



PROPOSED BUDGET

FISCAL YEAR 2018-19



CITY OF CAPITOLA & CAPITOLA SUCCESSOR AGENCY

Capitola, California

5/30/18



CITY COUNCIL

Michael Termini, Mayor
Jacques Bertrand, Vice Mayor
Ed Bottorff
Stephanie Harlan
Kristen Petersen

Peter Wilk, City Treasurer

Jamie Goldstein, City Manager

Terry McManus, Chief of Police
Katie Herlihy, Community Development Director
Steve Jesberg, Public Works Director
Jim Malberg, Finance Director
Larry Laurent, Assistant to the City Manager
Linda Fridy, City Clerk

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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 2018/19 Proposed and FY 2019/20 Planned Budget.

OVERVIEW

On behalf of City staff, I am pleased to submit for review and consideration a balanced proposed budget for Fiscal Year (FY) 2018/19. The local economy is still growing, however, sales tax revenue appears to be leveling out after several years of steady growth. The proposed FY 2018/19 projections include a 1 percent growth in sales tax, 4 percent property tax growth and 1.5 percent transient occupancy tax (TOT) growth.

The Fund Balance in the General Fund is projected to remain positive for the next two fiscal years, however, based on known increases related to CalPERS pension costs and assumptions in our long-term financial model the General Fund is currently projected to become structurally imbalanced in FY 2020/21. The proposed 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 includes dramatically increasing pension costs. These increasing pension costs will likely result in challenging budgetary decisions in upcoming years. In the coming fiscal year staff will focus on the long-term structural budget issues, closely monitor sales tax performance, and develop options for Council consideration to balance the near and longer-term budgets.

The new Capitola Branch Library will begin construction in FY 2018/19. The planning for a new branch library started in 1999 when the City entered an agreement with the County of Santa Cruz to begin construction on the new library by 2019. The funding for the new library comes from several sources, including the voter approved Measure S, the former RDA trust fund held by the County, a fundraising campaign, and funding from the General Fund. Staff will be evaluating options and looking for opportunities during the year to close the remaining funding gap, currently projected at \$117,370 pending receipt of construction bids in June.

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 two years ago by Merlone Geier Partners. In 2018 the new owners initiated a public process, including a public meeting and regional survey of residents, to begin evaluating options for the Mall moving forward. City staff remains actively engaged with Mall ownership to help it understand the City's interests and

development review processes. 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 the 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. The proposed FY 2018/19 budget begins to implement these commitments.

While the adopted FY 2017/18 Budget included a planned decrease in the General Fund balance, the ending General Fund balance is still projected to be \$1,034,605. During the budget hearing process, staff will outline possible uses for the fund balance, understanding the need to achieve multiple City goals and objectives, while also maintaining a reserve to offset the impacts of structural budget issues in coming years.

BUDGETARY AND FINANCIAL HIGHLIGHTS

The FY 2018/19 General Fund budget was developed with an emphasis on financial stability, capital improvements, and enhanced levels of programs and services for Capitola residents and visitors. Key budgetary items and changes include:

- Begin construction on the new Capitola Branch Library
- Apply 100 percent of Measure F revenues to Measure F commitments
 - Protect the wharf and beach from storms and rising sea levels
 - Bike/pedestrian safety
 - Maintain police staffing levels
- Continue to place a high priority in operating a highly effective and community-oriented police department
- Fund large-scale slurry seal projects to maintain roads. Currently budgeted for \$770,000 which includes \$470,000 of Regional Transportation Commission grant funding
- Maintain Contingency and Emergency reserves at target levels
- Continue funding Other Post-Employment Benefits (OPEB)
- Fund the Community Grant Program at the level consistent with prior years

MAJOR INITIATIVES

Funding Measure F Commitments

In November 2016 voters of Capitola approved extending an existing 0.25 percent sales tax for an additional 10 years. The city has committed this sales tax revenue to protecting the beach and wharf from rising sea levels and storms, supporting bike and pedestrian safety projects, and maintaining police staffing levels.

The FY 2018/19 proposed budget includes the allocation of Measure F funding to support that commitment. The proposed projects include preliminary design of the Wharf, flume reconstruction, and jetty reconstruction.

New Capitola Branch Library

In 1999 the City of Capitola built a temporary 4,320-square-foot library at the corner of Clares Street and Wharf Road. The City's former RDA entered a contract with the County to construct a permanent library and contributed \$2.67 million to a County-held trust fund that would be used to help build the Capitola library. Measure S, which was approved by voters on June 7, 2016, will provide an additional \$8 million. Additional funding for the project includes General Fund transfers totaling \$1,505,129, fundraising campaign contributions of \$600,000, and other sources totaling \$262,500. The current project budget is \$13.15 million, which leaves a projected budget gap of \$117,370. This funding gap will be refined during the budget adoption hearings after receipt of bids on May 30 to build the library.



Maintain the Reserve Funds

In FY 2014/15 the City Council increased the policy funding levels for the Emergency and Contingency Reserve Funds. The Emergency Reserve target was increased from 5 to 10 percent and the Contingency Reserve target was increased from 10 to 15 percent. The reserves are currently at these target levels and the Proposed FY 2018/19 budget maintains these levels.

With increased revenue streams, the City has established other reserves as well. Specifically, the City created a Facilities Reserve and a PERS Contingency Reserve to help meet future funding requirements. During budget hearings, staff will propose an allocation of \$90,000 to the Facilities Reserve. These funds allow increased financial stability due to the economically sensitive nature of revenue sources available to the City.

Controlling Personnel Costs

Being primarily a service-oriented organization, personnel costs make up the largest General Fund expenditure. The personnel budget comprises approximately 58 percent of the General Fund.

In FY 2013/14 all bargaining units agreed to multi-year contracts through June 30, 2018, with cost sharing of pension contributions, cost of living adjustments (COLA) based on the consumer price index, and flex health care spending increases.

Negotiations are currently on-going with all bargaining units with the anticipation that the City will have new multi-year contracts in place by July 1, 2018.

Planning for Pension Increases

In early 2017 the CalPERS Board approved a decrease in the discount rate it uses to project future funding needs. The discount rate is the expected rate of return on investments. The decreased discount rate has a major impact on the City's yearly unfunded actuarial liability (UAL) payment.

The City's FY 2017/18 UAL payment was about \$1 million and will be approximately \$1.2 million in FY 2018/19. Current projections show the City's UAL increasing to more than \$2 million within five years. These rising pension costs will pose significant budgetary and service-level challenges in coming fiscal years.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2017/18 the City accomplished several significant projects, which placed the City in a stronger fiscal position and provided residents and visitors with increased recreational and public art opportunities, while continuing to strengthen public safety and community development activities. Some of the City's accomplishments in FY 2017/18 include:

- Approved the first comprehensive update of the Zoning Code in 40 years
- Worked with neighbors to address traffic issues, including improvements to the safe route to school along Hill Street
- Finalized plans for the construction of the new Capitola Branch Library
- Implemented a new youth participation policy for advisory bodies
- Worked to increased public outreach with City Hall updates published on website and in local newspaper
- Worked with City franchisee to increase participation in waste diversion programs
- Continued process to scan and make available public records in electronic format
- Worked with businesses to reduce use of non-reusable bags and plastics
- Worked with businesses to educate and find environmentally friendly food packaging

- Implemented medicines and sharps takeback program at pharmacies and Capitola Police station.
- Oversaw the transition and recruitment of several positions, particularly in the Community Development Department.
- Offered residents free trees through a partnership with the Arbor Day Foundation
- Worked to improve risk management and reduce potential liability
- Awarded contracts for three new public art installations: a mural, an ocean-themed railing, and a climbable sculpture.
- Worked with Capitola Museum to improve access and communication.
- Continued work on the proposed financing plan for the Library including coordination with the Friends of the Capitola Library to set up accounts for its fundraising campaign
- Completed CAD and CLETS systems upgrades.
- Completed the Emergency Operations Plan.
- Participated in the Police Pink Patch Project in support of a local cancer program
- Upgraded all parking pay stations.
- Implemented a monthly Village employee parking program.
- Initiated an update to the City's Local Coastal Program (LCP)
- Closed out the City's 2014 CDBG grant, which provided financial assistance to eight Capitola households through the City's Home Rehabilitation and Homebuyer Assistance Programs
- Created and implemented online registration for the 2018 Camp Capitola Program
- Provided opportunities for over 60 teens to train for future summer employment as Junior Lifeguard Instructors and Camp Leaders through the Junior Lifeguard Captains Corps and the Camp Capitola Junior Leader program
- Continued work with community groups for the use of the City's recreational facilities
- Trained all junior lifeguard instructors as lifeguards
- Opened a new museum exhibit, "Capitola FAQ"
- Received more than 500 donated volunteer hours and welcomed more than 6,000 guests to the museum
- Provided local history walking tours and lectures for local organizations and the public
- Worked to improve the documentation of the Museum collections.

BUDGET PRINCIPLES

The table on the following page outlines the City's adopted budget principles for FY 2018/19.

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

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.

I am also pleased to report that the City of Capitola FY 2017/18 budget again received the Excellence Award from the California Municipal Finance Officers Association. This award is presented to cities whose budgeted documents meet program criteria as a policy document, operational guide, financial plan, and a communications device. Staff believes this budget document will continue to conform to the award program requirements.

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

SUMMARY INFORMATION



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Budget Process Overview

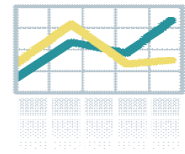
Each year the City of Capitola prepares an Operating Budget, a Successor Agency Budget, and a five-year Capital Improvement Program (CIP) budget. The Operating Budget contains the summary and detail information for revenue and expenditure appropriations for the fiscal year (beginning July 1st and ending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

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

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

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

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



Financial Policies

Basis of Accounting

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

Level of Budget Control

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

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

Budget Adjustments

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

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

Financial Committees and Boards

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

Finance Advisory Committee

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

Oversight Board to the Successor Agency of the Former Redevelopment Agency

As part of the Redevelopment Agency Dissolution Act, the City of Capitola elected to be the Successor Agency to the former Redevelopment Agency (RDA). As part of the dissolution process, a seven-member oversight board was established to review and approve recognized obligation payments of the Successor Agency, with the fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from property tax distributions.

General Fund Summary

The General Fund remains stable in Fiscal Year 2018/19. The projected General Fund FY 2017/18 ending fund balance totals \$811,265. This amount represents a planned \$859,079 decrease from the prior year as well as designating \$300,000 for the employee down payment assistance program. The General Fund balance decreased in FY 2017/18 due to additional funding of the CalPERS Retirement Trust as well as the Capitola Library project.

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	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenues						
Taxes	\$12,060,878	\$12,300,276	\$12,411,214	\$12,208,898	\$12,431,636	\$12,557,491
Licenses and permits	\$614,536	\$597,996	\$611,000	\$632,100	\$644,704	\$646,216
Intergovernmental revenues	\$219,504	\$134,865	\$152,850	\$120,600	\$141,000	\$141,000
Charges for services	\$1,977,668	\$1,806,314	\$2,134,481	\$2,041,279	\$1,919,723	\$1,880,703
Fines and forfeitures	\$660,013	\$567,000	\$663,700	\$484,000	\$616,300	\$616,300
Use of money & property	\$84,837	\$76,082	\$70,200	\$101,000	\$101,200	\$101,200
Other revenues	\$71,771	\$74,267	\$63,850	\$121,500	\$64,050	\$64,414
Revenues Totals	\$15,689,205	\$15,556,800	\$16,107,295	\$15,709,377	\$15,918,613	\$16,007,323
Expenditures						
Personnel	\$8,217,828	\$8,708,590	\$8,580,424	\$8,131,190	\$9,173,588	\$9,739,640
Contract services	\$2,537,560	\$2,628,255	\$2,950,500	\$2,817,110	\$2,859,576	\$2,894,453
Training & Memberships	\$101,309	\$83,058	\$118,550	\$96,050	\$126,850	\$131,850
Supplies	\$562,477	\$526,946	\$551,300	\$509,150	\$503,250	\$504,450
Grants and Subsidies	\$277,296	\$277,357	\$275,000	\$275,000	\$275,000	\$275,000
Capital outlay	\$0	\$0	\$10,000	\$56,300	\$15,000	\$15,000
Internal service fund charges	\$954,500	\$1,159,000	\$1,190,050	\$1,246,350	\$1,208,537	\$1,221,968
Other financing uses	3,083,811	1,658,730	3,590,550	3,872,550	1,733,843	1,755,160
Expenditures Totals	\$15,734,781	\$15,041,936	\$17,266,374	\$17,003,700	\$15,895,643	\$16,537,521
Impact on Fund Balance	\$ (45,576)	\$ 514,864	\$ (1,159,079)	\$ (1,294,323)	\$ 22,970	\$ (530,198)
Budgetary Fund Balance	\$ 1,590,724	\$ 2,105,588	\$ 946,509	\$ 811,265	\$ 834,234	\$ 304,036

Revenue Summary

	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
General Fund	\$ 15,689,205	\$15,556,800	\$16,107,295	\$15,709,377	\$15,918,613	\$16,007,323
Designated Reserves						
Contingency Reserve	89,400	10,000	133,000	133,000	-	87,274
PERS Contingency Reserve	300,000	8,186	510,000	510,000	-	-
Emergency Reserve	213,000	15,000	67,000	67,000	-	71,541
Donations	-	-	10,000	3,100	10,000	10,000
Facility Reserve	150,000	110,000	110,000	110,000	90,000	10,000
Total Designated Reserves	\$ 752,400	\$ 143,186	\$ 830,000	\$ 823,100	\$ 100,000	\$ 178,815
Debt Service						
Pension Obligation Bond	\$ 669,204	\$ 441,709	\$ 187,351	\$ 187,351	\$ -	\$ -
Pac Cove Lease Financing	215,532	165,702	165,066	165,066	165,066	165,066
Pacific Cove Park	89,561	89,192	89,004	89,004	88,812	88,616
OPEB Trust	53,600	54,908	60,000	60,000	65,000	71,500
Total Debt Service	\$ 1,027,897	\$ 751,511	\$ 501,421	\$ 501,421	\$ 318,878	\$ 325,182
Capital Improvement Fund	\$ 2,319,555	\$ 901,280	\$ 517,200	\$ 795,839	\$ 1,082,663	\$ 1,082,663
Internal Service Funds						
Stores Fund	\$ 35,458	\$ 35,217	\$ 37,250	\$ 37,280	\$ 37,250	\$ 37,250
Information Technology	177,128	206,468	282,300	282,300	296,241	305,022
Equipment Replacement	127,554	154,269	310,000	366,300	265,000	183,000
Self-Insurance Liability	444,500	428,000	428,000	428,000	418,732	418,732
Workers Compensation	385,000	415,000	321,000	321,000	304,814	304,814
Compensated Absences	179,000	200,000	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 964,888	\$ 1,438,954	\$ 1,578,550	\$ 1,634,880	\$ 1,522,037	\$ 1,448,818
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 100,450	\$ 104,415	\$ 100,400	\$ 100,400	\$ 100,400	\$ 100,400
SCCACT-SCC Anti-Crime Team	42,616	-	-	-	-	-
Gas Tax	228,569	236,872	230,889	230,889	261,423	261,423
RTC Streets	-	11,254	485,000	485,000	300,000	300,000
Library	23,300	847,386	10,776,429	1,856,129	10,090,000	338,185
SB1 RMRA	-	-	58,532	58,532	168,750	168,750
Wharf	80,471	96,041	133,500	133,500	85,100	42,550
General Plan Update and Maint	81,975	56,275	75,000	85,000	50,000	50,000
Green Building Education	15,929	8,064	18,000	28,049	22,000	22,000
Public Arts Fee	24,000	3,330	15,000	37,210	100,000	25,000
Parking Reserve	118,900	100,000	100,000	100,000	100,000	100,000
Technology Fee	12,670	11,848	11,000	12,343	11,500	11,500
PEG-Public Education and Gov.	17,422	16,975	16,100	16,100	16,200	16,200
BIA-Capitola Village-Wharf BIA	70,471	71,414	73,100	73,100	74,750	74,750
CDBG Grants	17,338	278,363	100,000	198,610	-	-
CDBG Program Income	2,000	30,190	-	155	-	-
HOME Reuse	98,968	21,567	12,300	12,300	11,500	11,500
HOME Grant	-	-	-	-	-	-
Housing Trust	23,028	24,763	25,000	59,933	28,000	28,000
Cap Hsg Succ- Program Income	61,457	141,096	-	2,026	-	-
Total Special Revenue Funds	\$ 1,019,565	\$ 2,059,852	\$12,230,250	\$ 3,489,276	\$11,419,623	\$ 1,550,258
Successor Agency	\$ 708,956	\$ 711,024	\$ 595,000	\$ 595,000	\$ 264,387	\$ -
Total Revenues - All Funds	\$ 20,242,788	\$21,562,607	\$32,359,716	\$23,548,893	\$30,626,201	\$20,593,059

Expenditure Summary

	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
General Fund	\$15,734,781	\$15,041,936	\$17,266,374	\$17,003,700	\$15,895,643	\$16,537,521
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	-	-	-	-	-	-
Donations	1,605	1,605	-	-	-	-
Facilities Reserve	-	-	125,000	125,000	90,000	10,000
Total Designated Reserves	\$ 1,605	\$ 1,605	\$ 125,000	\$ 125,000	\$ 90,000	\$ 10,000
Debt Service						
Pension Obligation Bond	\$ 669,204	\$ 668,595	\$ 668,882	\$ 668,882	\$ -	\$ -
Pac Cove Lease Financing	414,416	165,189	165,066	165,066	165,066	165,066
Pac Cove Park	90,375	89,192	89,005	89,005	88,812	88,616
OPEB Trust	54,166	54,166	-	60,000	65,000	65,000
Total Debt Service Funds	\$ 1,228,161	\$ 977,142	\$ 922,953	\$ 982,953	\$ 318,878	\$ 318,682
Capital Improvement Fund	\$ 2,051,648	\$ 2,113,307	\$ 467,200	\$ 601,200	\$ 1,082,663	\$ 1,082,663
Internal Service Funds						
Stores	\$ 32,564	\$ 33,727	\$ 37,250	\$ 37,250	\$ 37,250	\$ 37,250
Information Technology	184,656	239,084	282,300	282,300	310,000	310,000
Equipment Replacement	120,423	107,898	412,000	468,300	91,000	383,000
Self-Insurance Liability	343,319	388,016	428,000	521,591	418,732	418,732
Workers' Compensation	489,005	408,513	321,000	321,000	304,814	304,814
Compensated Absences	153,942	226,128	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 1,323,909	\$ 1,403,366	\$ 1,680,550	\$ 1,830,441	\$ 1,361,796	\$ 1,653,796
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 104,111	\$ 194,297	\$ 156,000	\$ 156,000	\$ 98,000	\$ 98,000
SCCACT-SCC Anti-Crime Team	42,407	-	-	-	-	-
Gas Tax	351,904	196,748	277,400	277,400	261,000	261,000
RTC Streets	-	-	485,000	485,000	300,000	300,000
Library	27,487	450,591	10,131,429	1,101,300	10,090,000	1,485,622
SB1 RMRA	-	-	58,532	58,532	-	337,500
Wharf	89,903	96,458	221,900	221,900	94,600	47,300
General Plan Update and Maint.	125,211	89,730	56,000	56,000	47,000	37,000
Green Building Education	15,500	1,956	24,000	24,000	38,000	18,000
Public Arts Fee	4,501	7,635	81,000	81,000	103,000	53,000
Parking Reserve	122,415	100,000	100,000	100,000	100,000	100,000
Technology Fee	13,248	13,990	15,000	15,000	15,000	15,000
PEG-Public Education and Gov.	9,283	110	15,000	15,000	24,400	25,000
BIA-Capitola Village-Wharf BIA	71,312	59,563	74,750	74,750	76,334	76,334
CDBG Grants	178,089	122,607	100,000	182,371	-	-
CDBG Program Income	25	-	-	-	-	-
HOME Reuse	4,160	3,200	3,200	3,200	3,200	3,200
Housing Trust	64,963	25,000	25,000	25,000	50,000	25,000
Cap Hsg Succ- Program Income	40,222	54,526	60,000	30,000	32,500	32,500
Total Special Revenue Funds	\$ 1,264,741	\$ 1,416,410	\$11,884,211	\$ 2,906,453	\$ 11,333,034	\$ 2,914,456
Successor Agency	\$ 440,085	\$ 165,951	\$ 636,958	\$ 636,958	\$ 264,387	\$ -
Total Expenditures - All Funds	\$22,044,929	\$21,119,716	\$32,983,246	\$ 24,086,705	\$ 30,346,401	\$ 22,517,118

Five-year Financial Plan

Identifying future financial milestones is a critical component of long-term fiscal planning. The following list identifies those changes that will impact the City's budget in future years. The future financial challenges facing the City include increasing pension costs. The future financial model shows the City can expect to remain positive in future years with declining funds available for capital improvement projects. Excluding Measure F from the calculations, the Fiscal Year 2020/21 will have a negative position.

Key future milestones:

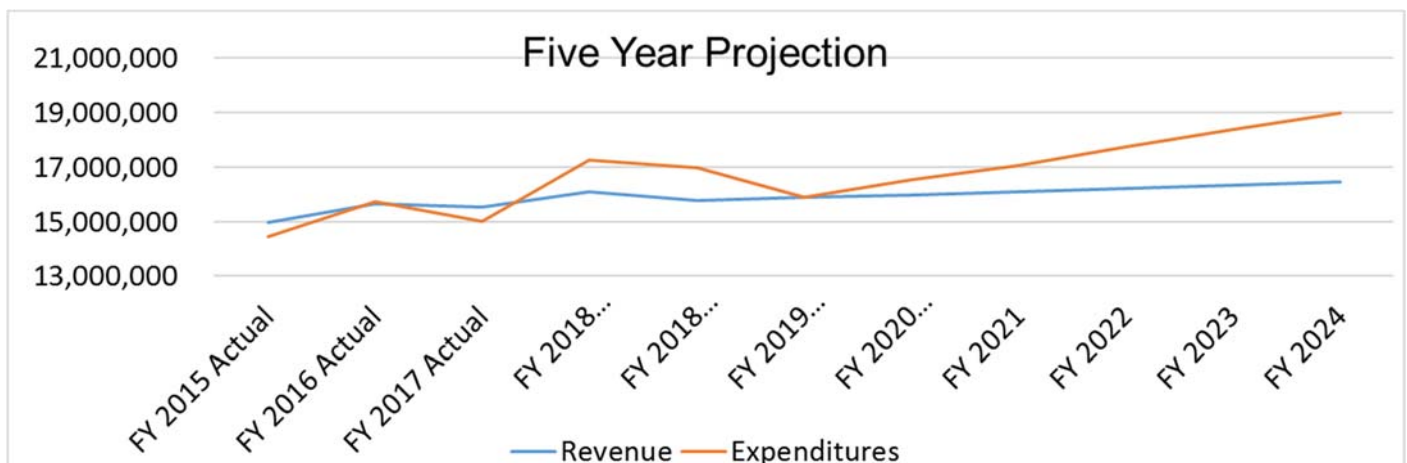
- FY 18/19
 - Full year revenue impact from Measure D expiration and Measure F start
 - Beginning of five years of CalPERS Unfunded Liability annual increases of \$250,000
- FY 19/20
 - Scheduled completion of the Capitola Library project
- FY 28/29
 - Final Pacific Cove Lease Financing Payment

Financial Model Assumptions:

- Slowing revenue growth.
- Stability of sales tax base.
- Measure F revenue directed 100% to the wharf, flume and jetty projects.
- Personnel and retirement contributions increase based on known factors.
- Projected known PERS payments.
- Contracts and supplies increase based on inflationary factor.

Future Challenges:

- Statewide changes in tax policy.
- Increases in retirement unfunded liability payments based on PERS actuarial reports.
- Impact of a slowdown in the local, state and federal economy.
- Potential impact from Mall revitalization.

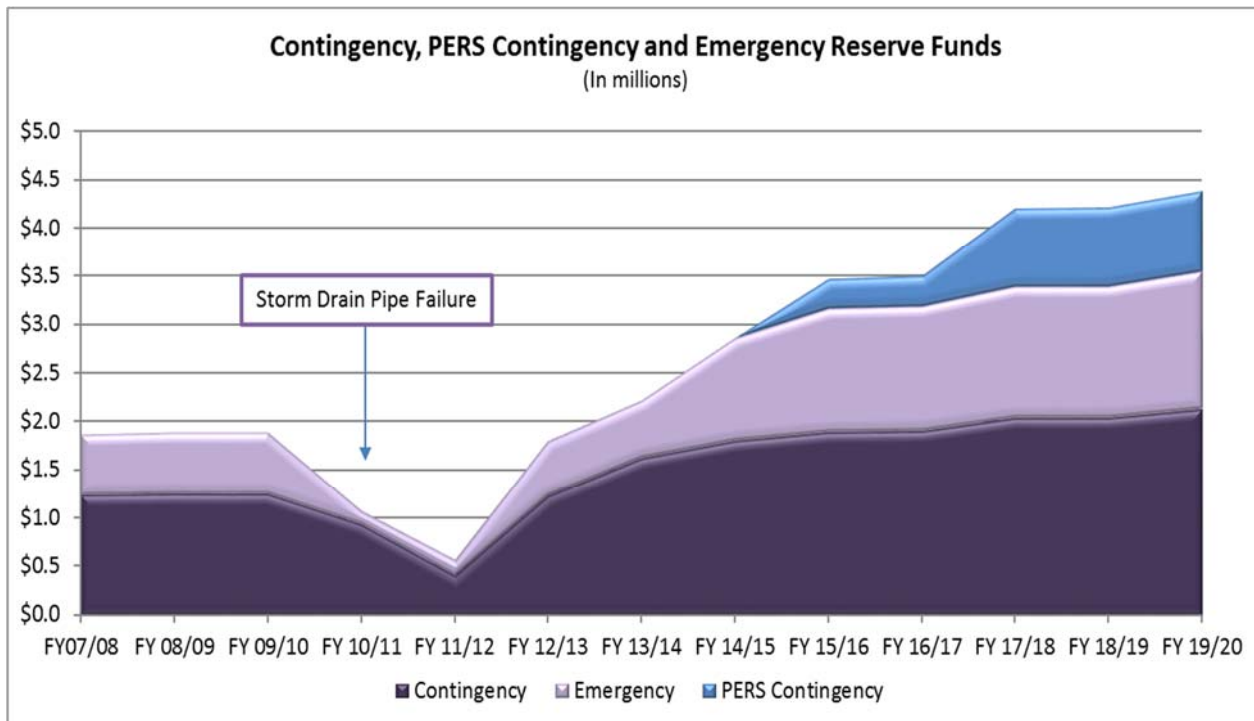


Emergency, PERS Contingency and Contingency Reserves

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 initial funding came from a \$300,000 transfer from the General Fund. The City invested the funds with Public Agency Retirement Services (PARS) in a moderately conservative trust fund that allows for a higher rate of return. During FY 17/18, the City Council directed staff to put an additional \$500,000 in the PERS trust fund.



OPEB and PERS Trust Funds

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

OPEB Trust Fund:

FY 2015/16 Balance:	\$143,387
FY 2016/17 Contributions:	52,425
<u>Interest Earned:</u>	<u>17,561</u>
Balance 6/30/2017	\$213,373
FY 2017/18 Contributions	60,000
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2018	\$283,373
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2019	\$293,373

PERS Trust Fund:

FY 2016/17 Contributions:	\$300,000
<u>Interest Earned:</u>	<u>8,186</u>
Balance 6/30/2017	\$308,186
FY 2017/18 Contributions	500,000
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2018	\$818,186
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2019	\$828,186

Capital Projects

The adopted budget includes several capital improvement projects utilizing various funding sources. The list below summarizes the projects.

Library Fund

Committed Revenue:	
Measure S	\$ 8.0 Million
RDA Country Trust Fund	2.67 Million
General Fund transfer	1,505,129
Fundraising Campaign	600,000
Other Sources	262,500
<u>Unfunded Construction</u>	<u>117,370</u>
Total	\$13.15 Million

Construction on the library is expected to begin in Summer 2018.

Equipment Fund

Ford Explorer-PD	\$ 54,000*
Concrete Breaker-PW	12,000
<u>Ditch Witch-PW</u>	<u>25,000</u>
Total	\$ 91,000

*SLESF Fund contributes \$25,000

Measure F Funds (CIP)

Estimated Revenue	\$1,082,663
Wharf	182,663
Flume	400,000
Jetty	500,000

RTC - Measure D Local Funds

Estimated Revenue	\$ 300,000
RTC Grant	470,000
Complete St. Project – Brommer	\$ 770,000

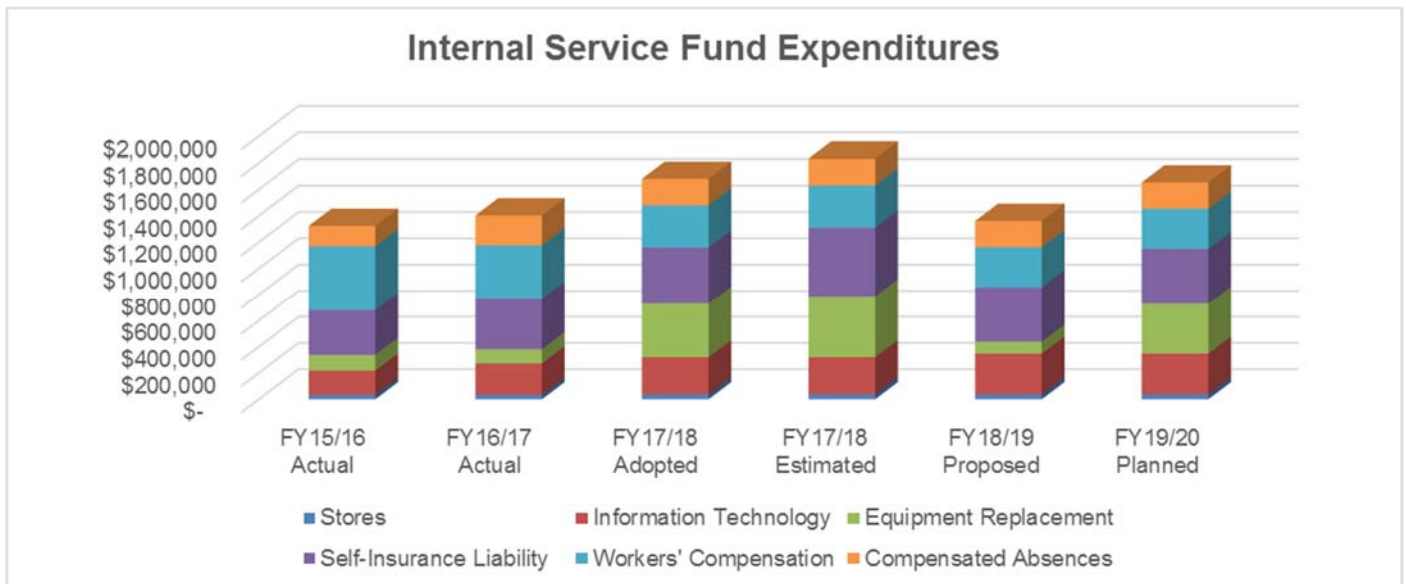
General Fund Resources

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

The following table shows the estimated General Fund available resources:

Estimated Year End Fund Balance	FY 17/18 Estimated	FY 18/19 Proposed	FY 19/20 Planned
General Fund	\$ 811,265	\$ 834,234	\$ 304,036
Designated Reserves			
Emergency	1,344,206	1,344,206	1,415,735
Contingency	2,036,346	2,036,346	2,123,603
PERS Contingency	818,186	828,186	843,186
Facilities Reserve	324,870	298,804	308,804
Donations	10,120	20,120	30,120
Internal Service Funds			
Stores	23,347	23,347	23,347
Information Technology	105,836	92,077	87,099
Equipment Replacement	75,680	264,680	116,330
Self-Insurance Liability	207,769	207,769	207,769
Workers' Compensation	224,339	224,339	224,339
Compensated Absences	(9,939)	-	-
Total General Fund Resources	\$5,972,025	\$6,174,109	\$5,684,368

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



Fund Balance Summary

FY 2018/19

	Estimated		Transfers		Estimated	
	Balance	Revenues	In	Expenditures	Transfers	Balance
	7/1/2018				Out	6/30/2019
General Fund	\$ 811,265	\$ 15,918,613	\$ -	\$ 14,161,800	\$ 1,733,843	\$ 834,234
Designated Reserves						
Contingency Reserve	\$2,036,346	\$ -	\$ -	\$ -	\$ -	\$ 2,036,346
PERS Contingency Reserve	818,186	10,000	-	-	-	828,186
Emergency Reserve	1,344,206	-	-	-	-	1,344,206
Donations	10,120	10,000	-	-	-	20,120
Facility Reserve	324,870	-	90,000	90,000	-	324,870
Total Designated Reserves	\$4,533,728	\$ 20,000	\$ 90,000	\$ 90,000	\$ -	\$ 4,553,728
Debt Service						
Pension Obligation Bond	\$ 4,896	\$ -	\$ -	\$ -	\$ -	\$ 4,896
Pac Cove Lease Financing	132,033	-	165,066	165,066	-	132,033
Pac Cove Park	(39,185)	-	88,812	88,812	-	(39,185)
Total Debt Service	\$ 97,744	\$ -	\$ 253,878	\$ 253,878	\$ -	\$ 97,744
Capital Improvement Fund	\$ 680,288	\$ -	\$ 1,082,663	\$ 1,082,663	\$ -	\$ 680,288
Internal Service Funds						
Stores	\$ 23,347	\$ 37,250	\$ -	\$ 37,250	\$ -	\$ 23,347
Information Technology	105,836	296,241	-	310,000	-	92,077
Equipment Replacement	75,680	155,000	125,000	91,000	-	264,680
Self-Insurance Liability	207,769	418,732	-	418,732	-	207,769
Workers' Compensation	224,339	304,814	-	304,814	-	224,339
Compensated Absences	(9,939)	-	209,939	200,000	-	-
Total Internal Service Funds	\$ 627,032	\$ 1,212,037	\$ 334,939	\$ 1,361,796	\$ -	\$ 812,212
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 7,939	\$ 100,400	\$ -	\$ 73,000	\$ 25,000	\$ 10,339
SCCACT-SCC Anti-Crime Team	-	-	-	-	-	-
Gas Tax	-	261,423	-	261,000	-	423
RTC Streets	-	300,000	-	300,000	-	-
Library	1,100,074	10,090,000	47,363	10,090,000	-	1,147,437
SB1 RMRA	-	168,750	-	-	-	168,750
Wharf	(708)	85,100	-	94,600	-	(10,208)
General Plan Update and Maint	51,437	50,000	-	47,000	-	54,437
Green Building Education	149,621	22,000	-	38,000	-	133,621
Public Arts Fee	205,005	100,000	-	103,000	-	202,005
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	44,777	11,500	-	15,000	-	41,277
PEG-Public Education and Gov.	75,855	16,200	-	24,400	-	67,655
Capitola Village/Wharf BIA	10,536	74,750	-	76,334	-	8,952
CDBG Grants	41,903	-	-	-	-	41,903
CDBG Program Income	29,251	-	-	-	-	29,251
HOME Reuse	205,905	11,500	-	3,200	-	214,205
Housing Trust	60,003	28,000	-	-	50,000	38,003
Cap Hsg Succ- Program Income	173,974	-	-	32,500	-	141,474
Total Special Revenue Funds	\$2,156,309	\$ 11,319,623	\$ 147,363	\$ 11,158,034	\$ 175,000	\$ 2,290,261
Successor Agency	\$ 370,928	\$ 264,387	\$ -	\$ 264,387	\$ -	\$ 370,928
Tot. Fund Balance - All Funds	\$9,277,294	\$ 28,734,660	\$ 1,908,843	\$ 28,372,558	\$ 1,908,843	\$ 9,639,395

Fund Balance Summary

FY 2019/20

	Estimated Balance 7/1/2019	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2020
General Fund	\$ 834,234	\$ 16,007,323	\$ -	\$ 14,782,361	\$ 1,755,160	\$ 304,036
Designated Reserves						
Contingency Reserve	\$ 2,036,346	\$ -	\$ 87,274	\$ -	\$ -	\$ 2,123,620
PERS Contingency Reserve	828,186	10,000	-	-	-	838,186
Emergency Reserve	1,344,206	-	71,541	-	-	1,415,747
Donations	20,120	10,000	-	-	-	30,120
Facility Reserve	324,870	-	10,000	10,000	-	324,870
Total Designated Reserves	\$ 4,553,728	\$ 20,000	\$ 168,815	\$ 10,000	\$ -	\$ 4,732,543
Debt Service						
Pension Obligation Bond	\$ 4,896	\$ -	\$ -	\$ -	\$ -	\$ 4,896
Pac Cove Lease Financing	132,033	-	165,066	165,066	-	132,033
Pac Cove Park	(39,185)	-	88,616	88,616	-	(39,185)
Total Debt Service	\$ 97,744	\$ -	\$ 253,682	\$ 253,682	\$ -	\$ 97,744
Capital Improvement Fund	\$ 680,288	\$ -	\$ 1,082,663	\$ 1,082,663	\$ -	\$ 680,288
Internal Service Funds						
Stores	\$ 23,347	\$ 37,250	\$ -	\$ 37,250	\$ -	\$ 23,347
Information Techology	92,077	305,022	-	310,000	-	87,099
Equipment Replacement	264,680	159,650	75,000	383,000	-	116,330
Self-Insurance Liability	207,769	418,732	-	418,732	-	207,769
Workers' Compensation	224,339	304,814	-	304,814	-	224,339
Compensated Absences	-	-	200,000	200,000	-	-
Total Internal Service Funds	\$ 812,212	\$ 1,225,468	\$ 275,000	\$ 1,653,796	\$ -	\$ 658,884
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 10,339	\$ 100,400	\$ -	\$ 98,000	\$ -	\$ 12,739
SCCACT-SCC Anti-Crime Team	-	-	-	-	-	-
Gas Tax	423	261,423	-	261,000	-	846
RTC Streets	-	300,000	-	300,000	-	-
Library	1,147,437	338,185	-	1,485,622	-	-
SB1 RMRA	168,750	168,750	-	337,500	-	-
Wharf	(10,208)	42,550	-	47,300	-	(14,958)
General Plan Update and Maint	54,437	50,000	-	37,000	-	67,437
Green Building Education	133,621	22,000	-	18,000	-	137,621
Public Arts Fee	202,005	25,000	-	53,000	-	174,005
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	41,277	11,500	-	15,000	-	37,777
PEG-Public Education and Gov.	67,655	16,200	-	25,000	-	58,855
BIA-Capitola Village-Wharf BIA	8,952	74,750	-	76,334	-	7,368
CDBG Grants	41,903	-	-	-	-	41,903
CDBG Program Income	29,251	-	-	-	-	29,251
HOME Reuse	214,205	11,500	-	3,200	-	222,505
Housing Trust	38,003	28,000	-	-	25,000	41,003
Cap Hsg Succ- Program Income	141,474	-	-	32,500	-	108,974
Total Special Revenue Funds	\$ 2,290,261	\$ 1,450,258	\$ 100,000	\$ 2,789,456	\$ 125,000	\$ 926,063
Successor Agency	\$ 370,928	\$ -	\$ -	\$ -	\$ -	\$ 370,928
Tot. Fund Balance - All Funds	\$ 9,639,395	\$ 18,703,049	\$ 1,880,160	\$ 20,571,958	\$ 1,880,160	\$ 7,770,486

GENERAL FUND REVENUES



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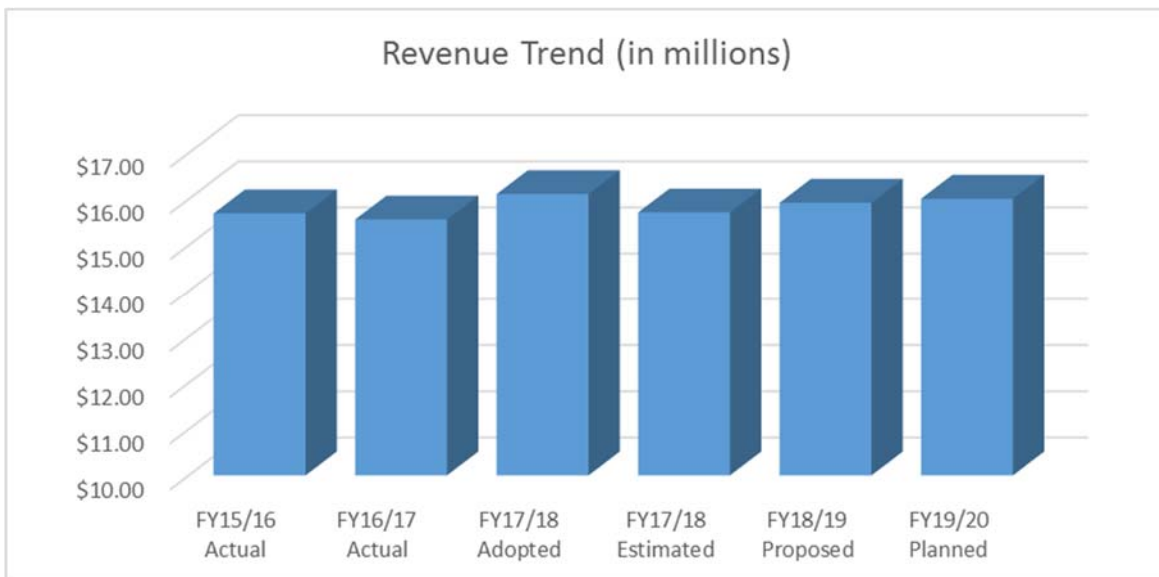
General Fund Revenues

Revenues for the FY 2018/19 General Fund operating budget total \$15.9 million, a decrease of approximately \$188,682 or 1.17 percent, with property and sales taxes primarily responsible for the increase offset by reductions in charges for services. Property tax revenues remain strong as assessed values (basis for property tax levies) continue to increase with changes in ownership, reinstatement of assessed values lowered during the Great Recession, and an additional 2% CPI increase per Prop 13 provisions. Sales tax collections slightly decrease with strong taxable sales driven by a few sectors of the local economy offset by small reductions in other sectors. Transient Occupancy Tax (TOT) continues to increase with a stable local and state economy. Sales tax and TOT revenue growth has continued to slow from the high growth rates of the last three fiscal years, but is still slightly increasing.

A summary of major revenue changes between the FY 2017/18 adopted and FY 18/19 proposed budgets is listed below:

- Property Taxes incl. Motor Vehicle In-Lieu \$ 93,763
 - Sales Tax (101,249)
 - Other Taxes – Franchise Fee, TOT, etc. 27,908
 - Other Revenue Categories (209,104)
- \$(188,682)**

General Fund Revenues						
	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Taxes	\$ 12,060,878	\$12,300,276	\$12,411,214	\$12,208,898	\$12,431,636	\$12,557,491
Licenses and permits	614,536	597,996	611,000	632,100	644,704	646,216
Intergovernmental revenues	219,504	134,865	152,850	120,600	141,000	141,000
Charges for services	1,977,668	1,806,314	2,134,481	2,041,279	1,919,723	1,880,703
Fines and forfeitures	660,013	567,000	663,700	484,000	616,300	616,300
Use of money & property	84,837	76,082	70,200	101,000	101,200	101,200
Other revenues	71,771	74,267	63,850	121,500	64,050	64,414
General Fund Revenues	\$ 15,689,205	\$15,556,800	\$16,107,295	\$15,709,377	\$15,918,613	\$16,007,323



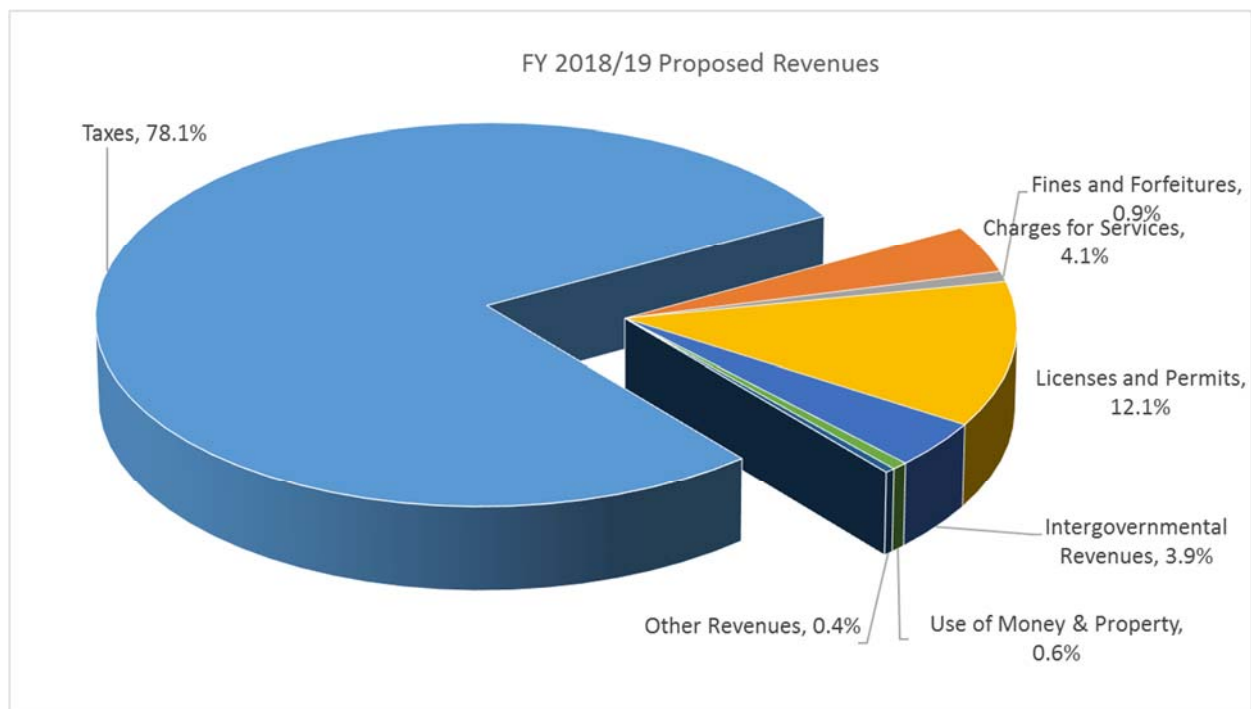
General Revenue Information

The City does not receive General Fund revenues in equal monthly increments. While the City receives some revenue regularly throughout the fiscal year, some is received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola's lowest cash balances occur in April and again in mid-December prior to property tax revenue being received. Mid-December in prior years was significantly lower due to the State's Triple-Flip. The State reduced our sales tax by 0.25 percent and reimbursed the City, through property tax, in December. With the Triple-flip completed, we now receive our sales tax revenue consistently throughout the year. The City developed a cash flow model to assist with on-going cash flow variability and to identify reserve requirements. While monitoring the City's cash flow has always been a priority, the need to identify patterns became more critical during the disaster recovery period when reserves were nearly depleted. In FY 2012/13 the City approved increasing the Contingency Reserve balance from 10 percent to 15 percent to assist in covering potential cash flow deficits. The City has maintained these increased reserves and the FY 2018/19 budget does not utilize any reserve funds.

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

• Sales Tax	\$7,839,074
• Transient Occupancy Tax	1,528,913
• Parking Meters	834,260
• Parking Fines	427,500
• Property Taxes / Property Taxes in-lieu-of Vehicle Fees	<u>2,437,833</u>
	\$13,209,336

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



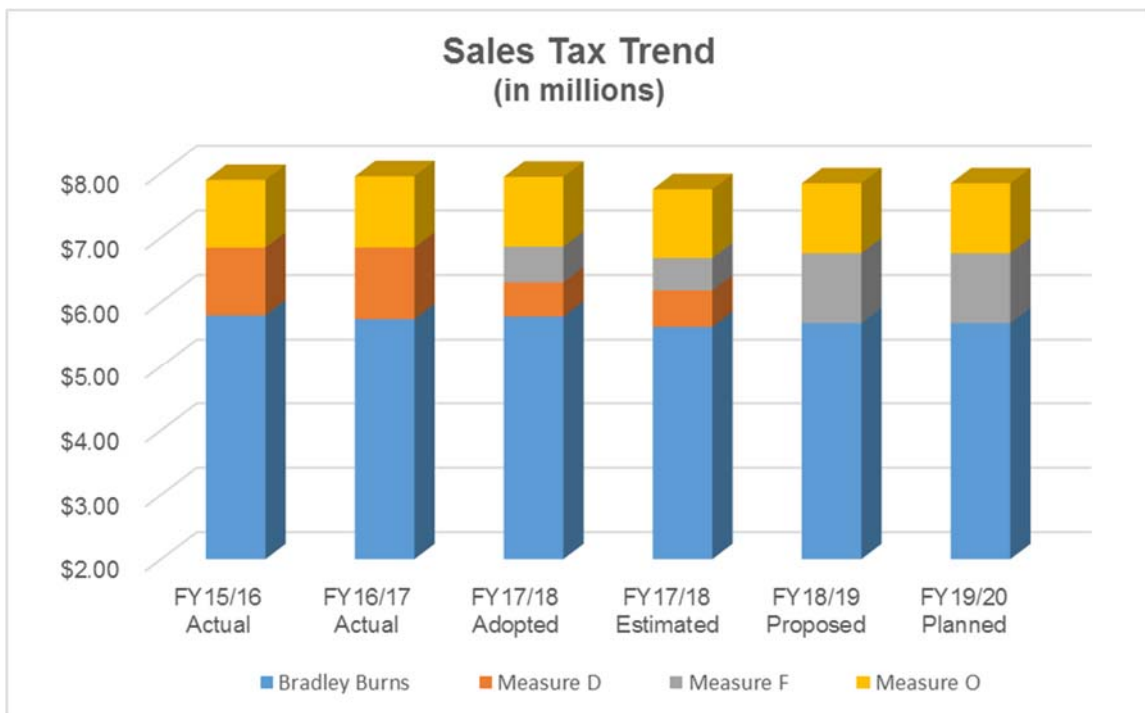
Sales Tax

The City of Capitola sales tax consists of one percent Bradley Burns, a quarter percent Capitola District Tax (Measure F), and a permanent quarter percent Capitola District Tax (Measure O). In FY 2018/19 annual sales tax revenue is estimated to be \$7.8 million, with approximately \$2.2 million in revenues contributed by Measure O, and Measure F.

Area	% of Total
41st Ave. Corridor	84.4%
Capitola Village	8.4%
Upper Village	5.9%
Light Industrial Distr.	1.3%
	100.0%

The Finance Department works closely with MuniServices, the City’s sales tax consultant, on tax recovery, statistics, and projections. Sales tax projections are based on a combination of “most likely” estimates provided by MuniServices, internal quarter over quarter analyses, and the impact of one-time events. In FY 2018/19, Bradley Burns sales tax revenue is anticipated to increase by approximately 1.03 percent, or \$57,588, over the FY 2017/18 estimates. 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.



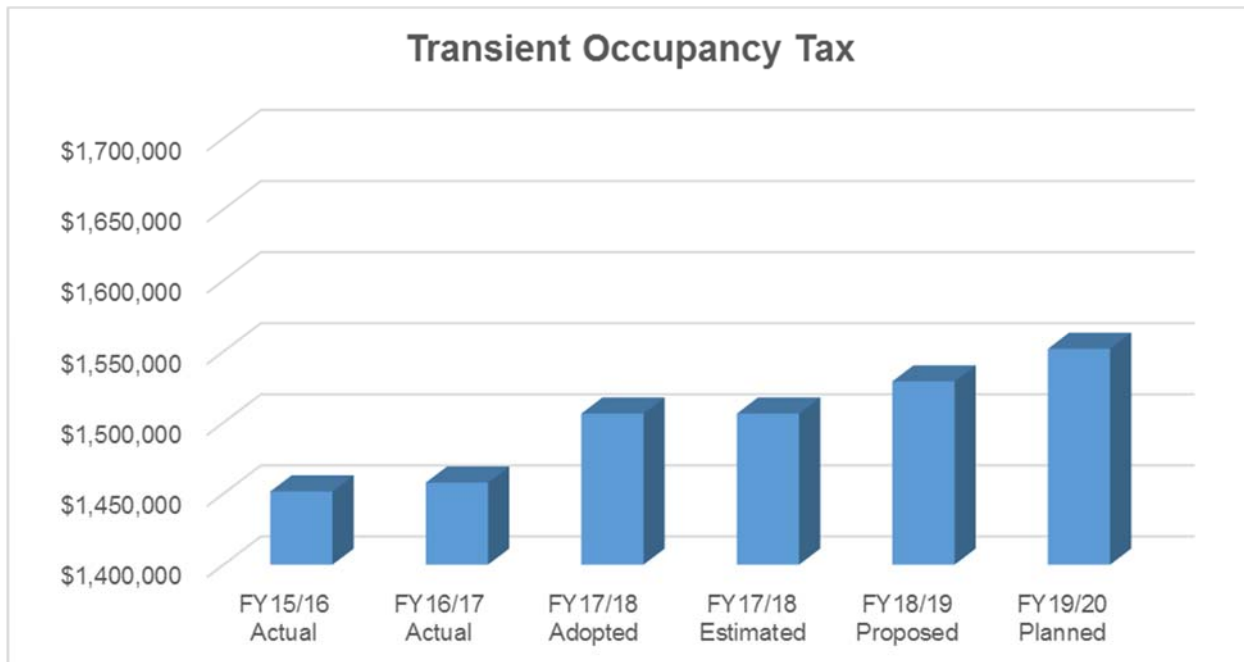
Transient Occupancy Taxes (TOT)

Hotel tax, also known as the Transient Occupancy Tax (TOT), charges rental accommodation of less than 30 days a 10 percent tax. In FY 2018/19 TOT tax accounts for approximately nine and one-half percent of General Fund operating revenues. The City's TOT revenues come from the following sources:

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

The City's TOT collections have been growing over the last eight years. The projected increase for FY 2018/19 is one and one-half percent. TOT collections have started to slow after three straight years of double digit percentage increases. The reason for the slowed growth is primarily due to a lack of available rooms. For the last several years, hotels have experienced high occupancy rates leaving little room for increased TOT revenues.

The following chart illustrates the continued growth of 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.

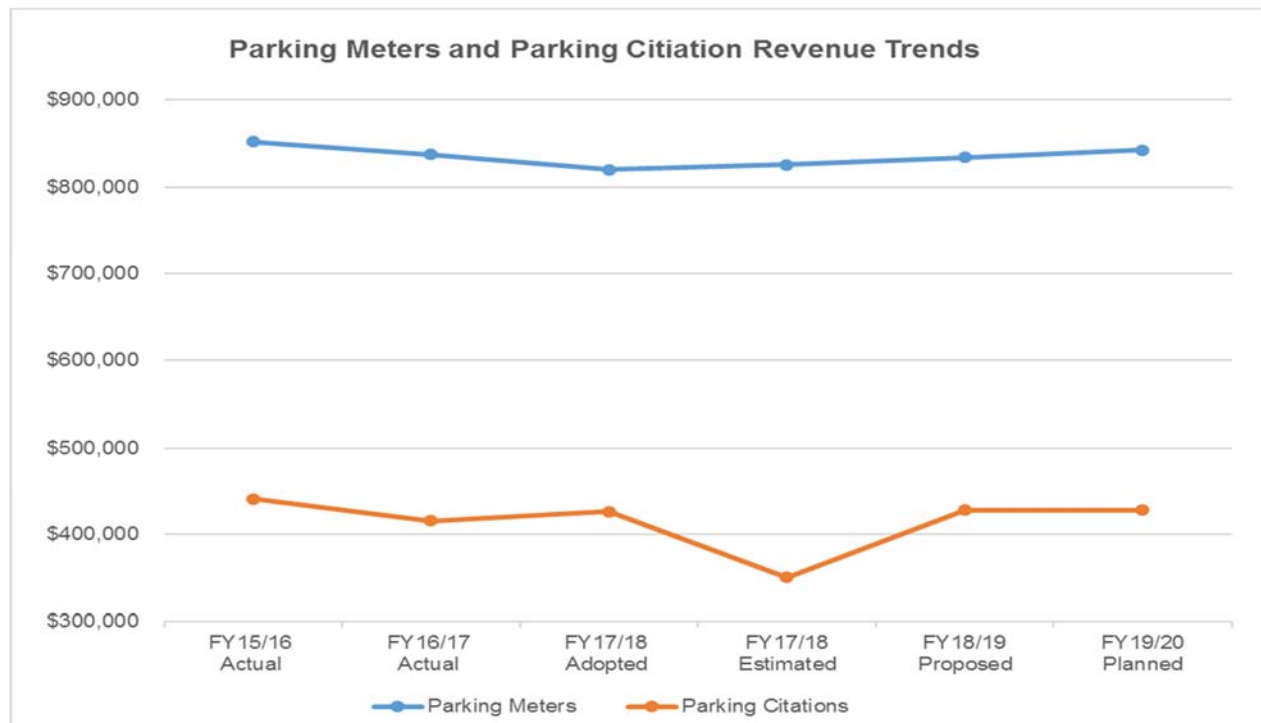


Parking Meters and Parking Fines

In FY 2018/19 parking meter and parking fine revenues are estimated to contribute approximately \$1.25 million to the General Fund. Revenue sources include fees collected from the meters and fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. At the end of FY 2013/14, a 226-space parking lot opened adjacent to the existing Pacific Cove Parking Lot and City Hall. The FY 2018/19 budget includes a \$100,000 general fund transfer to the parking reserve fund to help meet debt service obligations related to the opening of parking lot. During the summer, the City offers shuttle bus service from the parking lots to the Village, beach, and Capitola Wharf. Projected revenues for each location are estimated below:

Location	Spaces	FY18/19 Proposed	Avg. Meter Rev. per Space
Village	195	\$ 576,710	\$ 2,957
Cliff Drive	65	\$ 95,950	\$ 1,476
Pacific Cove - Upper Lot	232	\$ 113,120	\$ 488
Pacific Cove - Lower Lot	226	\$ 48,480	\$ 215

The following chart illustrates parking meter revenue and parking citation revenue trends within the City. Overall, the revenue trend has increased for the last several years with an estimated decrease in FY 2016/17 due to a wet winter that reduced visitors. In FY 2015/16 the City implemented 3-hour parking in the Village. The change has had a positive impact on meter revenue while decreasing citations.



The FY 2018/19 budget projects parking meter and parking fine revenue will increase one percent compared to the estimated prior year receipts.

Property Taxes

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

In FY 2018/19 property tax revenue is estimated to be \$2.4 million, representing a four percent increase over the prior year adopted budget and four percent above the estimated collection from FY 2017/18. The City's collections are consistent with information from the County Auditor-Controller's Office, which indicated that property valuations in Capitola are rising at a rate of four percent.

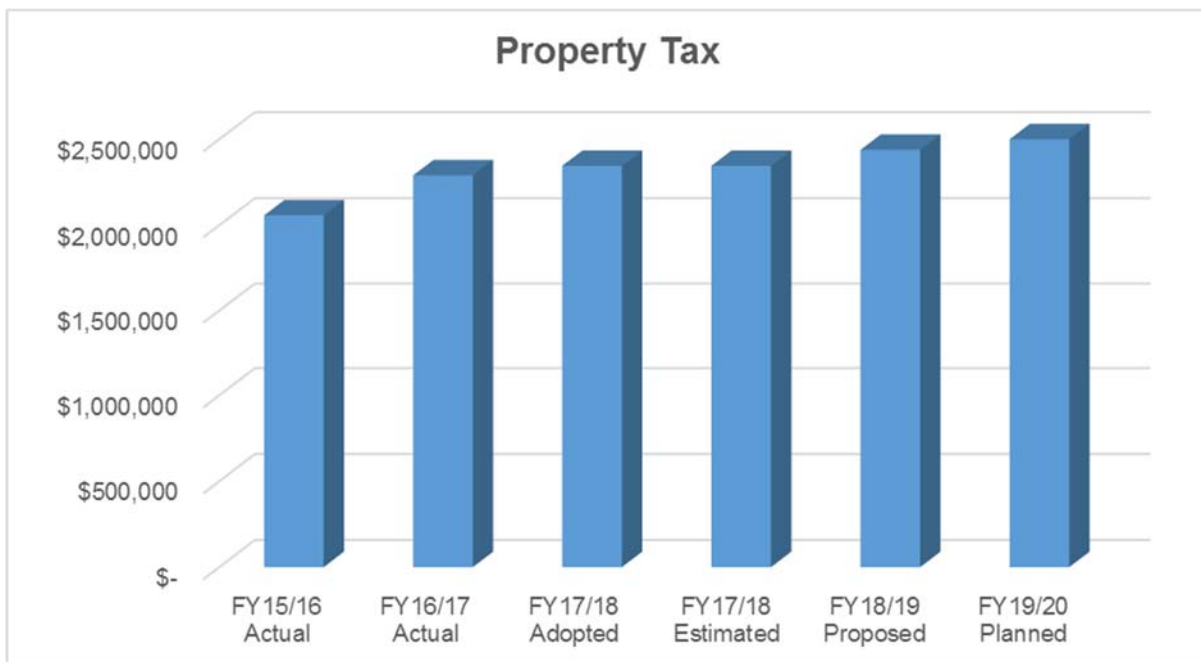
In the FY 2018/19 budget, base property tax revenues are projected to increase approximately four percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. The same growth factor of four percent of the assessed property valuation was used to estimate FY 2019/20 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 four fiscal years. However, there is a four percent, or \$48,757, increase projected in FY 2018/19. This increase continues to be consistent with the rising property values outlined by the Auditor-Controller's Office. Due to the relatively flat history associated with these revenues, conservative estimates of three percent have been applied to the upcoming fiscal years.



Revenue Summary

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Taxes						
Property Taxes	\$ 2,057,605	\$ 2,288,341	\$ 2,344,070	\$ 2,344,070	\$ 2,437,833	\$ 2,535,346
Sales Tax- Bradley Burns	5,794,532	5,737,543	5,774,116	5,616,160	5,673,748	5,673,748
Sales Tax- Measure D	1,049,179	1,107,022	533,544	565,592	-	-
Sales Tax- Measure O	1,047,853	1,103,267	1,082,663	1,065,880	1,082,663	1,082,663
Sales Tax- Measure F	-	-	550,000	500,375	1,082,663	1,082,663
Document Transfer Tax	135,983	71,885	85,000	75,000	85,000	\$ 85,000
Franchise Tax	524,214	534,513	535,503	535,503	540,816	\$ 546,224
Transient Occupancy Tax	1,451,512	1,457,704	1,506,318	1,506,318	1,528,913	\$ 1,551,846
Total	\$ 12,060,878	\$12,300,276	\$12,411,214	\$12,208,898	\$12,431,636	\$12,557,491
Licenses and permits						
Business License	\$ 298,468	\$ 301,545	\$ 300,800	\$ 296,100	\$ 302,304	\$ 303,816
Building Permits	201,642	163,173	200,000	210,000	210,000	\$ 210,000
Encroachment Permits	23,253	32,604	20,000	31,000	30,000	\$ 30,000
Special events permit	1,428	1,083	1,000	1,000	1,000	\$ 1,000
Entertainment permit	3,418	3,322	4,000	4,000	4,000	\$ 4,000
Parking Permits	41,026	42,852	39,400	39,400	41,100	\$ 41,100
Planning Permits	44,540	53,362	45,000	50,000	55,500	\$ 55,500
Other Permits	761	56	800	600	800	\$ 800
Total	\$ 614,536	\$ 597,996	\$ 611,000	\$ 632,100	\$ 644,704	\$ 646,216
Intergovernmental revenues						
Federal and State Grants	\$ 153,410	\$ 88,624	\$ 107,250	\$ 85,000	\$ 105,300	\$ 105,300
Gen gov't - OSB admin	60,000	40,000	40,000	30,000	30,000	\$ 30,000
Gen gov't BIA - Fin. support svcs.	4,200	4,200	4,200	4,200	4,200	\$ 4,200
Gen gov't CVC - Fin. support svcs.	1,893	2,041	1,400	1,400	1,500	\$ 1,500
Total	\$ 219,504	\$ 134,865	\$ 152,850	\$ 120,600	\$ 141,000	\$ 141,000
Charges for Svcs.						
Gen gov't ROPS repmt	\$ -	\$ -	\$ 354,129	\$ 354,129	\$ 47,363	\$ -
Gen gov't Pay stations-Village	602,525	585,026	578,250	571,000	576,710	\$ 582,477
Gen gov't Pay stations-Cliff Dr.	88,745	99,302	85,420	95,000	95,950	\$ 96,910
Gen gov't Pay station-upper Pac Cove	113,316	107,965	110,483	112,000	113,120	\$ 114,251
Gen gov't Pay stations-lower Pac Cove	47,920	45,530	46,329	48,000	48,480	\$ 48,965
Gen gov't Green Bldg. Program	-	-	5,000	-	-	\$ -
Public safety Vehicle release fee	14,379	11,471	14,000	8,000	10,000	\$ 10,000
Public safety Police reports	5,279	752	300	500	400	\$ 400
Public safety Booking fees	1,420	1,251	2,000	750	1,200	\$ 1,200
Public safety DUI collections	3,495	4,100	2,000	3,200	2,500	\$ 2,500
Public safety Animal Svcs.	-	-	-	-	-	\$ -
Public safety Spec. events - Police Svcs.	20,660	19,357	14,000	20,000	14,000	\$ 14,000
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	\$ 3,000
Public works Special events - pw Svcs.	4,642	4,660	3,500	4,000	2,500	\$ 2,500
Public works Trash/Cleanup Removal	2,000	2,000	-	-	-	\$ -
Public works Stormwater dev. Review	805	2,046	1,070	1,000	1,000	\$ 1,000
Building fees Building plan check fees	101,447	104,710	105,000	105,000	110,000	\$ 110,000
Bldg. Official Reimbursement	-	-	-	-	95,000	\$ 100,000
Comm dev Planning fee - sr plnr cost	33,210	47,870	35,000	30,000	10,000	\$ 10,000
Comm Planning fee - assist plnr cost	31,500	32,670	30,000	17,000	55,000	\$ 55,000
Comm dev Planning fee - director cost	34,479	17,033	12,000	3,700	12,000	\$ 12,000
Comm dev Subdivisions	-	-	-	2,000	1,500	\$ 1,500
Comm dev Planning plan check fee	6,224	14,255	12,000	30,000	15,000	\$ 15,000
Comm dev Planning application fee	7,891	4,278	5,000	-	-	\$ -
Comm dev Planning - Gen Plan	68,930	52,000	25,000	-	20,000	\$ 20,000
Comm dev Billing to Green Building	15,500	-	15,000	-	10,000	\$ 5,000

	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Comm dev Planning - other fees	19,036	7,580	5,000	10,000	8,000	8,000
Recr. fees Class fees	274,881	259,757	275,000	250,000	275,000	275,000
Recr. fees Jr. guard fees	328,460	257,798	269,000	248,000	265,000	265,000
Recr. fees Camp Capitola fees	129,319	100,479	105,000	101,000	105,000	105,000
Recr. fees Sports fees	18,605	21,425	22,000	24,000	22,000	22,000
Total	\$ 1,977,668	\$ 1,806,314	\$ 2,134,481	\$ 2,041,279	\$ 1,919,723	\$ 1,880,703
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 86,620	\$ 42,579	\$ 75,000	\$ 45,000	\$ 60,000	\$ 60,000
Parking Citation	440,225	414,997	425,700	350,000	427,500	\$ 427,500
General Fines	133,168	109,424	163,000	89,000	128,800	\$ 128,800
Total	\$ 660,013	\$ 567,000	\$ 663,700	\$ 484,000	\$ 616,300	\$ 616,300
<u>Use of money & property</u>						
Investment earnings	\$ 33,012	\$ 24,790	\$ 20,000	\$ 48,000	\$ 50,000	\$ 50,000
Rents Jade Street facility	6,800	6,216	7,000	8,000	7,000	\$ 7,000
Rents Esplanade restaurants	4,128	4,244	4,000	4,200	4,000	\$ 4,000
Rents Esplanade - surf trailer	1,488	1,532	1,200	1,500	1,200	\$ 1,200
Rents Esplanade bandstand	4,410	4,300	3,000	4,300	4,000	\$ 4,000
Lease Rev. Vehicles/Equip.	35,000	35,000	35,000	35,000	35,000	\$ 35,000
Total	\$ 84,837	\$ 76,082	\$ 70,200	\$ 101,000	\$ 101,200	\$ 101,200
<u>Other revenues</u>						
Grants, donations, contrib	\$ 2,025	\$ 8,248	\$ 12,000	\$ 3,100	\$ 10,000	\$ 10,000
Arts-Twilight Concert Sponsors	15,600	15,600	15,600	15,600	16,800	\$ 16,800
Arts-Movies at the Beach Sponsor	2,000	2,000	2,000	2,000	2,000	\$ 2,000
Arts-Art at the Beach Booth Fee	7,950	5,975	8,000	6,000	8,000	\$ 8,000
Art & Culture Sponsors	1,984	-	1,200	-	1,200	\$ 1,200
Museum donations-Box Revenue	2,098	2,081	1,500	2,000	1,500	\$ 1,500
Museum Donations-Fundraising	3,783	3,842	5,000	3,800	5,000	\$ 5,000
Memorial plaques and benches	11,527	11,718	4,000	14,000	5,000	\$ 5,000
Miscellaneous revenues	24,804	24,803	14,550	75,000	14,550	\$ 14,914
Total	\$ 71,771	\$ 74,267	\$ 63,850	\$ 121,500	\$ 64,050	\$ 64,414
Grand Totals	\$ 15,689,205	\$15,556,801	\$16,107,295	\$15,709,377	\$15,918,613	\$16,007,323

GENERAL FUND EXPENDITURES



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General Fund Expenditures

The FY 2018/19 General Fund expenditure budget proposes decreases of \$1,370,730 from the FY 2017/18 Adopted Budget. Transfers decreased from the prior year by \$1,856,707, with the biggest differences being transfers to the Library Fund, RTC Streets Fund and PERS Contingency Fund. Key differences between the two fiscal years include:

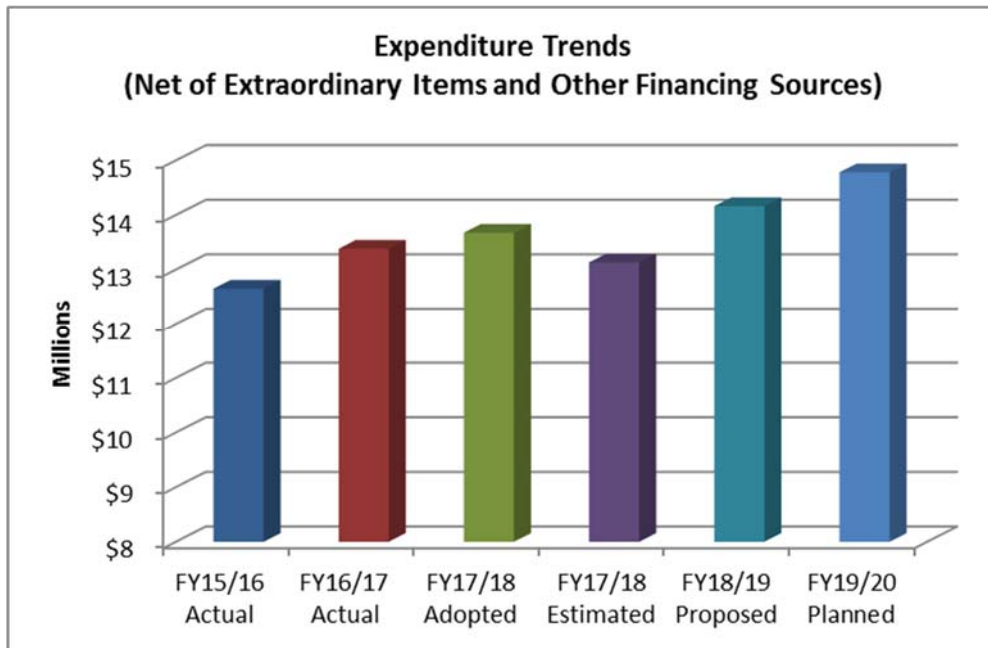
- Total personnel costs (salary and benefits) increased \$593,164 from the FY 2017/18 Adopted Budget due to increased contributions to CalPERS Retirement fund and inflation.
- Salary costs are \$289,429 higher due to inflation and step increases.
- Staffing reorganizations to improve operational efficiency will result in an overall savings of \$52,895 when compared to the prior year as follows:
 - Converted one full-time Parking Enforcement Officer (PEO) position into a seasonal hourly PEO and part-time meter maintenance position – (\$29,450)
 - Converting one Police Officer position into a Police Sergeant position - \$13,000
 - Shared Building Official with the City of Scotts Valley and added one-half (.50 FTE) Development Services Technician position – (\$20,575)
 - Fill Accountant II position at the Accountant I level – (\$14,870)
 - Convert Account Technician position (.75 FTE) into Development Services Technician (.50 FTE) – (\$1,000)
- Contract services decreased by \$90,924, or 3%, below the prior year as cost cutting measures were implemented to balance the budget.

The following chart provides an overview of expenditures for FY 2015/16 to FY 2019/20. A complete description of major changes will follow in the related expenditure detail pages.

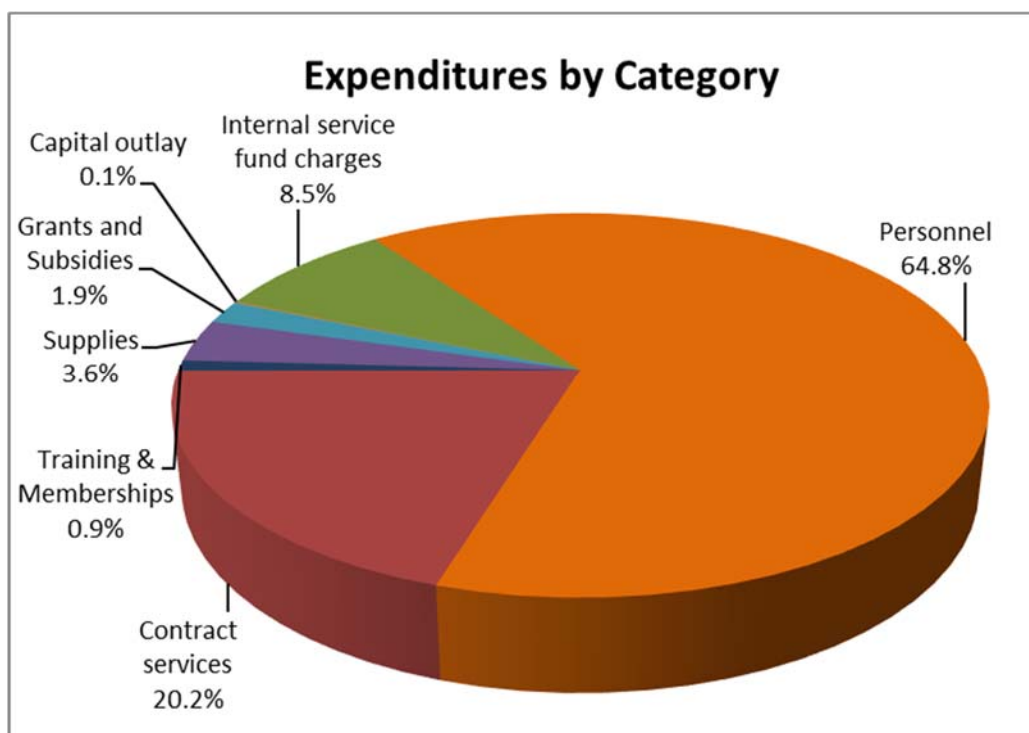
General Fund Expenditures Summary

Major Categories	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Personnel	\$8,217,828	\$8,708,590	\$8,580,424	\$8,131,190	\$9,173,588	\$9,739,640
Contract services	2,537,560	2,628,255	2,950,500	2,817,110	2,859,576	2,894,453
Training & Memberships	101,309	83,058	118,550	96,050	126,850	131,850
Supplies	562,477	526,946	551,300	509,150	503,250	504,450
Grants and Subsidies	277,296	277,357	275,000	275,000	275,000	275,000
Capital outlay	-	-	10,000	56,300	15,000	15,000
Internal service fund	954,500	1,159,000	1,190,050	1,246,350	1,208,537	1,221,968
Subtotal	\$12,650,970	\$13,383,206	\$13,675,824	\$13,131,150	\$14,161,801	\$14,782,361
Other financing uses	3,083,811	1,658,730	3,590,550	3,872,550	1,733,843	1,755,160
Expenditure Total	\$15,734,781	\$15,041,936	\$17,266,374	\$17,003,700	\$15,895,644	\$16,537,521

The following chart provides an overview of expenditure trends, excluding transfers. Expenditures are trending upward mainly due to personnel and contract service increases.

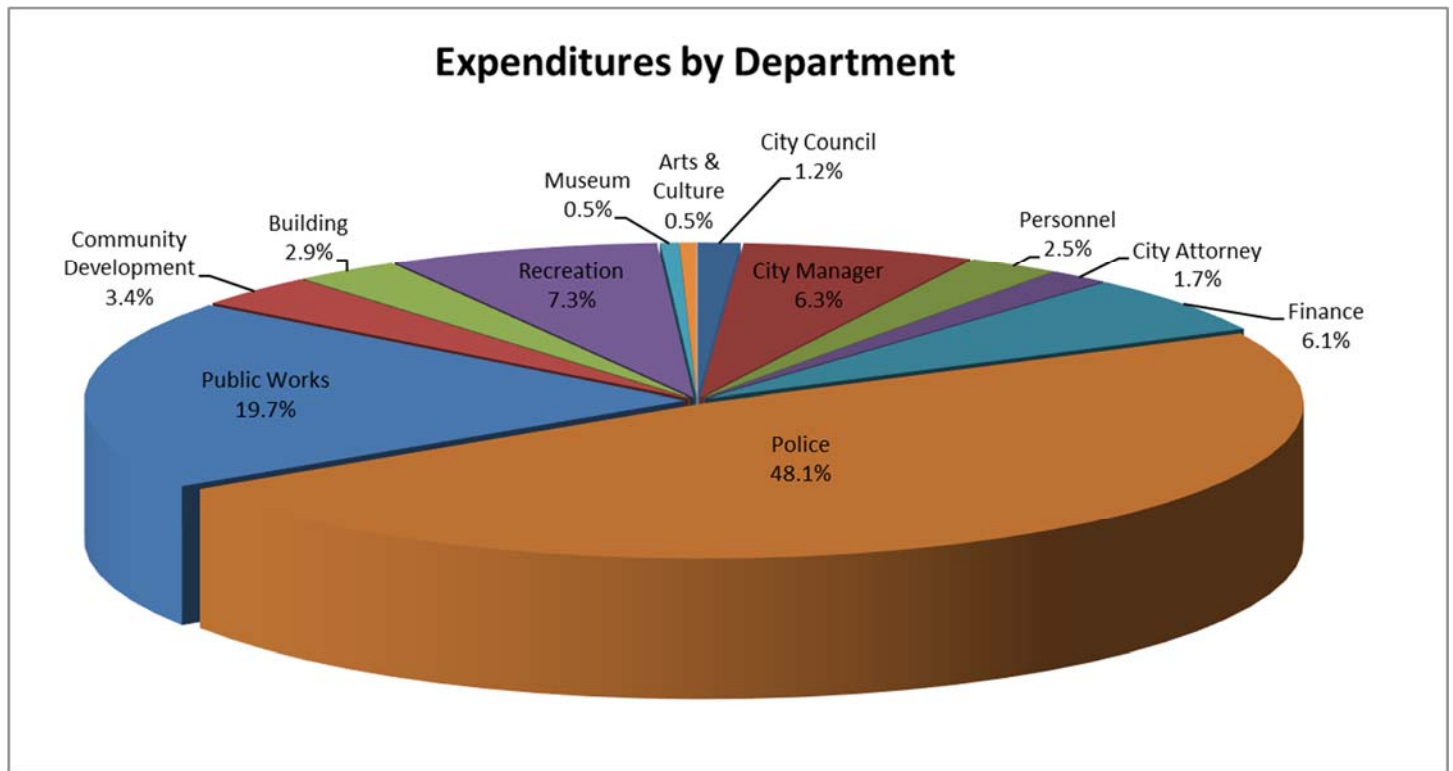


A chart displaying the percentage of expenditures by category is also provided for reference. Since personnel costs increased \$593,164 over the prior fiscal year, the ratio of personnel services to total expenditures increased from 62.8 percent to 64.8 percent. Other notable changes were in contract services, which decreased from 21.6 percent to 20.2 percent, and internal service charges, which decreased from 8.7 percent to 8.5 percent.



General Fund Department Expenditures

Department	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
City Council	\$133,116	\$150,530	\$162,596	\$162,596	\$160,394	\$160,893
City Manager	772,047	791,292	830,426	849,965	873,238	906,363
Personnel	247,830	328,821	326,960	305,812	345,897	368,526
City Attorney	254,571	268,056	230,000	205,000	230,000	230,000
Finance	770,647	814,285	881,918	792,077	840,755	875,054
Community Grants	277,296	275,000	275,000	275,000	275,000	275,000
Police - Law Enforcement	5,525,280	5,776,589	5,798,645	5,531,540	6,022,017	6,353,191
Police - Pkg. Enforcement	523,169	581,809	528,857	487,465	534,895	546,174
Police - Lifeguard Svcs.	52,321	75,519	80,262	86,392	80,751	83,332
Police - Animal Services	24,588	24,954	38,307	38,307	43,477	52,910
Public Works - Streets	1,226,581	1,407,390	1,479,661	1,480,161	1,571,331	1,633,601
Public Works-Storm Water	78,076	147,152	157,874	157,874	150,177	158,947
Public Works - Facilities	195,382	192,246	267,985	202,985	195,681	202,730
Public Works - Fleet	304,610	276,119	296,947	292,454	344,268	354,075
Public Works - Parks	592,785	473,366	405,083	452,518	472,751	489,244
Community Development	488,664	511,545	537,277	484,227	470,654	492,186
Building	227,843	236,626	257,330	255,423	399,121	424,288
Recreation	843,190	919,506	989,196	962,796	1,017,223	1,049,431
Museum	59,398	68,486	68,894	70,852	70,303	71,512
Art & Cultural	53,576	63,915	62,606	60,206	63,866	64,403
Subtotal	\$12,650,970	\$13,383,206	\$13,675,824	\$13,153,650	\$14,161,799	\$14,791,860
Transfers & Other	\$3,083,811	\$1,658,730	\$3,590,550	\$3,872,550	\$1,733,843	\$1,755,160
Expenditure Total	\$15,734,781	\$15,041,936	\$17,266,374	\$17,026,200	\$15,895,642	\$16,547,020



General Fund Expenditures

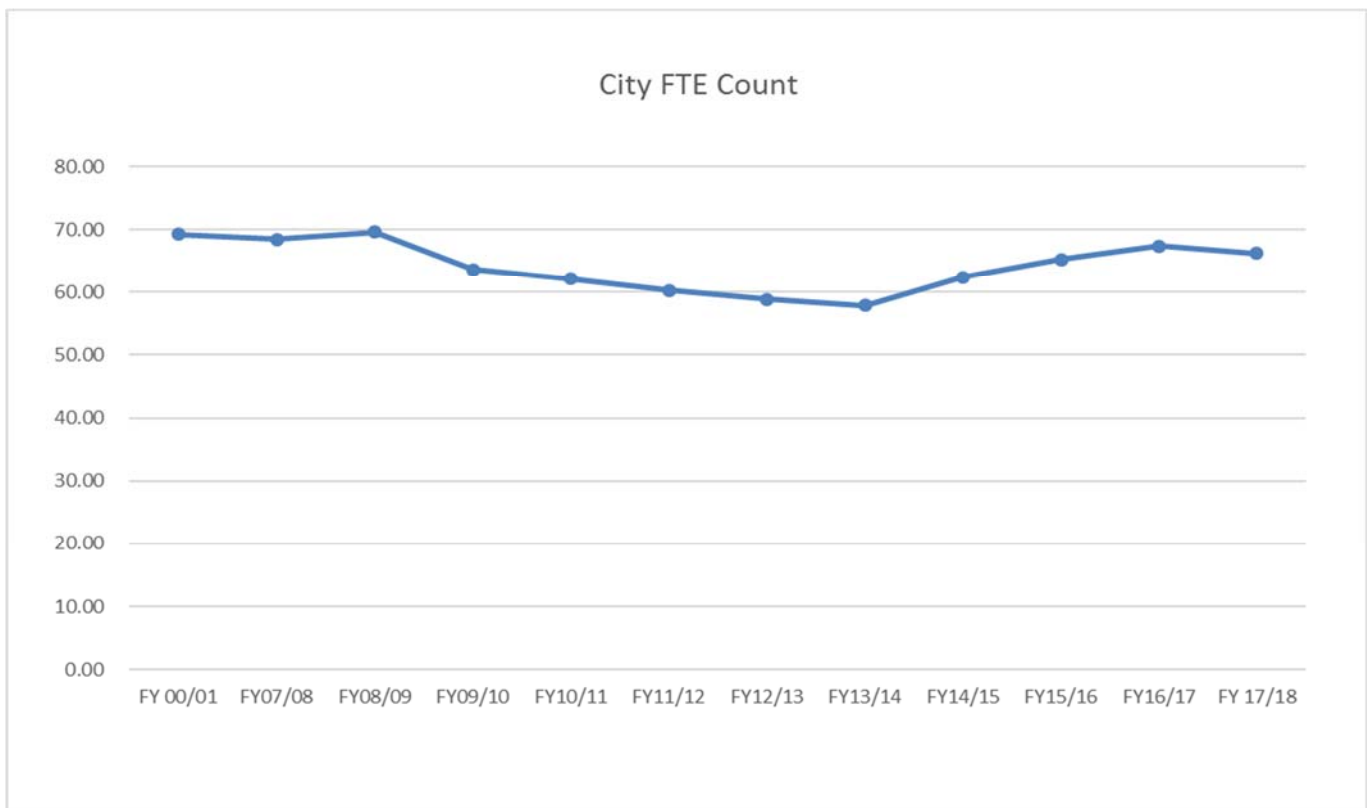
SALARIES & BENEFITS

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. Hourly employees have been budgeted at mid-range.

No new positions are budgeted for in FY 2018/19.

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

General Fund	FY 00/01 Actual	FY07/08 Actual	FY08/09 Actual	FY09/10 Actual	FY10/11 Actual	FY11/12 Actual	FY12/13 Actual	FY13/14 Actual	FY14/15 Actual	FY15/16 Actual	FY16/17 Actual	FY 17/18 Adopted	FY 18/19 Proposed
Elected													
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Elected - Total FT	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Fully Benefited by Dept													
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	5.25	5.38	4.38	4.38	3.95	3.38	4.33	3.91	4.50	4.50	4.50	3.75
City Manager	5.50	6.75	6.75	6.75	6.75	7.00	7.00	7.00	6.90	6.00	7.00	6.00	6.00
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50
Police	31.30	32.75	32.75	30.25	30.25	29.59	28.59	27.59	30.65	31.50	31.65	31.50	30.50
CDD	6.67	5.67	6.67	6.17	4.67	4.12	3.79	3.12	4.50	5.00	5.00	5.00	6.00
Public Works	14.33	14.33	14.33	12.33	12.33	11.83	12.33	12.33	13.00	14.00	15.00	16.00	16.00
Recreation	4.50	3.00	3.00	3.00	3.00	3.00	3.00	2.75	2.75	3.75	3.75	3.75	3.75
Dept - Total FTEs	69.30	68.50	69.63	63.63	62.13	60.24	58.84	57.87	62.46	65.25	67.40	67.25	66.50
Change from prior year		2.50	1.13	(6.00)	(1.50)	(1.89)	(1.40)	(0.97)	4.59	2.79	2.15	(0.15)	(0.75)



General Fund Expenditures

SALARIES & BENEFITS

City services are primarily staff delivered, therefore staffing is the most significant expenditure. The FY 2018/19 budget staffing costs total \$9,230,121. This represents a 7.2% increase from the FY 2017/18 Adopted Budget. This is due to increased costs related to the CalPERS Retirement Fund and inflation.

Staffing by Category	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Salary	\$4,923,026	\$5,162,829	\$5,267,400	\$5,042,277	\$5,556,829	\$5,777,242
Salary Temp	263,030	268,787	335,855	272,217	347,052	360,934
Overtime	235,411	243,249	202,750	220,300	205,750	215,750
Specialty Pay	267,676	287,742	278,526	291,391	303,796	315,947
Benefits	2,528,686	2,745,983	2,495,893	2,305,004	2,760,161	3,136,328
Total	\$8,217,828	\$8,708,590	\$8,580,424	\$8,131,190	\$9,173,588	\$9,806,202

Staffing by Department	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
City Council	\$37,036	\$36,783	\$34,671	\$34,671	\$35,483	\$35,701
City Manager	604,185	631,652	621,475	641,014	659,615	700,439
Personnel	190,396	254,622	292,098	247,950	283,216	303,796
Finance	530,007	523,684	567,386	513,215	520,372	551,643
Law Enforcement	4,176,467	4,348,996	4,196,705	3,971,800	4,527,175	4,835,651
Pkg. Enforcement	228,818	280,847	241,092	176,100	207,236	218,245
Streets	831,054	955,099	1,025,647	975,647	1,055,547	1,110,479
Storm Water	-	60,967	60,874	60,874	64,677	68,897
Fleet	116,923	122,943	124,693	129,200	172,629	182,310
Parks	337,209	229,989	139,565	184,000	206,632	217,034
Community	420,605	440,919	438,250	416,000	403,176	424,365
Building	190,113	204,593	209,207	125,000	351,036	371,027
Recreation	501,799	562,427	577,004	602,004	633,170	664,817
Museum	39,741	40,033	35,992	37,950	37,351	38,476
Art & Cultural	13,475	15,036	15,765	15,765	16,272	16,760
Total	\$8,217,828	\$8,708,590	\$8,580,424	\$8,131,190	\$9,173,588	\$9,739,640

General Fund Expenditures

Salaries & Benefits - Salary Assumptions

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

<u>Group</u>	<u>Current Agreement</u>	<u>Expiration Date</u>
Assoc. of Capitola Employees/Gen. Govt.	7/1/2012, amended 5/14/2015	6/30/2018
Confidential	7/1/2012, amended 5/14/2015	6/30/2018
Mid-Management	7/1/2012, amended 5/14/2015	6/30/2018
Police Captains	7/1/2013, amended 5/14/2015	6/30/2018
Police Officers Association (POA)	7/1/2013, amended 5/14/2015	6/30/2018

Overtime

The following table provides the detail for the overtime budget. The overtime budget for the Police Department decreases this year after an increase in recent years due to multiple vacancies.

<u>Overtime</u>	<u>FY15/16</u> Actual	<u>FY16/17</u> Actual	<u>FY17/18</u> Adopted	<u>FY17/18</u> Estimated	<u>FY18/19</u> Proposed	<u>FY19/20</u> Planned
City Manager	\$1,713	\$1,322	\$1,250	\$500	\$1,250	\$1,250
Finance	0	0	1,000	2,500	2,500	2,500
Police*	209,840	205,664	221,435	195,500	177,500	177,500
Public Works	17,350	19,494	20,000	12,000	20,000	20,000
Recreation	6,506	16,769	4,500	9,800	4,500	4,500
Total	\$235,411	\$243,249	\$248,185	\$220,300	\$205,750	\$205,750

*Funding Sources for Police Overtime

General Fund	\$170,944	\$200,026	\$173,000	\$189,726	\$174,000	\$174,000
Grant Funded	38,896	5,638	48,435	5,774	3,500	3,500
Total	\$209,840	\$205,664	\$221,435	\$195,500	\$177,500	\$177,500

Specialty Pay

The FY 2018/19 budget includes the following specialty pays in the calculation of staffing costs, which are also included in overtime calculations: education, longevity, bilingual, motorcycle, detective pay, senior officer, canine, and shift differential pay.

<u>Specialty Pay</u>	<u>FY15/16</u> Actual	<u>FY16/17</u> Actual	<u>FY17/18</u> Adopted	<u>FY17/18</u> Estimated	<u>FY18/19</u> Proposed	<u>FY19/20</u> Planned
City Manager	\$0	\$1,540	\$2,765	\$2,765	\$8,113	\$5,702
Finance	2,048	2,135	2,155	2,155	2,224	2,313
Police	215,389	236,701	229,519	229,519	256,017	266,120
Public Works	41,871	36,849	31,109	31,109	23,892	24,770
Community Dev.	2,613	2,808	3,084	3,084	3,342	3,476
Recreation	5,755	7,710	9,894	9,894	10,209	10,617
Total	\$267,676	\$287,742	\$278,526	\$278,526	\$303,797	\$312,998

General Fund Expenditures

Salaries & Benefits – Retirement Assumptions

Benefits – Post Retirement Medical Benefit

The City of Capitola contributes the minimum amount toward retired employees' health insurance premiums in accordance with Government Code Section 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA). This expenditure is accounted for in the City Manager's personnel department budget. Below is a table showing the PEMHCA minimum going back to 2012.

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 2017/18 was \$965,050 and is increasing to \$1,216,016 in FY 2018/19. The most recent CalPERS actuarial reports estimate the UAL through FY 2024/25 at an amount of \$2,517,100 which equates to an increase of approximately 160% in an eight-year span.

PERS Rates. The FY 2018/19 PERS total rate for classic safety members is 32.2%, with employees paying 15% and the city 17.2%. Safety PEPRA members are responsible for 12% and the city pays 12.1%. For classic miscellaneous members, the total contribution rate is 20.1%, with employees paying 13.4% and the city 6.7%. Miscellaneous PEPRA employees pay 6.25% and the city pays 6.8%.

The FY 2017/18 PERS total rate for classic safety members was 31.3%, with employees paying 15% and the city 16.3%. Safety PEPRA members are responsible for 11.5% and the city pays 12%. For classic miscellaneous members, the total contribution rate is 19.6%, with employees paying 13.4% and the city 6.2%. Miscellaneous PEPRA employees pay 6.25% and the city pays 6.5%.

Public Employees Pension Reform Act (PEPRA). On September 12, 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA became effective on January 1, 2013, and requires all employees who are not previously members of the PERS reciprocal system to be placed in an alternate retirement plan. The City's PEPRA plan for Safety employees is 2.7% at 57 and 2% at 62 for Miscellaneous employees. This new plan requires that the City and plan members contribute an equivalent share of retirement costs. The rates for public safety and miscellaneous employees are 12% and 6.25%, respectively.

Retirement Costs Summary

Retirement Costs	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Actual	FY 17/18 Adopted	FY 18/19 Proposed
Ret. cost - PERS Safety	\$ 587,648	\$ 372,738	\$ 364,633	\$ 348,903	\$ 336,474
Ret. cost - PERS Safety UAL	-	318,780	380,820	469,908	623,844
Ret. cost - PERS Miscellaneous	433,084	201,739	226,397	207,893	206,141
Ret. cost - PERS Misc UAL	-	351,027	426,087	501,393	644,137
Ret. cost - Retirement PARS	3,439	3,928	3,396	3,787	3,791
Ret. cost - POB	670,316	670,922	668,595	668,882	-
Ret. health OPEB - Retiree health	28,085	31,940	30,017	29,700	28,200
OPEB Trust Fund	43,915	53,600	54,908	60,000	65,000
Total Retirement Costs	\$1,766,488	\$2,004,674	\$2,154,853	\$ 2,290,466	\$1,907,587
Total Employee Paid Costs	\$ 559,282	\$ 586,497	\$ 646,160	\$ 723,172	\$ 591,352
Total City Paid Costs	\$1,766,488	\$2,004,674	\$2,154,853	\$ 2,290,466	\$1,907,587
Total Costs Employee and City	\$2,325,770	\$2,591,171	\$2,801,013	\$ 3,013,638	\$2,498,939
Unfunded Actuarial Liability-Safety	8,042,676	7,144,975	6,682,269	8,473,025	11,019,924
Unfunded Actuarial Liability-Misc	8,036,379	7,118,107	6,730,266	8,208,756	10,462,813
Unfunded OPEB Liability	657,500	618,900	834,061	834,061	604,437
Funding Ratio PERS Safety	73.7%	77.5%	80.7%	76.50%	71.30%
Funding Ratio PERS Misc	71.0%	75.2%	78.3%	74.70%	69.70%

General Fund Expenditures - Contract Services (5 pages)

Department	Contract Description	FY 17/18 Estimate	FY 18/19 Proposed	FY 19/20 Planned
City Council	Gen/Admin Winter Shelter	\$29,000	\$30,000	\$30,000
City Council	Gen/Admin SCC Homeless Shelter Ptnrshp	\$2,800	\$3,000	\$3,000
City Council	Gen/Admin Begonia Fesitival	-	-	-
City Council	Gen/Admin United Way	-	-	-
City Council	Gen/Admin Chamber of Commerce	30,000	30,000	30,000
City Council	Gen/Admin - Community TV	7,500	12,000	12,000
City Council	Gen/Admin Contracts - General, Legal Notices	5,000	5,000	5,000
	Total	\$74,300	\$80,000	\$80,000
City Manager	Gen/Admin Muni code - Codification Svcs.	\$2,500	\$4,000	\$4,000
City Manager	Gen/Admin Rcrd Mgmt-Doc. Imaging	1,000	5,000	5,000
City Manager	Gen/Admin Records Mgmt-Storage	2,500	3,500	3,500
City Manager	Gen/Admin Newsletter	8,000	8,000	8,000
City Manager	Gen/Admin Council Election	1,000	12,000	1,000
City Manager	Gen/Admin Contracts - General	2,000	5,000	5,000
City Manager	Environ. Svcs - Cntrl Cst Recycling Media	1,000	1,000	1,000
City Manager	Environ. Svcs Garage Sale Day	1,500	1,500	1,500
City Manager	Environ. Svcs SCC-Hzrds Waste Disp Fee	36,150	23,000	23,000
City Manager	Environ. Svcs Recycling Svcs.	-	7,200	7,200
City Manager	Environ. Svcs Recycling-NB Middle Schl	-	-	-
City Manager	Environ. Svcs JPA-Pollution Control	4,000	4,000	4,000
City Manager	Mosquito and Vector Control	110	150	150
City Manager	Contract Svcs. Unanticipated Events	1,000	8,000	8,000
	Total	\$91,100	\$82,350	\$71,350
Personnel	Legal svcs Labor/Personnel	7,500	5,000	5,000
Personnel	Personnel Svcs Recruitment Svcs.	7,000	5,000	5,000
Personnel	Personnel Svcs Bkgrnd Invest.	3,000	5,000	5,000
Personnel	Personnel Svcs Medical Exams	6,000	5,000	5,000
Personnel	Personnel Svcs Ed. Reimbrsmnt	7,500	7,500	7,500
Personnel	Contract Svcs. Flex-Hlth-Dntl-Vsn Admin	4,000	4,000	4,000
Personnel	Contract Svcs. Advertising	1,000	5,000	5,000
Personnel	CS-Gen/Admin Contracts - general	-	2,000	2,000
	Total	35,000	38,500	38,500
City Attorney	Gen/Admin Contracts - General	\$10,000	\$20,000	\$20,000
City Attorney	Legal Svcs Legal Svcs. - General	135,000	135,000	135,000
City Attorney	Legal Svcs Special Svcs.	35,000	75,000	75,000
	Total	\$215,000	\$230,000	\$230,000

Department	Contract Description	FY 17/18 Estimate	FY 18/19 Proposed	FY 19/20 Planned
Finance	Gen/Admin Contracts - General	\$3,400	\$3,400	\$3,400
Finance	Legal Svcs Dissolution Legal Fees	-	-	-
Finance	Fin Svcs Collection Svcs.	-	-	-
Finance	Fin Svcs Financial Consultant	-	-	-
Finance	Fin Svcs OPEB Valuation	1,980	4,000	4,000
Finance	Fin Svcs Audit-Annual Financial Audits	50,000	49,794	50,890
Finance	Fin Svcs Audit-Sales Tax	10,000	12,500	12,500
Finance	Fin Svcs Sales Tax Report (STAR)	5,000	5,000	5,000
Finance	Fin Svcs State Mandated Claims Svcs	2,000	2,000	2,000
Finance	Fin Svcs Credit Card Merchant Fees	2,000	2,400	2,500
Finance	Fin Svcs SCC-Property tax admin fee	11,500	12,600	13,000
Finance	Fin Svcs State Admin Fee - Bradley Burns	66,000	71,593	73,025
Finance	Fin Svcs State Admin Fee - Measure D/F	26,000	30,000	30,000
Finance	Fin Svcs State Admin Fee - SB 1186	900	1,200	1,200
Finance	Fin Svcs State Admin Fee - Measure O	26,000	30,000	30,000
Finance	Fin Svcs Credit Card Fee	7,500	7,500	7,500
Finance	Fin Svcs St Admin fee	-	-	-
Total		\$197,800	\$231,987	\$235,015
Law Enforcement	Police Svcs SCC-Booking fees	2,500	5,000	5,000
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	1,000	1,000	1,000
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	12,700	13,200	13,200
Law Enforcement	Personnel Svcs Background investigations	500	500	500
Law Enforcement	Other contract services Uniform cleaning services	9,000	10,000	10,000
Law Enforcement	Police Svcs Red light enforcement	45,000	55,000	55,000
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	6,300	7,700	7,700
Law Enforcement	Fin Svcs Collections-booking fees	400	400	400
Law Enforcement	Fin Svcs Collections-DUI cost recovery	700	900	900
Law Enforcement	Prop & equip Comm - local & long distance	5,500	6,700	6,700
Law Enforcement	Prop & equip Comm - T-1 line	12,000	12,000	12,000
Law Enforcement	Prop & equip Comm - mobile phone	30,000	35,000	35,000
Law Enforcement	Police Svcs Hazardous material response - SV	5,700	5,700	5,700
Law Enforcement	Police Svcs Towing service	1,200	1,000	1,000
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	27,200	38,363	40,281
Law Enforcement	Police Svcs SCCECC-911 JPA	469,160	506,154	531,462
Law Enforcement	Prop & equip Property alarm service	1,000	1,000	1,000
Law Enforcement	Prop & equip Property repairs & maintenance	1,000	1,500	1,500
Law Enforcement	Prop & equip Equipment repairs & maintenance	15,000	12,500	12,500
Law Enforcement	Rental contracts Equipment and vehicles	3,000	3,600	3,600
Law Enforcement	Other contract services Outside security service	9,500	8,800	8,800
Law Enforcement	Police Svcs Investigation and hearing svcs	-	-	-
Total		676,360	744,017	771,243

Department	Contract Description	FY 17/18 Estimate	FY 18/19 Proposed	FY 19/20 Planned
Pkg. Enforcement	Police Svcs State of CA-DMV processing fee	\$6,000	\$6,000	\$6,000
Pkg. Enforcement	Police Svcs State of CA-Equip Assess	-	200	200
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	9,500	9,700	9,700
Pkg. Enforcement	Police Svcs State of CA-Trial Court Trust Fd	17,500	20,000	20,000
Pkg. Enforcement	Police Svcs SCC-Citation processing	31,600	33,000	33,000
Pkg. Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	9,700	9,700	9,700
Pkg. Enforcement	Police Svcs SCC-Courthouse surcharge	9,700	9,700	9,700
Pkg. Enforcement	Fin Svcs Courier-Cash & Coin	3,000	3,000	3,000
Pkg. Enforcement	Fin Svcs Credit card merchant fees	55,000	60,000	60,000
Pkg. Enforcement	Prop & equip Property repairs & maintenance	-	500	500
Pkg. Enforcement	Prop & equip Equipment repairs & maintenance	-	500	500
Pkg. Enforcement	Prop & equip Wheelchair purchase and repairs	17,000	15,000	15,000
Pkg. Enforcement	Prop & equip Pkg Meter Repairs	5,000	5,000	5,000
Pkg. Enforcement	Prop & equip Pay Station Repair & Maintenance	36,000	40,000	40,000
	Total	\$278,000	\$290,300	\$290,300
Lifeguard Svcs.	Police Svcs Lifeguard Svcs.	\$80,830	\$74,665	\$76,905
	Total	\$74,700	\$74,665	\$76,905
Animal Svcs.	Police Svcs Animal Svcs.	\$37,000	\$42,187	\$51,620
	Total	\$25,000	\$42,187	\$51,620
Streets	PW & Trans. Transportation-Beach shuttle svc	29,000	30,000	32,000
Streets	PW & Trans. Soquel Crk monitoring-fish	40,000	37,500	37,500
Streets	PW & Trans. Inspections	33,000	33,000	33,000
Streets	PW & Trans. Electrical services	-	-	-
Streets	Prop & equip Comm - mobile phone	10,000	10,000	10,000
Streets	Gen/Admin Contracts - general	10,000	10,000	10,000
Streets	PW & Trans. Lagoon grading	14,000	15,000	16,000
Streets	PW & Trans. PW Engineering services	30,000	30,000	30,000
Streets	Prop & equip Eucalyptus maintenance -Park Ave	4,000	4,000	4,000
Streets	Prop & equip Riparian Restoration	13,000	13,000	13,000
Streets	Rental contracts Union Pacific RR yearly	1,000	1,000	1,000
Streets	PW & Trans. Path Maintenance	-	-	-
Streets	Temp. Staff & Instr. Temporary staff	60,000	75,000	75,000
Streets	Temp. Staff & Instr. Hope Services	24,350	13,000	14,000
Streets	Prop & equip Esplanade sidewalk cleaning	16,000	15,000	15,000
Streets	Other contract services Unanticipated events	14,000	5,000	5,000
Streets	PW & Trans. Soquel Crk monitoring-water qual	30,000	30,000	30,000
Streets	PW & Trans. CA NPDES-storm water mgmt prog	38,000	55,000	55,000
Streets	PW & Trans. Regional Water Mgmt Foundation	1,000	500	50
	Total	\$376,200	\$377,000	\$380,550

Department	Contract Description	FY 17/18 Estimate	FY 18/19 Proposed	FY 19/20 Planned
Facilities	PW & Trans. ADA compliance	50,000	50,000	50,000
Facilities	Prop & equip Comm - local & long distance	2,600	2,600	2,600
Facilities	Prop & equip Comm - T-1 line	7,500	7,500	7,500
Facilities	Prop & equip Utility serv - gas & electric	41,750	41,750	41,750
Facilities	Prop & equip Utility serv - sanitation distr	8,200	8,200	8,200
Facilities	Prop & equip Utility serv - water	8,550	8,550	8,550
Facilities	Prop & equip Janitorial services	20,000	20,000	20,000
Facilities	Prop & equip Property alarm service	3,600	3,600	3,600
Facilities	Prop & equip Property repairs & maintenance	21,250	21,250	21,250
Facilities	Prop & equip Equipment repairs & maintenance	2,500	5,000	5,000
Facilities	Rental contracts Equipment and vehicles	2,000	2,000	2,000
	Total	167,950	170,450	170,450
Fleet	Prop & Equip Equipment Repair and Maint.	\$100	\$5,000	\$5,000
	Total	\$10,000	\$5,000	\$5,000
Parks	PW & Trans. Tree Svcs.	\$25,000	\$25,000	\$25,000
Parks	Prop & Equip Comm - mobile phone	-	-	-
Parks	Prop & Equip Utility serv - gas and elec.	6,020	6,020	6,020
Parks	Prop & Equip Utility serv - sanitation distr	15,000	15,000	15,000
Parks	Prop & Equip Utility serv - water	92,200	92,200	92,200
Parks	Prop & Equip Janitorial Svcs.	22,500	22,500	22,500
Parks	Prop & Equip Property Repair and Maint.	3,000	3,000	3,000
Parks	Prop & Equip Equip. Repair and Maint.	500	500	500
Parks	Rental contracts Equipment and vehicles	3,000	3,000	3,000
Parks	Bike Track Maintenance	-	4,000	4,000
	Total	\$176,800	\$171,220	\$171,220
Planning	Gen/Admin Contracts - General	\$5,000	\$5,000	\$5,000
Planning	Info Tech Contracts Geo info systems	-	-	-
Planning	Plng & Hsg Hsg grant admin & CDD tech	10,000	-	-
Planning	Plan Svc Library Planning	-	-	-
Planning	Contract Svcs. Legal	1,000	3,000	3,000
Planning	Contract Svcs. Legal notices	2,500	3,000	3,000
	Total	\$18,500	\$11,000	\$11,000
Building	Info Tech Contracts Bldg permit system	\$0	\$0	\$0
Building	Bldg Svcs Engineering & Inspections	1,000	2,000	2,000
Building	CS-Gen/Admin Contracts - general	100,000	-	-
Building	Bldg Svcs Bldg plan checks - Consultant Svc	-	3,000	3,000
Building	Bldg Svcs Bldg plan checks - outsourced	5,000	15,000	15,000
	Total	\$106,000	\$20,000	\$20,000

Department	Contract Description	FY 17/18 Estimate	FY 18/19 Proposed	FY 19/20 Planned
Recreation	Gen/Admin Contracts - General	\$3,500	\$3,500	\$3,500
Recreation	Fin Svcs Credit card merchant fees	15,000	16,000	16,000
Recreation	Personnel Svcs Background investigations	100	300	300
Recreation	PW & Trans. Transportation-Rec program	12,000	15,000	15,000
Recreation	Temp. Staff/Instr. Rec contract inst/sports off	140,000	143,000	143,000
Recreation	Temp. Staff/Instr. Rec youth volunteers	6,000	6,000	6,000
Recreation	Prop & Equip Comm - local & long distance	3,000	3,000	3,000
Recreation	Prop & Equip Comm - T-1 line	6,000	6,500	6,500
Recreation	Prop & Equip Property Repair and Maint.	500	1,000	1,000
Recreation	Rental contracts Equipment and vehicles	800	1,400	1,400
Recreation	Contract Svcs. Events liability insurance	1,000	1,000	1,000
Recreation	Contract Svcs. Advertising	250	250	650
Recreation	Contract Svcs. Mailing Service	8,500	10,000	10,000
Recreation	Contract Svcs. Copying, printing and binding	25,000	30,000	30,000
Recreation	Contract Svcs. Photography	3,000	5,100	5,100
Total		\$248,750	\$242,050	\$242,450
Museum	Prop & Equip Comm - Local & Long Distance	\$250	\$250	\$250
Museum	Rental contracts Land and Buildings	5,000	5,000	5,000
Museum	Other contract services Museum oral history	8,000	8,000	8,000
Total		\$13,250	\$13,250	\$13,250
Arts & Cultural	Events & Tourism Art at the Beach Coordinator	\$3,500	\$3,500	\$3,500
Arts & Cultural	Events & Tourism Twilight Concert-Sound Engr	8,000	10,500	10,500
Arts & Cultural	Events & Tourism Twilight Concert-Band Costs	13,000	15,600	15,600
Arts & Cultural	Events & Tourism Art in Public Places	9,000	3,500	3,500
Arts & Cultural	Events & Tourism Sunday Art and Music	2,500	2,500	2,500
Total		\$32,400	\$35,600	\$35,600
Grand Total		\$2,817,110	\$2,859,576	\$2,894,453

Community Based Health and Human Service Providers

Community Based Health and Human Service Providers is funded by the General Fund. Each year a determination is made for funds available and allocation. The FY 2018/19 distributions will be determined following adoption of the budget and the providers will have a two-year contract.

AGENCY	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
To be assigned	\$ -	\$ -	\$ -	\$ -	\$ 275,000	\$ 275,000
Art						
Cultural Council of Santa Cruz County	\$ 977	\$ 977	\$ 997	\$ 997		
Total	\$ 977	\$ 977	\$ 997	\$ 997		
Environment						
Save Our Shores	\$ 2,102	\$ -	\$ -	\$ -		
O'Neill Sea Odyssey	2,885	2,943	2,943	2,943		
Total	\$ 4,987	\$ 2,943	\$ 2,943	\$ 2,943		
Community groups						
Community Action Board, Inc.	\$ 1,352	\$ 1,378	\$ 1,378	\$ 1,378		
Conflict Resolution Program	3,152	3,215	3,215	3,215		
Native Animal Rescue	1,176	1,200	1,200	1,200		
Volunteer Center of Santa Cruz County	3,152	3,215	3,215	3,215		
Total	\$ 8,831	\$ 9,008	\$ 9,008	\$ 9,008		
Human services						
Big Brothers/Big sisters	\$ 2,830	\$ 2,886	\$ 2,886	\$ 2,886		
Cabrillo College Stroke and Disability Center	7,028	7,168	7,168	7,168		
California Grey Bears, Inc.	14,574	14,864	14,864	14,864		
Campus Kids Connection - After School	17,332	15,638	15,638	15,638		
Central Coast Center for Independent Living	9,898	10,095	10,095	10,095		
Homeless Svcs. Center	2,628	2,680	2,680	2,680		
Court-Appointed Special Advocates	3,107	3,107	3,169	3,169		
Vista Center for the Blind	1,862	1,898	1,898	1,898		
Families in Transition - Santa Cruz Co.	2,472	2,521	2,521	2,521		
Community Bridges	111,102	113,324	113,324	113,324		
Advocacy, Inc.	7,530	7,680	7,680	7,680		
Parents Center, Inc.	7,373	6,500	6,500	6,500		
Santa Cruz AIDS Project	3,720	7,588	7,588	7,588		
Santa Cruz Community Counseling Center	3,581	7,305	7,305	7,305		
Toddler Care Center	1,224	1,248	1,248	1,248		
Second Harvest Food Bank	10,250	10,455	10,455	10,455		
Senior Citizens Legal Services	10,164	8,836	8,836	8,836		
Senior Network Services	2,514	2,563	2,563	2,563		
Srs Council - SCC/San Benito Co.	3,370	3,437	3,437	3,437		
Survivors' Healing Center	241	492	492	492		
Women Care	1,153	2,352	2,352	2,352		
Women's Crisis Support	1,862	-	3,797	3,797		
United Way	8,302	7,446	7,446	7,446		
Dientes Community Dental Care	1,376	1,403	1,403	1,403		
Hospice Caring Project	1,576	1,608	1,608	1,608		
Family Service Agency of Santa Cruz	10,134	8,917	8,917	8,917		
Diversity Center	1,052	1,072	1,072	1,072		
Companions for life/Lifeline	5,140	5,100	5,110	5,110		
Bike to work	-	-	-	-		
Total	\$ 262,501	\$ 258,183	\$ 262,052	\$ 262,052	-	-
Total Community Grants	\$ 277,296	\$ 271,111	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000

GENERAL FUND EXPENDITURES

SUPPLIES

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

Supplies	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
City Council	\$1,688	\$1,855	\$3,000	\$3,000	\$3,000	\$3,000
City Manager	9,287	4,980	17,150	10,150	17,150	17,150
Finance	2,575	2,148	3,500	2,500	3,500	3,500
Police Department	109,729	92,459	91,000	66,500	82,400	82,600
Public Works	355,613	344,687	338,000	338,000	299,250	300,250
Community Development	5,122	2,844	6,400	1,500	6,400	6,400
Recreation	60,641	52,733	70,350	68,000	69,650	69,650
Museum	11,042	18,455	14,000	14,000	14,000	14,000
Arts & Culture	6,780	6,785	7,900	5,500	7,900	7,900
Total	\$562,477	\$526,946	\$551,300	\$509,150	\$503,250	\$504,450

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.

Training & Memberships	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
City Council	\$17,151	\$22,318	\$27,000	\$27,000	\$27,000	\$27,000
City Manager	19,280	7,323	12,750	12,750	12,750	12,750
Finance	2,309	3,398	11,500	5,000	10,300	10,300
Police	47,406	36,746	45,500	34,500	52,000	52,000
Public Works	1,580	2,457	2,000	5,500	5,000	5,000
Community Development	9,386	4,332	11,500	3,000	11,500	16,500
Recreation	4,197	6,484	8,300	8,300	8,300	8,300
Total	\$101,309	\$83,058	\$118,550	\$96,050	\$126,850	\$131,850

INTERNAL SERVICES

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

The FY 2018/19 proposed budget includes increased transfers to the Equipment Fund & Information Technology Fund and a decreased transfer to the Self-Insurance and Workers' Compensation funds. The Equipment Fund transfer includes funding for a new police vehicle and other public work's needs. The Information Technology charge increases due to utilizing fund balance in prior years and workers' compensation decreases due to an improved financial position of the JPA.

Internal Services	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Stores	\$ 35,000	\$ 35,000	\$ 37,250	\$ 37,250	\$ 37,250	\$ 37,250
Information Technology	130,000	203,000	278,800	278,800	292,741	301,522
Equipment Replacement	60,000	78,000	125,000	181,300	155,000	159,650
Self-Insurance Liability	344,500	428,000	428,000	428,000	418,732	418,732
Workers' Compensation	385,000	415,000	321,000	321,000	304,814	304,814
Total	\$ 954,500	\$ 1,159,000	\$ 1,190,050	\$ 1,246,350	\$ 1,208,537	\$ 1,221,968

GENERAL FUND TRANSFERS

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

General Fund Transfers	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Contingency Reserves	\$ 89,400	\$ 10,000	\$ 133,000	\$ 133,000	\$ -	\$ 87,274
Emergency Reserves	213,000	15,000	67,000	67,000	-	71,541
Facilities Fund	150,000	110,000	110,000	110,000	90,000	10,000
PERS Contingency Reserve	300,000	-	500,000	500,000	-	-
CIP Capital Projects	1,492,435	763,782	467,200	467,200	1,082,663	1,082,663
Information Technology	43,660	-	-	-	-	-
Equipment Replacement	50,000	50,000	150,000	150,000	100,000	75,000
Interfund transfer out Library fund	-	-	999,129	1,281,129	47,363	-
Compensated Absences	179,000	200,000	200,000	200,000	209,939	200,000
RTC Streets	-	-	200,000	200,000	-	-
Gas Tax	-	40,124	-	-	-	-
Wharf Fund	-	-	47,800	47,800	-	-
Parking Reserve	118,900	100,000	100,000	100,000	100,000	100,000
Pension Obligation Bond	240,000	240,000	187,351	187,351	-	-
OPEB Trust Fund	53,600	-	-	-	-	-
Pacific Cove Lease	64,416	40,066	40,066	40,066	15,066	40,066
Pacific Cove Park	89,400	89,192	89,004	89,004	88,812	88,616
Employee Down Pymt Asst.	-	-	300,000	300,000	-	-
Total	\$ 3,083,811	\$ 1,658,164	\$ 3,590,550	\$ 3,872,550	\$ 1,733,843	\$ 1,755,160

DEPARTMENTAL BUDGETS



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 – 2016/17

- Maintained a balanced budget
- Passed Measure F extending the quarter-cent sales tax through 2027
- Provided services, staff, and equipment to ensure public safety and trust
- Approved projects and programs to maintain and enhance quality of life in Capitola

FISCAL YEAR GOALS - 2017/18 and 2018/19

- Maintain a balanced budget and ensure fiscal stability
- Approve new Memoranda of Understanding with all bargaining units
- Fund construction of the Capitola Branch Library
- Provide services, staff, and equipment to ensure public safety and trust
- Develop projects and programs to maintain and enhance the quality of life in Capitola
- Review plans for Measure F projects to renovate the Jetty, Wharf and Flume.

CITY ATTORNEY

GENERAL GOVERNMENT

DEPARTMENT PURPOSE

The City Attorney is a contract position that represents the City as primary Counsel in all legal matters. 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 a contract position with the firm of Atchison, Barisone, Condotti & Kovacevich.

KEY CHANGES

There are no significant changes for FY17/18.

FISCAL YEAR ACCOMPLISHMENTS – 2016/17

- 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

FISCAL YEAR GOALS - 2017/18 and 2018/19

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

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
1000-10-16-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$254,571	\$268,056	\$230,000	\$ 205,000	\$230,000	\$230,000
Revenue Totals	\$254,571	\$268,056	\$230,000	\$ 205,000	\$230,000	\$230,000
Expenditures						
Outside Legal Services	\$ 42,853	\$ 59,489	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
City Attorney Contract	124,159	133,560	135,000	135,000	135,000	135,000
City Attorney Special Services	87,559	75,007	75,000	50,000	75,000	75,000
Expenditure Totals	\$254,571	\$268,056	\$230,000	\$ 205,000	\$230,000	\$230,000

CITY MANAGER SUMMARY

GENERAL GOVERNMENT

MISSION STATEMENT

The City Manager Department is responsible for overall administration of City objectives. The City Manager is the leading position within the City administrative structure and is appointed by Council. The City Manager serves the Council and the Community by bringing together resources to meet City needs, provide excellent customer service, and prioritize scarce resources.

DEPARTMENT PURPOSE

The City of Capitola is a Council-Manager form of government, under which City Council appoints a City Manager who serves as the City's chief administrative officer and is responsible for implementing Council policies. The City Manager provides administrative direction and leadership to all City departments, and directly oversees Personnel, City Clerk, City Attorney, and Assistant to the City Manager.

KEY CHANGES

There are no significant changes for FY18/19.

FISCAL YEAR 2017/18 ACCOMPLISHMENTS

- Submitted a balanced budget
- Continued process to scan and make available public records in electronic format
- Worked to increased public outreach with monthly City Hall updates published on website and in local newspaper
- Advised and informed the City Council on policy and action matters
- Worked with City franchisee to increase participation in waste diversion programs
- Worked with businesses to reduce use of non-reusable bags and plastics
- Worked with businesses to educate and find environmentally friendly food packaging
- Implemented medicines and sharps takeback program at pharmacies and Capitola Police station.
- Assisted departments in recruiting and retaining employees
- Successfully recruited several new employees, including the police chief and finance director.
- Worked to improve risk management and reduce potential liability
- Worked with Art and Cultural Commission on events and new public art projects
- Completed public art projects.
- Worked with Capitola Museum to improve access and communication.

FISCAL YEAR GOALS - 2018/19 and 2019/20

FISCAL POLICY

- Maintain a balanced budget and ensure fiscal stability
- Work with Capitola Mall to improve the mall facility
- Work with library system and local Friends chapter to help with funding for the Capitola Branch Library
- Continue to develop options to improve the Community Grant Program
- Continue to work to create a safer work environment and reduce employee injuries
- Maintain City reserves at Fiscal Policy levels
- 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
- Ensure programs in place to respond to public and private development projects
- Continue to improve public meeting access
- Improve communication capabilities with public
- Continue efforts to increase transparency, including through the website, public records, and outreach

PUBLIC IMPROVEMENT

- Continue recycling efforts and increase participation in waste diversion
- Open Rispin Park to the public
- Continue increased street and facility maintenance through use of Measure D resources
- Work with the Art and Cultural commission to find suitable public art projects
- Work to develop projects to protect and enhance valuable City resources.

CITY MANAGER SUMMARY

City Manager Summary	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenue						
General Fund	\$ 1,016,612	\$ 1,116,695	\$ 1,153,386	\$ 1,151,777	\$ 1,215,135	\$ 1,270,889
Licenses and permits	3,265	3,418	4,000	4,000	4,000	4,000
Revenue Totals	\$ 1,019,877	\$ 1,120,113	\$ 1,157,386	\$ 1,155,777	\$ 1,219,135	\$ 1,274,889
Expenditures						
Personnel	\$ 794,581	\$ 886,274	\$ 883,573	\$ 888,964	\$ 942,831	\$ 1,004,236
Contract services	110,409	116,256	120,850	120,850	120,850	112,850
Training & Memberships	19,280	7,323	12,750	12,750	12,750	12,750
Supplies	9,287	4,980	17,150	10,150	17,150	17,150
Internal service fund charges	86,320	105,280	123,063	123,063	125,554	127,904
Expenditure Totals	\$ 1,019,877	\$ 1,120,113	\$ 1,157,386	\$ 1,155,777	\$ 1,219,135	\$ 1,274,890

Authorized Positions	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY18/19 Proposed	FY19/20 Planned
City Manager	1.00	1.00	1.00	1.00	1.00
City Clerk	0.90	1.00	1.00	1.00	1.00
Admin. Svcs. Dir.	1.00	-	-	-	-
Assistant to the City Manager	-	1.00	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Information System Specialist	1.00	-	1.00	-	-
Records Coordinator	1.00	1.00	1.00	1.00	1.00
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00
FTE Total	6.90	6.00	7.00	6.00	6.00

CITY MANAGER ADMINISTRATION

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

The purpose of this division is to implement the policies of the City Council and provide leadership and direction to the city departments. In addition, the City Manager's administrative arm oversees the Council agenda process, oversees public records, provides staff support to the Art and Culture Commission and Library Advisory Commission, manages sustainability programs, manages the Community Grant process, and oversees Personnel, City Attorney, Information Systems, and the Historical Museum. The department maintains solid waste and recycling programs, management of franchise agreements, and human resources programs including liability and risk management, employee training, safety programs, and benefits administration.

CITY MANAGER ADMINISTRATION

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
1000-10-11-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 768,782	\$ 787,874	\$ 826,426	\$ 845,965	\$ 869,238	\$ 902,363
Licenses and permits	3,265	3,418	4,000	4,000	4,000	4,000
Revenue Totals	\$ 772,047	\$ 791,292	\$ 830,426	\$ 849,965	\$ 873,238	\$ 906,363
Expenditures						
Personnel	\$ 604,185	\$ 631,652	\$ 621,475	\$ 641,014	\$ 659,615	\$ 700,439
Contract services	69,828	57,225	80,350	80,350	82,350	72,350
Training & Memberships	19,095	7,323	12,750	12,750	12,750	12,750
Supplies	1,962	2,139	5,150	5,150	5,150	5,150
Internal service fund charges	76,977	92,953	110,701	110,701	113,373	115,674
Expenditure Totals	\$ 772,047	\$ 791,292	\$ 830,426	\$ 849,965	\$ 873,238	\$ 906,363
Authorized Positions						
	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	
	Actual	Actual	Adopted	Proposed	Planned	
City Manager	0.65	0.80	0.65	0.80	0.80	
City Clerk	0.90	1.00	1.00	1.00	1.00	
Admin. Svcs. Dir.	0.75	-	-	-	-	
Assistant to the City Manager	-	0.50	0.80	0.50	0.50	
Executive Assistant	0.50	0.50	0.50	0.50	0.50	
Information System Specialist	1.00	-	1.00	-	-	
Records Coordinator	1.00	1.00	1.00	1.00	1.00	
Receptionist/Dev. Svcs. Tech.	1.00	1.00	1.00	1.00	1.00	
FTE Total	5.80	4.80	5.95	4.80	4.80	

CITY MANAGER PERSONNEL

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

CITY MANAGER PERSONNEL

1000-10-12-000	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenues						
General Fund	\$247,830	\$328,821	\$326,960	\$305,812	\$345,897	\$368,526
Revenue Totals	\$247,830	\$328,821	\$326,960	\$305,812	\$345,897	\$368,526
Expenditures						
Personnel	\$190,396	\$254,622	\$262,098	\$247,950	\$283,216	\$303,796
Contract services	40,581	59,031	40,500	40,500	38,500	40,500
Training & Memberships	185	-	-	-	-	-
Supplies	7,325	2,841	12,000	5,000	12,000	12,000
Internal service fund charges	9,343	12,327	12,362	12,362	12,181	12,230
Expenditure Totals	\$247,830	\$328,821	\$326,960	\$305,812	\$345,897	\$368,526
Authorized Positions						
	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY18/19 Proposed	FY19/20 Planned	
City Manager	0.35	0.20	0.35	0.20	0.20	
Admin. Svcs. Dir.	0.25	-	-	-	-	
Assistant to the City Manager	-	0.50	0.20	0.50	0.50	
Executive Assistant	0.50	0.50	0.50	0.50	0.50	
FTE Total	1.10	1.20	1.05	1.20	1.20	

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

Hired a new Finance Director in June 2017. Fill the Accountant II vacancy at the Accountant I level and reduced department staff by .75 FTE subsequently moving .50 FTE to the Community Development Department.

FISCAL YEAR ACCOMPLISHMENTS – 2017/18

- Continued work on the proposed financing plan for the Library including working with the Friends of the Capitola Library setting up accounts for their fund-raising campaign
- Provided analytical support to operations departments
- Continued funding the PERS Trust Fund to plan for future retirement cost
- Received the GFOA Certificate of Achievement for Excellence in Financial Reporting and CSMFO Operating Budget Awards
- Provided support for the Successor Agency wind-down

FISCAL YEAR GOALS – 2018/19 and 2019/20

FISCAL POLICY

- Prepare and maintain a balanced budget
- Finalize library financing plan
- Plan for and meet future PERS increases
- Meet regulatory financial reporting requirements and provide reports on the City website
- Develop long term financial plan for Measure F
- Continue partnerships with departments to maintain financial accountability and transparency
- Continue to improve City financial transparency to the public

FINANCE

1000-10-17-000	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 455,812	\$ 495,524	\$ 566,568	\$ 474,527	\$ 521,151	\$ 555,588
Taxes	298,468	301,545	300,800	303,000	302,304	303,816
Intergovernmental	6,093	6,241	5,600	5,600	5,700	5,700
Use of money & property	10,025	10,076	8,200	8,200	9,200	9,200
Other revenue	249	901	750	750	2,400	750
Revenue Totals	\$ 770,647	\$ 814,287	\$ 881,918	\$ 792,077	\$ 840,755	\$ 875,054

Expenditures

Personnel	\$ 530,007	\$ 523,684	\$ 567,386	\$ 513,215	\$ 520,372	\$ 551,643
Contract services	184,823	219,925	225,900	198,000 ▲	231,987 ▲	235,015
Training & Memberships	2,309	3,398	11,500	5,000 ▲	10,300 ▲	10,300
Supplies	2,575	2,148	3,500	2,500 ▲	3,500	3,500
Internal service fund charges	50,933	65,132	73,632	73,362 ▲	74,596 ▲	74,596
Expenditure Totals	\$ 770,647	\$ 814,287	\$ 881,918	\$ 792,077	\$ 840,755	\$ 875,054

	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20
Authorized Positions	Actual	Actual	Adopted	Proposed	Planned
Finance Director	1.00	1.00	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	1.00	-	-
Accountant I	-	-	-	1.00	1.00
Accts Receivable Clerk	0.75	0.75	0.75	0.75	0.75
Account Technician	0.75	0.75	0.75	-	-
FTE Total	4.50	4.50	4.50	3.75	3.75

Elected Official

City Treasurer	1.00	1.00	1.00	1.00	1.00
City Treasurer Annual Pay	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

POLICE SUMMARY

POLICE

MISSION STATEMENT

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

VISION STATEMENT

A police department comprised of professional and dedicated members who strive to demonstrate high character, fairness, compassion, and the non-biased delivery of police services.

CORE VALUES

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

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

KEY CHANGES

A sergeant position was added to oversee the investigations division.

FISCAL YEAR ACCOMPLISHMENTS – 2017/18

- Completed CAD and CLETS systems upgrades.
- Assisted with the Santa Cruz County gun buyback event.
- Completed the Emergency Operations Plan.
- Received Department of Alcoholic Beverage Control grant.
- Organized and completed successful car seat inspection event.
- Completed annual report.

FISCAL YEAR GOALS – 2018/19 and 2019/20

- Implement new Neighborhood Watch Program.
- Fill vacant officer position.
- Improve connection and relationships with city staff and officials.
- Complete Critical Incident Training for all officers.
- Continue to work with other agencies to replace records management system.

POLICE SUMMARY

Police Department Summary	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenue						
General Fund	\$ 5,290,069	\$ 5,750,891	\$ 5,436,621	\$ 5,326,054	\$ 5,891,340	\$ 6,277,707
Licenses and permits	43,215	43,991	41,200	35,800	42,900	42,900
Intergovernmental revenues	96,477	67,582	151,495	69,500	105,300	105,300
Charges for services	45,233	36,931	32,800	35,000	28,100	28,100
Fines and forfeitures	649,268	557,117	660,700	561,700	613,500	613,500
Other revenues	1,025	-	-	-	-	-
Revenue Totals	\$ 6,125,287	\$ 6,456,512	\$ 6,322,816	\$ 6,028,054	\$ 6,681,140	\$ 7,067,507

Expenditures						
Personnel	\$4,405,285	\$4,629,843	\$4,325,232	\$4,147,900	\$4,734,411	\$5,053,011
Contract services	989,044	1,016,341	1,123,700	1,064,830	1,151,169	1,190,068
Training & Memberships	47,406	36,746	57,000	34,500	52,000	52,000
Supplies	109,729	92,459	102,560	66,500	82,400	82,600
Capital outlay	-	-	-	-	-	-
Internal service fund charges	573,823	681,123	714,324	714,324	661,160	689,828
Expenditure Totals	\$ 6,125,287	\$ 6,456,512	\$ 6,322,816	\$ 6,028,054	\$ 6,681,140	\$ 7,067,506

Authorized Positions	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY18/19 Proposed	FY19/20 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	5.00	5.00
Police Officer	16.00	16.00	16.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	3.00	3.00	3.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.90	0.75	0.75	0.75
FTE Total	31.50	31.65	31.50	30.50	30.50

LAW ENFORCEMENT

POLICE

LAW ENFORCEMENT

1000-20-20-000	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenue						
General Fund	\$ 5,130,216	\$ 5,483,606	\$ 5,224,395	\$ 5,148,590	\$ 5,659,717	\$ 6,022,791
Licenses and permits	43,215	43,991	41,200	35,800	42,900	42,900
Intergovernmental revenues	96,477	67,582	151,495	69,500	105,300	105,300
Charges for services	45,233	36,931	32,300	35,000	28,100	28,100
Fines and forfeitures	209,043	142,120	226,000	127,000	186,000	186,000
Other revenues	1,025	-	-	-	-	-
Revenue Totals	\$ 5,525,209	\$ 5,774,230	\$ 5,675,390	\$ 5,415,890	\$ 6,022,017	\$ 6,385,091
Expenditure Totals						
Personnel	\$ 4,176,467	\$ 4,348,996	\$ 4,119,140	\$ 3,971,800	\$ 4,527,175	\$ 4,834,766
Contract services	657,516	658,654	730,600	673,000	744,017	771,243
Training & Memberships	47,406	36,746	57,000	34,500	52,000	52,000
Supplies	95,593	80,963	86,560	54,500	69,400	69,400
Capital outlay	-	-	-	-	-	-
Internal service fund charges	548,227	648,871	682,090	682,090	629,425	657,682
Expenditure Totals	\$ 5,525,209	\$ 5,774,230	\$ 5,675,390	\$ 5,415,890	\$ 6,022,017	\$ 6,385,091

Authorized Positions	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY18/19 Proposed	FY19/20 Planned
Chief of Police	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	5.00	5.00
Police Officer	16.00	16.00	16.00	15.00	15.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00
Records Manager	1.00	1.00	1.00	1.00	1.00
Administrative Records Analyst	1.00	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.75	0.90	0.75	0.75
FTE Total	28.50	28.50	28.65	28.50	28.50

PARKING ENFORCEMENT

POLICE

DEPARTMENT PURPOSE

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

KEY CHANGES

Reduced a full-time parking enforcement officer position to part time and moved the meter and pay station maintenance duties to Public Works.

FISCAL YEAR ACCOMPLISHMENTS – 2017/18

- Upgraded all pay stations.
- Implemented a monthly Village employee parking program.

FISCAL YEAR GOALS – 2018/19 and 2019/20

- Fill part time parking enforcement officer position.

PARKING ENFORCEMENT

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
1000-20-21-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 82,944	\$ 166,812	\$ 94,157	\$ 52,765	\$ 107,395	\$ 118,674
Fines and forfeitures	440,225	414,997	434,700	434,700	427,500	427,500
Revenue Totals	\$ 523,169	\$ 581,809	\$ 528,857	\$ 487,465	\$ 534,895	\$ 546,174
Expenditures						
Personnel	\$ 228,818	\$ 280,847	\$ 206,092	\$ 176,100	\$ 207,236	\$ 218,245
Contract services	259,036	265,102	281,400	274,000	290,300	290,300
Supplies	13,459	8,053	14,000	10,000	10,500	10,700
Internal service fund charges	21,856	27,807	27,365	27,365	26,859	26,929
Expenditure Totals	\$ 523,169	\$ 581,809	\$ 528,857	\$ 487,465	\$ 534,895	\$ 546,174
Authorized Positions						
	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	
	Actual	Actual	Adopted	Proposed	Planned	
Parking Enforcement Officer	3.00	3.00	3.00	2.00	2.00	
FTE Total	3.00	3.00	3.00	2.00	2.00	
Seasonal Parking Enforcement Officer Hours	-	-	-	990	990	

LIFEGUARDS

POLICE

DEPARTMENT PURPOSE

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

KEY CHANGES

Contract with City of Santa Cruz Fire Department for lifeguard services will expire in October 2018.

FISCAL YEAR ACCOMPLISHMENTS – 2017/2018

- Began exploring options for new lifeguard services agreement.

FISCAL YEAR GOALS – 2018/19 and 2019/20

- Continue to work with other departments and agencies to improve beach safety.
- Enter into a new agreement for contracted lifeguard services.

LIFEGUARDS

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
1000-20-22-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 52,321	\$ 75,519	\$ 80,262	\$ 86,392	\$ 80,751	\$ 83,332
Revenue Totals	\$ 52,321	\$ 75,519	\$ 80,262	\$ 86,392	\$ 80,751	\$ 83,332
Expenditures						
Contract services	\$ 49,272	\$ 68,500	\$ 74,700	\$ 80,830	\$ 74,665	\$ 76,905
Supplies	-	3,381	1,500	1,500	2,000	2,000
Internal service fund charges	3,049	3,638	4,062	4,062	4,086	4,427
Expenditure Totals	\$ 52,321	\$ 75,519	\$ 80,262	\$ 86,392	\$ 80,751	\$ 83,332

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.

KEY CHANGES

Became a full member of the Santa Cruz County Animal Services Authority (SCCASA).

FISCAL YEAR ACCOMPLISHMENTS – 2017/2018

Negotiated new contract for animal services with the SCCASA.

FISCAL YEAR GOALS – 2018/19 and 2019/20

Supplement SCCASA's efforts to continue to provide efficient service to the community.

ANIMAL SERVICES

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
1000-20-23-000	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 24,588	\$ 24,954	\$ 37,807	\$ 38,307	\$ 43,477	\$ 52,910
Charges for services	-	-	500	-	-	-
Revenue Totals	\$ 24,588	\$ 24,954	\$ 38,307	\$ 38,307	\$ 43,477	\$ 52,910
Expenditures						
Contract services	\$ 23,220	\$ 24,085	\$ 37,000	\$ 37,000	\$ 42,187	\$ 51,620
Supplies	677	62	500	500	500	500
Internal service fund charges	691	807	807	807	790	790
Expenditure Totals	\$ 24,588	\$ 24,954	\$ 38,307	\$ 38,307	\$ 43,477	\$ 52,910

PUBLIC WORKS SUMMARY

PUBLIC WORKS

MISSION STATEMENT

The Public Works Department's mission is to provide a broad base of essential services and infrastructure to the Community's residents and businesses.

DEPARTMENT PURPOSE

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

KEY CHANGES

During fiscal 2017/18, Public Works filled all vacancies including the Project Manager position that will oversee the Capital Improvement Program. Planning for the retirement of key crew manager positions also began as the transition

FISCAL YEAR ACCOMPLISHMENTS – 2017/18

- Managed library project
- Initiated design and permitting for the Measure F project which include Wharf, Jetty and Flume improvements
- Continued to participate in local and regional storm water pollution prevention activities
- Completed infrastructure repairs and maintenance
- Completed training on pollution prevention and crew safety
- Replaced aging equipment

FISCAL YEAR GOALS - 2018/19 and 2019/20

PUBLIC IMPROVEMENT

- Continue to complete Capital Improvement Projects
- Start and oversee construction of new Capitola Branch Library
- Complete rehabilitation of the jetty and flume
- Continue development, permitting, and funding for the Wharf
- Review long term equipment needs
- Begin construction of Bay Avenue Undergrounding Project

PUBLIC WORKS SUMMARY

Public Works Summary	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenue						
General Fund	\$ 2,333,927	\$ 2,425,655	\$ 2,569,480	\$ 2,517,972	\$ 2,693,708	\$ 2,799,097
Licenses and permits	23,253	32,604	20,000	30,000	30,000	30,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	10,447	11,706	7,570	8,020	5,500	5,500
Other revenues	30,217	26,308	10,500	30,000	5,000	4,000
Revenue Totals	\$ 2,397,844	\$ 2,496,273	\$ 2,607,550	\$ 2,585,992	\$ 2,734,208	\$ 2,838,597

Expenditures						
Personnel	\$ 1,285,186	\$ 1,368,998	\$ 1,300,779	\$ 1,349,721	\$ 1,499,485	\$ 1,578,720
Contract services	632,422	633,459	777,000	703,000	723,670	745,220
Training & Memberships	1,580	2,457	2,000	5,500	5,000	5,000
Supplies	355,613	344,687	338,000	338,000	299,250	300,250
Capital outlay	-	-	10,000	10,000	15,000	15,000
Internal service fund charges	122,633	146,672	179,771	179,771	191,803	194,407
Expenditure Totals	\$ 2,397,434	\$ 2,496,273	\$ 2,607,550	\$ 2,585,992	\$ 2,734,208	\$ 2,838,597

Authorized Positions	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY18/19 Proposed	FY19/20 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00
Engineer / Project Manager	-	-	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	-
Field Supervisor	-	1.00	1.00	1.00	1.00
Maintenance Worker I & II	8.00	8.00	9.00	8.50	8.50
Maintenance Worker III	1.00	-	1.00	1.00	1.00
Mechanic	1.00	1.00	1.00	1.50	1.50
Environmental Projects Manager	-	1.00	1.00	1.00	1.00
FTE Total	12.00	13.00	16.00	16.00	15.00

STREETS

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

STREETS

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
1000-30-30-000/301	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 1,168,341	\$ 1,340,535	\$ 1,444,161	\$ 1,413,211	\$ 1,530,831	\$ 1,594,101
Licenses and permits	23,253	32,604	20,000	30,000	30,000	30,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	9,642	9,660	6,500	6,950	5,500	5,500
Other revenues	25,345	24,591	9,000	30,000	5,000	4,000
Revenue Totals	\$ 1,226,581	\$ 1,407,390	\$ 1,479,661	\$ 1,480,161	\$ 1,571,331	\$ 1,633,601
Expenditures						
Personnel	\$ 831,054	\$ 955,099	\$ 975,647	\$ 975,647	\$ 1,055,547	\$ 1,110,479
Contract services	263,119	268,272	304,500	304,500	291,500	295,500
Training & Memberships	261	81	-	500	500	500
Supplies	57,922	87,248	59,000	59,000	69,500	70,500
Capital Outlay	-	-	10,000	10,000	15,000	15,000
Internal service fund charges	74,225	96,690	130,514	130,514	139,284	141,622
Expenditure Totals	\$ 1,226,581	\$ 1,407,390	\$ 1,479,661	\$ 1,480,161	\$ 1,571,331	\$ 1,633,601
Authorized Positions						
	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	
	Actual	Actual	Adopted	Proposed	Planned	
Public Works Director	1.00	1.00	1.00	1.00	1.00	
Engineer / Project Manager	-	-	1.00	1.00	1.00	
Maint. Superintendent	1.00	1.00	1.00	1.00	-	
Field Supervisor	-	1.00	1.00	1.00	1.00	
Maintenance Worker I & II	4.00	5.00	6.00	6.50	6.50	
Maintenance Worker III	1.00	-	-	-	-	
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	
FTE Total	8.00	9.00	11.00	11.50	10.50	

FACILITIES

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

FACILITIES

1000-30-31-xxx	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$195,382	\$192,246	\$267,985	\$ 202,985	\$195,681	\$202,730
Other revenues	410	-	-	-	-	-
Revenue Totals	\$195,792	\$192,246	\$267,985	\$ 202,985	\$195,681	\$202,730
Expenditures						
Contract services Totals	\$114,794	\$112,942	\$182,000	\$ 117,000	\$170,450	\$177,450
Supplies	72,840	69,743	76,000	76,000	15,350	15,350
Internal service fund charges	7,748	9,561	9,985	9,985	9,881	9,930
Expenditure Totals	\$195,382	\$192,246	\$267,985	\$ 202,985	\$195,681	\$202,730

FLEET

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

FLEET

1000-30-32-000	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenues						
General Fund	\$300,148	\$274,402	\$295,447	\$292,454	\$344,268	\$354,075
Other revenues	4,462	1,717	1,500	-	-	-
Revenue Totals	\$304,610	\$276,119	\$296,947	\$292,454	\$344,268	\$354,075
Expenditures						
Personnel	\$116,923	\$122,943	\$124,693	\$129,200	\$172,629	\$182,310
Contract services	785	-	10,000	1,000	5,000	5,000
Supplies	176,213	140,035	149,500	149,500	150,000	150,000
Internal service fund charges	10,689	13,141	12,754	12,754	16,639	16,765
Expenditure Totals	\$304,610	\$276,119	\$296,947	\$292,454	\$344,268	\$354,075
Authorized Positions						
Mechanic/Sr. Mechanic	1.00	1.00	1.00	1.50	1.50	
FTE Total	1.00	1.00	1.00	1.50	1.50	
Temporary Mechanic Hours	960	400	500	350	350	

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

Maintenance of new park facilities at McGregor and Rispin. The department proposal includes an additional Maintenance Worker I/II in FY 16/17 to accommodate the increased workload.

PARKS

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
1000-30-33-xxx	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenues						
General Fund	\$592,785	\$473,366	\$405,083	\$ 452,518	\$472,751	\$489,244
Revenue Totals	\$592,785	\$473,366	\$405,083	\$ 452,518	\$472,751	\$489,244

Expenditures

Personnel	\$337,209	\$229,989	\$139,565	\$ 184,000	\$206,632	\$217,034
Contract services	175,648	166,060	183,500	183,500	171,220	177,220
Training & Memberships	1,319	2,376	2,000	5,000	4,500	4,500
Supplies	48,638	47,661	53,500	53,500	64,400	64,400
Internal service fund charges	29,971	27,280	26,518	26,518	25,999	26,090
Expenditure Totals	\$592,785	\$473,366	\$405,083	\$ 452,518	\$472,751	\$489,244

	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20
Authorized Positions	Actual	Actual	Adopted	Proposed	Planned
Maintenance Worker I & II	4.00	3.00	3.00	2.00	2.00
Maintenance Worker III	0.00	0.00	0.00	1.00	1.00
FTE Total	4.00	3.00	3.00	3.00	3.00

COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

During the past fiscal year, the Community Development Director, Building Official, and Assistant Planner left the department. The City's Senior Planner has been promoted to fill the Community Development Director position and a new Assistant Planner has been appointed. The Building Official position remains vacant, however, the City is negotiating an agreement with the City of Scotts Valley for a shared Building Official. In order to continue to provide a high level of service to our residents, we are proposing to take .50 FTE of the Building Official position and .50 from the Finance Department to add a full-time Development Services Technician.

FISCAL YEAR ACCOMPLISHMENTS – 2017/18

- Completed local adoption of the Zoning Code Update
- Initiated an update to the City's Local Coastal Program (LCP)
- Completed a wireless ordinance update
- Completed a subdivision ordinance update
- Closed out the City's 2014 CDBG grant which provided financial assistance to eight Capitola households through the City's Home Rehabilitation and Homebuyer Assistance Programs
- Initiated an update to the City's ADA Transition Plan
- 105 planning permits issued, July 1, 2017 through April 30, 2018
- Issued 333 building permits / total valuation of over \$15 million, July 1, 2017 through April 30, 2018
- Responded to 54 code enforcement complaints, July 1, 2017 through April 30, 2018

FISCAL YEAR GOALS - 2018/19 and 2019/20

FISCAL POLICY

- Continue to process discretionary permit applications in a timely and cost effective manner
- Continue to perform timely building inspection services and efficiently process building permit applications
- Seek grant opportunities to advance affordable housing goals and public infrastructure projects

PUBLIC SERVICE

- Work with new mall owners to investigate opportunities for positive redevelopment
- Complete phase I of the City's ADA Transition Plan
- Complete the Zoning Code Update

- Submit the Zoning Code Update to the Coastal Commission for LCP certification
- Update the Green Building Ordinance
- Continue to implement customer service improvements (applicant guidance documents, website improvements, etc.)

COMMUNITY DEVELOPMENT

Community Development	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 145,732	\$ 248,492	\$ 297,607	\$ 279,650	\$ 256,775	\$ 303,474
Licenses and permits	246,182	216,244	245,000	245,000	265,500	265,500
Charges for services	318,217	280,396	249,000	214,000	346,500	241,500
Fines and forfeitures	6,376	3,039	3,000	1,000	1,000	1,000
Revenue Totals	\$ 716,507	\$ 748,171	\$ 794,607	\$ 739,650	\$ 869,775	\$ 811,474

Expenditures

Personnel	\$ 610,718	\$ 645,512	\$ 532,457	\$ 541,000	\$ 754,212	\$ 795,392
Contract services	38,286	32,627	177,600	127,500	31,000	31,000
Training & Memberships	9,386	4,332	11,500	3,000	11,500	16,500
Supplies	5,122	2,844	6,400	1,500	6,400	6,400
Internal service charges	52,995	62,856	66,650	66,650	66,663	67,182
Expenditure Totals	\$ 716,507	\$ 748,171	\$ 794,607	\$ 739,650	\$ 869,775	\$ 916,474

Authorized Positions	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Proposed	Planned
Community Dev. Director	1.00	1.00	1.00	1.00	1.00
Senior Planner	1.00	1.00	1.00	-	-
Associate Planner	0.50	1.00	1.00	2.00	2.00
Building Official	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	1.00	1.00	1.00
Development Services Tech	-	-	-	1.00	1.00
FTE Total	4.50	5.00	5.00	6.00	6.00

Officials Positions

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

Officials Annual Pay

Planning Commissioners	\$ 7,500	\$ 9,250	\$ 7,500	\$ 7,500	\$ 7,500
Arch & Site Committee	1,200	1,600	1,200	1,200	1,200
Total	\$ 8,700	\$ 10,850	\$ 8,700	\$ 8,700	\$ 8,700

RECREATION

CULTURE & LEISURE

MISSION

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

DEPARTMENT PURPOSE

The Recreation Department manages recreation and leisure services offered to residents of Capitola and the broader community. These services include City-staffed programs such as Junior Lifeguards, Camp Capitola, and Adult Sports Leagues as well as over 500 classes offered by contract instructors. The department also manages the Capitola Community Center, Jade Street Park, and Monterey Park.

Camp Capitola and Junior Guards have enrollment of over 2,000 children annually. These programs bring parents and children to the City. The Recreation Department receives an additional 4,500 class enrollments throughout the year. The department also represents the City through programs offered, class instructors selected, seasonal youth hired and trained, and condition of facilities. The Recreation Program provides training for approximately 65 young people through the Junior Lifeguard Captains Corps and another 20-30 through the Camp Capitola Junior Leader Program.

KEY CHANGES

In coordination with Santa Cruz Fire, the City will be responsible for training Junior Lifeguard Instructors staff as beach lifeguards.

Reduced number of enrollees in the Junior Lifeguard program. Reduced the length of the first session of junior guard to provide comprehensive training for the instructors

FISCAL YEAR ACCOMPLISHMENTS – 2017/18

- Created and implemented online registration for the 2018 Camp Capitola Program
- Through the Junior Lifeguard Captains Corps and the Camp Capitola Junior Leader program, provided opportunities for over 60 teens to train for future summer employment as Junior Lifeguard Instructors and Camp Leaders
- Updated and expanded training for recreation summer employees
- Produced six Capitola Recreation brochures and refined the mailing area
- Using social media advertising to promote recreation programs
- Continued work with community groups for the use of the City's recreational facilities
- All junior lifeguard instructors trained as lifeguards

FISCAL YEAR GOALS - 2018/19 and 2019/20

- Enhance participation and revenue by evaluating community interests and new programs
- Continue promotional marketing, advertising, Facebook and other social media posting; evaluate regularly for effectiveness and continue to explore other ideas
- Evaluate use of the department website versus ActiveNet for class details and brochures
- Work with ActiveNet to explore options for enhancement of the recreation registration site to provide a more attractive, promotional site and a more user-friendly interface
- Continue to update and expand training for recreation summer employees
- Maximize rental opportunities for sports groups and continue outreach

RECREATION

Recreation Summary 1000-50-50-xxx	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenue						
General Fund	\$ 85,125	\$ 273,831	\$ 311,196	\$ 303,996	\$ 343,223	\$ 375,431
Recreation Classes	\$ 274,881	\$ 259,757	\$ 275,000	\$ 255,000	\$ 275,000	\$ 275,000
Capitola Junior Guards	328,460	257,798	269,000	269,000	265,000	265,000
Camp Capitola	129,319	100,479	105,000	105,000	105,000	105,000
Sports Teams	18,605	21,425	22,000	22,000	22,000	22,000
Total Charges for Svcs.	\$ 751,265	\$ 639,459	\$ 671,000	\$ 651,000	\$ 667,000	\$ 667,000
Use of money & property	\$ 6,800	\$ 6,216	\$ 7,000	\$ 7,800	\$ 7,000	\$ 7,000
Revenue Totals	\$ 843,190	\$ 919,506	\$ 989,196	\$ 962,796	\$1,017,223	\$1,049,431

Expenditures

Personnel	\$501,799	\$562,427	\$602,004	\$ 602,004	\$ 633,170	\$ 664,817
Contract services	224,401	221,496	244,050	220,000	242,050	242,050
Training & Memberships	4,197	6,484	8,300	8,300	8,300	8,300
Supplies	60,641	52,733	70,350	68,000	69,650	69,650
Internal service fund charges	52,152	76,366	64,492	64,492	64,053	64,614
Expenditure Totals	\$ 843,190	\$ 919,506	\$ 989,196	\$ 962,796	\$1,017,223	\$1,049,431

Authorized Positions	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY18/19 Proposed	FY19/20 Planned
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00
Recreation Coordinator	1.25	1.50	1.50	1.50	1.50
Recreation Assistant	0.50	0.75	0.75	0.75	0.75
Rec. Facilities Custodian	-	0.50	0.50	0.50	0.50
FTE Total	2.75	3.75	3.75	3.75	3.75

Hourly Allocation

Beach Lifeguard Captain	-	-	-	720	720
Jr. Lifeguard Instructor	7,000	8,350	8,500	8,200	8,200
Jr. Lifeguard Coordinator	450	800	700	800	800
Camp Capitola Leader	2,500	2,450	2,500	2,500	2,500
Camp Capitola Coordinator	480	-	400	400	400
CC Jr. Leader Coordinator	400	700	400	400	400
Recreation Admin Temps	3,300	1,285	1,500	2,400	2,400
Sports Scorekeepers	2,100	865	1,500	900	900
Recreation Facilities Assistant	1,100	-	-	-	-
Hours Total	17,330	14,450	15,500	16,320	16,320

MUSEUM

MISSION

The Capitola Historical Museum preserves and promotes the history of Capitola through photos, displays, and stories.

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2017/18

- Opened a new exhibit, “Capitola FAQ”
- Received more than 500 donated volunteer hours, and welcomed over 6,000 guests to the museum, publicized volunteer program
- Provided walking tours and lectures for local organizations and the public
- Museum is open Thursday – Sunday to better serve the public
- Installed fireproof storage
- Worked to improve the documentation of the Museum collections.
- Continue to add interviews to the Capitola Memories Project

FISCAL YEAR GOALS - 2018/19 and 2019/20

- Continue to improve community outreach to increase number of Museum volunteers
- Digitize media for long term preservation of historical resources.
- Install new exhibit

MUSEUM

Capitola Museum 1000-50-51-000	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenue						
General Fund	\$ 53,517	\$ 62,563	\$ 62,394	\$ 63,352	\$ 63,803	\$ 65,012
Other revenues	5,881	5,923	6,500	7,500	6,500	6,500
Revenue Totals	\$ 59,398	\$ 68,486	\$ 68,894	\$ 70,852	\$ 70,303	\$ 71,512
Expenditures						
Personnel	\$39,741	\$40,033	\$35,992	\$ 37,950	\$ 37,351	\$ 38,476
Contract services	4,634	4,866	13,250	13,250	13,250	13,250
Training & Memberships	-	-	-	-	-	-
Supplies	11,042	18,455	14,000	14,000	14,000	14,000
Internal service fund charges	3,981	5,132	5,652	5,652	5,702	5,786
Expenditure Totals	\$ 59,398	\$ 68,486	\$ 68,894	\$ 70,852	\$ 70,303	\$ 71,512
Authorized Positions						
Museum Curator	0.75	0.50	0.50	0.50	0.50	0.50
FTE Total	0.75	0.50	0.50	0.50	0.50	0.50

ART & CULTURE

CULTURE & LEISURE

MISSION

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

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2017/18

- Obtained sponsors obtained to continue funding summer events
- Art for public buildings created by New Brighton Students
- Recommended public art projects for the City
- Thirteen Twilight Concerts, six Sunday Concerts, and three movies in 2017.
- All events were free to attend

FISCAL YEAR GOALS - 2018/19 and 2019/20

PUBLIC IMPROVEMENT

- Continue to offer free, family events and entertainment in Capitola
- Display art work by community members at City facilities
- Investigate new opportunities for public art in Capitola

ART & CULTURE

Art & Cultural Commission 1000-50-52-000	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Revenue						
General Fund	\$ 26,042	\$ 32,092	\$ 25,806	\$ 30,206	\$ 25,866	\$ 26,403
Other revenues	27,534	31,823	36,800	30,000	38,000	38,000
Revenue Totals	\$ 53,576	\$ 63,915	\$ 62,606	\$ 60,206	\$ 63,866	\$ 64,403
Expenditures						
Personnel	\$13,475	\$15,036	\$15,765	\$ 15,765	\$ 16,272	\$ 16,760
Contract services	30,393	38,219	34,850	34,850	35,600	35,600
Supplies	6,780	6,785	7,900	5,500	7,900	7,900
Internal service fund charges	2,928	3,875	4,091	4,091	4,094	4,143
Expenditure Totals	\$ 53,576	\$ 63,915	\$ 62,606	\$ 60,206	\$ 63,866	\$ 64,403
Hourly Employee Allocation						
Hours	480	503	480	550	480	480

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 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	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 18,933	\$ 21,827	\$ 23,317	\$ 23,317	\$ 23,347	\$ 23,347
Revenue						
Other Revenues	\$ 458	\$ 217	\$ -	\$ 30	\$ -	\$ -
Internal Service Charges	35,000	35,000	37,250	37,250	37,250	37,250
Revenue Totals	\$35,458	\$35,217	\$37,250	\$ 37,280	\$ 37,250	\$37,250
Expenditures						
Contract Services	\$ 6,244	\$ 5,807	\$10,250	\$ 10,250	\$ 10,250	\$10,250
Supplies	26,320	27,920	27,000	27,000	27,000	27,000
Expenditure Totals	\$32,564	\$33,727	\$37,250	\$ 37,250	\$ 37,250	\$37,250
Fund Balance at 06/30	\$21,827	\$23,317	\$23,317	\$ 23,347	\$ 23,347	\$23,347

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. The City provides IT services through a contract. The FY 2018/19 budget continues IT services with an outside vendor.

SOURCES AND USES

Fund - 2211	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 145,980	\$ 138,452	\$ 105,836	\$ 105,836	\$ 105,836	\$ 92,077
Revenue						
Other Revenues	\$ 3,468	\$ 3,468	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Internal Service Charges	130,000	203,000	278,800	278,800	292,741	301,522
Other Financing Sources	43,660	-	-	-	-	-
Revenue Totals	\$177,128	\$206,468	\$282,300	\$282,300	\$296,241	\$305,022
Expenditures						
Contract Services	\$133,097	\$142,547	\$161,300	\$161,300	\$184,000	\$184,000
Training & Memberships	160	120	1,000	1,000	1,000	1,000
Supplies	51,399	71,873	60,000	60,000	70,000	70,000
Capital Outlay	-	24,544	60,000	60,000	55,000	55,000
Expenditure Totals	\$184,656	\$239,084	\$282,300	\$282,300	\$310,000	\$310,000
Fund Balance at 06/30	\$138,452	\$105,836	\$105,836	\$105,836	\$92,077	\$87,099

EQUIPMENT REPLACEMENT FUND

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

During the annual budget process, the Public Works and the Police Department review the current vehicle inventory listing and make recommendations for vehicle acquisitions and replacements, considering on-going maintenance costs. In FY 13/14, \$198,730 was transferred from the General Fund to assist in restoring the Equipment Fund's balance and to purchase a street sweeper. Typically, new street sweepers are financed with gas tax revenues. However, to achieve interest savings and maintain the City's debt ratio, the General Fund purchased the equipment. The operating lease with the Gas Tax Fund covers the cost of the street sweeper.

FY 17/18 CAPITAL OUTLAY

Patrol Vehicle - PD	\$ 54,000
- \$25,000 provided by SLESF Funds	
Ditch Witch – PW	25,000
Concrete Breaker - PW	<u>\$ 12,000</u>
Total	\$ 91,000

FY 18/19 CAPITAL OUTLAY

Sweeper - PW	\$200,000
Mini-Excavator - PW	\$ 50,000
Flat-bed Truck - PW	\$ 30,000
Pick-up Truck - PW	\$ 25,000
Patrol Vehicle – PD	\$ 54,000
Two (2) Motorcycles - PD	<u>\$ 24,000</u>
Total	\$383,000

SOURCES AND USES

	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
Fund - 2212	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 124,178	\$ 131,309	\$ 177,680	\$ 177,680	\$ 75,680	\$ 264,680
Revenue						
Other revenues	\$ 17,554	\$ 14,495	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	60,000	78,000	125,000	181,300	155,000	159,650
Other Financing Sources	50,000	61,774	185,000	185,000	125,000	75,000
Revenue Totals	<u>127,554</u>	<u>154,269</u>	<u>310,000</u>	<u>366,300</u>	<u>280,000</u>	<u>234,650</u>
Expenditures						
Capital Outlay	\$ 120,423	\$ 107,898	\$ 412,000	\$ 468,300	\$ 91,000	\$ 383,000
Expenditure Totals	<u>\$ 120,423</u>	<u>\$ 107,898</u>	<u>\$ 412,000</u>	<u>\$ 468,300</u>	<u>\$ 91,000</u>	<u>\$ 383,000</u>
Fund Balance at 06/30	\$ 131,309	\$ 177,680	\$ 75,680	\$ 75,680	\$ 264,680	\$ 116,330

SELF-INSURANCE LIABILITY FUND

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

- Excess Insurance Premiums - The City belongs to the Monterey Bay Area Self Insurance Authority (MBASIA) joint powers authority. MBASIA covers all liability expenses, fire, property protection, and general liability claims up to \$10,000 per occurrence.
- Property Insurance – The City receives property insurance through the Public Entity Property Insurance Program and is insured by Lexington. The City's premium is \$20,000.
- Vehicle and Equipment Insurance Coverage - Coverage for vehicles and equipment with a purchase value of \$25,000 or more. The annual premium is \$4,000 with a \$2,000 deductible.
- Unemployment Insurance - The California Employment Development Department (EDD) defines the City as a "State Unemployment Insurance Reimbursement Client". The City does not pay unemployment insurance premiums to the State. When an employee files for and receives unemployment benefits from the State, the City is responsible for that benefit.

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

SOURCES AND USES

Fund - 2213	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 159,241	\$ 261,375	\$ 301,360	\$ 301,360	\$ 207,769	\$ 207,769
Revenue						
Other Revenue	\$ 953					
Internal Service Charges	344,500	428,000	428,000	428,000	418,732	418,732
Other Financing Sources	100,000	-	-	-	-	-
Revenue Totals	\$445,453	\$428,000	\$428,000	\$428,000	\$418,732	\$418,732
Expenditures						
Contract Services	\$343,319	\$388,016	\$427,000	\$521,591	\$418,732	\$418,732
Supplies	-	-	1,000	-	-	-
Expenditure Totals	\$343,319	\$388,016	\$428,000	\$521,591	\$418,732	\$418,732
Fund Balance at 06/30	\$261,375	\$301,360	\$301,360	\$207,769	\$207,769	\$207,769

WORKERS' COMPENSATION FUND

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

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

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

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

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

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

Distribution to General Fund Departments:

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

SOURCES AND USES

Fund - 2214	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 321,857	\$ 217,852	\$ 224,339	\$ 224,339	\$ 224,339	\$ 224,339
Revenue						
Internal Service Charges	\$ 385,000	\$ 415,000	\$ 321,000	\$ 321,000	\$ 304,814	\$ 304,814
Revenue Totals	<u>\$ 385,000</u>	<u>\$ 415,000</u>	<u>\$ 321,000</u>	<u>\$ 321,000</u>	<u>\$ 304,814</u>	<u>\$ 304,814</u>
Expenditures						
Contract Services	\$ 389,005	\$ 408,513	\$ 321,000	\$ 321,000	\$ 304,814	\$ 304,814
Other Financing Uses	100,000	-	-	-	-	-
Expenditure Totals	<u>\$ 489,005</u>	<u>\$ 408,513</u>	<u>\$ 321,000</u>	<u>\$ 321,000</u>	<u>\$ 304,814</u>	<u>\$ 304,814</u>
Fund Balance at 06/30	\$ 217,852	\$ 224,339	\$ 224,339	\$ 224,339	\$ 224,339	\$ 224,339

COMPENSATED ABSENCES LIABILITY FUND

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

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

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

Police Captain Cashable Sick Leave: Refer to contract.

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

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

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

SOURCES AND USES

Fund - 2216	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ (8,869)	\$ 16,189	\$ (9,939)	\$ (9,939)	\$ (9,939)	\$ -
Revenue						
Other financing sources	\$ 179,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 209,939	\$ 200,000
Revenue Totals	\$ 179,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 209,939	\$ 200,000
Expenditures						
Personnel	\$ 153,942	\$ 226,128	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Expenditure Totals	\$ 153,942	\$ 226,128	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Fund Balance at 06/30	\$ 16,189	\$ (9,939)	\$ (9,939)	\$ (9,939)	\$ -	\$ -

The City's estimated non-current Compensated Absence Liability based on Governmental Accounting Standards Board Statement No. 16 for the fiscal year ended June 30, 2017, is \$834,061.

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.

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.

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

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

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

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

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

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

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

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

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

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

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

Library (City Manager): The Capitola Branch Library has been planned for many years. The City will begin construction of a new Capitola Branch Library in 2018.

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

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

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

SUPPLEMENTAL LAW ENFORCEMENT SERVICES

POLICE

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

The City purchased new police vehicles in FY 2016/17 and FY 2017/18. In addition to front line equipment, the Police Department transferred \$35,000 to the Equipment Fund to pay for a portion of the Police Communications Radio Tower relocation.

SOURCES AND USES

Fund - 1300 SLESF	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$101,481	\$ 97,821	\$ 7,939	\$ 7,939	\$ 7,939	\$ 10,339
Revenue						
Intergovernmental revenues	\$100,000	\$100,000	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	450	415	400	400	400	400
Other revenues	-	4,000	-	-	-	-
Revenue Totals	\$100,450	\$104,415	\$100,400	\$ 100,400	\$100,400	\$100,400
Expenditures						
Contract services	\$ 2,401	\$ 2,509	\$ 3,000	\$ 2,000	\$ 3,000	\$ 3,000
Supplies	53,128	22,105	45,000	6,358	45,000	45,000
Capital outlay	48,581	169,683	18,000	57,042	25,000	50,000
Other financing uses	-	-	35,000	35,000	25,000	-
Expenditure Totals	\$104,110	\$194,297	\$101,000	\$ 100,400	\$ 98,000	\$ 98,000
Fund Balance at 06/30	\$ 97,821	\$ 7,939	\$ 7,339	\$ 7,939	\$ 10,339	\$ 12,739

SANTA CRUZ COUNTY ANTI-CRIME TEAM

POLICE

The Santa Cruz County Anti-Crime Team (SCCACT) was a joint task force that included participation by all county law enforcement agencies (either staffing or funding) to address violent crime and the sale of narcotics that support criminal street gang activity in and around Santa Cruz County. The District Attorney's Office disbanded the team in 2016.

SOURCES AND USES

Fund - 1301 SCC Anti-Crime Team	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	Propose d	FY19/20 Planned
Beginning Fund Balance	\$ (209)	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue						
Other revenues	\$42,616	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$42,616	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Personnel	\$42,407	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$42,407	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fund closed 6/30/2016.

RTC STREETS

PUBLIC WORKS

This fund accounts for receipts and expenditures of money received from the Santa Cruz County Regional Transportation Commission. The FY 2017/18 budget includes a \$470,000 grant to improve the street maintenance program funded by the RTC.

A description of proposed projects is listed in the summary section of this budget.

SOURCES AND USES

Fund - 1309 RTC Streets	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance				\$ -	\$ -	\$ -
Revenue						
Intergovernmental revenues	\$ -		\$285,000	\$285,000	770,000	\$300,000
Other financing sources	-		200,000	200,000		-
Revenue Totals	\$ -	\$ -	\$485,000	\$485,000	\$ 770,000	\$300,000
Expenditures						
Contract services	\$ -					
Capital outlay	-		\$485,000	\$485,000	\$ 770,000	\$300,000
Expenditure Totals	\$ -	\$ -	\$485,000	\$485,000	\$ 770,000	\$300,000
Fund Balance at 06/30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

1309 RTC Streets Fund was established during FY 2016-17.

GAS TAX

PUBLIC WORKS

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

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

SOURCES AND USES

Fund - 1310 Gas Tax	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 83,211	\$ (40,123)	\$ -	\$ -	\$ -	\$ 423
Revenue						
Intergovernmental revenues	\$221,561	\$196,748	\$289,421	\$ 230,889	\$261,423	\$261,423
Use of money & property	233	-	-	-	-	-
Other revenues	6,775	-	-	-	-	-
Other financing sources	-	40,124	-	46,511	-	-
Revenue Totals	\$228,569	\$236,872	\$289,421	\$ 277,400	\$261,423	\$261,423
Expenditures						
Capital Outlay	\$346,566	\$191,411	\$214,000	\$ 214,000	\$261,000	\$261,000
Debt service	5,337	5,338	5,400	5,400	-	-
Interfund Transfer	-	-	-	58,000	-	-
Expenditure Totals	\$351,903	\$196,749	\$219,400	\$ 277,400	\$261,000	\$261,000
Fund Balance at 06/30	\$ (40,123)	\$ -	\$ 70,021	\$ -	\$ 423	\$ 846

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	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance				\$ -	\$ -	\$168,750
Revenue						
Intergovernmental revenues	\$ -		\$ 58,532	\$ 58,532	\$ 168,750	\$168,750
Other financing sources	-		-	-		-
Revenue Totals	\$ -	\$ -	\$ 58,532	\$ 58,532	\$ 168,750	\$168,750
Expenditures						
Contract services						
Capital outlay	\$ -		\$ 58,532	\$ 58,532	\$ -	\$337,500
Expenditure Totals	\$ -	\$ -	\$ 58,532	\$ 58,532	\$ -	\$337,500
Fund Balance at 06/30	\$ -	\$ -	\$ -	\$ -	\$ 168,750	\$ -

1308 RMRA SB 1 Fund was established during FY 2017-18.

WHARF

PUBLIC WORKS

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

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

SOURCES AND USES

Fund - 1311 Wharf	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 93,858	\$ 84,426	\$ 84,009	\$ 84,009	\$ (708)	\$ (10,208)
Revenue						
Use of money & property	\$ 80,471	\$ 96,041	\$ 85,700	\$ 85,700	\$ 85,100	\$ 42,550
Other financing sources	-	-	47,800	47,800	-	-
Revenue Totals	\$ 80,471	\$ 96,041	\$133,500	\$133,500	\$ 85,100	\$ 42,550
Expenditures						
Contract services	\$ 80,080	\$ 85,393	\$ 86,100	\$ 86,100	\$ 85,100	\$ 42,550
Supplies	9,823	11,065	9,500	9,500	9,500	4,750
Capital Outlay	-	-	126,300	122,617	-	-
Expenditure Totals	\$ 89,903	\$ 96,458	\$221,900	\$218,217	\$ 94,600	\$ 47,300
Fund Balance at 06/30	\$ 84,426	\$ 84,009	\$ (4,391)	\$ (708)	\$ (10,208)	\$ (14,958)

GENERAL PLAN UPDATE & MAINTENANCE

COMMUNITY DEVELOPMENT

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

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

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

SOURCES AND USES

Fund - 1313 General Plan	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 103,471	\$ 60,235	\$ 26,780	\$ 26,780	\$ 51,437	\$ 54,437
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	81,529	55,737	75,000	80,838	50,000	50,000
Use of money & property	446	538	-	319	-	-
Revenue Totals	\$ 81,975	\$ 56,275	\$ 75,000	\$ 81,157	\$ 50,000	\$ 50,000
Expenditures						
Contract services	\$123,348	\$ 88,662	\$ 56,000	\$ 56,000	\$ 47,000	\$ 37,000
Supplies	1,863	1,068	-	500	-	-
Expenditure Totals	\$125,211	\$ 89,730	\$ 56,000	\$ 56,500	\$ 47,000	\$ 37,000
Fund Balance at 06/30	\$ 60,235	\$ 26,780	\$ 45,780	\$ 51,437	\$ 54,437	\$ 67,437

GREEN BUILDING

COMMUNITY DEVELOPMENT

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

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

SOURCES AND USES

Fund - 1314	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
Green Building	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$118,036	\$118,464	\$124,572	\$124,572	\$149,621	\$133,621
Revenue						
Charges for services	\$ 15,928	\$ 8,064	\$ 18,000	\$ 28,049	\$ 22,000	\$ 22,000
Revenue Totals	\$ 15,928	\$ 8,064	\$ 18,000	\$ 28,049	\$ 22,000	\$ 22,000
Expenditures						
Contract services	\$ 15,500	\$ 1,956	\$ 20,000	\$ 2,000	\$ 35,000	\$ 15,000
Training & Memberships	-	-	2,000	500	1,000	1,000
Supplies	-	-	2,000	500	2,000	2,000
Expenditure Totals	\$ 15,500	\$ 1,956	\$ 24,000	\$ 3,000	\$ 38,000	\$ 18,000
Fund Balance at 06/30	\$118,464	\$124,572	\$118,572	\$149,621	\$133,621	\$137,621

PUBLIC ART

CITY MANAGER

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

Completed Art Projects

- Historical directional signs
- Sea Kelp Medallion on Esplanade Park
- Sea Wall tiles
- Graphic traffic box art
- Wharf Road Mural & 41st Ave median
- Bay Avenue tile mural
- Esplanade kiosk
- 41st Avenue street median
- Extension of Wharf Road mural

SOURCES AND USES

Fund - 1315 Public Art	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$232,489	\$251,988	\$248,795	\$248,795	\$205,005	\$202,005
Revenue						
Charges for services	\$ 24,000	\$ 3,330	\$ 15,000	\$ 37,210	\$100,000	\$ 25,000
Revenue Totals	\$ 24,000	\$ 3,330	\$ 15,000	\$ 37,210	\$100,000	\$ 25,000
Expenditures						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000
Contract services	4,483	6,468	81,000	81,000	100,000	50,000
Supplies	18	55	-	-	-	-
Expenditure Totals	\$ 4,501	\$ 6,523	\$ 81,000	\$ 81,000	\$103,000	\$ 53,000
Fund Balance at 06/30	\$251,988	\$248,795	\$182,795	\$205,005	\$202,005	\$174,005

TECHNOLOGY FEE

COMMUNITY DEVELOPMENT

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

SOURCES AND USES

Fund - 1317 Technology Fee	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 50,154	\$ 49,576	\$ 47,435	\$ 47,435	\$ 44,777	\$ 41,277
Revenue						
Charges for services	\$ 12,670	\$ 11,848	\$ 11,000	\$ 12,342	\$ 11,500	\$ 11,500
Revenue Totals	\$ 12,670	\$ 11,848	\$ 11,000	\$ 12,342	\$ 11,500	\$ 11,500
Expenditures						
Contract services	\$ 9,373	\$ 8,783	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Supplies	3,875	5,206	5,000	5,000	5,000	5,000
Expenditure Totals	\$ 13,248	\$ 13,989	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Fund Balance at 06/30	\$ 49,576	\$ 47,435	\$ 43,435	\$ 44,777	\$ 41,277	\$ 37,777

PUBLIC EDUCATION/GOVERNMENT CABLE TV ACCESS (PEG)

CITY MANAGER

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

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

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

SOURCES AND USES

Fund - 1320 Public Education & Gov't.	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 50,086	\$ 58,225	\$ 75,090	\$ 75,090	\$ 75,855	\$ 67,655
Revenue						
Licenses and permits	\$ 17,221	\$ 16,505	\$ 16,000	\$ 11,000	\$ 16,000	\$ 16,000
Use of money & property	201	470	100	425	200	200
Revenue Totals	\$ 17,422	\$ 16,975	\$ 16,100	\$ 11,425	\$ 16,200	\$ 16,200
Expenditures						
Contract services	\$ -	\$ 110	\$ 7,500	\$ -	\$ 5,000	\$ 5,000
Supplies	9,283	-	-	10,660	14,400	15,000
Capital Outlay	-	-	7,500	-	5,000	5,000
Expenditure Totals	\$ 9,283	\$ 110	\$ 15,000	\$ 10,660	\$ 24,400	\$ 25,000
Fund Balance at 06/30	\$ 58,225	\$ 75,090	\$ 76,190	\$ 75,855	\$ 67,655	\$ 58,855

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. The governing State law requires certain annual actions and public hearing to continue this assessment district. The program is run with the assistances of a BIA Board of Directors. The BIA Directors will provide their budget proposal to Council in a separate document and public hearing.

SOURCES AND USES

Fund - 1321 CVWBIA	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 839	\$ (2)	\$ 11,849	\$ 11,849	\$ 10,536	\$ 8,952
Revenue						
Charges for services	\$ 70,374	\$ 71,228	\$ 73,000	\$ 73,298	\$ 74,600	\$ 74,600
Use of money & property	97	186	100	389	150	150
Other Revenue	-	-	-	3,189		
Revenue Totals	\$ 70,471	\$ 71,414	\$ 73,100	\$ 73,687	\$ 74,750	\$ 74,750
Expenditures						
Contract services	\$ 57,312	\$ 41,593	\$ 60,950	\$ 50,000	\$ 62,934	\$ 62,934
Supplies	14,000	17,970	13,800	25,000	13,400	13,400
Expenditure Totals	\$ 71,312	\$ 59,563	\$ 74,750	\$ 75,000	\$ 76,334	\$ 76,334
Fund Balance at 06/30	\$ (2)	\$ 11,849	\$ 10,199	\$ 10,536	\$ 8,952	\$ 7,368

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

COMMUNITY DEVELOPMENT

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

In recent years, the City has been awarded with CDBG grants to fund the Green Economy/Environmental Economic Analysis and 41st Avenue/Capitola Mall Re-Visioning Plan and a 2008 Disaster Recovery Initiative (DRI) grant for \$250,000 to develop the City's Local Hazard Mitigation Plan (LHMP) and Safety Element of the General Plan Update. In 2014, the City was awarded with a \$500,000 CDBG grant to reinstate the City's Housing Rehabilitation and Mortgage Assistance Programs. The City has applied for a \$2.7 million in CDBG funds and anticipates receiving notification in FY 2018/19.

SOURCES AND USES

Fund - 1350 CDBG Grants	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 30,659	\$(130,092)	\$ 25,664	\$ 25,664	\$ 41,903	\$ 41,903
Revenue						
Intergovernmental revenues	\$ 17,338	\$ 278,363	\$ 100,000	\$ 198,610	\$ -	\$ -
Revenue Totals	\$ 17,338	\$ 278,363	\$ 100,000	\$ 198,610	\$ -	\$ -
Expenditures						
Contract services	\$ 20,373	\$ 8,907	\$ 20,000	\$ 10,600	\$ -	\$ -
Grants and subsidies	157,716	113,700	80,000	171,771	-	-
Expenditure Totals	\$ 178,089	\$ 122,607	\$ 100,000	\$ 182,371	\$ -	\$ -
Fund Balance at 06/30	\$(130,092)	\$ 25,664	\$ 25,664	\$ 41,903	\$ 41,903	\$ 41,903

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. Fiscal Year 07/08 was the last time the City qualified under this requirement. The applicable funds have since been distributed and the restricted fund closed.

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

SOURCES AND USES

Fund - 1351	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
CDBG Program Income	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ (3,069)	\$ (1,094)	\$ 29,096	\$ 29,096	\$ 29,251	\$ 29,251
Revenue						
Use of money & property	\$ 2,000	\$ 30,190	\$ -	\$ 155	\$ -	\$ -
Revenue Totals	\$ 2,000	\$ 30,190	\$ -	\$ 155	\$ -	\$ -
Expenditures						
Contract services	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ (1,094)	\$ 29,096	\$ 29,096	\$ 29,251	\$ 29,251	\$ 29,251

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 to be 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 \$8.0 million from the bonds to be used towards the construction of the new branch library bringing the City's total available funds to \$10.6 million.

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

The FY 2018/19 proposed budget includes funds to start the construction of the library. The final construction cost is estimated at \$13.15 million with a funding plan developed in FY 2017/18. The FY 2018/19 proposed budget includes a remaining funding gap of \$117,367 that staff will make recommendations during the year on options to close the gap.

SOURCES AND USES

Fund - 1360 Library	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ -	\$ (4,187)	\$ 392,608	\$ 392,608	\$ 1,147,437	\$ 1,147,437
Revenue						
Intergovernmental	\$ 23,300	\$846,254	\$ 9,777,300	\$ 575,000	\$10,090,000	\$ 338,185
Other financing sources	-	1,132	999,129	1,281,129	-	-
Revenue Totals	\$ 23,300	\$847,386	\$10,776,429	\$1,856,129	\$10,090,000	\$ 338,185
Expenditures						
Capital Outlay	\$ 27,487	\$450,591	\$10,131,429	\$1,101,300	\$10,090,000	\$ 1,485,622
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 27,487	\$450,591	\$10,131,429	\$1,101,300	\$10,090,000	\$ 1,485,622
Fund Balance at 06/30	\$ (4,187)	\$392,608	\$ 1,037,608	\$1,147,437	\$ 1,147,437	\$ -

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.

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

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

SOURCES AND USES

Fund - 1370	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
HOME Reuse	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 83,630	\$178,438	\$196,805	\$196,805	\$205,905	\$214,205
Revenue						
Use of money & property	\$ 98,968	\$ 21,567	\$ 12,300	\$ 12,300	\$ 11,500	\$ 11,500
Revenue Totals	\$ 98,968	\$ 21,567	\$ 12,300	\$ 12,300	\$ 11,500	\$ 11,500
Expenditures						
Contract services	\$ 4,160	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 4,160	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200
Fund Balance at 06/30	\$178,438	\$196,805	\$205,905	\$205,905	\$214,205	\$222,505

HOUSING TRUST

COMMUNITY DEVELOPMENT

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

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

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

SOURCES AND USES

Fund - 1372 Housing Trust	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 67,242	\$ 25,307	\$ 25,070	\$ 25,070	\$ 60,003	\$ 38,003
Revenue						
Charges for services	\$ 23,028	\$ 24,763	\$ 25,000	\$ 59,933	\$ 28,000	\$ 28,000
Revenue Totals	\$ 23,028	\$ 24,763	\$ 25,000	\$ 59,933	\$ 28,000	\$ 28,000
Expenditures						
Contract services	\$ 14,963	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	50,000	25,000	25,000	25,000	50,000	25,000
Expenditure Totals	\$ 64,963	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 25,000
Fund Balance at 06/30	\$ 25,307	\$ 25,070	\$ 25,070	\$ 60,003	\$ 38,003	\$ 41,003

CAPITOLA HOUSING SUCCESSOR

COMMUNITY DEVELOPMENT

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

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

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

SOURCES AND USES

Fund - 5552	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
Capitola Housing	Actual	Actual	Adopted	Estimated Proposed	Proposed	Planned
Beginning Fund Balance	\$ 89,143	\$110,378	\$196,948	\$196,948	\$173,974	\$136,474
Revenue						
Use of money & property	\$ 57,457	\$140,314	\$ -	\$ 2,001	\$ -	\$ -
Other revenues	4,000	782	-	25	-	-
Revenue Totals	\$ 61,457	\$141,096	\$ -	\$ 2,026	\$ -	\$ -
Expenditures						
Contract Services	\$ 5,072	\$ 24,420	\$ 30,000	\$ 5,000	\$ 5,000	\$ 5,000
Supplies	150	50	-	-	-	-
Grants and Subsidies	35,000	30,056	30,000	20,000	32,500	32,500
Expenditure Totals	\$ 40,222	\$ 54,526	\$ 60,000	\$ 25,000	\$ 37,500	\$ 37,500
Fund Balance at 06/30	\$110,378	\$196,948	\$136,948	\$173,974	\$136,474	\$ 98,974

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 2017-18 an additional \$500,000 was deposited into the Trust to add to the original \$300,000 deposit.

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

EMERGENCY RESERVES

The City of Capitola adopted an Emergency Reserve Policy as part of the City's Financial Management Policies. This reserve protects against significant one-time costs that arise from major unpredictable emergency events. In FY 2012/13, the City amended the Financial Management Policies to increase the funding level of Emergency Reserves from five to ten percent of the General Fund budgeted expenditures, or approximately \$1,260,000, by 2016.

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

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

In FY 2014/15 and FY 2015/16, \$465,100 and \$213,000, respectively, were budgeted for transfer to the fund to prepare for any unforeseeable emergencies and to meet the new Emergency Reserve targeted levels. As the chart below shows, the reserve balance met its target level in FY 2015/16. The FY 2017/18 budget of \$67,000 ensured that the reserve continued to meet or exceed its target level based on new expenditure levels. The FY 2018/19 budget does not include additional contributions as the reserve is above its target level.

SOURCES AND USES

Fund - 1020	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Adopted	FY19/20 Planned
Beginning Fund Balance	\$ 1,049,206	\$ 1,262,206	\$ 1,277,206	\$ 1,277,206	\$ 1,344,206	\$ 1,344,206
Revenue						
Other Financing Sources	\$ 213,000	\$ 15,000	\$ 67,000	\$ 67,000	\$ -	\$ 71,541
Revenue Totals	\$ 213,000	\$ 15,000	\$ 67,000	\$ 67,000	\$ -	\$ 71,541
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 1,262,206	\$ 1,277,206	\$ 1,344,206	\$ 1,344,206	\$ 1,344,206	\$ 1,415,747
Gen. Fund Exp. - Excl. Tfrs & Isf	\$11,696,528	\$12,183,346	\$12,480,774	\$11,451,360	\$13,072,229	\$14,157,469
Target Balance (10%)	\$ 1,169,653	\$ 1,218,335	\$ 1,248,077	\$ 1,145,136	\$ 1,307,223	\$ 1,415,747
Over / (Short) of Target	\$ 92,553	\$ 58,871	\$ 96,129	\$ 199,070	\$ 36,983	\$ 0

CONTINGENCY RESERVES

The City of Capitola adopted a Contingency Reserve Policy as part of the City's Financial Management Policies. This reserve was established to provide a prudent level of financial resources to protect against temporary revenue shortfalls, unanticipated operating costs, and/or to meet short-term cash flow requirements. In FY 2012/13, the City amended the Financial Management Policies to increase the Contingency Reserve target from 10 to 15 percent of General Fund budgeted expenditures, or approximately \$1,890,000, by 2016.

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

In FY 2014/15 and FY 2015/16, a total of \$182,600 and \$89,400 were transferred to the fund to meet the new Contingency Reserve targeted levels. The FY 2017/18 budget of \$133,000 ensured that the reserve fund continued to meet or exceed its target level based on new expenditure levels. The FY 2018/19 does not include any contributions as the reserve fund is above its target balance.

SOURCES AND USES

Fund - 1010	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 1,803,946	\$ 1,893,346	\$1,903,346	\$1,903,346	\$2,036,346	\$2,036,346
Revenue						
Other Financing Sources	\$ 89,400	\$ 10,000	\$ 133,000	\$ 133,000	\$ -	\$ 87,274
Revenue Totals	<u>\$ 89,400</u>	<u>\$ 10,000</u>	<u>\$ 133,000</u>	<u>\$ 133,000</u>	<u>\$ -</u>	<u>\$ 87,274</u>
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	\$ 1,893,346	\$1,903,346	\$2,036,346	\$2,036,346	\$2,036,346	\$2,123,620
Gen. Fund Exp. - Excl. Tfrs & Isf	\$11,696,528	\$12,183,346	\$12,480,774	\$11,451,360	\$13,072,229	\$14,157,469
Target Balance (15%)	\$ 1,754,479	\$ 1,827,502	\$ 1,872,116	\$ 1,717,704	\$ 1,960,834	\$ 2,123,620
Over / (Short) of Target	\$ 138,867	\$ 75,844	\$ 164,230	\$ 318,642	\$ 75,512	\$ (0)

PERS CONTINGENCY RESERVES

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

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

In December 2016, \$300,000 was invested in a moderately conservative trust fund with Public Agency Retirement Services (PARS). The FY 17/18 budget transferred an additional \$500,000 into the PERS trust fund to offset rising pension costs.

SOURCES AND USES

Fund - 1015	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Adopted	FY19/20 Planned
Beginning Fund Balance	\$ -	\$ 300,000	\$ 305,000	\$ 305,000	\$ 815,000	\$ 825,000
Revenue						
Use of money & property		5,000	10,000	10,000	10,000	10,000
Other Financing Sources	300,000	\$ -	\$ 500,000	500,000	-	-
Revenue Totals	\$ 300,000	\$ 5,000	\$ 510,000	\$ 510,000	\$ 10,000	\$ 10,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 300,000	\$ 305,000	\$ 815,000	\$ 815,000	\$ 825,000	\$ 835,000

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 2018/19 budget includes funds for facility maintenance.

SOURCES AND USES

Fund - 1025	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 79,870	\$ 229,870	\$ 339,870	\$ 339,870	\$ 324,870	\$ 324,870
Revenue						
Other Financing Sources	150,000	110,000	110,000	110,000	110,000	10,000
Revenue Totals	\$ 150,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 10,000
Expenditures						
Contract Services	\$ -	\$ -	\$ 125,000	\$ 125,000	\$ 110,000	\$ 110,000
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ -	\$ 125,000	\$ 125,000	\$ 110,000	\$ 110,000
Fund Balance at 06/30	\$ 229,870	\$ 339,870	\$ 324,870	\$ 324,870	\$ 324,870	\$ 224,870

MULTI-YEAR ASSETS & OBLIGATIONS



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MULTI-YEAR ASSETS & OBLIGATIONS

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

2007 Pension Obligation Bonds: The City of Capitola issued Taxable Pension Obligation Bonds of \$5,040,000 dated July 13, 2007, to finance the public employee retirement system (PERS) unfunded liability. The final debt payment will be made in August 2017.

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 eight 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, 2018	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 806,431	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 21,482,737	Actuarial	N/A	Pension Liability to CalPERS.
Pacific Cove Lease Financing	\$ 1,295,592	Financing Lease	20 years	\$2,390,000 loan - 20 year term beginning 9/2012, 3.25% fixed rate through 10 years, then resets to 10 Yr. T-Bill + 1.5%.
Beach & Village Parking Lot II Lease Financing	\$ 1,144,764	Tax Exempt Lease	20 years	\$1,372,500 I-Bank loan - 20 year term beginning FY 2013/14, 2.26% interest.
Total City Multi-Year Obligation	\$ 24,729,523			

(a) Compensated absences and Net Pension Liability are as of June 30, 2017.

JPA Bond Obligations	Original Principal	Form of payment	Original Obligation	Other Terms
Monterey Bay Area Self-Insurance Authority (MBASIA) JPA Bond	\$ 5,150,000	JPA membership and paid via premiums	30 years	On Oct. 1, 2004, MBASIA issued \$5.15 million in debt. The debt service is included in the MBASIA budget and used to determine each member agency's premium.
Santa Cruz Consolidated Emergency Communications Center (SCCECC) JPA Bond	\$ 3,965,000	JPA membership and paid via premiums	22 years	In 2002, SCCECC issued \$5.76 million in lease revenue refunding bonds, which were refinanced in April 2012, at \$3,965,000. Payments are made to Santa Cruz Regional 911 from the Police Department's contracts services budget. The Use Agreement between Capitola and SCCECC is effective through 2024.
Monterey Bay Clean Energy	\$ 136,364	JPA letter of credit	n/a	City portion to fund initial start up cost, strictly credit pledge. Anticipated to be released back to the City during FY 2018-19.

PACIFIC COVE LEASE FINANCING

DEBT SERVICE

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

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

SOURCES AND USES

Fund - 1420	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 330,403	\$ 131,520	\$ 132,032	\$ 132,032	\$ 132,032	\$ 132,032
Revenue						
Use of money & property	\$ 1,116	\$ 636	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	214,416	165,066	165,066	165,066	165,066	165,066
Revenue Totals	\$ 215,532	\$ 165,702	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066
Expenditures						
Contract Services	\$ 49,350	\$ 124	\$ -	\$ -	\$ -	\$ -
Debt Service	165,065	165,066	165,056	165,066	165,066	165,066
Other financing uses	200,000	-	-	-	-	-
Expenditure Totals	\$ 414,415	\$ 165,189	\$ 165,056	\$ 165,066	\$ 165,066	\$ 165,066
Fund Balance at 06/30	\$ 131,520	\$ 132,032	\$ 132,042	\$ 132,032	\$ 132,032	\$ 132,032

Pacific Cove Financing Lease Debt Service

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

BEACH & VILLAGE PARKING II – LEASE FINANCING

DEBT SERVICE

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

This project improved parking capacity for Capitola Village, Capitola Beach, and Capitola Wharf, and is especially helpful during peak seasons. The additional parking spaces are also anticipated to facilitate the development of a hotel. The parking lot contributes about \$44,000 annual revenue to the General Fund and the I-Bank annual debt service of \$165,000 is paid with funds transferred from the General Fund.

SOURCES AND USES

Fund - 1421	FY15/16	FY16/17	FY17/18	FY17/18	FY18/19	FY19/20
	Actual	Actual	Adopted	Estimated	Proposed	Planned
Beginning Fund Balance	\$ (38,371)	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ 0	\$ 0
Revenue						
Interfund Transfers	\$ 89,400	\$ 89,192	\$ 89,004	\$ 128,189	\$ 88,812	\$ 88,816
Other Financing Sources	161	-	-	-	-	-
Revenue Totals	\$ 89,561	\$ 89,192	\$ 89,004	\$ 128,189	\$ 88,812	\$ 88,816
Expenditures						
Construction Svcs. & Supplies	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	89,375	89,192	89,004	89,004	88,812	88,816
Expenditure Totals	\$ 90,375	\$ 89,192	\$ 89,004	\$ 89,004	\$ 88,812	\$ 88,816
Fund Balance at 06/30	\$ (39,185)	\$ (39,185)	\$ (39,185)	\$ 0	\$ 0	\$ 0

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

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

SUCCESSOR AGENCY



SUCCESSOR AGENCY

CAPITOLA OVERSIGHT BOARD

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

FISCAL YEAR ACCOMPLISHMENTS - 2017/18

- Received approval for reimbursement of 57% of reinstated \$618,028 City co-op loan
- Received approval for ROPS 16-17 and 17-18
- Completed annual SB341 Housing Successor Status

FISCAL YEAR GOALS - 2018/19

FISCAL POLICY

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

SOURCES AND USES

Fund - 5501 Successor Agency	FY15/16 Actual	FY16/17 Actual	FY17/18 Adopted	FY17/18 Estimated	FY18/19 Proposed	FY19/20 Planned
Beginning Fund Balance	\$ 216,970	\$ 382,836	\$ 814,377	\$ 814,377	\$ 395,006	\$ 380,006
Revenue						
Intergovernmental	\$ 708,956	\$ 711,024	\$ 595,000	\$ 308,375	\$ 264,387	\$ -
Revenue Totals	\$ 708,956	\$ 711,024	\$ 595,000	\$ 308,375	\$ 264,387	\$ -
Expenditures						
Contract Services	\$ 60,000	\$ 40,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Grants and subsidies	202,024	124,612	202,024	79,812	202,024	-
Debt service	11,866	1,339	354,129	354,129	47,363	-
Other financing uses	269,200	113,532	50,805	263,805	-	-
Expenditure Totals	\$ 543,090	\$ 279,483	\$ 636,958	\$ 727,746	\$ 279,387	\$ -
Fund Balance at 06/30	\$ 382,836	\$ 814,377	\$ 772,419	\$ 395,006	\$ 380,006	\$ 380,006