

Capitola City Council

Agenda Report



Meeting: June 27, 2024

From: Finance Department

Subject: Fiscal Year 2024-2025 Budget and Capital Improvement Program

Recommended Action: 1) Adopt a resolution adopting the Fiscal Year 2024-25 City Budget and Capital Improvement Program; and 2) adopt a resolution adopting the associated Salary Schedule and new job descriptions.

Background: The Proposed Fiscal Year (FY) 2024-25 Budget and Planned FY 2025-26 Budget was presented to the City Council at a special meeting on May 16, 2024, at which time the City Council received input from the Finance Advisory Committee (FAC). At the meeting, the City Council requested additional information which was presented at a second special meeting on May 30, 2024, at which time the City Council reviewed updates to the proposed budget and additional recommendations from the FAC and heard public comments.

At the May 30th special meeting, the City Council discussed allocating \$30,000 to the McGregor Pump Track while continuing to seek additional donations, as well as designating \$5,000 for the Eviction Defense Collaborative, and ultimately directed staff to prepare a resolution to adopt the budget.

Discussion: The Proposed FY 2024-25 Budget estimates the General Fund ending balance on June 30, 2025, of \$642,000 which includes a target fund balance of \$500,000, \$100,000 designated for the Employee Down Payment Assistance Program, and approximately \$42,000 undesignated. Pursuant to City Council direction and the recommendation of the FAC, staff has allocated \$239,000 of existing general fund resources towards FY 2024-25 City Council Goals and Priorities.

Following City Council direction, the budget includes \$60,000 of Restricted TOT revenue programmed to Early Childhood and Youth Programs (ECYP) within the Community Grant Program and \$22,000 of Restricted TOT funds to the Recreation Division for ECYP enrichment programs and scholarships:

Additional revisions made to the FY 2024-25 Proposed Budget since the May 30th City Council meeting include:

General Fund

- Increased personnel costs \$146,000
 - Concluded labor negotiations
 - Creation of Community Services & Recreation Department (associated job descriptions attached)
- Increased insurance premiums - \$70,000
 - Liability increased \$78,000 from original estimate, due to overall liability insurance market cost increases

- Workers Comp decreased \$8,000 from original estimate
- Proposed Community Services and Recreation Department Formation
 - Increased Grant / Scholarship Revenue - \$36,000 – Soquel Union Elementary School District funding
 - Afterschool program- \$20,000 and Jr. Guard program - \$16,000 – Equity Swim (equal reduction to afterschool registration fees)
 - Increased Jr. Guard contract services expense - \$6,000 – Equity Swim

Wharf Special Revenue Fund

- Increased capital outlay - \$15,000 – temporary structures & fuel storage

The net General Fund impact of the proposed budget revisions is a negative \$206,000. The FY 2024-25 Proposed and FY 2025-26 Planned Budgets remain structurally balanced while maintaining essential city services. However, the five-year budget forecast becomes structurally imbalanced upon the sunset of the Measure F Sales Tax in December 2027.

The resolution necessary to adopt the Fiscal Year 2024-25 Budget includes the above appropriations and adjustments (Exhibit A), a General Fund overview (Exhibit B), and an estimate of FY 2024-25 fund balances (Exhibit C). In addition, the FY 2024-25 Proposed Budget is available on the City's website.

Fiscal Impact: The fiscal impact is shown in the attached General Fund overview and fund balance summary.

Attachments:

1. FY 2024-25 Proposed Budget
2. Proposed resolution adopting FY 2024-25 salary schedule
3. Recreation and Community Services Director & Coordinator Job Descriptions

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

Reviewed By: Julia Gautho, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager