



**AGENDA**  
**FINANCE ADVISORY COMMITTEE**  
**REGULAR MEETING**  
**TUESDAY MAY 21, 2024**  
**6:00 PM**  
**CITY HALL COMMUNITY ROOM**  
**420 CAPITOLA AVENUE, CAPITOLA, CA 95010**

**CALL TO ORDER AND ROLL CALL**

Committee Members: Mayor Kristen Brown, Vice Mayor Yvette Brooks, Chairperson Michelle Coffman, Vice Chairperson Anthony Rovai, Laura Alioto

**ORAL COMMUNICATIONS** *(No action may be taken)*

*The Chair may announce and set time limits at the beginning of each agenda item.*

*The Committee Members may not discuss Oral Communications to any significant degree but may request issues raised be placed on a future agenda.*

**OTHER BUSINESS** *The Chair may announce and set time limits for speakers at the beginning of each agenda item.*

| <b>Topic</b>   | <b>Who</b> | <b>Min.</b> |
|--|------------|-------------|
| <b>A. FY 2024-25 Proposed Budget Follow-Up</b>                           | Fin        | 15          |
| <b>B. Discussion on annual update, if any, to City Investment Policy</b> | Fin Dir    | 10          |
| <b>C. City Council Compensation</b>                                      | Fin Dir    | 25          |
| <b>D. Discussion of Items for Next Agenda</b>                            | All        | 10          |

**ADJOURNMENT**

**Notice:** The Finance Advisory Committee meets on the Tuesday every other month at 6:00 PM in the Community Room in City Hall located at 420 Capitola Avenue, Capitola.

**Agenda and Agenda Packet Materials:** The Finance Advisory Committee Agenda is available on the City's website: [www.cityofcapitola.org/](http://www.cityofcapitola.org/) on Friday prior to the Tuesday meeting. If you need additional information, please contact the Finance Department at (831) 475-7300.

**Americans with Disabilities Act:** Disability-related aids or services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Assisted listening devices are available for individuals with hearing impairments at the meeting in the City Council Chambers. Should you require special accommodation to participate in the meeting due to a disability, please contact the City Clerk's office at least 24-hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.

**Appeals:** Any person who believes that a final action of this advisory body has been taken in error may appeal that decision to the City Council. Appeals must be in writing and delivered to the City Clerk's Office within ten (10) working days from the time of the boards' decision. The notice of appeal shall set forth appellant's name, phone number, address to which notices may be sent to the appellant, and the grounds upon which the appeal is made.

# Finance Advisory Committee

## Agenda Report



**Meeting:** May 21, 2024

**From:** Finance Department

**Subject:** FY 2024-25 Proposed Budget

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**Recommended Action:** Receive report from staff and consider recommendations for the City Council

**Discussion:** The City of Capitola proposed Fiscal Year (FY) 2024-25 and FY 2025-26 Budget is a two-year financial plan. This plan incorporates the use of available resources programmed toward City Council goals and key projects. The proposed budget was prepared based on a combination of known factors, such as increases in CalPERS (Public Employees' Retirement System) costs, and conservative estimates for both revenues and expenditures.

The budget is the City's operating plan and a primary mechanism by which the Council's goals and vision for the City are transmitted to staff for implementation.

The document is organized to present information in several ways. General Fund revenues and expenditures are shown to provide information about longer-term patterns and overall fiscal stability, then revenues and expenditures for the City's various departments are shown to provide additional detail and information about the City's programs and projects.

Overall, the FY 2024-25 proposed budget is structurally balanced as well as projections for FY 2025-26 and 2026-27. However, current financial forecasts show that with the expiration of the Measure F in December 2027 the budget becomes unbalanced beginning in FY 2027-28. The FY 2024-25 budget maintains services for residents of Capitola while simultaneously providing resources to address City Council Goals & Priorities. Nevertheless, the City must also remain focused on the long-term budget picture, which includes unpredictable CalPERS costs, and a challenging economy in coming years.

The Finance Advisory Committee (FAC) met on May 14<sup>th</sup> and the City Council on May 16<sup>th</sup> to review the FY 2024-25 Proposed Budget. Items that were identified for follow-up are listed below:

- McGregor Park
  - The City has received a \$30,000 donation plus a verbal commitment for an additional \$20,000 for improvements to the bike track at McGregor Park. Staff looked into paving the track, however the cost is estimated to be \$80,000.
- Eviction Defense Collaborative
  - Investigate potential \$5,000 - \$10,000 contribution.

Amendments that were discussed at the City Council and FAC meetings are as follows:

- Personnel Costs
  - Reduced \$20,631
- LAFCO Sphere of Influence study

- The City has received \$15,000 from LAFCO to assist in moving the study forward which has now been programmed in FY 2024-25 revenues and expenditures.
- Community Development Department - Building Division
  - Revenue and expenditure increased by \$30,000 due to several large projects.

The result of these changes has increased the estimated general fund ending balance by \$20,163 for a total of \$848,057 with \$100,000 designated for the employee downpayment assistance program.

Attachments:

1. Attachment 1: FY 2024-25 Proposed Budget

Report Prepared By: Report Prepared By: Jim Malberg, Finance Director



# PROPOSED BUDGET

## FISCAL YEAR 2024-25



**CITY OF CAPITOLA**  
Capitola, California



**CITY COUNCIL**

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

Jamie Goldstein, City Manager

Andy Dally, Chief of Police  
Jessica Kahn, Public Works Director  
Jim Malberg, Finance Director / Treasurer  
Katie Herlihy, Community Development Director  
Nikki Bryant LeBlond, Community Services & Recreation Director (Proposed)  
Chloe Woodmansee, Assistant to the City Manager  
Julia Gautho, 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 2024-25 Proposed and FY 2025-26 Planned Budget.

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

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

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

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

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

The remaining four projects and estimated damage amounts include:

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

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

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

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

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

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

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

## BUDGETARY GOALS AND PRINCIPLES

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

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

### Budget Principles

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

### Key Projects/Programs - Workplan

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

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

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

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

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

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

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

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

Remaining FY 2023-24 Council Goals

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

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

The City has successfully navigated the fiscal impacts from COVID-19 and is not only positioned to continue to deliver a high level of services to City residents, but also provide resources to multiple key projects city-wide.



## OTHER BUDGETARY HIGHLIGHTS AND PROPOSED CHANGES

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

### New Community Services and Recreation Department

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

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

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

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

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

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

## Youth Funding and Business Group Funding

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

## General Fund Balance

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

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

## **PRIOR YEAR ACCOMPLISHMENTS**

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

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

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

## CONCLUSION

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

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

# SUMMARY INFORMATION



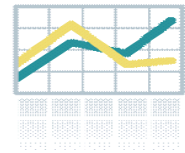
## Budget Process Overview

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

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

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

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



## **Financial Policies**

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### **Basis of Accounting**

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

### **Level of Budget Control**

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

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

### **Budget Adjustments**

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

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

### **Financial Committees and Boards**

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

#### Finance Advisory Committee

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

## General Fund Summary

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

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

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

### General Fund Summary

| Major Categories                      | FY 21/22<br>Actual  | FY 22/23<br>Actual    | FY 23/24<br>Amended   | FY 23/24<br>Estimated | FY 24/25<br>Proposed | FY 25/26<br>Planned |
|---------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|----------------------|---------------------|
| <b>Revenues</b>                       |                     |                       |                       |                       |                      |                     |
| Taxes                                 | \$ 14,514,218       | \$ 14,709,173         | \$ 14,643,970         | \$ 14,521,871         | \$ 15,106,270        | \$ 15,632,013       |
| Licenses and permits                  | 718,935             | 650,188               | 664,159               | 695,854               | 740,409              | 743,597             |
| Intergovernmental revenues            | 1,350,001           | 351,671               | 89,700                | 105,700               | 136,360              | 108,353             |
| Charges for services                  | 1,894,868           | 1,817,637             | 2,187,937             | 1,912,013             | 2,306,127            | 2,336,127           |
| Fines and forfeitures                 | 588,832             | 566,907               | 607,500               | 648,000               | 607,500              | 607,500             |
| Use of money & property               | 31,722              | 70,527                | 198,495               | 183,200               | 199,195              | 199,195             |
| Other revenues                        | 891,204             | 240,413               | 115,403               | 135,953               | 117,206              | 119,053             |
| <b>Revenues Totals</b>                | <b>\$19,989,781</b> | <b>\$18,406,515</b>   | <b>\$18,507,164</b>   | <b>\$18,202,591</b>   | <b>\$19,213,066</b>  | <b>\$19,745,838</b> |
| <b>Expenditures</b>                   |                     |                       |                       |                       |                      |                     |
| Personnel                             | \$10,273,249        | \$11,793,722          | \$11,793,722          | \$11,766,171          | \$12,625,954         | \$13,093,309        |
| Contract services                     | 3,018,482           | 3,336,801             | 3,483,368             | 3,483,368             | 3,487,981            | 3,381,956           |
| Training & Memberships                | 101,501             | 113,320               | 178,936               | 144,018               | 166,650              | 166,900             |
| Supplies                              | 671,950             | 768,110               | 631,975               | 779,626               | 817,050              | 780,000             |
| Grants and Subsidies                  | 43,650              | 101,650               | 125,000               | 125,000               | 125,000              | 125,000             |
| Internal service fund charges         | 1,196,204           | 1,444,499             | 1,617,841             | 1,617,841             | 1,453,723            | 1,642,599           |
| Other financing uses                  | 3,608,343           | 3,271,324             | 2,288,788             | 2,288,788             | 287,568              | 287,344             |
| <b>Expenditures Totals</b>            | <b>\$18,913,379</b> | <b>\$20,829,427</b>   | <b>\$20,119,630</b>   | <b>\$20,204,812</b>   | <b>\$18,963,926</b>  | <b>\$19,477,108</b> |
| <b>Impact on Fund Balance</b>         | <b>\$ 1,076,402</b> | <b>\$ (2,422,912)</b> | <b>\$ (1,612,466)</b> | <b>\$ (2,002,221)</b> | <b>\$249,140</b>     | <b>\$ 268,730</b>   |
| <b>Budgetary Fund Balance</b>         | <b>\$ 5,224,050</b> | <b>\$ 2,801,138</b>   | <b>\$ 988,672</b>     | <b>\$ 598,917</b>     | <b>\$ 848,057</b>    | <b>\$ 1,116,787</b> |
| <b>Designations</b>                   |                     |                       |                       |                       |                      |                     |
| Employee Downpayment                  |                     |                       |                       |                       | \$ (100,000)         | \$ (100,000)        |
| Infrastructure                        | \$ -                | \$ -                  | \$ -                  | \$ -                  |                      |                     |
| <b>Revised Budgetary Fund Balance</b> | <b>\$ 5,224,050</b> | <b>\$ 2,601,138</b>   | <b>\$ 988,672</b>     | <b>\$ 598,917</b>     | <b>\$ 748,057</b>    | <b>\$ 1,016,787</b> |

## Revenue Summary

|                                     | FY 21/22<br>Actual   | FY 22/23<br>Actual  | FY 23/24<br>Amended | FY 23/24<br>Estimated | FY 24/25<br>Proposed | FY 25/26<br>Planned |
|-------------------------------------|----------------------|---------------------|---------------------|-----------------------|----------------------|---------------------|
| <b>General Fund</b>                 | <b>\$ 19,989,781</b> | <b>\$18,406,515</b> | <b>\$18,507,164</b> | <b>\$18,202,591</b>   | <b>\$19,213,066</b>  | <b>\$19,745,838</b> |
| <b>Designated Reserves</b>          |                      |                     |                     |                       |                      |                     |
| Contingency Reserve                 | -                    | 131,000             | 172,000             | 172,000               | -                    | -                   |
| PERS Contingency Reserve            | (111,278)            | 250,000             | 260,000             | 260,000               | 10,000               | 10,000              |
| Emergency Reserve                   | -                    | 147,300             | 250,000             | 250,000               | -                    | -                   |
| Facility Reserve                    | -                    | -                   | -                   | -                     | -                    | -                   |
| <b>Total Designated Reserves</b>    | <b>\$ (111,278)</b>  | <b>\$ 528,300</b>   | <b>\$ 682,000</b>   | <b>\$ 682,000</b>     | <b>\$ 10,000</b>     | <b>\$ 10,000</b>    |
| <b>Debt Service</b>                 |                      |                     |                     |                       |                      |                     |
| Pac Cove Lease Financing            | 165,074              | 165,066             | 670,000             | 670,000               | -                    | -                   |
| Pacific Cove Park                   | 88,211               | 88,002              | 87,788              | 87,788                | 87,568               | 87,344              |
| <b>Total Debt Service</b>           | <b>\$ 253,285</b>    | <b>\$ 253,068</b>   | <b>\$ 757,788</b>   | <b>\$ 757,788</b>     | <b>\$ 87,568</b>     | <b>\$ 87,344</b>    |
| <b>Capital Improvement Fund</b>     | <b>\$ 342,864</b>    | <b>\$ 3,766,006</b> | <b>\$ 6,453,203</b> | <b>\$ 4,789,000</b>   | <b>\$ 7,177,000</b>  | <b>\$ 972,341</b>   |
| <b>Internal Service Funds</b>       |                      |                     |                     |                       |                      |                     |
| Stores Fund                         | \$ 20,010            | \$ 27,000           | \$ 27,000           | \$ 27,000             | \$ 27,000            | \$ 27,000           |
| Information Technology              | 201,968              | 261,570             | 510,000             | 509,390               | 272,000              | 272,000             |
| Equipment Replacement               | 461,000              | 185,000             | 570,000             | 710,000               | 65,000               | 200,000             |
| Self-Insurance Liability            | 438,930              | 955,290             | 622,136             | 622,136               | 682,428              | 715,739             |
| Workers Compensation                | 427,680              | 431,999             | 447,705             | 447,705               | 411,295              | 431,860             |
| Compensated Absences                | 220,000              | 220,000             | 225,000             | 225,000               | 200,000              | 200,000             |
| <b>Total Internal Service Funds</b> | <b>\$ 1,769,588</b>  | <b>\$ 2,080,859</b> | <b>\$ 2,401,841</b> | <b>\$ 2,541,231</b>   | <b>\$ 1,657,723</b>  | <b>\$ 1,846,599</b> |
| <b>Special Revenue Funds</b>        |                      |                     |                     |                       |                      |                     |
| SLESF-Suppl Law Enforcmnt Svc       | \$ 101,541           | \$ 107,082          | \$ 100,500          | \$ 103,044            | \$ 104,000           | \$ 104,000          |
| TOT Restricted Revenue              | 99,483               | 96,497              | 100,833             | 100,157               | 102,842              | 104,878             |
| Gas Tax                             | 242,995              | 255,825             | 284,881             | 288,502               | 274,160              | 263,905             |
| RTC Streets                         | 385,691              | 381,953             | 371,000             | 260,779               | 374,000              | 385,000             |
| SB1 RMRA                            | 208,983              | 227,379             | 248,500             | 254,869               | 252,161              | 257,204             |
| Wharf                               | 119,189              | 72,310              | -                   | 2,620                 | 20,500               | 20,500              |
| General Plan Update and Maint       | 66,975               | 127,062             | 194,750             | 108,294               | 114,375              | 50,000              |
| Green Building Education            | 13,273               | 13,459              | 3,000               | 43,457                | 15,000               | 15,000              |
| Public Arts Fee                     | -                    | -                   | 5,000               | -                     | -                    | -                   |
| Parking Reserve                     | 100,000              | 100,000             | 469,000             | 469,000               | -                    | -                   |
| Technology Fee                      | 17,845               | 14,659              | 11,500              | 14,309                | 14,500               | 14,500              |
| PEG-Public Education and Gov.       | 14,249               | 13,437              | 16,000              | 6,261                 | 16,000               | 16,000              |
| BIA-Capitola Village-Wharf BIA      | 105,842              | 145,789             | 146,684             | 146,684               | 148,600              | 148,600             |
| CDBG Grants                         | 220,191              | 168,768             | 253,335             | 253,335               | -                    | -                   |
| CDBG Program Income                 | 171                  | 1,151               | 250                 | 1,000                 | -                    | -                   |
| Library                             | 551,180              | 51,693              | 1,500               | 962                   | 1,000                | 1,000               |
| HOME Reuse                          | 14,051               | 99,530              | -                   | 64,614                | -                    | -                   |
| Housing Trust                       | 7,131                | 50,377              | 10,000              | 61,148                | 14,000               | 14,000              |
| PLHA                                | -                    | -                   | 481,732             | 105,092               | 171,825              | 185,983             |
| Cap Hsg Succ- Program Income        | 6,502                | 127,642             | 40,000              | 168,122               | 27,400               | 7,400               |
| <b>Total Special Revenue Funds</b>  | <b>\$ 2,275,294</b>  | <b>\$ 2,054,611</b> | <b>\$ 2,738,465</b> | <b>\$ 2,452,248</b>   | <b>\$ 1,650,363</b>  | <b>\$ 1,587,971</b> |
| <b>Total Revenues - All Funds</b>   | <b>\$ 24,519,533</b> | <b>\$27,089,359</b> | <b>\$31,540,461</b> | <b>\$29,424,858</b>   | <b>\$29,795,720</b>  | <b>\$24,250,093</b> |



## Expenditure Summary

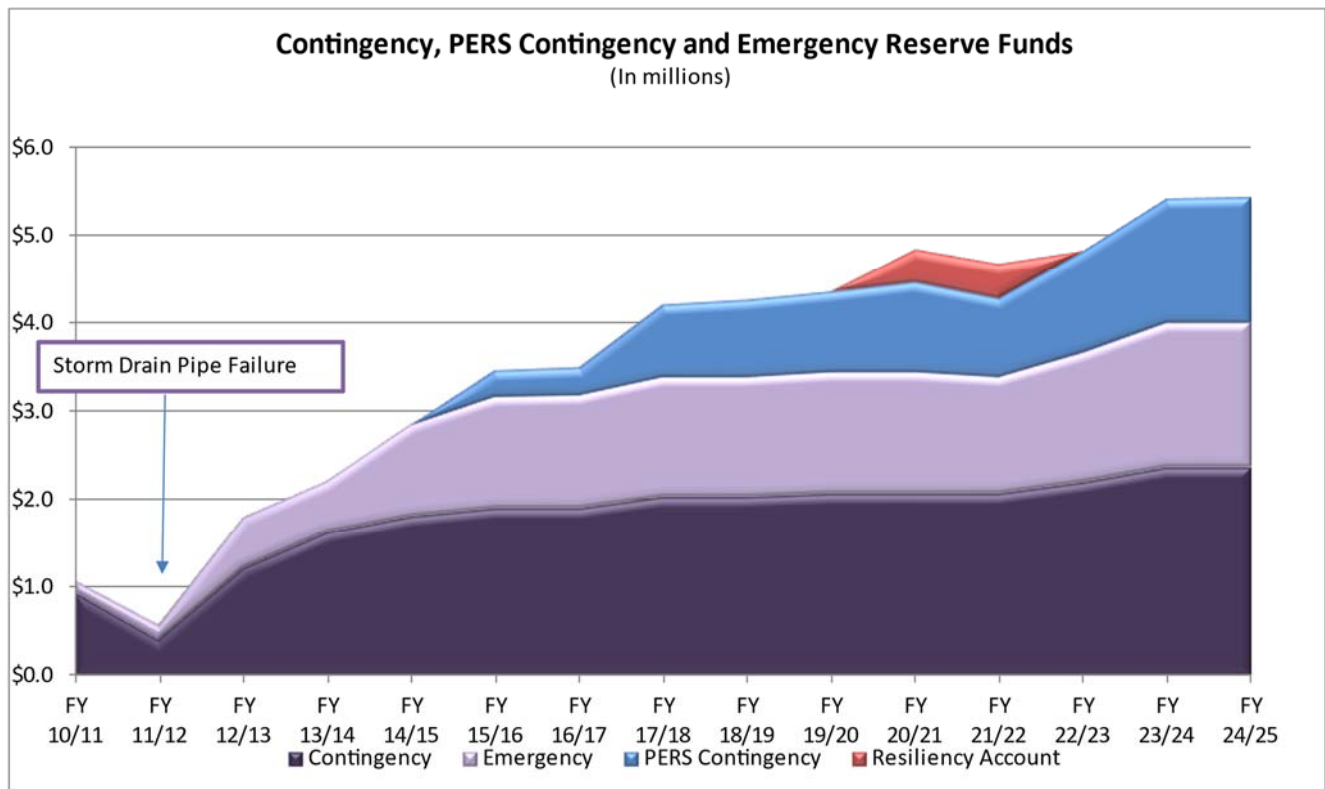
|                                       | FY 21/22<br>Actual   | FY 22/23<br>Actual   | FY 23/24<br>Amended  | FY 23/24<br>Estimated | FY 24/25<br>Proposed | FY 25/26<br>Planned  |
|---------------------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| <b>General Fund</b>                   | <b>\$ 18,913,379</b> | <b>\$ 20,829,427</b> | <b>\$ 20,119,630</b> | <b>\$ 20,204,812</b>  | <b>\$ 18,963,926</b> | <b>\$ 19,477,108</b> |
| <b>Designated Reserves</b>            |                      |                      |                      |                       |                      |                      |
| Contingency Reserve                   | -                    | -                    | -                    | -                     | -                    | -                    |
| PERS Contingency Reserve              | -                    | -                    | -                    | -                     | -                    | -                    |
| Emergency Reserve                     | 60,000               | -                    | 80,000               | 80,000                | -                    | -                    |
| Facilities Reserve                    | 90,116               | -                    | -                    | -                     | -                    | -                    |
| <b>Total Designated Reserves</b>      | <b>\$ 150,116</b>    | <b>\$ -</b>          | <b>\$ 80,000</b>     | <b>\$ 80,000</b>      | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Debt Service</b>                   |                      |                      |                      |                       |                      |                      |
| Pac Cove Lease Financing              | 165,066              | 165,066              | 725,000              | 649,940               | -                    | -                    |
| Pac Cove Park                         | 88,211               | 88,002               | 87,788               | 87,788                | 87,568               | 87,344               |
| <b>Total Debt Service Funds</b>       | <b>\$ 253,277</b>    | <b>\$ 253,068</b>    | <b>\$ 812,788</b>    | <b>\$ 737,728</b>     | <b>\$ 87,568</b>     | <b>\$ 87,344</b>     |
| <b>Capital Improvement Fund</b>       | <b>\$ 1,057,024</b>  | <b>\$ 1,476,467</b>  | <b>\$ 6,863,140</b>  | <b>\$ 1,386,500</b>   | <b>\$ 12,686,300</b> | <b>\$ 1,190,000</b>  |
| <b>Internal Service Funds</b>         |                      |                      |                      |                       |                      |                      |
| Stores                                | \$ 23,690            | \$ 29,759            | \$ 27,000            | \$ 27,000             | \$ 27,000            | \$ 27,000            |
| Information Technology                | 174,084              | 299,723              | 626,000              | 650,000               | 272,000              | 272,000              |
| Equipment Replacement                 | 178,703              | 275,161              | 403,404              | 1,008,650             | 140,000              | 200,000              |
| Self-Insurance Liability              | 586,251              | 656,222              | 622,138              | 720,406               | 682,428              | 715,739              |
| Workers' Compensation                 | 379,401              | 681,777              | 447,705              | 446,257               | 411,295              | 431,860              |
| Compensated Absences                  | 372,970              | -                    | 225,000              | 225,000               | 200,000              | 200,000              |
| <b>Total Internal Service Funds</b>   | <b>\$ 1,715,100</b>  | <b>\$ 1,942,641</b>  | <b>\$ 2,351,247</b>  | <b>\$ 3,077,313</b>   | <b>\$ 1,732,723</b>  | <b>\$ 1,846,599</b>  |
| <b>Special Revenue Funds</b>          |                      |                      |                      |                       |                      |                      |
| SLESF-Suppl Law Enforcmnt Svc         | \$ 46,117            | \$ 109,954           | \$ 221,000           | \$ 221,230            | \$ 101,500           | \$ 101,500           |
| TOT Restricted Revenue                | 105,167              | 100,783              | 151,667              | 137,333               | 119,133              | 105,774              |
| Gas Tax                               | 160,280              | 149,949              | 283,350              | 271,571               | 272,000              | 261,900              |
| RTC Streets                           | 96,915               | 1,129,884            | 386,345              | 386,345               | 369,000              | 380,000              |
| SB1 RMRA                              | 96,915               | 253,428              | 243,500              | 243,500               | 252,161              | 257,204              |
| Wharf                                 | 98,523               | 61,003               | 17,500               | 44,796                | 126,250              | 31,605               |
| General Plan Update and Maint.        | 22,493               | 125,760              | 401,412              | 76,130                | 189,375              | 25,000               |
| Green Building Education              | -                    | -                    | 21,000               | 7,710                 | 57,000               | 7,000                |
| Public Arts Fee                       | -                    | 5,031                | 78,000               | 11,000                | 66,500               | 26,000               |
| Parking Reserve                       | 100,000              | 100,000              | 469,000              | 469,000               | -                    | -                    |
| Technology Fee                        | 4,375                | 18,250               | 13,250               | 13,250                | 13,250               | 13,250               |
| PEG-Public Education and Gov.         | 34,284               | 32,159               | 15,000               | -                     | 12,000               | 12,000               |
| BIA-Capitola Village-Wharf BIA        | 95,849               | 140,940              | 157,500              | 157,500               | 155,900              | 155,900              |
| CDBG Grants                           | 265,954              | 220,884              | 273,335              | 273,335               | 20,000               | 20,000               |
| CDBG Program Income                   | 64,907               | -                    | 7,500                | 7,500                 | 10,000               | 10,000               |
| Library                               | 1,305,325            | 1,085                | -                    | -                     | -                    | -                    |
| HOME Reuse                            | 3,200                | 3,700                | 64,100               | 64,100                | 4,100                | 4,100                |
| Housing Trust                         | 25,000               | 25,000               | 201,000              | 201,000               | 150,000              | -                    |
| PLHA                                  | -                    | -                    | 256,800              | 99,837                | 171,825              | 185,983              |
| Cap Hsg Succ- Program Income          | 97,969               | 92,316               | 405,807              | 221,757               | 1,074,025            | 74,025               |
| <b>Total Special Revenue Funds</b>    | <b>\$ 2,623,272</b>  | <b>\$ 2,570,126</b>  | <b>\$ 3,667,066</b>  | <b>\$ 2,906,895</b>   | <b>\$ 3,164,019</b>  | <b>\$ 1,671,241</b>  |
| <b>Total Expenditures - All Funds</b> | <b>\$ 24,712,168</b> | <b>\$ 27,071,728</b> | <b>\$ 33,893,871</b> | <b>\$ 28,393,248</b>  | <b>\$ 36,634,537</b> | <b>\$ 24,272,292</b> |

## Emergency, PERS Contingency and Contingency Reserves

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

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

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



## **OPEB and PERS Trust Funds**

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

### **OPEB Trust Fund:**

|                                  |              |
|----------------------------------|--------------|
| Balance 6/30/2023                | \$645,733    |
| FY 2022/23 Contributions         | 67,050       |
| <u>Estimated Interest Earned</u> | <u>5,000</u> |
| Estimated Balance 6/30/2024      | \$717,783    |
| FY 2023/24 Contributions         | 67,050       |
| <u>Estimated Interest Earned</u> | <u>5,000</u> |
| Estimated Balance 6/30/2025      | \$789,833    |

### **PERS Trust Fund:**

|                                  |                |
|----------------------------------|----------------|
| Balance 6/30/2023                | \$1,187,772    |
| Estimated Interest Earned        | 10,000         |
| <u>FY 2022/23 Contributions</u>  | <u>250,000</u> |
| Estimated Balance 6/30/2023      | \$1,447,772    |
| <u>Estimated Interest Earned</u> | <u>10,000</u>  |
| Estimated Balance 6/30/2024      | \$1,457,772    |

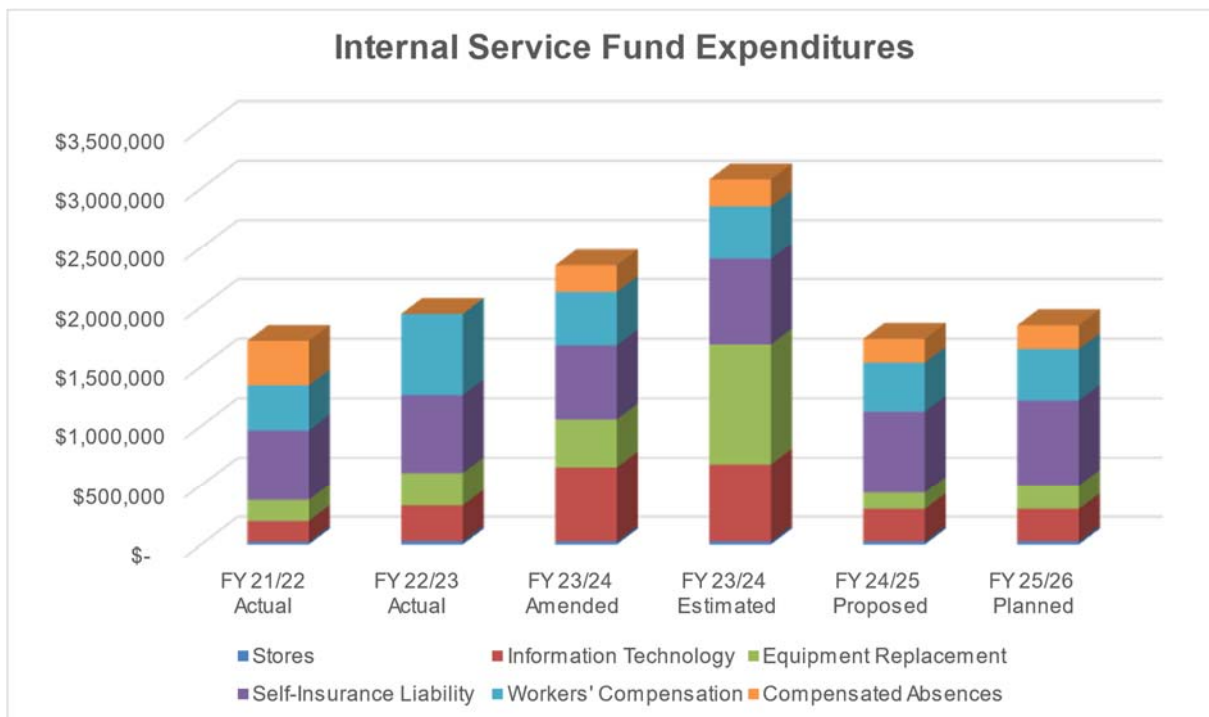
## General Fund Resources

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

The following table shows the estimated General Fund available resources:

| <b>Estimated Year End Fund Balance</b> | <b>FY 23/24 Estimated</b> | <b>FY 24/25 Proposed</b> | <b>FY 25/26 Planned</b> |
|--|---------------------------|--------------------------|-------------------------|
| General Fund                           | \$ 598,917                | \$ 848,057               | \$ 1,116,787            |
| <b>Designated Reserves</b>             |                           |                          |                         |
| Emergency                              | 1,631,506                 | 1,631,506                | 1,631,506               |
| Contingency                            | 2,364,346                 | 2,364,346                | 2,364,346               |
| PERS Contingency                       | 1,414,275                 | 1,424,275                | 1,434,275               |
| Facilities Reserve                     | 532,714                   | 532,714                  | 532,714                 |
| <b>Internal Service Funds</b>          |                           |                          |                         |
| Stores                                 | 62,676                    | 62,676                   | 62,676                  |
| Information Technology                 | 177,041                   | 177,041                  | 177,041                 |
| Equipment Replacement                  | 577,318                   | 502,318                  | 502,318                 |
| Self-Insurance Liability               | 179,917                   | 179,917                  | 179,917                 |
| Workers' Compensation                  | 118,749                   | 118,749                  | 118,749                 |
| Compensated Absences                   | 330,886                   | 330,886                  | 330,886                 |
| <b>Total General Fund Resources</b>    | <b>\$ 7,988,344</b>       | <b>\$ 8,172,484</b>      | <b>\$ 8,451,214</b>     |

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



## Fund Balance Summary

|   | Estimated<br>Balance<br>7/1/2024 | Revenues             | Transfers In      | Expenditures         | Transfers Out     | Estimated<br>Balance<br>6/30/2025 |
|---|----------------------------------|----------------------|-------------------|----------------------|-------------------|-----------------------------------|
| <b>General Fund</b>                     | \$ 598,917                       | \$19,213,066         | \$ -              | \$ 18,676,358        | \$ 287,568        | \$ 848,057                        |
| <b>Designated Reserves</b>              |                                  |                      |                   |                      |                   |                                   |
| Contingency Reserve                     | \$2,364,346                      | \$ -                 | \$ -              |                      |                   | \$ 2,364,346                      |
| PERS Contingency Reserve                | 1,414,275                        | 10,000               | -                 | -                    | -                 | 1,424,275                         |
| Emergency Reserve                       | 1,631,506                        |                      | -                 | -                    | -                 | 1,631,506                         |
| Donations                               | -                                | -                    | -                 | -                    | -                 | -                                 |
| Facility Reserve                        | 532,714                          | -                    | -                 | -                    | -                 | 532,714                           |
| <b>Total Designated Reserves</b>        | <b>\$ 5,942,840</b>              | <b>\$ 10,000</b>     | <b>\$ -</b>       | <b>\$ -</b>          | <b>\$ -</b>       | <b>\$ 5,952,840</b>               |
| <b>Debt Service</b>                     |                                  |                      |                   |                      |                   |                                   |
| Pac Cove Lease Financing                | 75,204                           | -                    | -                 |                      |                   | 75,204                            |
| Pac Cove Park                           | 12                               | -                    | 87,568            | 87,568               | -                 | 12                                |
| <b>Total Debt Service</b>               | <b>\$ 75,216</b>                 | <b>\$ -</b>          | <b>\$ 87,568</b>  | <b>\$ 87,568</b>     | <b>\$ -</b>       | <b>\$ 75,216</b>                  |
| <b>Capital Improvement Fund</b>         | <b>\$ 1,351,312</b>              | <b>\$ 1,420,700</b>  | <b>\$ -</b>       | <b>\$ 2,600,000</b>  | <b>\$ -</b>       | <b>\$ 172,012</b>                 |
| <b>Internal Service Funds</b>           |                                  |                      |                   |                      |                   |                                   |
| Stores                                  | \$ 62,676                        | \$ 27,000            |                   | \$ 27,000            | \$ -              | \$ 62,676                         |
| Information Technology                  | 177,041                          | 275,000              | -                 | 272,000              | -                 | 180,041                           |
| Equipment Replacement                   | 577,318                          | 65,000               | -                 | 140,000              | -                 | 502,318                           |
| Self-Insurance Liability                | 179,917                          | 682,428              |                   | 682,428              | -                 | 179,917                           |
| Workers' Compensation                   | 118,749                          | 411,295              |                   | 411,295              | -                 | 118,749                           |
| Compensated Absences                    | 330,886                          | -                    | 200,000           | 200,000              | -                 | 330,886                           |
| <b>Total Internal Service Funds</b>     | <b>\$ 1,446,587</b>              | <b>\$ 1,460,723</b>  | <b>\$ 200,000</b> | <b>\$ 1,732,723</b>  | <b>\$ -</b>       | <b>\$ 1,374,587</b>               |
| <b>Special Revenue Funds</b>            |                                  |                      |                   |                      |                   |                                   |
| SLESF-Suppl Law Enforcmnt Svc           | \$ 33,427                        | \$ 104,000           |                   | \$ 101,500           |                   | \$ 35,927                         |
| TOT Restricted Revenue                  | 21,296                           | 102,842              |                   | 119,133              |                   | 5,004                             |
| SB1 RMRA                                | 300,518                          | 252,161              |                   | 252,161              |                   | 300,518                           |
| RTC Streets                             | 60,325                           | 374,000              |                   | 369,000              |                   | 65,325                            |
| Gas Tax                                 | 273,397                          | 274,160              |                   | 272,000              |                   | 275,557                           |
| Wharf                                   | 124,018                          | 20,500               |                   | 126,250              |                   | 18,268                            |
| General Plan Update and Maint           | 280,571                          | 114,375              |                   | 189,375              |                   | 205,571                           |
| Green Building Education                | 260,555                          | 15,000               |                   | 57,000               |                   | 218,555                           |
| Public Art                              | 155,236                          | -                    |                   | 66,500               |                   | 88,736                            |
| Parking Reserve                         | 737                              | -                    |                   | -                    |                   | 737                               |
| Technology Fee                          | 94,371                           | 14,500               |                   | 13,250               |                   | 95,621                            |
| PEG-Public Education and Govt.          | 51,341                           | 16,000               |                   | 12,000               |                   | 55,341                            |
| Capitola Village/Wharf BIA              | 33,426                           | 148,600              | -                 | 155,900              |                   | 26,126                            |
| CDBG Grants                             | (90,889)                         | -                    |                   | 20,000               |                   | (110,889)                         |
| CDBG Program Income                     | 39,199                           | -                    |                   | 10,000               |                   | 29,199                            |
| Library                                 | 51,569                           | 1,000                |                   | -                    |                   | 52,569                            |
| HOME Reuse                              | 780,264                          | -                    |                   | 4,100                |                   | 776,164                           |
| Housing Trust                           | 241,690                          | 14,000               |                   | 150,000              |                   | 105,690                           |
| PLHA                                    | 5,255                            | 171,825              |                   | 171,825              |                   | 5,255                             |
| Cap Hsg Succ- Program Income            | 1,997,365                        | 27,400               |                   | 1,074,025            |                   | 950,740                           |
| <b>Total Special Revenue Funds</b>      | <b>\$ 4,713,670</b>              | <b>\$ 1,650,363</b>  | <b>\$ -</b>       | <b>\$ 3,164,019</b>  | <b>\$ -</b>       | <b>\$ 3,200,013</b>               |
| <b>Prelim. Fund Balance - All Funds</b> | <b>\$ 14,128,542</b>             | <b>\$ 23,754,852</b> | <b>\$ 287,568</b> | <b>\$ 26,260,669</b> | <b>\$ 287,568</b> | <b>\$ 11,622,725</b>              |
| <b>GF Fund Balance Designation</b>      | <b>(100,000)</b>                 |                      |                   |                      |                   | <b>(100,000)</b>                  |
| <b>Total Fund Balance - All Funds</b>   | <b>14,028,542</b>                |                      |                   |                      |                   | <b>11,522,725</b>                 |

## Fund Balance Summary

|   | Estimated<br>Balance<br>7/1/2025 | Revenues             | Transfers In      | Expenditures         | Transfers Out     | Estimated<br>Balance<br>6/30/2026 |
|---|----------------------------------|----------------------|-------------------|----------------------|-------------------|-----------------------------------|
| <b>General Fund</b>                     | \$ 848,057                       | \$ 19,745,838        | \$ -              | \$ 19,189,764        | \$ 287,344        | \$ 1,116,787                      |
| <b>Designated Reserves</b>              |                                  |                      |                   |                      |                   |                                   |
| Contingency Reserve                     | \$ 2,364,346                     | \$ -                 | \$ -              |                      | \$ -              | \$ 2,364,346                      |
| PERS Contingency Reserve                | 1,424,275                        | 10,000               | -                 | -                    | -                 | 1,434,275                         |
| Emergency Reserve                       | 1,631,506                        | -                    | -                 | -                    | -                 | 1,631,506                         |
| Donations                               | -                                | -                    | -                 | -                    | -                 | -                                 |
| Facility Reserve                        | 532,714                          | -                    | -                 | -                    | -                 | 532,714                           |
| <b>Total Designated Reserves</b>        | <b>\$ 5,952,840</b>              | <b>\$ 10,000</b>     | <b>\$ -</b>       | <b>\$ -</b>          | <b>\$ -</b>       | <b>\$ 5,962,840</b>               |
| <b>Debt Service</b>                     |                                  |                      |                   |                      |                   |                                   |
| Pac Cove Lease Financing                | 75,204                           | -                    | -                 | -                    | -                 | 75,204                            |
| Pac Cove Park                           | 12                               | -                    | 87,344            | 87,344               | -                 | 12                                |
| <b>Total Debt Service</b>               | <b>\$ 75,216</b>                 | <b>\$ -</b>          | <b>\$ 87,344</b>  | <b>\$ 87,344</b>     | <b>\$ -</b>       | <b>\$ 75,216</b>                  |
| <b>Capital Improvement Fund</b>         | <b>\$ 172,012</b>                | <b>\$ -</b>          | <b>\$ -</b>       | <b>\$ -</b>          | <b>\$ -</b>       | <b>\$ 172,012</b>                 |
| <b>Internal Service Funds</b>           |                                  |                      |                   |                      |                   |                                   |
| Stores                                  | \$ 62,676                        | \$ 27,000            | \$ -              | \$ 27,000            | \$ -              | \$ 62,676                         |
| Information Technology                  | 180,041                          | 272,000              | -                 | 272,000              | -                 | 180,041                           |
| Equipment Replacement                   | 502,318                          | 200,000              | -                 | 200,000              | -                 | 502,318                           |
| Self-Insurance Liability                | 179,917                          | 715,739              | -                 | 715,739              | -                 | 179,917                           |
| Workers' Compensation                   | 118,749                          | 431,860              | -                 | 431,860              | -                 | 118,749                           |
| Compensated Absences                    | 330,886                          | -                    | 200,000           | 200,000              | -                 | 330,886                           |
| <b>Total Internal Service Funds</b>     | <b>\$ 1,374,587</b>              | <b>\$ 1,646,599</b>  | <b>\$ 200,000</b> | <b>\$ 1,846,599</b>  | <b>\$ -</b>       | <b>\$ 1,374,587</b>               |
| <b>Special Revenue Funds</b>            |                                  |                      |                   |                      |                   |                                   |
| SLESF-Suppl Law Enforcmnt Svc           | \$ 35,927                        | \$ 104,000           |                   | \$ 101,500           |                   | \$ 38,427                         |
| TOT Restricted Revenue                  | 5,004                            | 104,878              |                   | 105,774              |                   | 4,109                             |
| SB1 RMRA                                | 300,518                          | 257,204              |                   | 257,204              |                   | 300,519                           |
| RTC Streets                             | 65,325                           | 385,000              |                   | 380,000              |                   | 70,325                            |
| Gas Tax                                 | 275,557                          | 263,905              |                   | 261,900              |                   | 277,562                           |
| Wharf                                   | 18,268                           | 20,500               |                   | 31,605               |                   | 7,163                             |
| General Plan Update and Maint           | 205,571                          | 50,000               |                   | 25,000               |                   | 230,571                           |
| Green Building Education                | 218,555                          | 15,000               |                   | 7,000                |                   | 226,555                           |
| Public Art                              | 88,736                           | -                    |                   | 26,000               |                   | 62,736                            |
| Parking Reserve                         | 737                              | -                    |                   | -                    |                   | 737                               |
| Technology Fee                          | 95,621                           | 14,500               |                   | 13,250               |                   | 96,871                            |
| PEG-Public Education and Govt.          | 55,341                           | 16,000               |                   | 12,000               |                   | 59,341                            |
| BIA-Capitola Village-Wharf BIA          | 26,126                           | 148,600              |                   | 155,900              |                   | 18,826                            |
| CDBG Grants                             | (110,889)                        | -                    |                   | 20,000               |                   | (130,889)                         |
| CDBG Program Income                     | 29,199                           | -                    |                   | 10,000               |                   | 19,199                            |
| Library                                 | 52,569                           | 1,000                |                   | -                    |                   | 53,569                            |
| HOME Reuse                              | 776,164                          | -                    |                   | 4,100                |                   | 772,064                           |
| Housing Trust                           | 105,690                          | 14,000               |                   |                      |                   | 119,690                           |
| PLHA                                    | 5,255                            | 185,983              |                   | 185,983              |                   | 5,255                             |
| Cap Hsg Succ- Program Income            | 950,740                          | 7,400                |                   | 74,025               |                   | 884,115                           |
| <b>Total Special Revenue Funds</b>      | <b>\$ 3,200,013</b>              | <b>\$ 1,587,971</b>  | <b>\$ -</b>       | <b>\$ 1,671,241</b>  | <b>\$ -</b>       | <b>\$ 3,116,743</b>               |
| <b>Prelim. Fund Balance - All Funds</b> | <b>\$ 11,622,725</b>             | <b>\$ 22,990,408</b> | <b>\$ 287,344</b> | <b>\$ 22,794,948</b> | <b>\$ 287,344</b> | <b>\$ 11,818,185</b>              |
| <b>GF Fund Balance Designation</b>      | <b>(100,000)</b>                 |                      |                   |                      | <b>-</b>          | <b>(100,000)</b>                  |
| <b>Total Fund Balance - All Funds</b>   | <b>11,522,725</b>                |                      |                   |                      |                   | <b>11,718,185</b>                 |

# GENERAL FUND REVENUES

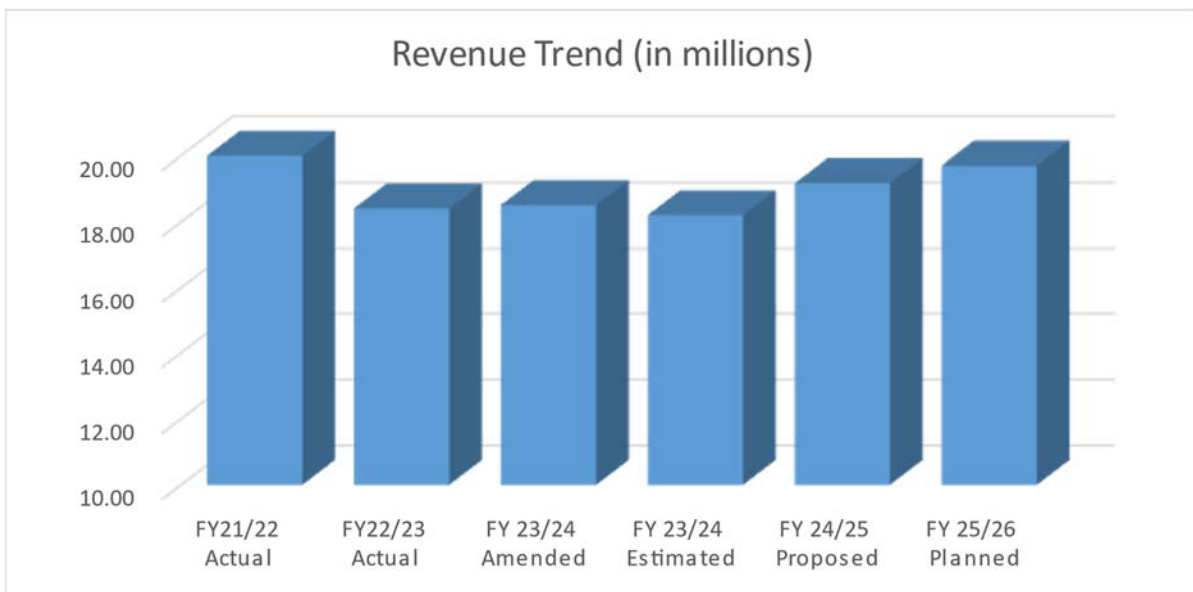


## General Fund Revenues

Revenues for the FY 2024-25 General Fund operating budget total \$19.2 million, an increase of approximately \$661,000 or 3.6 percent above FY 2023-24 estimated revenue. Property tax revenues remain strong as assessed values (basis for property tax levies) continue to increase with changes in ownership and an additional 2% CPI increase per Prop 13 provisions. Staff anticipates sales tax revenue to increase around 2.3% over FY 2023-24 and transient occupancy tax to increase about 1% compared to prior year as hotels, motels, and short-term rentals continue strong operations.

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

| General Fund Revenues        |                      |                     |                     |                     |                     |                     |
|------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                              | FY21/22              | FY22/23             | FY 23/24            | FY 23/24            | FY 24/25            | FY 25/26            |
|                              | Actual               | Actual              | Amended             | Estimated           | Proposed            | Planned             |
| Taxes                        | \$ 14,514,218        | \$14,709,173        | \$14,643,970        | \$14,521,871        | \$15,106,270        | \$15,632,013        |
| Licenses and permits         | 718,935              | 650,188             | 664,159             | 695,854             | 740,409             | 743,597             |
| Intergovernmental revenues   | 1,350,001            | 351,671             | 89,700              | 105,700             | 136,360             | 108,353             |
| Charges for services         | 1,894,868            | 1,817,637           | 2,187,937           | 1,912,013           | 2,306,127           | 2,336,127           |
| Fines and forfeitures        | 588,832              | 566,907             | 607,500             | 648,000             | 607,500             | 607,500             |
| Use of money & property      | 31,722               | 70,527              | 198,495             | 183,200             | 199,195             | 199,195             |
| Other revenues               | 891,204              | 240,413             | 115,403             | 135,953             | 117,206             | 119,053             |
| <b>General Fund Revenues</b> | <b>\$ 19,989,781</b> | <b>\$18,406,515</b> | <b>\$18,507,164</b> | <b>\$18,202,591</b> | <b>\$19,213,066</b> | <b>\$19,745,838</b> |





## General Revenue Information

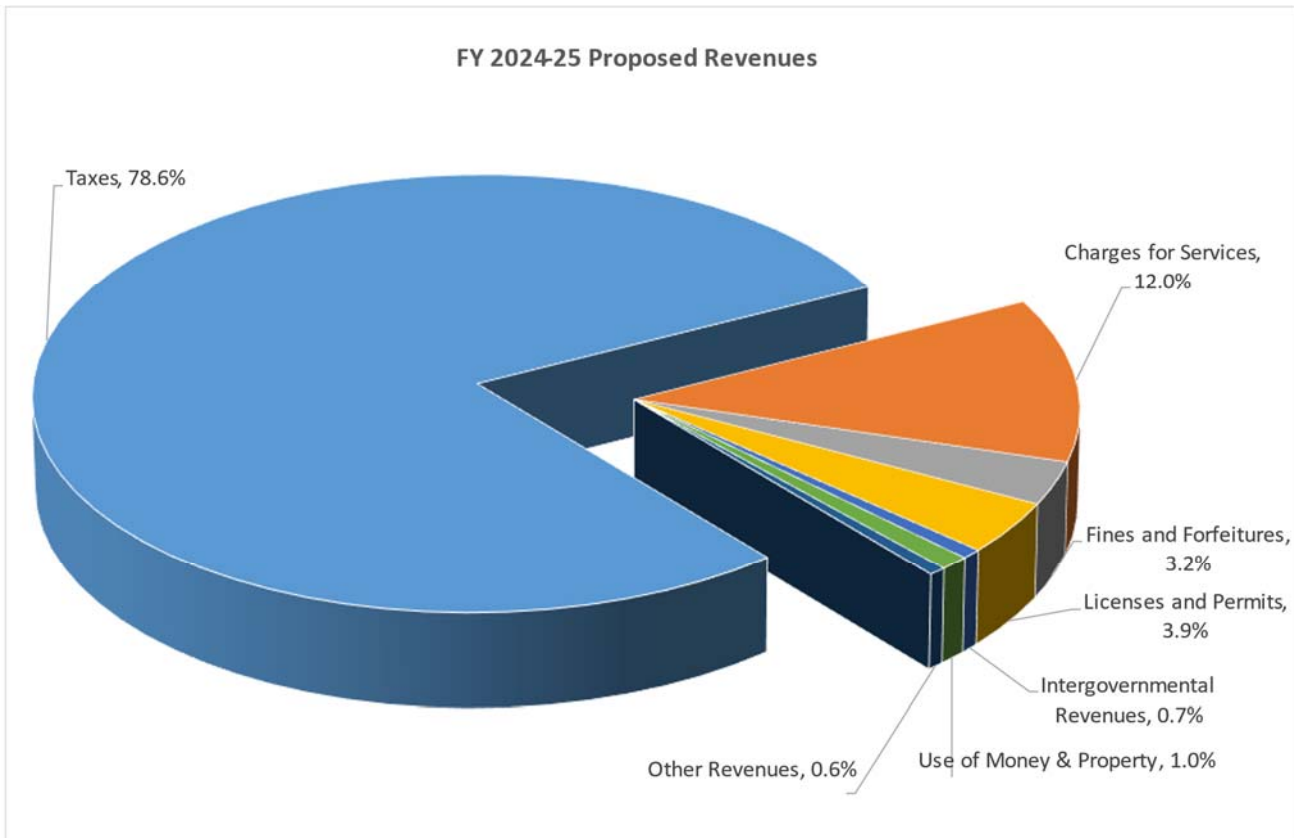
The City does not receive General Fund revenues in equal monthly increments. While the City receives some revenue regularly throughout the fiscal year, some is received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola's lowest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

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

- Sales Tax \$8,508,650
- Transient Occupancy Tax 2,222,000
- Parking Meters 1,165,940
- Parking Fines 497,500
- Property Taxes 3,277,120

**\$15,671,210**

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.



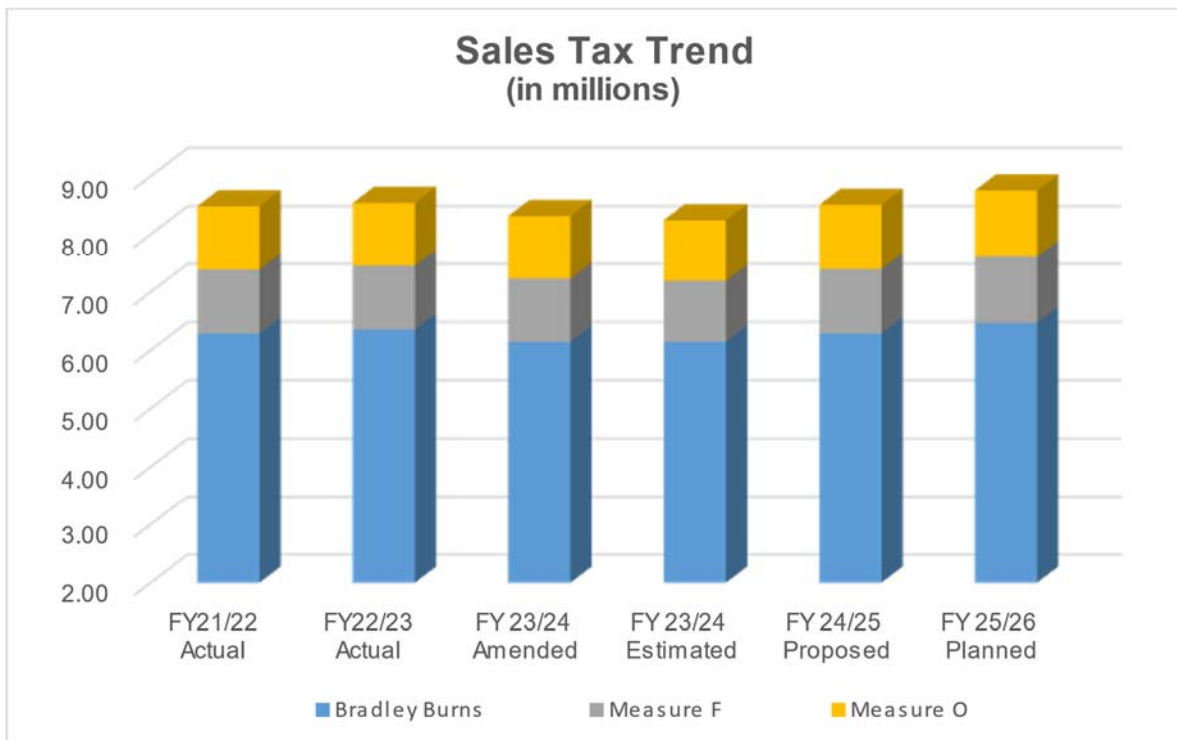
## Sales Tax

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 2023-24 annual sales tax revenue is estimated to be \$8.2 million, with approximately \$2.1 million in revenues contributed by Measure O, and Measure F.

| Sales tax by Geographic Area |               |
|------------------------------|---------------|
| Area                         | % of Total    |
| 41st Ave. Corridor           | 79.1%         |
| Capitola Village             | 11.2%         |
| Upper Village                | 6.9%          |
| Light Industrial Distr.      | 2.8%          |
|                              | <u>100.0%</u> |

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

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



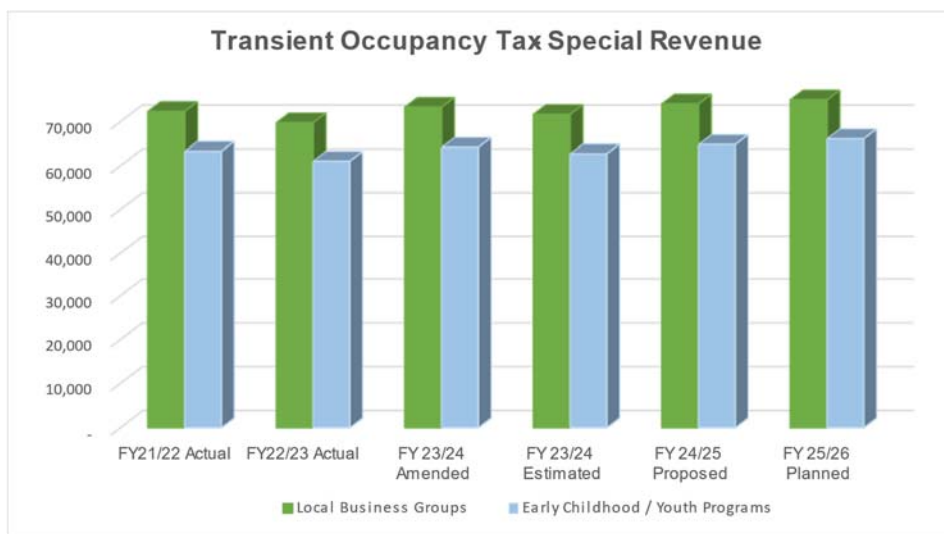
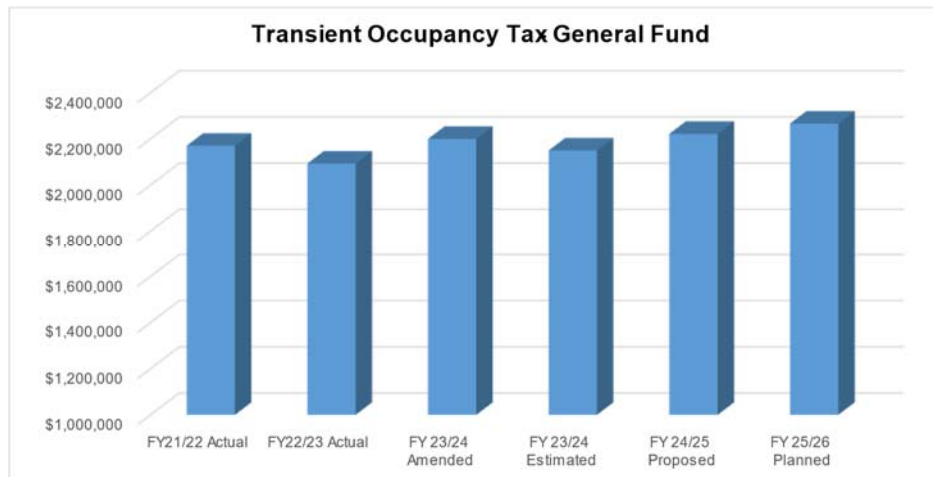
## Transient Occupancy Taxes (TOT)

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

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

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

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

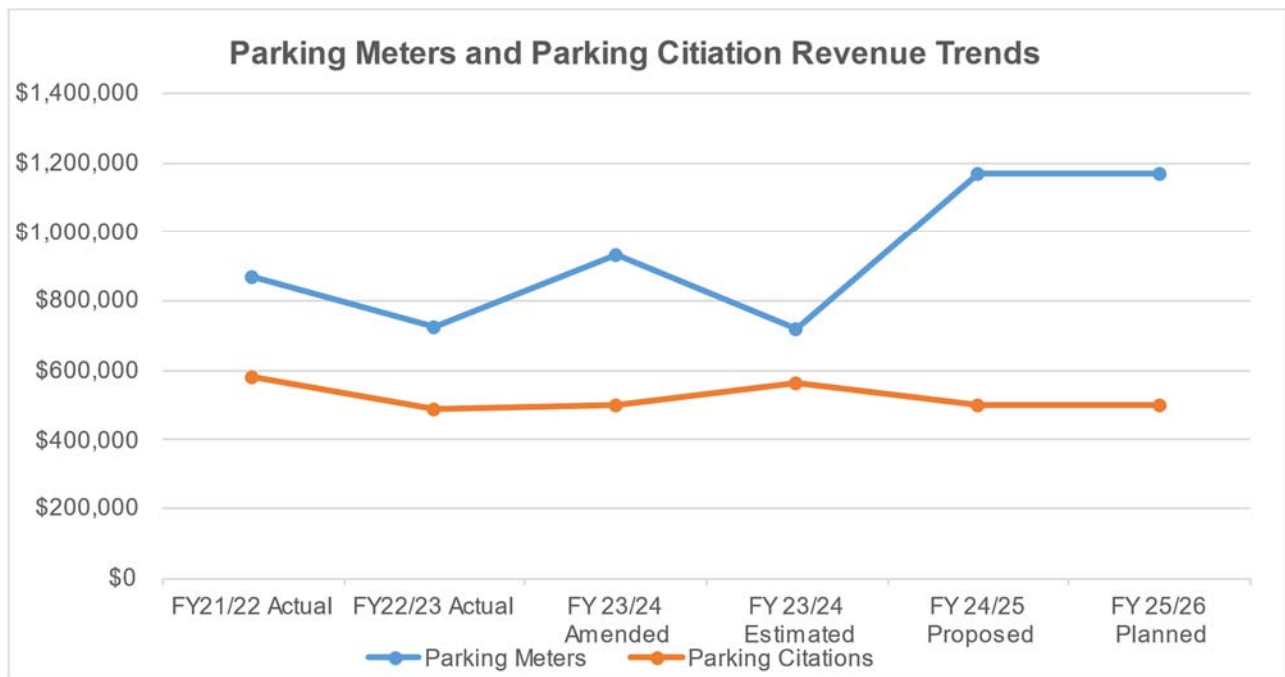


## Parking Meters and Parking Fines

In FY 2024-25 parking meter and parking fine revenues are estimated to contribute approximately \$1.6 million to the General Fund. Revenue sources include fees collected from the meters and fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. The FY 2024-25 proposed budget reflects a \$233,000 in parking meter revenue as a result of the parking meter rate increase effective Jan. 1, 2023.. During the summer, the City offers shuttle bus service from the parking lots to the Village, beach, and Capitola Wharf. Projected revenues for each location are estimated below:

| Location                 | Spaces | FY 23/24 Adopted | Avg. Meter Rev. per Space |
|--------------------------|--------|------------------|---------------------------|
| Village                  | 180    | \$ 612,750       | \$ 3,404                  |
| Cliff Drive              | 65     | \$ 130,000       | \$ 2,000                  |
| Pacific Cove - Upper Lot | 232    | \$ 140,000       | \$ 603                    |
| Pacific Cove - Lower Lot | 226    | \$ 50,000        | \$ 221                    |

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



## Property Taxes

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

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

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

Property taxes are received based on the following distribution schedule:

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

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

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



## Revenue Summary

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

|   | FY21/22<br>Actual    | FY22/23<br>Actual    | FY 23/24<br>Amended  | FY 23/24<br>Estimated | FY 24/25<br>Proposed | FY 25/26<br>Planned  |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| Comm dev Planning - other fees            | 10,554               | 5,159                | -                    | -                     | 2,000                | 2,000                |
| Comm dev Planning - Code Enforcement      | -                    | -                    | -                    | -                     | -                    | -                    |
| Recr. fees Class fees                     | 199,902              | 224,903              | 225,000              | 225,000               | 225,000              | 225,000              |
| Recr. fees Jr. Guard fees                 | 267,803              | 263,302              | 309,263              | 309,263               | 309,263              | 309,263              |
| Recr. School Support Program              | 1,386                | -                    | 30,000               | -                     | 30,000               | 30,000               |
| Recr. fees Sports fees                    | 26,185               | 22,465               | 19,000               | 25,000                | 19,000               | 19,000               |
| Recr. fees Camp Capitola fees             | 174,837              | 150,173              | 193,240              | 193,240               | 193,240              | 193,240              |
| Recr. Afterschool Program                 | 50,014               | 48,338               | 113,174              | 75,000                | 113,174              | 113,174              |
| Recr. Events                              | 904                  | 1,249                | 4,760                | 4,760                 | 4,760                | 4,760                |
| <b>Total</b>                              | <b>\$ 1,894,868</b>  | <b>\$ 1,817,637</b>  | <b>\$ 2,187,937</b>  | <b>\$ 1,912,013</b>   | <b>\$ 2,336,127</b>  | <b>\$ 2,336,127</b>  |
| <b><u>Fines and forfeitures</u></b>       |                      |                      |                      |                       |                      |                      |
| Redlight camera enforcement               | \$ -                 | \$ 37,924            | \$ 40,000            | \$ 25,000             | \$ 40,000            | \$ 40,000            |
| Parking Citation                          | 580,447              | 486,207              | 497,500              | 563,000               | 497,500              | 497,500              |
| General Fines                             | 8,386                | 42,776               | 70,000               | 60,000                | 70,000               | 70,000               |
| <b>Total</b>                              | <b>\$ 588,832</b>    | <b>\$ 566,907</b>    | <b>\$ 607,500</b>    | <b>\$ 648,000</b>     | <b>\$ 607,500</b>    | <b>\$ 607,500</b>    |
| <b><u>Use of money &amp; property</u></b> |                      |                      |                      |                       |                      |                      |
| Investment earnings                       | \$ 12,390            | \$ 7,596             | \$ 125,000           | \$ 125,000            | \$ 125,000           | \$ 125,000           |
| Rents Jade Street facility                | 6,700                | 11,081               | 11,000               | 10,000                | 11,000               | 11,000               |
| Rents Esplanade restaurants               | 4,930                | 4,708                | 5,000                | 4,500                 | 5,500                | 5,500                |
| Rents Esplanade - surf trailer            | 1,785                | 2,281                | 1,800                | 1,700                 | 2,000                | 2,000                |
| Rents Esplanade bandstand                 | 677                  | 5,789                | 4,000                | 4,000                 | 4,000                | 4,000                |
| Rents Outdoor Dining                      | 5,240                | 39,072               | 51,695               | 38,000                | 51,695               | 51,695               |
| <b>Total</b>                              | <b>\$ 31,722</b>     | <b>\$ 70,527</b>     | <b>\$ 198,495</b>    | <b>\$ 183,200</b>     | <b>\$ 199,195</b>    | <b>\$ 199,195</b>    |
| <b><u>Other revenues</u></b>              |                      |                      |                      |                       |                      |                      |
| Donations - Recreation                    | \$ 21,250            | \$ 29,250            | \$ -                 | \$ 24,250             | \$ -                 | \$ -                 |
| Grants, donations, contrib                | 1,700                | 2,600                | 2,000                | 2,600                 | 2,000                | 2,000                |
| Arts-Twilight Concert Sponsors            | 46,400               | 13,300               | 25,000               | 18,500                | 25,000               | 25,000               |
| Arts-Movies at the Beach Sponsor          | -                    | 2,500                | 2,000                | -                     | 2,000                | 2,000                |
| Arts-Art at the Beach Booth Fee           | 3,660                | 2,680                | 2,000                | 1,000                 | 2,000                | 2,000                |
| Arts-Sunday Art & Music Sponsors          | -                    | -                    | -                    | -                     | -                    | -                    |
| Museum donations-Box Revenue              | 2,566                | 2,062                | 1,300                | 2,000                 | 1,300                | 1,300                |
| Museum Donations-Fundraising              | 5,819                | 8,028                | 3,000                | 7,000                 | 3,000                | 3,000                |
| Memorial plaques and benches              | 17,159               | 10,751               | 8,000                | 8,500                 | 8,000                | 8,000                |
| Miscellaneous revenues                    | 44,495               | 169,242              | 72,103               | 72,103                | 73,906               | 75,753               |
| Interfund Transfer In - Library           | 748,155              | -                    | -                    | -                     | -                    | -                    |
| <b>Total</b>                              | <b>\$ 891,204</b>    | <b>\$ 240,413</b>    | <b>\$ 115,403</b>    | <b>\$ 135,953</b>     | <b>\$ 117,206</b>    | <b>\$ 119,053</b>    |
| <b>Grand Totals</b>                       | <b>\$ 19,989,781</b> | <b>\$ 18,406,515</b> | <b>\$ 18,507,164</b> | <b>\$ 18,202,591</b>  | <b>\$ 19,213,066</b> | <b>\$ 19,745,838</b> |

# GENERAL FUND EXPENDITURES





## General Fund Expenditures

The total FY 2024-25 General Fund expenditure budget proposes a decrease of approximately \$1.3 million from the FY 2023-24 Amended Budget as existing resources are programmed towards City Council Goals. Increases have been programmed in most major categories as inflation continues to impact City expenditures. Key differences between the two fiscal years include:

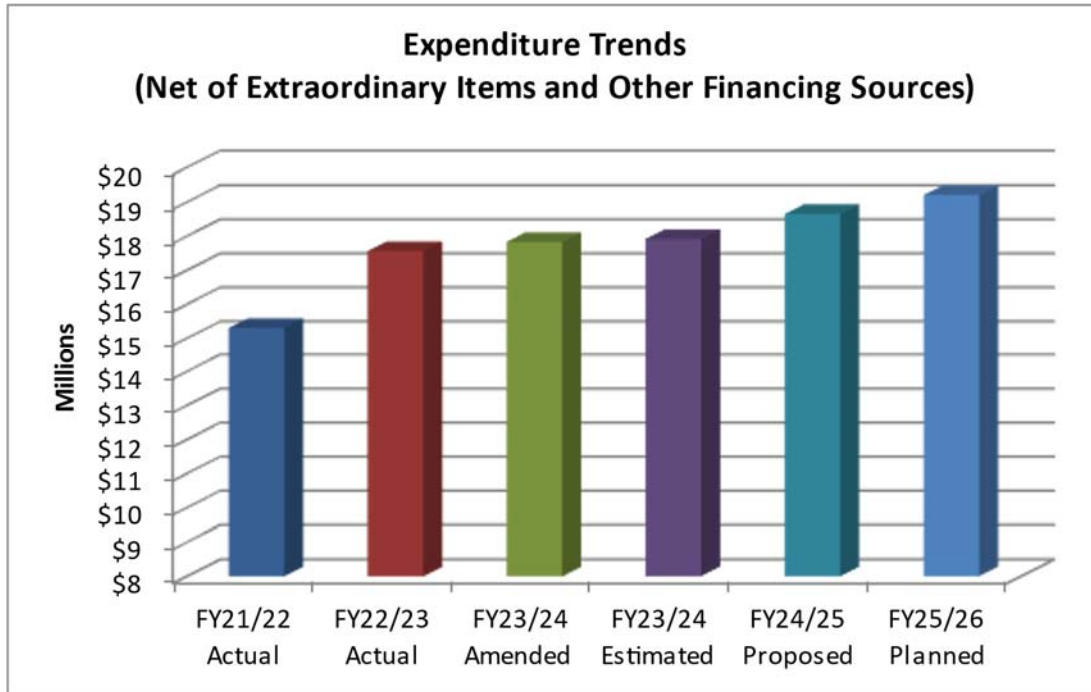
- Total personnel costs (salary and benefits) are estimated to increase \$832,000 from the FY 2023-24 Amended Budget due to significant increases in the annual Cal PERS Unfunded Actuarial Liability payment, estimated cost of living adjustments, scheduled step increases, and a proposed reorganization of the Recreation Division.
  - Salary costs are estimated to be \$416,000 higher, however labor negotiations between the City and bargaining units are still on going.
  - Salary – Seasonal/Temp increased \$41,000 as summer recreations programs remain at full capacity.
  - Overtime is anticipated to decrease \$92,000 primarily in the Police. This past year was higher than normal due to several felony crime investigations and winter storms.
  - Specialty Pay – increased \$88,000 in part due to more bilingual employees serving the public.
  - Benefits – increased \$379,000, however labor negotiations between the City and bargaining units are still on going.
- Contract services remained the same as the prior year.

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

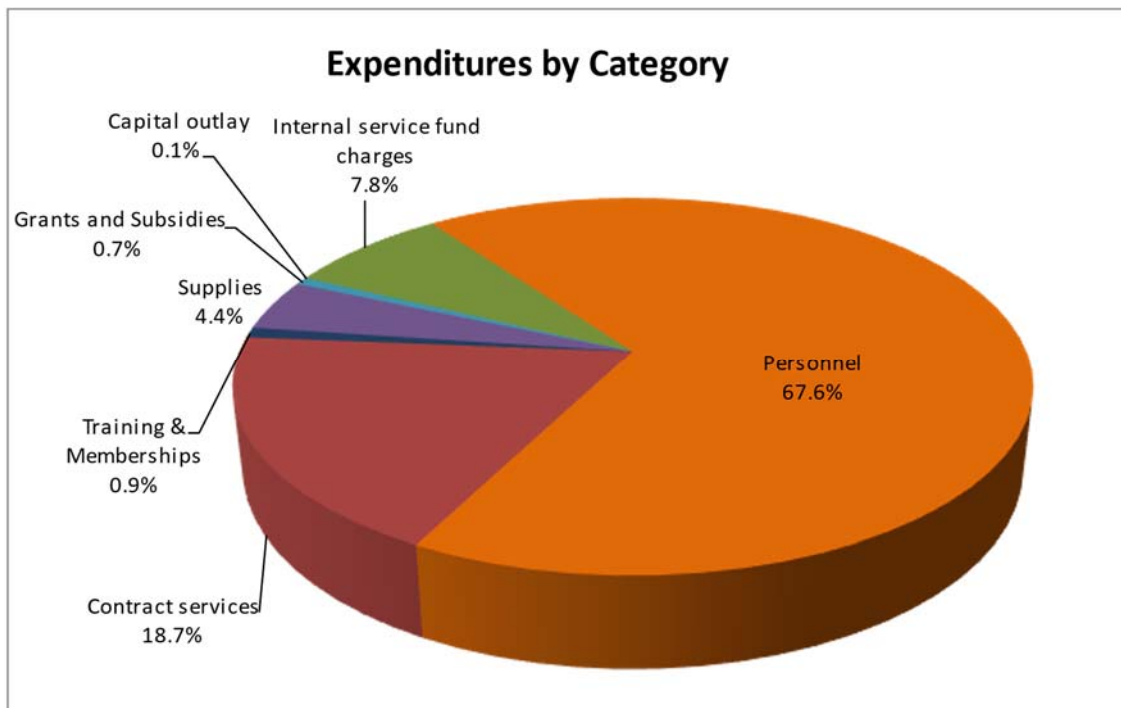
**General Fund Expenditures Summary**

| <b>Major Categories</b>  | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|--------------------------|---------------------------|---------------------------|----------------------------|------------------------------|-----------------------------|----------------------------|
| Personnel                | \$10,273,249              | \$11,793,722              | \$11,793,722               | \$11,766,171                 | \$12,625,954                | \$13,093,309               |
| Contract services        | 3,018,482                 | 3,336,801                 | 3,483,368                  | 3,483,368                    | 3,487,981                   | 3,381,956                  |
| Training & Memberships   | 101,501                   | 113,320                   | 178,936                    | 144,018                      | 166,650                     | 166,900                    |
| Supplies                 | 671,950                   | 768,110                   | 631,975                    | 779,626                      | 817,050                     | 780,000                    |
| Grants and Subsidies     | 43,650                    | 101,650                   | 125,000                    | 125,000                      | 125,000                     | 125,000                    |
| Internal service fund    | 1,196,204                 | 1,444,499                 | 1,617,841                  | 1,617,841                    | 1,453,723                   | 1,642,599                  |
| <b>Subtotal</b>          | <b>\$15,305,036</b>       | <b>\$17,558,103</b>       | <b>\$17,830,842</b>        | <b>\$17,916,024</b>          | <b>\$18,676,358</b>         | <b>\$19,189,764</b>        |
| Other financing uses     | 3,608,343                 | 3,271,324                 | 2,288,788                  | 2,288,788                    | 287,568                     | 287,344                    |
| <b>Expenditure Total</b> | <b>\$18,913,379</b>       | <b>\$20,829,427</b>       | <b>\$20,119,630</b>        | <b>\$20,204,812</b>          | <b>\$18,963,926</b>         | <b>\$19,477,108</b>        |

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



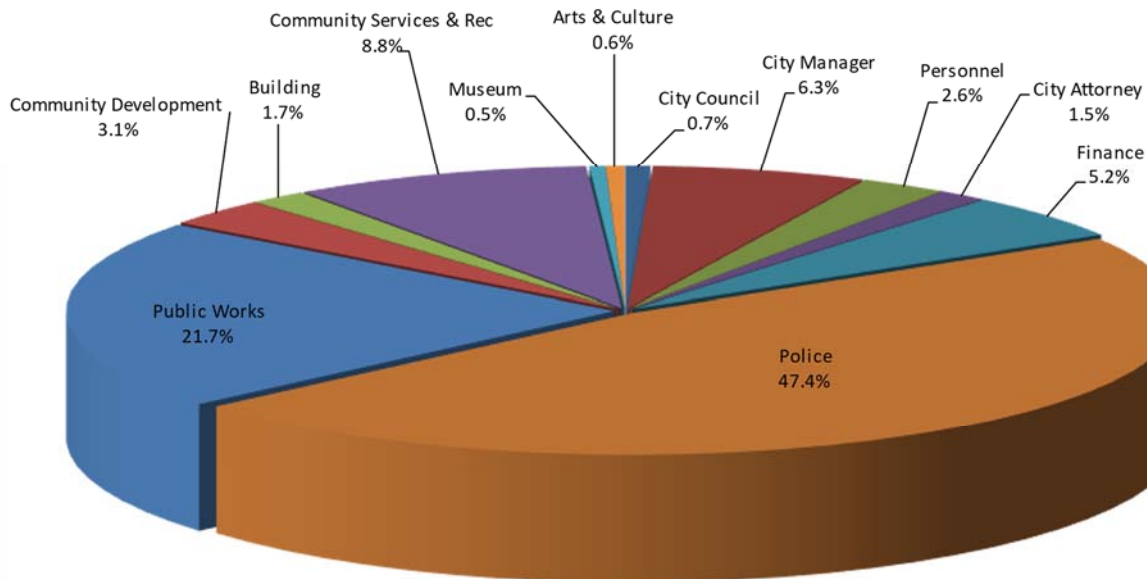
A chart displaying the percentage of expenditures by category is also provided for reference. Personnel costs are estimated to increase \$853,000 from the prior fiscal year causing the ratio of personnel services to total expenditures to increase from 66 percent to 68 percent. Other notable changes were in contract services, which decreased from 21.5 percent to 18.5 percent, and internal service charges, which decreased from 9.4 percent to 7.8 percent.



# General Fund Department Expenditures

| Department                | FY21/22<br>Actual   | FY22/23<br>Actual   | FY23/24<br>Amended  | FY23/24<br>Estimated | FY24/25<br>Proposed | FY25/26<br>Planned  |
|---------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| City Council              | \$98,851            | \$107,274           | \$202,431           | \$193,309            | \$135,219           | \$117,649           |
| City Manager              | 962,776             | 1,089,679           | 1,006,073           | 1,017,815            | 1,175,815           | 1,180,193           |
| Personnel                 | 363,511             | 362,138             | 458,273             | 453,803              | 473,901             | 486,908             |
| City Attorney             | 281,956             | 371,305             | 288,000             | 296,766              | 270,000             | 270,000             |
| Finance                   | 780,845             | 824,038             | 967,309             | 937,451              | 968,115             | 1,000,972           |
| Community Grants          | 63,648              | 110,075             | 133,425             | 125,000              | 125,000             | 125,000             |
| Police - Law Enforcement  | 6,836,392           | 7,417,322           | 7,564,482           | 7,606,999            | 8,053,393           | 8,331,962           |
| Police - Pkg. Enforcement | 657,986             | 637,952             | 602,855             | 554,930              | 591,312             | 601,431             |
| Police - Lifeguard Svcs.  | 88,413              | 0                   | 0                   | 0                    | 0                   | 0                   |
| Police - Animal Services  | 74,785              | 81,667              | 88,973              | 88,973               | 140,791             | 147,829             |
| Public Works - Streets    | 1,738,211           | 1,990,454           | 2,349,613           | 2,355,700            | 2,232,194           | 2,434,905           |
| Public Works-Storm Water  | 129,179             | 116,560             | 204,538             | 203,538              | 208,913             | 211,495             |
| Public Works - Facilities | 282,891             | 322,275             | 256,143             | 307,681              | 408,220             | 368,180             |
| Public Works - Fleet      | 325,344             | 367,213             | 359,573             | 364,664              | 420,928             | 428,080             |
| Public Works - Parks      | 458,374             | 673,019             | 659,126             | 712,545              | 748,389             | 716,876             |
| Community Development     | 595,244             | 507,717             | 583,645             | 583,587              | 580,723             | 626,601             |
| Building                  | 397,021             | 511,540             | 476,365             | 411,266              | 318,393             | 293,760             |
| Community Services & Rec  | 1,049,529           | 1,455,657           | 1,492,206           | 1,553,642            | 1,634,636           | 1,661,510           |
| Museum                    | 66,434              | 71,824              | 77,592              | 82,329               | 86,496              | 88,383              |
| Art & Cultural            | 60,147              | 62,472              | 69,644              | 94,625               | 103,920             | 98,025              |
| <b>Subtotal</b>           | <b>\$15,311,537</b> | <b>\$17,080,181</b> | <b>\$17,840,266</b> | <b>\$17,944,623</b>  | <b>\$18,676,358</b> | <b>\$19,189,759</b> |
| Transfers & Other         | \$3,608,343         | \$3,271,324         | \$2,288,788         | \$2,288,788          | \$287,568           | \$287,344           |
| <b>Expenditure Total</b>  | <b>\$18,919,880</b> | <b>\$20,351,505</b> | <b>\$20,129,054</b> | <b>\$20,233,411</b>  | <b>\$18,963,926</b> | <b>\$19,477,103</b> |

### Expenditures by Department



# General Fund Expenditures

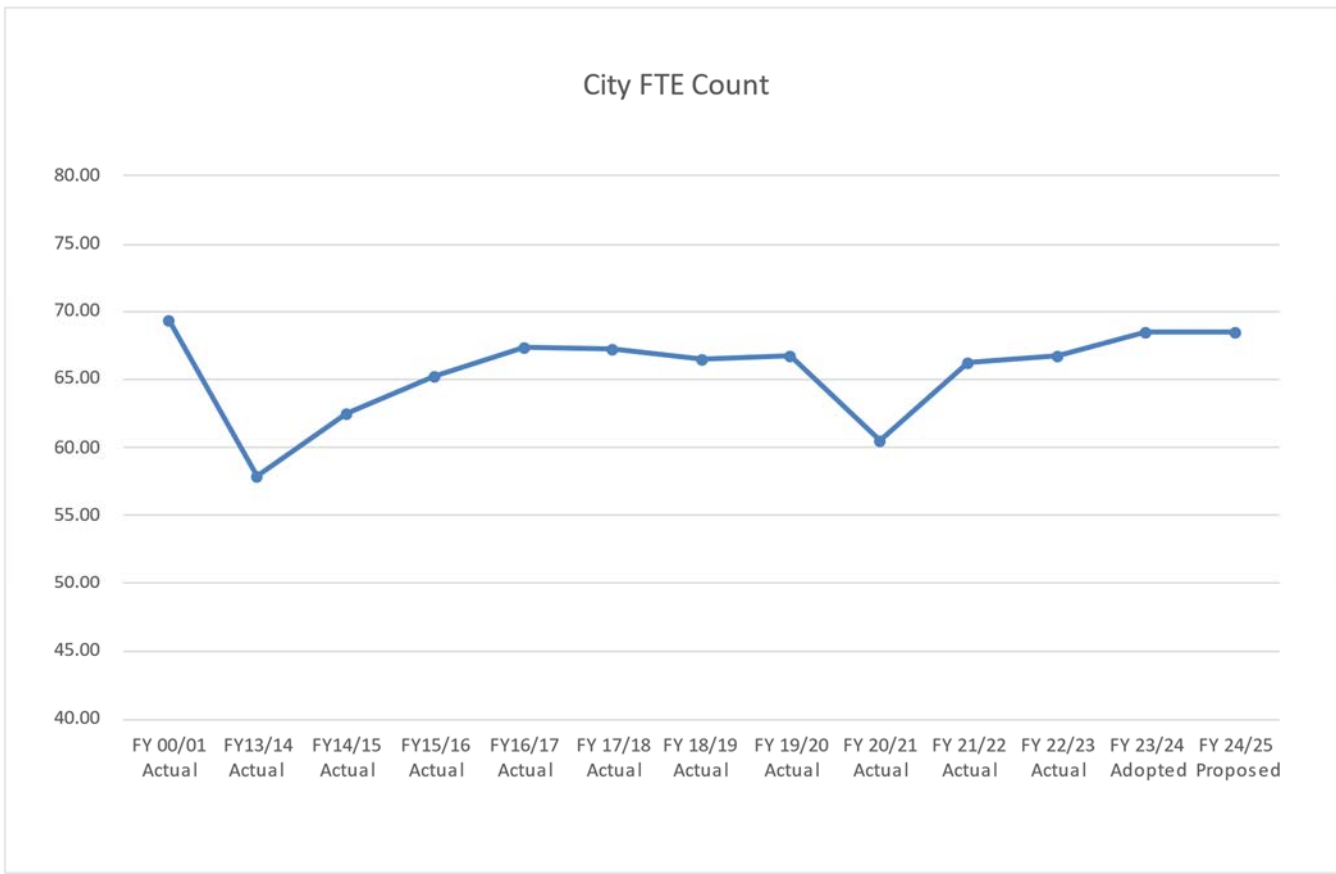
## SALARIES & BENEFITS

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

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

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

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



## General Fund Expenditures

### SALARIES & BENEFITS

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

| <b>Staffing by Category</b> | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|-----------------------------|---------------------------|---------------------------|------------------------------|-----------------------------|----------------------------|
| Salary                      | \$5,747,198               | \$6,646,360               | \$6,646,360                  | \$7,062,341                 | \$7,362,491                |
| Salary Temp                 | 406,359                   | 661,329                   | 661,329                      | 702,134                     | \$708,759                  |
| Overtime                    | 181,832                   | 360,802                   | 360,802                      | 269,000                     | 269,000                    |
| Specialty Pay               | 287,026                   | 265,321                   | 265,321                      | 353,738                     | 368,772                    |
| Benefits                    | 3,650,834                 | 3,859,910                 | 3,832,359                    | 4,238,741                   | \$4,384,286                |
| <b>Total</b>                | <b>\$10,273,250</b>       | <b>\$11,793,722</b>       | <b>\$11,766,171</b>          | <b>\$12,625,954</b>         | <b>\$13,093,308</b>        |

| <b>Staffing by Department</b> | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|-------------------------------|---------------------------|---------------------------|------------------------------|-----------------------------|----------------------------|
| City Council                  | \$41,650                  | \$40,689                  | \$40,689                     | \$40,689                    | \$40,689                   |
| City Manager                  | 764,298                   | 788,744                   | 795,681                      | 936,619                     | 974,070                    |
| Personnel                     | 278,629                   | 374,469                   | 374,469                      | 413,784                     | 426,032                    |
| Finance                       | 550,668                   | 617,735                   | 620,985                      | 681,041                     | 708,362                    |
| Law Enforcement               | 5,248,370                 | 5,682,882                 | 5,689,741                    | 6,193,135                   | 6,434,860                  |
| Pkg. Enforcement              | 238,424                   | 222,291                   | 222,291                      | 208,492                     | 216,848                    |
| Streets                       | 1,291,950                 | 1,540,503                 | 1,550,503                    | 1,578,325                   | 1,640,638                  |
| Storm Water                   | 84,105                    | 59,888                    | 59,888                       | 64,913                      | 67,495                     |
| Fleet                         | 106,579                   | 112,513                   | 112,577                      | 162,899                     | 169,071                    |
| Parks                         | 191,041                   | 292,010                   | 297,665                      | 338,557                     | 351,920                    |
| Planning                      | 394,688                   | 488,539                   | 488,539                      | 507,658                     | 526,964                    |
| Building                      | 333,397                   | 418,176                   | 327,627                      | 187,376                     | 194,917                    |
| Community Services & Rec      | 692,415                   | 1,094,949                 | 1,138,749                    | 1,247,728                   | 1,274,122                  |
| Museum                        | 42,895                    | 41,870                    | 45,990                       | 43,161                      | 44,825                     |
| Art & Cultural                | 14,651                    | 18,464                    | 21,000                       | 21,578                      | 22,495                     |
| <b>Total</b>                  | <b>\$10,273,249</b>       | <b>\$11,793,722</b>       | <b>\$11,766,171</b>          | <b>\$12,625,954</b>         | <b>\$13,093,309</b>        |

## General Fund Expenditures

### Salaries & Benefits - Salary Assumptions

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

| <u>Group</u>                            | <u>Current Agreement</u> | <u>Expiration Date</u> |
|---|--------------------------|------------------------|
| Assoc. of Capitola Employees/Gen. Govt. | 06/27/2021               | 06/30/2024             |
| Confidential                            | 07/01/2021               | 06/30/2024             |
| Mid-Management                          | 06/27/2021               | 06/30/2024             |
| Police Captains                         | 08/26/2021               | 06/30/2024             |
| Police Officers Association (POA)       | 08/26/2021               | 06/30/2024             |

### Overtime

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

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

### Specialty Pay

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

| <u>Specialty Pay</u>     | <u>FY21/22<br/>Actual</u> | <u>FY23/24<br/>Amended</u> | <u>FY23/24<br/>Estimated</u> | <u>FY24/25<br/>Proposed</u> | <u>FY25/26<br/>Planned</u> |
|--------------------------|---------------------------|----------------------------|------------------------------|-----------------------------|----------------------------|
| City Manager             | \$5,780                   | \$5,662                    | \$2,831                      | \$15,266                    | \$15,915                   |
| Finance                  | -                         | -                          | 3,000                        | 4,158                       | 4,334                      |
| Police                   | 257,707                   | 235,619                    | 235,619                      | 315,325                     | 328,727                    |
| Public Works             | 20,927                    | 21,405                     | 23,081                       | 16,152                      | 16,838                     |
| Community Dev.           | 177                       | 2,635                      | 1,976                        | 2,838                       | 1,972                      |
| Community Services & Rec | 2,435                     | -                          | -                            | -                           | -                          |
| <b>Total</b>             | <b>\$287,026</b>          | <b>\$265,321</b>           | <b>\$266,507</b>             | <b>\$353,738</b>            | <b>\$367,786</b>           |

## General Fund Expenditures

### Salaries & Benefits – Retirement Assumptions

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

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

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

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

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

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

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

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

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

## Retirement Costs Summary

| <b>Retirement Costs</b>             | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY23/24<br/>Amended</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|-------------------------------------|---------------------------|---------------------------|----------------------------|-----------------------------|----------------------------|
| Ret. cost - PERS Safety             | \$ 436,575                | \$ 435,788                | \$ 386,338                 | \$ 439,677                  | \$ 458,364                 |
| Ret. cost - PERS Safety UAL         | 1,002,849                 | 1,121,718                 | 1,107,637                  | 1,324,947                   | 1,469,000                  |
| Ret. cost - PERS Miscellaneous      | 281,723                   | 291,538                   | 279,615                    | 294,771                     | 307,299                    |
| Ret. cost - PERS Misc UAL           | 966,725                   | 1,059,922                 | 1,031,554                  | 1,227,177                   | 1,358,000                  |
| Ret. cost - Retirement PARS         | 3,890                     | 5,651                     | 6,169                      | 8,332                       | 8,332                      |
| Ret. health OPEB - Retiree health   | 39,482                    | 44,684                    | 38,750                     | 38,750                      | 38,750                     |
| OPEB Trust Fund                     | 60,250                    | 67,048                    | 67,050                     | 67,050                      | 67,050                     |
| <b>Total Retirement Costs</b>       | <b>\$ 2,791,494</b>       | <b>\$ 3,026,349</b>       | <b>\$ 2,917,113</b>        | <b>\$ 3,400,705</b>         | <b>\$ 3,706,795</b>        |
| <br>                                |                           |                           |                            |                             |                            |
| Total Employee Paid Costs           | \$ 1,004,938              | \$ 1,089,486              | \$ 1,050,161               | \$ 1,224,254                | \$ 1,334,446               |
| Total City Paid Costs               | \$ 2,791,494              | \$ 3,026,349              | \$ 2,917,113               | \$ 3,400,705                | \$ 3,706,795               |
| Total Costs Employee and City       | \$ 3,796,432              | \$ 4,115,835              | \$ 3,967,274               | \$ 4,624,958                | \$ 5,041,241               |
| <br>                                |                           |                           |                            |                             |                            |
| Unfunded Actuarial Liability-Safety | 13,594,061                | 14,685,285                | 11,169,617                 | 17,213,533                  | 18,074,210                 |
| Unfunded Actuarial Liability-Misc   | 12,422,127                | 13,354,880                | 9,924,040                  | 15,324,728                  | 16,090,964                 |
| Unfunded OPEB Liability             | 1,572,208                 | 1,572,208                 | 1,642,315                  | 1,642,315                   | 1,642,315                  |
| Funding Ratio PERS Safety           | 71.3%                     | 72.40%                    | 77.10%                     | 66.60%                      | 66.60%                     |
| Funding Ratio PERS Misc             | 69.7%                     | 69.70%                    | 77.40%                     | 67.20%                      | 67.20%                     |



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

| Department    | Contract Description                       | FY23/24           | FY24/25           | FY25/26           |
|---------------|--|-------------------|-------------------|-------------------|
|               |  | Amended           | Proposed          | Planned           |
| City Council  | Other contract services Legal notices      | \$ -              | \$ -              | \$ -              |
| City Council  | Gen/Admin - Community TV                   | 10,000            | 13,000            | 13,000            |
| City Council  | Gen/Admin Contracts - General              | 83,000            | 20,000            | 2,000             |
| City Council  | CS-Gen/Admin Beach Festival                | 5,000             | 5,000             | 5,000             |
|               | <b>Total</b>                               | <b>\$ 98,000</b>  | <b>\$ 38,000</b>  | <b>\$ 20,000</b>  |
| City Manager  | Gen/Admin Muni code - Codification Svcs.   | \$ 4,000          | \$ 4,000          | \$ 4,000          |
| City Manager  | Gen/Admin Rcrd Mgmt-Doc. Imaging           | 1,000             | 4,550             | 4,550             |
| City Manager  | Gen/Admin Records Mgmt-Storage             | 6,500             | 8,000             | 8,000             |
| City Manager  | Gen/Admin Newsletter                       | 10,000            | 6,000             | 6,000             |
| City Manager  | Gen/Admin Public Outreach                  | -                 | 6,000             | -                 |
| City Manager  | Gen/Admin Council Election                 | -                 | 29,700            | -                 |
| City Manager  | Gen/Admin Contracts - General              | 30,000            | 24,000            | 24,000            |
| City Manager  | Environ. Svcs Garage Sale Day              | 800               | 800               | 800               |
| City Manager  | Environ. Svcs SCC-Hzrds Waste Disp Fee     | -                 | -                 | -                 |
| City Manager  | Environ. Svcs Recycling Svcs.              | 7,820             | -                 | -                 |
| City Manager  | Environ. Svcs JPA-Pollution Control        | -                 | -                 | -                 |
| City Manager  | Other Contract services - Legal Notices    | 1,500             | 4,000             | 4,000             |
| City Manager  | Mosquito and Vector Control                | -                 | -                 | -                 |
| City Manager  | CS-Temp. Staff & Instr. Temporary staff    | -                 | -                 | -                 |
| City Manager  | Contract Svcs. Unanticipated Events        | 10,000            | 10,000            | 10,000            |
|               | <b>Total</b>                               | <b>\$ 71,620</b>  | <b>\$ 97,050</b>  | <b>\$ 61,350</b>  |
| Personnel     | Legal svcs Labor/Personnel                 | \$ -              | \$ 5,000          | \$ 5,000          |
| Personnel     | Personnel Svcs Recruitment Svcs.           | -                 | 1,000             | 1,000             |
| Personnel     | Personnel Svcs Bkgrnd Invest.              | 7,000             | 7,000             | 7,000             |
| Personnel     | Personnel Svcs Medical Exams               | 3,500             | 3,500             | 3,500             |
| Personnel     | Personnel Svcs Ed. Reimbrsmnt              | 10,000            | -                 | -                 |
| Personnel     | Contract Svcs. Flex-Hlth-Dntl-Vsn Admin    | 4,000             | 4,000             | 4,000             |
| Personnel     | Contract Svcs. Employee Training/Risk Mgmt | -                 | 5,000             | 5,000             |
| Personnel     | Contract Svcs. Employee Engagement         | -                 | 8,000             | 8,000             |
| Personnel     | CS-Gen/Admin Contracts - general           | 31,000            | 1,000             | 1,000             |
|               | <b>Total</b>                               | <b>\$ 55,500</b>  | <b>\$ 34,500</b>  | <b>\$ 34,500</b>  |
| City Attorney | Gen/Admin Contracts - General              | \$ 10,000         | \$ -              | \$ -              |
| City Attorney | Legal Svcs Legal Svcs. - General           | 210,000           | 210,000           | 210,000           |
| City Attorney | Legal Svcs Special Svcs.                   | 50,000            | 50,000            | 50,000            |
| City Attorney | Legal Svcs Rent Control                    | -                 | -                 | -                 |
| City Attorney | Legal svcs Labor/Personnel                 | 18,000            | 10,000            | 10,000            |
|               | <b>Total</b>                               | <b>\$ 288,000</b> | <b>\$ 270,000</b> | <b>\$ 270,000</b> |

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

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

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

| Department         | Contract Description                            | FY23/24            | FY24/25            | FY25/26            |
|--------------------|---|--------------------|--------------------|--------------------|
|                    |   | Amended            | Proposed           | Planned            |
| Comm Svcs & Rec    | Gen/Admin Contracts - General                   | \$ 15,500          | \$ 20,000          | \$ 20,000          |
| Comm Svcs & Rec    | CS-IT Contracts Recreation technology system    | \$ 15,000          | \$ 17,750          | \$ 17,750          |
| Comm Svcs & Rec    | Fin Svcs Credit card merchant fees              | 7,000              | 15,000             | 15,000             |
| Comm Svcs & Rec    | PW & Trans. Transportation-Rec program          | 1,600              | 1,600              | 1,600              |
| Comm Svcs & Rec    | Temp. Staff/Instr. Rec contract inst/sports off | 113,300            | 115,200            | 113,200            |
| Comm Svcs & Rec    | Prop & Equip Comm - local & long distance       | 2,500              | -                  | -                  |
| Comm Svcs & Rec    | Prop & Equip Comm - T-1 line                    | 12,000             | -                  | -                  |
| Comm Svcs & Rec    | Prop & Equip Property Repair and Maint.         | 500                | -                  | -                  |
| Comm Svcs & Rec    | Rental contracts Equipment and vehicles         | -                  | -                  | -                  |
| Comm Svcs & Rec    | Contract Svcs. Events liability insurance       | -                  | 500                | 500                |
| Comm Svcs & Rec    | Contract Svcs. Advertising                      | -                  | 3,000              | 3,000              |
| Comm Svcs & Rec    | Contract Svcs. Mailing Service                  | 23,000             | -                  | -                  |
| Comm Svcs & Rec    | Contract Svcs. Copying, printing and binding    | 21,000             | 15,000             | 15,000             |
| Comm Svcs & Rec    | Contract Svcs. Photography                      | 4,000              | 8,000              | 8,000              |
| <b>Total</b>       |   | <b>\$ 215,400</b>  | <b>\$ 196,050</b>  | <b>\$ 194,050</b>  |
| Museum             | Prop & Equip Comm - Local & Long Distance       | \$ -               | \$ -               | \$ -               |
| Museum             | Rental contracts Land and Buildings             | 12,000             | 12,000             | 12,000             |
| Museum             | Other contract services Museum oral history     | 1,000              | 1,000              | 1,000              |
| <b>Total</b>       |   | <b>\$ 13,000</b>   | <b>\$ 13,000</b>   | <b>\$ 13,000</b>   |
| Arts & Cultural    | Events & Tourism Art at the Beach Coordinator   | \$ 3,000           | \$ -               | \$ -               |
| Arts & Cultural    | Events & Tourism Twilight Concert-Sound Engr    | 10,000             | 12,000             | 12,000             |
| Arts & Cultural    | Events & Tourism Twilight Concert-Band Costs    | 15,000             | 15,000             | 15,000             |
| Arts & Cultural    | Contract Svcs. liability insurance              | -                  | 5,000              | 5,000              |
| Arts & Cultural    | Events & Tourism Art in Public Places           | 3,000              | 3,000              | 3,000              |
| Arts & Cultural    | Events & Tourism Sunday Art & Music             | 10,000             | -                  | -                  |
| <b>Total</b>       |   | <b>\$ 41,000</b>   | <b>\$ 35,000</b>   | <b>\$ 35,000</b>   |
| <b>Grand Total</b> |   | <b>\$3,483,368</b> | <b>\$3,487,981</b> | <b>\$3,381,956</b> |

## Community Based Social Service Providers

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

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

| <b>AGENCY</b>                                  | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY23/24<br/>Amended</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|--|---------------------------|---------------------------|----------------------------|-----------------------------|----------------------------|
| <b>Children/Youth Services (General Fund)</b>  |                           |                           |                            |                             |                            |
| Big Brothers/Big sisters                       |                           | \$0                       | \$0                        | -                           | -                          |
| Campus Kids Connection - After School          |                           |                           |                            | -                           | -                          |
| Community Bridges - Child Development Division |                           |                           | -                          | -                           | -                          |
| Court-Appointed Special Advocates              |                           | -                         | -                          | -                           | -                          |
| Encompass Youth Services Counseling            |                           |                           | -                          | -                           | -                          |
| Families in Transition - Santa Cruz Co.        |                           |                           | -                          | -                           | -                          |
| O'Neill Sea Odyssey                            |                           | -                         | -                          | -                           | -                          |
| Parents Center, Inc.                           | -                         | -                         | 7,500                      | 7,500                       | 7,500                      |
| Toddler Care Center                            |                           | -                         | -                          | -                           | -                          |
| United Way - Community Assessment Project      |                           |                           | -                          | -                           | -                          |
| Childcare Center Fee Grant                     |                           |                           | -                          | -                           | -                          |
|  | <b>\$0</b>                | <b>\$0</b>                | <b>\$7,500</b>             | <b>\$7,500</b>              | <b>\$7,500</b>             |
| <b>General Fund Total</b>                      | <b>\$ 43,650</b>          | <b>\$ 101,650</b>         | <b>\$ 125,000</b>          | <b>\$ 125,000</b>           | <b>\$ 125,000</b>          |

|  |                 |                  |                  |                  |                  |
|--|-----------------|------------------|------------------|------------------|------------------|
| <b>Early Childhood / Youth Services (TOT Children's Fund )</b> |                 |                  |                  |                  |                  |
| Early Childhood & Youth Services                               |                 |                  | \$ -             | \$ -             | \$ -             |
| Big Brothers/Big sisters                                       | 0               | 6,000            | 7,500            | 7,500            | 7,500            |
| Community Bridges - Child Development Division                 | 1,004           |                  |                  | 0                | 0                |
| Diversity Center SC County                                     | 0               | 0                | 7,500            | 7,500            | 7,500            |
| Court-Appointed Special Advocates                              |                 |                  | 7,500            | 7,500            | 7,500            |
| Encompass Youth Services Counseling                            | 0               |                  |                  | 0                | 0                |
| O'Neill Sea Odyssey  | 0               |                  | 10,000           | 10,000           | 10,000           |
| Monterey Bay National Marine Sanctuary                         | 0               | 0                | 7,500            | 7,500            | 7,500            |
| Parents Center, Inc.   | 0               | 7,400            |                  | 0                | 0                |
| Toddler Care Center  | 0               |                  |                  | 0                | 0                |
| United Way - Community Assessment Project                      | 0               | 5,000            |                  | 0                | 0                |
| Santa Cruz Museum of Discovery                                 | 0               | 10,000           | 12,500           | 12,500           | 12,500           |
| Casa of Santa Cruz   | 0               | 10,000           |                  | 0                | 0                |
| Boys and Girls Club of Santa Cruz County                       | 0               | 10,000           | 7,500            | 7,500            | 7,500            |
| Childcare Center Fee Grant                                     |                 |                  |                  | 0                | 0                |
| Recreation Programming   | 0               | 19,332           |                  | 0                | 0                |
| <b>TOT Youth Funding Total</b>                                 | <b>\$1,004</b>  | <b>\$67,732</b>  | <b>\$60,000</b>  | <b>\$60,000</b>  | <b>\$60,000</b>  |
| <b>Estimated Children's Fund Revenue</b>                       | <b>\$45,401</b> | <b>\$62,049</b>  | <b>\$60,000</b>  | <b>\$64,000</b>  | <b>\$60,000</b>  |
| <b>Remaining Funds</b>   | <b>\$44,397</b> | <b>-\$5,683</b>  | <b>\$0</b>       | <b>\$4,000</b>   | <b>\$0</b>       |
| <b>Total Social Service Program Funding</b>                    | <b>\$44,654</b> | <b>\$169,382</b> | <b>\$185,000</b> | <b>\$185,000</b> | <b>\$185,000</b> |

## **GENERAL FUND EXPENDITURES**

### **SUPPLIES**

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

| <b>Supplies</b>          | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|--------------------------|---------------------------|---------------------------|----------------------------|------------------------------|-----------------------------|----------------------------|
| City Council             | \$754                     | \$5,354                   | \$8,000                    | \$7,000                      | \$7,500                     | \$7,500                    |
| City Manager             | 5,856                     | 13,857                    | 12,500                     | 17,443                       | 9,000                       | 9,000                      |
| Finance                  | 2,400                     | 4,105                     | 4,600                      | 4,500                        | 4,600                       | 4,600                      |
| Police Department        | 140,964                   | 96,595                    | 99,800                     | 133,100                      | 101,800                     | 101,800                    |
| Public Works             | 453,235                   | 539,117                   | 429,600                    | 500,391                      | 533,750                     | 507,700                    |
| Community Development    | 860                       | 1,586                     | 2,100                      | 1,100                        | 5,100                       | 2,100                      |
| Community Services & Rec | 46,995                    | 83,801                    | 55,575                     | 65,398                       | 91,800                      | 90,800                     |
| Museum                   | 10,118                    | 13,718                    | 14,800                     | 18,250                       | 21,500                      | 21,500                     |
| Arts & Culture           | 10,766                    | 9,978                     | 5,000                      | 32,445                       | 42,000                      | 35,000                     |
| <b>Total</b>             | <b>\$671,950</b>          | <b>\$768,110</b>          | <b>\$631,975</b>           | <b>\$779,626</b>             | <b>\$817,050</b>            | <b>\$780,000</b>           |

### **TRAINING AND MEMBERSHIPS**

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

|                          | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|--------------------------|---------------------------|---------------------------|----------------------------|------------------------------|-----------------------------|----------------------------|
| City Council             | \$24,495                  | \$21,502                  | \$38,761                   | \$30,639                     | \$31,650                    | \$31,650                   |
| City Manager             | 13,409                    | 5,035                     | 20,950                     | 9,463                        | 15,000                      | 15,000                     |
| Finance                  | 1,185                     | 1,441                     | 4,600                      | 4,592                        | 7,500                       | 7,500                      |
| Police                   | 52,741                    | 56,831                    | 73,200                     | 73,200                       | 73,200                      | 73,200                     |
| Public Works             | 1,830                     | 2,661                     | 5,000                      | 3,572                        | 6,000                       | 6,000                      |
| Community Development    | 2,601                     | 10,435                    | 17,700                     | 3,150                        | 17,700                      | 17,700                     |
| Community Services & Rec | 5,033                     | 15,264                    | 17,725                     | 18,234                       | 13,900                      | 14,150                     |
| Museum                   | 207                       | 151                       | 1,000                      | 1,167                        | 1,700                       | 1,700                      |
| <b>Total</b>             | <b>\$101,501</b>          | <b>\$113,320</b>          | <b>\$178,936</b>           | <b>\$144,018</b>             | <b>\$166,650</b>            | <b>\$166,900</b>           |



## **INTERNAL SERVICES**

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

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

| <b>Internal Services</b> | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|--------------------------|---------------------------|---------------------------|----------------------------|------------------------------|-----------------------------|----------------------------|
| Stores                   | \$ 20,000                 | \$ 27,000                 | \$ 27,000                  | \$ 27,000                    | \$ 27,000                   | \$ 27,000                  |
| Information Technology   | 197,900                   | 257,502                   | 271,000                    | 271,000                      | 268,000                     | 268,000                    |
| Equipment Replacement    | 100,000                   | 105,000                   | 250,000                    | 250,000                      | 65,000                      | 200,000                    |
| Self-Insurance Liability | 450,624                   | 622,998                   | 622,136                    | 622,136                      | 682,428                     | 715,739                    |
| Workers' Compensation    | 427,680                   | 431,999                   | 447,705                    | 447,705                      | 411,295                     | 431,860                    |
| <b>Total</b>             | <b>\$ 1,196,204</b>       | <b>\$ 1,444,499</b>       | <b>\$ 1,617,841</b>        | <b>\$ 1,617,841</b>          | <b>\$ 1,453,723</b>         | <b>\$ 1,642,599</b>        |

## **GENERAL FUND TRANSFERS**

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

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

# DEPARTMENTAL BUDGETS



# CITY COUNCIL

## GENERAL GOVERNMENT

### DEPARTMENT PURPOSE

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

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

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

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

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

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

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

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

### CITY COUNCIL

|                               | FY21/22          | FY22/23           | FY 23/24          | FY23/24           | FY24/25           | FY25/26           |
|-------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                               | Actual           | Actual            | Amended           | Estimated         | Proposed          | Planned           |
| <b>1000-10-10-000</b>         |                  |                   |                   |                   |                   |                   |
| <b>Revenues</b>               |                  |                   |                   |                   |                   |                   |
| General Fund                  | \$ 98,851        | \$ 107,274        | \$ 202,431        | \$ 193,309        | \$ 135,219        | \$ 117,649        |
| <b>Revenue Total</b>          | <b>\$ 98,851</b> | <b>\$ 107,274</b> | <b>\$ 202,431</b> | <b>\$ 193,309</b> | <b>\$ 135,219</b> | <b>\$ 117,649</b> |
| <b>Expenditures</b>           |                  |                   |                   |                   |                   |                   |
| Personnel                     | \$ 41,650        | \$ 44,053         | \$ 40,689         | \$ 40,689         | \$ 40,689         | \$ 40,689         |
| Contract services             | 19,266           | 19,953            | 98,000            | 98,000            | 38,000            | 20,000            |
| Training & Memberships        | 24,495           | 21,502            | 38,761            | 30,639            | 31,650            | 31,650            |
| Supplies                      | 754              | 5,354             | 8,000             | 7,000             | 7,500             | 7,500             |
| Internal service fund charges | 12,686           | 16,412            | 16,981            | 16,981            | 17,380            | 17,810            |
| <b>Expenditure Totals</b>     | <b>\$ 98,851</b> | <b>\$ 107,274</b> | <b>\$ 202,431</b> | <b>\$ 193,309</b> | <b>\$ 135,219</b> | <b>\$ 117,649</b> |
|                               |                  |                   |                   |                   |                   |                   |
|                               |                  |                   |                   |                   |                   |                   |
| <b>Authorized Positions</b>   |                  |                   |                   |                   |                   |                   |
| Mayor                         | 1.00             | 1.00              | 1.00              | 1.00              | 1.00              | 1.00              |
| Vice Mayor                    | 1.00             | 1.00              | 1.00              | 1.00              | 1.00              | 1.00              |
| Council Members               | 3.00             | 3.00              | 3.00              | 3.00              | 3.00              | 3.00              |
| <b>FTE Total</b>              | <b>5.00</b>      | <b>5.00</b>       | <b>5.00</b>       | <b>5.00</b>       | <b>5.00</b>       | <b>5.00</b>       |

# CITY ATTORNEY

## GENERAL GOVERNMENT

### DEPARTMENT PURPOSE

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

### KEY CHANGES

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

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

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

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

#### FISCAL POLICY

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

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

# CITY MANAGER SUMMARY

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## GENERAL GOVERNMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

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

### KEY CHANGES

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

### FISCAL YEAR 2023-24 ACCOMPLISHMENTS

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

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

#### FISCAL POLICY

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

#### PUBLIC SERVICE

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

#### PUBLIC IMPROVEMENT

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

**CITY MANAGER SUMMARY**

| <b>City Manager Summary</b> | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY 23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|-----------------------------|---------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|
| <b>Revenue</b>              |                           |                           |                             |                              |                             |                            |
| General Fund                | \$ 1,319,692              | \$ 1,447,158              | \$ 1,460,346                | \$ 1,467,618                 | \$ 1,645,716                | \$ 1,663,101               |
| Licenses and permits        | 6,594                     | 4,659                     | 4,000                       | 4,000                        | 4,000                       | 4,000                      |
| <b>Revenue Totals</b>       | <b>\$ 1,326,287</b>       | <b>\$ 1,451,817</b>       | <b>\$ 1,464,346</b>         | <b>\$ 1,471,618</b>          | <b>\$ 1,649,716</b>         | <b>\$ 1,667,101</b>        |

|                               |                     |                     |                     |                     |                     |                     |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Expenditures</b>           |                     |                     |                     |                     |                     |                     |
| Personnel                     | \$ 1,042,928        | \$ 1,100,051        | \$ 1,163,213        | \$ 1,170,150        | \$ 1,350,404        | \$ 1,400,102        |
| Contract services             | 159,350             | 197,016             | 127,120             | 133,999             | 131,550             | 95,850              |
| Training & Memberships        | 13,409              | 5,035               | 20,950              | 9,463               | 15,000              | 15,000              |
| Supplies                      | 5,856               | 13,857              | 12,500              | 17,443              | 9,000               | 9,000               |
| Internal service fund charges | 104,743             | 135,858             | 140,563             | 140,563             | 143,763             | 147,150             |
| <b>Expenditure Totals</b>     | <b>\$ 1,326,286</b> | <b>\$ 1,451,818</b> | <b>\$ 1,464,346</b> | <b>\$ 1,471,618</b> | <b>\$ 1,649,716</b> | <b>\$ 1,667,102</b> |

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

# CITY MANAGER ADMINISTRATION

## GENERAL GOVERNMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

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

### CITY MANAGER ADMINISTRATION

|                               | FY21/22           | FY22/23            | FY 23/24           | FY23/24            | FY24/25            | FY25/26            |
|-------------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1000-10-11-000                | Actual            | Actual             | Amended            | Estimated          | Proposed           | Planned            |
| <b>Revenues</b>               |                   |                    |                    |                    |                    |                    |
| General Fund                  | \$ 956,182        | \$1,085,020        | \$1,002,073        | \$1,013,815        | \$1,171,815        | \$1,176,193        |
| Licenses and permits          | 6,594             | 4,659              | 4,000              | 4,000              | 4,000              | 4,000              |
| <b>Revenue Totals</b>         | <b>\$ 962,776</b> | <b>\$1,089,679</b> | <b>\$1,006,073</b> | <b>\$1,017,815</b> | <b>\$1,175,815</b> | <b>\$1,180,193</b> |
| <b>Expenditures</b>           |                   |                    |                    |                    |                    |                    |
| Personnel                     | \$ 764,298        | \$ 808,164         | \$ 788,744         | \$ 795,681         | \$ 936,619         | \$ 974,070         |
| Contract services             | 90,957            | 150,719            | 71,620             | 88,496             | 97,050             | 61,350             |
| Training & Memberships        | 13,409            | 3,457              | 19,250             | 6,463              | 13,000             | 13,000             |
| Supplies                      | 1,835             | 7,874              | 2,500              | 3,215              | 3,000              | 3,000              |
| Internal service fund charges | 92,276            | 119,466            | 123,959            | 123,959            | 126,145            | 128,773            |
| <b>Expenditure Totals</b>     | <b>\$ 962,776</b> | <b>\$1,089,679</b> | <b>\$1,006,073</b> | <b>\$1,017,815</b> | <b>\$1,175,815</b> | <b>\$1,180,193</b> |
| <b>Authorized Positions</b>   |                   |                    |                    |                    |                    |                    |
|                               | FY21/22           | FY22/23            | FY 23/24           | FY23/24            | FY24/25            | FY25/26            |
|                               | Actual            | Actual             | Amended            | Estimated          | Proposed           | Planned            |
| City Manager                  | 0.80              | 0.80               | 0.80               | 0.80               | 0.80               | 0.80               |
| City Clerk                    | 1.00              | 1.00               | 1.00               | 1.00               | 1.00               | 1.00               |
| Deputy City Clerk             | -                 | 0.50               | 1.00               | 1.00               | 1.00               | 1.00               |
| Assistant to the City Manager | 0.50              | 0.50               | 0.50               | 0.50               | 0.50               | 0.50               |
| Human Resources Analyst       |                   |                    |                    |                    |                    |                    |
| Executive Assistant           | 1.00              | 0.50               | -                  | -                  | -                  | 0.00               |
| Information System Specialist | 1.00              | 1.00               | 0.50               | 0.50               | 0.50               | 0.50               |
| Records Coordinator           | -                 | -                  | -                  | -                  | -                  | -                  |
| Receptionist                  | -                 | -                  | 1.00               | 1.00               | 1.00               | 1.00               |
| <b>FTE Total</b>              | <b>4.30</b>       | <b>4.30</b>        | <b>4.80</b>        | <b>4.80</b>        | <b>4.80</b>        | <b>4.80</b>        |

# CITY MANAGER PERSONNEL

GENERAL GOVERNMENT

## MISSION STATEMENT

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

## DEPARTMENT PURPOSE

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

### CITY MANAGER PERSONNEL

|                               | FY21/22          | FY22/23          | FY 23/24         | FY23/24           | FY24/25          | FY25/26          |
|-------------------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| 1000-10-12-000                | Actual           | Actual           | Amended          | Estimated         | Proposed         | Planned          |
| <b>Revenues</b>               |                  |                  |                  |                   |                  |                  |
| General Fund                  | \$363,511        | \$362,138        | \$458,273        | \$ 453,803        | \$473,901        | \$486,908        |
| <b>Revenue Totals</b>         | <b>\$363,511</b> | <b>\$362,138</b> | <b>\$458,273</b> | <b>\$ 453,803</b> | <b>\$473,901</b> | <b>\$486,908</b> |
| <b>Expenditures</b>           |                  |                  |                  |                   |                  |                  |
| Personnel                     | \$278,629        | \$291,887        | \$374,469        | \$ 374,469        | \$413,784        | \$426,032        |
| Contract services             | 68,393           | 46,297           | 55,500           | 45,503            | 34,500           | 34,500           |
| Training & Memberships        | -                | 1,579            | 1,700            | 3,000             | 2,000            | 2,000            |
| Supplies                      | 4,021            | 5,984            | 10,000           | 14,227            | 6,000            | 6,000            |
| Internal service fund charges | 12,467           | 16,392           | 16,604           | 16,604            | 17,617           | 18,376           |
| <b>Expenditure Totals</b>     | <b>\$363,511</b> | <b>\$362,138</b> | <b>\$458,273</b> | <b>\$ 453,803</b> | <b>\$473,901</b> | <b>\$486,908</b> |
| <b>Authorized Positions</b>   |                  |                  |                  |                   |                  |                  |
|                               | FY21/22          | FY22/23          | FY 23/24         | FY23/24           | FY24/25          | FY25/26          |
|                               | Actual           | Actual           | Amended          | Estimated         | Proposed         | Planned          |
| City Manager                  | 0.20             | 0.20             | 0.20             | 0.20              | 0.20             | 0.20             |
| Human Resources Analyst       | -                | 0.50             | 1.00             | 1.00              | 1.00             | 1.00             |
| Assistant to the City Manager | 0.50             | 0.50             | 0.50             | 0.50              | 0.50             | 0.50             |
| Executive Assistant           | 0.50             | -                | -                | -                 | -                | 0.00             |
| <b>FTE Total</b>              | <b>1.20</b>      | <b>1.20</b>      | <b>1.70</b>      | <b>1.70</b>       | <b>1.70</b>      | <b>1.70</b>      |



### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

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

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

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

**FINANCE**

| <b>1000-10-17-000</b>   | <b>FY21/22</b>    | <b>FY22/23</b>    | <b>FY 23/24</b>   | <b>FY23/24</b>    | <b>FY24/25</b>    | <b>FY25/26</b>     |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
|                         | <b>Actual</b>     | <b>Actual</b>     | <b>Amended</b>    | <b>Estimated</b>  | <b>Proposed</b>   | <b>Planned</b>     |
| <b>Revenue</b>          |                   |                   |                   |                   |                   |                    |
| General Fund            | \$ 447,923        | \$ 492,344        | \$ 637,309        | \$ 604,349        | \$ 628,165        | \$ 657,135         |
| Licenses & Permits      | 315,604           | 309,349           | 312,500           | 317,691           | 318,750           | 321,938            |
| Intergovernmental       | 6,494             | 6,634             | 6,700             | 3,529             | 6,700             | 6,700              |
| Use of money & property | 7,393             | 12,777            | 10,800            | 9,202             | 11,500            | 12,200             |
| Other revenue           | 3,431             | 2,934             | -                 | 2,680             | 3,000             | 3,000              |
| <b>Revenue Totals</b>   | <b>\$ 780,845</b> | <b>\$ 824,038</b> | <b>\$ 967,309</b> | <b>\$ 937,451</b> | <b>\$ 968,115</b> | <b>\$1,000,972</b> |

**Expenditures**

|                               |                   |                   |                   |                   |                   |                    |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Personnel                     | \$ 550,668        | \$ 540,947        | \$ 617,735        | \$ 620,985        | \$ 681,041        | \$ 708,362         |
| Contract services             | 161,542           | 192,920           | 253,250           | 220,250           | 185,100           | 188,100            |
| Training & Memberships        | 1,185             | 1,441             | 4,600             | 4,592             | 7,500             | 7,500              |
| Supplies                      | 2,400             | 4,105             | 4,600             | 4,500             | 4,600             | 4,600              |
| Internal service fund charges | 65,049            | 84,624            | 87,124            | 87,124            | 89,874            | 92,410             |
| <b>Expenditure Totals</b>     | <b>\$ 780,845</b> | <b>\$ 824,038</b> | <b>\$ 967,309</b> | <b>\$ 937,451</b> | <b>\$ 968,115</b> | <b>\$1,000,972</b> |

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

# POLICE SUMMARY

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POLICE

## MISSION STATEMENT

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

## VISION STATEMENT

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

## CORE VALUES

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

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

## FISCAL YEAR ACCOMPLISHMENTS – 2023-24

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

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

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

**POLICE SUMMARY**

| <b>Police Department Summary</b> | <b>FY21/22 Actual</b> | <b>FY22/23 Actual</b> | <b>FY 23/24 Amended</b> | <b>FY23/24 Estimated</b> | <b>FY24/25 Proposed</b> | <b>FY25/26 Planned</b> |
|----------------------------------|-----------------------|-----------------------|-------------------------|--------------------------|-------------------------|------------------------|
| <b>Revenue</b>                   |                       |                       |                         |                          |                         |                        |
| General Fund                     | \$ 6,925,540          | \$ 7,371,184          | \$ 7,436,863            | \$ 7,681,725             | \$ 7,954,746            | \$ 8,250,472           |
| Licenses and permits             | 44,907                | 52,055                | 55,500                  | 33,341                   | 55,500                  | 55,500                 |
| Intergovernmental revenues       | 58,956                | 137,649               | 121,002                 | 62,071                   | 83,000                  | 83,000                 |
| Charges for services             | 23,854                | 57,309                | 58,750                  | 50,114                   | 58,750                  | 58,750                 |
| Fines and forfeitures            | 588,832               | 566,907               | 607,500                 | 474,720                  | 599,500                 | 599,500                |
| Other revenues                   | 592                   | 292                   | 20,000                  | 1,433                    | -                       | -                      |
| <b>Revenue Totals</b>            | <b>\$ 7,642,681</b>   | <b>\$ 8,185,395</b>   | <b>\$ 8,299,615</b>     | <b>\$ 8,303,403</b>      | <b>\$ 8,751,496</b>     | <b>\$ 9,047,222</b>    |

**Expenditures**

|                               |                     |                     |                     |                     |                     |                     |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel                     | \$5,486,794         | \$5,925,880         | \$5,905,173         | \$5,912,032         | \$6,401,626         | \$6,651,708         |
| Contract services             | 1,258,011           | 1,314,010           | 1,388,290           | 1,342,723           | 1,356,496           | 1,363,471           |
| Training & Memberships        | 52,741              | 56,831              | 73,200              | 73,200              | 73,200              | 73,200              |
| Supplies                      | 140,964             | 96,595              | 99,800              | 133,100             | 101,800             | 101,800             |
| Internal service fund charges | 709,412             | 832,037             | 884,847             | 884,847             | 852,374             | 891,044             |
| <b>Expenditure Totals</b>     | <b>\$ 7,647,921</b> | <b>\$ 8,225,354</b> | <b>\$ 8,351,310</b> | <b>\$ 8,345,902</b> | <b>\$ 8,785,497</b> | <b>\$ 9,081,223</b> |

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

# LAW ENFORCEMENT

POLICE

## LAW ENFORCEMENT

|                               | FY21/22             | FY22/23             | FY 23/24            | FY23/24             | FY24/25             | FY25/26             |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1000-20-20-000                | Actual              | Actual              | Amended             | Estimated           | Proposed            | Planned             |
| <b>Revenue</b>                |                     |                     |                     |                     |                     |                     |
| General Fund                  | \$ 6,699,698        | \$ 7,089,319        | \$ 7,199,230        | \$ 7,382,821        | \$ 7,756,143        | \$ 8,034,712        |
| Licenses and permits          | 44,907              | 52,055              | 55,500              | 33,341              | 55,500              | 55,500              |
| Intergovernmental revenues    | 58,956              | 137,649             | 121,002             | 62,071              | 83,000              | 83,000              |
| Charges for services          | 23,854              | 57,309              | 58,750              | 50,114              | 58,750              | 58,750              |
| Fines and forfeitures         | 8,386               | 80,699              | 110,000             | 77,220              | 100,000             | 100,000             |
| Other revenues                | 592                 | 292                 | 20,000              | 1,433               | -                   | -                   |
| <b>Revenue Totals</b>         | <b>\$ 6,836,392</b> | <b>\$ 7,417,322</b> | <b>\$ 7,564,482</b> | <b>\$ 7,606,999</b> | <b>\$ 8,053,393</b> | <b>\$ 8,331,962</b> |
| <b>Expenditure</b>            |                     |                     |                     |                     |                     |                     |
| Personnel                     | \$ 5,248,370        | \$ 5,676,262        | \$ 5,682,882        | \$ 5,689,741        | \$ 6,193,135        | \$ 6,434,860        |
| Contract services             | 729,425             | 802,152             | 870,997             | 873,355             | 882,499             | 882,499             |
| Training & Memberships        | 52,741              | 56,831              | 73,200              | 73,200              | 73,200              | 73,200              |
| Supplies                      | 129,637             | 91,784              | 91,000              | 124,300             | 93,000              | 93,000              |
| Internal service fund charges | 676,220             | 790,292             | 846,403             | 846,403             | 811,559             | 848,403             |
| <b>Expenditure Totals</b>     | <b>\$ 6,836,392</b> | <b>\$ 7,417,322</b> | <b>\$ 7,564,482</b> | <b>\$ 7,606,999</b> | <b>\$ 8,053,393</b> | <b>\$ 8,331,962</b> |

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

# PARKING ENFORCEMENT

POLICE

## DEPARTMENT PURPOSE

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

## FISCAL YEAR ACCOMPLISHMENTS – 2023-24

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

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

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

### PARKING ENFORCEMENT

|                               | FY21/22           | FY22/23           | FY 23/24          | FY23/24           | FY24/25           | FY25/26           |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1000-20-21-000                | Actual            | Actual            | Amended           | Estimated         | Proposed          | Planned           |
| <b>Revenue</b>                |                   |                   |                   |                   |                   |                   |
| General Fund                  | \$ 72,300         | \$ 111,785        | \$ 53,660         | \$ 114,931        | \$ 57,812         | \$ 67,931         |
| Fines and forfeitures         | 580,447           | 486,207           | 497,500           | 397,500           | 499,500           | 499,500           |
| Use of money & property       | 5,240             | 39,959            | 51,695            | 42,499            | 34,000            | 34,000            |
| <b>Revenue Totals</b>         | <b>\$ 657,986</b> | <b>\$ 637,952</b> | <b>\$ 602,855</b> | <b>\$ 554,930</b> | <b>\$ 591,312</b> | <b>\$ 601,431</b> |
| <b>Expenditures</b>           |                   |                   |                   |                   |                   |                   |
| Personnel                     | \$ 238,424        | \$ 249,618        | \$ 222,291        | \$ 222,291        | \$ 208,492        | \$ 216,848        |
| Contract services             | 380,066           | 346,699           | 334,500           | 286,575           | 334,500           | 334,500           |
| Supplies                      | 11,323            | 4,811             | 8,800             | 8,800             | 8,800             | 8,800             |
| Internal service fund charges | 28,173            | 36,824            | 37,264            | 37,264            | 39,521            | 41,284            |
| <b>Expenditure Totals</b>     | <b>\$ 657,986</b> | <b>\$ 637,952</b> | <b>\$ 602,855</b> | <b>\$ 554,930</b> | <b>\$ 591,312</b> | <b>\$ 601,431</b> |
| <b>Authorized Positions</b>   |                   |                   |                   |                   |                   |                   |
|                               | FY21/22           | FY22/23           | FY 23/24          | FY23/24           | FY24/25           | FY25/26           |
|                               | Actual            | Actual            | Amended           | Estimated         | Proposed          | Planned           |
| Parking Enforcement Officer   | 2.00              | 2.00              | 3.00              | 3.00              | 3.00              | 3.00              |
| <b>FTE Total</b>              | <b>2.00</b>       | <b>2.00</b>       | <b>3.00</b>       | <b>3.00</b>       | <b>3.00</b>       | <b>3.00</b>       |

# ANIMAL SERVICES

POLICE

## DEPARTMENT PURPOSE

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

## ANIMAL SERVICES

| 1000-20-23-000                | FY21/22<br>Actual | FY22/23<br>Actual | FY 23/24<br>Amended | FY23/24<br>Estimated | FY24/25<br>Proposed | FY25/26<br>Planned |
|-------------------------------|-------------------|-------------------|---------------------|----------------------|---------------------|--------------------|
| <b>Revenue</b>                |                   |                   |                     |                      |                     |                    |
| General Fund                  | \$ 74,785         | \$ 81,667         | \$ 88,973           | \$ 88,973            | \$ 140,791          | \$147,829          |
| Charges for services          | -                 | -                 | -                   | -                    | -                   | -                  |
| <b>Revenue Totals</b>         | <b>\$ 74,785</b>  | <b>\$ 81,667</b>  | <b>\$ 88,973</b>    | <b>\$ 88,973</b>     | <b>\$ 140,791</b>   | <b>\$147,829</b>   |
| <b>Expenditures</b>           |                   |                   |                     |                      |                     |                    |
| Contract services             | \$ 73,855         | \$ 80,492         | \$ 87,793           | \$ 87,793            | \$ 139,497          | \$146,472          |
| Internal service fund charges | 930               | 1,175             | 1,180               | 1,180                | 1,294               | 1,358              |
| <b>Expenditure Totals</b>     | <b>\$ 74,785</b>  | <b>\$ 81,667</b>  | <b>\$ 88,973</b>    | <b>\$ 88,973</b>     | <b>\$ 140,791</b>   | <b>\$147,829</b>   |

# PUBLIC WORKS SUMMARY

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## MISSION STATEMENT

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

## DEPARTMENT PURPOSE

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

To provide this stewardship, the department has three divisions.

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

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

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

## FISCAL YEAR ACCOMPLISHMENTS – 2023-24

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



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

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

| <b>PUBLIC WORKS SUMMARY</b>    |                           |                           |                             |                              |                             |                            |
|--------------------------------|---------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|
| <b>Public Works Summary</b>    | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY 23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
| <b>Revenue</b>                 |                           |                           |                             |                              |                             |                            |
| General Fund                   | \$ 2,815,514              | \$ 3,412,508              | \$ 3,785,993                | \$ 3,881,230                 | \$ 3,974,644                | \$ 4,115,536               |
| Licenses and permits           | 26,260                    | 37,311                    | 30,000                      | 30,000                       | 30,000                      | 30,000                     |
| Charges for services           | 5,224                     | 8,951                     | 5,000                       | 9,818                        | 6,000                       | 6,000                      |
| Other revenues                 | 41,039                    | 10,751                    | 8,000                       | 11,445                       | 8,000                       | 8,000                      |
| <b>Revenue Totals</b>          | <b>\$ 2,933,999</b>       | <b>\$ 3,469,521</b>       | <b>\$ 3,828,993</b>         | <b>\$ 3,944,128</b>          | <b>\$ 4,018,644</b>         | <b>\$ 4,159,536</b>        |
| <b>Expenditures</b>            |                           |                           |                             |                              |                             |                            |
| Personnel                      | \$ 1,673,675              | \$ 1,895,349              | \$ 2,004,914                | \$ 2,020,633                 | \$ 2,144,694                | \$ 2,229,123               |
| Contract services              | 629,589                   | 869,834                   | 1,096,307                   | 1,127,359                    | 1,159,785                   | 1,104,485                  |
| Training & Memberships         | 1,830                     | 2,661                     | 5,000                       | 3,572                        | 6,000                       | 6,000                      |
| Supplies                       | 453,235                   | 539,117                   | 429,600                     | 500,391                      | 533,750                     | 507,700                    |
| Internal service fund charges  | 174,801                   | 162,560                   | 292,172                     | 292,172                      | 174,415                     | 312,228                    |
| <b>Expenditure Totals</b>      | <b>\$ 2,933,130</b>       | <b>\$ 3,469,520</b>       | <b>\$ 3,827,993</b>         | <b>\$ 3,944,128</b>          | <b>\$ 4,018,644</b>         | <b>\$ 4,159,536</b>        |
| <b>Authorized Positions</b>    |                           |                           |                             |                              |                             |                            |
|                                | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY 23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
| Public Works Director          | 1.00                      | 1.00                      | 1.00                        | 1.00                         | 1.00                        | 1.00                       |
| Engineer / Project Manager     | 1.00                      | 1.00                      | 1.00                        | 1.00                         | 1.00                        | 1.00                       |
| Operations Maint. Supervisor   | -                         | 1.00                      | 1.00                        | 1.00                         | 1.00                        | 1.00                       |
| Field Supervisor               | 1.00                      | -                         | -                           | -                            | -                           | -                          |
| Maintenance Worker I & II      | 7.50                      | 7.50                      | 8.00                        | 9.00                         | 7.50                        | 7.50                       |
| Maintenance Worker III         | 2.00                      | 2.00                      | 2.00                        | 1.00                         | 2.00                        | 2.00                       |
| SR. Mechanic/Mechanic          | 1.50                      | 1.50                      | 1.00                        | 1.00                         | 1.50                        | 1.50                       |
| Development Services Tech      | -                         | 1.00                      | 1.00                        | 1.00                         | 1.00                        | 1.00                       |
| Environmental Projects Manager | 1.00                      | 1.00                      | 1.00                        | 1.00                         | 1.00                        | 1.00                       |
| <b>FTE Total</b>               | <b>15.00</b>              | <b>16.00</b>              | <b>16.00</b>                | <b>16.00</b>                 | <b>16.00</b>                | <b>16.00</b>               |

# STREETS

## PUBLIC WORKS

### STREETS

|                            | FY21/22             | FY22/23             | FY 23/24            | FY23/24             | FY24/25             | FY25/26             |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1000-30-30-000             | Actual              | Actual              | Amended             | Estimated           | Proposed            | Planned             |
| <b>Revenues</b>            |                     |                     |                     |                     |                     |                     |
| General Fund               | \$ 1,629,450        | \$ 1,934,965        | \$ 2,308,613        | \$ 2,301,035        | \$ 2,191,194        | \$ 2,393,905        |
| Licenses and permits       | 26,260              | 37,311              | 30,000              | 30,000              | 30,000              | 30,000              |
| Intergovernmental revenues | 45,963              | -                   | -                   | 11,635              | -                   | -                   |
| Charges for services       | 3,000               | 7,427               | 3,000               | 6,318               | 3,000               | 3,000               |
| Other revenues             | 33,539              | 10,751              | 8,000               | 6,712               | 8,000               | 8,000               |
| <b>Revenue Totals</b>      | <b>\$ 1,738,211</b> | <b>\$ 1,990,454</b> | <b>\$ 2,349,613</b> | <b>\$ 2,355,700</b> | <b>\$ 2,232,194</b> | <b>\$ 2,434,905</b> |

### Expenditures

|                               |                     |                     |                     |                     |                     |                     |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel                     | \$ 1,291,950        | \$ 1,443,455        | \$ 1,540,503        | \$ 1,550,503        | \$ 1,578,325        | \$ 1,640,638        |
| Contract services             | 214,916             | 328,463             | 491,357             | 490,785             | 447,485             | 451,485             |
| Training & Memberships        | 540                 | 2,661               | 2,500               | 3,572               | 3,000               | 3,000               |
| Supplies                      | 108,178             | 121,921             | 92,500              | 88,087              | 103,000             | 105,000             |
| Internal service fund charges | 122,627             | 93,955              | 222,753             | 222,753             | 100,383             | 234,782             |
| <b>Expenditure Totals</b>     | <b>\$ 1,738,211</b> | <b>\$ 1,990,454</b> | <b>\$ 2,349,613</b> | <b>\$ 2,355,700</b> | <b>\$ 2,232,194</b> | <b>\$ 2,434,905</b> |

|                                | FY21/22      | FY22/23      | FY 23/24     | FY23/24      | FY24/25      | FY25/26      |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Authorized Positions           | Actual       | Actual       | Amended      | Estimated    | Proposed     | Planned      |
| Public Works Director          | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         |
| Engineer / Project Manager     | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         |
| Operations Maint. Supervisor   | -            | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         |
| Field Supervisor               | 1.00         |              |              |              |              |              |
| Maintenance Worker I & II      | 5.50         | 6.00         | 6.00         | 7.00         | 6.50         | 6.50         |
| Maintenance Worker III         | 1.00         | 1.00         | 1.00         | -            | -            | -            |
| Development Services Tech      | -            | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         |
| Environmental Projects Manager | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         |
| <b>FTE Total</b>               | <b>10.50</b> | <b>12.00</b> | <b>12.00</b> | <b>12.00</b> | <b>11.50</b> | <b>11.50</b> |

# STORMWATER

PUBLIC WORKS

## STORM WATER

| <b>1000-30-30-301</b>     | <b>FY21/22</b>    | <b>FY22/23</b>    | <b>FY 23/24</b>   | <b>FY23/24</b>    | <b>FY24/25</b>    | <b>FY25/26</b>    |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                           | <b>Actual</b>     | <b>Actual</b>     | <b>Amended</b>    | <b>Estimated</b>  | <b>Proposed</b>   | <b>Planned</b>    |
| <b>Revenues</b>           |                   |                   |                   |                   |                   |                   |
| General Fund              | \$ 126,955        | \$ 115,036        | \$ 202,538        | \$ 200,038        | \$ 205,913        | \$ 208,495        |
| Charges for services      | 2,224             | 1,524             | 2,000             | 3,500             | 3,000             | 3,000             |
| <b>Revenue Totals</b>     | <b>\$ 129,179</b> | <b>\$ 116,560</b> | <b>\$ 204,538</b> | <b>\$ 203,538</b> | <b>\$ 208,913</b> | <b>\$ 211,495</b> |
| <b>Expenditures</b>       |                   |                   |                   |                   |                   |                   |
| Personnel                 | \$ 84,105         | \$ 76,831         | \$ 59,888         | \$ 59,888         | \$ 64,913         | \$ 67,495         |
| Contract services         | 45,074            | 38,025            | 143,150           | 143,150           | 142,500           | 142,500           |
| Training & Memberships    | -                 | -                 | -                 | -                 | -                 | -                 |
| Supplies                  | -                 | 1,704             | 1,500             | 500               | 1,500             | 1,500             |
| <b>Expenditure Totals</b> | <b>\$ 129,179</b> | <b>\$ 116,560</b> | <b>\$ 204,538</b> | <b>\$ 203,538</b> | <b>\$ 208,913</b> | <b>\$ 211,495</b> |

# FACILITIES

PUBLIC WORKS

|                               | FACILITIES       |                  |                  |                   |                  |                  |
|-------------------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| 1000-30-31-xxx                | FY21/22          | FY22/23          | FY 23/24         | FY23/24           | FY24/25          | FY25/26          |
|                               | Actual           | Actual           | Amended          | Estimated         | Proposed         | Planned          |
| <b>Revenues</b>               |                  |                  |                  |                   |                  |                  |
| General Fund                  | \$275,391        | \$322,275        | \$256,143        | \$ 307,681        | \$408,220        | \$368,180        |
| Other revenues                | 7,500            | -                | -                | -                 | -                | -                |
| <b>Revenue Totals</b>         | <b>\$282,891</b> | <b>\$322,275</b> | <b>\$256,143</b> | <b>\$ 307,681</b> | <b>\$408,220</b> | <b>\$368,180</b> |
| <b>Expenditures</b>           |                  |                  |                  |                   |                  |                  |
| Contract services             | \$157,467        | \$181,425        | \$220,800        | \$ 194,119        | \$281,700        | \$241,900        |
| Supplies                      | 115,448          | 127,146          | 21,500           | 99,719            | 111,500          | 110,600          |
| Internal service fund charges | 9,975            | 13,704           | 13,843           | 13,843            | 15,020           | 15,680           |
| <b>Expenditure Totals</b>     | <b>\$282,891</b> | <b>\$322,275</b> | <b>\$256,143</b> | <b>\$ 307,681</b> | <b>\$408,220</b> | <b>\$368,180</b> |

**FLEET**

**FLEET**

| <b>1000-30-32-000</b>       | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY 23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|-----------------------------|---------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|
| <b>Revenues</b>             |                           |                           |                             |                              |                             |                            |
| General Fund                | \$325,344                 | \$367,213                 | \$359,573                   | \$359,931                    | \$420,928                   | \$428,080                  |
| Other revenues              | -                         | -                         | -                           | 4,733                        | -                           | -                          |
| <b>Revenue Totals</b>       | <b>\$325,344</b>          | <b>\$367,213</b>          | <b>\$359,573</b>            | <b>\$364,664</b>             | <b>\$420,928</b>            | <b>\$428,080</b>           |
| <b>Expenditures</b>         |                           |                           |                             |                              |                             |                            |
| Personnel                   | \$106,579                 | \$112,333                 | \$112,513                   | \$112,577                    | \$162,899                   | \$169,071                  |
| Contract services           | 8,338                     | 1,068                     | 5,000                       | 11,027                       | 5,000                       | 5,000                      |
| Training & Memberships      | 869                       | -                         | 1,000                       | -                            | 500                         | 500                        |
| Supplies                    | 195,762                   | 235,393                   | 222,500                     | 222,500                      | 232,500                     | 232,500                    |
| Internal service fund       | 13,796                    | 18,420                    | 18,560                      | 18,560                       | 20,030                      | 21,009                     |
| <b>Expenditure Totals</b>   | <b>\$325,344</b>          | <b>\$367,213</b>          | <b>\$359,573</b>            | <b>\$364,664</b>             | <b>\$420,928</b>            | <b>\$428,080</b>           |
| <b>Authorized Positions</b> |                           |                           |                             |                              |                             |                            |
| Mechanic/Sr. Mechanic       | 1.50                      | 1.00                      | 1.00                        | 1.00                         | 1.50                        | 1.50                       |
| <b>FTE Total</b>            | <b>1.50</b>               | <b>1.00</b>               | <b>1.00</b>                 | <b>1.00</b>                  | <b>1.50</b>                 | <b>1.50</b>                |

# PARKS

## MISSION STATEMENT

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

## DEPARTMENT PURPOSE

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

## KEY CHANGES

Maintaining the status quo.

### PARKS

|                               | FY21/22           | FY22/23           | FY 23/24          | FY23/24           | FY24/25           | FY25/26           |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1000-30-33-xxx                | Actual            | Actual            | Amended           | Estimated         | Proposed          | Planned           |
| <b>Revenues</b>               |                   |                   |                   |                   |                   |                   |
| General Fund                  | \$ 458,374        | \$ 673,019        | \$ 659,126        | \$ 712,545        | \$ 748,389        | \$ 716,876        |
| <b>Revenue Totals</b>         | <b>\$ 458,374</b> | <b>\$ 673,019</b> | <b>\$ 659,126</b> | <b>\$ 712,545</b> | <b>\$ 748,389</b> | <b>\$ 716,876</b> |
| <b>Expenditures</b>           |                   |                   |                   |                   |                   |                   |
| Personnel                     | \$ 191,041        | \$ 262,731        | \$ 292,010        | \$ 297,665        | \$ 338,557        | \$ 351,920        |
| Contract services             | 203,794           | 320,853           | 236,000           | 288,278           | 283,100           | 263,600           |
| Training & Memberships        | 1,290             | -                 | 2,500             | -                 | 2,500             | 2,500             |
| Supplies                      | 33,846            | 52,954            | 91,600            | 89,586            | 85,250            | 58,100            |
| Internal service fund charges | 28,403            | 36,481            | 37,016            | 37,016            | 38,983            | 40,757            |
| <b>Expenditure Totals</b>     | <b>\$ 458,374</b> | <b>\$ 673,019</b> | <b>\$ 659,126</b> | <b>\$ 712,545</b> | <b>\$ 748,389</b> | <b>\$ 716,876</b> |
| <b>Authorized Positions</b>   |                   |                   |                   |                   |                   |                   |
| Maintenance Worker I & II     | 3.00              | 2.00              | 2.00              | 2.00              | 1.00              | 1.00              |
| Maintenance Worker III        | 1.00              | 1.00              | 1.00              | 1.00              | 2.00              | 2.00              |
| <b>FTE Total</b>              | <b>4.00</b>       | <b>3.00</b>       | <b>3.00</b>       | <b>3.00</b>       | <b>3.00</b>       | <b>3.00</b>       |

# COMMUNITY DEVELOPMENT

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## COMMUNITY DEVELOPMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

### KEY CHANGES

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

### FISCAL YEAR ACCOMPLISHMENTS – FY 2023-24

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

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

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

**COMMUNITY DEVELOPMENT**

|                             | FY21/22           | FY22/23            | FY 23/24            | FY23/24           | FY24/25           | FY25/26           |
|-----------------------------|-------------------|--------------------|---------------------|-------------------|-------------------|-------------------|
| Community Development       | Actual            | Actual             | Amended             | Estimated         | Proposed          | Planned           |
| <b>Revenue</b>              |                   |                    |                     |                   |                   |                   |
| General Fund                | \$ 393,543        | \$ 454,348         | \$ 514,510          | \$ 555,161        | \$ 368,616        | \$ 429,861        |
| Licenses and permits        | 320,123           | 241,459            | 243,500             | 265,820           | 313,500           | 283,500           |
| Charges for services        | 278,599           | 323,450            | 302,000             | 173,872           | 217,000           | 207,000           |
| Fines and forfeitures       | -                 | -                  | -                   | -                 | -                 | -                 |
| <b>Revenue Totals</b>       | <b>\$ 992,265</b> | <b>\$1,019,257</b> | <b>\$ 1,060,010</b> | <b>\$ 994,853</b> | <b>\$ 899,116</b> | <b>\$ 920,361</b> |
| <b>Expenditures</b>         |                   |                    |                     |                   |                   |                   |
| Personnel                   | \$ 728,084        | \$ 877,933         | \$ 906,715          | \$ 816,166        | \$ 695,033        | \$ 721,881        |
| Contract services           | 204,020           | 55,157             | 58,000              | 98,942            | 103,000           | 98,000            |
| Training & Memberships      | 2,601             | 10,435             | 17,700              | 3,150             | 17,700            | 17,700            |
| Supplies                    | 860               | 1,586              | 2,100               | 1,100             | 5,100             | 2,100             |
| Internal service charges    | 56,699            | 74,146             | 75,495              | 75,495            | 78,282            | 80,680            |
| <b>Expenditure Totals</b>   | <b>\$ 992,264</b> | <b>\$1,019,257</b> | <b>\$ 1,060,010</b> | <b>\$ 994,853</b> | <b>\$ 899,115</b> | <b>\$ 920,361</b> |
| <b>Authorized Positions</b> |                   |                    |                     |                   |                   |                   |
|                             | FY21/22           | FY22/23            | FY 23/24            | FY23/24           | FY24/25           | FY25/26           |
|                             | Actual            | Actual             | Amended             | Estimated         | Proposed          | Planned           |
| Community Dev. Director     | 1.00              | 1.00               | 1.00                | 1.00              | 1.00              | 1.00              |
| Senior Planner              | -                 | -                  | 1.00                | 1.00              | 1.00              | 1.00              |
| Associate Planner           | -                 | 1.00               | 1.00                | 1.00              | 1.00              | 1.00              |
| Assistant Planner           | 2.00              | 1.00               | -                   | -                 | -                 | -                 |
| Building Official           | 1.00              | 1.00               | 1.00                | 1.00              | 1.00              | 1.00              |
| Building Inspector          | 1.00              | 1.00               | -                   | -                 | -                 | -                 |
| Development Services Tech   | 0.50              | 0.75               | 1.00                | 1.00              | 1.00              | 1.00              |
| <b>FTE Total</b>            | <b>5.50</b>       | <b>5.75</b>        | <b>5.00</b>         | <b>5.00</b>       | <b>5.00</b>       | <b>5.00</b>       |
| <b>Officials Positions</b>  |                   |                    |                     |                   |                   |                   |
| Planning Commissioners      | 5.00              | 5.00               | 5.00                | 5.00              | 5.00              | 5.00              |
| Arch & Site Committee       | 2.00              | 2.00               | -                   | -                 | -                 | -                 |
| <b>Total</b>                | <b>7.00</b>       | <b>7.00</b>        | <b>5.00</b>         | <b>5.00</b>       | <b>5.00</b>       | <b>5.00</b>       |
| <b>Officials Annual Pay</b> |                   |                    |                     |                   |                   |                   |
| Planning Commissioners      | \$ 9,250          | \$ 9,250           | \$ 7,500            | \$ 7,500          | \$ 8,750          | \$ 8,750          |
| Arch & Site Committee       | 6,000             | 6,000              | -                   | -                 | -                 | -                 |
| <b>Total</b>                | <b>\$ 15,250</b>  | <b>\$ 15,250</b>   | <b>\$ 7,500</b>     | <b>\$ 7,500</b>   | <b>\$ 8,750</b>   | <b>\$ 8,750</b>   |



# **PROPOSED COMMUNITY SERVICES AND RECREATION**

## **CULTURE & LEISURE**

### **MISSION**

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

### **DEPARTMENT PURPOSE**

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

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

### **KEY CHANGES**

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

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

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

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

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

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

**PROPOSED COMMUNITY SERVICES AND RECREATION**

| <b>Recreation Summary<br/>1000-50-50-xxx</b> | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY 23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|--|---------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|
| <b>Revenue</b>                               |                           |                           |                             |                              |                             |                            |
| General Fund                                 | \$ 286,144                | \$ 702,322                | \$ 586,769                  | \$ 481,769                   | \$ 720,686                  | \$ 747,560                 |
| Recreation Classes                           | \$ 199,902                | \$ 224,903                | \$ 225,000                  | \$ 224,945                   | \$ 200,000                  | \$ 200,000                 |
| Capitola Junior Guards                       | 267,803                   | 272,552                   | 309,263                     | 443,101                      | 338,800                     | 338,800                    |
| OST Program                                  | 1,386                     | 574                       | -                           | -                            | -                           | -                          |
| Sports                                       | 26,185                    | 22,465                    | 19,000                      | 14,435                       | 26,900                      | 26,900                     |
| Camp Capitola                                | 181,466                   | 150,173                   | 193,240                     | 229,091                      | 216,867                     | 216,867                    |
| Afterschool Program                          | 72,838                    | 68,338                    | 143,174                     | 143,174                      | 121,483                     | 121,483                    |
| Events                                       | 7,104                     | 3,249                     | 4,760                       | 2,347                        | 7,900                       | 7,900                      |
| <b>Total Charges for Svcs.</b>               | <b>\$ 756,685</b>         | <b>\$ 742,254</b>         | <b>\$ 894,437</b>           | <b>\$1,057,092</b>           | <b>\$ 911,950</b>           | <b>\$ 911,950</b>          |
| Jade St. Rentals                             | \$ 6,700                  | \$ 11,081                 | \$ 11,000                   | \$ 14,781                    | \$ 2,000                    | \$ 2,000                   |
| <b>Revenue Totals</b>                        | <b>\$1,049,529</b>        | <b>\$1,455,657</b>        | <b>\$1,492,206</b>          | <b>\$1,553,642</b>           | <b>\$1,634,636</b>          | <b>\$1,661,510</b>         |
| <b>Expenditures</b>                          |                           |                           |                             |                              |                             |                            |
| Personnel                                    | \$692,415                 | \$877,308                 | \$1,094,949                 | \$1,138,749                  | \$1,247,728                 | \$1,274,122                |
| Contract services                            | 241,126                   | 353,537                   | 215,400                     | 222,705                      | 196,050                     | 194,050                    |
| Training & Memberships                       | 5,033                     | 15,264                    | 17,725                      | 18,234                       | 13,900                      | 14,150                     |
| Supplies                                     | 46,995                    | 83,801                    | 55,575                      | 65,398                       | 91,800                      | 90,800                     |
| Internal service fund charges                | 63,960                    | 125,747                   | 108,557                     | 108,557                      | 85,158                      | 88,389                     |
| <b>Expenditure Totals</b>                    | <b>\$1,049,529</b>        | <b>\$1,455,657</b>        | <b>\$1,492,206</b>          | <b>\$1,553,642</b>           | <b>\$1,634,636</b>          | <b>\$1,661,510</b>         |
| <b>Authorized Positions</b>                  |                           |                           |                             |                              |                             |                            |
|  | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY 23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
| Community Svcs. & Culture Director           |                           |                           |                             |                              | 1.00                        | 1.00                       |
| Recreation Division Manager                  | 1.00                      | 1.00                      | 1.00                        | 1.00                         | -                           | -                          |
| Recreation Coordinator                       | 3.00                      | 3.00                      | 3.00                        | 3.00                         | 3.00                        | 3.00                       |
| Customer Svcs./Off. Coord.                   | 1.00                      | 1.00                      | 1.00                        | 1.00                         | 1.00                        | 1.00                       |
| Rec. Facilities Custodian                    | 0.50                      | 0.50                      | 0.50                        | 0.50                         | 0.50                        | 0.50                       |
| <b>FTE Total</b>                             | <b>5.50</b>               | <b>5.50</b>               | <b>5.50</b>                 | <b>5.50</b>                  | <b>5.50</b>                 | <b>5.50</b>                |
| <b>Hourly Allocation</b>                     |                           |                           |                             |                              |                             |                            |
| Beach Lifeguard Captain                      |                           |                           |                             | -                            | -                           | -                          |
| Beach Lifeguard/JG Instructor                | 7,200                     | 7,200                     | 7,536                       | 7,536                        | 12,648                      | 12,648                     |
| Jr. Lifeguard Coordinator                    | 1,200                     | 1,200                     | -                           | -                            | -                           | -                          |
| Lifeguard Lieutenant/ JG Asst. Cord.         | -                         | -                         | 400                         | 400                          | 1,296                       | 1,296                      |
| Recreation Leader I                          |                           |                           | 3,855                       | 3,855                        | 3,503                       | 3,503                      |
| Recreation Leader II                         | 4,800                     | 4,800                     | 3,614                       | 3,614                        | 2,952                       | 2,952                      |
| Recreation Coordinator                       | 1,200                     | 1,200                     | -                           | -                            | -                           | -                          |
| Recreation Asst. Coordinator                 | 500                       | 500                       | 1,039                       | 1,039                        | 857                         | 857                        |
| Youth Program Coordinator                    | 720                       | 720                       | -                           | -                            | 687                         | 687                        |
| Youth Program Leader                         | 2,880                     | 2,880                     | -                           | -                            | -                           | -                          |
| Recreation Admin Temps                       | 1,560                     | 1,560                     | -                           | -                            | -                           | -                          |
| Sports Scorekeepers                          | 900                       | 900                       | 900                         | 900                          | -                           | -                          |
| Recreation Facilities Assistant              | -                         | -                         | 280                         | 280                          | -                           | -                          |
| <b>Hours Total</b>                           | <b>20,960</b>             | <b>20,960</b>             | <b>17,624</b>               | <b>17,624</b>                | <b>21,943</b>               | <b>21,943</b>              |

### MISSION

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

### DEPARTMENT PURPOSE

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

### FISCAL YEAR ACCOMPLISHMENTS – 2023-24

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

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

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

**MUSEUM**

| <b>Capitola Museum<br/>1000-50-51-000</b> | <b>FY21/22</b>   | <b>FY22/23</b>   | <b>FY 23/24</b>  | <b>FY23/24</b>   | <b>FY24/25</b>   | <b>FY25/26</b>   |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
|   | <b>Actual</b>    | <b>Actual</b>    | <b>Amended</b>   | <b>Estimated</b> | <b>Proposed</b>  | <b>Planned</b>   |
| <b>Revenue</b>                            |                  |                  |                  |                  |                  |                  |
| General Fund                              | \$ 58,049        | \$ 61,735        | \$ 73,292        | \$ 73,339        | \$ 76,496        | \$ 78,383        |
| Other revenues                            | 8,385            | 10,089           | 4,300            | 8,991            | 10,000           | 10,000           |
| <b>Revenue Totals</b>                     | <b>\$ 66,434</b> | <b>\$ 71,824</b> | <b>\$ 77,592</b> | <b>\$ 82,329</b> | <b>\$ 86,496</b> | <b>\$ 88,383</b> |
| <b>Expenditures</b>                       |                  |                  |                  |                  |                  |                  |
| Personnel                                 | \$42,895         | \$43,210         | \$41,870         | \$45,990         | \$43,161         | \$44,825         |
| Contract services                         | 7,983            | 8,017            | 13,000           | 10,000           | 13,000           | 13,000           |
| Training & Memberships                    | 207              | 151              | 1,000            | 1,167            | 1,700            | 1,700            |
| Supplies                                  | 10,118           | 13,718           | 14,800           | 18,250           | 21,500           | 21,500           |
| Internal service fund charges             | 5,231            | 6,728            | 6,922            | 6,922            | 7,135            | 7,359            |
| <b>Expenditure Totals</b>                 | <b>\$ 66,434</b> | <b>\$ 71,824</b> | <b>\$ 77,592</b> | <b>\$ 82,329</b> | <b>\$ 86,496</b> | <b>\$ 88,383</b> |
| <br>                                      |                  |                  |                  |                  |                  |                  |
|   | <b>FY21/22</b>   | <b>FY22/23</b>   | <b>FY 23/24</b>  | <b>FY23/24</b>   | <b>FY24/25</b>   | <b>FY25/26</b>   |
| <b>Authorized Positions</b>               | <b>Actual</b>    | <b>Actual</b>    | <b>Amended</b>   | <b>Estimated</b> | <b>Proposed</b>  | <b>Planned</b>   |
| Museum Curator                            | 0.50             | 0.50             | 0.50             | 0.50             | 0.50             | 0.50             |
| <b>FTE Total</b>                          | <b>0.50</b>      | <b>0.50</b>      | <b>0.50</b>      | <b>0.50</b>      | <b>0.50</b>      | <b>0.50</b>      |

# ART & CULTURE

## MISSION

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

## DEPARTMENT PURPOSE

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

## FISCAL YEAR ACCOMPLISHMENTS – 2023-24

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

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

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

### ART & CULTURE

| <b>Art &amp; Cultural Commission<br/>1000-50-52-000</b> | <b>FY21/22<br/>Actual</b> | <b>FY22/23<br/>Actual</b> | <b>FY 23/24<br/>Amended</b> | <b>FY23/24<br/>Estimated</b> | <b>FY24/25<br/>Proposed</b> | <b>FY25/26<br/>Planned</b> |
|---|---------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|
| <b>Revenue</b>  |                           |                           |                             |                              |                             |                            |
| General Fund  | \$ 8,387                  | \$ 29,260                 | \$ 38,644                   | \$ 39,707                    | \$ 49,920                   | \$ 44,025                  |
| Other revenues  | 51,760                    | 21,080                    | 31,000                      | 54,918                       | 54,000                      | 54,000                     |
| <b>Revenue Totals</b>                                   | <b>\$ 60,147</b>          | <b>\$ 50,340</b>          | <b>\$ 69,644</b>            | <b>\$ 94,625</b>             | <b>\$103,920</b>            | <b>\$ 98,025</b>           |
| <b>Expenditures</b>                                     |                           |                           |                             |                              |                             |                            |
| Personnel   | \$14,651                  | \$16,152                  | \$18,464                    | \$21,000                     | \$21,578                    | \$22,495                   |
| Contract services                                       | 30,760                    | 31,293                    | 41,000                      | 36,000                       | 35,000                      | 35,000                     |
| Supplies  | 10,766                    | 9,978                     | 5,000                       | 32,445                       | 42,000                      | 35,000                     |
| Internal service fund charges                           | 3,971                     | 5,049                     | 5,180                       | 5,180                        | 5,342                       | 5,530                      |
| <b>Expenditure Totals</b>                               | <b>\$ 60,147</b>          | <b>\$ 62,472</b>          | <b>\$ 69,644</b>            | <b>\$ 94,625</b>             | <b>\$103,920</b>            | <b>\$ 98,025</b>           |
| <u>Hourly Employee Allocation</u>                       |                           |                           |                             |                              |                             |                            |
| Hours   | 516                       | 500                       | 520                         | 520                          | 600                         | 600                        |

# INTERNAL SERVICE FUNDS



## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

## STORES FUND

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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.

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



## INFORMATION TECHNOLOGY FUND

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

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

Contract services: on-going technology licenses

Supplies: replacement technology equipment

## EQUIPMENT REPLACEMENT FUND

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

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

### FY 2024-25 CAPITAL OUTLAY

2 PD Patrol vehicles \$ 140,000

### FY 2025-26 CAPITAL OUTLAY

Electric / Hybrid Fleet \$ 200,000

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

## SELF-INSURANCE LIABILITY FUND

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

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

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

| <b>SOURCES AND USES</b>       |                    |                   |                   |                   |                   |                   |
|-------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Fund - 2213</b>            | <b>FY21/22</b>     | <b>FY22/23</b>    | <b>FY23/24</b>    | <b>FY23/24</b>    | <b>FY24/25</b>    | <b>FY25/26</b>    |
|                               | <b>Actual</b>      | <b>Actual</b>     | <b>Amended</b>    | <b>Estimated</b>  | <b>Proposed</b>   | <b>Planned</b>    |
| <b>Beginning Fund Balance</b> | \$ 126,440         | \$ (20,881)       | \$ 278,187        | \$ 278,187        | \$ 179,917        | \$ 179,917        |
| <b>Revenue</b>                |                    |                   |                   |                   |                   |                   |
| Other Revenue                 | \$ (11,694)        | \$ 82,292         | \$ -              | \$ -              | \$ -              | \$ -              |
| Internal Service Charges      | 450,624            | 622,998           | 622,136           | 622,136           | 682,428           | 715,739           |
| Other Financing Sources       | -                  | 250,000           | -                 | -                 | -                 | -                 |
| <b>Revenue Totals</b>         | <b>\$ 438,930</b>  | <b>\$ 955,290</b> | <b>\$ 622,136</b> | <b>\$ 622,136</b> | <b>\$ 682,428</b> | <b>\$ 715,739</b> |
| <b>Expenditures</b>           |                    |                   |                   |                   |                   |                   |
| Contract Services             | \$ 586,251         | \$ 651,920        | \$ 622,138        | \$ 720,406        | \$ 682,428        | \$ 715,739        |
| Other Financing Uses          | -                  | 4,302             | -                 | -                 | -                 | -                 |
| <b>Expenditure Totals</b>     | <b>\$ 586,251</b>  | <b>\$ 656,222</b> | <b>\$ 622,138</b> | <b>\$ 720,406</b> | <b>\$ 682,428</b> | <b>\$ 715,739</b> |
| <b>Fund Balance at 06/30</b>  | <b>\$ (20,881)</b> | <b>\$ 278,187</b> | <b>\$ 278,185</b> | <b>\$ 179,917</b> | <b>\$ 179,917</b> | <b>\$ 179,917</b> |

## WORKERS' COMPENSATION FUND

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

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

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

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

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

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

### Distribution to General Fund Departments:

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

| <b>SOURCES AND USES</b>       |                   |                   |                   |                   |                   |                   |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Fund - 2214</b>            | <b>FY21/22</b>    | <b>FY22/23</b>    | <b>FY23/24</b>    | <b>FY23/24</b>    | <b>FY24/25</b>    | <b>FY25/26</b>    |
|                               | <b>Actual</b>     | <b>Actual</b>     | <b>Amended</b>    | <b>Estimated</b>  | <b>Proposed</b>   | <b>Planned</b>    |
| <b>Beginning Fund Balance</b> | \$ 318,800        | \$ 367,079        | \$ 117,301        | \$ 117,301        | \$ 118,749        | \$ 118,749        |
| <b>Revenue</b>                |                   |                   |                   |                   |                   |                   |
| Other Revenue                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Internal Service Charges      | \$ 427,680        | \$ 431,999        | \$ 447,705        | \$ 447,705        | \$ 411,295        | \$ 431,860        |
| <b>Revenue Totals</b>         | <b>\$ 427,680</b> | <b>\$ 431,999</b> | <b>\$ 447,705</b> | <b>\$ 447,705</b> | <b>\$ 411,295</b> | <b>\$ 431,860</b> |
| <b>Expenditures</b>           |                   |                   |                   |                   |                   |                   |
| Contract Services             | \$ 379,401        | \$ 431,777        | \$ 447,705        | \$ 446,257        | \$ 411,295        | \$ 431,860        |
| Other Financing Uses          | -                 | 250,000           | -                 | -                 | -                 | -                 |
| <b>Expenditure Totals</b>     | <b>\$ 379,401</b> | <b>\$ 681,777</b> | <b>\$ 447,705</b> | <b>\$ 446,257</b> | <b>\$ 411,295</b> | <b>\$ 431,860</b> |
| <b>Fund Balance at 06/30</b>  | <b>\$ 367,079</b> | <b>\$ 117,301</b> | <b>\$ 117,301</b> | <b>\$ 118,749</b> | <b>\$ 118,749</b> | <b>\$ 118,749</b> |

## **COMPENSATED ABSENCES LIABILITY FUND**

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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**

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

# SPECIAL REVENUE FUNDS



## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## SUPPLEMENTAL LAW ENFORCEMENT SERVICES

POLICE

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

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

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

### SOURCES AND USES

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

Contract Services – Utility services – Gas & Electric

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

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

# RESTRICTED TRANSIENT OCCUPANCY TAX (TOT)

CITY COUNCIL

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

## SOURCES AND USES

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

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

### ECYP Enrichment

- Field Trips and similar activities

### ECYP Scholarships

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

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

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

- Equal amount distributed directly to Capitola BIA fund.

# ROAD MAINTENANCE & REHABILITATION ACT (SB1)

PUBLIC WORKS

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

## SOURCES AND USES

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

Capital Outlay – Annual pavement management plan.

# REGIONAL TRANSPORTATION COMMISSION (RTC) STREETS

PUBLIC WORKS

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

## SOURCES AND USES

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

Capital Outlay – Annual pavement management plan.

# GAS TAX

## PUBLIC WORKS

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

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

### SOURCES AND USES

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

#### Contract Services:

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

# WHARF

## PUBLIC WORKS

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

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

| SOURCES AND USES              |                  |                  |                  |                  |                  |                  |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fund - 1311                   | FY21/22          | FY22/23          | FY23/24          | FY23/24          | FY24/25          | FY25/26          |
| Wharf                         | Actual           | Actual           | Amended          | Estimated        | Proposed         | Planned          |
| <b>Beginning Fund Balance</b> | <b>\$134,220</b> | <b>\$154,886</b> | <b>\$166,194</b> | <b>\$166,194</b> | <b>\$124,018</b> | <b>\$ 18,268</b> |
| <b>Revenue</b>                |                  |                  |                  |                  |                  |                  |
| Use of money & property       | 119,189          | 72,310           | -                | 2,620            | 20,500           | 20,500           |
| Other financing sources       | -                | -                | -                | -                | -                | -                |
| <b>Revenue Totals</b>         | <b>\$119,189</b> | <b>\$ 72,310</b> | <b>\$ -</b>      | <b>\$ 2,620</b>  | <b>\$ 20,500</b> | <b>\$ 20,500</b> |
| <b>Expenditures</b>           |                  |                  |                  |                  |                  |                  |
| Contract services             | \$ 82,474        | \$ 53,189        | \$ 17,500        | \$ 44,708        | \$101,250        | \$ 26,605        |
| Supplies                      | 16,049           | 7,814            | -                | 88               | -                | 5,000            |
| Capital Outlay                | -                | -                | -                | -                | 25,000           | -                |
| <b>Expenditure Totals</b>     | <b>\$ 98,523</b> | <b>\$ 61,003</b> | <b>\$ 17,500</b> | <b>\$ 44,796</b> | <b>\$126,250</b> | <b>\$ 31,605</b> |
| <b>Fund Balance at 06/30</b>  | <b>\$154,886</b> | <b>\$166,194</b> | <b>\$148,694</b> | <b>\$124,018</b> | <b>\$ 18,268</b> | <b>\$ 7,163</b>  |

### Contract Services:

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

### Capital – Buildings & Improvements

- Temporary Office - \$15,000
- Fuel storage - \$10,000

# GENERAL PLAN UPDATE & MAINTENANCE

## COMMUNITY DEVELOPMENT

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

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

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

### SOURCES AND USES

| <b>Fund - 1313</b>            | <b>FY21/22</b>   | <b>FY22/23</b>   | <b>FY23/24</b>   | <b>FY23/24</b>   | <b>FY24/25</b>   | <b>FY25/26</b>   |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>General Plan</b>           | <b>Actual</b>    | <b>Actual</b>    | <b>Amended</b>   | <b>Estimated</b> | <b>Proposed</b>  | <b>Planned</b>   |
| <b>Beginning Fund Balance</b> | <b>\$202,623</b> | <b>\$247,105</b> | <b>\$248,407</b> | <b>\$248,407</b> | <b>\$280,571</b> | <b>\$205,571</b> |
| <b>Revenue</b>                |                  |                  |                  |                  |                  |                  |
| Intergovernmental revenues    | \$ -             | \$ 65,000        | \$153,750        | \$ -             | \$ 64,375        | \$ -             |
| Charges for services          | 66,532           | 55,838           | 40,000           | 103,743          | 50,000           | 50,000           |
| Use of money & property       | 444              | 6,224            | 1,000            | 4,551            | -                | -                |
| <b>Revenue Totals</b>         | <b>\$ 66,975</b> | <b>\$127,062</b> | <b>\$194,750</b> | <b>\$108,294</b> | <b>\$114,375</b> | <b>\$ 50,000</b> |
| <b>Expenditures</b>           |                  |                  |                  |                  |                  |                  |
| Contract services             | \$ 22,443        | \$125,614        | \$400,912        | \$ 76,130        | \$189,375        | \$ 25,000        |
| Supplies                      | 50               | 146              | 500              | -                | -                | -                |
| <b>Expenditure Totals</b>     | <b>\$ 22,493</b> | <b>\$125,760</b> | <b>\$401,412</b> | <b>\$ 76,130</b> | <b>\$189,375</b> | <b>\$ 25,000</b> |
| <b>Fund Balance at 06/30</b>  | <b>\$247,105</b> | <b>\$248,407</b> | <b>\$ 41,745</b> | <b>\$280,571</b> | <b>\$205,571</b> | <b>\$230,571</b> |

Contract services:

- Ben Noble - \$64,375 – Housing Element
- RRM design – Housing Element - Rollover prior year encumbrance - \$150,000
- City Staff time – Housing Element - \$25,000

## GREEN BUILDING

## COMMUNITY DEVELOPMENT

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

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

### SOURCES AND USES

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

Contract services: Update Green Building Code



# PUBLIC ART

CITY MANAGER

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

## Works in progress

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

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

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

# PARKING RESERVE

PUBLIC WORKS

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

## SOURCES AND USES

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

# TECHNOLOGY FEE

## COMMUNITY DEVELOPMENT

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

### SOURCES AND USES

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

#### Contract Services:

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

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

CITY MANAGER

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

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

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

### **SOURCES AND USES**

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

Capitola Outlay – Technology upgrades – City Council Chambers

# CAPITOLA VILLAGE/WHARF BUSINESS IMPROVEMENT AREA (BIA)

FINANCE

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

## SOURCES AND USES

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

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

## COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

### COMMUNITY DEVELOPMENT

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

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

#### SOURCES AND USES

| Fund - 1350                   | FY21/22            | FY22/23            | FY23/24            | FY23/24            | FY24/25            | FY25/26            |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| CDBG Grants                   | Actual             | Actual             | Amended            | Estimated          | Proposed           | Planned            |
| <b>Beginning Fund Balance</b> | \$ 26,990          | \$ (18,773)        | \$ (70,889)        | \$ (70,889)        | \$ (90,889)        | \$(110,889)        |
| <b>Revenue</b>                |                    |                    |                    |                    |                    |                    |
| Intergovernmental revenues    | \$ 220,191         | \$ 168,768         | \$ 253,335         | \$ 253,335         | \$ -               | \$ -               |
| <b>Revenue Totals</b>         | <b>\$ 220,191</b>  | <b>\$ 168,768</b>  | <b>\$ 253,335</b>  | <b>\$ 253,335</b>  | <b>\$ -</b>        | <b>\$ -</b>        |
| <b>Expenditures</b>           |                    |                    |                    |                    |                    |                    |
| Contract services             | \$ 265,954         | \$ 192,873         | \$ 40,000          | \$ 40,000          | \$ 20,000          | \$ 20,000          |
| Supplies                      | \$ -               |                    |                    |                    |                    |                    |
| Grants and subsidies          | -                  | 28,012             | 233,335            | 233,335            | -                  | -                  |
| <b>Expenditure Totals</b>     | <b>\$ 265,954</b>  | <b>\$ 220,884</b>  | <b>\$ 273,335</b>  | <b>\$ 273,335</b>  | <b>\$ 20,000</b>   | <b>\$ 20,000</b>   |
| <b>Fund Balance at 06/30</b>  | <b>\$ (18,773)</b> | <b>\$ (70,889)</b> | <b>\$ (90,889)</b> | <b>\$ (90,889)</b> | <b>\$(110,889)</b> | <b>\$(130,889)</b> |

Contract Services – CDBG Preliminary Award

# COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME

## COMMUNITY DEVELOPMENT

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

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

### SOURCES AND USES

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

Contract Services – Future applications

# LIBRARY

CITY MANAGER

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

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

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

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

## SOURCES AND USES

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



# HOME PROGRAM REUSE

## COMMUNITY DEVELOPMENT

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

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

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

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

### SOURCES AND USES

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

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

# HOUSING TRUST

## COMMUNITY DEVELOPMENT

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

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

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

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

### SOURCES AND USES

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

Contract Services:

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

## PERMANENT LOCAL HOUSING ALLOCATION

### COMMUNITY DEVELOPMENT

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

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

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

#### SOURCES AND USES

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

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

# CAPITOLA HOUSING SUCCESSOR

## COMMUNITY DEVELOPMENT

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

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

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

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

| <b>SOURCES AND USES</b>                |                     |                     |                    |                    |                    |                   |
|--|---------------------|---------------------|--------------------|--------------------|--------------------|-------------------|
| <b>Fund - 5552</b>                     | <b>FY21/22</b>      | <b>FY22/23</b>      | <b>FY23/24</b>     | <b>FY23/24</b>     | <b>FY24/25</b>     | <b>FY25/26</b>    |
| <b>Capitola Housing</b>                | <b>Actual</b>       | <b>Actual</b>       | <b>Amended</b>     | <b>Estimated</b>   | <b>Proposed</b>    | <b>Planned</b>    |
| <b>Beginning Fund Balance</b>          | <b>\$ 2,107,141</b> | <b>\$ 2,015,673</b> | <b>\$2,051,000</b> | <b>\$2,051,000</b> | <b>\$1,997,365</b> | <b>\$ 950,740</b> |
| <b>Revenue</b>                         |                     |                     |                    |                    |                    |                   |
| Use of money & property                | 6,502               | 127,642             | 40,000             | 98,122             | 27,400             | 7,400             |
| Other revenues                         | -                   | -                   |                    | 70,000             |                    |                   |
| <b>Revenue Totals</b>                  | <b>\$ 6,502</b>     | <b>\$ 127,642</b>   | <b>\$ 40,000</b>   | <b>\$ 168,122</b>  | <b>\$ 27,400</b>   | <b>\$ 7,400</b>   |
| <b>Expenditures</b>                    |                     |                     |                    |                    |                    |                   |
| Personnel                              | \$ -                | \$ -                | \$ 21,782          | \$ -               | \$ -               | \$ -              |
| Contract Services                      | 59,684              | 50,955              | 51,525             | 34,860             | 41,525             | 41,525            |
| Supplies                               |                     |                     |                    |                    |                    |                   |
| Grants and Subsidies                   | 38,285              | 41,361              | 332,500            | 186,897            | 1,032,500          | 32,500            |
| <b>Expenditure Totals</b>              | <b>\$ 97,969</b>    | <b>\$ 92,316</b>    | <b>\$ 405,807</b>  | <b>\$ 221,757</b>  | <b>\$1,074,025</b> | <b>\$ 74,025</b>  |
| <b>Available Fund Balance at 06/30</b> | <b>\$ 2,015,673</b> | <b>\$ 2,051,000</b> | <b>\$1,685,193</b> | <b>\$1,997,365</b> | <b>\$ 950,740</b>  | <b>\$ 884,115</b> |

Contract Services:

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

# RESERVES



## RESERVES

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

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

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

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

## EMERGENCY RESERVES

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

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

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

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

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

| Reserve Target equals 10% of General Fund expenditures excluding transfers and internal service charges |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel   | \$10,273,249        | \$11,793,722        | \$11,793,722        | \$11,766,171        | \$12,656,730        | \$13,124,967        |
| Contract Services   | 3,018,482           | 3,336,801           | 3,483,368           | 3,483,368           | 3,442,981           | 3,381,956           |
| Training & Memberships  | 101,501             | 113,320             | 178,936             | 144,018             | 171,800             | 171,800             |
| Supplies  | 671,950             | 768,110             | 631,975             | 779,626             | 817,050             | 780,000             |
| Grants  | 43,650              | 101,650             | 125,000             | 125,000             | 125,000             | 125,000             |
| <b>Total GF Expenditures</b>  | <b>\$14,108,832</b> | <b>\$16,113,604</b> | <b>\$16,213,001</b> | <b>\$16,298,183</b> | <b>\$17,213,561</b> | <b>\$17,583,723</b> |
| Target Balance (10%)  | \$ 1,410,883        | \$ 1,611,360        | \$ 1,621,300        | \$ 1,629,818        | \$ 1,721,356        | \$ 1,758,372        |
| Over / (Short) of Target  | \$ (96,678)         | \$ (149,855)        | \$ 10,205           | \$ 1,687            | \$ (89,851)         | \$ (126,867)        |

## CONTINGENCY RESERVES

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

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

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

| <b>SOURCES AND USES</b>  |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Fund - 1010</b>   | <b>FY21/22</b>      | <b>FY22/23</b>      | <b>FY23/24</b>      | <b>FY23/24</b>      | <b>FY24/25</b>      | <b>FY25/26</b>      |
|  | <b>Actual</b>       | <b>Actual</b>       | <b>Amended</b>      | <b>Estimated</b>    | <b>Proposed</b>     | <b>Planned</b>      |
| <b>Beginning Fund Balance</b>  | \$ 2,061,346        | \$ 2,061,346        | \$2,192,346         | \$2,192,346         | \$2,364,346         | \$2,364,346         |
| <b>Revenue</b>   |                     |                     |                     |                     |                     |                     |
| Other Financing Sources  | \$ -                | \$ 131,000          | \$ 172,000          | \$ 172,000          |                     |                     |
| <b>Revenue Totals</b>  | <b>\$ -</b>         | <b>\$ 131,000</b>   | <b>\$ 172,000</b>   | <b>\$ 172,000</b>   | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>Expenditures</b>  |                     |                     |                     |                     |                     |                     |
| Other Financing Uses   | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| <b>Expenditure Totals</b>  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>Fund Balance at 06/30</b>   | <b>\$ 2,061,346</b> | <b>\$2,192,346</b>  | <b>\$2,364,346</b>  | <b>\$2,364,346</b>  | <b>\$2,364,346</b>  | <b>\$2,364,346</b>  |
| <b>Reserve Target equals 15% of General Fund expenditures excluding transfers and internal service charges</b> |                     |                     |                     |                     |                     |                     |
| Personnel  | \$10,273,249        | \$11,793,722        | \$11,793,722        | \$11,766,171        | \$12,656,730        | \$13,124,967        |
| Contract Services  | 3,018,482           | 3,336,801           | 3,483,368           | 3,483,368           | 3,442,981           | 3,381,956           |
| Training & Memberships   | 101,501             | 113,320             | 178,936             | 144,018             | 171,800             | 171,800             |
| Supplies   | 671,950             | 768,110             | 631,975             | 779,626             | 817,050             | 780,000             |
| Grants   | 43,650              | 101,650             | 125,000             | 125,000             | 125,000             | 125,000             |
| <b>Total GF Expenditures</b>   | <b>\$14,108,832</b> | <b>\$16,113,604</b> | <b>\$16,213,001</b> | <b>\$16,298,183</b> | <b>\$17,213,561</b> | <b>\$17,583,723</b> |
| Target Balance (15%)   | \$ 2,116,325        | \$ 2,417,041        | \$ 2,431,950        | \$ 2,444,727        | \$ 2,582,034        | \$ 2,637,558        |
| Over / (Short) of Target   | \$ (54,979)         | \$ (224,695)        | \$ (67,604)         | \$ (80,382)         | \$ (217,689)        | \$ (273,213)        |



## **PERS CONTINGENCY RESERVES**

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

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

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

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

## **FACILITIES RESERVES**

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

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

### **SOURCES AND USES**

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

# MULTI-YEAR ASSETS & OBLIGATIONS



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## MULTI-YEAR ASSETS & OBLIGATIONS

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

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

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

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

## GENERAL GOVERNMENT

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

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

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

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

# PACIFIC COVE LEASE FINANCING

## DEBT SERVICE

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

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

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

### Pacific Cove Financing Lease Debt Service

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



## BEACH & VILLAGE PARKING II – LEASE FINANCING

### DEBT SERVICE

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

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

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

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

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

# CAPITAL IMPROVEMENT PROGRAM



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# CAPITAL IMPROVEMENT PROGRAM

## PUBLIC WORKS

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

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

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

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

### SOURCES AND USES

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

**CAPITAL IMPROVEMENT PROJECTS**

2024-25 Capital Improvement Budget Report

| <b>Prior Project Appropriations and Status</b>      |              |              |                |                      |               |            |                             |                                 |                  |                       |                             |                        |                              |
|---|--------------|--------------|----------------|----------------------|---------------|------------|-----------------------------|---------------------------------|------------------|-----------------------|-----------------------------|------------------------|------------------------------|
| Project   | General Fund | Measure F    | Grants & Other | Transportation Grant | RTC Measure D | State SB 1 | Total Other Funding Sources | Total Prior Year Appropriations | Expenses to Date | Existing Fund Balance | Estimated Construction Cost | Estimated Fund Balance | Status                       |
| <b>On-going Projects</b>                            |              |              |                |                      |               |            |                             |                                 |                  |                       |                             |                        |                              |
| Monterey & Park Pedestrian Pathway                  | \$ 50,000    |              |                | \$ 200,000           |               |            | \$ 200,000                  | \$ 250,000                      | \$ 105,580       | \$ 144,420            |                             | \$ 144,420             | In re-design                 |
| Rispin Park   | \$ 814,000   |              | \$ 177,952     |                      |               |            | \$ 177,952                  | \$ 991,952                      | \$ 397,785       | \$ 594,167            |                             | \$ 594,167             | Bid out                      |
| Roundabout Capitola Ave and Bay Ave Public Outreach | \$ 165,000   |              |                | \$ 18,842            |               |            | \$ 18,842                   | \$ 183,842                      | \$ 57,735        | \$ 126,107            |                             | \$ 126,107             | To follow undergrounding     |
| Utility Undergrounding                              | \$ 137,400   |              |                |                      |               |            | \$ -                        | \$ 137,400                      | \$ 34,750        | \$ 102,650            | \$ 100,000                  | \$ 2,650               | PG&E project.                |
| Emergency Power at City Hall Complex                | \$ 90,000    |              | \$ 300,000     |                      |               |            | \$ 300,000                  | \$ 390,000                      | \$ 106,400       | \$ 283,600            | \$ 283,600                  | \$ -                   | Delivery anticipated in Aug. |
| Jade Street Park Universal Design Project           | \$ 475,000   |              |                |                      |               |            | \$ 475,000                  | \$ 475,000                      | \$ 34,822        | \$ 440,178            |                             |                        | See below                    |
| Community Center                                    | \$ 1,650,000 |              | \$ 150,000     |                      |               |            | \$ 1,800,000                | \$ 1,800,000                    | \$ 2,433         | \$ 1,797,568          |                             |                        | See below                    |
| Stockton Bridge Protection Project                  | \$ 350,000   |              |                |                      |               |            | \$ 350,000                  | \$ 350,000                      | \$ -             | \$ 350,000            | Unknown                     |                        | New Project                  |
| Pavement Management                                 | \$ -         |              |                |                      | \$ 386,802    | \$ 500,000 | \$ 886,802                  | \$ 886,802                      | \$ 638,329       | \$ 248,473            |                             |                        | Ongoing                      |
| <b>Measure F Projects</b>                           |              |              |                |                      |               |            |                             |                                 |                  |                       |                             |                        |                              |
| Capitola Wharf Improvements                         | \$ 750,000   | \$ 3,350,000 | 6,400,000      |                      |               |            | \$ 9,750,000                | \$ 10,500,000                   | \$ 1,600,000     | \$ 8,900,000          | \$ 8,900,000                | \$ -                   | Out for Bid                  |

| <b>2024-25 Recommended Appropriations</b> |                          |           |               |                      |               |            |                    |                                       |                             |                             |                 |      |         |
|---|--------------------------|-----------|---------------|----------------------|---------------|------------|--------------------|---------------------------------------|-----------------------------|-----------------------------|-----------------|------|---------|
| Project                                   | General Fund / Measure F | Measure F | Facility Fund | Transportation Grant | RTC Measure D | State SB 1 | Total 2023 Funding | Total Prior Project Available Funding | Total Project Appropriation | Estimated Construction Cost | Funding Balance |      | Status  |
| <b>New Project Allocations</b>            |                          |           |               |                      |               |            |                    |                                       |                             |                             |                 |      |         |
| Pavement Management                       |                          |           |               |                      | \$ 369,000    | \$ 252,000 | \$ 621,000         | \$ -                                  | \$ 621,000                  | \$ 621,000                  | \$ -            | \$ - | Ongoing |

# Finance Advisory Committee

## Agenda Report

**Meeting:** May 21, 2024

**From:** Finance Department

**Subject:** City Investment Policy



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**Recommended Action:** Confirm the City's Administrative Policy Number III-1, Investment Policy.

**Background:** California Government Code §53630 et seq. contains State requirements for the deposit of City funds. Government Code §53635 requires that all money belonging to, or in the custody of, a local agency be deposited in certain allowable instruments. The current Investment Policy was approved by the City Council on August 9, 2001, by adoption of Resolution No. 3149, affirming the City's Investment Policy. This resolution was then incorporated into the City's Administrative Policies. A copy of the Investment Policy, which was most recently amended by the City Council on Aug. 24, 2023, is attached.

**Discussion:** California Government Code requires a city to annually review its investment policy. The City's current Investment Policy and Investment Portfolio comply with all applicable state laws and regulations.

**Fiscal Impact:** None.

**Attachments:**

1. Administrative Policy Number III-1, Investment Policy

**Report Prepared By:** Report Prepared By: Jim Malberg



## ADMINISTRATIVE POLICY

Number: III-1  
Issued: May 9, 1996  
Revised: August 9, 2001  
Jurisdiction: City Council

### INVESTMENT POLICY

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

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

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

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

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

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


The following limitations shall apply to permitted investments:

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

Certificates of Deposit:

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

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

  
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Jim Malberg, City Treasurer



# Finance Advisory Committee

## Agenda Report



**Meeting:** May 21, 2024  
**From:** Finance Department  
**Subject:** City Council Compensation

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Recommended Action: Receive report and provide direction to staff.

Background: California Government Code Section 36516 allows the City Council to increase its compensation by an amount equal to 5 percent for each calendar year from the operative date of the last adjustment, provided that the City Council approves the increase by Ordinance and the increase does not go into effect until after the next General Municipal Election when new terms of office begin. For purposes of Government Code Section 36516, the operative date of the last salary adjustment was December 2022.

City Council Member salaries were initially established at \$75 per month by Ordinance No. 283 adopted February 14, 1966. Salaries were subsequently increased to \$150 per month by adoption of Ordinance No. 418 on July 11, 1977, \$300 per month by Ordinance No. 716 adopted July 11, 1991, and \$500 per month by Ordinance No. 901 adopted March 23, 2006, which also added section 2.04.275 to the Capitola Municipal Code allowing City Council salaries to be payable in the same manner as employees. On September 12, 2019, the City Council adopted Ordinance No. 1032 adjusting salaries to \$600 per month and requested that the Finance Advisory Committee review City Council compensation each election year. On Sept. 8, 2022, the Council adopted Ordinance 1054 adjusting salaries to \$660 per month upon the start of new terms following the November 2022 General Municipal Election.

Discussion: On June 29, 2023, Governor Newsom signed into law Senate Bill 329 (“SB 329”) which increases the maximum amount of salary that council members may receive. This legislation was intended to increase the compensation schedule for council members in general law cities, which have not kept pace with inflation. SB 329 allows cities to increase the compensation to adjust for inflation in order to help keep city councils more diverse by allowing people from across different income levels to serve the public and support their families.

Currently, Government Code section 36516 authorizes a city council to enact an ordinance to provide each member of the city council a salary, with a maximum limit based upon the population of the city in accordance with a specific schedule. Any increases in salary are also limited and cannot exceed 5% for each calendar year from the operative date of the last adjustment of the salary, that is in effect when the increase is enacted.

SB 329 amended Government Code section 36516 to increase the maximum amount of salaries identified in the schedule. For example, for cities with up to and including 35,000 in population, the maximum salary for each council member has been increased from \$300 per month, which was established in 1984, to \$950 per month. SB 329 also authorizes the salary of council members to be increased beyond the specified maximum to an amount not exceeding the greater of **either** 5% for each calendar year from the operative date of the last adjustment of the

salary or an amount equal to inflation since January 1, 2024, based on the California Consumer Price Index (Not to exceed 10% per calendar year).

No ordinance can be enacted or amended to provide automatic future increases in salary and the electors can consider the question of whether city council members should receive a salary and the amount of the salary may be submitted to the electors. Any retirement, health and welfare, federal social security benefits, or reimbursement for actual and necessary expenses are not included for purposes of determining salary under section 36516.

SB 329 requires that an ordinance to increase council member compensation be considered in an open session with at least two regular meetings. The ordinance must include findings demonstrating the need for increased compensation and there must be at least **seven days** between the introduction and adoption of the ordinance.

SB 329 went into effect on January 1, 2024. However, it is important to note that pursuant to Government Code section 36516.5, any council salary increase may take effect only when at least one member of the council commences a new term.

Fiscal Impact: Adjusting City Council compensation from \$660 per month to \$950 per month would result in an increase of total salary cost of approximately \$18,000 annually.

Report Prepared By: Report Prepared By: Jim Malberg, Finance Director