCES AND USES							
Permanent Local Housing Allocation (PLHA)	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned	
<b>Beginning Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ 5,255	\$ 5,255	
<b>Revenue</b>							
Intergovernmental revenues	\$ -	\$ -	\$481,732	\$105,092	\$ 171,825	\$ 185,983	
Other revenue	-	-	-	-	-	-	
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$481,732</b>	<b>\$105,092</b>	<b>\$ 171,825</b>	<b>\$ 185,983</b>	
<b>Expenditures</b>							
Contract services	\$ -	\$ -	\$256,800	\$ 99,837	\$ 171,825	\$ 185,983	
Other Financing Uses	-	-	-	-	-	-	
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$256,800</b>	<b>\$ 99,837</b>	<b>\$ 171,825</b>	<b>\$ 185,983</b>	
<b>Available Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$224,932</b>	<b>\$ 5,255</b>	<b>\$ 5,255</b>	<b>\$ 5,255</b>	

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

## CAPITOLA HOUSING SUCCESSOR

### COMMUNITY DEVELOPMENT

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

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

The Adopted budget provides adequate resources to continue supporting security deposit assistance, emergency rental assistance, administration of the City's affordable housing program, and the MidPen loan to help fund the preconstruction for the 52-unit 100% affordable development at 1098 38<sup>th</sup> Avenue. New to the FY 24/25 will be the creation of a Housing Rehab program for city residents . Staff also anticipates a construction loan to further assist the development at 1098 38<sup>th</sup> Avenue in FY24/25 following future discussions with the developer and City Council.

SOURCES AND USES						
Fund - 5552	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
Capitola Housing	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	<b>\$ 2,107,141</b>	<b>\$ 2,015,673</b>	<b>\$2,051,000</b>	<b>\$2,051,000</b>	<b>\$1,925,511</b>	<b>\$ 628,886</b>
<b>Revenue</b>						
Use of money & property	6,502	127,642	40,000	98,122	27,400	7,400
Other revenues	-	-		70,000		
<b>Revenue Totals</b>	<b>\$ 6,502</b>	<b>\$ 127,642</b>	<b>\$ 40,000</b>	<b>\$ 168,122</b>	<b>\$ 27,400</b>	<b>\$ 7,400</b>
<b>Expenditures</b>						
Personnel	\$ -	\$ -	\$ 21,782	\$ -	\$ -	\$ -
Contract Services	59,684	50,955	51,525	34,860	41,525	41,525
Supplies						
Grants and Subsidies	38,285	41,361	332,500	258,750	1,282,500	32,500
<b>Expenditure Totals</b>	<b>\$ 97,969</b>	<b>\$ 92,316</b>	<b>\$ 405,807</b>	<b>\$ 293,610</b>	<b>\$1,324,025</b>	<b>\$ 74,025</b>
<b>Available Fund Balance at 06/30</b>	<b>\$ 2,015,673</b>	<b>\$ 2,051,000</b>	<b>\$1,685,193</b>	<b>\$1,925,511</b>	<b>\$ 628,886</b>	<b>\$ 562,261</b>

Contract Services:

- \$25,000 to create program and \$25,000 per household. 5 household's total. \$150,000 in 8-year period - Down Payment Assistance
- MidPen funding – preconstruction - \$1,000,000

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# RESERVES



## RESERVES

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

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

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

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

## EMERGENCY RESERVES

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

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

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

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

SOURCES AND USES						
Fund - 1020	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	\$ 1,374,206	\$ 1,314,206	\$ 1,461,506	\$ 1,461,506	\$ 1,631,506	\$ 1,631,506
<b>Revenue</b>						
Other Financing Sources	\$ -	\$ 147,300	\$ 250,000	\$ 250,000		
<b>Revenue Totals</b>	\$ -	\$ 147,300	\$ 250,000	\$ 250,000	\$ -	\$ -
<b>Expenditures</b>						
Other Financing Uses	\$ 60,000	\$ -	\$ 80,000	\$ 80,000		\$ -
<b>Expenditure Totals</b>	\$ 60,000	\$ -	\$ 80,000	\$ 80,000	\$ -	\$ -
<b>Fund Balance at 06/30</b>	<b>\$ 1,314,206</b>	<b>\$ 1,461,506</b>	<b>\$ 1,631,506</b>	<b>\$ 1,631,506</b>	<b>\$ 1,631,506</b>	<b>\$ 1,631,506</b>

Reserve Target equals 10% of General Fund expenditures excluding transfers and internal service charges						
Personnel	\$10,273,249	\$11,793,722	\$11,793,722	\$11,766,171	\$12,771,739	\$13,245,288
Contract Services	3,018,482	3,336,801	3,483,368	3,483,368	3,515,981	3,409,956
Training & Memberships	101,501	113,320	178,936	144,018	166,650	166,900
Supplies	671,950	768,110	631,975	779,626	817,050	780,000
Grants	43,650	101,650	125,000	125,000	125,000	125,000
<b>Total GF Expenditures</b>	<b>\$14,108,832</b>	<b>\$16,113,604</b>	<b>\$16,213,001</b>	<b>\$16,298,183</b>	<b>\$17,396,420</b>	<b>\$17,727,144</b>
<b>Target Balance (10%)</b>	<b>\$ 1,410,883</b>	<b>\$ 1,611,360</b>	<b>\$ 1,621,300</b>	<b>\$ 1,629,818</b>	<b>\$ 1,739,642</b>	<b>\$ 1,772,714</b>
<b>Over / (Short) of Target</b>	<b>\$ (96,678)</b>	<b>\$ (149,855)</b>	<b>\$ 10,205</b>	<b>\$ 1,687</b>	<b>\$ (108,136)</b>	<b>\$ (141,209)</b>

## CONTINGENCY RESERVES

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

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

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

SOURCES AND USES						
	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
Fund - 1010	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 2,061,346	\$ 2,061,346	\$2,192,346	\$2,192,346	\$2,364,346	\$2,364,346
<b>Revenue</b>						
Other Financing Sources	\$ -	\$ 131,000	\$ 172,000	\$ 172,000		
<b>Revenue Totals</b>	\$ -	\$ 131,000	\$ 172,000	\$ 172,000	\$ -	\$ -
<b>Expenditures</b>						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance at 06/30</b>	<b>\$ 2,061,346</b>	<b>\$2,192,346</b>	<b>\$2,364,346</b>	<b>\$2,364,346</b>	<b>\$2,364,346</b>	<b>\$2,364,346</b>
<b>Reserve Target equals 15% of General Fund expenditures excluding transfers and internal service charges</b>						
Personnel	\$10,273,249	\$11,793,722	\$11,793,722	\$11,766,171	\$12,771,739	\$13,245,288
Contract Services	3,018,482	3,336,801	3,483,368	3,483,368	3,515,981	3,409,956
Training & Memberships	101,501	113,320	178,936	144,018	166,650	166,900
Supplies	671,950	768,110	631,975	779,626	817,050	780,000
Grants	43,650	101,650	125,000	125,000	125,000	125,000
<b>Total GF Expenditures</b>	<b>\$14,108,832</b>	<b>\$16,113,604</b>	<b>\$16,213,001</b>	<b>\$16,298,183</b>	<b>\$17,396,420</b>	<b>\$17,727,144</b>
Target Balance (15%)	\$ 2,116,325	\$ 2,417,041	\$ 2,431,950	\$ 2,444,727	\$ 2,609,463	\$ 2,659,072
Over / (Short) of Target	\$ (54,979)	\$ (224,695)	\$ (67,604)	\$ (80,382)	\$ (245,117)	\$ (294,726)



## PERS CONTINGENCY RESERVES

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

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

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

SOURCES AND USES						
Fund - 1015	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	\$ 1,015,553	\$ 904,275	\$ 1,154,275	\$ 1,154,275	\$ 1,414,275	\$ 1,424,275
<b>Revenue</b>						
Use of money & property	(111,278)		10,000	10,000	10,000	10,000
Other Financing Sources	-	\$ 250,000	250,000	250,000	-	-
<b>Revenue Totals</b>	<u>\$ (111,278)</u>	<u>\$ 250,000</u>	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
<b>Expenditures</b>						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance at 06/30</b>	<b>\$ 904,275</b>	<b>\$ 1,154,275</b>	<b>\$ 1,414,275</b>	<b>\$ 1,414,275</b>	<b>\$ 1,424,275</b>	<b>\$ 1,434,275</b>

## FACILITIES RESERVES

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

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

SOURCES AND USES						
Fund - 1025	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	\$ 522,830	\$ 432,714	\$ 432,714	\$ 432,714	\$ 532,714	\$ 532,714
<b>Revenue</b>						
Other Financing Sources	0	0	100,000	100,000	-	-
<b>Revenue Totals</b>	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -
<b>Expenditures</b>						
Contract Services	\$ 90,116				\$ -	\$ -
Other Financing Uses	-	-			-	-
<b>Expenditure Totals</b>	\$ 90,116	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance at 06/30</b>	\$ 432,714	\$ 432,714	\$ 532,714	\$ 532,714	\$ 532,714	\$ 532,714

# MULTI-YEAR ASSETS & OBLIGATIONS



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## MULTI-YEAR ASSETS & OBLIGATIONS

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

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

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

# CITY/JOINT POWERS AUTHORITY MULTI-YEAR ASSETS & OBLIGATIONS

## GENERAL GOVERNMENT

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

City Multi-Year Obligations	Principal balance June 30, 2024	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 915,544	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 30,056,602	Actuarial	N/A	Pension Liability to CalPERS.
Pacific Cove Lease Financing	\$ -	Financing Lease	20 years	\$2,390,000 loan - 20 year term beginning 9/2012, 3.25% fixed rate through 10 years, then resets to 10 Yr. T-Bill + 1.5%. (PAID OFF FY 2024)
Beach & Village Parking Lot II Lease Financing	\$ 829,917	Tax Exempt Lease	20 years	\$1,372,500 I-Bank loan - 20 year term beginning FY 2013/14, 2.26% interest.
<b>Total City Multi-Year Obligation</b>	<b>\$ 31,802,063</b>			

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

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

## PACIFIC COVE LEASE FINANCING

### DEBT SERVICE

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

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

SOURCES AND USES						
	FY21/22	FY22/23	FY23/24	FY23/24	FY24/25	FY25/26
Fund - 1420	Actual	Actual	Amended	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	<b>\$ 55,135</b>	<b>\$ 55,143</b>	<b>\$ 55,143</b>	<b>\$ 55,143</b>	<b>\$ 75,204</b>	<b>\$ 75,204</b>
<b>Revenue</b>						
Use of money & property	\$ 8		\$ -	\$ -	\$ -	\$ -
Other Financing Sources	165,066	165,066	670,000	670,000	-	-
<b>Revenue Totals</b>	<b>\$ 165,074</b>	<b>\$ 165,066</b>	<b>\$ 670,000</b>	<b>\$ 670,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	165,066	165,066	725,000	649,940	-	-
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 165,066</b>	<b>\$ 165,066</b>	<b>\$ 725,000</b>	<b>\$ 649,940</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 55,143</b>	<b>\$ 55,143</b>	<b>\$ 143</b>	<b>\$ 75,204</b>	<b>\$ 75,204</b>	<b>\$ 75,204</b>

### Pacific Cove Financing Lease Debt Service

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



## BEACH & VILLAGE PARKING II – LEASE FINANCING

### DEBT SERVICE

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

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

SOURCES AND USES						
Fund - 1421	FY21/22 Actual	FY22/23 Actual	FY23/24 Amended	FY23/24 Estimated	FY24/25 Adopted	FY25/26 Planned
<b>Beginning Fund Balance</b>	\$ (38,986)	\$ (38,986)	\$ 12	\$ 12	\$ 12	\$ 12
<b>Revenue</b>						
Interfund Transfers	\$ 88,211	\$ 127,000	\$ 87,788	\$ 87,788	\$ 87,568	\$ 87,344
Other Financing Sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 88,211</b>	<b>\$ 127,000</b>	<b>\$ 87,788</b>	<b>\$ 87,788</b>	<b>\$ 87,568</b>	<b>\$ 87,344</b>
<b>Expenditures</b>						
Construction Svcs. & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	88,211	88,002	87,788	87,788	87,568	87,344
<b>Expenditure Totals</b>	<b>\$ 88,211</b>	<b>\$ 88,002</b>	<b>\$ 87,788</b>	<b>\$ 87,788</b>	<b>\$ 87,568</b>	<b>\$ 87,344</b>
<b>Fund Balance at 06/30</b>	<b>\$ (38,986)</b>	<b>\$ 12</b>	<b>\$ 12</b>	<b>\$ 12</b>	<b>\$ 12</b>	<b>\$ 12</b>

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

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

# CAPITAL IMPROVEMENT PROGRAM



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## CAPITAL IMPROVEMENT PROGRAM

### PUBLIC WORKS

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

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

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

The City currently has the Wharf Rehabilitation project as well as several other projects including the Community Center and Universal Design playground that will be rolled forward into FY 2024-25.

#### SOURCES AND USES

<b>Fund - 1200</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>
<b>Capital Improvement Program</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 1,472,661</b>	<b>\$ 3,762,200</b>	<b>\$ 5,401,312</b>	<b>\$ 5,401,312</b>	<b>\$ 1,351,312</b>	<b>\$ 172,012</b>
<b>Revenue</b>						
Intergovernmental revenue	\$ 812,774	\$ 27,616	\$ 6,420,700	\$ 5,000,000	\$ 1,420,700	\$ -
Other revenues	(6,834)	890,264		-		-
Other financing sources	2,960,066	2,205,000	2,450,000	2,450,000	-	-
<b>Revenue Totals</b>	<b>\$ 3,766,006</b>	<b>\$ 3,122,880</b>	<b>\$ 8,870,700</b>	<b>\$ 7,450,000</b>	<b>\$ 1,420,700</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 14,515	\$ 186,348	\$ 1,257,126	\$ 1,000,000	\$ 300,000	\$ -
Construction services	\$ 1,455,818	\$ 1,223,420	\$ 12,843,366	\$ 10,500,000	\$ 2,300,000	
Other financing uses	\$ 6,134	\$ 74,000	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ 1,476,467</b>	<b>\$ 1,483,768</b>	<b>\$ 14,100,492</b>	<b>\$ 11,500,000</b>	<b>\$ 2,600,000</b>	<b>\$ -</b>
<b>Fund Balance at 6/30</b>	<b>\$ 3,762,200</b>	<b>\$ 5,401,312</b>	<b>\$ 171,520</b>	<b>\$ 1,351,312</b>	<b>\$ 172,012</b>	<b>\$ 172,012</b>

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# SUPPLEMENTARY INFORMATION



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## **SUPPLEMENTARY INFORMATION INDEX**

ATTACHMENT A - ORGANIZATION CHART

ATTACHMENT B - COMPARATIVE INFORMATION

ATTACHMENT C - FINANCIAL POLICIES

ATTACHMENT D - FUND BALANCE POLICY

ATTACHMENT E - CITY INVESTMENT POLICY

ATTACHMENT F - GANN / APPROPRIATION LIMIT

ATTACHMENT G - BUDGET RESOLUTION

ATTACHMENT H - GLOSSARY

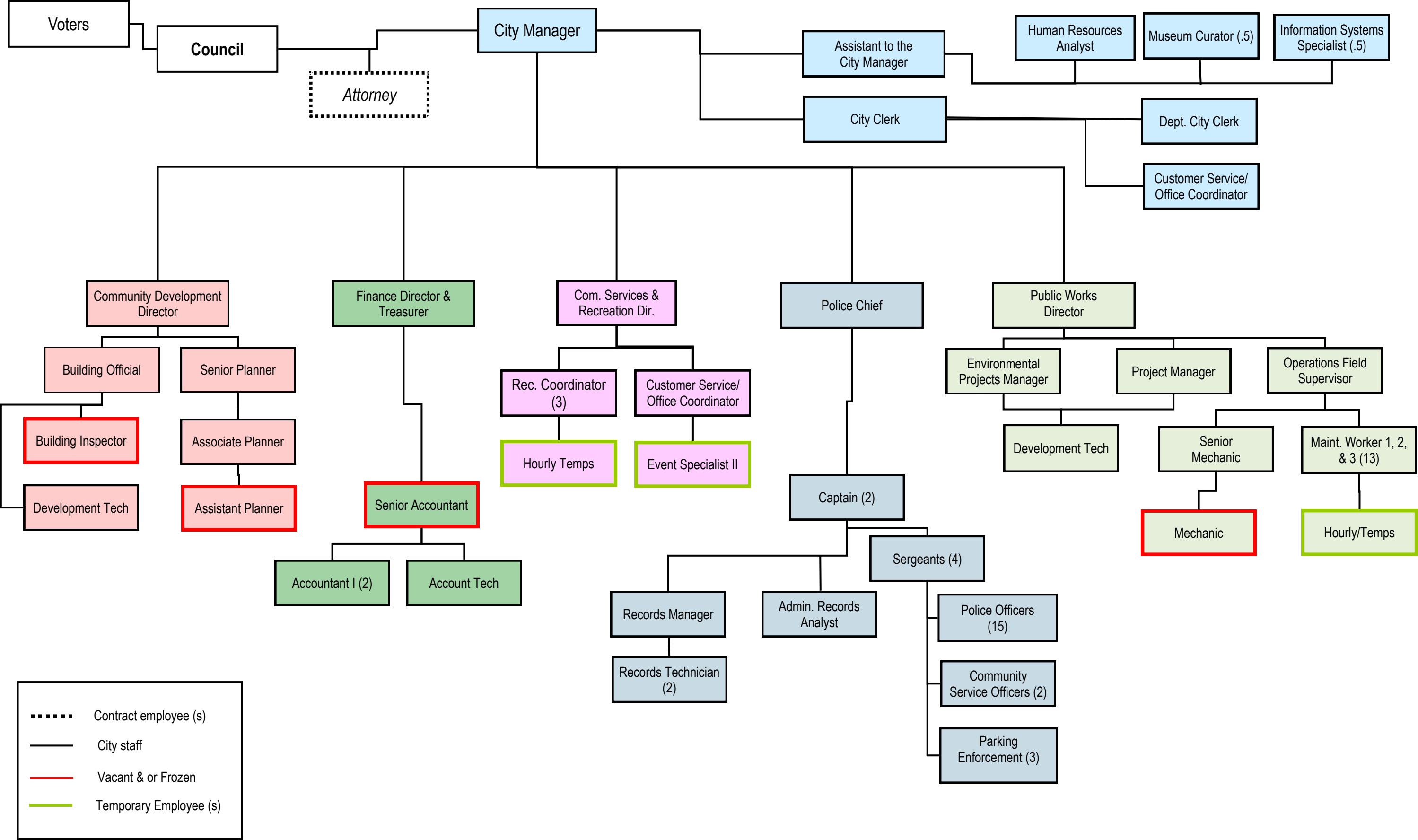
ATTACHMENT I - ACRONYMS

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

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City of Capitola Organization Chart June 2024





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**ATTACHMENT B**

**COMPARATIVE INFORMATION**

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## COMPARATIVE DATA

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

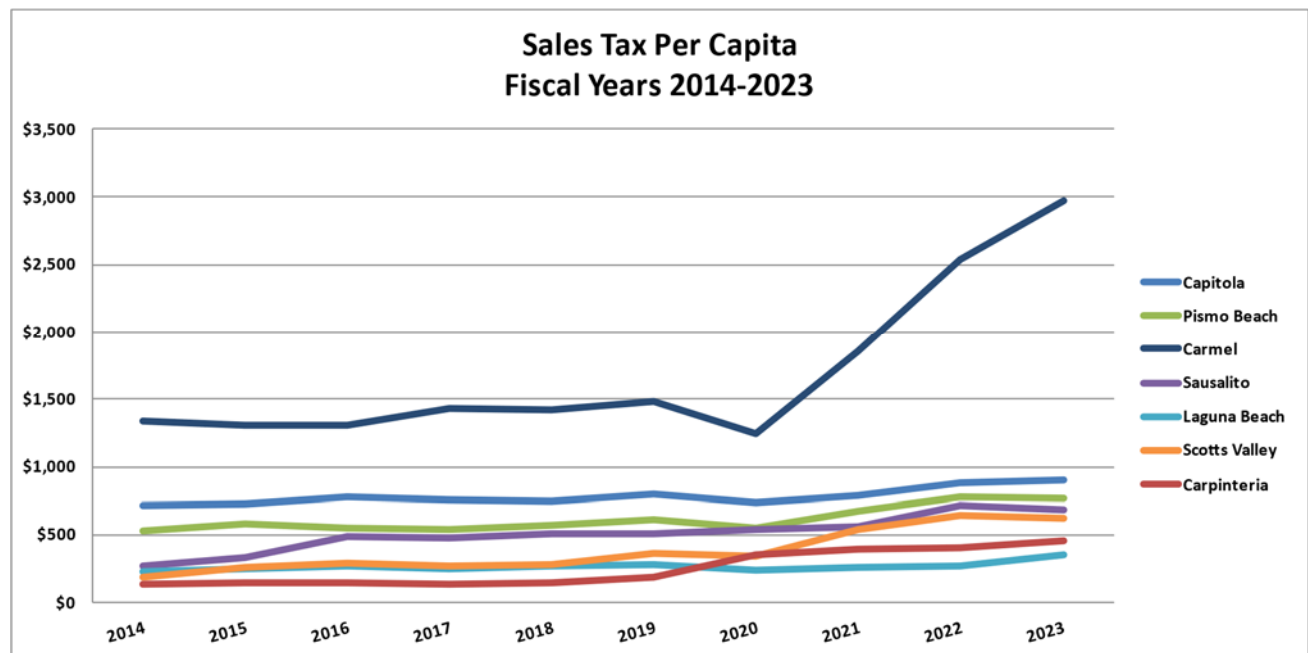
The comparable cities were chosen not only by comparable population size, but also by important service, economic, geographic and demographic characteristics. The following factors were considered in selecting benchmark cities:

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

The benchmarks in the original report were based on the comparable cities’ FY 2010/11 Annual Comprehensive Financial Reports (ACFR). The following charts reference updated information from the FY 2020-21 ACFR’s.

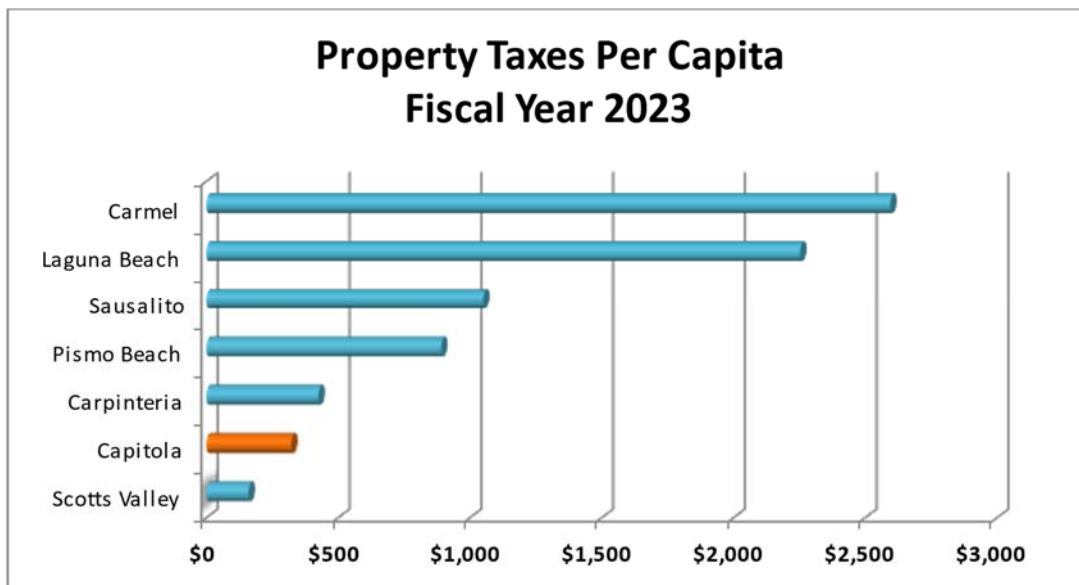
### Sales Tax Per Capita

The City of Capitola’s sales tax is the largest single revenue stream. In FY 2022-23, sales tax accounted for approximately 43 percent of General Fund operating revenues. The analysis shows all sales taxes, including locally administered sales tax measures approved by the electorate. Capitola improved upon the 2011 benchmark study from \$482 to \$899 per capita in FY 2022-23 which is 2<sup>nd</sup> to Carmel.



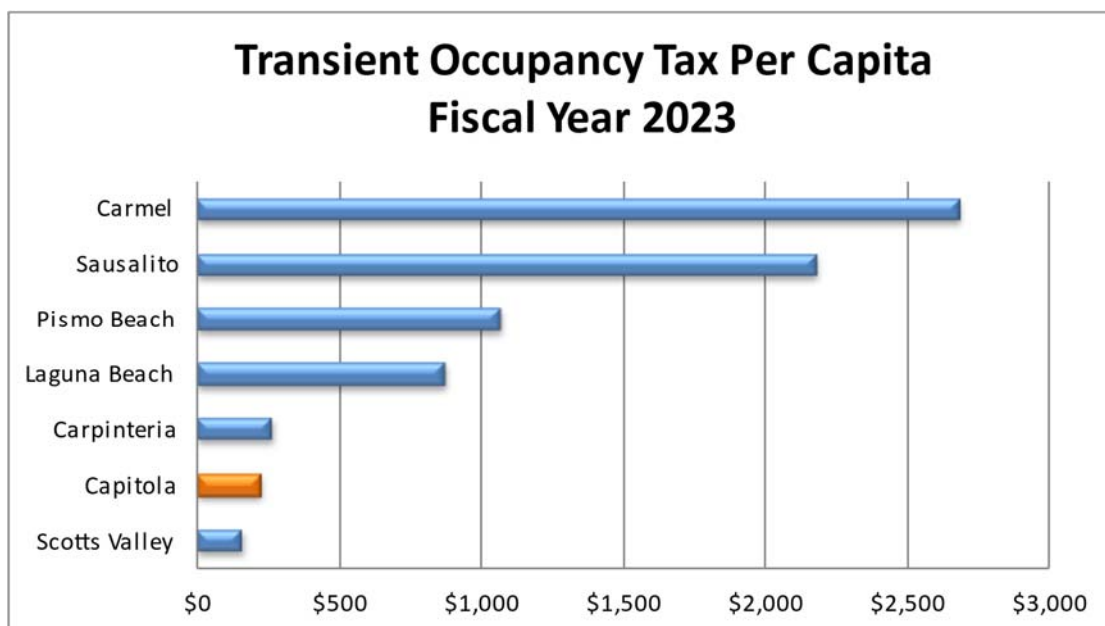
## Property Taxes

Property taxes, based on assessed valuations, indicate the vitality of the local housing market. Carmel and Laguna Beach continue to show a very strong market for assessed valuations and the resultant property tax collection. Capitola remains second lowest in FY 2022-23.



## Transient Occupancy Taxes

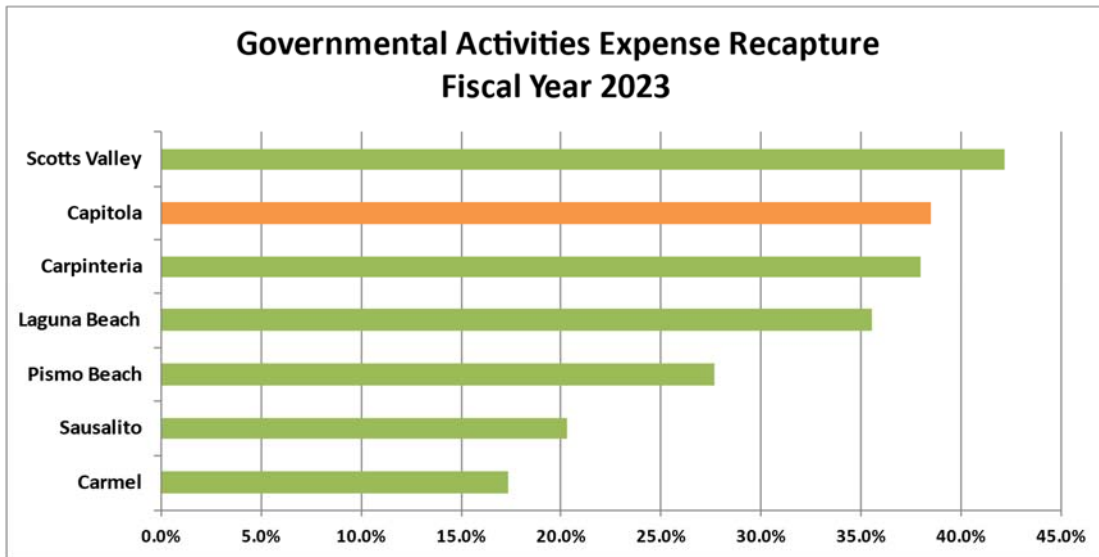
One of the primary factors considered in the selection of benchmark cities was their reliance on tourism. This analysis shows each city's ability to obtain revenues from transient occupancy taxes. Each benchmark city charged a 10% tax transient occupancy in FY 2012/13, with the exception of Sausalito and Carpinteria, which charged 12%. Capitola's transient occupancy rate was increased from 10% to 12% as approved by voters during the 2018 municipal election. In FY 2022-23, transient occupancy tax decreased slightly from the prior year. The City of Capitola's transient occupancy tax increased from \$222 to \$224 per capita.





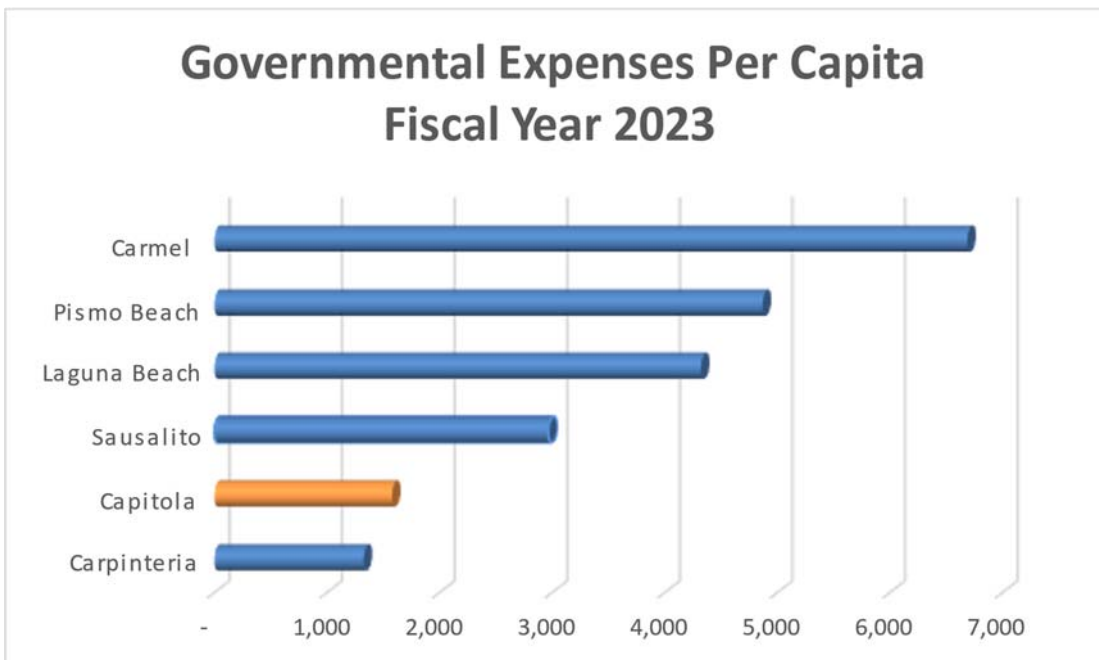
## Citywide Activity Costs

One of the ways to evaluate the citywide costs of providing government services is to review the Statement of Activities section of the CAFR. This graph shows comparable data for each city and excludes fire department and sewer expenses for consistency purposes. Capitola had the 2<sup>nd</sup> highest ratio in FY 2022-23 with a revenue recapture of 38.5% percent of governmental activities which was an increase from the prior year.



## General Fund Operating Costs per Capita

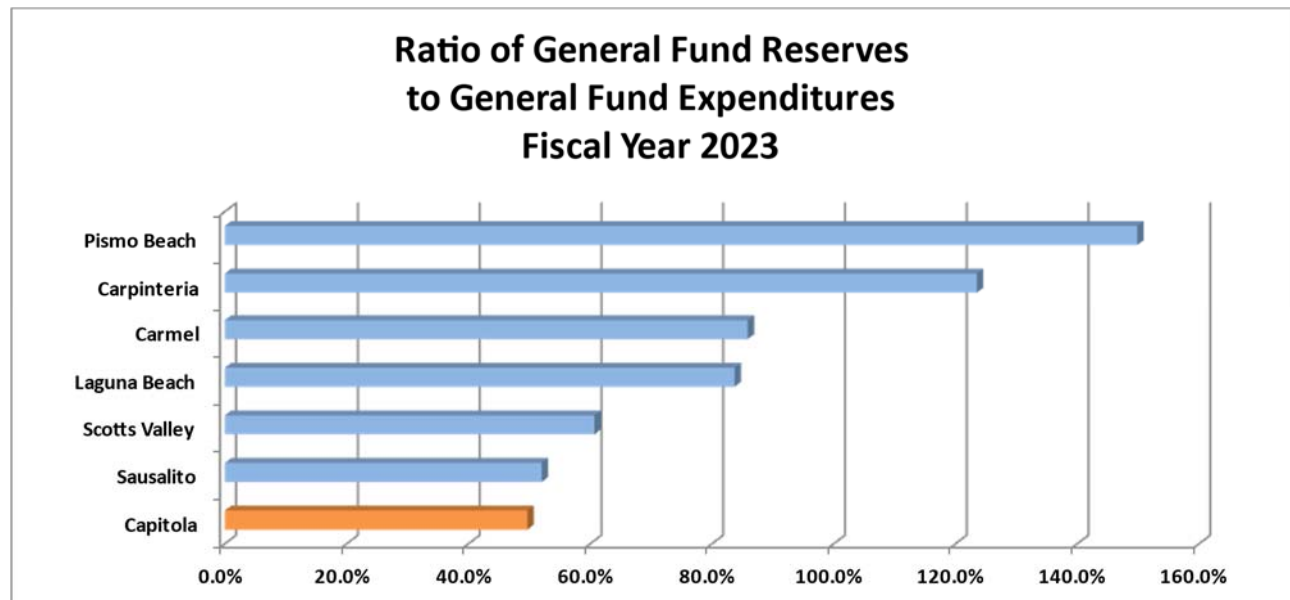
The following graph shows the operating costs per capita of each city's general fund. For consistency, the costs of fire and sewer have been removed from each municipality. Capital outlay and debt service have also been removed to reflect only operating costs. Capitola is the third lowest position in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



## Ratio of General Fund Reserves to General Fund Operating Expenditures

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

Capitola's ratio has increased from the 30% in FY 2012/13 to 49.7% in FY 2022-23, however this was below the 60.3% in the prior year. The City's rank changed from 1<sup>st</sup> to last in relation to the benchmark cities. The City's ratio is anticipated to level out now that the Emergency and Contingency Reserves are fully funded at 10% and 15% of operating expenditures, respectively. The City's reserve will slowly increase with the implementation of the PERS Contingency Fund in years that there is available funding. An overview of this plan is included in the Summary Section of this document.



## **ATTACHMENT C**

### **FINANCIAL MANAGEMENT POLICIES**

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## ADMINISTRATIVE POLICY

Number: III-3

Issued: June 8, 2000

Revised: March 14, 2013

June 13, 2013

October 27, 2016

Jurisdiction: City Council

### FINANCIAL MANAGEMENT POLICIES

#### POLICY

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

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

#### A. CAPITAL BUDGETING AND RESERVES; ISSUANCE OF DEBT

##### 1. CAPITAL PLANNING -IN GENERAL:

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

##### 2. USE OF LONG-TERM FINANCING METHODS:

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

##### 3. FISCAL ANALYSIS:

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

##### 4. ASSET LIFE:

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



5. CAPITAL FINANCING -IN GENERAL:

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

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

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

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

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

*Factors Favoring Use of Debt:*

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

6. GENERAL OBLIGATION DEBT:

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

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

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

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

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

B. OPERATING BUDGETING AND RESERVES

1. TWO YEAR OPERATING BUDGET:

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

2. BALANCED OPERATING BUDGET:

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

3. "ONE-TIME" REVENUE:

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

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

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

5. CONTINGENCY RESERVE APPROPRIATION:

For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to 15% of normal General Fund Expenditures. The Contingency Appropriation "will provide a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements."

6. EMERGENCY RESERVES:

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

7. PERS CONTINGENCY FUND:

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

8. REVENUE DIVERSIFICATION:

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

9. REVENUE PROJECTIONS:

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

10. EXPENDITURE PROJECTIONS:

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

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

11. COMMUNITY DEVELOPMENT FEES:

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

C. OTHER POLICIES

1. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

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

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

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

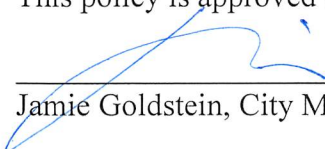
3. INTERNAL BORROWINGS:

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

4. EMPLOYEE COMPENSATION:

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

This policy is approved and authorized by:



---

Jamie Goldstein, City Manager

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**ATTACHMENT D**

**FUND BALANCE POLICY**

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## ADMINISTRATIVE POLICY

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

### FUND BALANCE POLICY

#### I. PURPOSE

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

#### II. SUMMARY

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

#### III. DEFINITIONS

The five new categories of ending fund balance are:

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

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

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

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

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

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

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

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

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

**Unassigned Fund**

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

**IV. POLICY**

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

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

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

This policy was approved by the City Council of the City of Capitola at its meeting held on the 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 24, 2023

Jurisdiction: City Council

### INVESTMENT POLICY

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

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

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

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

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

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

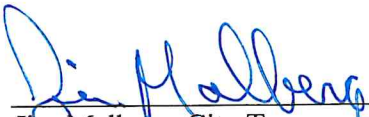
The following limitations shall apply to permitted investments:

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

Certificates of Deposit:

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

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

  
\_\_\_\_\_  
Jim Malberg, City Treasurer

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**ATTACHMENT F**

**GANN/APPROPRIATION LIMITS**

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## GANN APPROPRIATION LIMIT

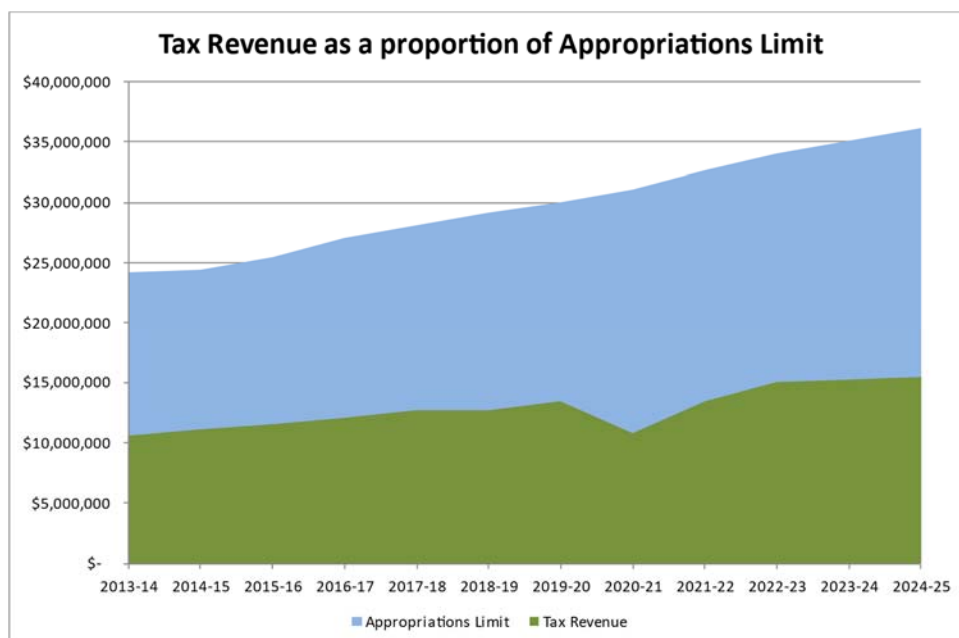
On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Initiative, establishing Article XIII B of the State Constitution. This proposition places annual limits on the appropriation of tax proceeds that can be made, based on the 1978-79 base year and adjusted each year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

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

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

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

Historic Limit versus Tax Revenue



The 2024-25 calculation is:

Annual % change in City Population minus Exclusions	Change in California per capita Income	Appropriation Factor	FY 2023-24 Appropriation Limit	FY 2024-25 Appropriation Limit
0.9936	1.0362	1.0296	\$ 35,126,146	\$ 36,164,767

The 2024-25 estimated budget tax revenues are:

Source of Tax Revenue	2024-25 Proposed Budget
Sales Tax (1%)	\$ 6,286,590
District Taxes (Measures O & F)	2,222,060
Property Tax and In-Lieu	3,277,120
Transient Occupancy Tax	2,222,000
Document Transfer Tax	100,000
Franchise Taxes	698,500
Business License Tax	318,750
Cannabis Retail Tax	300,000
Interest Income from tax revenue	20,000
Total Tax Revenue	\$ 15,445,020

The 2024-25 percentage of appropriations limit used is:

Fiscal Year ended:	2022-23	2023-24	2024-25
Appropriations Limit	\$ 34,079,286	\$ 35,126,146	\$ 36,164,767
Tax revenue	\$ 15,052,269	\$ 15,276,471	\$ 15,445,020
Remaining to limit	\$ 19,027,017	\$ 19,849,675	\$ 20,719,747
% of limit used	44.17%	43.49%	42.71%
Limit vs. prior year	\$ 1,365,138	\$ 1,046,860	\$ 1,038,621
Incr./(Decr.) vs. pr. yr.	4.2%	3.1%	3.0%

The appropriations limit increased \$1,038,621 to \$36.1 million, or 3.0% from 2023-24 to 2024-25.

**ATTACHMENT G**

**BUDGET ADOPTION RESOLUTION**

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RESOLUTION NO. 4386

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ADOPTING THE 2024-2025 FISCAL YEAR CITY BUDGET AND CAPITAL IMPROVEMENT  
PROGRAM BUDGET

**WHEREAS**, it is necessary to adopt the 2024-2025 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, 2024, through June 30, 2025; and

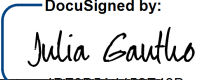
**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Capitola that the 2024-2025 Fiscal Year Budget and Capital Improvement Program is hereby adopted; and

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

**I HEREBY CERTIFY** that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 27<sup>th</sup> day of June 2024, by the following vote:

**AYES:** CLARKE, MORGAN, BROOKS, BROWN  
**NOES:** NONE  
**ABSENT:** PEDERSEN  
**ABSTAIN:** NONE

DocuSigned by:  
  
9845E01983E9448...  
Kristen Brown, Mayor

ATTEST:   
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Julia Gautho, City Clerk



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## **ATTACHMENT H**

### **GLOSSARY**

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# Glossary of Budget Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**COLA** – Cost of living allowance.

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



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

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

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

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

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

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

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

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

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

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

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

**Deficit** – The excess of liabilities over assets.

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

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

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

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

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

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

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

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

**FEMA** – Federal Emergency Management Agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**NPDES** – National Pollution Discharge Elimination System.

**OES** - Office of Emergency Services.

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

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

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

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

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

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

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

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

**Personnel** – Employees.

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

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

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

**Property Tax Secured** – Real property both land and improvements.

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

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

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

**RDA** – Redevelopment Agency.



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

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

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

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

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

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

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

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

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

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

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

**Service Charge** – Charges for specific services rendered.

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

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

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

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

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

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

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

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

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

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

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

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

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

## GLOSSARY OF AFFORDABLE HOUSING TERMS

### Affordable Housing

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

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

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

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

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

### BEGIN Program

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

### CDBG Program

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

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

### **CalHFA**

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

### **First Time Homebuyer Loan Program**

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

### **HOME Program**

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

### **Home Rehabilitation Loan/grant Program**

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

### **Housing Element**

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

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

### **Inclusionary Housing Ordinance**

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

### **MPROP**

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

### **Regional Housing Needs Assessment (RHNA)**

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

### **Resale Restricted Housing Units**

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

## **ATTACHMENT I**

### **ACRONYMS**



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## Acronyms

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

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

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