



PROPOSED BUDGET

FISCAL YEAR 2023-24



CITY OF CAPITOLA
Capitola, California



CITY COUNCIL

Margaux Keiser, Mayor
Kristen Brown, Vice Mayor
Yvette Brooks
Joe Clarke
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, Recreation Division Manager
Chloe Woodmansee, Assistant to the City Manager
Julia Moss, 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 2023-24 Proposed and FY 2024-25 Planned Budget.

CITY MANAGER'S MESSAGE - STATE OF THE CITY

On behalf of City staff, I am pleased to submit the proposed budget for Fiscal Year (FY) 2023-24. While the local, national, and global economies continue to adjust to the unprecedented fiscal impacts related to the coronavirus (COVID-19) pandemic, Capitola is seeing revenues level off following their return to, and in some instances, exceed pre-pandemic levels. 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, by design, is a budget in which expenditures exceed revenues by roughly \$1 million. However, the budget still projects to end the year with a general fund balance of approximately \$1.55 million.

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 and the recovery of the economy related to COVID-19, the General Fund will require increasing contributions from Measure F revenues to remain in balance and 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 and increasing pension costs will likely result in 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.

This last winter the City was heavily impacted by major storm events. Those events resulted in approximately \$3.5 million in damages 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. Based on the projected Federal/State reimbursements the City will likely incur approximately \$250,000 in unanticipated costs, which have been funded from the City's Emergency Reserve Fund. This proposed budget includes funding to replenish that Reserve and return it to policy funding levels.

The Capitola Mall remains a major funding source for the City, however long-term national and local trends, along with COVID-19, 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 COVID-19 pandemic has 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 2022-23 to slightly exceed pre-pandemic levels 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 and staff anticipates that repairs will qualify for FEMA and Cal OES disaster relief funding.

The Wharf renovation project will be a 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 anticipates bidding the project in the summer of 2023 with construction currently targeted for late 2023.

The \$8 million wharf project became fully funded in Dec. 2022 when the City received approval of a \$3.5 million federal grant. The federal grant will be combined with a \$1.9 state grant and \$2.6 million of Measure F funding. In addition, the wharf suffered approximately \$1 million in damages during the Jan. 5, 2023, storm. The damages repairs will be funded with \$1 million of insurance funding bringing the total repair and rehabilitation project to \$9 million.

The Proposed FY 2023-24 Budget programs a reduction in the General Fund balance of \$1 million while still ending the year with a projected fund balance of \$1.55 million. This is due to the City building the general fund balance over the last two fiscal years through a conservative and proactive management approach to the pandemic. A summary of major budgetary changes is provided in the table below with details provided on the pages following the tables.

New Revenue Sources	Amount	Frequency
General Fund Balance	\$4,750,000	One time
Property Tax	119,000	Ongoing
Sales Tax	127,000	Ongoing
TOT	100,000	Ongoing
Charges for Services	82,000	Ongoing

New Project / Expense	Amount	Frequency
City Council Goals	\$4,820,000	One time
CalPERS Unfunded Actuarial Liability Increase	(42,500)	One time
Contract Services	100,000	Ongoing
Staffing		
Cost of Living and Step Increases	208,400	Ongoing
Additional Staffing	98,000	Ongoing

BUDGETARY GOALS AND PRINCIPLES

The FY 2023-24 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 2023-24. 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

Budget Principle	Key Project/Program	Lead Department	Expected FY Outcome
Fiscal	Develop options for Council consideration to address rising CalPERS costs	Finance	Identify options in budget. Continue monitoring long term revenue-expenditure projections with FAC and Council
	Pursue future revenue options	Finance	Bring FAC revenue recommendations to City Council for review
Public Service	Continue working with Capitola Mall ownership group to redevelop the mall	Community Development	Work with Mall owners to prepare mall redevelopment submittal and establish City's technical review team
	Carry-out City Council Goals & Priorities	City Manager	Continue to offer services to residents and businesses while maintaining a safe and healthy workplace.
Public Improvements	Complete funded CIPs.	Public Works	Projects progression toward completion maximized

The City Council also proposed funding allocations to the following projects:

Project	Funding
Survey for possible revenue ballot measure	\$ 25,000
Employee Downpayment Assistance	100,000
Increase City Council training budget	5,000
Complete LAFCO sphere study	30,000
Payoff SCCB Loan (4.76%)	725,000
Emergency Reserve Replenishment	250,000
Hold for Major Infrastructure	800,000
Universal Design Playground	200,000
City vehicle replacement with EV's	200,000
Police Dept. tech updates	235,000
Community Center Renovation	1,650,000
Pavement Management	500,000
Hill / Bay Pilot Project	50,000
Esplanade Park	50,000
Funding for gun buy-back	5,000
Total	\$4,825,000
Establish Mall redevelopment committee*	25,000
Establish long term strategic goals*	50,000
Add more public water bottle fill stations*	50,000

* Costs associated with these items have been estimated by staff following the Council Goal setting session, but these expenditures have not been included in the proposed budget.

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.

Staffing

At the onset of the COVID-19 Pandemic the City “froze” seven vacant positions in order to utilize salary savings to assist in navigating the fiscal impacts of the pandemic. The proposed budget includes returning the last one and one-half frozen positions in the City Manager and Finance Departments.

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 \$64,000 from the children’s fund to support early childhood and youth programming. The budget also includes approximately \$73,000 of funding for the Chamber of Commerce and the Village Business Improvement District, also using the restricted Measure J funding. Staff will bring ideas to utilize ECYP funding to the budget hearings for Council consideration.

General Fund Balance

Due to the diligent work of the City Council in taking a pragmatic approach to budgeting, the oversight of the City's Department Head team, and contributions from every City staff member, the City is projected to be able to close FY 2022-23 year with a general fund balance of approximately \$2.6 million. During the City Council goal setting session on March 1st, the City Council dedicated approximately \$4.8 million towards key projects and goals. While the allocation of available resources creates a FY 2023-24 Proposed Budget in which expenditures exceed revenues by approximately \$922,000, the general fund is still projected to end FY 2023-24 with an estimated fund balance of \$1.6 million.

This funding is in addition to the City's established Contingency and Emergency reserves set at 15 and 10 percent of total expenditures, respectively. 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 2023-24 and will report to Council during the mid-year budget report.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2022-23 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 in FY 2021-22 include:

- Responded to winter storm events.
- Completed emergency repair projects to Noble Gulch outflow and Stockton Bridge damaged during storms.
- Provided services, staff, and equipment to ensure public safety and trust.
- Approved projects and programs to maintain and enhance quality of life in Capitola.
- Continued process to digitize and make available public records in electronic formats.
- Issued planning approvals for 36-unit affordable housing project on Capitola Road
- Implemented new hybrid meeting video / audio system.
- Initiated Housing Element update.
- Worked with franchise waste hauler to establish food scrap collection.
- Conducted TOT vacation rental audit.
- Completed needed City Hall maintenance, including new roof, repaired sewer lines, infrastructure for City Hall generator, improvements to public and office restrooms.
- Participated in the 2022 Santa Cruz County Criminal Justice Council Report related to the regional public safety agency policy review and analysis.
- Completed construction of traffic signal control system on 41st Avenue
- Completed Clares St. project.
- Continued to Administer the Covid-19 Temporary Use Permits for outdoor dining.
- Administered CARES act relief to local non-profits and rental relief to small businesses.
- Contracted with Central Fire Protection District to provide testing and training services to help establish Capitola's new lifeguard program during summer 2023.
- Offered new classes with a focus on youth recreation activities.
- Installed exhibition "Capitola – Sign of the Times" and hosted reception.

CONCLUSION

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

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

SUMMARY INFORMATION



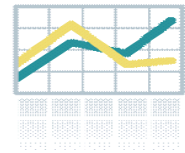
Budget Process Overview

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 1st and ending June 30th) for several funds as well as a projection for the second fiscal year. The information from the CIP is incorporated, in summary form, in the City's annual budget. The Successor Agency budget is included in its entirety in the City's annual budget.

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

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 continued to remain stable in FY 2022-23 due to a proactive and conservative approach as well as a strong recovery from the pandemic along the Central Coast. The projected General Fund FY 2022-23 ending budgetary fund balance totals \$2.6 million. The General Fund balance is anticipated to decrease in FY 2023-24 by approximately \$1 million as available resources are programmed towards the accomplishment of City Council goals.

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 20/21 Actual	FY 21/22 Actual	FY 22/23 Amended	FY 22/23 Estimated	FY 23/24 Proposed	FY 24/25 Planned
Revenues						
Taxes	\$ 12,838,748	\$ 14,514,218	\$ 14,573,969	\$ 14,607,713	\$ 14,943,971	\$ 15,225,246
Licenses and permits	657,786	718,402	642,100	600,354	651,600	654,725
Intergovernmental revenues	1,404,860	1,350,001	1,442,308	105,700	89,700	91,360
Charges for services	1,604,582	1,894,868	2,076,331	1,797,950	2,157,937	2,487,760
Fines and forfeitures	494,772	588,832	592,000	648,000	607,500	607,500
Use of money & property	79,464	31,722	89,500	123,200	198,495	198,495
Other revenues	112,881	898,648	106,344	83,850	89,300	90,450
Revenues Totals	\$17,193,093	\$19,996,692	\$19,522,552	\$17,966,767	\$18,738,503	\$19,355,536
Expenditures						
Personnel	\$9,127,386	\$10,273,758	\$11,364,691	\$11,430,752	\$11,673,418	\$12,119,523
Contract services	2,250,977	2,912,962	3,777,026	3,348,754	3,262,816	3,112,202
Training & Memberships	64,292	101,501	147,645	149,959	172,736	173,786
Supplies	495,219	672,330	516,000	581,563	615,275	573,175
Grants and Subsidies	43,650	101,650	125,000	125,000	125,000	125,000
Internal service fund charges	911,212	1,192,463	1,439,415	1,439,415	1,617,843	1,647,118
Other financing uses	809,383	3,608,343	5,231,569	3,390,366	2,288,788	1,567,909
Expenditures Totals	\$13,702,120	\$18,863,007	\$22,601,346	\$20,465,809	\$19,755,875	\$19,318,713
Impact on Fund Balance	\$ 3,490,974	\$ 1,133,684	\$ (3,078,794)	\$ (2,499,042)	(\$1,017,372)	\$ 36,822
Budgetary Fund Balance	\$ 4,346,128	\$ 5,479,812	\$ 2,016,018	\$ 2,595,770	\$ 1,578,398	\$ 1,615,220
Designations	\$ -	\$ (385,000)	\$ (385,000)	\$ -	\$ (100,000)	\$ (100,000)
Revised Budgetary Fund Balance	\$ 4,346,128	\$ 5,094,812	\$ 1,631,018	\$ 2,595,770	\$ 1,478,398	\$ 1,515,220

Revenue Summary

	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Amended	FY 22/23 Estimated	FY 23/24 Proposed	FY 24/25 Planned
General Fund	\$ 17,193,093	\$19,996,692	\$19,522,552	\$17,966,767	\$18,738,503	\$19,355,536
Designated Reserves						
Contingency Reserve	-	-	131,000	131,000	172,000	53,000
PERS Contingency Reserve	98,692	(111,278)	510,000	500,000	10,000	10,000
Emergency Reserve	-	-	147,300	147,300	250,000	-
Facility Reserve	-	-	-	-	100,000	100,000
Total Designated Reserves	\$ 98,692	\$ (111,278)	\$ 788,300	\$ 778,300	\$ 532,000	\$ 163,000
Debt Service						
Pac Cove Lease Financing	165,122	165,074	165,066	165,066	670,000	-
Pacific Cove Park	88,616	88,211	127,000	127,000	87,788	87,568
Total Debt Service	\$ 253,738	\$ 253,285	\$ 292,066	\$ 292,066	\$ 757,788	\$ 87,568
Capital Improvement Fund	\$ 342,864	\$ 3,766,006	\$ 6,453,203	\$ 1,872,616	\$ -	\$ 925,350
Internal Service Funds						
Stores Fund	\$ 30,000	\$ 20,010	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	203,718	200,862	260,062	259,562	630,000	275,000
Equipment Replacement	205,000	461,000	105,000	179,000	450,000	250,000
Self-Insurance Liability	491,104	436,295	619,354	924,232	622,138	637,982
Workers Compensation	388,191	427,680	431,999	431,999	447,705	461,136
Compensated Absences	200,701	220,000	220,000	220,000	225,000	225,000
Total Internal Service Funds	\$ 1,518,714	\$ 1,765,847	\$ 1,663,415	\$ 2,041,793	\$ 2,401,843	\$ 1,876,118
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 119,441	\$ 101,541	\$ 100,400	\$ 101,616	\$ 100,500	\$ 100,500
TOT Restricted Revenue	102,321	145,269	96,250	96,250	100,833	101,842
Gas Tax	225,283	242,995	247,505	249,505	284,881	307,551
RTC Streets	1,039,765	385,691	358,000	368,000	371,000	381,000
Library	632,186	551,180	-	52,928	1,500	1,500
SB1 RMRA	186,245	208,983	230,000	205,000	248,500	283,000
Wharf	122,022	119,189	27,625	69,748	-	131,800
General Plan Update and Maint	62,338	66,975	120,300	72,600	66,000	41,000
Green Building Education	22,526	13,273	15,000	3,000	3,000	3,000
Public Arts Fee	-	5,000	5,000	-	5,000	5,000
Parking Reserve	100,000	100,000	100,000	100,000	469,000	-
Technology Fee	14,848	17,845	12,000	8,629	11,500	11,500
PEG-Public Education and Gov.	14,494	14,249	15,000	15,748	16,000	16,000
BIA-Capitola Village-Wharf BIA	61,761	105,842	143,375	143,375	144,875	144,875
CDBG Grants	-	220,191	497,196	200,000	248,598	248,598
CDBG Program Income	44,200	99,037	-	250	250	250
HOME Reuse	123,799	82,637	1,000	90,000	-	-
Housing Trust	287,233	5,344	15,500	7,609	10,000	10,000
Cap Hsg Succ- Program Income	1,991,124	13,230	2,000	95,000	40,000	40,000
Total Special Revenue Funds	\$ 5,149,585	\$ 2,498,473	\$ 1,986,151	\$ 1,879,259	\$ 2,121,437	\$ 1,827,416
Successor Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues - All Funds	\$ 24,556,686	\$28,169,024	\$30,705,687	\$24,830,801	\$24,551,571	\$24,234,989

Expenditure Summary

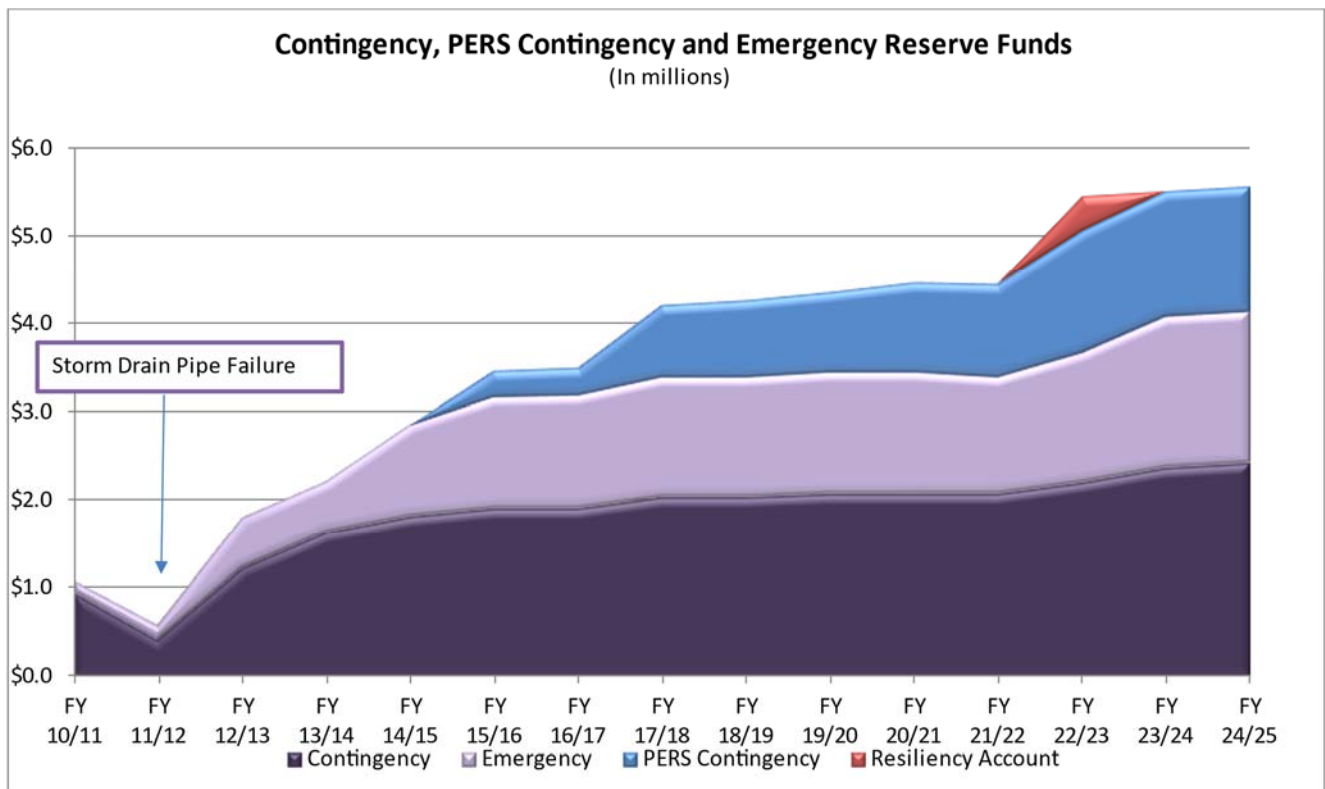
	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Amended	FY 22/23 Estimated	FY 23/24 Proposed	FY 24/25 Planned
General Fund	\$ 13,702,120	\$ 18,863,007	\$ 22,601,346	\$ 20,465,809	\$ 19,755,875	\$ 19,318,713
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	-	60,000	-	-	-	-
Facilities Reserve	-	90,116	140,000	100,000	-	-
Total Designated Reserves	\$ -	\$ 150,116	\$ 140,000	\$ 100,000	\$ -	\$ -
Debt Service						
Pac Cove Lease Financing	165,066	165,066	165,066	165,066	725,000	-
Pac Cove Park	88,416	88,211	88,002	88,002	87,788	87,568
Total Debt Service Funds	\$ 253,482	\$ 253,277	\$ 253,068	\$ 253,068	\$ 812,788	\$ 87,568
Capital Improvement Fund	\$ 1,057,024	\$ 1,476,467	\$ 6,863,140	\$ 1,386,500	\$ 2,450,000	\$ 925,350
Internal Service Funds						
Stores	\$ 21,606	\$ 23,690	\$ 27,000	\$ 26,500	\$ 27,000	\$ 27,000
Information Technology	168,098	174,084	282,500	273,517	626,000	271,000
Equipment Replacement	-	178,703	641,000	641,000	294,000	200,000
Self-Insurance Liability	467,756	586,251	623,000	654,512	622,138	637,982
Workers' Compensation	388,189	379,401	432,000	682,000	447,705	461,136
Compensated Absences	81,144	372,970	220,000	220,000	225,000	225,000
Total Internal Service Funds	\$ 1,126,792	\$ 1,715,100	\$ 2,225,500	\$ 2,497,529	\$ 2,241,843	\$ 1,822,118
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 91,943	\$ 46,117	\$ 122,500	\$ 94,649	\$ 221,000	\$ 101,000
TOT Restricted Revenue	27,286	44,482	35,000	-	-	-
Gas Tax	165,752	160,280	247,000	247,000	283,000	295,000
RTC Streets	69,112	96,915	358,000	945,000	366,000	376,000
Library	4,284,508	1,305,325	-	3,415	-	-
SB1 RMRA	-	96,915	230,000	50,000	243,500	278,000
Wharf	79,020	98,523	20,431	53,954	17,500	106,500
General Plan Update and Maint.	5,438	22,493	235,000	75,450	160,500	25,500
Green Building Education	6,825	-	18,000	-	21,000	21,000
Public Arts Fee	7,524	4,600	27,500	2,300	75,500	25,000
Parking Reserve	100,000	100,000	100,000	100,000	469,000	-
Technology Fee	4,375	4,375	8,000	7,875	13,250	13,250
PEG-Public Education and Gov.	14,288	34,284	25,000	17,382	15,000	10,000
BIA-Capitola Village-Wharf BIA	73,673	95,849	159,700	159,700	157,500	153,800
CDBG Grants	12,323	265,954	497,196	180,000	248,598	248,598
CDBG Program Income	15,750	126,443	-	37,237	-	-
HOME Reuse	3,700	3,200	3,700	-	3,700	3,700
Housing Trust	25,000	25,000	25,000	25,000	201,000	-
Cap Hsg Succ- Program Income	46,815	93,148	102,525	92,575	105,807	86,678
Total Special Revenue Funds	\$ 5,033,331	\$ 2,623,902	\$ 2,214,552	\$ 2,091,537	\$ 2,601,855	\$ 1,744,026
Total Expenditures - All Funds	\$ 21,172,749	\$ 25,081,870	\$ 34,297,606	\$ 26,794,443	\$ 27,862,361	\$ 23,897,776

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. The FY 2023-24 Proposed Budget anticipates returning the reserve balance to the target amount during FY 2023-24. The chart below shows historical and projected reserve fund and resiliency account balances.



OPEB and PERS Trust Funds

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

OPEB Trust Fund:

Balance 6/30/2022	\$475,869
FY 2022/23 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2023	\$547,919
FY 2023/24 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2024	\$619,969

PERS Trust Fund:

Balance 6/30/2022	\$904,275
Estimated Interest Earned	<u>10,000</u>
<u>FY 2022/23 Contributions</u>	<u>500,000</u>
Estimated Balance 6/30/2023	\$1,414,275
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2024	\$1,424,275

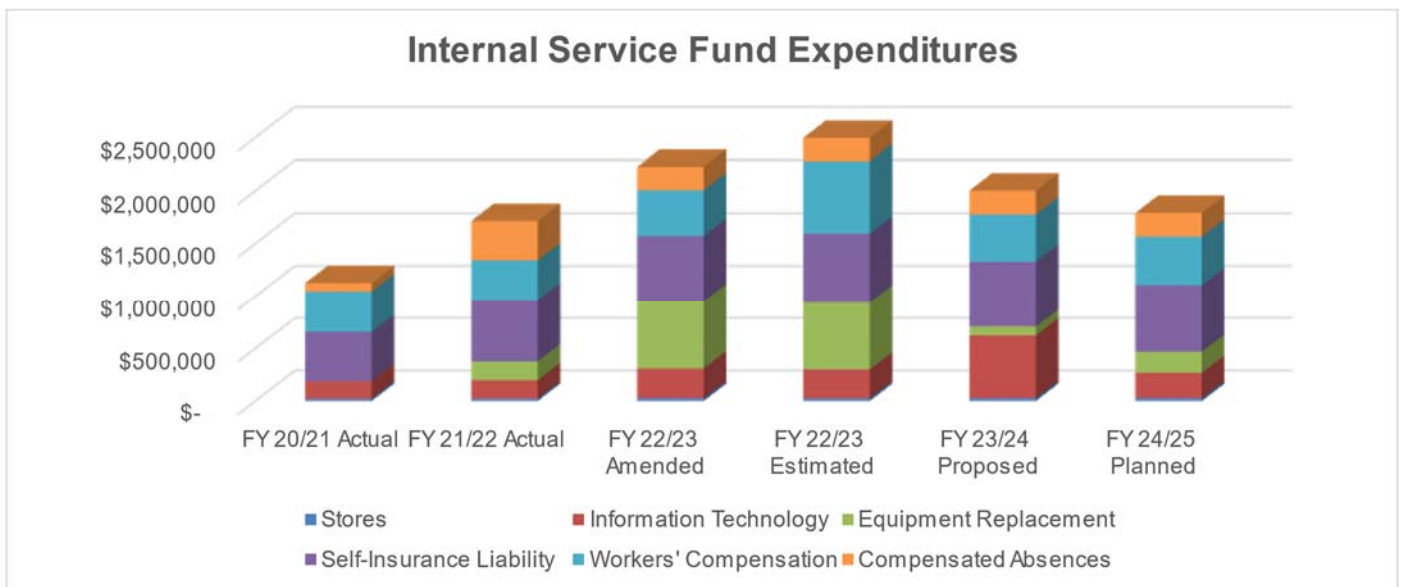
General Fund Resources

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

The following table shows the estimated General Fund available resources:

Estimated Year End Fund Balance	FY 22/23 Estimated	FY 23/24 Proposed	FY 24/25 Planned
General Fund	\$ 2,595,770	\$ 1,578,398	\$ 1,615,220
Designated Reserves			
Emergency	1,461,506	1,711,506	1,711,506
Contingency	2,192,346	2,364,346	2,417,346
PERS Contingency	1,404,275	1,414,275	1,424,275
Facilities Reserve	332,714	432,714	532,714
Internal Service Funds			
Stores	65,935	65,935	65,935
Information Technology	340,742	344,742	348,742
Equipment Replacement	504,130	660,130	710,130
Self-Insurance Liability	246,204	246,204	246,204
Workers' Compensation	117,080	117,080	117,080
Compensated Absences	110,886	110,886	110,886
Total General Fund Resources	\$ 9,371,587	\$ 9,046,215	\$ 9,300,037

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



Fund Balance Summary

	Estimated Balance 7/1/2023	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2024
General Fund	\$ 2,595,770	\$18,738,503	\$ -	\$ 17,467,087	\$ 2,288,788	\$ 1,578,398
Designated Reserves						
Contingency Reserve	\$2,192,346	\$ -	\$ 172,000			\$ 2,364,346
PERS Contingency Reserve	1,404,275	10,000	-	-	-	1,414,275
Emergency Reserve	1,461,506		250,000	-	-	1,711,506
Donations	-	-	-	-	-	-
Facility Reserve	332,714	100,000	100,000	140,000	-	392,714
Total Designated Reserves	\$ 5,390,840	\$ 110,000	\$ 522,000	\$ 140,000	\$ -	\$ 5,882,840
Debt Service						
Pac Cove Lease Financing	55,143	-	670,000	725,000	-	143
Pac Cove Park	12	-	87,788	87,788	-	12
Total Debt Service	\$ 55,155	\$ -	\$ 757,788	\$ 812,788	\$ -	\$ 155
Capital Improvement Fund	\$ 4,248,316	\$ -	\$ 550,000	\$ 2,450,000	\$ -	\$ 2,348,316
Internal Service Funds						
Stores	\$ 65,935	\$ 27,000		\$ 27,000	\$ -	\$ 65,935
Information Technology	340,742	630,000	235,000	626,000	-	579,742
Equipment Replacement	504,130	450,000	200,000	294,000	-	860,130
Self-Insurance Liability	246,204	622,138		622,138	-	246,204
Workers' Compensation	117,080	447,705		447,705	-	117,080
Compensated Absences	110,886	-	225,000	225,000	-	110,886
Total Internal Service Funds	\$ 1,384,977	\$ 2,176,843	\$ 660,000	\$ 2,241,843	\$ -	\$ 1,979,977
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 161,451	\$ 100,500		\$ 221,000		\$ 40,951
TOT Restricted Revenue	-	100,833		(96,667)	96,667	100,833
SB1 RMRA	470,199	248,500		243,500		475,199
RTC Streets	356,823	371,000		366,000		361,823
Gas Tax	153,095	284,881		283,000		154,976
Wharf	170,681	-		17,500		153,181
General Plan Update and Maint	244,256	66,000		160,500		149,756
Green Building Education	214,349	3,000		21,000		196,349
Public Art	169,367	5,000		75,500		98,867
Parking Reserve	737	-	100,000	369,000	100,000	(368,263)
Technology Fee	97,657	11,500		13,250		95,907
PEG-Public Education and Govt.	62,168	16,000		15,000		63,168
Capitola Village/Wharf BIA	23,069	48,208	96,667	157,500		10,444
CDBG Grants	1,227	248,598		248,598		1,227
CDBG Program Income	44,891	250		-		45,141
Library	49,514	1,500		-		51,014
HOME Reuse	842,506	-		3,700		838,806
Housing Trust	336,987	10,000			201,000	145,987
Cap Hsg Succ- Program Income	2,029,648	40,000		105,807		1,963,841
Total Special Revenue Funds	\$ 5,428,624	\$ 1,555,770	\$ 196,667	\$ 2,204,188	\$ 397,667	\$ 4,579,206
Successor Agency	\$ 165,074	\$ -	\$ -	\$ -	\$ -	\$ -
Prelim. Fund Balance - All Funds	\$ 19,268,757	\$ 22,581,116	\$ 2,686,455	\$ 25,315,906	\$ 2,686,455	\$ 16,368,893
GF Fund Balance Designation	(385,000)	(385,000)	(385,000)	(385,000)	(385,000)	(385,000)
Total Fund Balance - All Funds	18,883,757	22,196,116	2,301,455	24,930,906	2,301,455	15,983,893

Fund Balance Summary

	Estimated Balance 7/1/2024	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2025
General Fund	\$ 1,578,398	\$ 19,355,536	\$ -	\$ 17,750,805	\$ 1,567,909	\$ 1,615,220
Designated Reserves						
Contingency Reserve	\$ 2,364,346	\$ -	\$ 53,000		\$ -	\$ 2,417,346
PERS Contingency Reserve	1,414,275	10,000	-	-	-	1,424,275
Emergency Reserve	1,711,506	-	-	-	-	1,711,506
Donations	-	-	-	-	-	-
Facility Reserve	392,714	-	100,000	-	-	492,714
Total Designated Reserves	\$ 5,882,840	\$ 10,000	\$ 153,000	\$ -	\$ -	\$ 6,045,840
Debt Service						
Pac Cove Lease Financing	143	-	-	-	-	143
Pac Cove Park	12	-	87,568	87,568	-	12
Total Debt Service	\$ 155	\$ -	\$ 87,568	\$ 87,568	\$ -	\$ 155
Capital Improvement Fund	\$ 2,348,316	\$ -	\$ 1,102,341	\$ 925,350	\$ -	\$ 2,525,307
Internal Service Funds						
Stores	\$ 65,935	\$ 27,000	\$ -	\$ 27,000	\$ -	\$ 65,935
Information Technology	579,742	275,000	-	271,000	-	583,742
Equipment Replacement	860,130	250,000	-	200,000	-	910,130
Self-Insurance Liability	246,204	637,982	-	637,982	-	246,204
Workers' Compensation	117,080	461,136	-	461,136	-	117,080
Compensated Absences	110,886	-	225,000	225,000	-	110,886
Total Internal Service Funds	\$ 1,979,977	\$ 1,651,118	\$ 225,000	\$ 1,822,118	\$ -	\$ 2,033,977
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 40,951	\$ 100,500		\$ 101,000		\$ 40,451
TOT Restricted Revenue	100,833	101,842		(97,034)	97,034	202,675
SB1 RMRA	475,199	283,000		278,000		480,199
RTC Streets	361,823	381,000		376,000		366,823
Gas Tax	154,976	307,551		295,000		167,527
Wharf	153,181	131,800		106,500		178,481
General Plan Update and Maint	149,756	41,000		25,500		165,256
Green Building Education	196,349	3,000		21,000		178,349
Public Art	98,867	5,000		25,000		78,867
Parking Reserve	(368,263)	(100,000)	100,000	(100,000)	100,000	(368,263)
Technology Fee	95,907	11,500		13,250		94,157
PEG-Public Education and Govt.	63,168	16,000		10,000		69,168
BIA-Capitola Village-Wharf BIA	10,444	47,841	97,034	153,800		1,519
CDBG Grants	1,227	248,598		248,598		1,227
CDBG Program Income	45,141	250		-		45,391
Library	51,014	-		3,700		47,314
HOME Reuse	838,806	-		3,700		835,106
Housing Trust	145,987	10,000				155,987
Cap Hsg Succ- Program Income	1,963,841	40,000		86,678		1,917,163
Total Special Revenue Funds	\$ 4,579,206	\$ 1,628,882	\$ 197,034	\$ 1,550,692	\$ 197,034	\$ 4,657,396
Successor Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tot. Fund Balance - All Funds	\$ 16,368,893	\$ 22,645,537	\$ 1,764,943	\$ 22,136,533	\$ 1,764,943	\$ 16,877,896

GENERAL FUND REVENUES

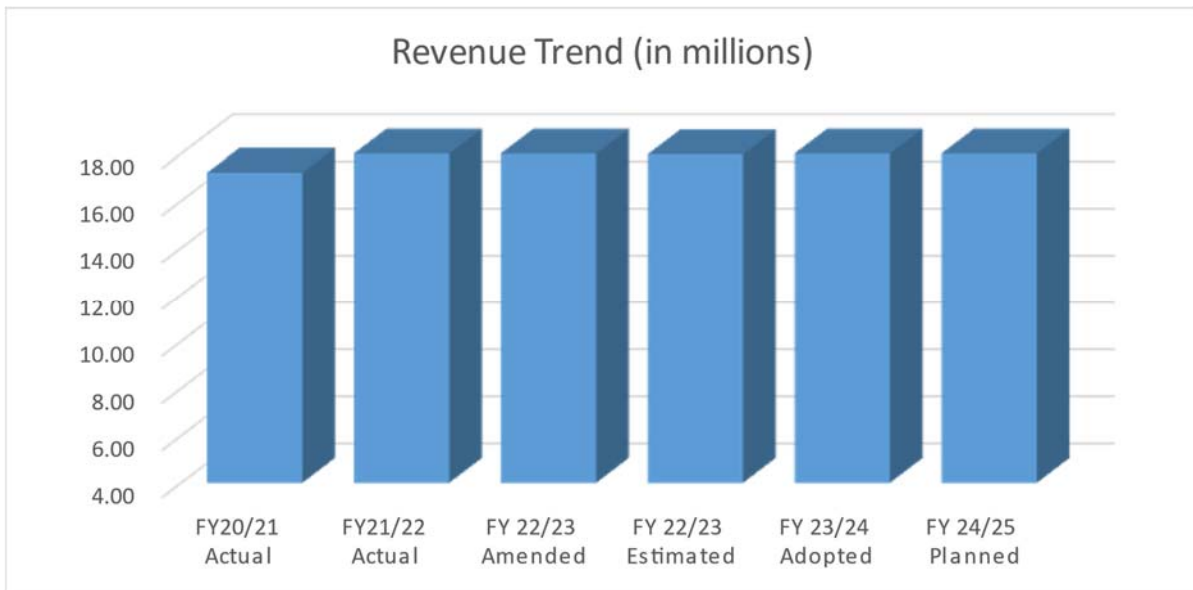


General Fund Revenues

Revenues for the FY 2023-24 General Fund operating budget total \$18.7 million, an increase of approximately \$772,000 or 4.3 percent above FY 2022-23 estimated receipts. 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 1.5% over FY 2022-23 and transient occupancy tax to increase about 5% compared to prior year as hotels, motels, and short-term rentals continue strong operations.

A summary of major revenue changes between the FY 2022-23 adopted and FY 2023-24 proposed budgets is listed below:

General Fund Revenues						
	FY20/21	FY21/22	FY 22/23	FY 22/23	FY 23/24	FY 24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Taxes	\$ 12,838,748	\$14,514,218	\$14,573,969	\$14,607,713	\$14,943,971	\$15,225,246
Licenses and permits	657,786	718,402	642,100	600,354	651,600	654,725
Intergovernmental revenues	1,404,860	1,350,001	1,442,308	105,700	89,700	91,360
Charges for services	1,604,582	1,894,868	2,076,331	1,797,950	2,157,937	2,487,760
Fines and forfeitures	494,772	588,832	592,000	648,000	607,500	607,500
Use of money & property	79,464	31,722	89,500	123,200	198,495	198,495
Other revenues	112,881	898,648	106,344	83,850	89,300	90,450
General Fund Revenues	\$ 17,193,093	\$19,996,692	\$19,522,552	\$17,966,767	\$18,738,503	\$19,355,536



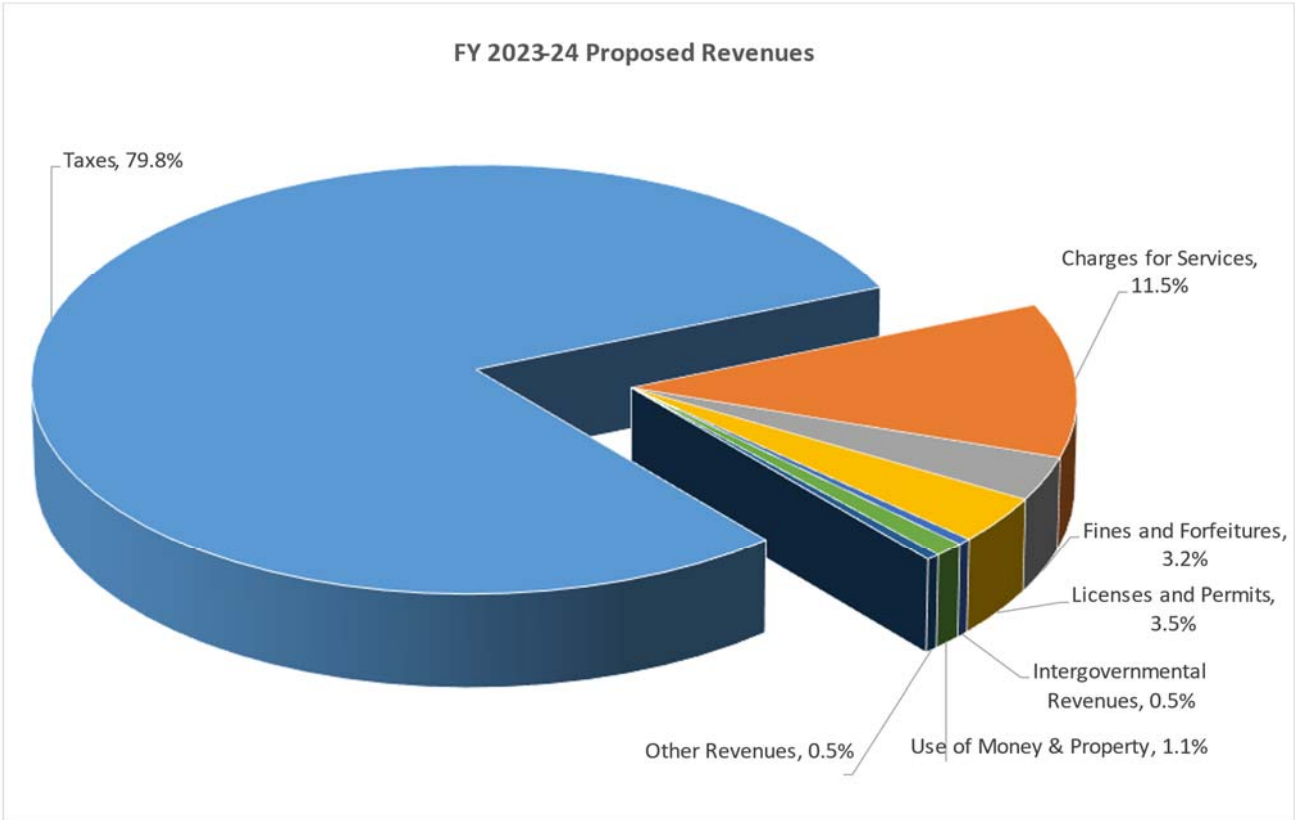
General Revenue Information

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. The City utilized \$50,000 of the Emergency Reserve for emergency related to the storm on Jan. 5, 2023 and the FY 2023-24 proposed budget anticipates returning the Emergency Reserve to its target balance.

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 \$8,617,350
 - Transient Occupancy Tax 2,200,000
 - Parking Meters 932,750
 - Parking Fines 497,500
 - Property Taxes 3,091,621
- \$15,339,221**

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.



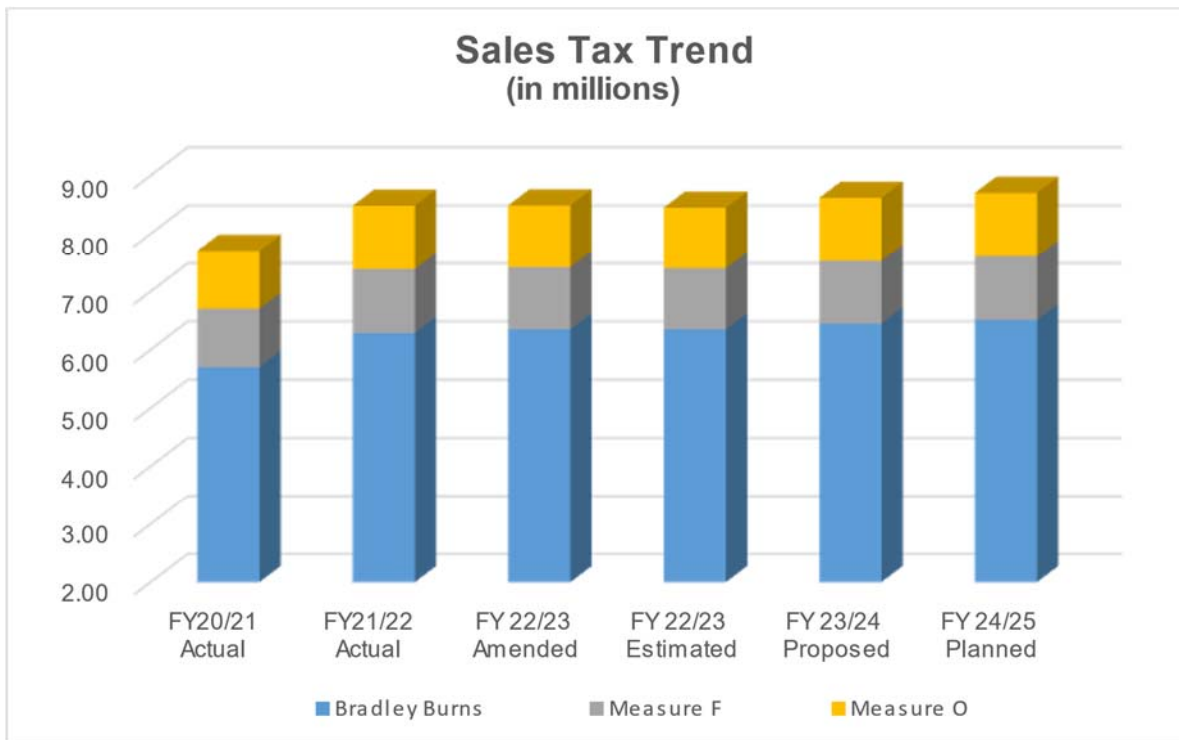
Sales Tax

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 2022-23 annual sales tax revenue is estimated to be \$8.5 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	84.4%
Capitola Village	8.4%
Upper Village	5.9%
Light Industrial Distr.	1.3%
	100.0%

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 2023-24, Bradley Burns sales tax revenue is anticipated to increase by approximately 1.5 percent, or \$95,000, above the FY 2022-23 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.



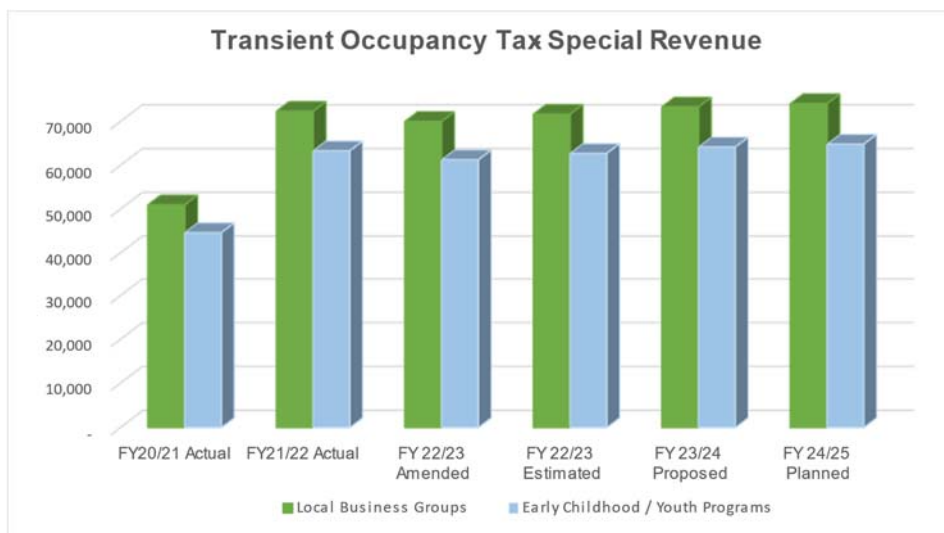
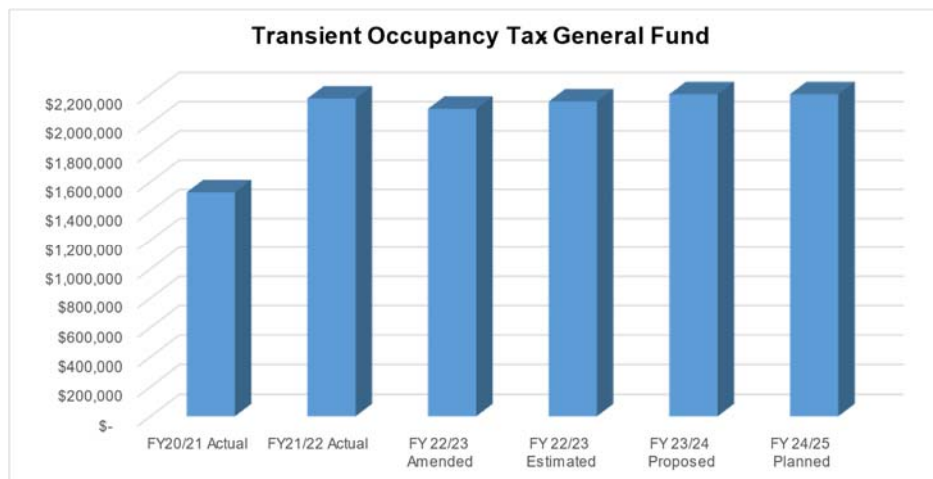
Transient Occupancy Taxes (TOT)

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 2022-23 TOT tax generally accounts for approximately 12% 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 5% during FY 2023-24. For the last several years, hotels have experienced high occupancy rates leaving little room for increased TOT revenues and staff has seen occupancy levels returning close to pre-pandemic levels with nightly room rates increasing significantly. However, at the industry slows down a little revenues are expected to continue to grow as a due to an increase in TOT submitters as a result of the recent TOT audit.

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.

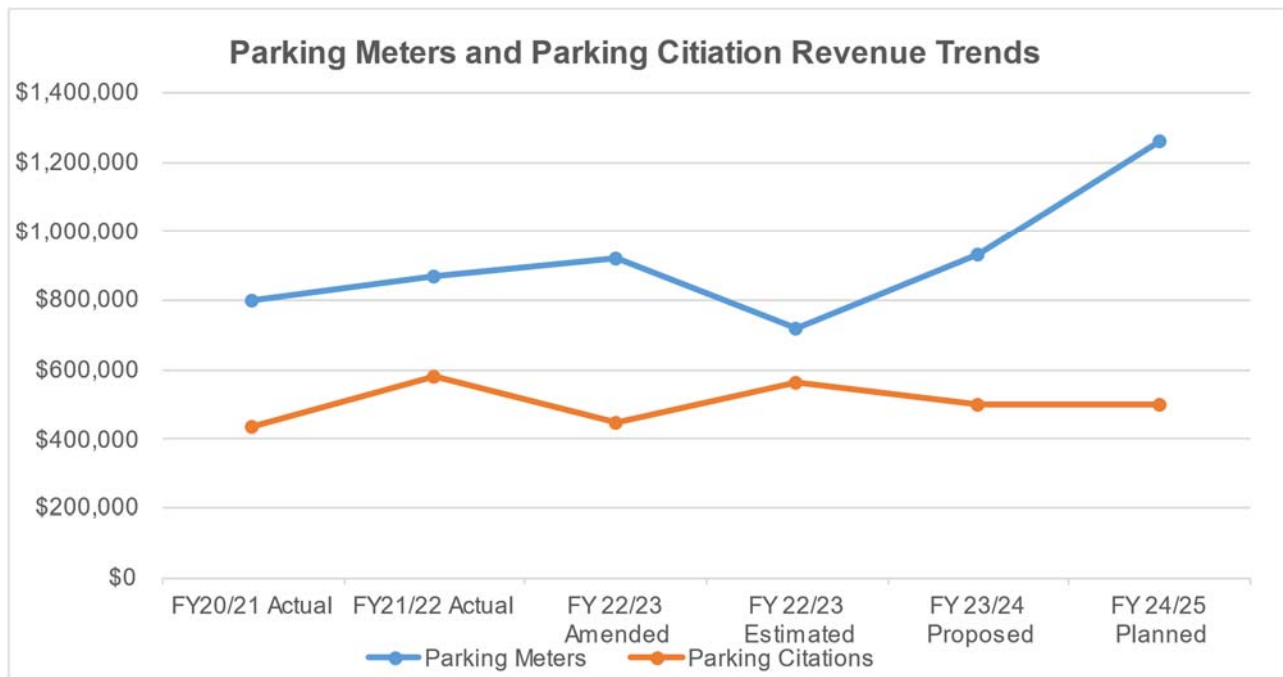


Parking Meters and Parking Fines

In FY 2023-24 parking meter and parking fine revenues are estimated to contribute approximately \$1.4 million to the General Fund. Revenue sources include fees collected from the meters and fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. At the end of FY 2013/14, a 226-space parking lot opened adjacent to the existing Pacific Cove Parking Lot and City Hall. The FY 2023-24 proposed budget includes a \$569,500 general fund transfer to the parking reserve fund to pay the outstanding balance saving approximately \$150,000 of interest over the next several years. 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		Avg. Meter Rev. per Space
		Proposed		
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 has increased for the last several years with an estimated decrease in FY 2016/17 due to a wet winter that reduced visitors. In FY 2015/16 the City implemented 3-hour parking in the Village. The change has had a positive impact on meter revenue while decreasing citations.



The FY 2023-24 proposed budget projects parking meter and parking fine revenue are estimated to relatively flat compared to the estimated prior year receipts.

Property Taxes

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

In FY 2023-24 property tax revenue is estimated to be \$3.1 million, representing a four percent increase over the estimated collection amount from FY 2022-23. The City's collections are consistent with information from the County Auditor-Controller's Office, which indicated that property valuations in Capitola are rising at a rate of four to four and one-half percent annually.

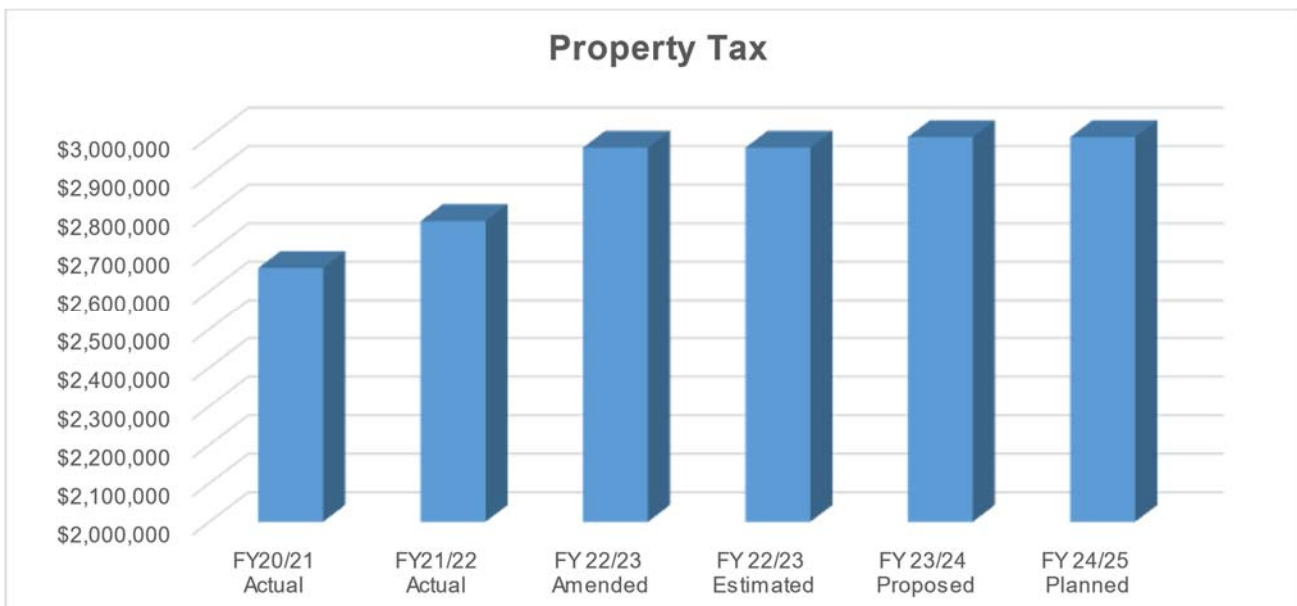
In the FY 2023-24 proposed budget, base property tax revenues are projected to increase approximately four percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. A growth factor of four percent of the assessed property valuation was used to estimate FY 2023-24 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. However, staff used the same four percent increase projected in FY 2023-24. 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

	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY 22/23 Estimated	FY 23/24 Proposed	FY 24/25 Planned
<u>Taxes</u>						
Property Taxes	\$ 2,660,446	\$ 2,782,322	\$ 2,972,713	\$ 2,972,713	\$ 3,091,621	\$ 3,215,286
Sales Tax- Bradley Burns	5,703,770	6,288,953	6,350,000	6,350,000	6,445,250	6,541,929
Sales Tax- Measure O	1,002,941	1,097,862	1,070,000	1,050,000	1,086,050	1,102,341
Sales Tax- Measure F	998,637	1,097,984	1,070,000	1,050,000	1,086,050	1,102,341
Document Transfer Tax	133,103	100,861	80,000	100,000	100,000	100,000
Franchise Tax	561,970	634,511	571,256	635,000	635,000	641,350
Transient Occupancy Tax	1,529,015	2,170,541	2,100,000	2,150,000	2,200,000	2,222,000
Cannabis Retail Tax	248,867	341,183	360,000	300,000	300,000	300,000
Total	\$ 12,838,748	\$ 14,514,218	\$ 14,573,969	\$ 14,607,713	\$ 14,943,971	\$ 15,225,246
<u>Licenses and permits</u>						
Business License	\$ 291,590	\$ 315,604	\$ 304,000	\$ 305,000	\$ 312,500	\$ 315,625
Building Permits	199,437	236,659	200,000	130,000	180,000	180,000
Cannabis Annual License Fee	5,100	5,188	5,000	5,354	5,000	5,000
Encroachment Permits	32,429	26,260	30,000	32,000	30,000	30,000
Special events permit	834	1,564	1,100	9,000	1,100	1,100
Entertainment permit	1,127	6,594	4,000	4,000	4,000	4,000
Parking Permits	42,271	43,068	40,000	40,000	42,500	42,500
Planning Permits	84,998	83,464	58,000	75,000	63,500	63,500
Other Permits	-	-	-	-	13,000	13,000
Total	\$ 657,786	\$ 718,402	\$ 642,100	\$ 600,354	\$ 651,600	\$ 654,725
<u>Intergovernmental revenues</u>						
Federal and State Grants	\$ 1,398,864	\$ 1,343,507	\$ 1,436,608	\$ 100,000	\$ 83,000	\$ 84,660
Gen gov't BIA - Fin. support svcs.	4,200	4,200	4,200	4,200	4,200	4,200
Gen gov't CVC - Fin. support svcs.	1,795	2,294	1,500	1,500	2,500	2,500
Total	\$ 1,404,860	\$ 1,350,001	\$ 1,442,308	\$ 105,700	\$ 89,700	\$ 91,360
<u>Charges for Svcs.</u>						
Gen gov't Pay stations-Village	\$ 484,103	\$ 562,881	\$ 612,750	\$ 400,000	\$ 612,750	\$ 827,213
Gen gov't Pay stations-Cliff Dr.	126,491	112,522	120,600	130,000	130,000	175,500
Gen gov't Pay station-upper Pac Cove	139,057	139,268	130,650	140,000	140,000	189,000
Gen gov't Pay stations-lower Pac Cove	51,968	56,676	55,275	50,000	50,000	67,500
Public safety Vehicle release fee	5,240	8,118	7,000	7,000	7,000	7,000
Public safety Police reports	431	631	500	500	500	500
Public safety Booking fees	425	0	250	250	250	250
Public safety DUI collections	5,639	5,772	5,000	3,000	6,000	6,000
Public safety Spec. events - Police Svcs.	0	4,145	5,000	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	0	0	0	4,500	0	0
Public works Stormwater dev. Review	2,457	2,224	2,000	2,000	2,000	2,000
Building fees Building plan check fees	68,499	113,353	100,000	95,000	100,000	100,000
Bldg. Official Reimbursement	97,002	105,833	109,000	109,000	112,000	115,360
Comm dev Planning fee - Sr./Assoc plnr cost	29,893	11,981	30,000	40,000	45,000	45,000
Comm Planning fee - assist plnr cost	3,290	6,612	10,000	-	0	0
Comm dev Planning fee - director cost	8,274	17,544	5,000	20,000	10,000	10,000
Comm dev Subdivisions	0	0	0	-	0	0
Comm dev Planning plan check fee	14,232	10,992	12,000	7,500	10,000	10,000
Comm dev Planning application fee	2,551	1,731	500	-	0	0
Comm dev Planning - Gen Plan	0	0	25,000	25,000	25,000	25,000

	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY 22/23 Estimated	FY 23/24 Proposed	FY 24/25 Planned
Comm dev Planning - other fees	3,386	10,554	5,000	5,000	-	-
Comm dev Planning - Code Enforcement	800	-	-	-	-	-
Recr. fees Class fees	79,284	199,902	220,000	175,000	225,000	225,000
Recr. fees Jr. Guard fees	84,841	267,803	302,555	275,000	309,263	309,263
Recr. School Support Program	279,118	1,386	-	-	-	-
Recr. fees Sports fees	10,053	26,185	25,000	25,000	19,000	19,000
Recr. fees Camp Capitola fees	104,706	174,837	179,775	180,000	193,240	193,240
Recr. Afterschool Program	-	50,014	109,276	60,000	113,174	113,174
Recr. Events	(157)	904	1,200	1,200	4,760	4,760
Total	\$ 1,604,582	\$ 1,894,868	\$ 2,076,331	\$ 1,797,950	\$ 2,157,937	\$ 2,487,760
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 13,265	\$ -	\$ 40,000	\$ 25,000	\$ 40,000	\$ 40,000
Parking Citation	\$ 437,916	\$ 580,447	\$ 450,000	\$ 563,000	\$ 497,500	\$ 497,500
General Fines	\$ 43,592	\$ 8,386	\$ 102,000	\$ 60,000	\$ 70,000	\$ 70,000
Total	\$ 494,772	\$ 588,832	\$ 592,000	\$ 648,000	\$ 607,500	\$ 607,500
<u>Use of money & property</u>						
Investment earnings	\$ 72,905	\$ 12,390	\$ 75,000	\$ 65,000	\$ 125,000	\$ 125,000
Rents Jade Street facility	-	6,700	6,000	10,000	11,000	11,000
Rents Esplanade restaurants	4,813	4,930	4,500	4,500	5,000	5,000
Rents Esplanade - surf trailer	1,746	1,785	1,500	1,700	1,800	1,800
Rents Esplanade bandstand	-	677	2,500	4,000	4,000	4,000
Rents Outdoor Dining	-	5,240	-	38,000	51,695	51,695
Total	\$ 79,464	\$ 31,722	\$ 89,500	\$ 123,200	\$ 198,495	\$ 198,495
<u>Other revenues</u>						
Donations - Recreation	-	21,250	-	24,250	-	-
Grants, donations, contrib	0	1,700	2,000	2,600	2,000	2,000
Arts-Twilight Concert Sponsors	0	46,400	10,000	18,500	25,000	25,000
Arts-Movies at the Beach Sponsor	0	1,700	1,500	-	2,000	2,000
Arts-Art at the Beach Booth Fee	0	3,660	2,000	1,000	2,000	2,000
Arts-Sunday Art & Music Sponsors	0	0	2,400	-	-	-
Museum donations-Box Revenue	1,124	2,566	500	2,000	1,300	1,300
Museum Donations-Fundraising	3,059	5,819	2,000	7,000	3,000	3,000
Memorial plaques and benches	14,444	17,159	7,500	8,500	8,000	8,000
Miscellaneous revenues	94,254	44,495	78,444	20,000	46,000	47,150
Interfund Transfer In - Library	-	753,899	-	-	-	-
Total	\$ 112,881	\$ 898,648	\$ 106,344	\$ 83,850	\$ 89,300	\$ 90,450
Grand Totals	\$ 17,193,093	\$ 19,996,692	\$ 19,522,552	\$ 17,966,767	\$ 18,738,503	\$ 19,355,536

GENERAL FUND EXPENDITURES



General Fund Expenditures

The total FY 2023-24 General Fund expenditure budget proposes an increase of approximately \$97,000 from the FY 2022-23 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:

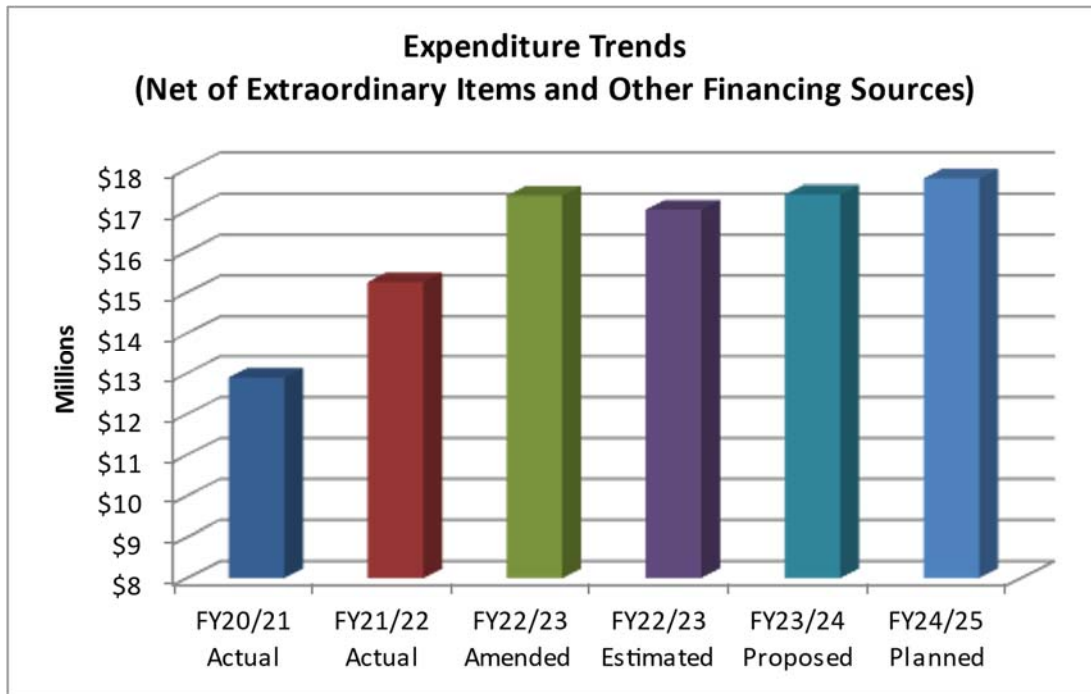
- Total personnel costs (salary and benefits) are estimated to increase \$329,000 from the FY 2022-23 Amended Budget due to step increases and Cost of Living Adjustments. The proposed budget does return the last 1 ½ positions that were frozen in 2020 in response to the pandemic.
 - Salary costs are estimated to be \$309,000 higher as the City enters the third year of the current MOU's negotiated with labor groups.
 - Salary – Permanent increased \$379,000
 - Salary – Temp increased \$91,000 as summer recreations programs remain at full capacity.
 - Overtime is anticipated to increase \$29,000 primarily in the Police and Public Works departments with the return of most special events.
 - Specialty Pay – decreased \$32,000 as several long-term employees retired.
 - Benefits – decreased \$159,000.
- Contract services decreased by \$563,000 or 15% below the prior year primarily related to contract services associated with several grants that the City had received.

The following chart provides an overview of expenditures for FY 2020-21 to FY 2024-25. A complete description of major changes will follow in the related expenditure detail pages.

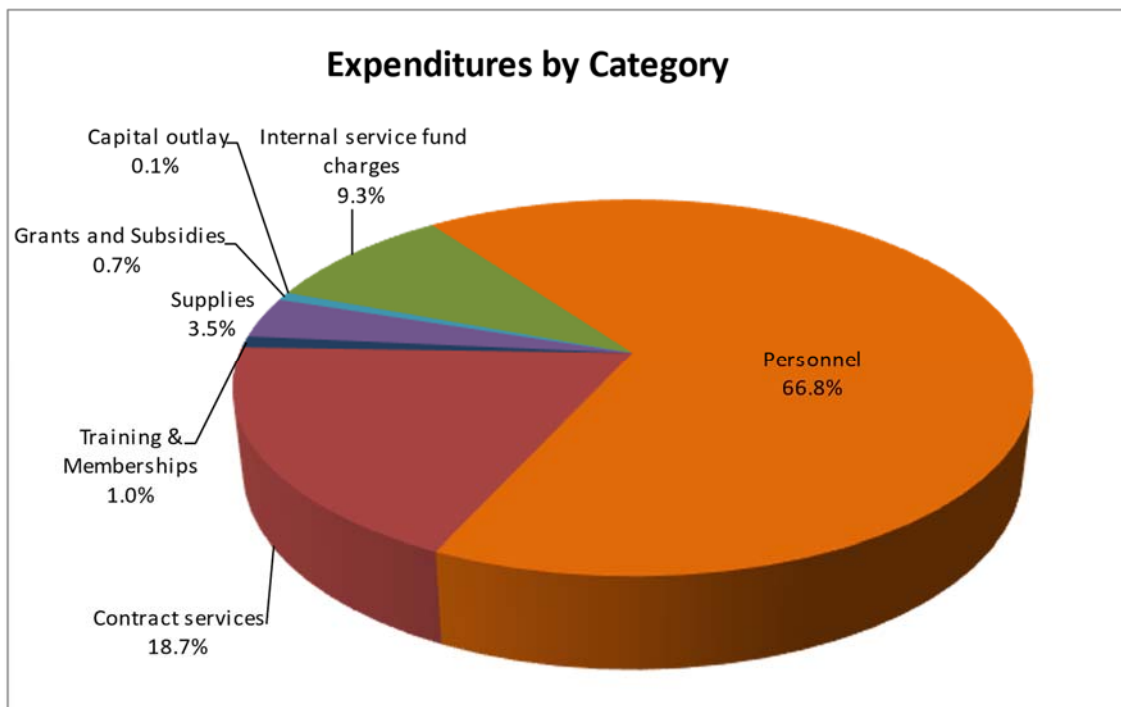
General Fund Expenditures Summary

Major Categories	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Personnel	\$9,127,386	\$10,273,758	\$11,364,691	\$11,430,752	\$11,673,418	\$12,119,523
Contract services	2,250,977	2,912,962	3,777,026	3,348,754	3,262,816	3,112,202
Training & Memberships	64,292	101,501	147,645	149,959	172,736	173,786
Supplies	495,219	672,330	516,000	581,563	615,275	573,175
Grants and Subsidies	43,650	101,650	125,000	125,000	125,000	125,000
Internal service fund	911,212	1,192,463	1,439,415	1,439,415	1,617,843	1,647,118
Subtotal	\$12,892,737	\$15,254,664	\$17,369,777	\$17,075,443	\$17,467,087	\$17,750,805
Other financing uses	809,383	3,608,343	5,231,569	3,390,366	2,288,788	1,567,909
Expenditure Total	\$13,702,120	\$18,863,007	\$22,601,346	\$20,465,809	\$19,755,875	\$19,318,713

The following chart provides an overview of expenditure trends, excluding transfers. Expenditures are trending upward in FY 2023-24 as we continue our recovery from COVID-19 and utilize resources that have accumulated over the last two fiscal years.



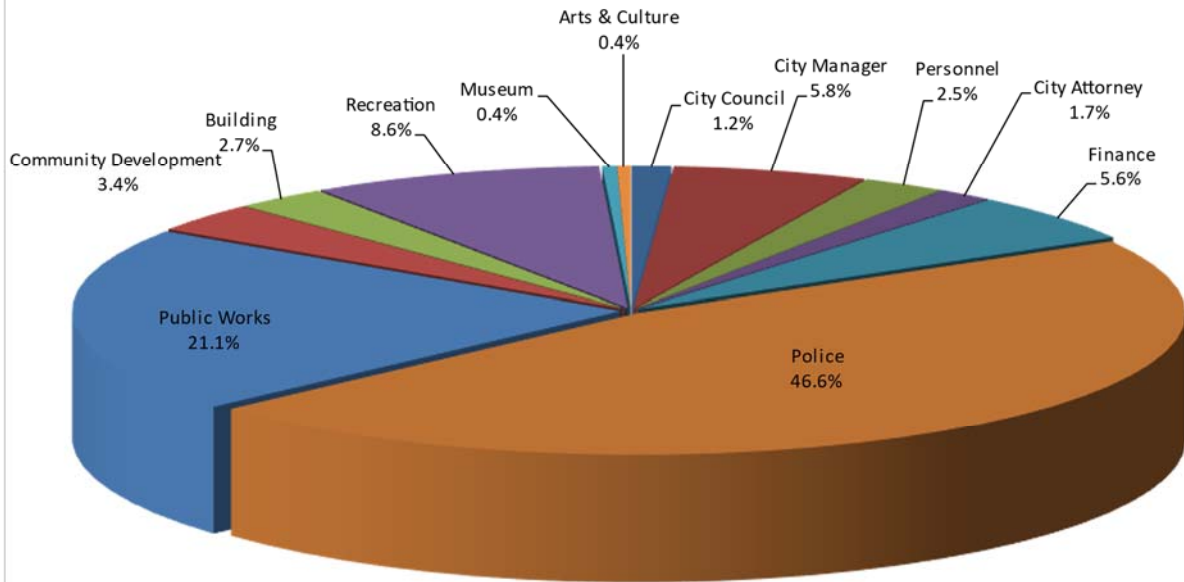
A chart displaying the percentage of expenditures by category is also provided for reference. Personnel costs are estimated to increase \$329,000 from the prior fiscal year while the ratio of personnel services to total expenditures increased from 65.7 percent to 67.4 percent. Other notable changes were in contract services, which decreased from 21.5 percent to 18.5 percent, and internal service charges, which increased from 8.4 percent to 9.4 percent.



General Fund Department Expenditures

Department	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
City Council	\$70,537	\$98,851	\$114,019	\$112,819	\$202,432	\$122,650
City Manager	766,162	930,065	914,554	923,602	998,253	1,026,651
Personnel	295,102	363,511	463,585	456,241	428,274	440,949
City Attorney	186,983	281,956	280,000	240,000	288,000	288,000
Finance	656,712	780,845	858,798	822,323	967,309	948,496
Community Grants	63,648	110,075	133,425	125,000	125,000	125,000
Police - Law Enforcement	5,906,446	6,836,393	7,401,146	7,506,965	7,427,402	7,672,687
Police - Pkg. Enforcement	518,700	657,986	601,457	601,125	572,855	582,430
Police - Lifeguard Svcs.	88,413	0	0	0	0	0
Police - Animal Services	70,576	70,614	70,859	70,859	88,973	91,210
Public Works - Streets	1,345,375	1,738,211	2,288,133	2,303,955	2,213,847	2,253,040
Public Works-Storm Water	141,825	161,890	223,567	248,690	204,390	206,780
Public Works - Facilities	229,299	282,891	561,254	403,704	256,143	241,307
Public Works - Fleet	372,716	325,344	320,442	320,742	334,091	349,713
Public Works - Parks	410,582	458,374	543,257	546,257	659,126	621,845
Community Development	473,638	595,244	617,675	515,858	583,645	603,893
Building	294,135	397,020	427,720	425,246	476,068	493,140
Recreation	937,189	1,038,813	1,423,357	1,331,478	1,497,041	1,536,755
Museum	58,918	66,434	66,845	63,345	74,591	75,962
Art & Cultural	6,290	60,147	59,684	57,234	69,643	70,295
Subtotal	\$12,893,246	\$15,254,664	\$17,369,777	\$17,075,443	\$17,467,087	\$17,750,803
Transfers & Other	\$809,383	\$3,608,343	\$5,231,569	\$3,390,366	\$2,288,788	\$1,567,909
Expenditure Total	\$13,702,629	\$18,863,007	\$22,601,346	\$20,465,809	\$19,755,875	\$19,318,712

Expenditures by Department



General Fund Expenditures

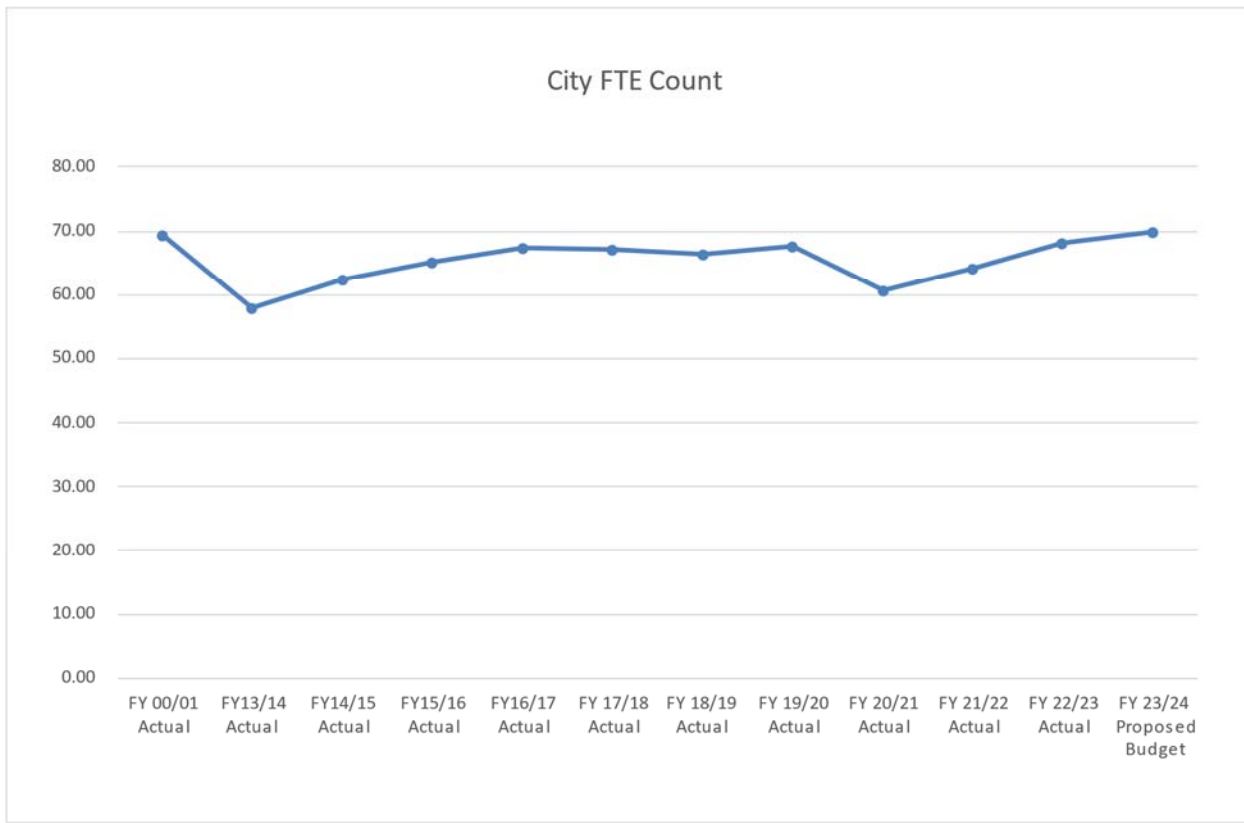
SALARIES & BENEFITS

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 2022-23 bring total staffing levels back to pre-pandemic levels. This includes returning 1 ½ total positions were frozen or under-filled in response to the pandemic.

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

General Fund	FY 00/01 Actual	FY13/14 Actual	FY14/15 Actual	FY15/16 Actual	FY16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Proposed Budget
Elected												
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
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
Elected - Total FT	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
Fully Benefited by Dept												
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	4.33	3.91	4.50	4.50	4.50	3.75	3.75	3.00	3.00	3.00	4.00
City Manager	5.50	7.00	6.90	6.00	7.00	6.00	6.00	7.00	5.00	4.75	6.00	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
Police	31.30	27.59	30.65	31.50	31.65	31.50	30.50	30.50	29.50	31.00	31.50	31.50
CDD	6.67	3.12	4.50	5.00	5.00	5.00	6.00	6.00	5.00	5.75	5.75	6.00
Public Works	14.33	12.33	13.00	14.00	15.00	16.00	16.00	15.50	14.00	15.00	16.00	16.00
Recreation	4.50	2.75	2.75	3.75	3.75	3.75	3.75	4.50	3.75	4.25	5.50	5.50
Dept - Total FTEs	69.30	57.87	62.46	65.25	67.40	67.25	66.50	67.75	60.75	64.25	68.25	70.00
Change from prior year		(0.97)	4.59	2.79	2.15	(0.15)	(0.75)	1.25	(7.00)	3.50	4.00	1.75



General Fund Expenditures

SALARIES & BENEFITS

City services are primarily staff delivered; therefore, staffing is the most significant expenditure. The FY 2023-24 proposed budget staffing costs total \$11,693,557. This represents a 3% increase from the prior year amended budget. This is primarily due to inflation as costs related to the CalPERS Retirement Fund are consistent with the prior year.

Staffing by Category	FY20/21 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Salary	\$5,025,511	\$6,372,726	\$6,372,726	\$6,752,161	\$7,050,485
Salary Temp	495,532	558,944	558,944	650,331	\$656,439
Overtime	98,099	225,145	291,206	254,000	254,080
Specialty Pay	277,489	297,742	297,742	265,321	275,934
Benefits	3,230,755	3,910,134	3,910,134	3,751,604	\$3,882,666
Total	\$9,127,386	\$11,364,691	\$11,430,752	\$11,673,418	\$12,119,523

Staffing by Department	FY20/21 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
City Council	\$36,619	\$41,407	\$41,407	\$40,689	\$40,689
City Manager	678,526	724,288	731,286	788,745	820,254
Personnel	222,896	362,943	362,999	374,469	386,766
Finance	462,376	575,774	575,774	617,735	642,444
Law Enforcement	4,535,797	5,674,296	5,762,525	5,571,077	5,784,518
Pkg. Enforcement	202,426	270,133	271,301	222,291	230,983
Streets	1,105,337	1,439,178	1,455,000	1,539,092	1,600,058
Storm Water	73,255	93,417	93,440	59,739	62,130
Fleet	202,566	109,322	109,322	112,032	116,472
Parks	163,231	262,276	262,276	292,009	303,725
Planning	429,037	448,934	449,052	488,539	508,001
Building	264,001	365,015	367,391	417,880	434,528
Recreation	709,083	939,656	911,149	1,088,788	1,126,810
Museum	41,621	40,117	40,117	41,870	43,126
Art & Cultural	1,124	17,935	17,935	18,464	19,018
Total	\$9,127,386	\$11,364,691	\$11,430,752	\$11,673,418	\$12,119,523

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	06/30/2023
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</u> <u>Actual</u>	<u>FY22/23</u> <u>Amended</u>	<u>FY22/23</u> <u>Estimated</u>	<u>FY23/24</u> <u>Proposed</u>	<u>FY24/25</u> <u>Planned</u>
City Manager	\$3	\$0	\$1,399	\$1,000	\$1,000
Finance	0	0	0	0	0
Police*	161,635	198,145	234,803	215,000	215,000
Public Works	7,664	17,000	33,529	17,000	17,000
Community Development	1,760	3,000	3,000	3,000	3,000
Recreation	10,769	7,000	18,475	18,000	18,080
Total	\$181,832	\$225,145	\$291,206	\$254,000	\$254,080

*Funding Sources for Police Overtime

General Fund	\$161,635	\$155,000	\$191,658	\$170,000	\$170,000
Grant Funded	0	43,145	43,145	45,000	45,000
Total	\$161,635	\$198,145	\$234,803	\$215,000	\$215,000

Specialty Pay

The FY 2023-24 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>FY20/21</u> <u>Actual</u>	<u>FY22/23</u> <u>Amended</u>	<u>FY22/23</u> <u>Estimated</u>	<u>FY23/24</u> <u>Proposed</u>	<u>FY24/25</u> <u>Planned</u>
City Manager	\$6,760	\$5,954	\$5,954	\$5,662	\$5,888
Finance	1,129	-	-	-	-
Police	244,255	266,425	266,425	235,619	245,043
Public Works	23,181	22,877	23,734	21,405	23,461
Community Dev.	-	-	2,303	2,635	2,714
Recreation	2,164	2,486	2,486	-	-
Total	\$277,489	\$297,742	\$300,902	\$265,321	\$277,107

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, 2014	\$119
• 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

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 2022-23 was \$2,181,640 and is decreasing to \$2,139,1915 in FY 2023-24. The most recent CalPERS actuarial reports estimate the UAL through FY 2028-29 at an amount of \$2,091,600 which equates to an increase of approximately 72% over ten years from FY 2018-19.

PERS Rates. The FY 2023-24 PERS total rate for classic safety members is 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 is 22.0%, with employees paying 13.4% and the city 8.6%. Miscellaneous PEPRA employees pay 6.75% and the city pays 8.7%.

The FY 2022-23 PERS total rate for classic safety members was 32.7%, with employees paying 15% and the city 17.7%. Safety PEPRA members are responsible for 13.0% and the city pays 12.8%. For classic miscellaneous members, the total contribution rate was 20.2%, with employees paying 13.4% and the city 6.8%. Miscellaneous PEPRA employees pay 6.75% and the city pays 7.5%.

Public Employees' Pension Reform Act (PEPRA). On September 12, 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA became effective on January 1, 2013, and requires all employees who are not previously members of the PERS reciprocal system to be placed in an alternate retirement plan. The City's PEPRA plan for Safety employees is 2.7% at 57 and 2% at 62 for Miscellaneous employees. This new plan requires that the City and plan members contribute an equivalent share of retirement costs. The rates for public safety and miscellaneous employees are 13% and 6.75%, respectively.

Retirement Costs Summary

Retirement Costs	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY23/24 Proposed	FY24/25 Planned
Ret. cost - PERS Safety	\$ 385,148	\$ 436,575	\$ 396,906	\$ 386,338	\$ 401,791
Ret. cost - PERS Safety UAL	853,670	1,002,849	1,121,718	1,107,637	1,143,000
Ret. cost - PERS Miscellaneous	267,223	281,723	263,217	279,615	290,800
Ret. cost - PERS Misc UAL	835,791	966,725	1,059,922	1,031,554	1,063,000
Ret. cost - Retirement PARS	4,338	3,890	5,527	6,091	6,091
Ret. health OPEB - Retiree health	36,774	39,482	38,500	38,750	40,300
OPEB Trust Fund	-	60,250	60,250	67,050	67,050
Total Retirement Costs	\$ 2,382,944	\$ 2,791,494	\$ 2,946,040	\$ 2,917,035	\$ 3,012,032
Total Employee Paid Costs	\$ 857,860	\$ 1,004,938	\$ 1,060,574	\$ 1,050,133	\$ 1,084,332
Total City Paid Costs	\$ 2,382,944	\$ 2,791,494	\$ 2,946,040	\$ 2,917,035	\$ 3,012,032
Total Costs Employee and City	\$ 3,240,804	\$ 3,796,432	\$ 4,006,614	\$ 3,967,167	\$ 4,096,363
Unfunded Actuarial Liability-Safety	12,918,421	13,594,061	14,685,285	11,169,617	11,951,490
Unfunded Actuarial Liability-Misc	11,896,221	12,422,127	13,354,880	9,924,040	10,618,723
Unfunded OPEB Liability	1,572,208	1,572,208	1,572,208	1,642,315	1,642,315
Funding Ratio PERS Safety	71.3%	72.40%	72.40%	77.10%	77.10%
Funding Ratio PERS Misc	69.7%	69.70%	71.00%	77.40%	77.40%

General Fund Expenditures - Contract Services (5 pages)

Department	Contract Description	FY22/23	FY23/24	FY24/25
		Amended	Proposed	Planned
City Council	Other contract services Legal notices	\$ -	\$ -	\$ -
City Council	Gen/Admin - Community TV	10,000	10,000	10,000
City Council	Gen/Admin Contracts - General	5,000	83,000	3,000
City Council	CS-Gen/Admin Beach Festival	5,000	5,000	5,000
Total		\$ 20,000	\$ 98,000	\$ 18,000
City Manager	Gen/Admin Muni code - Codification Svcs.	\$ 4,000	\$ 4,000	\$ 4,000
City Manager	Gen/Admin Rcrd Mgmt-Doc. Imaging	1,000	1,000	1,000
City Manager	Gen/Admin Records Mgmt-Storage	3,500	6,500	6,500
City Manager	Gen/Admin Newsletter	10,000	10,000	12,000
City Manager	Gen/Admin Council Election	15,000	-	18,000
City Manager	Gen/Admin Contracts - General	5,000	30,000	5,000
City Manager	Environ. Svcs - Cntrl Cst Recycling Media	5,000	-	-
City Manager	Environ. Svcs Garage Sale Day	800	800	800
City Manager	Environ. Svcs SCC-Hzrds Waste Disp Fee	45,000	-	-
City Manager	Environ. Svcs Recycling Svcs.	3,000	-	-
City Manager	Environ. Svcs JPA-Pollution Control	5,000	-	-
City Manager	Other Contract services - Legal Notices	2,500	1,500	1,500
City Manager	Mosquito and Vector Control	150	-	-
City Manager	CS-Temp. Staff & Instr. Temporary staff	-	-	-
City Manager	Contract Svcs. Unanticipated Events	10,000	10,000	10,000
Total		\$ 109,950	\$ 63,800	\$ 58,800
Personnel	Legal svcs Labor/Personnel	\$ 15,000	\$ -	\$ -
Personnel	Personnel Svcs Recruitment Svcs.	25,000	-	-
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	1,000	10,000	10,000
Personnel	Contract Svcs. Flex-Hlth-Dntl-Vsn Admin	4,000	4,000	4,000
Personnel	Contract Svcs. Advertising	750	-	-
Personnel	CS-Gen/Admin Contracts - general	5,000	1,000	1,000
Total		\$ 61,250	\$ 25,500	\$ 25,500
City Attorney	Gen/Admin Contracts - General	\$ 10,000	\$ 10,000	\$ 10,000
City Attorney	Legal Svcs Legal Svcs. - General	210,000	210,000	210,000
City Attorney	Legal Svcs Special Svcs.	60,000	50,000	50,000
City Attorney	Legal svcs Labor/Personnel	-	18,000	18,000
Total		\$ 280,000	\$ 288,000	\$ 288,000

Department	Contract Description	FY22/23	FY23/24	FY24/25
		Amended	Proposed	Planned
Finance	Gen/Admin Contracts - General	\$ 5,000	\$ 50,000	\$ 5,000
Finance	Fin Svcs OPEB Valuation	1,000	4,000	1,000
Finance	Fin Svcs Audit-Annual Financial Audits	54,000	54,000	56,700
Finance	Fin Svcs Audit-Sales Tax	10,000	12,000	12,000
Finance	Fin Svcs State Mandated Claims Svcs	1,750	1,750	1,750
Finance	Fin Svcs HdL TOT Fees	-	20,000	20,000
Finance	Fin Svcs Credit Card Merchant Fees	2,500	4,000	4,500
Finance	Fin Svcs SCC-Property tax admin fee	12,000	12,000	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	20,000	15,000	15,000
Finance	Fin Svcs State Admin Fee - SB 1186	500	500	500
Finance	Fin Svcs State Admin Fee - Measure O	20,000	15,000	15,000
Finance	Fin Svcs Bank fees	12,000	12,000	12,000
Finance	Fin Svcs St Admin fee	2,000	3,000	3,000
Total		\$ 190,750	\$ 253,250	\$ 208,450
Law Enforcement	Police Svcs SCC-Booking fees	\$ -	\$ -	\$ -
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	500	500	500
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,360
Law Enforcement	Police Svcs SCC-Sexual assault response prog	18,000	24,000	24,480
Law Enforcement	Other contract services Uniform cleaning services	10,000	12,000	12,240
Law Enforcement	Police Svcs Red light enforcement	25,000	20,000	20,000
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	7,700	5,500	5,600
Law Enforcement	Fin Svcs Collections-booking fees	75	75	75
Law Enforcement	Fin Svcs Collections-DUI cost recovery	1,000	1,000	1,000
Law Enforcement	Prop & equip Comm - local & long distance	8,000	8,000	8,100
Law Enforcement	Prop & equip Comm - T-1 line	18,000	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	6,000	8,900	9,100
Law Enforcement	Police Svcs Towing service	5,000	3,000	3,000
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	50,700	55,278	55,278
Law Enforcement	Police Svcs SCCECC-911 JPA	570,973	612,470	624,719
Law Enforcement	Prop & equip Property alarm service	1,200	1,200	1,200
Law Enforcement	Prop & equip Property repairs & maintenance	1,000	1,000	1,000
Law Enforcement	Prop & equip Equipment repairs & maintenance	15,000	10,000	10,000
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
Total		\$ 806,148	\$ 852,923	\$ 866,652

Department	Contract Description	FY22/23	FY23/24	FY24/25
		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-Equip Assess	-	-	-
Pkg. Enforcement	Police Svcs State of CA-Reg assess	35,000	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	3,000	3,500	3,500
Pkg. Enforcement	Fin Svcs Credit card merchant fees	60,000	60,000	60,000
Pkg. Enforcement	Prop & equip Wheelchair purchase and repairs	4,000	-	-
Pkg. Enforcement	Prop & equip Pay Station Repair & Maintenance	40,000	40,000	40,000
Total		\$ 285,000	\$ 304,500	\$ 304,500
Animal Svcs.	Police Svcs Animal Svcs.	\$ 80,492	\$ 87,793	\$ 90,000
Total		\$ 80,492	\$ 87,793	\$ 90,000
Streets	PW & Trans. Transportation-Beach shuttle svc	\$ 80,000	\$ 80,000	\$ 80,000
Streets	PW & Trans. Soquel Crk monitoring-fish	43,000	40,000	40,000
Streets	PW & Trans. Electrical services	-	-	-
Streets	Prop & equip Comm - mobile phone	15,000	15,000	15,000
Streets	Gen/Admin Contracts - general	270,000	-	-
Streets	PW & Trans. Lagoon grading	15,000	15,000	15,000
Streets	PW & Trans. PW Engineering services	30,000	-	-
Streets	Prop & equip Eucalyptus maintenance -Park Ave	50,000	50,000	10,000
Streets	Prop & equip Riparian Restoration	15,000	15,000	15,000
Streets	Rental contracts Union Pacific RR yearly	1,000	1,000	10,000
Streets	Temp. Staff & Instr. Temporary staff	85,000	85,000	85,000
Streets	Temp. Staff & Instr. Hope Services	16,000	16,000	16,000
Streets	Prop & equip Esplanade sidewalk cleaning	30,000	30,000	35,000
Streets	Other contract services Unanticipated events	10,000	10,000	10,000
Storm Water	Environmental Svcs Central coast recycling media	-	5,000	5,000
Storm Water	Environmental Svcs SCC-Hazardous waste disp	-	75,000	75,000
Storm Water	Environmental Svcs Mosquito & vector control	-	150	150
Storm Water	CS-Environmental Svcs Recycling services	-	7,500	7,500
Storm Water	CS-Environmental Svcs JPA-Pollution control	-	5,000	5,000
Storm Water	PW & Trans. Soquel Crk monitoring-water qual	10,000	10,000	10,000
Storm Water	PW & Trans. CA NPDES-storm water mgmt prog	35,000	40,000	40,000
Storm Water	PW & Trans. Regional Water Mgmt Foundation	500	500	500
Storm Water	Water Quality Testing and Equipment	-	-	-
Total		\$ 705,500	\$ 500,150	\$ 474,150

Department	Contract Description	FY22/23	FY23/24	FY24/25
		Amended	Proposed	Planned
Facilities	PW & Trans. ADA compliance	\$ 15,000	\$ 15,000	\$ 15,000
Facilities	Gen/Admin Contracts - general	\$ -	\$ -	\$ -
Facilities	Prop & equip Comm - local & long distance	1,500	1,500	1,500
Facilities	Prop & equip Comm - T-1 line	7,500	7,500	8,000
Facilities	Prop & equip Utility serv - gas & electric	78,500	86,000	89,250
Facilities	Prop & equip Utility serv - sanitation distr	8,500	5,500	5,500
Facilities	Prop & equip Utility serv - water	18,300	18,500	19,000
Facilities	CS-Gen/Admin Contracts - general	50,000	-	-
Facilities	Prop & equip Janitorial services	26,500	34,500	34,700
Facilities	Prop & equip Property alarm service	2,750	2,800	3,000
Facilities	Prop & equip Property repairs & maintenance	297,500	25,000	14,200
Facilities	Prop & equip Equipment repairs & maintenance	24,500	19,500	17,000
Facilities	Rental contracts Equipment and vehicles	2,000	5,000	5,000
	Total	\$ 532,550	\$ 220,800	\$ 212,150
Fleet	Prop & Equip Equipment Repair and Maint.	\$ 7,500	\$ 5,000	\$ 5,500
	Total	\$ 7,500	\$ 5,000	\$ 5,500
Parks	PW & Trans. Tree Svcs.	\$ 20,000	\$ 20,000	\$ 20,000
Parks	Prop & Equip Utility serv - gas and elec.	3,000	5,000	5,000
Parks	CS-PW & Trans Electrical Services	-	-	-
Parks	Prop & Equip Utility serv - sanitation distr	21,000	21,000	21,000
Parks	Prop & Equip Utility serv - water	108,500	125,000	125,600
Parks	Prop & Equip Janitorial Svcs.	27,500	32,500	32,500
Parks	Prop & Equip Property Repair and Maint.	8,000	8,000	8,000
Parks	Prop & Equip Equip. Repair and Maint.	5,500	8,500	8,800
Parks	Rental contracts Equipment and vehicles	9,500	10,000	10,000
Parks	Bike Track Maintenance	2,500	6,000	2,500
	Total	\$ 205,500	\$ 236,000	\$ 233,400
Planning	Plng & Hsg Hsg grant admin & CDD tech	\$ 107,500	\$ -	\$ -
Planning	Contract Svcs. Legal	-	-	-
Planning	Contract Svcs. Legal notices	3,000	8,000	\$ 8,000
Planning	CS-Plan Svc Admin Services	-	25,000	\$ 25,000
	Total	\$ 110,500	\$ 33,000	\$ 33,000
Building	Bldg Svcs Engineering & Inspections	\$ 7,000	\$ 10,000	\$ 10,000
Building	Bldg Svcs Bldg plan checks - outsourced	22,500	15,000	15,000
	Total	\$ 29,500	\$ 25,000	\$ 25,000

Department	Contract Description	FY22/23	FY23/24	FY24/25
		Amended	Proposed	Planned
Recreation	Gen/Admin Contracts - General	\$ 141,620	\$ 14,500	\$ 14,500
Recreation	CS-IT Contracts Recreation technology system	\$ 14,527	\$ 15,000	\$ 15,000
Recreation	Fin Svcs Credit card merchant fees	10,000	7,000	7,000
Recreation	Personnel Svcs Background investigations	2,000	-	-
Recreation	PW & Trans. Transportation-Rec program	3,500	1,600	1,600
Recreation	Temp. Staff/Instr. Rec contract inst/sports off	123,660	113,300	113,300
Recreation	Prop & Equip Comm - local & long distance	2,500	2,500	2,500
Recreation	Prop & Equip Comm - T-1 line	15,000	12,000	12,000
Recreation	Prop & Equip Property Repair and Maint.	500	500	500
Recreation	Rental contracts Equipment and vehicles	1,300	700	700
Recreation	Contract Svcs. Events liability insurance	2,000	-	-
Recreation	Contract Svcs. Advertising	1,050	-	-
Recreation	Contract Svcs. Mailing Service	22,500	23,000	23,000
Recreation	Contract Svcs. Copying, printing and binding	19,500	21,000	21,000
Recreation	Contract Svcs. Photography	3,500	4,000	4,000
Total		\$ 363,157	\$ 215,100	\$ 215,100
Museum	Prop & Equip Comm - Local & Long Distance	\$ -	\$ -	\$ -
Museum	Rental contracts Land and Buildings	7,500	12,000	12,000
Museum	Other contract services Museum oral history	-	1,000	1,000
Total		\$ 7,500	\$ 13,000	\$ 13,000
Arts & Cultural	Events & Tourism Art at the Beach Coordinator	\$ 2,000	\$ 3,000	\$ 3,000
Arts & Cultural	Events & Tourism Twilight Concert-Sound Engr	9,000	10,000	10,000
Arts & Cultural	Events & Tourism Twilight Concert-Band Costs	15,000	15,000	15,000
Arts & Cultural	Events & Tourism Art in Public Places	5,000	3,000	3,000
Arts & Cultural	Events & Tourism Plein Air	-	10,000	10,000
Total		\$ 31,000	\$ 41,000	\$ 41,000
Grand Total		\$3,826,297	\$3,262,816	\$3,112,202

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 2023-24 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	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY23/24 Proposed	FY24/25 Planned
Community Services				\$ -	\$ -
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
	\$ 43,650	\$ 101,650	\$ 117,500	\$ 117,500	\$ 117,500

AGENCY	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY23/24 Proposed	FY24/25 Planned
Children/Youth Services (General Fund)					
Big Brothers/Big sisters		\$0	\$0	-	-
Campus Kids Connection - After School				-	-
Community Bridges - Child Development Division			-	-	-
Court-Appointed Special Advocates		-	-	-	-
Encompass Youth Services Counseling			-	-	-
Families in Transition - Santa Cruz Co.			-	-	-
O'Neill Sea Odyssey		-	-	-	-
Parents Center, Inc.	-	-	7,500	7,500	7,500
Toddler Care Center		-	-	-	-
United Way - Community Assessment Project			-	-	-
Childcare Center Fee Grant			-	-	-
	\$0	\$0	\$7,500	\$7,500	\$7,500
General Fund Total	\$ 43,650	\$ 101,650	\$ 125,000	\$ 125,000	\$ 125,000

Early Childhood / Youth Services (TOT Children's Fund)					
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
TOT Youth Funding Total	\$1,004	\$67,732	\$60,000	\$60,000	\$60,000
Estimated Children's Fund Revenue	\$45,401	\$62,049	\$60,000	\$64,000	\$60,000
Remaining Funds	\$44,397	-\$5,683	\$0	\$4,000	\$0
Total Social Service Program Funding	\$44,654	\$169,382	\$185,000	\$185,000	\$185,000

GENERAL FUND EXPENDITURES

SUPPLIES

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

Supplies	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
City Council	\$264	\$754	\$2,000	\$2,000	\$8,000	\$8,000
City Manager	2,770	5,856	20,000	16,000	12,500	12,500
Finance	2,463	2,400	3,050	5,000	4,600	4,600
Police Department	77,719	140,960	85,750	96,000	99,800	99,800
Public Works	355,428	453,235	329,700	408,000	404,600	362,500
Community Development	753	860	1,600	1,100	2,100	2,100
Recreation	48,340	47,380	56,200	42,463	66,875	66,875
Museum	6,481	10,118	12,000	8,500	11,800	11,800
Arts & Culture	1,001	10,766	5,700	2,500	5,000	5,000
Total	\$495,219	\$672,330	\$516,000	\$581,563	\$615,275	\$573,175

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.

	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
City Council	\$16,134	\$24,495	\$34,200	\$36,000	\$38,761	\$38,761
City Manager ¹	2,002	13,409	22,000	21,650	20,950	21,500
Finance	1,590	1,185	4,600	1,500	4,600	4,600
Police	38,913	52,741	54,160	60,000	66,000	66,000
Public Works	1,255	1,830	5,000	3,500	6,000	6,500
Community Development	579	2,601	15,700	14,850	17,700	17,700
Recreation	3,739	5,033	11,485	11,959	17,725	17,725
Museum	80	207	500	500	1,000	1,000
Total	\$64,292	\$101,501	\$147,645	\$149,959	\$172,736	\$173,786

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 2023-24 proposed budget provides funding for increased insurance premiums as well as equipment purchases for equipment funded in prior years.

Internal Services	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Stores	\$ -	\$ 20,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	50,000	196,794	256,062	256,062	271,000	271,000
Equipment Replacement	-	100,000	105,000	105,000	250,000	250,000
Self-Insurance Liability	473,021	447,989	619,354	619,354	622,138	637,982
Workers' Compensation	388,191	427,680	431,999	431,999	447,705	461,136
Total	\$ 911,212	\$ 1,192,463	\$ 1,439,415	\$ 1,439,415	\$ 1,617,843	\$ 1,647,118

GENERAL FUND TRANSFERS

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

General Fund Transfers	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Contingency Reserves	\$ -	\$ -	\$ 131,000	\$ 131,000	\$ 172,000	\$ 53,000
Emergency Reserves	-	-	147,300	147,300	250,000	-
Facilities Fund	-	-	-	-	100,000	100,000
PERS Contingency Reserve	-	-	500,000	500,000	-	-
CIP Capital Projects	-	2,810,066	3,966,203	2,125,000	550,000	1,102,341
Stores ISF	30,000	-	-	-	-	-
Information Technology	150,000	-	-	-	235,000	-
Equipment Replacement	200,000	350,000	-	-	200,000	-
Interfund transfer Library fund	-	-	-	-	-	-
Compensated Absences	200,701	220,000	220,000	220,000	225,000	225,000
RTC Streets	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
Wharf Fund	-	-	-	-	-	-
Parking Reserve	100,000	100,000	100,000	100,000	469,000	-
OPEB Trust Fund	-	-	-	-	-	-
Pacific Cove Lease	40,066	40,066	40,066	40,066	-	-
Pacific Cove Park	88,616	88,211	127,000	127,000	87,788	87,568
	-	-	-	-	-	-
Total	\$ 809,383	\$ 3,608,343	\$ 5,231,569	\$ 3,390,366	\$ 2,288,788	\$ 1,567,909

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 – 2022-23

- 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 – 2023-24 and 2024-25

- 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

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-10-10-000						
Revenues						
General Fund	\$ 70,537	\$ 98,851	\$ 114,019	\$ 112,819	\$ 202,432	\$ 122,650
Revenue Total	\$ 70,537	\$ 98,851	\$ 114,019	\$ 112,819	\$ 202,432	\$ 122,650
Expenditures						
Personnel	\$ 36,619	\$ 41,650	\$ 41,407	\$ 41,407	\$ 40,689	\$ 40,689
Contract services	9,477	19,266	20,000	17,000	98,000	18,000
Training & Memberships	16,134	24,495	34,200	36,000	38,761	38,761
Supplies	264	754	2,000	2,000	8,000	8,000
Internal service fund charges	8,043	12,686	16,412	16,412	16,982	17,200
Expenditure Totals	\$ 70,537	\$ 98,851	\$ 114,019	\$ 112,819	\$ 202,432	\$ 122,650
	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Authorized Positions						
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
FTE Total	5.00	5.00	5.00	5.00	5.00	5.00

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 – 2022-23

- 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 – 2023-24 and 2024-25

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	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$186,983	\$281,956	\$280,000	\$ 240,000	\$288,000	\$288,000
Revenue Totals	\$186,983	\$281,956	\$280,000	\$ 240,000	\$288,000	\$288,000
Expenditures						
Outside Legal Services	\$ 2,536	\$ 2,839	\$ 10,000	\$ 5,000	\$ 10,000	\$ 10,000
City Attorney Contract	143,302	236,230	210,000	210,000	210,000	210,000
City Attorney Special Services	41,145	42,888	60,000	25,000	68,000	68,000
Expenditure Totals	\$186,983	\$281,956	\$280,000	\$ 240,000	\$288,000	\$288,000

CITY MANAGER SUMMARY

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 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 overall administration of City objectives. The City Manager is the lead position within the City administrative structure and is appointed by 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 2022-23 ACCOMPLISHMENTS

- Implemented a new Council Chambers meeting video and audio system .
- Advised and informed the City Council on policy and action matters.
- Recruited for ~15 openings (including a new Public Works Director) and increased employee engagement to promote retention.
- 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.
- 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.
- 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

City Manager Summary	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Revenue						
General Fund	\$ 1,060,137	\$ 1,286,982	\$ 1,374,139	\$ 1,375,843	\$ 1,422,527	\$ 1,463,600
Licenses and permits	1,127	6,594	4,000	4,000	4,000	4,000
Revenue Totals	\$ 1,061,264	\$ 1,293,576	\$ 1,378,139	\$ 1,379,843	\$ 1,426,527	\$ 1,467,600
Expenditures						
Personnel	\$ 901,422	\$ 1,042,928	\$ 1,087,231	\$ 1,094,285	\$ 1,163,213	\$ 1,207,020
Contract services	91,054	126,639	113,050	112,050	89,300	84,300
Training & Memberships	2,002	13,409	22,000	21,650	20,950	21,500
Supplies	2,770	5,856	20,000	16,000	12,500	12,500
Internal service fund charges	64,016	104,743	135,858	135,858	140,564	142,280
Expenditure Totals	\$ 1,061,264	\$ 1,293,576	\$ 1,378,139	\$ 1,379,843	\$ 1,426,527	\$ 1,467,600
Authorized Positions						
	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
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	0.50	0.50	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
FTE Total	5.00	5.00	6.00	6.00	6.50	6.50

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

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
1000-10-11-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 765,036	\$ 923,471	\$ 910,554	\$ 919,602	\$ 994,253	\$1,022,651
Licenses and permits	1,127	6,594	4,000	4,000	4,000	4,000
Revenue Totals	\$ 766,162	\$ 930,065	\$ 914,554	\$ 923,602	\$ 998,253	\$1,026,651
Expenditures						
Personnel	\$ 678,526	\$ 764,298	\$ 724,288	\$ 731,286	\$ 788,744	\$ 820,254
Contract services	31,508	58,246	51,800	51,800	63,800	58,800
Training & Memberships	2,002	13,409	17,000	16,750	19,250	19,800
Supplies	1,564	1,835	2,000	4,300	2,500	2,500
Internal service fund charges	52,562	92,276	119,466	119,466	123,959	125,297
Expenditure Totals	\$ 766,162	\$ 930,065	\$ 914,554	\$ 923,602	\$ 998,253	\$1,026,651
Authorized Positions						
	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	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	0.50	0.50	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
FTE Total	4.30	4.30	4.30	4.30	4.80	4.80

CITY MANAGER PERSONNEL

GENERAL GOVERNMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

CITY MANAGER PERSONNEL

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
1000-10-12-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$295,102	\$363,511	\$463,585	\$ 456,241	\$428,274	\$440,949
Revenue Totals	\$295,102	\$363,511	\$463,585	\$ 456,241	\$428,274	\$440,949
Expenditures						
Personnel	\$222,896	\$278,629	\$362,943	\$ 362,999	\$374,469	\$386,766
Contract services	59,545	68,393	61,250	60,250	25,500	25,500
Training & Memberships	-	-	5,000	4,900	1,700	1,700
Supplies	1,206	4,021	18,000	11,700	10,000	10,000
Internal service fund charges	11,454	12,467	16,392	16,392	16,605	16,983
Expenditure Totals	\$295,102	\$363,511	\$463,585	\$ 456,241	\$428,274	\$440,949
Authorized Positions						
	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	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
FTE Total	1.20	1.20	1.70	1.70	1.70	1.70

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2022-23

- Financially navigated the City through the fiscal impacts related to COVID-19
- Launched TOT vacation rental audit and enforcement program.
- Provided analytical support to operations departments.
- Completed dissolution of the Capitola Successor Agency.

FISCAL YEAR GOALS – 2023-24 and 2024-25

- Prepare and maintain a balanced budget.
- Plan for and meet future PERS increases.
- Complete Comprehensive Fee Study
- 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

1000-10-17-000	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 350,047	\$ 447,923	\$ 538,098	\$ 499,123	\$ 634,809	\$ 610,996
Licenses & Permits	291,590	315,604	304,000	305,000	312,500	317,500
Intergovernmental	5,995	6,494	5,700	5,700	6,700	6,700
Use of money & property	6,559	7,393	8,500	10,000	10,800	10,800
Other revenue	2,520	3,431	2,500	2,500	2,500	2,500
Revenue Totals	\$ 656,712	\$ 780,845	\$ 858,798	\$ 822,323	\$ 967,309	\$ 948,496

Expenditures						
Personnel	\$ 462,376	\$ 550,668	\$ 575,774	\$ 575,774	\$ 617,735	\$ 642,444
Contract services	145,863	161,542	190,750	175,000	253,250	208,450
Training & Memberships	1,590	1,185	4,600	1,500	4,600	4,600
Supplies	2,463	2,400	3,050	5,000	4,600	4,600
Internal service fund charges	44,420	65,049	84,624	65,049	87,124	88,402
Expenditure Totals	\$ 656,712	\$ 780,845	\$ 858,798	\$ 822,323	\$ 967,309	\$ 948,496

Authorized Positions	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Finance Director	1.00	1.00	1.00	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00	-	-	0.00
Accountant II	-	-	-	-	-	-
Accountant I	-	-	-	2.00	2.00	2.00
Account Clerk	0.75	-	1.00	-	1.00	1.00
Account Technician	-	1.00	-	-	-	-
FTE Total	2.75	3.00	3.00	3.00	4.00	4.00

POLICE SUMMARY

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 – 2022-23

- Returned to pre-pandemic staffing levels in Records and Operations
- Received a two-year Alcohol Beverage Control Grant
- Introduced wellness programs to support all staff members
- Re-introduced in-person meetings and face-to-face community engagement efforts
- Replaced outdated radar trailer with Radar/Message Board
- Received a private donation to support our canine training and safety
- Examined Online Police Reporting System (waiting on new RMS system)

FISCAL YEAR GOALS – 2023-24 and 2025-26

- Upgrade Radio System to include a second radio channel for emergency operations and for seasonal lifeguard services.
- Upgrade Axon equipment to include, Body Cameras, Tasers, and storage infrastructure.
- Bicycle and pedestrian safety are our traffic goals for 2023/24. Seek grant opportunities to support our traffic goals, including speed and DUI grant opportunities.
- Replace Lidar/Radar units for traffic enforcement efforts.
- Replace administration vehicle with EV vehicle and explore other hybrid models for fleet replacement.
- Introduce an Unmanned Aircraft Systems (UAS) drone program.
- Introduce ABLE Program
- Introduce the Flock Safety Program

POLICE SUMMARY

Police Department Summary	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Revenue						
General Fund	\$ 5,943,505	\$ 6,931,025	\$ 7,433,307	\$ 7,459,702	\$ 7,212,785	\$ 7,457,882
Licenses and permits	43,105	44,907	41,100	46,000	55,500	55,500
Intergovernmental revenues	49,249	58,956	79,305	110,000	83,000	63,000
Charges for services	16,835	23,854	22,750	60,000	58,750	58,750
Fines and forfeitures	494,772	588,832	592,000	560,000	607,500	639,500
Other revenues	27,014	592	-	300	20,000	20,000
Revenue Totals	\$ 6,574,480	\$ 7,648,166	\$ 8,168,462	\$ 8,236,002	\$ 8,037,535	\$ 8,294,632

Expenditures						
Personnel	\$4,738,223	\$5,486,794	\$5,944,429	\$6,033,826	\$5,793,366	\$6,015,501
Contract services	1,137,413	1,263,842	1,255,832	1,255,832	1,245,216	1,261,152
Training & Memberships	38,913	52,741	54,160	60,000	66,000	66,000
Supplies	77,719	140,960	85,750	96,000	99,800	99,800
Internal service fund charges	582,212	709,070	828,291	828,291	884,848	903,875
Expenditure Totals	\$ 6,574,480	\$ 7,653,406	\$ 8,168,462	\$ 8,273,949	\$ 8,089,230	\$ 8,346,328

Authorized Positions	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 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
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	0.50	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	0.75	0.50	-	-
FTE Total	30.50	30.50	31.00	31.50	31.00	31.00

LAW ENFORCEMENT

POLICE

LAW ENFORCEMENT

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
1000-20-20-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 5,713,387	\$ 6,699,699	\$ 7,115,991	\$ 7,230,665	\$ 7,100,152	\$ 7,333,437
Licenses and permits	43,105	44,907	41,100	46,000	55,500	55,500
Intergovernmental revenues	49,249	58,956	79,305	110,000	83,000	63,000
Charges for services	16,835	23,854	22,750	60,000	58,750	58,750
Fines and forfeitures	56,857	8,386	142,000	60,000	110,000	142,000
Other revenues	27,014	592	-	300	20,000	20,000
Revenue Totals	\$ 5,906,446	\$ 6,836,393	\$ 7,401,146	\$ 7,506,965	\$ 7,427,402	\$ 7,672,687
Expenditure						
Personnel	\$ 4,535,797	\$ 5,248,370	\$ 5,674,296	\$ 5,762,525	\$ 5,571,075	\$ 5,784,518
Contract services	711,560	729,425	806,148	806,148	852,923	866,652
Training & Memberships	38,913	52,741	54,160	60,000	66,000	66,000
Supplies	69,440	129,637	76,250	88,000	91,000	91,000
Internal service fund charges	550,736	676,221	790,292	790,292	846,404	864,517
Expenditure Totals	\$ 5,906,446	\$ 6,836,393	\$ 7,401,146	\$ 7,506,965	\$ 7,427,402	\$ 7,672,687

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
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	0.50	1.00	1.00	1.00
Records Technician	1.75	1.75	1.75	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	0.75	0.50	0.00	0.00
FTE Total	28.50	28.50	28.00	28.50	28.00	28.00

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 – 2022-23

- Expanded parking enforcement profile into neighborhoods
- Converted a police vehicle into a parking enforcement vehicle
- Implemented bike patrol for PEOs

FISCAL YEAR GOALS – 2023-2024 and 2024-25

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

PARKING ENFORCEMENT

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
1000-20-21-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 80,784	\$ 72,300	\$ 151,457	\$ 63,178	\$ 23,660	\$ 33,235
Fines and forfeitures	437,916	580,447	450,000	500,000	497,500	497,500
Use of money & property	-	5,240	-	37,947	51,695	51,695
Revenue Totals	\$ 518,700	\$ 657,986	\$ 601,457	\$ 601,125	\$ 572,855	\$ 582,430
Expenditures						
Personnel	\$ 202,426	\$ 238,424	\$ 270,133	\$ 271,301	\$ 222,291	\$ 230,983
Contract services	281,505	380,066	285,000	285,000	304,500	304,500
Supplies	8,275	11,323	9,500	8,000	8,800	8,800
Internal service fund charges	26,495	28,173	36,824	36,824	37,264	38,148
Expenditure Totals	\$ 518,700	\$ 657,986	\$ 601,457	\$ 601,125	\$ 572,855	\$ 582,430
Authorized Positions						
	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Parking Enforcement Officer	2.00	2.00	3.00	3.00	3.00	3.00
FTE Total	2.00	2.00	3.00	3.00	3.00	3.00

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	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 70,576	\$ 70,614	\$ 70,859	\$ 70,859	\$ 88,973	\$ 91,210
Charges for services	-	-	-	-	-	-
Revenue Totals	\$ 70,576	\$ 70,614	\$ 70,859	\$ 70,859	\$ 88,973	\$ 91,210
Expenditures						
Contract services	\$ 69,684	\$ 69,684	\$ 69,684	\$ 69,684	\$ 87,793	\$ 90,000
Supplies	-	-	-	0	-	-
Internal service fund charges	892	930	1,175	1,175	1,180	1,210
Expenditure Totals	\$ 70,576	\$ 70,614	\$ 70,859	\$ 70,859	\$ 88,973	\$ 91,210

PUBLIC WORKS SUMMARY

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.

KEY CHANGES

Staff changes include a new Public Works Director, Environmental Projects Manager, and Development Services Technician. Solid waste and recycling program management responsibilities have been transferred from the City Manager's Office to the Department of Public Works.

FISCAL YEAR ACCOMPLISHMENTS – 2022-23

- Prepared a detailed 5-year Pavement Management Program
- Completed 41st Avenue Adaptive Traffic Control System
- Completed Clares Street Traffic Calming Improvements Project
- Completed roadway resurfacing in collaboration with Santa Cruz County
- Completed improvements to the City Hall site

FISCAL YEAR GOALS – 2022-23 and 2023-24

- Establish a computerized maintenance management system
- Complete construction of the Wharf Resiliency Project
- Complete design and construction of capital improvements at Jade Street Park
- Complete repairs from the January 2023 storms
- Continue to move 10 additional funded CIP projects toward completion

PUBLIC WORKS SUMMARY						
Public Works Summary	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Revenue						
General Fund	\$ 2,438,911	\$ 2,847,992	\$ 3,895,153	\$ 3,726,150	\$ 3,624,597	\$ 3,629,685
Licenses and permits	32,429	26,260	30,000	31,000	30,000	30,000
Charges for services	4,340	5,457	4,000	8,698	5,000	5,000
Other revenues	24,117	41,039	7,500	7,500	8,000	8,000
Revenue Totals	\$ 2,499,797	\$ 2,966,710	\$ 3,936,653	\$ 3,773,348	\$ 3,667,597	\$ 3,672,685
Expenditures						
Personnel	\$ 1,544,389	\$ 1,673,675	\$ 1,904,193	\$ 1,920,038	\$ 2,002,875	\$ 2,082,385
Contract services	480,608	662,300	1,534,200	1,278,250	961,950	925,200
Training & Memberships	1,255	1,830	5,000	3,500	6,000	6,500
Supplies	355,428	453,235	329,700	408,000	404,600	362,500
Internal service fund charges	118,117	174,801	162,560	162,560	292,172	296,099
Expenditure Totals	\$ 2,499,797	\$ 2,965,841	\$ 3,935,653	\$ 3,772,348	\$ 3,667,597	\$ 3,672,684
Authorized Positions						
	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 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
Maint. Superintendent	1.00	1.00	-	-	-	-
Field Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I & II	7.50	7.50	9.00	9.00	8.00	8.00
Maintenance Worker III	-	-	1.00	1.00	2.00	2.00
SR. Mechanic/Mechanic	1.50	1.50	1.00	1.00	1.00	1.00
Development Services Tech	-	-	-	-	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	14.00	14.00	15.00	15.00	16.00	16.00

STREETS

PUBLIC WORKS

STREETS

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
1000-30-30-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 1,289,529	\$ 1,629,450	\$ 2,247,633	\$ 2,257,955	\$ 2,172,847	\$ 2,212,040
Licenses and permits	32,429	26,260	30,000	31,000	30,000	30,000
Intergovernmental revenues	-	45,963	-	-	-	-
Charges for services	3,000	3,000	3,000	7,500	3,000	3,000
Other revenues	20,417	33,539	7,500	7,500	8,000	8,000
Revenue Totals	\$ 1,345,375	\$ 1,738,211	\$ 2,288,133	\$ 2,303,955	\$ 2,213,847	\$ 2,253,040

Expenditures

Personnel	\$ 1,105,337	\$ 1,291,950	\$ 1,439,178	\$ 1,455,000	\$ 1,539,094	\$ 1,600,058
Contract services	84,504	214,916	660,000	\$ 660,000	357,000	331,000
Training & Memberships	1,155	540	2,500	2,500	2,500	3,000
Supplies	87,263	108,178	92,500	92,500	92,500	94,000
Internal service fund charges	67,115	122,627	93,955	93,955	222,753	224,982
Expenditure Totals	\$ 1,345,375	\$ 1,738,211	\$ 2,288,133	\$ 2,303,955	\$ 2,213,847	\$ 2,253,040

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
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
Maint. Superintendent	1.00	1.00	-	-	-	-
Field Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I & II	5.00	5.50	6.00	6.00	6.00	6.00
Maintenance Worker III	-	-	1.00	1.00	1.00	1.00
Development Services Tech	-	-	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	10.00	10.50	12.00	12.00	12.00	12.00

STORMWATER

PUBLIC WORKS

STORM WATER

1000-30-30-301	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 140,485	\$ 159,433	\$ 222,567	\$ 247,492	\$ 202,390	\$ 204,780
Charges for services	1,340	2,457	1,000	1,198	2,000	2,000
Revenue Totals	\$ 141,825	\$ 161,890	\$ 223,567	\$ 248,690	\$ 204,390	\$ 206,780
Expenditures						
Personnel	\$ 73,255	\$ 84,105	\$ 93,417	\$ 93,440	\$ 59,740	\$ 62,130
Contract services	68,570	77,785	128,650	153,250	143,150	143,150
Training & Memberships	-	-	-	-	-	-
Supplies	-	-	1,500	2,000	1,500	1,500
Capital Outlay	-	-	-	-	-	-
Internal service fund charges	-	-	-	-	-	-
Expenditure Totals	\$ 141,825	\$ 161,890	\$ 223,567	\$ 248,690	\$ 204,390	\$ 206,780

FACILITIES

PUBLIC WORKS

	FACILITIES					
1000-30-31-xxx	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$225,599	\$275,391	\$561,254	\$ 353,704	\$256,143	\$241,307
Other revenues	3,700	7,500	-	-	-	-
Revenue Totals	\$229,299	\$282,891	\$561,254	\$ 353,704	\$256,143	\$241,307
Expenditures						
Contract services	\$129,633	\$157,467	\$532,550	\$ 250,000	\$220,800	\$212,150
Supplies	90,075	115,448	15,000	90,000	21,500	15,000
Internal service fund charges	9,591	9,975	13,704	13,704	13,843	14,157
Expenditure Totals	\$229,299	\$282,891	\$561,254	\$ 353,704	\$256,143	\$241,307

FLEET

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
1000-30-32-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$372,716	\$325,344	\$320,442	\$320,742	\$334,091	\$349,713
Other revenues	-	-	-	-	-	-
Revenue Totals	\$372,716	\$325,344	\$320,442	\$320,742	\$334,091	\$349,713
Expenditures						
Personnel	\$202,566	\$106,579	\$109,322	\$109,322	\$112,031	\$116,472
Contract services	7,299	8,338	7,500	5,000	5,000	5,500
Training & Memberships	-	869	1,000	1,000	1,000	1,000
Supplies	148,618	195,762	184,200	187,000	197,500	207,700
Internal service fund	14,233	13,796	18,420	18,420	18,560	19,041
Expenditure Totals	\$372,716	\$325,344	\$320,442	\$320,742	\$334,091	\$349,713
Authorized Positions						
Mechanic/Sr. Mechanic	1.50	1.00	1.00	1.00	1.00	1.00
FTE Total	1.50	1.00	1.00	1.00	1.00	1.00

PARKS

PARKS						
1000-30-33-xxx	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 410,582	\$ 458,374	\$ 543,257	\$ 546,257	\$ 659,126	\$ 621,845
Revenue Totals	\$ 410,582	\$ 458,374	\$ 543,257	\$ 546,257	\$ 659,126	\$ 621,845
Expenditures						
Personnel	\$ 163,231	\$ 191,041	\$ 262,276	\$ 262,276	\$ 292,010	\$ 303,725
Contract services	190,602	203,794	205,500	210,000	236,000	233,400
Training & Memberships	100	1,290	2,500	1,000	2,500	2,500
Supplies	29,472	33,846	36,500	36,500	91,600	44,300
Internal service fund charges	27,178	28,403	36,481	36,481	37,016	37,920
Expenditure Totals	\$ 410,582	\$ 458,374	\$ 543,257	\$ 546,257	\$ 659,126	\$ 621,845
Authorized Positions	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Maintenance Worker I & II	4.00	3.00	3.00	2.00	2.00	2.00
Maintenance Worker III	0.00	0.00	0.00	1.00	1.00	1.00
FTE Total	4.00	3.00	3.00	3.00	3.00	3.00

COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT

MISSION STATEMENT

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

DEPARTMENT PURPOSE

The CDD administers the City's land use policies and standards adopted by the City Council including 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 has not had any changes to personnel. In FY2023-24, the Development Service Technician position will change from three-quarter time to full-time to provide administrative services to the planning division. Previously, this position provided administrative services to the building department and the City's housing program.

FISCAL YEAR ACCOMPLISHMENTS – FY 2022-23

- In response to the Atmospheric River Event of January 5th, waived all fees and expedited permits related to storm damage and repair.
- Initiated Housing Element update with stakeholder meeting, public survey, two community meetings, five public hearings, and published public review draft.
- Awarded CDBG Grant of \$500,000 for to provide food and transit services to low-income families through local nonprofits.
- Established a permanent street and sidewalk dining program.
- Administered remaining CARES act relief to local non-profits for food services and transit.
- Executed a 5-year Contract for a Regional Bikeshare Program with BCycle.
- Applied for Permanent Local Housing Allocation Grant (\$630,557) for future housing activities.
- SB9, Objective Development Standards, and Zoning Code clean-up ordinances certified.
- 139 planning permit applications submitted July 1, 2022, through April 10, 2023.
- 356 building permit applications submitted July 1, 2022, through April 10, 2023.

FISCAL YEAR GOALS – 2023-24 and 2024-25

- Adopt 6th Cycle Housing Element and submit to HCD for certification by December 15, 2023.
- Implement regional bike share program with docking stations in key locations within the city.
- Issue building permits and begin construction of new hotel at 720 Hill Street.
- 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).
- Seek grant opportunities to advance affordable housing goals and protect existing stock.
- Provide training opportunities for all staff to encourage growth, job satisfaction, and longevity.

COMMUNITY DEVELOPMENT

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
Community Development	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 255,411	\$ 393,542	\$ 490,895	\$ 460,955	\$ 354,213	\$ 548,173
Licenses and permits	284,435	320,123	258,000	183,164	243,500	243,500
Charges for services	227,126	278,599	296,500	296,985	302,000	305,360
Fines and forfeitures	800	-	-	-	-	-
Revenue Totals	\$ 767,773	\$ 992,264	\$ 1,045,395	\$ 941,104	\$ 899,713	\$1,097,033

Expenditures

Personnel	\$ 693,037	\$ 728,084	\$ 813,949	\$ 816,443	\$ 906,418	\$ 942,528
Contract services	34,768	204,020	140,000	34,565	58,000	58,000
Training & Memberships	579	2,601	15,700	14,850	17,700	17,700
Supplies	753	860	1,600	1,100	2,100	2,100
Internal service charges	38,636	56,698	74,146	74,146	75,496	76,704
Expenditure Totals	\$ 767,773	\$ 992,263	\$ 1,045,395	\$ 941,104	\$ 1,059,714	\$1,097,033

	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
Authorized Positions	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	1.00	1.00	1.00	1.00
Development Services Tech	1.00	0.50	0.75	0.75	1.00	1.00
FTE Total	6.00	5.50	5.75	5.75	6.00	6.00

Officials Positions

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

Officials Annual Pay

Planning Commissioners	\$ 9,250	\$ 9,250	\$ 7,500	\$ 7,500	\$ 8,750	\$ 8,750
Arch & Site Committee	6,000	6,000	-	-	-	-
Total	\$ 15,250	\$ 15,250	\$ 7,500	\$ 7,500	\$ 8,750	\$ 8,750

RECREATION

CULTURE & LEISURE

MISSION

The City of Capitola Recreation Division's mission is to enhance recreation, healthy lifestyles, and quality of life for Capitola and the surrounding neighbors through affordable and fun activities and opportunities. The division 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 Recreation Division manages recreation and leisure services offered to residents of Capitola and the broader community as well as the Lifeguard Program which protects swimmers, surfers, and waders in the Capitola Beach area during the summer months and the surrounding weekends. These services include City-staffed programs such as Junior Lifeguards, Camp Capitola, and Adult Sports Leagues, as well as over 500 classes offered by contracted instructors. The division also manages the Capitola Community Center, Jade Street Park, and Monterey Park.

Camp Capitola and Junior Guards have enrollment of over 1,500 children annually. The Recreation Division receives an additional 3,000 class enrollments throughout the year. The division represents the City through Lifeguards at the beach, programs offered, class instructors selected, seasonal youth hired and trained, and condition of facilities. Recreation programs provide job training for young people through the Junior Lifeguard Captains Corps and Camp Capitola Junior Leader Program.

KEY CHANGES

The City added a Recreation Coordinator, who will oversee the operation of the newly developed Lifeguard Program along with recreation programs, Junior Lifeguard and Sports. Funds from the Lifeguard Services contract have been redirected toward the development of the Capitola Lifeguard Program and adjustments made to the Junior Guard seasonal staffing fiscally support this change. Lifeguard services had been contracted to the City of Santa Cruz Fire Department Marine Safety Division since May 2012.

FISCAL YEAR ACCOMPLISHMENTS – 2022-23

- Developed a City operated Lifeguard Service to provide public safety and prevention services from Memorial Day Weekend to Labor Day Weekend and during event.
- Launched a learn to swim program for under resourced youth and facilitate diversity in the Junior Guard program.
- Hosted a Beach cleanup Benefit Concert in collaboration with other City Departments and community partners in response to the January storm damage.
- Expanded in-person Adult & Youth Classes, offering first time classes and restarting pre-pandemic classes.
- In partnership with SUESD provided "Afterschool Rec Club at New Brighton Middle School" and provided funding for under resourced youth.
- Expanded Camp Capitola age limits and provide "Lil' Campers" offered to 4 & 5 year old's.

FISCAL YEAR GOALS – 2023-24 and 2024-25

- Submit application to United States Lifesaving Association (USLA) to become a Certified Open Water Lifesaving Agency.
- Recertify Camp Capitola as an American Camp Association (ACA) Accredited program.
- Explore feasibility of new community events and programs using City parks.
- Provide creative solutions for community recreation during Community Center remodel.
- Further develop county recreation agency partnerships to provide regional programs, Park Rx, Family Fun Day and other programs.

RECREATION

Recreation Summary 1000-50-50-xxx	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Revenue						
General Fund	\$ 378,065	\$ 201,989	\$ 555,165	\$ 499,135	\$ 621,604	\$ 661,318
Recreation Classes	\$ 79,284	\$ 199,902	\$ 220,000	\$ 220,000	\$ 225,000	\$ 225,000
Capitola Junior Guards	84,841	267,803	302,555	302,322	309,263	309,263
OST Program	280,397	74,825	17,386	-	-	-
Sports	10,053	26,185	25,000	25,000	19,000	19,000
Camp Capitola	104,706	181,466	179,775	204,521	193,240	193,240
Afterschool Program	-	72,838	109,276	70,000	113,174	113,174
Events	(157)	7,104	8,200	1,000	4,760	4,760
Total Charges for Svcs.	\$ 559,124	\$ 830,124	\$ 862,192	\$ 822,843	\$ 864,437	\$ 864,437
Use of money & property	\$ -	\$ 6,700	\$ 6,000	\$ 9,500	\$ 11,000	\$ 11,000
Revenue Totals	\$ 937,189	\$1,038,813	\$1,423,357	\$1,331,478	\$1,497,041	\$1,536,755
Expenditures						
Personnel	\$709,083	\$692,415	\$939,656	\$911,149	\$1,088,784	\$1,126,810
Contract services	123,168	241,126	363,157	313,048	215,100	215,100
Training & Memberships	3,739	5,033	11,485	11,959	17,725	17,725
Supplies	48,340	47,380	56,200	42,463	66,875	66,875
Internal service fund charges	52,859	52,859	52,859	52,859	108,557	110,245
Expenditure Totals	\$ 937,189	\$1,038,813	\$1,423,357	\$1,331,478	\$1,497,041	\$1,536,755
Authorized Positions						
	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Recreation Division Manager	1.00	1.00	1.00	1.00	1.00	1.00
Recreation Coordinator	1.50	0.75	3.00	3.00	3.00	3.00
Recreation Assistant	2.00	2.00	1.00	1.00	1.00	1.00
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	5.00	4.25	5.50	5.50	5.50	5.50
Hourly Allocation						
Beach Lifeguard Captain				-	-	-
Beach Lifeguard/JG Instructor	7,200	7,200	7,536	7,536	12,648	12,648
Jr. Lifeguard Coordinator	1,200	1,200	-	-	-	-
Lifeguard Lieutenant/ JG Asst. Cord.	-	-	400	400	1,296	1,296
Recreation Leader I			3,855	3,855	3,503	3,503
Recreation Leader II	4,800	4,800	3,614	3,614	2,952	2,952
Recreation Coordinator	1,200	1,200	-	-	-	-
Recreation Asst. Coordinator	500	500	1,039	1,039	857	857
Youth Program Coordinator	720	720	-	-	687	687
Youth Program Leader	2,880	2,880	-	-	-	-
Recreation Admin Temps	1,560	1,560	-	-	-	-
Sports Scorekeepers	900	900	900	900	-	-
Recreation Facilities Assistant	-	-	280	280	-	-
Hours Total	20,960	20,960	17,624	17,624	21,943	21,943

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 – 2022-23

- Continued 2022 exhibition “Perspectives – Capitola in the Eye of the Beholder” – July to December 2022.
- Installed 2023 annual exhibition “Capitola – Signs of the Times” – March 2023.
- Coordinated museum participation in the Begonia Festival Tribute (September 3 & 4), Art & Wine Festival (10 & 11), Beach Festival (24 & 25), Plein Air Finale (11/6), Laura Hecox Day at the Santa Cruz Natural History Museum (1/28), and Santa Cruz County History Fair (5/13).
- Installed the Ann Thiermann painting, “The First People of Capitola” in the Capitola City Council Chambers.
- Installed an Olaf Palm painting exhibit in the City Council Chambers.
- Published peer-reviewed article for the online journal of the Santa Cruz Museum of Art & History entitled, “The Young Women’s Christian Association (YWCA) Students’ Conferences in Capitola, 1900-1911”; Wrote articles for and published quarterly issues of the museum’s newsletter, *Capitola Sunset*; Wrote six articles on Capitola history for local newspapers; Provided weekly historic images and captions for the Santa Cruz Sentinel’s “Focal Point”.
- Loaned artifacts to the Santa Cruz Natural History Museum for two exhibitions.
- Continued rotating exhibits at the Capitola Library every three months.
- Increased following on social media by posting regularly to Facebook (averaging 8/month)
- Updated the Volunteer Manual, prepared new credit card guidelines, conducted Volunteer Training (3/4) and continued to outreach for new volunteers through the Santa Cruz Volunteer Center and Santa Cruz Sentinel “Coast Lines”.
- Responded to 28 research requests for information and images.

FISCAL YEAR GOALS – 2023-24 and 2024-25

- Continue 2023 exhibition “Capitola – Signs of the Times” through December 2023
- Develop and install the 2024 annual exhibition (theme – 150th Anniversary of Camp Capitola)
- Develop new Capitola Historical Museum logo (could be achieved end of FY 2022-23)
- Update museum landscaping – add native plants labelled with indigenous uses, new museum sign (with new museum logo), and replace river rocks with safer surface.
- Recognize 75th Anniversary of City Incorporation; 100th Anniversary of Venetians; and 150th Anniversary of Camp Capitola
- Initiate contact with local school systems to begin developing school programs.
- Initiate proposal for new book, *Capitola – Then & Now* with Arcadia Publishing.
- Work with Board to conduct oral history interviews for the Capitola Memories Project.
- Continue to participate in annual festivals and history events; Continue providing Capitola history lectures and participate in on and off-site special events.
- Give costumed history walks.

MUSEUM

Capitola Museum 1000-50-51-000	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 54,735	\$ 58,049	\$ 64,345	\$ 54,845	\$ 70,291	\$ 71,662
Other revenues	4,183	8,385	2,500	8,500	4,300	4,300
Revenue Totals	\$ 58,918	\$ 66,434	\$ 66,845	\$ 63,345	\$ 74,591	\$ 75,962
Expenditures						
Personnel	\$41,621	\$42,895	\$40,117	\$40,117	\$41,870	\$43,126
Contract services	6,891	7,983	7,500	7,500	13,000	13,000
Training & Memberships	80	207	500	500	1,000	1,000
Supplies	6,481	10,118	12,000	8,500	11,800	11,800
Internal service fund charges	3,845	5,231	6,728	6,728	6,921	7,036
Expenditure Totals	\$ 58,918	\$ 66,434	\$ 66,845	\$ 63,345	\$ 74,591	\$ 75,962
	FY20/21	FY21/22	FY 22/23	FY22/23	FY23/24	FY24/25
Authorized Positions	Actual	Actual	Amended	Estimated	Proposed	Planned
Museum Curator	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	0.50	0.50	0.50	0.50	0.50	0.50

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 off-set nearly 50% of its budget by obtaining sponsors for the events.

FISCAL YEAR ACCOMPLISHMENTS – 2022-23

- Summer Twilight Concerts at Esplanade Park.
- Capitola Plein Air Event largest ever.
- Changed sponsorship program from event specific to entire summer program.
- Recommended public art project to the City Council.

FISCAL YEAR GOALS – 2023-24 and 2024-25

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

ART & CULTURE

Art & Cultural Commission 1000-50-52-000	FY20/21 Actual	FY21/22 Actual	FY 22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Revenue						
General Fund	\$ 6,290	\$ 29,260	\$ 41,784	\$ 51,594	\$ 15,143	\$ 38,795
Other revenues	-	51,760	17,900	5,640	54,500	31,500
Revenue Totals	\$ 6,290	\$ 81,020	\$ 59,684	\$ 57,234	\$ 69,643	\$ 70,295
Expenditures						
Personnel	\$1,124	\$14,651	\$17,935	\$17,935	\$18,464	\$19,018
Contract services	1,012	30,760	31,000	31,750	41,000	41,000
Supplies	1,001	10,766	5,700	2,500	5,000	5,000
Internal service fund charges	3,153	3,971	5,049	5,049	5,179	5,277
Expenditure Totals	\$ 6,290	\$ 60,147	\$ 59,684	\$ 57,234	\$ 69,643	\$ 70,295
<u>Hourly Employee Allocation</u>						
Hours	503	516	480	480	520	520

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

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

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

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

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

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

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

STORES FUND

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

SOURCES AND USES						
Fund - 2210	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 60,721	\$ 69,116	\$ 65,435	\$ 65,435	\$ 65,935	\$ 65,935
Revenue						
Other Revenues	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	-	20,000	27,000	27,000	27,000	27,000
General Fund Transfers	30,000	-	-	-	-	-
Revenue Totals	\$30,000	\$20,010	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Expenditures						
Contract Services	\$ 6,200	\$ 6,866	\$ 6,500	\$ 7,000	\$ 7,000	\$ 7,000
Supplies	15,406	16,825	20,500	19,500	20,000	20,000
Expenditure Totals	\$21,606	\$23,690	\$ 27,000	\$ 26,500	\$ 27,000	\$ 27,000
Fund Balance at 06/30	\$69,116	\$65,435	\$ 65,435	\$ 65,935	\$ 65,935	\$ 65,935

INFORMATION TECHNOLOGY FUND

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

SOURCES AND USES						
Fund - 2211	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 292,300	\$ 327,920	\$ 354,698	\$ 354,698	\$ 340,742	\$ 344,742
Revenue						
Other Revenues	\$ 3,718	\$ 4,068	\$ 4,000	\$ 3,500	\$ 4,000	\$ 4,000
Internal Service Charges	50,000	196,794	256,062	256,062	271,000	271,000
Other Financing Sources	150,000	-	-	-	355,000	-
Revenue Totals	\$203,718	\$200,862	\$ 260,062	\$ 259,562	\$ 630,000	\$ 275,000
Expenditures						
Contract Services	\$ 86,661	\$ 107,974	\$ 170,000	\$ 171,000	\$ 201,000	\$ 201,000
Training & Memberships	130	-	-	-	-	-
Supplies	71,649	66,111	77,500	77,517	70,000	70,000
Capital Outlay	9,658	-	35,000	25,000	355,000	-
Expenditure Totals	\$168,098	\$174,084	\$ 282,500	\$ 273,517	\$ 626,000	\$ 271,000
Fund Balance at 06/30	\$ 327,920	\$ 354,698	\$ 332,260	\$ 340,742	\$ 344,742	\$ 348,742

Contract services: on-going technology licenses

Supplies: replacement technology equipment

Capital outlay: purchase of Axon system for Police Dept.

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 2023-24 CAPITAL OUTLAY

Hybrid Passenger Van - Recreation	\$ 53,000
¾ Ton 4X4 Super Cab Truck – PW	51,000
EV Utility Truck – PW	65,000
Truck Crane – PW	25,000
EV Admin Vehicle – PD	60,000
Hybrid Truck – Parking Enforcement	<u>40,000</u>
	<u>\$ 294,000</u>

SOURCES AND USES

Fund - 2212	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ 478,833	\$ 683,833	\$ 966,130	\$ 966,130	\$ 504,130	\$ 660,130
Revenue						
Other revenues	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	-	100,000	105,000	105,000	250,000	250,000
Other Financing Sources	200,000	361,000	-	74,000	200,000	-
Revenue Totals	<u>205,000</u>	<u>461,000</u>	<u>105,000</u>	<u>179,000</u>	<u>450,000</u>	<u>250,000</u>
Expenditures						
Capital Outlay	\$ -	\$ 178,703	\$ 641,000	\$ 641,000	\$ 294,000	\$ 200,000
Expenditure Totals	<u>\$ -</u>	<u>\$ 178,703</u>	<u>\$ 641,000</u>	<u>\$ 641,000</u>	<u>\$ 294,000</u>	<u>\$ 200,000</u>
Fund Balance at 06/30	\$ 683,833	\$ 966,130	\$ 430,130	\$ 504,130	\$ 660,130	\$ 710,130

SELF-INSURANCE LIABILITY FUND

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

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

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

SOURCES AND USES						
Fund - 2213	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 103,092	\$ 126,440	\$ (23,516)	\$ (23,516)	\$ 246,204	\$ 246,204
Revenue						
Other Revenue	\$ 18,083	\$ (11,694)	\$ -	\$ 304,878	\$ -	\$ -
Internal Service Charges	473,021	447,989	619,354	619,354	622,138	637,982
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 491,104	\$ 436,295	\$ 619,354	\$ 924,232	\$ 622,138	\$ 637,982
Expenditures						
Contract Services	\$ 467,756	\$ 586,251	\$ 623,000	\$ 654,512	\$ 622,138	\$ 637,982
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	\$ 467,756	\$ 586,251	\$ 623,000	\$ 654,512	\$ 622,138	\$ 637,982
Fund Balance at 06/30	\$ 126,440	\$ (23,516)	\$ (27,162)	\$ 246,204	\$ 246,204	\$ 246,204

WORKERS' COMPENSATION FUND

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

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

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

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

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

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

Distribution to General Fund Departments:

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

SOURCES AND USES						
Fund - 2214	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 318,800	\$ 318,802	\$ 367,081	\$ 367,081	\$ 117,080	\$ 117,080
Revenue						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$ 388,191	\$ 427,680	\$ 431,999	\$ 431,999	\$ 447,705	\$ 461,136
Revenue Totals	\$ 388,191	\$ 427,680	\$ 431,999	\$ 431,999	\$ 447,705	\$ 461,136
Expenditures						
Contract Services	\$ 388,189	\$ 379,401	\$ 432,000	\$ 432,000	\$ 447,705	\$ 461,136
Other Financing Uses	-	-	-	250,000	-	-
Expenditure Totals	\$ 388,189	\$ 379,401	\$ 432,000	\$ 682,000	\$ 447,705	\$ 461,136
Fund Balance at 06/30	\$ 318,802	\$ 367,081	\$ 367,080	\$ 117,080	\$ 117,080	\$ 117,080

COMPENSATED ABSENCES LIABILITY FUND

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

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

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

Police Captain Cashable Sick Leave: Refer to contract.

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

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

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

SOURCES AND USES

Fund - 2216	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 144,299	\$ 263,856	\$ 110,886	\$ 110,886	\$ 110,886	\$110,886
Revenue						
Other financing sources	\$200,701	\$220,000	\$ 220,000	\$ 220,000	\$ 225,000	\$225,000
Revenue Totals	\$200,701	\$220,000	\$ 220,000	\$ 220,000	\$ 225,000	\$225,000
Expenditures						
Personnel	\$ 81,144	\$372,970	\$ 220,000	\$ 220,000	\$ 225,000	\$225,000
Expenditure Totals	\$ 81,144	\$372,970	\$ 220,000	\$ 220,000	\$ 225,000	\$225,000
Fund Balance at 06/30	\$263,856	\$ 110,886	\$ 110,886	\$ 110,886	\$ 110,886	\$110,886

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

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

In FY 2022-23 the Police Department began replacing radios and related communication equipment utilizing SLESF funds in addition to grant funding.

SOURCES AND USES

Fund - 1300 SLESF	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ 71,562	\$ 99,060	\$154,484	\$ 154,484	\$161,451	\$ 40,951
Revenue						
Intergovernmental revenues	\$119,042	\$101,325	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	399	217	400	1,616	500	500
Other revenues	-	-	-	-	-	-
Revenue Totals	\$119,441	\$101,541	\$100,400	\$ 101,616	\$100,500	\$100,500
Expenditures						
Contract services	\$ 1,446	\$ 1,352	\$ 2,500	\$ 903	\$ 1,000	\$ 1,000
Supplies	75,652	33,765	55,000	68,747	35,000	35,000
Capital outlay	14,845	-	65,000	25,000	65,000	65,000
Other financing uses	-	11,000	-	-	120,000	-
Expenditure Totals	\$ 91,943	\$ 46,117	\$122,500	\$ 94,649	\$221,000	\$101,000
Fund Balance at 06/30	\$ 99,060	\$154,484	\$132,384	\$ 161,451	\$ 40,951	\$ 40,451

Contract Services – Utility services – Gas & Electric

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

Capital Outlay – Flock cameras, thermal drone and software, handheld radios.

Other financing uses – transfer to IT ISF for purchase of PD technology updates.

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	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
TOT Restricted Revenue	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 24,044	\$ 68,441	\$ 62,758	\$ 62,758	\$ 50,758	\$ 22,924
Revenue						
Transient Occupancy Tax	102,321	145,269	96,250	96,250	100,833	101,842
Other revenue	-	-	-	-	-	-
Revenue Totals	\$102,321	\$145,269	\$ 96,250	\$ 96,250	\$ 100,833	\$ 101,842
Expenditures						
ECYP Supplies	\$ -	\$ 19,332	\$ -	\$ -	\$ 5,000	\$ -
ECYP Scholarships			\$ 39,000	\$ 12,000	\$ 27,000	
Community Grants	\$ 30,638	\$ 87,138	\$ 61,250	\$ 96,250	\$ 96,667	\$ 97,034
Other Financing Uses	27,286	44,482	35,000	-	-	-
Expenditure Totals	\$ 57,923	\$150,952	\$135,250	\$108,250	\$ 128,667	\$ 97,034
Fund Balance at 06/30	\$ 68,441	\$ 62,758	\$ 23,758	\$ 50,758	\$ 22,924	\$ 27,732
Local Business Groups ⁽¹⁾	\$ 50,967	\$ 72,351	\$ 70,000	\$ 71,700	\$ 73,333	\$ 74,067
Early Childhood/Youth Programs	\$ 44,596	\$ 63,307	\$ 61,250	\$ 62,700	\$ 64,167	\$ 64,808
	\$ 95,563	\$135,658	\$131,250	\$134,400	\$ 137,500	\$ 138,875

(1) includes portion paid directly to the BIA (50% of Local Business Groups amount)

ECYP Supplies – Youth bike safety equipment (helmets & lights)

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

Other financing uses – payment to Capitola-Soquel Chamber of Commerce - \$36,667

- Equal amount distributed directly to Capitola BIA fund.

ROAD MAINTENANCE & REHABILITATION ACT (SB1)

PUBLIC WORKS

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

SOURCES AND USES

Fund - 1308 RMRA SB 1	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ 16,885	\$ 203,130	\$ 315,199	\$ 315,199	\$ 470,199	\$ 475,199
Revenue						
Intergovernmental revenues	\$ 185,820	\$ 202,344	\$ 230,000	\$ 200,000	\$ 243,500	\$ 278,000
Other financing sources	425	6,640	-	5,000	5,000	5,000
Revenue Totals	\$ 186,245	\$ 208,983	\$ 230,000	\$ 205,000	\$ 248,500	\$ 283,000
Expenditures						
Contract services						
Capital outlay	\$ -	\$ 96,915	\$ 230,000	\$ 50,000	\$ 243,500	\$ 278,000
Expenditure Totals	\$ -	\$ 96,915	\$ 230,000	\$ 50,000	\$ 243,500	\$ 278,000
Fund Balance at 06/30	\$ 203,130	\$ 315,199	\$ 315,199	\$ 470,199	\$ 475,199	\$ 480,199

Capital Outlay – Capitola Road Improvement Project

REGIONAL TRANSPORTATION COMMISSION (RTC) STREETS

PUBLIC WORKS

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

SOURCES AND USES

Fund - 1309 RTC Streets	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ (325,606)	\$ 645,046	\$ 933,823	\$ 933,823	\$ 356,823	\$ 361,823
Revenue						
Intergovernmental revenues	\$1,038,723	\$ 384,195	\$ 358,000	\$ 358,000	\$ 366,000	\$ 376,000
Other financing sources	1,042	1,497	-	10,000	5,000	5,000
Revenue Totals	\$1,039,765	\$ 385,691	\$ 358,000	\$ 368,000	\$ 371,000	\$ 381,000
Expenditures						
Contract services	\$ 69,112	\$ 96,915	\$ 358,000	\$ 945,000	\$ 366,000	\$ 376,000
Capital outlay	-	-	-	-	-	-
Expenditure Totals	\$ 69,112	\$ 96,915	\$ 358,000	\$ 945,000	\$ 366,000	\$ 376,000
Fund Balance at 06/30	\$ 645,046	\$ 933,823	\$ 933,823	\$ 356,823	\$ 361,823	\$ 366,823

Capital Outlay – Capitola Road Improvement Project

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

Fund - 1310	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
Gas Tax	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 8,344	\$ 67,875	\$150,590	\$ 150,590	\$153,095	\$154,976
Revenue						
Intergovernmental revenues	\$225,060	\$242,775	\$247,505	\$ 247,505	\$283,381	\$306,051
Use of money & property	223	220	-	2,000	1,500	1,500
Other revenues	-	-	-	-	-	-
Revenue Totals	\$225,283	\$242,995	\$247,505	\$ 249,505	\$284,881	\$307,551
Expenditures						
Contract Services	\$165,752	\$160,280	\$247,000	\$ 247,000	\$283,000	\$295,000
Debt service	-	-	-	-	-	-
Interfund Transfer	-	-	-	-	-	-
Expenditure Totals	\$165,752	\$160,280	\$247,000	\$ 247,000	\$283,000	\$295,000
Fund Balance at 06/30	\$ 67,875	\$150,590	\$151,095	\$ 153,095	\$154,976	\$167,527

Contract Services:

- Admin & Engineering - \$20,000
- Streetlights & traffic signals - \$188,000
- Street & sidewalks - \$30,000
- Street painting - \$30,000
- Street sweeper maintenance - \$15,000

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	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
Wharf	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 91,218	\$134,220	\$154,886	\$154,886	\$170,681	\$153,181
Revenue						
Use of money & property	122,022	119,189	27,625	69,748	-	131,800
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$122,022	\$119,189	\$ 27,625	\$ 69,748	\$ -	\$131,800
Expenditures						
Contract services	\$ 66,787	\$ 82,474	\$ 16,668	\$ 46,506	\$ 17,500	\$ 86,500
Supplies	12,233	16,049	3,763	7,448	-	20,000
Capital Outlay	-	-	-	-	-	-
Expenditure Totals	\$ 79,020	\$ 98,523	\$ 20,431	\$ 53,954	\$ 17,500	\$106,500
Fund Balance at 06/30	\$134,220	\$154,886	\$162,080	\$170,681	\$153,181	\$178,481

Contract Services – Wharf project enhancement design - \$17,500

GENERAL PLAN UPDATE & MAINTENANCE

COMMUNITY DEVELOPMENT

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

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

The City adopted a General Plan Update in June 2014, a Climate Action Plan and General Plan Housing Element in 2015, and a comprehensive update to the Zoning Code which was certified by the California Coastal Commission in 2021. The City is currently working on the 6th Cycle Housing Element Update. The adopted budget provides adequate resources to fund consultant contracts and staff time to continue these efforts.

SOURCES AND USES

Fund - 1313 General Plan	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$145,723	\$202,623	\$247,106	\$247,106	\$259,256	\$149,756
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ 65,000	\$ 40,000	\$ 25,000	\$ -
Charges for services	61,397	66,532	55,000	30,000	40,000	40,000
Use of money & property	941	444	300	2,600	1,000	1,000
Revenue Totals	\$ 62,338	\$ 66,975	\$120,300	\$ 72,600	\$ 66,000	\$ 41,000
Expenditures						
Contract services	\$ 5,438	\$ 22,443	\$235,000	\$ 60,250	\$175,000	\$ 25,000
Supplies	-	50	-	200	500	500
Expenditure Totals	\$ 5,438	\$ 22,493	\$235,000	\$ 60,450	\$175,500	\$ 25,500
Fund Balance at 06/30	\$202,623	\$247,106	\$132,406	\$259,256	\$149,756	\$165,256

Contract services:

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

GREEN BUILDING

COMMUNITY DEVELOPMENT

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

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

SOURCES AND USES

Fund - 1314	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
Green Building	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$182,375	\$198,076	\$211,349	\$211,349	\$214,349	\$196,349
Revenue						
Charges for services	\$ 22,526	\$ 13,273	\$ 15,000	\$ 3,000	\$ 3,000	\$ 3,000
Revenue Totals	\$ 22,526	\$ 13,273	\$ 15,000	\$ 3,000	\$ 3,000	\$ 3,000
Expenditures						
Contract services	\$ 6,825	\$ -	\$ 15,000	\$ -	\$ 20,000	\$ 20,000
Training & Memberships	-	-	1,000	-	-	-
Supplies	-	-	2,000	-	1,000	1,000
Expenditure Totals	\$ 6,825	\$ -	\$ 18,000	\$ -	\$ 21,000	\$ 21,000
Fund Balance at 06/30	\$198,076	\$211,349	\$208,349	\$214,349	\$196,349	\$178,349

Contract services: Update Green Building Code

PUBLIC ART

CITY MANAGER

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

Works in progress

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

SOURCES AND USES

Fund - 1315	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
Public Art	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$178,791	\$171,267	\$171,667	\$171,667	\$169,367	\$ 98,867
Revenue						
Charges for services	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Revenue Totals	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Expenditures						
Personnel	\$ -	\$ -	\$ -			
Contract services	6,700	4,600	25,000	2,300	75,500	25,000
Supplies	824	-	2,500	-	-	-
Expenditure Totals	\$ 7,524	\$ 4,600	\$ 27,500	\$ 2,300	\$ 75,500	\$ 25,000
Fund Balance at 06/30	\$171,267	\$171,667	\$149,167	\$169,367	\$ 98,867	\$ 78,867

Contract services: Contracts with artists on various projects - \$75,500

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.

SOURCES AND USES

Fund - 1316	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
Parking Reserve	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737
Revenue						
Other financing sources	\$100,000	\$100,000	\$100,000	\$100,000	\$469,000	\$ -
Revenue Totals	\$100,000	\$100,000	\$100,000	\$100,000	\$469,000	\$ -
Expenditures						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	100,000	100,000	100,000	100,000	469,000	-
Expenditure Totals	\$100,000	\$100,000	\$100,000	\$100,000	\$469,000	\$ -
Fund Balance at 06/30	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737

Other financing uses: Payoff Lower Pacific Cove loan payoff

TECHNOLOGY FEE

COMMUNITY DEVELOPMENT

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

SOURCES AND USES

Fund - 1317	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
Technology Fee	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 72,960	\$ 83,433	\$ 96,903	\$ 96,903	\$ 97,657	\$ 95,907
Revenue						
Charges for services	\$ 14,848	\$ 17,845	\$ 12,000	\$ 8,629	\$ 11,500	\$ 11,500
Revenue Totals	\$ 14,848	\$ 17,845	\$ 12,000	\$ 8,629	\$ 11,500	\$ 11,500
Expenditures						
Contract services	\$ 4,375	\$ 4,375	\$ 6,000	\$ 7,875	\$ 13,250	\$ 13,250
Supplies	-	-	2,000	-	-	-
Expenditure Totals	\$ 4,375	\$ 4,375	\$ 8,000	\$ 7,875	\$ 13,250	\$ 13,250
Fund Balance at 06/30	\$ 83,433	\$ 96,903	\$100,903	\$ 97,657	\$ 95,907	\$ 94,157

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

Fund - 1320	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
Public Education & Gov't.	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 83,630	\$ 83,836	\$ 63,802	\$ 63,802	\$ 62,168	\$ 63,168
Revenue						
Licenses and permits	\$ 14,042	\$ 14,085	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Use of money & property	452	165	-	748	1,000	1,000
Revenue Totals	\$ 14,494	\$ 14,249	\$ 15,000	\$ 15,748	\$ 16,000	\$ 16,000
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	14,288	9,526	10,000	-	-	-
Capital Outlay	-	24,758	15,000	17,382	15,000	10,000
Expenditure Totals	\$ 14,288	\$ 34,284	\$ 25,000	\$ 17,382	\$ 15,000	\$ 10,000
Fund Balance at 06/30	\$ 83,836	\$ 63,802	\$ 53,802	\$ 62,168	\$ 63,168	\$ 69,168

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 CVWBIA	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ 41,314	\$ 29,401	\$ 39,394	\$ 39,394	\$ 23,069	\$ 10,444
Revenue						
Charges for services	\$ 29,289	\$ 51,619	\$ 51,775	\$ 51,775	\$ 51,775	\$ 51,775
Use of money & property	5,186	15,485	56,600	56,600	56,600	56,600
Restricted TOT	27,286	38,738	35,000	35,000	36,500	36,500
Revenue Totals	\$ 61,761	\$105,842	\$143,375	\$143,375	\$144,875	\$ 144,875
Expenditures						
Contract services	\$60,127	\$54,426	\$86,800	\$86,800	\$78,800	\$78,800
Supplies	13,546	41,423	72,900	72,900	78,700	75,000
Expenditure Totals	\$ 73,673	\$ 95,849	\$159,700	\$159,700	\$157,500	\$ 153,800
Fund Balance at 06/30	\$ 29,401	\$ 39,394	\$ 23,069	\$ 23,069	\$ 10,444	\$ 1,519

Contract services and supplies: Refer to Capitola Village & Wharf Business Improvement Area annual report submitted to the Capitola City Council on May 25, 2023.

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

COMMUNITY DEVELOPMENT

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

In recent years, the City has been awarded with CDBG grants to fund the Green Economy/Environmental Economic Analysis, 41st Avenue/Capitola Mall Re-Visioning Plan the City's Local Hazard Mitigation Plan (LHMP) and 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), and Grey Bears (\$52,950). The remaining funds will cover administration of the grant.

SOURCES AND USES						
Fund - 1350	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
CDBG Grants	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 39,313	\$ 26,990	\$ (18,773)	\$ (18,773)	\$ 21,227	\$ 1,227
Revenue						
Intergovernmental revenues	\$ -	\$ 220,191	\$ 497,196	\$ 200,000	\$ 253,335	\$ 232,335
Revenue Totals	\$ -	\$ 220,191	\$ 497,196	\$ 200,000	\$ 253,335	\$ 232,335
Expenditures						
Contract services	\$ 12,323	\$ 265,954	\$ 497,196	\$ 160,000	\$ 273,335	\$ 232,335
Supplies	\$ -					
Grants and subsidies	-	-	-	-	-	-
Expenditure Totals	\$ 12,323	\$ 265,954	\$ 497,196	\$ 160,000	\$ 273,335	\$ 232,335
Fund Balance at 06/30	\$ 26,990	\$ (18,773)	\$ (18,773)	\$ 21,227	\$ 1,227	\$ 1,227

Contract services – 2021 CDBG Grant of \$485,670 to be distributed during FY 2023-24 and 2024-25

- FY 2023-24 includes final \$20,000 of Coronavirus grant disbursements.

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.

SOURCES AND USES

Fund - 1351 CDBG Program Income	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ 80,834	\$109,284	\$ 81,878	\$ 81,878	\$ 44,891	\$ 45,141
Revenue						
Loan pymt Principle	\$36,860	\$99,037	\$0	\$0	\$0	\$0
Use of money & property	7,340	0	0	250	250	250
Revenue Totals	\$ 44,200	\$ 99,037	\$ -	\$ 250	\$ 250	\$ 250
Expenditures						
Contract services	\$15,725	\$126,443	\$0	\$37,237	\$0	\$0
Supplies	25	0	0	0	0	0
Expenditure Totals	\$ 15,750	\$126,443	\$ -	\$ 37,237	\$ -	\$ -
Available Fund Balance at 06/30	\$ 109,284	\$ 81,878	\$ 81,878	\$ 44,891	\$ 45,141	\$ 45,391

LIBRARY

CITY MANAGER

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

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

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

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

SOURCES AND USES

Fund - 1360 Library	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$4,406,467	\$ 754,145	\$ 0	\$ 0	\$ 49,514	\$ 51,014
Revenue						
Intergovernmental	\$ 522,458	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing sources	109,728	551,180	-	52,928	1,500	1,500
Revenue Totals	\$ 632,186	\$ 551,180	\$ -	\$ 52,928	\$ 1,500	\$ 1,500
Expenditures						
Construction Services	4,283,313	557,170	-	3,415	-	-
Supplies	1,195	-	-	-	-	-
Other financing uses	-	748,155	-	-	-	-
Expenditure Totals	\$4,284,508	\$1,305,325	\$ -	\$ 3,415	\$ -	\$ -
Fund Balance at 06/30	\$ 754,145	\$ 0	\$ 0	\$ 49,514	\$ 51,014	\$ 52,514

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 of \$12,300 represents principal and interest payments on the 30-year \$238,000 Wharf Road Manor Mobile Homeowners Association Acquisition and Rehabilitation Project loan from 2004.

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.

SOURCES AND USES

Fund - 1370 HOME Reuse	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ 552,971	\$ 673,070	\$ 752,506	\$ 752,506	\$ 842,506	\$ 838,406
Revenue						
Use of money & property	\$ 123,799	\$ 82,637	\$ 1,000	\$ 90,000	\$ -	\$ -
Revenue Totals	\$ 123,799	\$ 82,637	\$ 1,000	\$ 90,000	\$ -	\$ -
Expenditures						
Contract services	\$ 3,700	\$ 3,200	\$ 3,700	\$ -	\$ 4,100	\$ 4,100
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 3,700	\$ 3,200	\$ 3,700	\$ -	\$ 4,100	\$ 4,100
Available Fund Balance at 06/30	\$ 673,070	\$ 752,506	\$ 749,806	\$ 842,506	\$ 838,406	\$ 834,306

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.

SOURCES AND USES

Fund - 1372 Housing Trust	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$111,800	\$374,034	\$354,378	\$354,378	\$ 336,987	\$ 145,987
Revenue						
Charges for services	\$ 77,089	\$ 3,810	\$ 15,000	\$ 3,850	\$ 10,000	\$ 10,000
Other revenue	210,144	1,534	500	3,759	-	-
Revenue Totals	\$287,233	\$ 5,344	\$ 15,500	\$ 7,609	\$ 10,000	\$ 10,000
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	25,000	25,000	25,000	25,000	201,000	-
Expenditure Totals	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 201,000	\$ -
Available Fund Balance at 06/30	\$374,034	\$354,378	\$344,878	\$336,987	\$ 145,987	\$ 155,987

Other Financing Uses: Payoff Lower Pacific Cove loan payoff

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.

SOURCES AND USES

Permanent Local Housing Allocation (PLHA)	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,932
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 481,732	\$ -
Other revenue	-	-	-	-	-	-
Revenue Totals	\$ -	\$ -	\$ -	\$ -	\$ 481,732	\$ -
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ 256,800	\$ 224,932
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ 256,800	\$ 224,932
Available Fund Balance at 06/30	\$ -	\$ -	\$ -	\$ -	\$ 224,932	\$ -

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.

SOURCES AND USES						
Fund - 5552	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
Capitola Housing	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 162,832	\$ 2,107,141	\$ 2,027,223	\$ 2,027,223	\$ 2,029,648	\$ 1,913,841
Revenue						
Use of money & property	1,980	13,230	2,000	25,000	40,000	40,000
Other revenues	1,989,144	-		70,000		
Revenue Totals	\$ 1,991,124	\$ 13,230	\$ 2,000	\$ 95,000	\$ 40,000	\$ 40,000
Expenditures						
Personnel	\$ -	\$ -	\$ 18,500	\$ 8,550	\$ 21,782	\$ 22,653
Contract Services	-	93,148	51,525	51,525	51,525	31,525
Supplies						
Grants and Subsidies	46,815	-	32,500	32,500	82,500	32,500
Expenditure Totals	\$ 46,815	\$ 93,148	\$ 102,525	\$ 92,575	\$ 155,807	\$ 86,678
Available Fund Balance at						
06/30	\$ 2,107,141	\$ 2,027,223	\$ 1,926,698	\$ 2,029,648	\$ 1,913,841	\$ 1,867,163

Personnel: 25% of Development Services Technician wages

Contract Services:

- Homeless Action Partnership - \$31,525
- Housing grant admin consultant - \$20,000

Grants and Subsidies

- HSA Security Deposit Assistance - \$ 7,500
- CAB Emergency Housing Rent Assistance - \$75,000
 - Increased due to Cabrillo Mobile Home Estates

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 \$1.5 million in FY 2021-22.

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 2022-23 in part due to the transfer of \$60,000 for the Noble Gulch Park emergency storm drain repair. The FY 2023-24 Proposed Budget includes a general fund transfer as part of the City Council Goals in anticipation of the City's estimated costs related to storm damage sustained during Jan. 2023.

SOURCES AND USES						
Fund - 1020	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 1,374,206	\$ 1,374,206	\$ 1,314,206	\$ 1,314,206	\$ 1,461,506	\$ 1,711,506
Revenue						
Other Financing Sources	\$ -	\$ -	\$ 147,300	\$ 147,300	\$ 250,000	\$ -
Revenue Totals	\$ -	\$ -	\$ 147,300	\$ 147,300	\$ 250,000	\$ -
Expenditures						
Other Financing Uses	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 1,374,206	\$ 1,314,206	\$ 1,461,506	\$ 1,461,506	\$ 1,711,506	\$ 1,711,506

Reserve Target equals 10% of General Fund expenditures excluding transfers and internal service charges						
Personnel	\$9,127,386	\$10,273,758	\$11,364,691	\$11,430,752	\$11,693,557	\$12,140,030
Contract Services	2,250,977	2,912,962	3,777,026	3,278,531	3,212,816	3,112,202
Training & Memberships	64,292	101,501	147,645	149,959	170,036	171,086
Supplies	495,219	672,330	516,000	581,563	556,775	564,175
Grants	43,650	101,650	125,000	125,000	125,000	125,000
Total GF Expenditures	\$11,981,525	\$14,062,201	\$15,930,362	\$15,565,805	\$15,758,184	\$16,112,494
Target Balance (10%)	\$ 1,198,152	\$ 1,406,220	\$ 1,593,036	\$ 1,556,580	\$ 1,575,818	\$ 1,611,249
Over / (Short) of Target	\$ 176,053	\$ (92,015)	\$ (131,531)	\$ (95,075)	\$ 135,687	\$ 100,256

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 \$2.25 million in FY 2021-22.

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 2022-23. The FY 2023-24 Proposed Budget includes a general fund transfer of \$172,000 to reach the target balance.

SOURCES AND USES						
Fund - 1010	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 2,061,346	\$ 2,061,346	\$2,061,346	\$2,061,346	\$2,192,346	\$2,364,346
Revenue						
Other Financing Sources	\$ -	\$ -	\$ 131,000	\$ 131,000	\$ 172,000	\$ 53,000
Revenue Totals	\$ -	\$ -	\$ 131,000	\$ 131,000	\$ 172,000	\$ 53,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 2,061,346	\$2,061,346	\$2,192,346	\$2,192,346	\$2,364,346	\$2,417,346
Reserve Target equals 15% of General Fund expenditures excluding transfers and internal service charges						
Personnel	\$9,127,386	\$10,273,758	\$11,364,691	\$11,430,752	\$11,693,557	\$12,140,030
Contract Services	2,250,977	2,912,962	3,777,026	3,278,531	3,212,816	3,112,202
Training & Memberships	64,292	101,501	147,645	149,959	170,036	171,086
Supplies	495,219	672,330	516,000	581,563	556,775	564,175
Grants	43,650	101,650	125,000	125,000	125,000	125,000
Total GF Expenditures	\$11,981,525	\$14,062,201	\$15,930,362	\$15,565,805	\$15,758,184	\$16,112,494
Target Balance (15%)	\$ 1,797,229	\$ 2,109,330	\$ 2,389,554	\$ 2,334,871	\$ 2,363,728	\$ 2,416,874
Over / (Short) of Target	\$ 264,117	\$ (47,985)	\$ (197,209)	\$ (142,525)	\$ 618	\$ 472

PERS CONTINGENCY RESERVES

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

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

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

SOURCES AND USES						
Fund - 1015	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 916,861	\$ 1,015,553	\$ 904,275	\$ 904,275	\$ 1,404,275	\$ 1,414,275
Revenue						
Use of money & property	98,692	(111,278)	10,000	-	10,000	10,000
Other Financing Sources	-	\$ -	500,000	500,000	-	-
Revenue Totals	\$ 98,692	\$ (111,278)	\$ 510,000	\$ 500,000	\$ 10,000	\$ 10,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 1,015,553	\$ 904,275	\$ 1,414,275	\$ 1,404,275	\$ 1,414,275	\$ 1,424,275

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 2023-24 Budget returns funding to the facility reserve at pre-pandemic levels.

SOURCES AND USES

Fund - 1025	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 522,830	\$ 522,830	\$ 432,714	\$ 432,714	\$ 332,714	\$ 432,714
Revenue						
Other Financing Sources	0	0	-	-	100,000	100,000
Revenue Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Expenditures						
Contract Services	\$ -	\$ 90,116	\$ 50,000	\$ 10,000	\$ -	\$ -
Other Financing Uses	-	-	90,000	90,000	-	-
Expenditure Totals	<u>\$ -</u>	<u>\$ 90,116</u>	<u>\$ 140,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	\$ 522,830	\$ 432,714	\$ 292,714	\$ 332,714	\$ 432,714	\$ 532,714

MULTI-YEAR ASSETS & OBLIGATIONS



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MULTI-YEAR ASSETS & OBLIGATIONS

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

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

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

CITY/JOINT POWERS AUTHORITY MULTI-YEAR ASSETS & OBLIGATIONS

GENERAL GOVERNMENT

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

City Multi-Year Obligations	Principal balance June 30, 2023	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 896,141	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 20,932,976	Actuarial	N/A	Pension Liability to CalPERS.
Pacific Cove Lease Financing	\$ 725,145	Financing Lease	20 years	\$2,390,000 loan - 20 year term beginning 9/2012, 3.25% fixed rate through 10 years, then resets to 10 Yr. T-Bill + 1.5%.
Beach & Village Parking Lot II Lease Financing	\$ 895,732	Tax Exempt Lease	20 years	\$1,372,500 I-Bank loan - 20 year term beginning FY 2013/14, 2.26% interest.
Total City Multi-Year Obligation	\$ 23,449,994			

(a) Compensated absences and Net Pension Liability are as of June 30, 2022.

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

PACIFIC COVE LEASE FINANCING

DEBT SERVICE

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

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

SOURCES AND USES						
Fund - 1420	FY20/21	FY21/22	FY22/23	FY22/23	FY23/24	FY24/25
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 55,079	\$ 55,135	\$ 55,143	\$ 55,143	\$ 55,143	\$ 143
Revenue						
Use of money & property	\$ 56	\$ 8	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	165,066	165,066	165,066	165,066	670,000	-
Revenue Totals	\$ 165,122	\$ 165,074	\$ 165,066	\$ 165,066	\$ 670,000	\$ -
Expenditures						
Contract Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	165,066	165,066	165,066	165,066	725,000	-
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066	\$ 725,000	\$ -
Fund Balance at 06/30	\$ 55,135	\$ 55,143	\$ 55,143	\$ 55,143	\$ 143	\$ 143

Pacific Cove Financing Lease Debt Service

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

BEACH & VILLAGE PARKING II – LEASE FINANCING

DEBT SERVICE

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

This project improved parking capacity for Capitola Village, Capitola Beach, and Capitola Wharf, and is especially helpful during peak seasons. The additional parking spaces are also anticipated to facilitate the development of a hotel. The parking lot contributes about \$44,000 annual revenue to the General Fund and the I-Bank annual debt service of \$88,002 is paid with funds transferred from the General Fund.

SOURCES AND USES						
Fund - 1421	FY20/21 Actual	FY21/22 Actual	FY22/23 Amended	FY22/23 Estimated	FY23/24 Proposed	FY24/25 Planned
Beginning Fund Balance	\$ (39,186)	\$ (38,986)	\$ (38,986)	\$ (38,986)	\$ 12	\$ 12
Revenue						
Interfund Transfers	\$ 88,616	\$ 88,211	\$ 127,000	\$ 127,000	\$ 87,788	\$ 87,568
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 88,616	\$ 88,211	\$ 127,000	\$ 127,000	\$ 87,788	\$ 87,568
Expenditures						
Construction Svcs. & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	88,416	88,211	88,002	88,002	87,788	87,568
Expenditure Totals	\$ 88,416	\$ 88,211	\$ 88,002	\$ 88,002	\$ 87,788	\$ 87,568
Fund Balance at 06/30	\$ (38,986)	\$ (38,986)	\$ 12	\$ 12	\$ 12	\$ 12

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

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