



PROPOSED BUDGET

FISCAL YEAR 2022-23



CITY OF CAPITOLA
& CAPITOLA SUCCESSOR AGENCY
Capitola, California



CITY COUNCIL

Sam Storey, Mayor

Margaux Keiser, Vice Mayor

Jacques Bertrand

Yvette Brooks

Kristen Brown

Jamie Goldstein, City Manager

Andy Dally, Chief of Police

Steve Jesberg, Public Works Director

Jim Malberg, Finance Director / Treasurer

Katie Herlihy, Community Development Director

Nikki LeBlond-Bryant, Recreation Division Manager

Larry Laurent, Assistant to the City Manager

Chloe Woodmansee, 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 2022-23 Proposed and FY 2023-24 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) 2022-23. 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 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 too while also allocating available resources to City Council goals. The result, by design, is a budget in which expenditures exceed revenues by roughly \$2.6 million however the budget still projects to end the year with a general fund balance of approximately \$1.3 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.

The new Capitola Branch Library celebrated their grand opening June 12, 2021 following 2 ½ years of construction. The planning for a new Capitola Branch Library started in 1999 when the City entered an agreement with the County of Santa Cruz to begin construction on the new library by 2019. Construction of the new Capitola Branch Library began in late 2018. The funding for the new library came from several sources, including the voter-approved Measure S, the former RDA trust fund that was held by the County, a fundraising campaign by the Friends of the Capitola Library, and funding from the General Fund.

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 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 2022 with construction currently targeted for late 2022.

Funding the wharf project will be an important effort in FY 2022-23. The project currently has \$6.2 million of funding with \$4.7 million remaining from prior years allocations and an additional \$1.5 million budgeted during the City Council FY 2022-23 goal setting session. Staff is preparing to bid the project; however, the current project will not include restroom or floating dock improvements in order to stay within the \$6.2 million budget amount. Staff is pursuing additional grant funding and if that, or any other additional funding sources become available, the restroom and floating dock improvements can be added to the project.

The Proposed FY 2022-23 Budget programs a reduction in the General Fund balance of \$2.6 million while still ending the year with a projected fund balance of \$1.3 million and a Resiliency Account balance of \$385,000. 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
Grants	\$1,357,303	One time
Property Tax	114,335	Ongoing
Sales Tax	588,333	Ongoing
TOT	100,000	Ongoing
Charges for Services	286,404	Ongoing

New Project / Expense	Amount	Frequency
City Council Goals	\$3,555,000	One time
CalPERS Unfunded Actuarial Liability Increase	212,000	Ongoing
Monterey Bay Area Insurance JPA Increase	138,000	Ongoing
Beach Shuttle Increase	64,000	Ongoing
Lifeguard Contract	(95,000)	Ongoing
Other contracts / inflation	236,000	Ongoing
Staffing		
Cost of Living and Step Increases	264,200	Ongoing
Additional Staffing	322,400	Ongoing
Net change to on-going revenue/expenditures	(55,000)	
FY 2021-22 mid-year projected on-going	385,000	
Budget projected on-going revenue/expenditure	330,000	

BUDGETARY GOALS AND PRINCIPLES

The FY 2022-23 General Fund budget was developed with an emphasis on financial stability, continuing mitigation of the fiscal impacts related to COVID-19 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 2022-23. 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
	Respond to COVID-19	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

In addition to the Budget Principles and Key Projects/Programs listed in the tables above, the following items were also discussed during the March 1st City Council special goal setting meeting:

- Transition from COVID-19 response back to normal operations, monitor revenue impacts from COVID-19 quickly.
- Explore grant opportunities for public safety, CIP and environmental policies and outreach programs
- Complete parklets in Village (outdoor dining),
 - Review village hotel parking permits & Village parking program upon completion of outdoor dining
- Have City Council create and set priorities for community grants
- Seek partnership with school district regarding soccer field
- Update Admin Policies
- Prioritize affordable housing and building community relationships and projects
- Housing Element Update (funded with special revenue)
- Enhance community outreach
- Launch regional bikeshare program
- Update comprehensive city fee study
- Consider potential ballot measures for 2022
- Memorial bench replacement program
- Implement bike patrol for Parking Enforcement Officers
- Update special event permit process

The City Council also allocated funding to the following projects:

Project	Funding
Wharf Rehabilitation	\$1,500,000
Community Center Repairs	150,000
Library TOT Lot	150,000
Local Hazzard Mitigation Projects	
Study City Hall options	50,000
Stockton Bridge reinforcement project	350,000
Bluff / Cliff Drive study	50,000
Noble Gulch engineering feasibility analysis	50,000
Fire risk reduction (eucalyptus groves)	50,000

Minimal City Hall maintenance	100,000
EV charging stations	20,000
Bike / Pedestrian safety projects	100,000
Peery Park Bridge maintenance	50,000
Internal staff projects	50,000
Deposit in CalPERS Retirement Trust	500,000
Establish Resiliency Fund	385,000
Total	\$3,555,000

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

As the City transitions back to “normal” from the fiscal impacts of COVID-19, the proposed budget includes filling one frozen Police Officer position on a permanent basis and one frozen Receptionist position. The proposed budget continues to maintain one three-quarter time vacancy and several partially filled positions throughout city departments that were frozen at the onset of the pandemic. It is important to note that these positions have not been eliminated and staff hopes to include funding for these positions either later in FY 2022-23 or in the FY 2023-24 Proposed Budget that will be presented to City Council in spring of 2023. The combined total of “frozen/partially filled” positions represent an estimated savings of approximately \$188,000.

Due to a change in Lifeguard programming and anticipated staffing changes in Public Works, the proposed budget includes one new full-time Development Services Technician and one three-quarter time Recreation Coordinator/Lifeguard position. The two new positions represent an estimated annual cost of \$153,000, however, this cost will be partially offset by a reduction in contract services related to Lifeguard Services of \$95,000 annually.

Recreation Programing

Recreation division staff has returned the Junior Guard and Camp Capitola summer programs to pre-COVID-19 levels. While enrollment was drastically reduced the last two summers to comply with social distancing protocols, staff was happy to be able to continue to offer one of the few, if not the only, Junior Guard and Camp summer programs on the Central Coast.

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 continue to out-pace estimates as well as pre-pandemic revenues. The proposed budget includes an allocation of \$61,250 from the children’s fund to support early childhood and youth programming. The budget also includes approximately \$70,000 of funding for the Chamber of Commerce and the Village Business Improvement District, also using the restricted Measure J funding.

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 2021-22 year with a general fund balance of approximately \$4.3 million of which \$385,000 has been designated as a general fund resiliency account. During the City Council goal setting session on March 1st, the City Council dedicated \$3.56 million towards key projects and goals. While the allocation of available resources creates a FY 2022-23 Proposed Budget in which expenditures exceed revenues by approximately \$2.6 million, the general fund is still projected to end FY 2022-23 with an estimated fund balance of \$1.34 million while maintaining the \$385,000 Resiliency Account.

This funding is in addition to the City's established Contingency and Emergency reserves set at 15 and 10 percent of total expenditures, respectively. Staff will continue to closely monitor revenues, expenditures, and fund balance throughout FY 2022-23 and will report to Council during the mid-year budget report.

The FY 2022-23 Proposed Budget includes additional ongoing revenue above the prior year of approximately \$1.1 million and additional ongoing expenditures of \$1.15 million. When combined with the additional on-going revenue from the FY 2021-22 mid-year budget that equates to approximately \$330,000 of unprogrammed ongoing revenue. 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.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2021-22 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:

- Addressed the COVID-19 related impacts to the City of Capitola.
- Provided services, staff, and equipment to ensure public safety and trust.
- Approved projects and programs to maintain and enhance quality of life in Capitola.
- City Council and staff participated in unconscious/implicit bias training.
- Continued process to digitize and make available public records in electronic formats.
- Implemented new agenda management and meeting video system.
- Worked with franchise waste hauler to establish food scrap collection.
- Launched TOT vacation rental audit and enforcement program
- Records Management System (RMS) has projected a go-live date in May/June 2022.
- Participated in the 2021 Santa Cruz County Criminal Justice Council Report related to the regional public safety agency policy review and analysis.
- Completed construction of new library building
- Started construction of traffic signal control system on 41st Avenue
- Completed Phase 1 of the wharf improvement projects
- Completed repairs to Rispin-Peery ped/bike bridge
- Completed road repair project and began resurfacing phase
- 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.
- Drafted a permanent outdoor dining ordinance to allow dining in the Village within 25 public parking spaces and on sidewalks.

- Launched the SB2 grant scope to accelerate housing production through objective planning standards and preapproved prototype Accessory Dwelling Units (ADU).
- Contracted with Central Fire Protection District to provide testing and training services that meet or exceed USLA standard.
- Offered new classes with a focus on youth recreation activities.
- Earned accreditation from American Camp Association for Camp Capitola
- Installed exhibition “Perspectives – Capitola in the Eye of the Beholder” 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



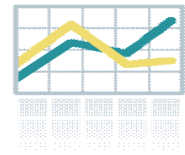
Budget Process Overview

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 to the Finance Department website and at weekly department head meetings with the City Manager. An outline of the on-going budget process is listed below:

Month	Responsibility	Budget Function
December	Finance	Budget Cycle Begins
January	Finance	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 to make recommendations on financial projections or policies identified by the City Council or City Manager. The Committee consists of four Council-appointed members, the Mayor, a Council Member, and the City Treasurer. The FAC meets several times throughout the year and operates in an advisory capacity with the overall fiscal well-being of the City serving as its guiding principle.

Oversight Board to the Successor Agency of the Former Redevelopment Agency

As part of the Redevelopment Agency Dissolution Act, the City of Capitola elected to be the Successor Agency to the former Redevelopment Agency (RDA). As part of the dissolution process, a seven-member oversight board was established to review and approve recognized obligation payments of the Successor Agency, with the fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from property tax distributions. The Capitola oversight board was transitioned to the County-wide oversight board during FY 2018-19. The City anticipates filing its final report and completing the dissolution of the former RDA during FY 2022-23.

General Fund Summary

The General Fund continued to remain stable in FY 2021-22 due to a proactive and conservative approach in response to the COVID-19 Pandemic as well as a strong recovery along the Central Coast. The projected General Fund FY 2021-22 ending budgetary fund balance totals \$4.3 million which includes \$385,000 designated as the General Fund Stabilization account. The General Fund balance is anticipated to decrease in FY 2022-23 by approximately \$2.6 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 19/20 Actual	FY 20/21 Actual	FY 21/22 Amended	FY 21/22 Estitanted	FY 22/23 Proposed	FY 23/24 Planned
Revenues						
Taxes	\$ 11,988,155	\$ 12,838,748	\$ 13,799,111	\$ 14,363,978	\$ 14,746,269	\$ 15,044,136
Licenses and permits	665,901	657,786	636,675	644,050	642,100	645,100
Intergovernmental revenues	103,402	1,404,860	1,255,700	1,255,700	1,423,003	66,900
Charges for services	1,634,671	1,605,861	1,809,752	1,870,265	2,023,331	2,032,627
Fines and forfeitures	519,754	494,772	517,000	530,000	592,000	592,000
Use of money & property	177,526	79,464	90,200	88,000	89,500	91,000
Other revenues	119,974	111,602	111,597	123,197	99,343	102,129
Revenues Totals	\$15,209,384	\$17,193,093	\$18,220,034	\$18,875,190	\$19,615,545	\$18,573,892
Expenditures						
Personnel	\$9,761,056	\$9,127,895	\$10,490,560	\$10,430,640	\$11,299,194	\$11,734,887
Contract services	2,770,878	2,162,571	3,183,690	3,017,065	3,696,177	2,953,442
Training & Memberships	87,559	64,292	107,499	90,393	124,885	122,885
Supplies	501,164	495,355	540,900	547,449	499,500	506,500
Grants and Subsidies	241,612	43,648	125,000	125,000	164,950	164,950
Internal service fund charges	1,176,081	911,212	1,196,205	1,196,205	1,406,000	1,411,825
Other financing uses	2,023,418	809,383	3,608,343	3,608,343	5,026,569	1,677,532
Expenditures Totals	\$16,561,769	\$13,614,357	\$19,252,197	\$19,015,096	\$22,217,277	\$18,572,020
Impact on Fund Balance	\$ (1,352,385)	\$ 3,578,736	\$ (1,032,163)	\$ (139,906)	(\$2,601,732)	\$ 1,872
Budgetary Fund Balance	\$ 885,935	\$ 4,464,671	\$ 3,432,508	\$ 4,324,765	\$ 1,338,033	\$ 1,339,905
Designations	\$ -	\$ -	\$ (385,000)	\$ (385,000)		
Revised Budgetary Fund Balance	\$ 885,935	\$ 4,464,671	\$ 3,047,508	\$ 3,939,765	\$ 1,338,033	\$ 1,339,905

Revenue Summary

	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Amended	FY 21/22 Estitamted	FY 22/23 Proposed	FY 23/24 Planned
General Fund	\$ 15,209,384	\$17,193,093	\$18,220,034	\$18,875,190	\$19,615,545	\$18,573,892
Designated Reserves						
Contingency Reserve	25,000	-	-	-	131,000	139,500
PERS Contingency Reserve	49,773	98,692	50,000	10,000	510,000	10,000
Emergency Reserve	30,000	-	-	-	147,300	93,000
Facility Reserve	108,000	-	-	-	-	-
Total Designated Reserves	\$ 212,773	\$ 98,692	\$ 50,000	\$ 10,000	\$ 788,300	\$ 242,500
Debt Service						
Pac Cove Lease Financing	165,346	165,122	165,066	165,066	165,066	165,066
Pacific Cove Park	88,616	88,616	88,211	88,211	127,000	87,788
Total Debt Service	\$ 253,962	\$ 253,738	\$ 253,277	\$ 253,277	\$ 292,066	\$ 252,854
Capital Improvement Fund	\$ 1,397,192	\$ 342,864	\$ 3,850,066	\$ 3,766,006	\$ 3,761,203	\$ 1,175,539
Internal Service Funds						
Stores Fund	\$ 37,340	\$ 30,000	\$ 20,000	\$ 20,010	\$ 27,000	\$ 27,000
Information Technology	251,368	203,718	201,900	201,900	261,500	261,500
Equipment Replacement	259,350	205,000	411,000	411,000	105,000	60,000
Self-Insurance Liability	458,318	491,104	498,904	450,624	576,500	605,325
Workers Compensation	310,045	388,191	427,681	427,681	440,000	462,000
Compensated Absences	200,000	200,701	220,000	220,000	220,000	220,000
Total Internal Service Funds	\$ 1,516,421	\$ 1,518,714	\$ 1,779,485	\$ 1,731,215	\$ 1,630,000	\$ 1,635,825
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 100,667	\$ 119,441	\$ 100,400	\$ 100,400	\$ 100,400	\$ 100,400
TOT Restricted Revenue	81,900	102,321	125,000	125,000	125,000	125,000
Gas Tax	237,143	225,283	247,505	247,629	247,505	247,505
RTC Streets	316,450	1,039,765	250,000	265,184	358,000	368,000
Library	6,994,967	632,186	-	550,749	-	-
SB1 RMRA	164,928	186,245	194,178	194,178	230,000	230,000
Wharf	76,701	122,022	110,500	110,677	27,625	27,625
General Plan Update and Maint	75,844	62,338	50,750	50,500	120,300	55,300
Green Building Education	57,474	22,526	11,250	9,000	15,000	15,000
Public Arts Fee	10,950	-	-	-	5,000	5,000
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Technology Fee	14,108	14,848	9,000	12,500	12,000	12,000
PEG-Public Education and Gov.	17,049	14,494	15,000	15,100	15,000	15,000
BIA-Capitola Village-Wharf BIA	97,702	61,760	125,834	92,708	143,375	143,375
CDBG Grants	-	-	-	46,906	497,196	-
CDBG Program Income	80,741	525	316,484	131	-	-
HOME Reuse	23,274	123,799	39,060	39,060	1,000	1,000
Housing Trust	61,941	87,019	50,000	5,315	15,500	15,500
Cap Hsg Succ- Program Income	5,431	1,991,124	-	4,000	2,000	2,000
Total Special Revenue Funds	\$ 8,517,270	\$ 4,905,695	\$ 1,744,961	\$ 1,969,035	\$ 2,014,901	\$ 1,462,705
Successor Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues - All Funds	\$ 27,107,001	\$24,312,796	\$25,897,823	\$26,604,723	\$28,102,015	\$23,343,315

Expenditure Summary

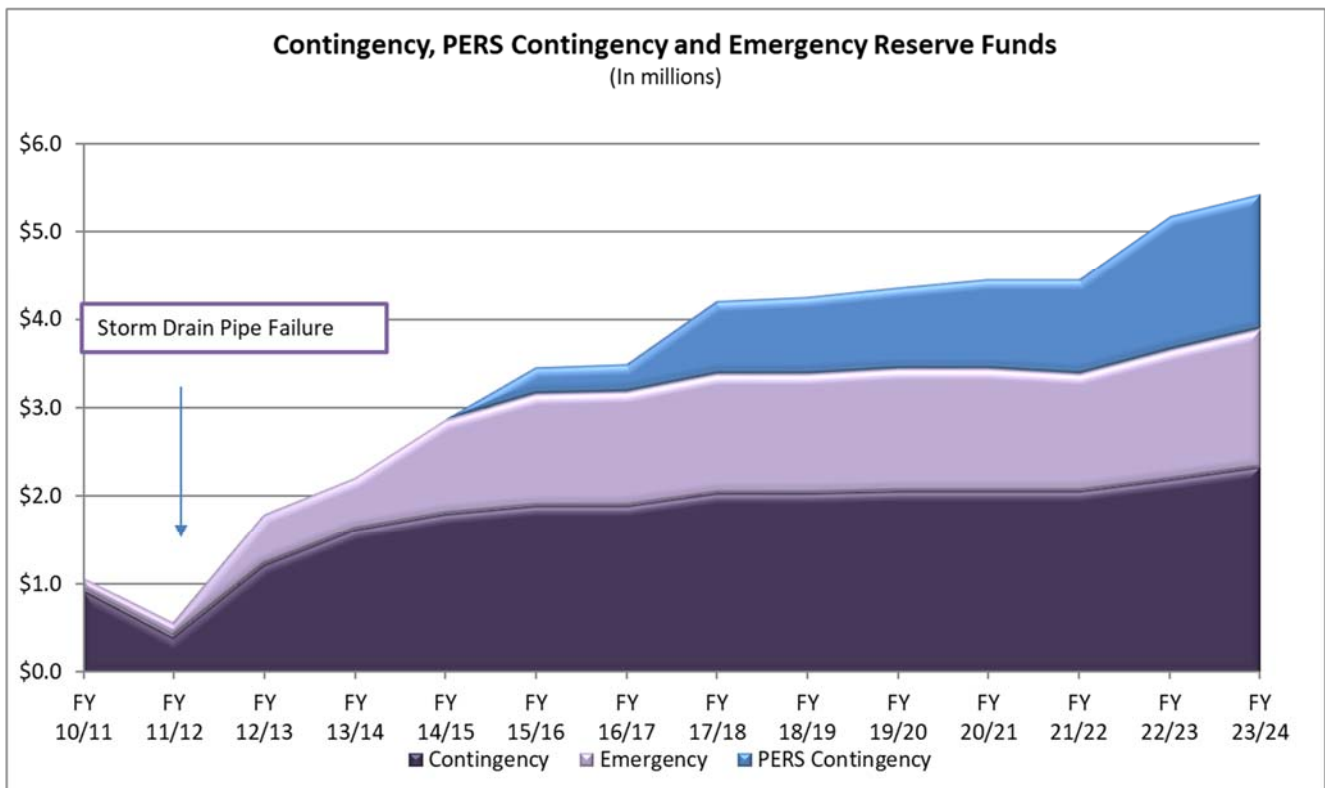
	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Amended	FY 21/22 Estimatmed	FY 22/23 Proposed	FY 23/24 Planned
General Fund	\$ 16,561,769	\$ 13,614,357	\$ 19,252,197	\$ 19,015,096	\$ 22,217,277	\$ 18,572,020
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	-	-	60,000	60,000	-	-
Facilities Reserve	34,603	-	140,000	100,000	-	-
Total Designated Reserves	\$ 34,603	\$ -	\$ 200,000	\$ 160,000	\$ -	\$ -
Debt Service						
Pac Cove Lease Financing	165,066	165,066	165,066	165,066	165,066	165,066
Pac Cove Park	88,617	88,416	88,211	88,211	88,002	87,788
Total Debt Service Funds	\$ 253,683	\$ 253,482	\$ 253,277	\$ 253,277	\$ 253,068	\$ 252,854
Capital Improvement Fund	\$ 921,294	\$ 1,057,024	\$ 1,760,000	\$ 1,779,175	\$ -	\$ -
Internal Service Funds						
Stores	\$ 23,195	\$ 21,606	\$ 20,000	\$ 20,000	\$ 27,000	\$ 27,000
Information Technology	158,479	168,098	211,900	211,900	257,500	257,500
Equipment Replacement	167,893	-	286,000	241,000	550,000	105,000
Self-Insurance Liability	509,116	467,756	450,544	543,538	576,500	605,325
Workers' Compensation	222,888	388,189	427,681	379,401	440,000	462,000
Compensated Absences	-	81,144	220,000	300,000	220,000	220,000
Total Internal Service Funds	\$ 1,081,570	\$ 1,126,792	\$ 1,616,125	\$ 1,695,839	\$ 2,071,000	\$ 1,676,825
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 45,698	\$ 91,943	\$ 101,000	\$ 81,000	\$ 97,500	\$ 97,500
TOT Restricted Revenue	66,275	57,923	125,000	125,000	125,000	125,000
Gas Tax	249,499	165,752	247,505	247,505	247,000	247,000
RTC Streets	1,053,171	69,112	250,000	250,000	358,000	368,000
Library	7,177,109	4,284,508	-	572,170	-	-
SB1 RMRA	345,000	-	194,178	194,178	230,000	230,000
Wharf	50,141	79,020	110,500	110,500	20,431	20,431
General Plan Update and Maint.	43,786	5,438	46,000	33,235	235,000	46,000
Green Building Education	42,900	6,825	3,000	1,500	18,000	18,000
Public Arts Fee	4,200	7,524	25,000	5,000	27,500	27,500
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Technology Fee	6,557	4,375	7,000	5,500	8,000	8,000
PEG-Public Education and Gov.	14,288	14,288	60,000	60,000	25,000	25,000
BIA-Capitola Village-Wharf BIA	85,407	73,673	122,700	91,380	159,700	153,400
CDBG Grants	500	12,323	1,000	162,438	497,196	-
CDBG Program Income	-	15,725	345,135	78,183	-	-
HOME Reuse	500	3,700	39,950	39,950	3,700	3,700
Housing Trust	25,000	25,000	25,000	25,000	25,000	25,000
Cap Hsg Succ- Program Income	22,021	46,815	62,500	62,500	51,000	51,740
Total Special Revenue Funds	\$ 9,332,052	\$ 5,063,944	\$ 1,865,468	\$ 2,245,039	\$ 2,228,027	\$ 1,546,271
Successor Agency	\$ 54,000	\$ 29,904	\$ -	\$ -	\$ -	\$ -
Total Expenditures - All Funds	\$ 28,238,971	\$ 21,145,504	\$ 24,947,067	\$ 25,148,426	\$ 26,769,372	\$ 22,047,970

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, a failed storm drain resulting in a large sinkhole at Noble Gulch Park required an allocation of \$60,000 from the Emergency Reserve to make the necessary repairs. In addition, the FY 2022-23 Proposed Budget is returning most expenditures to pre-pandemic levels which increases the target reserve balance. The FY 2022-23 Proposed Budget anticipates returning the reserve balance to the target amount by FY 2023-24.



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 6/30/2021	\$557,520
FY 2021/22 Contributions	60,250
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2022	\$622,770
FY 2022/23 Contributions	60,250
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2023	\$688,020

PERS Trust Fund:

Balance 6/30/2021	\$1,015,553
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2022	\$1,025,553
FY 2022/23 Contributions	500,000
<u>Estimated Interest Earned</u>	<u>10,000</u>
Estimated Balance 6/30/2023	\$1,535,553

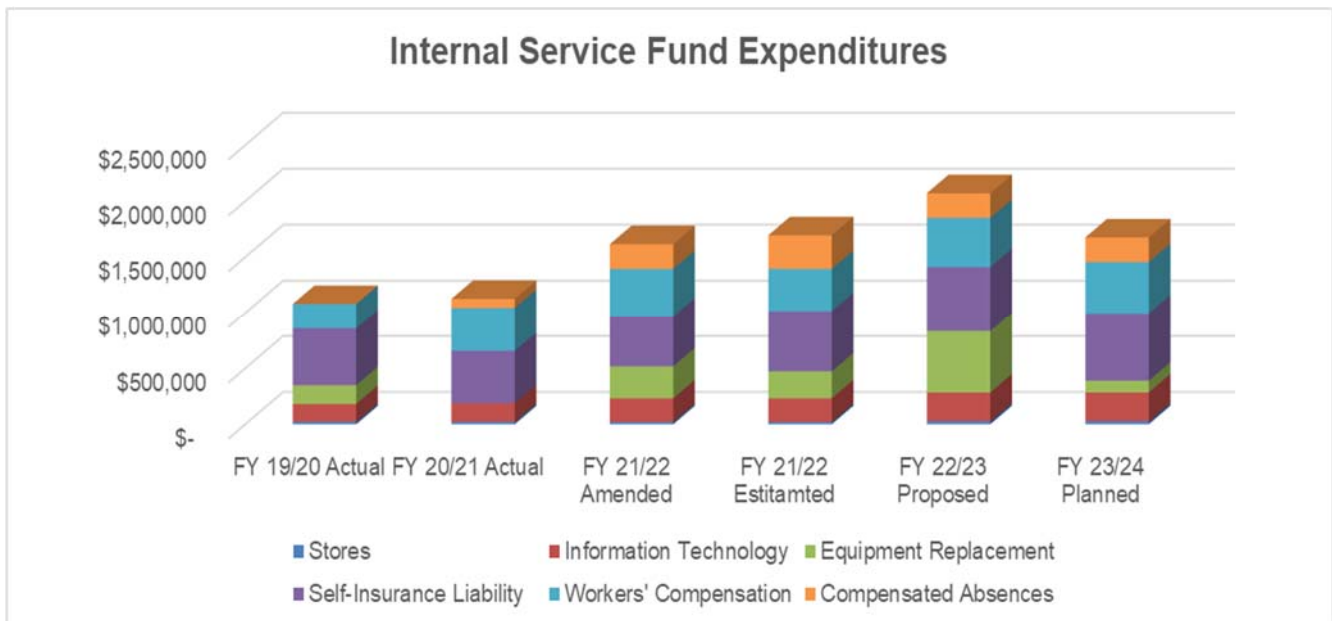
General Fund Resources

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 21/22 Estitanted	FY 22/23 Proposed	FY 23/24 Planned
General Fund	\$ 4,324,765	\$ 1,338,033	\$ 1,339,905
Designated Reserves			
Emergency	1,314,206	1,461,506	1,554,506
Contingency	2,061,346	2,192,346	2,331,846
PERS Contingency	1,025,553	1,535,553	1,545,553
Facilities Reserve	422,830	422,830	422,830
Donations	-	-	-
Internal Service Funds			
Stores	69,126	69,126	69,126
Information Technology	317,920	321,920	325,920
Equipment Replacement	853,833	408,833	363,833
Self-Insurance Liability	33,526	33,526	33,526
Workers' Compensation	367,080	367,080	367,080
Compensated Absences	183,856	183,856	183,856
Total General Fund Resources	\$ 10,974,040	\$ 8,334,608	\$ 8,537,980

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



Fund Balance Summary

	Estimated Balance 7/1/2022	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2023
General Fund	\$ 3,939,765	\$19,615,545	\$ -	\$ 17,190,708	\$ 5,026,569	\$ 1,338,033
Designated Reserves						
Contingency Reserve	\$2,061,346	\$ -	\$ 131,000			\$ 2,192,346
PERS Contingency Reserve	1,025,553	10,000	500,000	-	-	1,535,553
Emergency Reserve	1,314,206		147,300	-	-	1,461,506
Donations	-	-	-	-	-	-
Facility Reserve	422,830	-	-	140,000	-	282,830
Total Designated Reserves	\$ 4,823,935	\$ 10,000	\$ 778,300	\$ 140,000	\$ -	\$ 5,472,235
Debt Service						
Pac Cove Lease Financing	55,099	-	165,066	165,066	-	55,099
Pac Cove Park	(38,986)	-	127,000	88,211	-	(197)
Total Debt Service	\$ 16,113	\$ -	\$ 292,066	\$ 253,277	\$ -	\$ 54,902
Capital Improvement Fund	\$ 3,459,678	\$ -	\$ 3,761,203	\$ -	\$ -	\$ 7,220,881
Internal Service Funds						
Stores	\$ 69,126	\$ 27,000		\$ 27,000	\$ -	\$ 69,126
Information Technology	317,920	261,500		257,500	-	321,920
Equipment Replacement	853,833	100,000		550,000	-	403,833
Self-Insurance Liability	33,526	576,500		576,500	-	33,526
Workers' Compensation	367,080	440,000		440,000	-	367,080
Compensated Absences	183,856	-	220,000	220,000	-	183,856
Total Internal Service Funds	\$ 1,825,340	\$ 1,405,000	\$ 220,000	\$ 2,071,000	\$ -	\$ 1,379,340
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 118,460	\$ 100,400		\$ 97,500		\$ 121,360
TOT Restricted Revenue	68,442	125,000		90,000	35,000	68,442
SB1 RMRA	203,131	230,000		230,000		203,131
RTC Streets	660,230	358,000		358,000		660,230
Gas Tax	67,999	247,505		247,000		68,504
Wharf	134,397	27,625		20,431		141,591
General Plan Update and Maint	219,888	120,300		235,000		105,188
Green Building Education	205,576	15,000		18,000		202,576
Public Art	166,267	5,000		27,500		143,767
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	90,433	12,000		8,000		94,433
PEG-Public Education and Govt.	38,936	15,000		25,000		28,936
Capitola Village/Wharf BIA	30,729	143,375	35,000	159,700		49,404
CDBG Grants	(88,542)	497,196		497,196		(88,542)
CDBG Program Income	(12,512)	-		-		(12,512)
Library	732,723	-		-		732,723
HOME Reuse	672,179	1,000		3,700		669,479
Housing Trust	154,135	15,500		25,000	25,000	119,635
Cap Hsg Succ- Program Income	2,048,640	2,000		51,000		1,999,640
Total Special Revenue Funds	\$ 5,511,847	\$ 1,914,901	\$ 135,000	\$ 2,093,027	\$ 160,000	\$ 5,308,722
Successor Agency	\$ 165,074	\$ -	\$ -	\$ -	\$ -	\$ 165,074
Prelim. Fund Balance - All Funds	\$ 19,741,753	\$ 22,945,446	\$ 5,186,569	\$ 21,748,012	\$ 5,186,569	\$ 20,939,187
GF Fund Balance Designation	(385,000)					
Total Fund Balance - All Funds	19,356,753	22,945,446	5,186,569	21,748,012	5,186,569	20,939,187

Fund Balance Summary

	Estimated Balance 7/1/2023	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2024
General Fund	\$ 1,338,033	\$ 18,573,892	\$ -	\$ 16,894,488	\$ 1,677,532	\$ 1,339,905
Designated Reserves						
Contingency Reserve	\$ 2,192,346	\$ -	\$ 139,500		\$ -	\$ 2,331,846
PERS Contingency Reserve	1,535,553	10,000	-	-	-	1,545,553
Emergency Reserve	1,461,506	-	93,000	-	-	1,554,506
Donations	-	-	-	-	-	-
Facility Reserve	282,830	-	-	-	-	282,830
Total Designated Reserves	\$ 5,472,235	\$ 10,000	\$ 232,500	\$ -	\$ -	\$ 5,714,735
Debt Service						
Pac Cove Lease Financing	55,099	-	165,066	165,066	-	55,099
Pac Cove Park	(197)	-	87,788	88,002	-	(411)
Total Debt Service	\$ 54,902	\$ -	\$ 252,854	\$ 253,068	\$ -	\$ 54,688
Capital Improvement Fund	\$ 7,220,881	\$ -	\$ 997,178	\$ -	\$ -	\$ 8,218,059
Internal Service Funds						
Stores	\$ 69,126	\$ 27,000	\$ -	\$ 27,000	\$ -	\$ 69,126
Information Technology	321,920	261,500	-	257,500	-	325,920
Equipment Replacement	403,833	60,000	-	105,000	-	358,833
Self-Insurance Liability	33,526	605,325	-	605,325	-	33,526
Workers' Compensation	367,080	462,000	-	462,000	-	367,080
Compensated Absences	183,856	-	220,000	220,000	-	183,856
Total Internal Service Funds	\$ 1,379,340	\$ 1,415,825	\$ 220,000	\$ 1,676,825	\$ -	\$ 1,338,340
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 121,360	\$ 100,400		\$ 97,500		\$ 124,260
TOT Restricted Revenue	68,442	125,000		90,000	35,000	68,442
SB1 RMRA	203,131	230,000		230,000		203,131
RTC Streets	660,230	368,000		368,000		660,230
Gas Tax	68,504	247,505		247,000		69,009
Wharf	141,591	27,625		20,431		148,786
General Plan Update and Maint	105,188	55,300		46,000		114,488
Green Building Education	202,576	15,000		18,000		199,576
Public Art	143,767	5,000		27,500		121,267
Parking Reserve	737	-	100,000	-	100,000	737
Technology Fee	94,433	12,000		8,000		98,433
PEG-Public Education and Govt.	28,936	15,000		25,000		18,936
BIA-Capitola Village-Wharf BIA	49,404	143,375	35,000	153,400		74,379
CDBG Grants	(88,542)	-		-		(88,542)
CDBG Program Income	(12,512)	-		-		(12,512)
Library	732,723	1,000		3,700		730,023
HOME Reuse	669,479	1,000		3,700		666,779
Housing Trust	119,635	15,500		25,000	25,000	85,135
Cap Hsg Succ- Program Income	1,999,640	2,000		51,740		1,949,900
Total Special Revenue Funds	\$ 5,308,722	\$ 1,363,705	\$ 135,000	\$ 1,414,971	\$ 160,000	\$ 5,232,456
Successor Agency	\$ 165,074	\$ -	\$ -	\$ -	\$ -	\$ 165,074
Tot. Fund Balance - All Funds	\$ 20,939,187	\$ 21,363,422	\$ 1,837,532	\$ 20,239,352	\$ 1,837,532	\$ 22,063,257

GENERAL FUND REVENUES

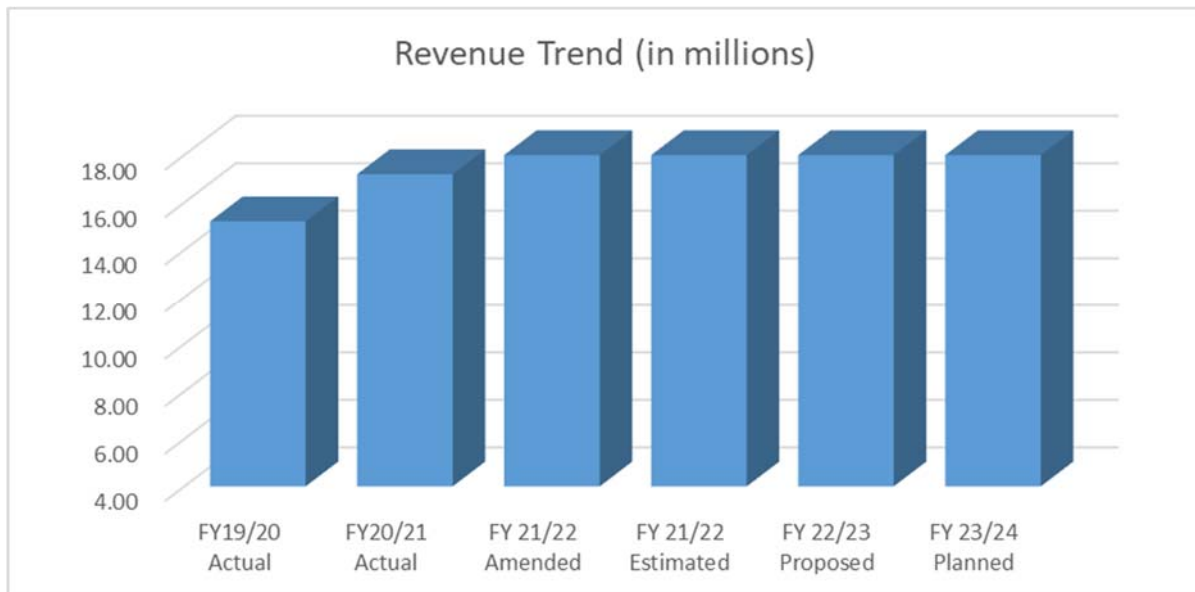


General Fund Revenues

Revenues for the FY 2022-23 General Fund operating budget total \$19.6 million, an increase of approximately \$740,000 or 4 percent above FY 2021-22 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 3% over FY 2021-22 exceeding pre-pandemic levels and transient occupancy tax to remain relatively flat following a 37% increase in the prior year as hotels, motels, and short-term rentals returned to normal operations.

A summary of major revenue changes between the FY 2021-22 adopted and FY 2022-23 proposed budgets is listed below:

General Fund Revenues						
	FY19/20	FY20/21	FY 21/22	FY 21/22	FY 22/23	FY 23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Taxes	\$ 11,988,155	\$12,838,748	\$13,799,111	\$14,363,978	\$14,746,269	\$15,044,136
Licenses and permits	665,901	657,786	636,675	644,050	642,100	645,100
Intergovernmental revenues	103,402	1,404,860	1,255,700	1,255,700	1,423,003	66,900
Charges for services	1,634,671	1,605,861	1,809,752	1,870,265	2,023,331	2,032,627
Fines and forfeitures	519,754	494,772	517,000	530,000	592,000	592,000
Use of money & property	177,526	79,464	90,200	88,000	89,500	91,000
Other revenues	119,974	111,602	111,597	123,197	99,343	102,129
General Fund Revenues	\$ 15,209,384	\$17,193,093	\$18,220,034	\$18,875,190	\$19,615,545	\$18,573,892



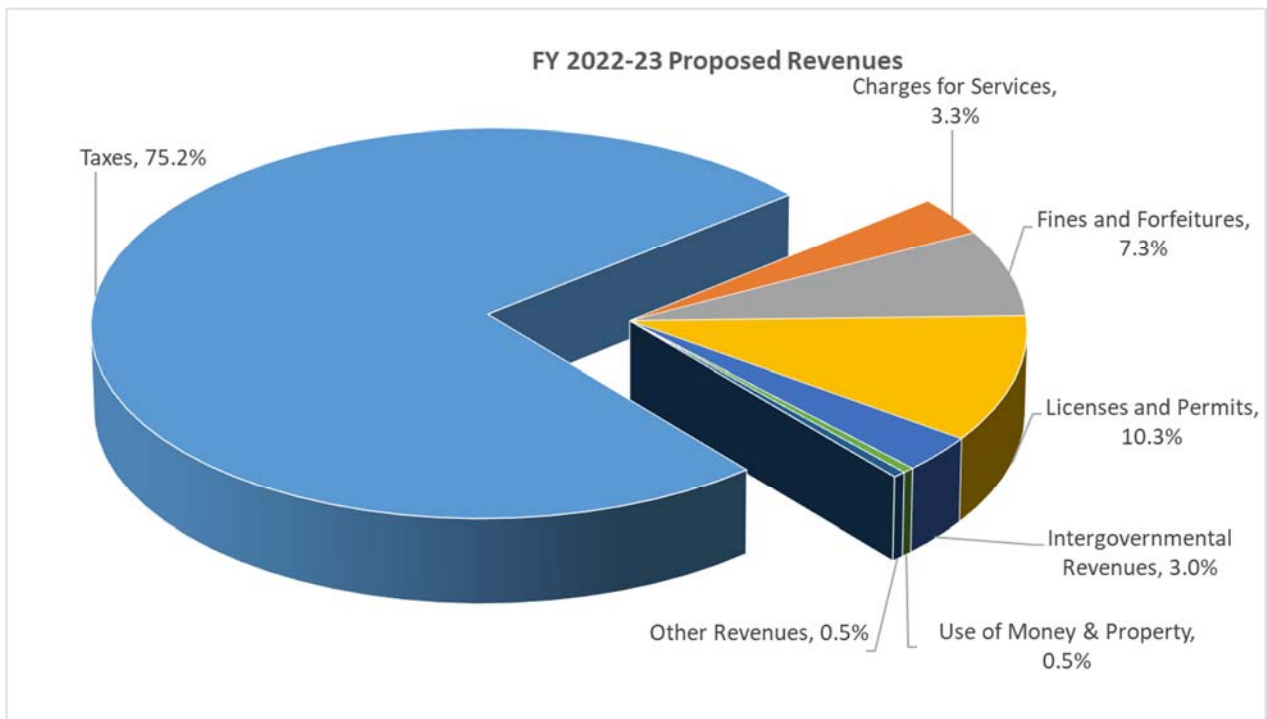
General Revenue Information

The City does not receive General Fund revenues in equal monthly increments. While the City receives some revenue regularly throughout the fiscal year, some is received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola's lowest cash balances occur in April and again in mid-December prior to property tax revenue being received. Mid-December in prior years was significantly lower due to the State's Triple-Flip. The State reduced our sales tax by 0.25 percent and reimbursed the City, through property tax, in December. With the Triple-flip completed, we now receive our sales tax revenue consistently throughout the year. The City developed a cash flow model to assist with on-going cash flow variability and to identify reserve requirements. While monitoring the City's cash flow has always been a priority, the need to identify patterns became more critical during the disaster recovery period when reserves were nearly depleted. In FY 2012-13 the City approved increasing the Contingency Reserve balance from 10 percent to 15 percent to assist in covering potential cash flow deficits. The City utilized \$60,000 of the Emergency Reserve for emergency repairs at Noble Gulch Park and the FY 2022-23 proposed budget anticipates returning the Emergency Reserve to its target balance by FY 2023-24.

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	\$8,662,300
• Transient Occupancy Tax	2,100,000
• Parking Meters	859,275
• Parking Fines	450,000
• Property Taxes	<u>2,972,713</u>
	<u>\$15,044,288</u>

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.



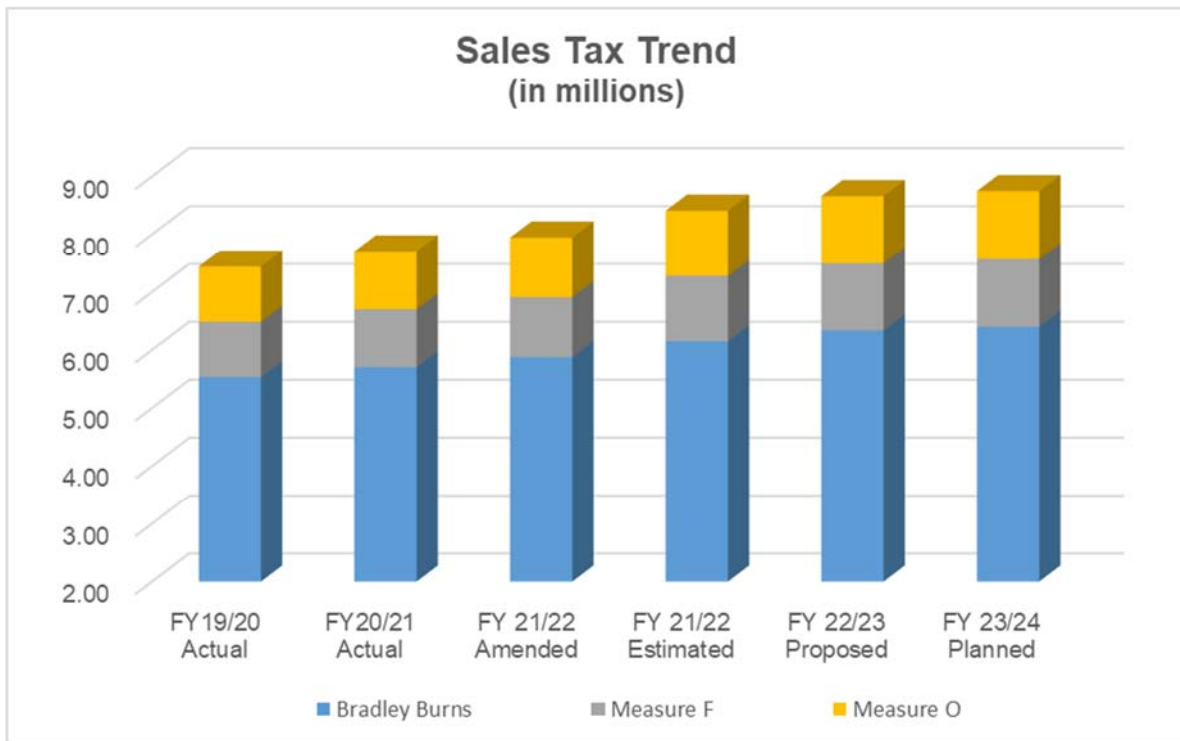
Sales Tax

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 2021-22 annual sales tax revenue is estimated to be \$8.66 million, with approximately \$2.3 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 2022-23, Bradley Burns sales tax revenue is anticipated to increase by approximately 3 percent, or \$252,300, above the FY 2021-22 estimated sales tax receipts. The City's sales tax collections are heavily dependent on the top five generators and were not negatively impacted due to the COVID-19 pandemic as much as originally anticipated.

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



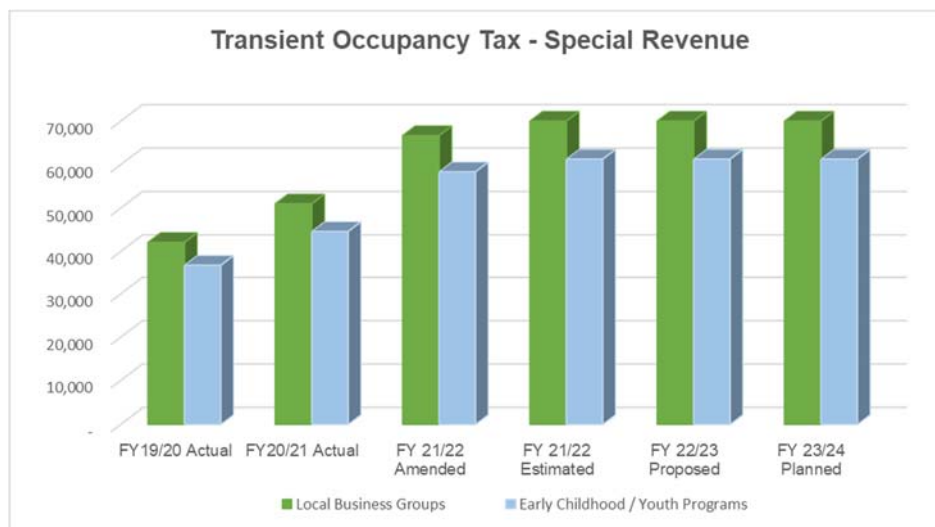
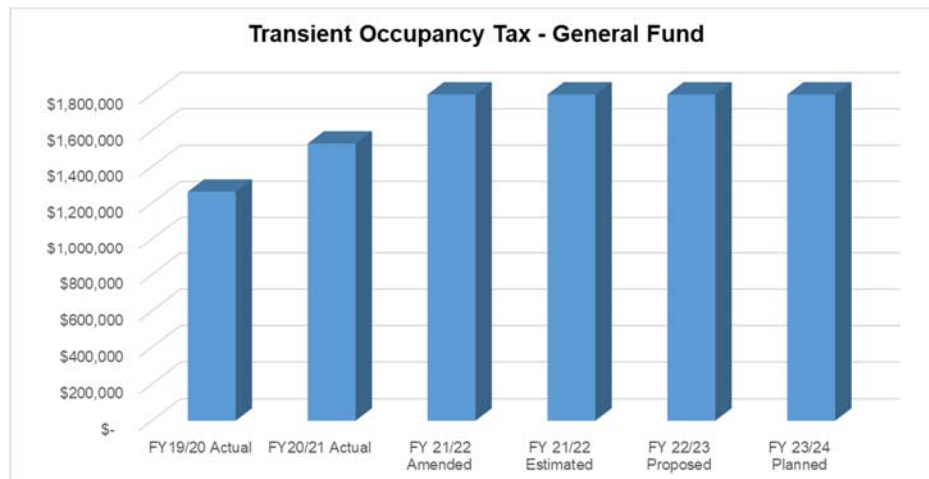
Transient Occupancy Taxes (TOT)

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 11% of General Fund operating revenues. The City's TOT revenues come from the following sources:

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

The City's TOT revenues were the most impacted revenue source due to COVID-19; however recent trends show the vacation rental industry making a strong comeback. The projected increase for FY 2022-23 is flat following an approximate 37% increase during FY 2021-22. 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.

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.

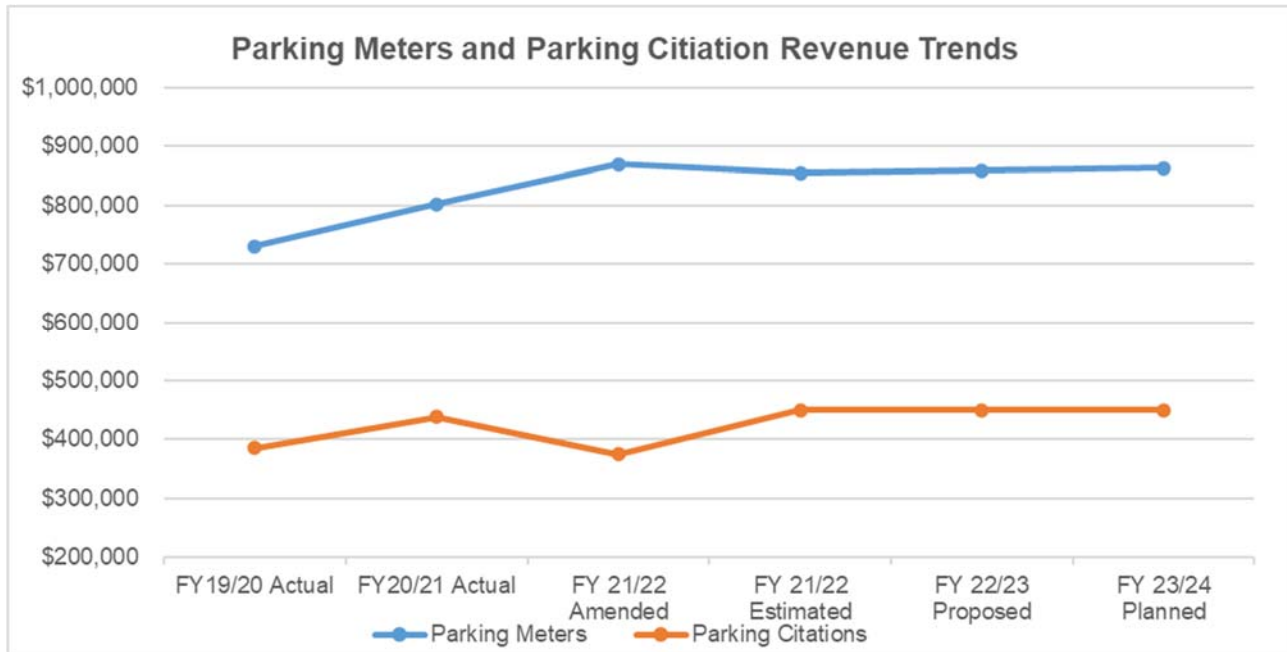


Parking Meters and Parking Fines

In FY 2022-23 parking meter and parking fine revenues are estimated to contribute approximately \$1.3 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 2022-23 proposed budget includes a \$100,000 general fund transfer to the parking reserve fund to help meet debt service obligations related to the opening of parking lot. During the summer, the City offers shuttle bus service from the parking lots to the Village, beach, and Capitola Wharf. Projected revenues for each location are estimated below:

Location	Spaces	FY 22/23 Proposed	Avg. Meter Rev. per Space
Village	195	\$ 552,750	\$ 2,835
Cliff Drive	65	\$ 120,600	\$ 1,855
Pacific Cove - Upper Lot	232	\$ 130,650	\$ 563
Pacific Cove - Lower Lot	226	\$ 55,275	\$ 245

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 2022-23 proposed budget projects parking meter and parking fine revenue are estimated to increase one-half of one percent compared to the estimated prior year receipts.

Property Taxes

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

In FY 2022-23 property tax revenue is estimated to be \$2.97 million, representing a four percent increase over the estimated collection amount from FY 2021-22. 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.

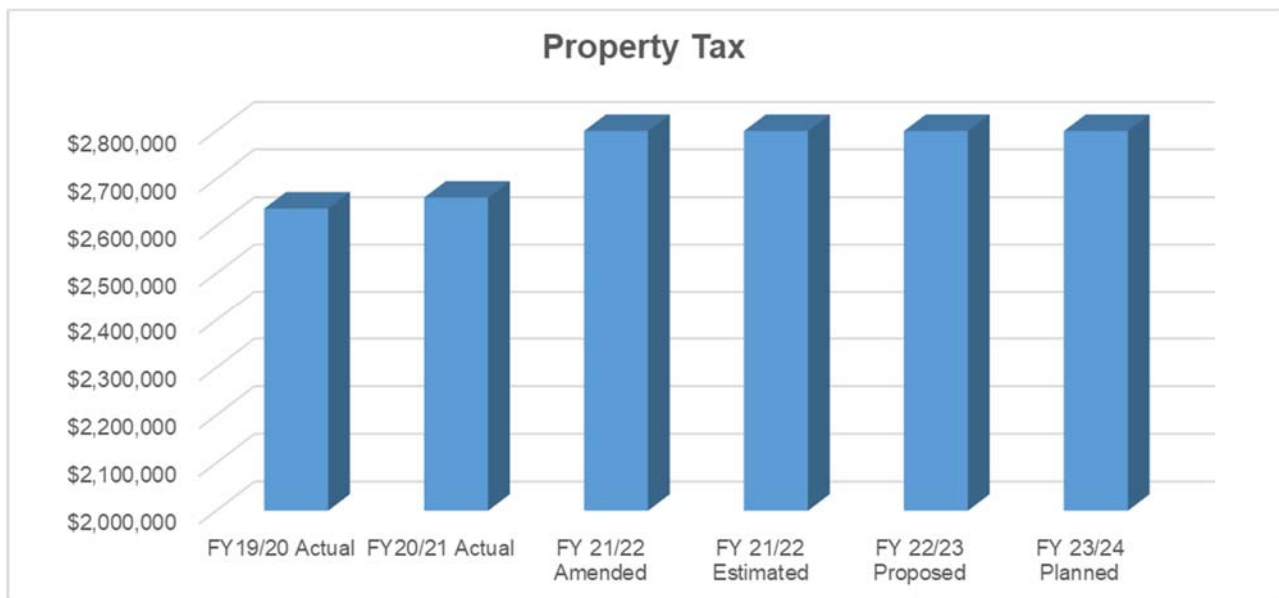
In the FY 2022-23 proposed budget, base property tax revenues are projected to increase approximately four percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market. A growth factor of four percent of the assessed property valuation was used to estimate FY 2022-23 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 2022-23. This increase continues to be consistent with the rising property values outlined by the Auditor-Controller's Office. Due to the relatively flat history associated with these revenues, conservative estimates of three percent have been applied to the upcoming fiscal years.



Revenue Summary

	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY 21/22 Estimated	FY 22/23 Proposed	FY 23/24 Planned
<u>Taxes</u>						
Property Taxes	\$ 2,637,365	\$ 2,660,446	\$ 2,858,378	\$ 2,858,378	\$ 2,972,713	\$ 3,091,621
Sales Tax- Bradley Burns	5,533,013	5,703,770	5,875,000	6,150,000	6,334,500	6,461,190
Sales Tax- Measure O	953,434	1,002,941	1,035,067	1,130,000	1,163,900	1,187,178
Sales Tax- Measure F	954,296	998,637	1,035,066	1,130,000	1,163,900	1,187,178
Document Transfer Tax	74,518	133,103	70,000	70,000	80,000	80,000
Franchise Tax	556,708	561,970	565,600	565,600	571,256	576,969
Transient Occupancy Tax	1,262,818	1,529,015	2,000,000	2,100,000	2,100,000	2,100,000
Cannabis Retail Tax	16,004	248,867	360,000	360,000	360,000	360,000
Total	\$ 11,988,155	\$ 12,838,748	\$ 13,799,111	\$ 14,363,978	\$ 14,746,269	\$ 15,044,136
<u>Licenses and permits</u>						
Business License	\$ 324,619	\$ 291,590	\$ 298,700	\$ 300,000	\$ 304,000	\$ 307,000
Building Permits	213,310	199,437	200,000	200,000	200,000	200,000
Cannabis Annual License Fee	2,550	5,100	5,125	5,100	5,000	5,000
Encroachment Permits	37,367	32,429	30,000	30,000	30,000	30,000
Special events permit	854	834	1,100	1,100	1,100	1,100
Entertainment permit	4,728	1,127	-	6,100	4,000	4,000
Parking Permits	40,012	42,271	40,000	40,000	40,000	40,000
Planning Permits	42,350	84,998	61,750	61,750	58,000	58,000
Other Permits	112	-	-	-	-	-
Total	\$ 665,901	\$ 657,786	\$ 636,675	\$ 644,050	\$ 642,100	\$ 645,100
<u>Intergovernmental revenues</u>						
Federal and State Grants	\$ 67,370	\$ 1,398,864	\$ 1,250,000	\$ 1,250,000	\$ 1,417,303	\$ 61,200
Gen gov't - OSB admin	30,000	-	-	-	-	-
Gen gov't BIA - Fin. support svcs.	4,200	4,200	4,200	4,200	4,200	4,200
Gen gov't CVC - Fin. support svcs.	1,832	1,795	1,500	1,500	1,500	1,500
Total	\$ 103,402	\$ 1,404,860	\$ 1,255,700	\$ 1,255,700	\$ 1,423,003	\$ 66,900
<u>Charges for Svcs.</u>						
Gen gov't Pay stations-Village	\$ 519,562	\$ 484,103	\$ 600,000	\$ 550,000	\$ 552,750	\$ 555,514
Gen gov't Pay stations-Cliff Dr.	78,426	126,491	99,000	120,000	120,600	121,203
Gen gov't Pay station-upper Pac Cove	93,601	139,057	120,000	130,000	130,650	131,303
Gen gov't Pay stations-lower Pac Cove	39,109	51,968	50,000	55,000	55,275	55,551
Public safety Vehicle release fee	7,297	5,240	7,000	7,000	7,000	7,000
Public safety Police reports	391	431	500	500	500	500
Public safety Booking fees	250	425	250	250	250	250
Public safety DUI collections	3,583	5,639	5,000	5,000	5,000	5,000
Public safety Spec. events - Police Svcs.	20,073	-	5,000	5,000	5,000	5,000
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public works Special events - pw Svcs.	3,910	-	-	-	-	-
Public works Stormwater dev. Review	1,340	2,457	1,000	1,000	2,000	2,000
Building fees Building plan check fees	119,755	68,499	100,000	100,000	100,000	100,000
Bldg. Official Reimbursement	94,645	97,002	100,000	100,000	109,000	114,000
Comm dev Planning fee - Sr./Assoc plnr cost	29,680	29,893	20,000	2,000	30,000	30,000
Comm Planning fee - assist plnr cost	9,590	3,290	10,000	10,000	10,000	10,000
Comm dev Planning fee - director cost	37,942	8,274	10,000	10,000	5,000	5,000
Comm dev Subdivisions	-	-	1,500	-	-	-
Comm dev Planning plan check fee	18,644	14,232	12,000	12,000	12,000	12,000
Comm dev Planning application fee	-	2,551	-	-	500	500
Comm dev Planning - Gen Plan	25,000	-	25,000	25,000	25,000	25,000

	FY19/20	FY20/21	FY 21/22	FY 21/22	FY 22/23	FY 23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Comm dev Planning - other fees	9,661	3,386	-	-	5,000	5,000
Comm dev Planning - Code Enforcement	100	800	-	-	-	-
Recr. fees Class fees	214,328	79,284	150,000	146,877	220,000	220,000
Recr. fees Jr. Guard fees	156,619	84,841	197,757	197,518	302,555	302,555
Recr. School Support Program	-	280,397	74,825	173,886	-	-
Recr. fees Sports fees	18,768	10,053	23,000	18,484	25,000	25,000
Recr. fees Camp Capitola fees	99,558	104,706	117,840	117,840	179,775	179,775
Recr. Afterschool Program	29,841	-	71,080	73,539	109,276	109,276
Recr. Events	-	(157)	6,000	6,371	8,200	8,200
Total	\$ 1,634,671	\$ 1,605,861	\$ 1,809,752	\$ 1,870,265	\$ 2,023,331	\$ 2,032,627
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 60,330	\$ 13,265	\$ 40,000	\$ 25,000	\$ 40,000	\$ 40,000
Parking Cititation	385,333	437,916	375,000	450,000	450,000	450,000
General Fines	74,092	43,592	102,000	55,000	102,000	102,000
Total	\$ 519,754	\$ 494,772	\$ 517,000	\$ 530,000	\$ 592,000	\$ 592,000
<u>Use of money & property</u>						
Investment earnings	\$ 165,077	\$ 72,905	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Rents Jade Street facility	4,334	-	6,000	6,000	6,000	6,000
Rents Esplanade restaurants	4,200	4,813	4,000	4,500	4,500	4,500
Rents Esplanade - surf trailer	1,251	1,746	1,200	1,500	1,500	1,500
Rents Esplanade bandstand	2,664	-	4,000	1,000	2,500	4,000
Total	\$ 177,526	\$ 79,464	\$ 90,200	\$ 88,000	\$ 89,500	\$ 91,000
<u>Other revenues</u>						
Grants, donations, contrib	\$ 1,693	\$ -	\$ 17,000	\$ 2,000	\$ 2,000	\$ 2,000
Arts-Twilight Concert Sponsors	10,500	-	10,000	26,000	10,000	10,000
Arts-Movies at the Beach Sponsor	3,000	-	1,500	-	1,500	2,000
Arts-Art at the Beach Booth Fee	3,820	-	2,000	1,500	2,000	2,000
Arts-Sunday Art & Music Sponsors	4,400	-	2,400	-	2,400	2,400
Museum donations-Box Revenue	1,373	1,124	500	2,000	500	500
Museum Donations-Fundraising	5,136	3,059	2,000	6,000	2,000	2,000
Memorial plaques and benches	12,061	14,444	4,000	13,500	7,500	8,000
Miscellaneous revenues	77,991	92,975	72,197	72,197	71,443	73,229
Total	\$ 119,974	\$ 111,602	\$ 111,597	\$ 123,197	\$ 99,343	\$ 102,129
Grand Totals	\$ 15,209,384	\$17,193,093	\$ 18,220,034	\$18,875,190	\$19,615,545	\$18,573,892

GENERAL FUND EXPENDITURES



General Fund Expenditures

The FY 2022-23 General Fund expenditure budget proposes increases of approximately \$3 million from the FY 2021-22 Amended Budget. Increases have been programed in most major categories as our recovery from the fiscal impacts related to COVID-19 continue and we utilize resources that have built up over the last two fiscal years. Key differences between the two fiscal years include:

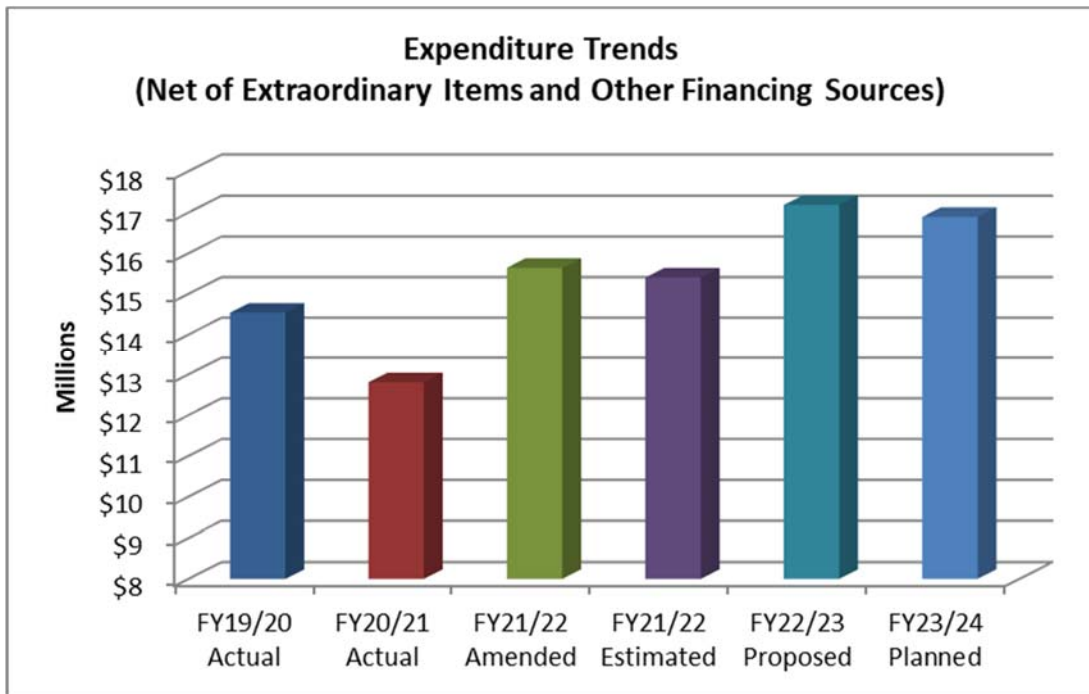
- Total personnel costs (salary and benefits) are estimated to increase \$808,600 from the FY 2021-22 Amended Budget as we bring staffing back to pre-pandemic levels and increases to the CalPERS Unfunded Actuarial Liability. The City continues to hold 1 full-time position as frozen vacant as well as under-filling three other positions in response to COVID-19, however, the proposed budget does request 1 $\frac{3}{4}$ new positions.
 - Salary costs are estimated to be \$536,500 higher as the City enters the second year of the current MOU's negotiated with labor groups.
 - Salary – Permanent increased \$481,000
 - Salary – Temp increased \$55,500 as summer recreations programs return to full capacity.
 - Overtime is anticipated to increase \$8,200 primarily the Police and Public Works departments with the return of most special events.
- Contract services increased by \$512,500 or 16% above the prior year primarily related to contract services associated with several grants that the City has received.

The following chart provides an overview of expenditures for FY 2019-20 to FY 2023-24. A complete description of major changes will follow in the related expenditure detail pages.

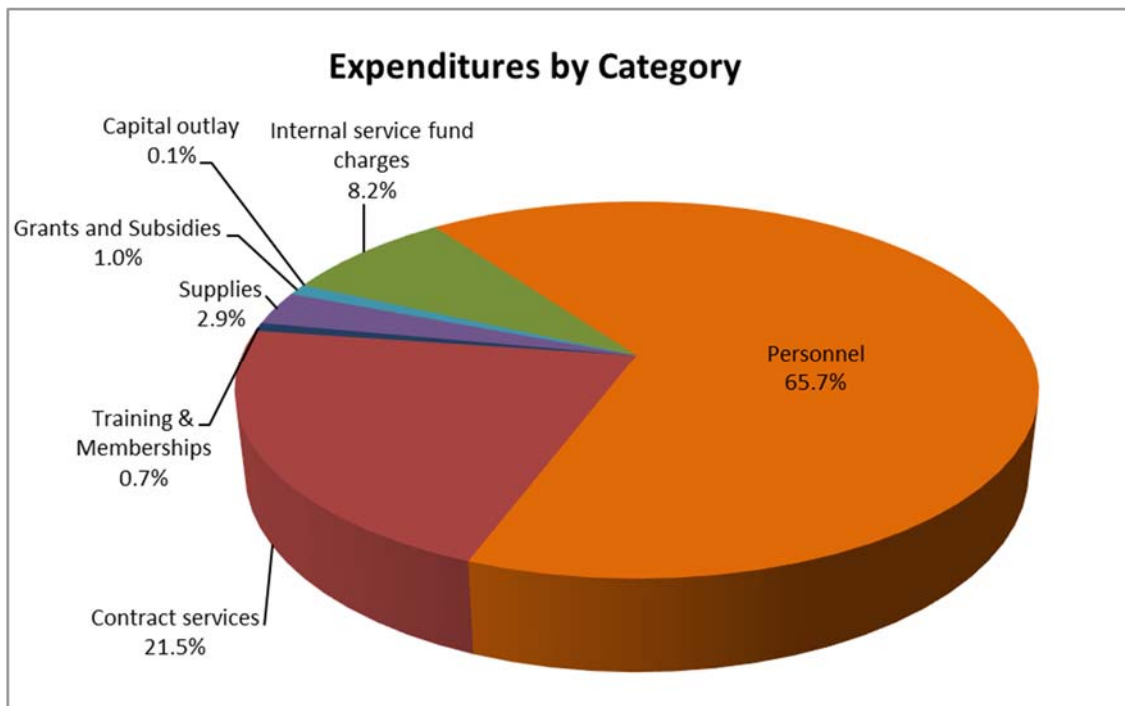
General Fund Expenditures Summary

Major Categories	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Personnel	\$9,761,056	\$9,127,895	\$10,490,560	\$10,430,640	\$11,299,195	\$11,734,887
Contract services	2,770,878	2,162,571	3,183,690	3,017,065	3,696,177	2,953,442
Training & Memberships	87,559	64,292	107,499	90,393	124,885	122,885
Supplies	501,164	495,355	540,900	547,449	499,500	506,500
Grants and Subsidies	241,612	43,648	125,000	125,000	164,950	164,950
Capital Outlay	-	-	-	-	-	-
Internal service fund	1,176,081	911,212	1,196,205	1,196,205	1,406,000	1,411,825
Subtotal	\$14,538,351	\$12,804,974	\$15,643,854	\$15,406,753	\$17,190,707	\$16,894,489
Other financing uses	2,023,418	809,383	3,608,343	3,608,343	5,026,569	1,677,532
Expenditure Total	\$16,561,769	\$13,614,357	\$19,252,197	\$19,015,096	\$22,217,278	\$18,572,020

The following chart provides an overview of expenditure trends, excluding transfers. Expenditures are trending upward in FY 2022-23 as we continue our recovery from COVID-19 and utilize resources that have accumulated over the last two fiscal years.

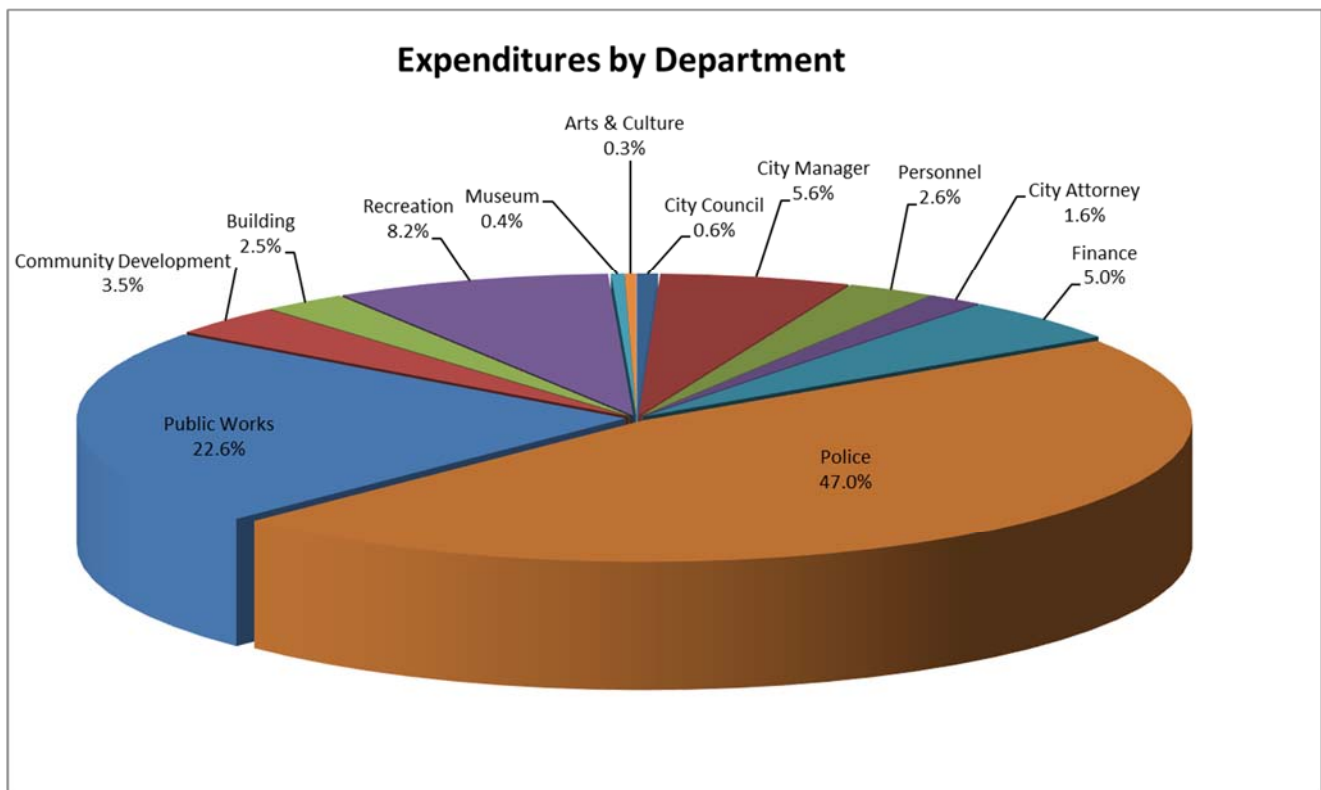


A chart displaying the percentage of expenditures by category is also provided for reference. Although personnel costs are estimated to increase \$808,600 from the prior fiscal year, the ratio of personnel services to total expenditures decreased from 69.1 percent to 65.7 percent. Other notable changes were in contract services, which increased from 17.8 percent to 21.5 percent, and internal service charges, which increased from 8.0 percent to 8.2 percent.



General Fund Department Expenditures

Department	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
City Council	\$96,777	\$70,537	\$96,666	\$96,116	\$106,564	\$107,112
City Manager	1,006,134	806,438	941,586	941,586	957,942	974,279
Personnel	367,256	295,102	403,288	405,174	442,701	455,462
City Attorney	191,592	185,128	280,000	280,000	280,000	280,000
Finance	837,422	656,712	817,232	809,132	855,993	885,640
Community Grants	281,046	63,648	125,000	125,000	164,950	164,950
Police - Law Enforcement	6,294,490	5,821,519	6,927,187	6,941,688	7,319,993	7,574,234
Police - Pkg. Enforcement	569,146	518,700	571,713	571,713	599,463	611,638
Police - Lifeguard Svcs.	78,758	88,413	95,000	95,000	0	0
Police - Animal Services	70,098	70,576	77,253	74,785	81,579	84,048
Public Works - Streets	1,536,112	1,345,375	1,651,743	1,650,743	2,283,395	2,045,808
Public Works-Storm Water	120,622	101,549	145,181	145,181	140,416	143,219
Public Works - Facilities	203,035	228,311	292,475	292,475	560,339	226,406
Public Works - Fleet	383,065	372,716	281,713	274,713	319,233	324,427
Public Works - Parks	437,362	410,582	506,041	506,041	541,397	553,445
Community Development	492,371	473,638	694,505	607,030	595,877	527,652
Building	420,160	294,135	420,777	368,702	426,875	433,182
Recreation	1,037,219	936,686	1,210,680	1,112,476	1,389,372	1,375,850
Museum	66,564	58,918	62,450	62,077	66,616	68,423
Art & Cultural	49,122	6,290	43,363	47,121	58,004	58,713
Subtotal	\$14,538,351	\$12,804,974	\$15,643,853	\$15,406,753	\$17,190,709	\$16,894,488
Transfers & Other	\$2,023,418	\$809,383	\$3,608,343	\$3,608,343	\$5,026,569	\$1,677,532
Expenditure Total	\$16,561,769	\$13,614,357	\$19,252,196	\$19,015,096	\$22,217,278	\$18,572,020



General Fund Expenditures

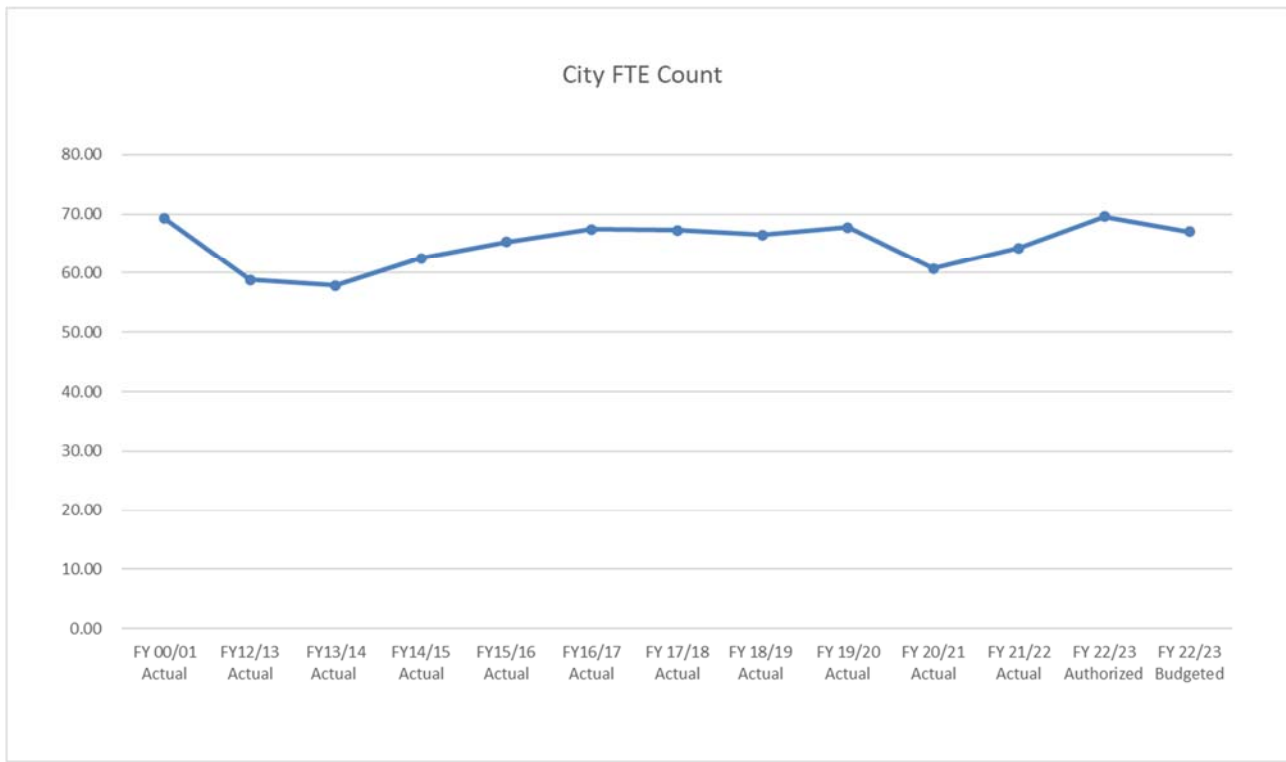
SALARIES & BENEFITS

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

Positions budgeted for in FY 2022-23 bring total staffing levels back to pre-pandemic levels. While this includes the addition of 1 ¾ new positions or also includes 2 total positions that remain frozen or under-filled.

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	FY12/13 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 Authorized	FY 22/23 Budgeted
Elected													
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	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	6.00	5.00	5.00	5.00	5.00	5.00
Fully Benefited by Dept													
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-	-
Finance	5.25	3.38	4.33	3.91	4.50	4.50	4.50	3.75	3.75	3.00	3.00	3.75	3.00
City Manager	5.50	7.00	7.00	6.90	6.00	7.00	6.00	6.00	7.00	5.00	4.75	6.50	5.75
Museum	0.75	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	28.59	27.59	30.65	31.50	31.65	31.50	30.50	30.50	29.50	31.00	31.50	31.00
CDD	6.67	3.79	3.12	4.50	5.00	5.00	5.00	6.00	6.00	5.00	5.50	6.00	5.50
Public Works	14.33	12.33	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	3.00	2.75	2.75	3.75	3.75	3.75	3.75	4.50	3.75	4.50	5.30	5.30
Dept - Total FTEs	69.30	58.84	57.87	62.46	65.25	67.40	67.25	66.50	67.75	60.75	64.25	69.55	67.05
Change from prior year		(10.46)	(0.97)	4.59	2.79	2.15	(0.15)	(0.75)	1.25	(7.00)	3.50	5.30	2.80



General Fund Expenditures

SALARIES & BENEFITS

City services are primarily staff delivered; therefore, staffing is the most significant expenditure. The FY 2021-22 proposed budget staffing costs total \$10,337,110. This represents an 9% increase from the FY 2020-21 Adopted Budget. This is due to ending concessions by labor groups as response to COVID-19, on-going labor negotiations that were delayed due to COVID-19, and increased costs related to the CalPERS Retirement Fund and inflation.

Staffing by Category	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Salary	\$5,757,120	\$5,025,511	\$5,915,944	\$5,915,944	\$6,396,967	\$6,620,541
Salary Temp	375,309	495,532	503,508	443,588	558,944	\$564,086
Overtime	170,875	98,608	196,950	196,950	207,000	\$207,000
Specialty Pay	277,389	277,489	287,891	287,891	297,741	\$308,147
Benefits	3,180,364	3,230,755	3,586,267	3,586,267	3,838,541	\$4,035,112
Total	\$9,761,056	\$9,127,895	\$10,490,560	\$10,430,640	\$11,299,194	\$11,734,887

Staffing by Department	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
City Council	\$35,281	\$36,619	\$40,930	\$40,930	\$41,408	\$41,570
City Manager	827,948	678,526	693,410	693,410	724,291	753,261
Personnel	309,726	222,896	327,196	327,196	362,943	375,030
Finance	567,666	462,376	540,133	540,133	575,775	598,806
Law Enforcement	4,878,074	4,535,797	5,403,042	5,403,042	5,608,785	5,831,967
Pkg. Enforcement	233,406	202,426	257,540	257,540	270,133	280,739
Streets	1,054,202	1,105,337	1,241,016	1,241,016	1,439,180	1,496,148
Storm Water	85,116	73,255	83,681	83,681	93,416	96,219
Fleet	201,095	202,566	102,917	102,917	109,323	113,656
Parks	200,461	163,231	248,888	248,888	262,276	272,727
Planning	410,223	429,037	422,951	422,951	448,937	466,814
Building	299,399	264,001	302,432	302,457	365,016	379,576
Recreation	604,323	709,083	777,463	713,760	939,659	968,179
Museum	41,211	41,621	40,719	40,719	40,117	41,722
Art & Cultural	12,924	1,124	8,242	12,000	17,935	18,473
Total	\$9,761,056	\$9,127,895	\$10,490,560	\$10,430,640	\$11,299,194	\$11,734,887

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 detail for the overtime budget. The overtime budget for the Police Department increases this year after a decrease in recent years due to multiple vacancies.

<u>Overtime</u>	<u>FY19/20</u> <u>Actual</u>	<u>FY20/21</u> <u>Actual</u>	<u>FY21/22</u> <u>Amended</u>	<u>FY21/22</u> <u>Estimated</u>	<u>FY22/23</u> <u>Proposed</u>	<u>FY23/24</u> <u>Planned</u>
City Manager	\$18	\$0	\$0	\$3	\$0	\$0
Finance	0	0	0	0	0	0
Police*	152,249	93,180	177,500	122,832	180,000	186,000
Public Works	13,214	39,614	15,000	3,653	17,000	17,000
Community Development	193	0	0	0	3,000	3,000
Recreation	5,202	4,350	4,300	4,300	5,000	5,000
Total	\$170,875	\$137,143	\$196,800	\$130,788	\$205,000	\$211,000
<i>*Funding Sources for Police Overtime</i>						
General Fund	\$131,881	\$88,285	\$162,500	\$122,832	\$155,000	\$161,000
Grant Funded	20,367	4,895	15,000	0	25,000	25,000
	\$152,249	\$93,180	\$177,500	\$122,832	\$180,000	\$186,000

Specialty Pay

The FY 2021-22 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>FY19/20</u> <u>Actual</u>	<u>FY20/21</u> <u>Actual</u>	<u>FY21/22</u> <u>Amended</u>	<u>FY21/22</u> <u>Estimated</u>	<u>FY22/23</u> <u>Proposed</u>	<u>FY23/24</u> <u>Planned</u>
City Manager	\$8,286	\$6,760	\$5,702	\$5,702	\$5,953	\$6,191
Finance	3,812	1,129	-	-	-	-
Police	238,304	244,255	262,555	262,555	266,425	277,082
Public Works	23,466	23,181	17,259	17,803	22,877	23,766
Community Dev.	1,590	-	-	-	-	-
Recreation	1,932	2,164	2,375	2,375	2,486	2,586
Total	\$277,389	\$277,489	\$287,891	\$288,435	\$297,741	\$309,625

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, 2013	\$115
• 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

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 2021-22 was \$1,969,574 and is increasing to \$2,181,6445 in FY 2022-23. The most recent CalPERS actuarial reports estimate the UAL through FY 2027-28 at an amount of \$2,723,700 which equates to an increase of approximately 124% over ten years from FY 2018-19.

PERS Rates. The FY 2022-23 PERS total rate for classic safety members is 32.7%, with employees paying 15% and the city 17.7%. Safety PEPRA members are responsible for 13% and the city pays 13.0%. For classic miscellaneous members, the total contribution rate is 20.2%, with employees paying 13.4% and the city 6.8%. Miscellaneous PEPRA employees pay 6.75% and the city pays 7.5%.

The FY 2021-22 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 13.0%. For classic miscellaneous members, the total contribution rate was 20.3%, with employees paying 13.4% and the city 6.9%. Miscellaneous PEPRA employees pay 6.75% and the city pays 7.7%.

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

Retirement Costs Summary

	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Retirement Costs	Actual	Actual	Amended	Proposed	Planned
Ret. cost - PERS Safety	\$ 386,023	\$ 385,148	\$ 380,644	\$ 396,906	\$ 412,782
Ret. cost - PERS Safety UAL	741,462	853,670	1,002,849	1,121,718	1,196,000
Ret. cost - PERS Miscellaneous	259,251	267,223	233,410	260,702	269,814
Ret. cost - PERS Misc UAL	738,888	835,791	966,725	1,059,927	1,125,000
Ret. cost - Retirement PARS	3,631	4,338	5,116	5,524	5,524
Ret. health OPEB - Retiree health	31,844	36,774	31,500	38,500	38,500
OPEB Trust Fund	60,250	-	60,250	60,250	60,250
Total Retirement Costs	\$ 2,221,348	\$ 2,382,944	\$ 2,680,493	\$ 2,943,527	\$ 3,107,870
Total Employee Paid Costs	\$ 799,685	\$ 857,860	\$ 964,978	\$ 1,059,670	\$ 1,118,833
Total City Paid Costs	\$ 2,221,348	\$ 2,382,944	\$ 2,680,493	\$ 2,943,527	\$ 3,107,870
Total Costs Employee and City	\$ 3,021,034	\$ 3,240,804	\$ 3,645,471	\$ 4,003,197	\$ 4,226,703
Unfunded Actuarial Liability-Safety	11,227,125	12,918,421	13,594,061	14,685,285	15,713,255
Unfunded Actuarial Liability-Misc	10,449,759	11,896,221	12,422,127	13,354,880	14,289,722
Unfunded OPEB Liability	1,572,208	1,572,208	1,572,208	1,493,598	1,493,598
Funding Ratio PERS Safety	71.3%	71.30%	72.40%	72.40%	72.40%
Funding Ratio PERS Misc	69.7%	69.70%	71.00%	71.00%	71.00%
<i>Change in OPEB actuarial assumptions in FY 2020</i>					
	29.60%	25.05%	26.47%	26.47%	26.47%
	38.77%	33.42%	36.00%	36.00%	36.00%

General Fund Expenditures - Contract Services (5 pages)

Department	Contract Description	FY21/22 Amended	FY22/23 Proposed	FY23/24 Planned
City Council	Gen/Admin Community Action Board	-	-	-
City Council	Gen/Admin - Community TV	10,000	10,000	10,000
City Council	Gen/Admin Contracts - General, Legal Notices	5,000	5,000	5,000
City Council	CS-Gen/Admin Beach Festival	5,000	5,000	5,000
Total		\$ 20,000	\$ 20,000	\$ 20,000
City Manager	Gen/Admin Muni code - Codification Svcs.	\$ 4,000	\$ 4,000	\$ 4,000
City Manager	Gen/Admin Rcrd Mgmt-Doc. Imaging	1,250	1,000	1,000
City Manager	Gen/Admin Records Mgmt-Storage	3,500	3,500	3,500
City Manager	Gen/Admin Newsletter	11,000	10,000	10,000
City Manager	Gen/Admin Council Election	-	15,000	-
City Manager	Gen/Admin Contracts - General	53,500	5,000	5,000
City Manager	Environ. Svcs - Cntrl Cst Recycling Media	5,000	5,000	5,000
City Manager	Environ. Svcs Garage Sale Day	800	800	800
City Manager	Environ. Svcs SCC-Hzrds Waste Disp Fee	45,000	45,000	45,000
City Manager	Environ. Svcs Recycling Svcs.	3,000	3,000	3,000
City Manager	Environ. Svcs JPA-Pollution Control	5,000	5,000	5,000
City Manager	Other Contract services - Legal Notices	2,500	2,500	2,500
City Manager	Mosquito and Vector Control	150	150	150
City Manager	CS-Temp. Staff & Instr. Temporary staff	-	-	-
City Manager	Contract Svcs. Unanticipated Events	10,000	10,000	10,000
Total		\$ 144,700	\$ 109,950	\$ 94,950
Personnel	Legal svcs Labor/Personnel	\$ 15,000	\$ 15,000	\$ 15,000
Personnel	Personnel Svcs Recruitment Svcs.	29,500	25,000	25,000
Personnel	Personnel Svcs Bkgrnd Invest.	7,500	7,000	7,000
Personnel	Personnel Svcs Medical Exams	3,500	3,500	3,500
Personnel	Personnel Svcs Ed. Reimbrsmnt	1,875	1,000	1,000
Personnel	Contract Svcs. Flex-Hlth-Dntl-Vsn Admin	4,000	4,000	4,000
Personnel	Contract Svcs. Advertising	750	750	750
Personnel	CS-Gen/Admin Contracts - general	-	5,000	5,000
Total		\$ 62,125	\$ 61,250	\$ 61,250
City Attorney	Gen/Admin Contracts - General	\$ 20,000	\$ 10,000	\$ 10,000
City Attorney	Legal Svcs Legal Svcs. - General	185,000	210,000	210,000
City Attorney	Legal Svcs Special Svcs.	75,000	60,000	60,000
Total		\$ 280,000	\$ 280,000	\$ 280,000

Department	Contract Description	FY21/22 Amended	FY22/23 Proposed	FY23/24 Planned
Finance	Gen/Admin Contracts - General	\$ -	\$ 5,000	\$ 5,000
Finance	Fin Svcs Financial Consultant	-	-	-
Finance	Fin Svcs OPEB Valuation	4,000	1,000	4,000
Finance	Fin Svcs Audit-Annual Financial Audits	53,000	54,000	55,350
Finance	Fin Svcs Audit-Sales Tax	14,500	12,000	12,000
Finance	Fin Svcs Sales Tax Report	-	-	-
Finance	Fin Svcs State Mandated Claims Svcs	1,750	1,750	1,750
Finance	Fin Svcs Credit Card Merchant Fees	2,500	2,500	2,500
Finance	Fin Svcs SCC-Property tax admin fee	12,000	12,000	12,000
Finance	Fin Svcs State Admin Fee - Bradley Burns	60,000	50,000	50,000
Finance	Fin Svcs State Admin Fee - Measure D/F	24,000	20,000	20,000
Finance	Fin Svcs State Admin Fee - SB 1186	500	500	500
Finance	Fin Svcs State Admin Fee - Measure O	24,000	20,000	20,000
Finance	Fin Svcs Bank fees	9,000	12,000	12,000
Finance	Fin Svcs St Admin fee	-	-	-
Total		\$ 205,250	\$ 190,750	\$ 195,100
Law Enforcement	Police Svcs SCC-Booking fees	\$ -	\$ -	\$ -
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	700	500	500
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	12,000	18,000	18,000
Law Enforcement	Other contract services Uniform cleaning services	10,000	10,000	10,000
Law Enforcement	Police Svcs Red light enforcement	25,000	25,000	25,000
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	7,700	7,700	7,700
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	7,000	8,000	8,000
Law Enforcement	Prop & equip Comm - T-1 line	14,000	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	6,000	6,000
Law Enforcement	Police Svcs Towing service	1,500	5,000	5,000
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	47,490	50,700	50,700
Law Enforcement	Police Svcs SCCECC-911 JPA	516,760	570,973	570,973
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	15,000	15,000
Law Enforcement	Rental contracts Equipment and vehicles	3,000	3,000	3,000
Law Enforcement	Other contract services Outside security service	10,000	17,000	17,000
Total		\$ 727,425	\$ 806,148	\$ 806,148

Department	Contract Description	FY21/22	FY22/23	FY23/24
		Amended	Proposed	Planned
Pkg. Enforcement	Police Svcs State of CA-DMV processing fee	\$ 5,200	\$ 6,000	\$ 6,000
Pkg. Enforcement	Police Svcs State of CA-Equip Assess	200	-	-
Pkg. Enforcement	Police Svcs State of CA-Reg assess	48,300	35,000	35,000
Pkg. Enforcement	Police Svcs State of CA-Immed & Critical nd	16,800	20,000	20,000
Pkg. Enforcement	Police Svcs State of CA-St Court Facilities	8,400	10,000	10,000
Pkg. Enforcement	Police Svcs State of CA-Trial Court Trust Fd	16,800	20,000	20,000
Pkg. Enforcement	Police Svcs SCC-Citation processing	46,000	65,000	65,000
Pkg. Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	8,400	11,000	11,000
Pkg. Enforcement	Police Svcs SCC-Courthouse surcharge	8,400	11,000	11,000
Pkg. Enforcement	Fin Svcs Courier-Cash & Coin	3,000	3,000	3,000
Pkg. Enforcement	Fin Svcs Credit card merchant fees	60,000	60,000	60,000
Pkg. Enforcement	Prop & equip Wheelchair purchase and repairs	6,000	4,000	4,000
Pkg. Enforcement	Prop & equip Pkg Meter Repairs	-	-	-
Pkg. Enforcement	Prop & equip Pay Station Repair & Maintenance	50,000	40,000	40,000
	Total	\$ 277,500	\$ 285,000	\$ 285,000
Lifeguard Svcs.	Police Svcs Lifeguard Svcs.	\$ 95,000	\$ -	\$ -
	Total	\$ 95,000	\$ -	\$ -
Animal Svcs.	Police Svcs Animal Svcs.	\$ 76,323	\$ 80,492	\$ 82,907
	Total	\$ 76,323	\$ 80,492	\$ 82,907
Streets	PW & Trans. Transportation-Beach shuttle svc	\$ 16,100	\$ 80,000	\$ 83,000
Streets	PW & Trans. Soquel Crk monitoring-fish	30,000	43,000	45,000
Streets	PW & Trans. Electrical services	3,000	-	-
Streets	Prop & equip Comm - mobile phone	14,000	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	5,000	30,000	30,000
Streets	Prop & equip Eucalyptus maintenance -Park Ave	7,500	50,000	7,500
Streets	Prop & equip Riparian Restoration	14,000	15,000	15,000
Streets	Rental contracts Union Pacific RR yearly	1,000	1,000	1,000
Streets	Temp. Staff & Instr. Temporary staff	75,000	85,000	85,000
Streets	Temp. Staff & Instr. Hope Services	15,000	16,000	18,000
Streets	Prop & equip Esplanade sidewalk cleaning	20,000	30,000	30,000
Streets	Other contract services Unanticipated events	-	10,000	10,000
Storm Water	PW & Trans. Soquel Crk monitoring-water qual	15,000	10,000	10,000
Storm Water	PW & Trans. CA NPDES-storm water mgmt prog	46,000	35,000	35,000
Storm Water	PW & Trans. Regional Water Mgmt Foundation	500	500	500
Storm Water	Water Quality Testing and Equipment	-	1,500	1,500
	Total	\$ 277,100	\$ 707,000	\$ 401,500

Department	Contract Description	FY21/22	FY22/23	FY23/24
		Amended	Proposed	Planned
Facilities	PW & Trans. ADA compliance	\$ 15,000	\$ 15,000	\$ 15,000
Facilities	Gen/Admin Contracts - general	\$ -	\$ 50,000	\$ -
Facilities	Prop & equip Comm - local & long distance	1,000	1,500	1,500
Facilities	Prop & equip Comm - T-1 line	7,500	7,500	7,500
Facilities	Prop & equip Utility serv - gas & electric	53,500	78,500	82,500
Facilities	CS-PW & Trans Electrical Services	1,000	-	-
Facilities	Prop & equip Utility serv - sanitation distr	9,000	8,500	8,500
Facilities	Prop & equip Utility serv - water	15,000	18,300	18,800
Facilities	Prop & equip Janitorial services	47,000	26,500	26,500
Facilities	Prop & equip Property alarm service	2,000	2,750	2,750
Facilities	Prop & equip Property repairs & maintenance	22,500	297,500	17,500
Facilities	Prop & equip Equipment repairs & maintenance	17,000	24,500	15,500
Facilities	Rental contracts Equipment and vehicles	-	2,000	2,000
	Total	\$ 190,500	\$ 532,550	\$ 198,050
Fleet	Prop & Equip Equipment Repair and Maint.	\$ 2,500	\$ 7,500	\$ 7,500
	Total	\$ 2,500	\$ 7,500	\$ 7,500
Parks	PW & Trans. Tree Svcs.	\$ 20,000	\$ 20,000	\$ 20,000
Parks	Prop & Equip Utility serv - gas and elec.	5,000	3,000	3,000
Parks	CS-PW & Trans Electrical Services	500	-	-
Parks	Prop & Equip Utility serv - sanitation distr	20,000	21,000	21,000
Parks	Prop & Equip Utility serv - water	101,000	108,500	108,500
Parks	Prop & Equip Janitorial Svcs.	22,000	27,500	27,500
Parks	Prop & Equip Property Repair and Maint.	5,500	8,000	8,000
Parks	Prop & Equip Equip. Repair and Maint.	2,000	5,500	5,500
Parks	Rental contracts Equipment and vehicles	1,500	9,500	9,500
Parks	Bike Track Maintenance	2,000	2,500	2,500
	Total	\$ 179,500	\$ 205,500	\$ 205,500
Planning	Gen/Admin Contracts - General	\$ -	\$ -	\$ -
Planning	Plng & Hsg Hsg grant admin & CDD tech	212,500	87,500	-
Planning	Contract Svcs. Legal	12,500	-	-
Planning	Contract Svcs. Legal notices	4,500	3,000	\$ 3,000
	Total	\$ 229,500	\$ 90,500	\$ 3,000
Building	Bldg Svcs Engineering & Inspections	\$ -	\$ 7,000	\$ 7,500
Building	CS-Gen/Admin Contracts - general	-	-	-
Building	Bldg Svcs Bldg plan checks - Consultant Svc	-	-	-
Building	Bldg Svcs Bldg plan checks - outsourced	94,100	22,500	15,000
	Total	\$ 94,100	\$ 29,500	\$ 22,500

Department	Contract Description	FY21/22 Amended	FY22/23 Proposed	FY23/24 Planned
Recreation	Gen/Admin Contracts - General	\$ 123,700	\$ 31,500	\$ 31,500
Recreation	CS-IT Contracts Recreation technology system	\$ -	\$ 14,527	\$ 14,527
Recreation	Fin Svcs Credit card merchant fees	11,000	10,000	10,000
Recreation	Personnel Svcs Background investigations	2,400	2,000	2,000
Recreation	PW & Trans. Transportation-Rec program	7,250	3,500	3,500
Recreation	Temp. Staff/Instr. Rec contract inst/sports off	106,526	123,660	123,660
Recreation	Temp. Staff/Instr. Rec youth volunteers	-	-	-
Recreation	Prop & Equip Comm - local & long distance	2,553	2,500	2,500
Recreation	Prop & Equip Comm - T-1 line	4,725	15,000	15,000
Recreation	Prop & Equip Property Repair and Maint.	2,000	500	500
Recreation	Rental contracts Equipment and vehicles	1,400	1,300	1,300
Recreation	Contract Svcs. Events liability insurance	5,613	2,000	2,000
Recreation	Contract Svcs. Advertising	1,550	1,050	1,050
Recreation	Contract Svcs. Mailing Service	4,500	22,500	22,500
Recreation	Contract Svcs. Copying, printing and binding	16,000	19,500	19,500
Recreation	Contract Svcs. Photography	-	3,500	3,500
Recreation	OST Scholarships	-	-	-
Total		\$ 289,217	\$ 253,037	\$ 253,037
Museum	Prop & Equip Comm - Local & Long Distance	\$ -	\$ -	\$ -
Museum	Rental contracts Land and Buildings	7,000	7,500	7,500
Museum	Other contract services Museum oral history	-	-	-
Total		\$ 7,000	\$ 7,500	\$ 7,500
Arts & Cultural	Events & Tourism Art at the Beach Coordinator	\$ 2,000	\$ 2,000	\$ 2,000
Arts & Cultural	Events & Tourism Twilight Concert-Sound Engr	8,400	9,000	9,000
Arts & Cultural	Events & Tourism Twilight Concert-Band Costs	13,350	15,000	15,000
Arts & Cultural	Events & Tourism Art in Public Places	1,000	3,500	3,500
Arts & Cultural	Events & Tourism Sunday Art and Music	1,200	-	-
Total		\$ 25,950	\$ 29,500	\$ 29,500
Grand Total		\$3,183,690	\$3,696,177	\$2,953,442

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 for funds available and allocation. Due to COVID-19 the Community Grant program was funded in FY 2021-22 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	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY22/23 Proposed	FY23/24 Planned
Community Services				\$ 125,000	\$ 125,000
Advocacy, Inc.	\$ 8,148	\$ -	\$ -	\$ -	
Cabrillo College Stroke and Disability Center	7,605	7,779	9,000	-	
Central Coast Center for Independent Living	10,709	-	-	-	
Community Action Board, Inc.	1,464	-	3,750	-	
Community Bridges	99,584	5,522	-	-	
Community Bridges - Lift Line			-	-	
Community Bridges - Live Oak					
Community Resources			-	-	
Community Bridges - Meals on Wheels			-	-	
Companion for Life / Lifeline			-	-	
Conflict Resolution Program	3,411	3,489	-	-	
Arts Council of Santa Cruz County	-	-	5,000	-	
Dientes Community Dental Care	1,489	1,524	1,600	-	
Diversity Center	1,137	-	3,000	-	
Encompass Santa Cruz AIDS Project	-		-	-	
Family Service Agency of Santa Cruz	12,476	12,762	-	-	
Grey Bears, Inc.	15,769	-	-	-	
Homeless Svcs. Center	2,844	-	-	-	
Hospice Caring Project	1,706	-	2,500	-	
Monarch Services Servidios Monarca			5,000	-	
Monterey Bay National Marine Sanctuary	-	-	5,000	-	
NAMI Santa Cruz County	-	-	10,000	-	
Native Animal Rescue	1,274	1,303	1,400	-	
Second Harvest Food Bank	11,092	-	-	-	
Senior Citizens Legal Services	10,782	-	-	-	
Senior Network Services	2,720	2,782	7,500	-	
Srs Council - SCC/San Benito Co.	9,058	-	10,000	-	
Survivors' Healing Center			-	-	
United Way	2,122	5,000	10,000	-	
United Way - 2-1-1 Help Line			-	-	
Vista Center for the Blind	2,014	-	4,500	-	
Volunteer Center of Santa Cruz County	3,411	3,489	10,000	-	
Women Care			-	-	
Cabrillo College Foundation	-	-	10,000		
Community Grants-Unassigned	26,797				
	\$ 235,612	\$ 43,650	\$ 98,250	\$ 125,000	\$ 125,000

AGENCY	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY22/23 Proposed	FY23/24 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		-	3,400		
Parents Center, Inc.	6,000	-	-		
Toddler Care Center		-	-		
United Way - Community Assessment Project				-	
Childcare Center Fee Grant				-	
	\$6,000	\$0	\$3,400	\$0	\$0
Other					
Local Critical Need Fund			\$0	\$0	
Community Grant Assessment Study			0		
Recreation Program Strategic Plan*			0		
Recreation Programming	\$0	0	23,350		
Regional Homeless Needs	39,434		0	39,950	39,950
	\$39,434	\$0	\$23,350	\$39,950	\$39,950
General Fund Total	\$ 281,046	\$ 43,650	\$ 125,000	\$ 164,950	\$ 164,950
Early Childhood / Youth Services (TOT Children's Fund)					
Early Childhood & Youth Services			\$ 9,934	\$ 61,250	\$ 61,250
Big Brothers/Big sisters	3,062		6,000	0	
Community Bridges - Child Development Division	982	1,004	-	-	
Court-Appointed Special Advocates			-	-	
Encompass Youth Services Counseling	7,750		-	-	
O'Neill Sea Odyssey	3,124		-	-	
Parents Center, Inc.	3,448		7,400	-	
Toddler Care Center	1,325		-	-	
United Way - Community Assessment Project	2,122		5,000	-	
Santa Cruz Museum of Discovery		-	10,000		
Casa of Santa Cruz	1,681		10,000		
Boys and Girls Club of Santa Cruz County	-	-	10,000		
Childcare Center Fee Grant			0	-	
Recreation Programming	-	-	-	-	
TOT Youth Funding Total	\$23,494	\$1,004	\$58,334	\$61,250	\$61,250
Estimated Children's Fund Revenue	\$39,119	\$45,402	\$58,334	\$61,250	\$61,250
Remaining Funds	\$15,625	\$44,398	\$0	\$0	\$0
Beginning Fund Balance	\$8,419	\$24,044	\$68,442	\$68,442	\$68,442
Ending Fund Balance	\$24,044	\$68,442	\$68,442	\$68,442	\$68,442
Total Social Service Program Funding	\$304,540	\$44,654	\$183,334	\$226,200	\$226,200

*Not included in Social Service Program total

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	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
City Council	\$1,517	\$264	\$1,750	\$1,000	\$2,000	\$2,000
City Manager	5,229	2,770	2,700	4,650	5,000	5,000
Finance	4,152	2,463	3,200	3,200	3,050	3,050
Police Department	69,678	77,714	78,500	108,500	85,750	85,750
Public Works	347,596	355,428	374,250	361,750	328,200	335,200
Community Development	1,015	753	1,000	1,025	1,600	1,600
Recreation	55,255	47,837	64,800	53,624	56,200	56,200
Museum	10,892	6,481	9,500	8,500	12,000	12,000
Arts & Culture	4,618	1,001	5,200	5,200	5,700	5,700
Total	\$499,951	\$494,711	\$540,900	\$547,449	\$499,500	\$506,500

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.

	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
City Council	\$21,822	\$16,134	\$19,800	\$23,000	\$27,200	\$27,200
City Manager	5,681	2,002	10,000	10,000	5,000	5,000
Finance	1,961	1,590	3,600	1,500	4,600	4,600
Police	41,020	38,913	52,000	40,000	53,000	53,000
Public Works	2,796	1,255	2,000	1,000	6,000	6,000
Community Development	5,694	579	8,600	5,600	15,700	13,700
Recreation	8,586	3,739	11,499	9,166	12,885	12,885
Museum	-	80	-	127	500	500
Total	\$87,559	\$64,292	\$107,499	\$90,393	\$124,885	\$122,885

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 2022-23 proposed budget provides funding for increased insurance premiums as well as equipment purchases for equipment funded in prior years.

Internal Services	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Stores	\$ 37,250	\$ -	\$ 20,000	\$ 20,000	\$ 27,000	\$ 27,000
Information Technology	247,900	50,000	197,900	197,900	257,500	257,500
Equipment Replacement	177,400	-	100,000	100,000	105,000	60,000
Self-Insurance Liability	403,486	473,021	450,624	450,624	576,500	605,325
Workers' Compensation	310,045	388,191	427,681	427,681	440,000	462,000
Total	\$1,176,081	\$ 911,212	\$1,196,205	\$1,196,205	\$1,406,000	\$1,411,825

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	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Contingency Reserves	\$ 25,000	\$ -	\$ -	\$ -	\$ 131,000	\$ 139,500
Emergency Reserves	30,000	-	-	-	147,300	93,000
Facilities Fund	108,000	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	500,000	-
CIP Capital Projects	1,351,736	-	2,810,066	2,810,066	3,761,203	997,178
Stores ISF	-	30,000	-	-	-	-
Information Technology	-	150,000	-	-	-	-
Equipment Replacement	80,000	200,000	350,000	350,000	-	-
Interfund transfer out Library fi	-	-	-	-	-	-
Compensated Absences	200,000	200,701	220,000	220,000	220,000	220,000
RTC Streets	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
Wharf Fund	-	-	-	-	-	-
Parking Reserve	100,000	100,000	100,000	100,000	100,000	100,000
OPEB Trust Fund	-	-	-	-	-	-
Pacific Cove Lease	40,066	40,066	40,066	40,066	40,066	40,066
Pacific Cove Park	88,616	88,616	88,211	88,211	127,000	87,788
	-	-	-	-	-	-
Total	\$ 2,023,418	\$ 809,383	\$ 3,608,343	\$ 3,608,343	\$ 5,026,569	\$ 1,677,532

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 – 2021/2022

- Addressed the COVID-19 related impacts to the City of Capitola.
- Balanced budget with reduced revenues.
- Provided services, staff, and equipment to ensure public safety and trust.
- Approved projects and programs to maintain and enhance quality of life in Capitola.
- Negotiated successor Memorandums of Understanding with bargaining units.
- City Council and staff participated in unconscious/implicit bias training.

FISCAL YEAR GOALS - 2022/23 and 2023/24

- 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 Measure F projects to renovate the Wharf.

CITY COUNCIL

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-10-10-000						
Revenues						
General Fund	\$ 96,777	\$ 70,537	\$ 96,666	\$ 96,116	\$ 106,564	\$ 107,112
Revenue Total	\$ 96,777	\$ 70,537	\$ 96,666	\$ 96,116	\$ 106,564	\$ 107,112
Expenditures						
Personnel	\$ 35,281	\$ 36,619	\$ 40,930	\$ 40,930	\$ 41,408	\$ 41,570
Contract services	24,820	9,477	20,000	17,000	20,000	20,000
Training & Memberships	21,822	16,134	19,800	23,000	27,200	27,200
Supplies	1,517	264	1,750	1,000	2,000	2,000
Grants and Subsidies	-	-	1,500	1,500	-	-
Internal service fund charges	13,338	8,043	12,686	12,686	15,956	16,342
Expenditure Totals	\$ 96,777	\$ 70,537	\$ 96,666	\$ 96,116	\$ 106,564	\$ 107,112
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 – 2021/22

- 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 – 2022/23 and 2023/24

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	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$191,592	\$185,128	\$280,000	\$ 280,000	\$280,000	\$280,000
Revenue Totals	\$191,592	\$185,128	\$280,000	\$ 280,000	\$280,000	\$280,000
Expenditures						
Outside Legal Services	\$ 37,525	\$ 2,536	\$ 20,000	\$ 10,000	\$ 10,000	\$ 10,000
City Attorney Contract	120,459	143,302	185,000	195,000	210,000	210,000
City Attorney Special Services	33,607	39,290	75,000	75,000	60,000	60,000
Expenditure Totals	\$191,592	\$185,128	\$280,000	\$ 280,000	\$280,000	\$280,000

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 Deputy City Clerk

FISCAL YEAR 2021/22 ACCOMPLISHMENTS

- Addressed the COVID-19 related impacts to the City of Capitola.
- Continued process to digitize and make available public records in electronic formats.
- Implemented new agenda management and meeting video system.
- Advised and informed the City Council on policy and action matters.
- Assisted departments in recruiting and retaining employees.
- Worked to improve risk management and reduce potential liability.
- Worked with franchise waste hauler to establish food scrap collection.

FISCAL YEAR GOALS - 2022/23 and 2023/24

FISCAL POLICY

- Work with Capitola Mall to improve the mall facility.
- Complete review & evaluation of Community Grant Program
- 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 to improve communication capabilities with public.
- Continue efforts to increase transparency, including through the website, public records, and outreach.
- Use dedicated children's fund for youth programming.

PUBLIC IMPROVEMENT

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

CITY MANAGER SUMMARY

City Manager Summary	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Revenue						
General Fund	\$ 1,368,662	\$ 1,100,414	\$ 1,344,874	\$ 1,340,625	\$ 1,396,643	\$ 1,425,741
Licenses and permits	4,728	1,127	-	6,135	4,000	4,000
Revenue Totals	\$ 1,373,390	\$ 1,101,540	\$ 1,344,874	\$ 1,346,760	\$ 1,400,643	\$ 1,429,741
Expenditures						
Personnel	\$ 1,137,674	\$ 901,422	\$ 1,020,606	\$ 1,020,606	\$ 1,087,232	\$ 1,128,292
Contract services	112,372	131,329	206,825	206,761	171,200	156,200
Training & Memberships	5,681	2,002	10,000	10,000	5,000	5,000
Supplies	5,229	2,770	2,700	4,650	5,000	5,000
Internal service fund charges	112,435	64,016	104,743	104,743	132,211	135,249
Expenditure Totals	\$ 1,373,391	\$ 1,101,539	\$ 1,344,874	\$ 1,346,760	\$ 1,400,643	\$ 1,429,740
Authorized Positions						
	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 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	0.50	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	0.75	0.75	0.75	1.00
Information System Specialist	1.00	1.00	0.50	0.50	0.50	0.50
Records Coordinator	-	-	-	-	-	1.00
Receptionist	-	-	-	-	1.00	1.00
FTE Total	5.00	5.00	4.75	4.75	5.75	7.50

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

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
1000-10-11-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$1,001,406	\$ 805,312	\$ 941,586	\$ 935,451	\$ 953,942	\$ 970,279
Licenses and permits	4,728	1,127	-	6,135	4,000	4,000
Revenue Totals	\$1,006,134	\$ 806,438	\$ 941,586	\$ 941,586	\$ 957,942	\$ 974,279
Expenditures						
Personnel	\$ 827,948	\$ 678,526	\$ 693,410	\$ 693,410	\$ 724,290	\$ 753,261
Contract services	70,047	71,784	144,700	144,700	109,950	94,950
Training & Memberships	5,681	2,002	10,000	10,000	5,000	5,000
Supplies	1,677	1,564	1,200	1,200	2,000	2,000
Internal service fund charges	100,782	52,562	92,276	92,276	116,703	119,067
Expenditure Totals	\$1,006,134	\$ 806,438	\$ 941,586	\$ 941,586	\$ 957,942	\$ 974,279
Authorized Positions						
	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	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	0.50	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	-	-	-	-	-	1.00
Receptionist	-	-	-	-	1.00	1.00
FTE Total	4.30	4.30	3.30	3.30	4.30	5.80

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

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
1000-10-12-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$367,256	\$295,102	\$403,288	\$ 405,174	\$442,701	\$455,462
Revenue Totals	\$367,256	\$295,102	\$403,288	\$ 405,174	\$442,701	\$455,462
Expenditures						
Personnel	\$309,726	\$222,896	\$327,196	\$ 327,196	\$362,943	\$375,030
Contract services	42,325	59,545	62,125	62,061	61,250	61,250
Training & Memberships	-	-	-	-	-	-
Supplies	3,552	1,206	1,500	3,450	3,000	3,000
Internal service fund charges	11,653	11,454	12,467	12,467	15,508	16,181
Expenditure Totals	\$367,256	\$295,102	\$403,288	\$ 405,174	\$442,701	\$455,462
Authorized Positions						
	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	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	0.75	0.75	0.75	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	1.45	1.45	1.45	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 – 2021-22

- 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
- Provided support for the Successor Agency wind-down

FISCAL YEAR GOALS – 2022-23 and 2023-24

- Prepare and maintain a balanced budget
- Plan for and meet future PERS increases
- Continue monitoring fiscal impacts related to COVID-19
- Complete wind-down for the Successor Agency
- 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	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 495,793	\$ 350,047	\$ 501,632	\$ 479,432	\$ 535,293	\$ 561,440
Licenses & Permits	324,619	291,590	298,700	315,000	304,000	307,000
Intergovernmental	6,032	5,995	5,700	5,700	5,700	6,200
Use of money & property	7,817	6,559	9,200	7,000	8,500	8,500
Other revenue	3,161	2,520	2,000	2,000	2,500	2,500
Revenue Totals	\$ 837,422	\$ 656,712	\$ 817,232	\$ 809,132	\$ 855,993	\$ 885,640

Expenditures						
Personnel	\$ 567,666	\$ 462,376	\$ 540,133	\$ 540,133	\$ 575,775	\$ 598,806
Contract services	195,933	145,863	205,250	199,250	190,750	195,100
Training & Memberships	1,961	1,590	3,600	1,500	4,600	4,600
Supplies	4,152	2,463	3,200	3,200	3,050	3,050
Internal service fund charges	67,710	44,420	65,049	65,049	81,818	84,083
Expenditure Totals	\$ 837,422	\$ 656,712	\$ 817,232	\$ 809,132	\$ 855,993	\$ 885,640

Authorized Positions	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	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	1.00	1.00	1.00
Accountant II	-	-	-	-	-	-
Accountant I	1.00	-	-	-	-	0.75
Accounts Clerk	0.75	1.00	1.00	1.00	1.00	1.00
Account Technician	-	-	-	-	-	-
FTE Total	3.75	3.00	3.00	3.00	3.00	3.75

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 – 2021-22

- Replaced two patrol vehicles
- Records Management System (RMS) has projected a go-live date in May/June 2022. This extensive RMS project will improve county-wide interoperability and information sharing.
- Participated in the 2021 Santa Cruz County Criminal Justice Council Report related to the regional public safety agency policy review and analysis.
- Returned training budget to the pre-pandemic levels

FISCAL YEAR GOALS – 2022-23 and 2023-24

- Return to pre-pandemic staffing levels in Records and Operations
- Apply for a two-year Alcohol Beverage Control Grant
- Examine Online Police Reporting System
- Examine Wellness programs to support all staff
- Recover from COVID impacts with the re-introduction of in-person meetings and face-to-face community engagement efforts
- Replace outdated radar trailer with Radar/Message Board
- Organize Special Event applications and processes
- Continue to seek grant funding for technology and policing services with public works.
- Receive a private donation to offset the police canine program for FY2022/23.

POLICE SUMMARY

Police Department Summary	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Revenue						
General Fund	\$ 6,417,445	\$ 5,953,160	\$ 7,031,679	\$ 7,063,619	\$ 7,283,005	\$ 7,551,897
Licenses and permits	40,978	43,105	41,100	41,100	43,150	43,150
Intergovernmental revenues	67,370	49,249	60,000	60,000	60,000	60,000
Charges for services	34,143	16,835	22,875	22,875	22,875	22,875
Fines and forfeitures	519,754	494,772	517,000	500,000	592,000	592,000
Other revenues	9,768	27,014	-	592	-	-
Revenue Totals	\$ 7,089,458	\$ 6,584,135	\$ 7,672,654	\$ 7,688,186	\$ 8,001,030	\$ 8,269,922

Expenditures						
Personnel	\$5,111,480	\$4,738,223	\$5,660,582	\$5,660,582	\$5,878,918	\$6,112,875
Contract services	1,224,011	1,147,415	1,176,248	1,173,780	1,171,640	1,174,055
Training & Memberships	41,020	38,913	52,000	40,000	53,000	53,000
Supplies	69,678	77,714	78,500	108,500	85,750	85,750
Internal service fund charges	643,270	581,869	705,324	705,324	811,723	844,244
Expenditure Totals	\$ 7,089,459	\$ 6,584,135	\$ 7,672,654	\$ 7,688,186	\$ 8,001,031	\$ 8,269,923

Authorized Positions	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 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	1.00	1.00
Police Sergeant	5.00	5.00	5.00	5.00	5.00	5.00
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	0.50	0.50	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
FTE Total	30.50	30.50	31.00	31.00	31.00	31.50

LAW ENFORCEMENT

POLICE

LAW ENFORCEMENT

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
1000-20-20-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 6,084,776	\$ 5,713,387	\$ 6,662,713	\$ 6,772,121	\$ 7,051,963	\$ 7,306,211
Licenses and permits	40,978	43,105	41,100	41,100	43,150	43,150
Intergovernmental revenues	67,370	49,249	60,000	60,000	60,000	60,000
Charges for services	34,143	16,835	22,875	22,875	22,875	22,875
Fines and forfeitures	134,421	56,857	142,000	50,000	142,000	142,000
Other revenues	9,768	27,014	-	592	-	-
Revenue Totals	\$ 6,371,456	\$ 5,906,446	\$ 6,928,688	\$ 6,946,688	\$ 7,319,988	\$ 7,574,236
Expenditure Totals						
Personnel	\$ 4,878,074	\$ 4,535,797	\$ 5,403,042	\$ 5,403,042	\$ 5,608,784	\$ 5,832,136
Contract services	777,213	711,560	727,425	727,425	806,148	806,148
Training & Memberships	41,020	38,913	52,000	40,000	53,000	53,000
Supplies	62,608	69,440	70,000	100,000	76,250	76,250
Internal service fund charges	612,541	550,736	676,221	676,221	775,806	806,703
Expenditure Totals	\$ 6,371,456	\$ 5,906,446	\$ 6,928,688	\$ 6,946,688	\$ 7,319,988	\$ 7,574,236

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
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	1.00	1.00
Police Sergeant	5.00	5.00	5.00	5.00	5.00	5.00
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	0.50	0.50	1.00
Records Technician	1.75	1.75	1.75	1.75	1.75	1.75
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
FTE Total	28.50	28.50	28.00	28.00	28.00	28.50

PARKING ENFORCEMENT

POLICE

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2021/22

- Improved collection, maintenance, and repair processes
- Hired new Parking Enforcement Officer. Staffing returned to the historical numbers of three PEOs.

FISCAL YEAR GOALS – 2022/23 and 2023/24

- Expand parking enforcement profile into neighborhoods
- Convert a police vehicle into a parking enforcement vehicle
- Implement bike patrol for PEOs
- Utilize volunteers as parking ambassadors throughout the Village

PARKING ENFORCEMENT

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-20-21-000						
Revenue						
General Fund	\$ 183,813	\$ 80,784	\$ 196,713	\$ 121,713	\$ 149,463	\$ 161,638
Fines and forfeitures	385,333	437,916	375,000	450,000	450,000	450,000
Revenue Totals	\$ 569,146	\$ 518,700	\$ 571,713	\$ 571,713	\$ 599,463	\$ 611,638
Expenditures						
Personnel	\$ 233,406	\$ 202,426	\$ 257,540	\$ 257,540	\$ 270,133	\$ 280,739
Contract services	302,796	281,505	277,500	277,500	285,000	285,000
Supplies	7,065	8,275	8,500	8,500	9,500	9,500
Internal service fund charges	25,879	26,495	28,173	28,173	34,830	36,399
Expenditure Totals	\$ 569,146	\$ 518,700	\$ 571,713	\$ 571,713	\$ 599,463	\$ 611,638
Authorized Positions						
	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	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
Seasonal Parking Enforcement Officer Hours	990	990	-	-	-	-

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	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 70,098	\$ 70,576	\$ 77,253	\$ 74,785	\$ 81,579	\$ 84,048
Charges for services	-	-	-	-	-	-
Revenue Totals	\$ 70,098	\$ 70,576	\$ 77,253	\$ 74,785	\$ 81,579	\$ 84,048
Expenditures						
Contract services	\$ 69,337	\$ 69,684	\$ 76,323	\$ 73,855	\$ 80,492	\$ 82,907
Supplies	-	-	-	-	-	-
Internal service fund charges	761	892	930	930	1,087	1,142
Expenditure Totals	\$ 70,098	\$ 70,576	\$ 77,253	\$ 74,785	\$ 81,579	\$ 84,048

PUBLIC WORKS SUMMARY

MISSION STATEMENT

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

DEPARTMENT PURPOSE

The Public Works Department is composed of two division: Operations which has responsibilities for maintaining streets, parks, facilities, including Capitola Wharf, and the city fleet and equipment. Engineering and Administration is responsible for implementing a Capital Improvement Program, budgeting, permitting and overall administration of programs for the Department. including stormwater pollution prevention and pavement management.

KEY CHANGES

Operationally the department continued to function as always. Two new maintenance workers were hired to fill vacancies.

FISCAL YEAR ACCOMPLISHMENTS – 2021-22

- Completed construction of new library building
- Started construction of traffic signal control system on 41st Avenue
- Completed Phase 1 of the wharf improvement projects
- Completed repairs to Rispin-Peery ped/bike bridge
- Completed road repair project and began resurfacing phase

FISCAL YEAR GOALS – 2022-23 and 2023-24

PUBLIC IMPROVEMENT

- Award construction contract for the Wharf Rehabilitation Project
- Prepare a detailed 5-year Pavement Management program
- Complete improvements on Clares Street
- Complete Rispin Park Improvements
- Continue to move funded CIP projects toward completion

PUBLIC WORKS SUMMARY

Public Works Summary	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Revenue						
General Fund	\$ 2,586,911	\$ 2,396,530	\$ 2,839,153	\$ 2,830,955	\$ 3,802,280	\$ 3,248,305
Licenses and permits	37,367	32,429	30,000	30,000	30,000	32,000
Charges for services	8,250	5,457	4,000	4,198	5,000	5,000
Other revenues	47,668	24,117	4,000	4,000	7,500	8,000
Revenue Totals	\$ 2,680,196	\$ 2,458,533	\$ 2,877,153	\$ 2,869,153	\$ 3,844,780	\$ 3,293,305
Expenditures						
Personnel	\$ 1,540,874	\$ 1,544,389	\$ 1,676,502	\$ 1,676,502	\$ 1,904,196	\$ 1,978,749
Contract services	581,771	439,344	649,600	654,100	1,452,550	812,550
Training & Memberships	2,796	1,255	2,000	1,000	6,000	6,000
Supplies	347,596	355,428	374,250	361,750	328,200	335,200
Internal service fund charges	207,160	118,117	174,801	174,801	153,835	160,805
Expenditure Totals	\$ 2,680,197	\$ 2,458,533	\$ 2,877,153	\$ 2,868,153	\$ 3,844,780	\$ 3,293,305
Authorized Positions						
	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 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

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

STREETS

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
1000-30-30-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 1,447,467	\$ 1,289,529	\$ 1,614,743	\$ 1,613,743	\$ 2,242,895	\$ 2,002,808
Licenses and permits	37,367	32,429	30,000	30,000	30,000	32,000
Charges for services	6,910	3,000	3,000	3,000	3,000	3,000
Other revenues	44,368	20,417	4,000	4,000	7,500	8,000
Revenue Totals	\$ 1,536,112	\$ 1,345,375	\$ 1,651,743	\$ 1,650,743	\$ 2,283,395	\$ 2,045,808
Expenditures						
Personnel	\$ 1,054,202	\$ 1,105,337	\$ 1,241,016	\$ 1,241,016	\$ 1,439,180	\$ 1,496,148
Contract services	252,826	84,504	215,600	\$ 215,600	660,000	354,500
Training & Memberships	2,056	1,155	2,000	1,000	2,500	2,500
Supplies	71,119	87,263	70,500	70,500	92,500	99,500
Internal service fund charges	155,909	67,115	122,627	122,627	89,215	93,160
Expenditure Totals	\$ 1,536,112	\$ 1,345,375	\$ 1,651,743	\$ 1,650,743	\$ 2,283,395	\$ 2,045,808
Authorized Positions						
	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	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
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	10.00	10.50	11.00	11.00	12.00	12.00

STORMWATER

PUBLIC WORKS

MISSION STATEMENT

The Public Works Stormwater Pollution Prevention and Protection Program implements regulations and inspections to control the discharge of pollutants into the stormwater system, sensitive creek habitats, and the Monterey Bay.

DIVISION PURPOSE

The Stormwater Pollution Prevention and Protection Program ensures compliance with the provisions of the California State Water Resources Control Board's National Pollution and Discharge Elimination System(NPDES) General Permit.

STORM WATER

1000-30-30-301	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 119,282	\$ 99,092	\$ 144,181	\$ 143,983	\$ 138,416	\$ 141,219
Charges for services	1,340	2,457	1,000	1,198	2,000	2,000
Revenue Totals	\$ 120,622	\$ 101,549	\$ 145,181	\$ 145,181	\$ 140,416	\$ 143,219
Expenditures						
Personnel	\$ 85,116	\$ 73,255	\$ 83,681	\$ 83,681	\$ 93,416	\$ 96,219
Contract services	35,506	28,294	61,500	61,500	47,000	47,000
Training & Memberships	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Internal service fund charges	-	-	-	-	-	-
Expenditure Totals	\$ 120,622	\$ 101,549	\$ 145,181	\$ 145,181	\$ 140,416	\$ 143,219

FACILITIES

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

FACILITIES

1000-30-31-xxx	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$199,735	\$224,611	\$292,475	\$ 292,475	\$560,339	\$226,406
Other revenues	3,300	3,700	-	-	-	-
Revenue Totals	\$203,035	\$228,311	\$292,475	\$ 292,475	\$560,339	\$226,406
Expenditures						
Contract services	\$110,518	\$128,645	\$190,500	\$ 190,500	\$532,550	\$198,050
Supplies	83,188	90,075	92,000	92,000	15,000	15,000
Internal service fund charges	9,329	9,591	9,975	9,975	12,789	13,356
Expenditure Totals	\$203,035	\$228,311	\$292,475	\$ 292,475	\$560,339	\$226,406

FLEET

PUBLIC WORKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

FLEET

1000-30-32-000	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Revenues						
General Fund	\$383,065	\$372,716	\$281,713	\$274,713	\$319,233	\$324,427
Other revenues	-	-	-	-	-	-
Revenue Totals	\$383,065	\$372,716	\$281,713	\$274,713	\$319,233	\$324,427
Expenditures						
Personnel	\$201,095	\$202,566	\$102,917	\$102,917	\$109,323	\$113,656
Contract services	948	7,299	2,500	7,000	7,500	7,500
Training & Memberships	-	-	-	1,000	1,000	1,000
Supplies	164,068	148,618	162,500	150,000	184,200	184,200
Internal service fund	16,954	14,233	13,796	13,796	17,210	18,071
Expenditure Totals	\$383,065	\$372,716	\$281,713	\$274,713	\$319,233	\$324,427
Authorized Positions						
Mechanic/Sr. Mechanic	1.50	1.50	1.50	1.50	1.00	1.00
FTE Total	1.50	1.50	1.50	1.50	1.00	1.00

PARKS

MISSION STATEMENT

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

DEPARTMENT PURPOSE

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

KEY CHANGES

Maintaining the status quo.

PARKS

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
1000-30-33-xxx	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 437,362	\$ 410,582	\$ 506,041	\$ 506,041	\$ 541,397	\$ 553,445
Revenue Totals	\$ 437,362	\$ 410,582	\$ 506,041	\$ 506,041	\$ 541,397	\$ 553,445
Expenditures						
Personnel	\$ 200,461	\$ 163,231	\$ 248,888	\$ 248,888	\$ 262,276	\$ 272,727
Contract services	181,972	190,602	179,500	179,500	205,500	205,500
Training & Memberships	740	100	-	-	2,500	2,500
Supplies	29,220	29,472	49,250	49,250	36,500	36,500
Internal service fund charges	24,968	27,178	28,403	28,403	34,621	36,218
Expenditure Totals	\$ 437,362	\$ 410,582	\$ 506,041	\$ 506,041	\$ 541,397	\$ 553,445
Authorized Positions						
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 the General Plan, Local Coastal Program, zoning ordinance, and other regulations. The Department's key functions include review of land development applications, application of the California Environmental Quality Act, maintenance of the General Plan, Housing Element, Local Coastal Program, building plan check and inspection services, building and zoning code compliance, ordinance and policy development, and implementation of affordable housing and CDBG programs. The Department provides staff support to the City Council, Planning Commission, and the Design and Development Review Committee.

KEY CHANGES

During the past fiscal year, the department hired a Development Service Technician. In response to the coronavirus epidemic, this position was frozen since 2020. The Development Service Technician assists the building department and provide administrative services for the City's housing program. Also, the Senior Planner and Building Inspector vacancies was filled.

FISCAL YEAR ACCOMPLISHMENTS – FY 2021-22 Highlights

- 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.
- Drafted a permanent outdoor dining ordinance to allow dining in the Village within 25 public parking spaces and on sidewalks.
- Launched the SB2 grant scope to accelerate housing production through objective planning standards and preapproved prototype Accessory Dwelling Units (ADU).
- Completed the LEAP grant scope to update the City's Inclusionary Housing Ordinance and complete a Nexus Study for affordable housing impact fees.
- Participated on Regional Bikeshare Selection Committee and Contract Implementation.
- 127 planning permit applications submitted, July 1, 2021, through April 19, 2022.
- Issued 337 building permits/total valuation of just over \$9 million, July 1, 2021 through April 19, 2022.

FISCAL YEAR GOALS – 2022-23 and 2023-24

- Guide application for hotel at 720 Hill Street from entitlement permits through construction.
- Continue to work with the mall owner on redevelopment of the Capitola Mall.
- Continue to administer CARES act relief to local non-profit organization.
- Administer 2021 CDBG Grant funding for local non-profit food assistance.
- Launch outdoor dining program for eating and drinking establishments in the Central Village.
- Certify SB9 Ordinance within the Coastal Zone
- Certify Objective Standards for Multifamily Residential Ordinance in the Coastal Zone.
- Launch 6th Cycle Housing Element Update.
- Launch Regional Bikeshare Program.
- 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

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
Community Development	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 311,853	\$ 255,411	\$ 575,032	\$ 455,832	\$ 468,252	\$ 401,334
Licenses and permits	255,660	284,435	261,750	257,000	258,000	258,000
Charges for services	344,917	227,126	278,500	262,900	296,500	301,500
Fines and forfeitures	100	800	-	-	-	-
Revenue Totals	\$ 912,531	\$ 767,773	\$ 1,115,282	\$ 975,732	\$ 1,022,752	\$ 960,834

Expenditures

Personnel	\$ 709,623	\$ 693,037	\$ 725,383	\$ 725,408	\$ 813,953	\$ 846,391
Contract services	133,004	34,768	323,600	187,000	120,000	25,500
Training & Memberships	5,694	579	8,600	5,600	15,700	13,700
Supplies	1,015	753	1,000	1,025	1,600	1,600
Internal service charges	63,196	38,636	56,699	56,699	71,500	73,643
Expenditure Totals	\$ 912,532	\$ 767,773	\$ 1,115,282	\$ 975,732	\$ 1,022,752	\$ 960,834

	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
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	0.50	0.50	0.50	1.00
FTE Total	6.00	5.50	5.50	5.50	5.50	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 and City-staffed programs such as Junior Lifeguards, Camp Capitola, and Adult Sports Leagues, as well as over 500 classes offered by contracted instructors. The department 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. The Recreation Program provides 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. The City will continue to contract with Central Fire District during this transition.

FISCAL YEAR ACCOMPLISHMENTS – 2021/22

- Negotiated a 2-year extension with SCFD to provide lifeguard services through October 2022.
- Contracted with Central Fire District to provide testing and training services that meet or exceed USLA standard thought June 2022.
- In partnership with SUESD provided "Afterschool Rec Club at New Brighton Middle School" and expanded to elementary students providing transportation from Soquel and Main St Elementary.
- Brought back in-person Adult & Youth Classes at the Community Center which ceased due to the pandemic.
- Capitola's Food Truck Fridays in Monterey Park.
- Winter Movie Series at the Community Center, which incorporated a Halloween Event and Costume Contest in partnership with Capitola-Soquel Chamber of Commerce.

FISCAL YEAR GOALS – 2022/23

- Continue to work with other departments and agencies to improve beach safety.
- Continue the development of a City operated Lifeguard program in collaboration with agency partners, Central Fire District and Santa Cruz Fire Department.
- Take necessary steps with Central Fire District to become a USLA Certified Agency.
- Expand Camp Capitola age limits and provide "Lil' Campers" offered to 4 & 5 year old's.
- Update operational policies to improve Junior Guard/Lifeguard staff recruitment and retention.
- Further develop county recreation agency partnerships to provide regional programs, Park Rx, Family Camp and other programs.

RECREATION

Recreation Summary 1000-50-50-xxx	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Revenue						
General Fund	\$ 510,771	\$ 377,561	\$ 523,833	\$ 527,560	\$ 536,566	\$ 523,044
Recreation Classes	\$ 214,328	\$ 79,284	\$ 150,000	\$ 146,877	\$ 220,000	\$ 220,000
Capitola Junior Guards	159,619	84,841	197,757	197,518	302,555	302,555
OST Program	-	280,397	74,825	17,386	-	-
Sports	18,768	10,053	23,000	18,484	25,000	25,000
Camp Capitola	99,558	104,706	117,840	117,840	179,775	179,775
Afterschool Program	29,841	-	71,080	73,539	109,276	109,276
Events	-	(157)	46,345	6,900	8,200	8,200
Total Charges for Svcs.	\$ 522,114	\$ 559,125	\$ 680,847	\$ 578,545	\$ 844,806	\$ 844,806
Use of money & property	\$ 4,334	\$ -	\$ 6,000	\$ 6,371	\$ 8,000	\$ 8,000
Revenue Totals	\$1,037,219	\$ 936,686	\$1,210,680	\$1,112,476	\$1,389,372	\$1,375,850
Expenditures						
Personnel	\$604,323	\$709,083	\$777,463	\$713,760	\$939,659	\$968,179
Contract services	304,986	123,168	289,217	268,225	253,037	253,037
Training & Memberships	8,586	3,739	11,499	9,166	12,885	12,885
Supplies	55,255	47,837	64,800	53,624	56,200	56,200
Internal service fund charges	64,069	52,859	67,701	67,701	127,591	85,549
Expenditure Totals	\$1,037,219	\$ 936,686	\$1,210,680	\$1,112,476	\$1,389,372	\$1,375,850
Authorized Positions						
	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Recreation Division Manager	1.00	1.00	1.00	1.00	1.00	1.00
Recreation Coordinator	1.50	0.75	1.50	1.50	2.30	2.30
Recreation Assistant	2.00	2.00	2.00	2.00	2.00	2.00
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	5.00	4.25	5.00	5.00	5.80	5.80
Hourly Allocation						
Beach Lifeguard Captain	720			-	-	-
Jr. Lifeguard Instructor	8,200	7,200	7,200	7,200	7,536	7,536
Jr. Lifeguard Coordinator	800	1,200	1,200	1,200	-	-
Jr. Lifeguard Asst. Coordinator	-	-	-	-	400	400
Recreation Leader I	2,500				3,855	3,855
Recreation Leader II	-	4,800	4,800	4,800	3,614	3,614
Recreation Coordinator	400	1,200	1,200	1,200	-	-
Recreation Asst. Coordinator	400	500	500	500	1,039	1,039
Youth Program Coordinator	-	720	720	720	-	-
Youth Program Leader	-	2,880	2,880	2,880	-	-
Recreation Admin Temps	2,400	1,560	1,560	1,560	-	-
Sports Scorekeepers	900	900	900	900	900	900
Recreation Facilities Assistant	-	-	-	-	280	280
Hours Total	16,320	20,960	20,960	20,960	17,624	17,624

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 – 2021/22

- Continued the exhibition “Capitola – Then & Now” until December 2021
- Installed exhibition “Perspectives – Capitola in the Eye of the Beholder” and hosted reception.
- Included new painting by local artist Ann Thiermann depicting Indigenous people fishing and foraging for sea life at Capitola Beach and Lagoon in new exhibit.
- Published three issues of the museum’s newsletter, *Capitola Sunset*
- Provided weekly historic images and captions for the Santa Cruz Sentinel’s “Focal Point” feature and began participation of other local history museums in the feature.
- Created a “Museum Collections” section of the Museum website including posting 360-degree images of some artifacts
- Upgraded and improved museum physical storage space
- Began rotating exhibits at the Capitola Library
- Formalized the Museum’s Image Reproduction and Research Policy
- Continued to write articles on museum activities for local newspapers
- Continued to give Capitola history lectures for special Zoom sessions and participated in on and off-site events with display tables
- Co-hosted 2022 Museum Advocacy Day event for Santa Cruz County
- Posted regularly to the Capitola Museum Facebook page and updated Museum website
- Completed the transcription of Helen Benbow letters
- Updated the Volunteer brochure and continued to outreach for new volunteers. Created training video for current exhibit.

FISCAL YEAR GOALS - 2022/23

- Develop and install a new annual exhibition
- Continue to improve community outreach to increase number of Museum volunteers
- Continue providing Capitola history lectures and participate in on and off-site special events
- Start new costumed history walks
- Create accession files and catalog new collection artifacts
- Initiate a volunteer project to identify historic photographs
- Continue to install rotating exhibits at the Capitola Library
- Continue to post regularly to the Capitola Museum Facebook page and Museum website
- Add interviews to the Capitola Memories Project and other content to the YouTube channel
- Initiate contact with local school systems to begin developing school programs
- 75th Anniversary of City Incorporation in 2024
- 100th Anniversary of Venetians in 2024
- 150th Anniversary of Camp Capitola in 2024

MUSEUM

Capitola Museum 1000-50-51-000	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 60,055	\$ 54,735	\$ 59,950	\$ 55,382	\$ 59,616	\$ 61,423
Other revenues	6,509	4,183	2,500	6,695	7,000	7,000
Revenue Totals	\$ 66,564	\$ 58,918	\$ 62,450	\$ 62,077	\$ 66,616	\$ 68,423
Expenditures						
Personnel	\$41,211	\$41,621	\$40,719	\$40,719	\$40,117	\$41,722
Contract services	9,260	6,891	7,000	7,500	7,500	7,500
Training & Memberships	-	80	-	127	500	500
Supplies	10,892	6,481	9,500	8,500	12,000	12,000
Internal service fund charges	5,202	3,845	5,231	5,231	6,499	6,701
Expenditure Totals	\$ 66,564	\$ 58,918	\$ 62,450	\$ 62,077	\$ 66,616	\$ 68,423
Authorized Positions	FY19/20	FY20/21	FY 21/22	FY21/22	FY22/23	FY23/24
	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

CULTURE & LEISURE

MISSION

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

DEPARTMENT PURPOSE

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

FISCAL YEAR ACCOMPLISHMENTS – 2021/22

- Summer Twilight Concerts at Esplanade Park returned after year off.
- 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 - 2022/23 and 2023/24

- Return to full summer event schedule.
- Continue to look at public art opportunities.

ART & CULTURE

Art & Cultural Commission 1000-50-52-000	FY19/20 Actual	FY20/21 Actual	FY 21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Revenue						
General Fund	\$ 25,709	\$ 29,260	\$ 10,463	\$ 16,521	\$ 28,504	\$ 29,213
Other revenues	23,413	-	32,900	30,600	29,500	29,500
Revenue Totals	\$ 49,122	\$ 29,260	\$ 43,363	\$ 47,121	\$ 58,004	\$ 58,713
Expenditures						
Personnel	\$12,924	\$1,124	\$8,242	\$12,000	\$17,935	\$18,473
Contract services	27,789	1,012	25,950	25,950	29,500	29,500
Supplies	4,618	1,001	5,200	5,200	5,700	5,700
Internal service fund charges	3,790	3,153	3,971	3,971	4,868	5,040
Expenditure Totals	\$ 49,122	\$ 6,290	\$ 43,363	\$ 47,121	\$ 58,004	\$ 58,713
<u>Hourly Employee Allocation</u>						
Hours	503	516	480	480	270	480

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

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

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

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

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

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

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

STORES FUND

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

SOURCES AND USES						
Fund - 2210	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 46,576	\$ 60,721	\$ 69,116	\$ 69,116	\$ 69,126	\$ 69,126
Revenue						
Other Revenues	\$ 90	\$ -	\$ -	\$ 10	\$ -	\$ -
Internal Service Charges	37,250	-	20,000	20,000	27,000	27,000
General Fund Transfers	-	30,000	-	-	-	-
Revenue Totals	\$37,340	\$30,000	\$ 20,000	\$ 20,010	\$ 27,000	\$ 27,000
Expenditures						
Contract Services	\$ 5,869	\$ 6,200	\$ 6,000	\$ 6,000	\$ 6,500	\$ 6,500
Supplies	17,326	15,406	14,000	14,000	20,500	20,500
Expenditure Totals	\$23,195	\$21,606	\$ 20,000	\$ 20,000	\$ 27,000	\$ 27,000
Fund Balance at 06/30	\$60,721	\$69,116	\$ 69,116	\$ 69,126	\$ 69,126	\$ 69,126

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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 199,411	\$ 292,300	\$ 327,920	\$ 327,920	\$ 317,920	\$ 321,920
Revenue						
Other Revenues	\$ 3,468	\$ 3,718	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Internal Service Charges	247,900	50,000	197,900	197,900	257,500	257,500
Other Financing Sources	-	150,000	-	-	-	-
Revenue Totals	\$251,368	\$203,718	\$201,900	\$201,900	\$ 261,500	\$ 261,500
Expenditures						
Contract Services	\$ 75,704	\$ 86,661	\$ 115,400	\$ 115,400	\$ 170,000	\$ 170,000
Training & Memberships	130	130	-	-	-	-
Supplies	82,645	71,649	86,500	86,500	77,500	77,500
Capital Outlay	-	9,658	10,000	10,000	10,000	10,000
Expenditure Totals	\$158,479	\$168,098	\$211,900	\$211,900	\$ 257,500	\$ 257,500
Fund Balance at 06/30	\$292,300	\$327,920	\$317,920	\$317,920	\$ 321,920	\$ 325,920

EQUIPMENT REPLACEMENT FUND

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

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

FY 2022-23 CAPITAL OUTLAY

Lifeguard Tower - Recreation	\$ 45,000
Motorcycle - PD	42,000
Speed Sign - PD	<u>18,000</u>
	\$ 105,000

SOURCES AND USES

Fund - 2212	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 387,376	\$ 478,833	\$ 683,833	\$ 683,833	\$ 853,833	\$ 408,833
Revenue						
Other revenues	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	177,400	-	100,000	100,000	105,000	60,000
Other Financing Sources	81,950	200,000	311,000	311,000	-	-
Revenue Totals	<u>259,350</u>	<u>205,000</u>	<u>411,000</u>	<u>411,000</u>	<u>105,000</u>	<u>60,000</u>
Expenditures						
Capital Outlay	\$ 167,893	\$ -	\$ 286,000	\$ 241,000	\$ 550,000	\$ 105,000
Expenditure Totals	<u>\$ 167,893</u>	<u>\$ -</u>	<u>\$ 286,000</u>	<u>\$ 241,000</u>	<u>\$ 550,000</u>	<u>\$ 105,000</u>
Fund Balance at 06/30	\$ 478,833	\$ 683,833	\$ 808,833	\$ 853,833	\$ 408,833	\$ 363,833

SELF-INSURANCE LIABILITY FUND

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

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

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

SOURCES AND USES

Fund - 2213	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 153,890	\$ 103,092	\$ 126,440	\$ 126,440	\$ 33,526	\$ 33,526
Revenue						
Other Revenue	\$ 54,832	\$ 18,083	\$ 48,280	\$ -	\$ -	\$ -
Internal Service Charges	403,486	473,021	450,624	450,624	576,500	605,325
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$458,318	\$491,104	\$498,904	\$ 450,624	\$ 576,500	\$ 605,325
Expenditures						
Contract Services	\$509,116	\$467,756	\$450,544	\$ 543,538	\$ 576,500	\$ 605,325
Expenditure Totals	\$509,116	\$467,756	\$450,544	\$ 543,538	\$ 576,500	\$ 605,325
Fund Balance at 06/30	\$ 103,092	\$ 126,440	\$ 174,800	\$ 33,526	\$ 33,526	\$ 33,526

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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 231,641	\$ 318,798	\$ 318,800	\$ 318,800	\$ 367,080	\$ 367,080
Revenue						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$ 310,045	\$ 388,191	\$ 427,681	\$ 427,681	\$ 440,000	\$ 462,000
Revenue Totals	\$ 310,045	\$ 388,191	\$ 427,681	\$ 427,681	\$ 440,000	\$ 462,000
Expenditures						
Contract Services	\$ 222,888	\$ 388,189	\$ 427,681	\$ 379,401	\$ 440,000	\$ 462,000
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	\$ 222,888	\$ 388,189	\$ 427,681	\$ 379,401	\$ 440,000	\$ 462,000
Fund Balance at 06/30	\$ 318,798	\$ 318,800	\$ 318,800	\$ 367,080	\$ 367,080	\$ 367,080

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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ (55,701)	\$ 144,299	\$ 263,856	\$ 263,856	\$ 183,856	\$ 183,856
Revenue						
Other financing sources	\$ 200,000	\$ 200,701	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000
Revenue Totals	\$ 200,000	\$ 200,701	\$ 220,000	\$ 220,000	\$ 220,000	\$ 220,000
Expenditures						
Personnel	\$ -	\$ 81,144	\$ 220,000	\$ 300,000	\$ 220,000	\$ 220,000
Expenditure Totals	\$ -	\$ 81,144	\$ 220,000	\$ 300,000	\$ 220,000	\$ 220,000
Fund Balance at 06/30	\$ 144,299	\$ 263,856	\$ 263,856	\$ 183,856	\$ 183,856	\$ 183,856

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 Capitola Branch Library has been planned for many years. The City began construction in the fall of 2018 and anticipates completing the project in the spring of 2020.

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

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

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

SUPPLEMENTAL LAW ENFORCEMENT SERVICES

POLICE

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

The City purchased new police vehicles in FY 2016/17, FY 2017/18, and FY 2018-19. In addition to front line equipment, in FY 2020-21 the Police Department transferred \$25,000 to the Equipment Fund to pay for a portion of the Police Communications Radio Tower relocation and \$65,000 to purchase new radios.

SOURCES AND USES

Fund - 1300 SLESF	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 16,594	\$ 71,562	\$ 99,060	\$ 99,060	\$118,460	\$121,360
Revenue						
Intergovernmental revenues	\$100,000	\$119,042	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	667	399	400	400	400	400
Other revenues	-	-	-	-	-	-
Revenue Totals	\$100,667	\$119,441	\$100,400	\$ 100,400	\$100,400	\$100,400
Expenditures						
Contract services	\$ 2,089	\$ 1,446	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Supplies	43,609	75,652	75,000	55,000	55,000	55,000
Capital outlay	-	14,845	12,500	12,500	40,000	40,000
Other financing uses	-	-	11,000	11,000	-	-
Expenditure Totals	\$ 45,698	\$ 91,943	\$101,000	\$ 81,000	\$ 97,500	\$ 97,500
Fund Balance at 06/30	\$ 71,562	\$ 99,060	\$ 98,460	\$ 118,460	\$121,360	\$124,260

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 receive and distribute the 0.40% of restricted TOT revenues for local business groups and the 0.35% of restricted TOT revenue dedicated to early childhood and youth programming.

SOURCES AND USES

Fund - 1305	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
TOT Restricted Revenue	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 8,419	\$ 24,044	\$ 68,442	\$ 68,442	\$ 68,442	\$ 68,442
Revenue						
Transient Occupancy Tax	81,900	102,321	125,000	125,000	131,250	131,250
Other revenue	-	-	-	-	-	-
Revenue Totals	\$ 81,900	\$ 102,321	\$ 125,000	\$ 125,000	\$ 131,250	\$ 131,250
Expenditures						
Community Grants	\$ 44,435	\$ 30,638	\$ 91,667	\$ 91,667	\$ 96,250	\$ 96,250
Other Financing Uses	21,840	27,286	33,333	33,333	35,000	35,000
Expenditure Totals	\$ 66,275	\$ 57,923	\$ 125,000	\$ 125,000	\$ 131,250	\$ 131,250
Fund Balance at 06/30	\$ 24,044	\$ 68,442	\$ 68,442	\$ 68,442	\$ 68,442	\$ 68,442
Local Business Groups	\$ 41,332	\$ 56,919	\$ 66,666	\$ 66,666	\$ 70,000	\$ 70,000
Early Childhood/Youth Programs	\$ 24,943	\$ 1,004	\$ 58,334	\$ 58,334	\$ 61,250	\$ 61,250
	\$ 66,275	\$ 57,923	\$ 125,000	\$ 125,000	\$ 131,250	\$ 131,250

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	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 196,957	\$ 16,885	\$ 203,131	\$ 203,131	\$ 203,131	\$ 203,131
Revenue						
Intergovernmental revenues	\$ 163,042	\$ 185,820	\$ 194,178	\$ 194,178	\$ 230,000	\$ 230,000
Other financing sources	1,886	425	-	\$ -	-	-
Revenue Totals	\$ 164,928	\$ 186,245	\$ 194,178	\$ 194,178	\$ 230,000	\$ 230,000
Expenditures						
Contract services						
Capital outlay	\$ 345,000	\$ -	\$ 194,178	\$ 194,178	\$ 230,000	\$ 230,000
Expenditure Totals	\$ 345,000	\$ -	\$ 194,178	\$ 194,178	\$ 230,000	\$ 230,000
Fund Balance at 06/30	\$ 16,885	\$ 203,131	\$ 203,131	\$ 203,131	\$ 203,131	\$ 203,131

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	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 411,115	\$ (325,606)	\$ 645,046	\$ 645,046	\$ 660,230	\$ 660,230
Revenue						
Intergovernmental revenues	\$ 308,522	\$ 1,038,723	\$ 250,000	\$ 264,348	\$ 358,000	\$ 368,000
Other financing sources	7,928	1,042	-	836	-	-
Revenue Totals	\$ 316,450	\$ 1,039,765	\$ 250,000	\$ 265,184	\$ 358,000	\$ 368,000
Expenditures						
Contract services	\$1,053,171	\$ 69,112	\$ 250,000	\$ 250,000	\$ 358,000	\$ 368,000
Capital outlay	-	-	-	-	-	-
Expenditure Totals	\$1,053,171	\$ 69,112	\$ 250,000	\$ 250,000	\$ 358,000	\$ 368,000
Fund Balance at 06/30	\$ (325,606)	\$ 645,046	\$ 645,046	\$ 660,230	\$ 660,230	\$ 660,230

GAS TAX

PUBLIC WORKS

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

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

SOURCES AND USES

Fund - 1310	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
Gas Tax	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 20,701	\$ 8,344	\$ 67,875	\$ 67,875	\$ 67,999	\$ 68,504
Revenue						
Intergovernmental revenues	\$236,866	\$225,060	\$247,505	\$ 247,505	\$247,505	\$247,505
Use of money & property	277	223	-	124	-	-
Other revenues	-	-	-	-	-	-
Revenue Totals	\$237,143	\$225,283	\$247,505	\$ 247,629	\$247,505	\$247,505
Expenditures						
Contract Services	\$246,386	\$165,752	\$247,505	\$ 247,505	\$247,000	\$247,000
Debt service	3,113	-	-	-	-	-
Interfund Transfer	-	-	-	-	-	-
Expenditure Totals	\$249,499	\$165,752	\$247,505	\$ 247,505	\$247,000	\$247,000
Fund Balance at 06/30	\$ 8,344	\$ 67,875	\$ 67,875	\$ 67,999	\$ 68,504	\$ 69,009

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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
Wharf	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 64,658	\$ 91,218	\$134,220	\$134,220	\$134,397	\$141,591
Revenue						
Use of money & property	76,701	122,022	110,500	110,677	27,625	27,625
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$ 76,701	\$122,022	\$110,500	\$110,677	\$ 27,625	\$ 27,625
Expenditures						
Contract services	\$ 44,460	\$ 66,787	\$ 94,195	\$ 94,195	\$ 16,668	\$ 16,668
Supplies	5,681	12,233	16,305	16,305	3,763	3,763
Capital Outlay	-	-	-	-	-	-
Expenditure Totals	\$ 50,141	\$ 79,020	\$110,500	\$110,500	\$ 20,431	\$ 20,431
Fund Balance at 06/30	\$ 91,218	\$134,220	\$134,220	\$134,397	\$141,591	\$148,786

GENERAL PLAN UPDATE & MAINTENANCE

COMMUNITY DEVELOPMENT

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

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

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

SOURCES AND USES

Fund - 1313	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
General Plan	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$113,665	\$145,723	\$202,623	\$202,623	\$219,888	\$105,188
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 65,000	\$ -
Charges for services	73,079	61,397	50,000	50,000	55,000	55,000
Use of money & property	2,765	941	750	500	300	300
Revenue Totals	\$ 75,844	\$ 62,338	\$ 50,750	\$ 50,500	\$120,300	\$ 55,300
Expenditures						
Contract services	\$ 43,786	\$ 5,438	\$ 45,000	\$ 33,035	\$235,000	\$ 45,000
Supplies	-	-	1,000	200	-	1,000
Expenditure Totals	\$ 43,786	\$ 5,438	\$ 46,000	\$ 33,235	\$235,000	\$ 46,000
Fund Balance at 06/30	\$145,723	\$202,623	\$207,373	\$219,888	\$105,188	\$114,488

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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
Green Building	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$167,801	\$182,375	\$198,076	\$198,076	\$205,576	\$202,576
Revenue						
Charges for services	\$ 57,474	\$ 22,526	\$ 11,250	\$ 9,000	\$ 15,000	\$ 15,000
Revenue Totals	\$ 57,474	\$ 22,526	\$ 11,250	\$ 9,000	\$ 15,000	\$ 15,000
Expenditures						
Contract services	\$ 42,900	\$ 6,825	\$ -	\$ -	\$ 15,000	\$ 15,000
Training & Memberships	-	-	1,000	500	1,000	1,000
Supplies	-	-	2,000	1,000	2,000	2,000
Expenditure Totals	\$ 42,900	\$ 6,825	\$ 3,000	\$ 1,500	\$ 18,000	\$ 18,000
Fund Balance at 06/30	\$182,375	\$198,076	\$206,326	\$205,576	\$202,576	\$199,576

PUBLIC ART

CITY MANAGER

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

Completed Art Projects

- Mural at Monte Skatepark
- Sea Lion climbable sculpture

SOURCES AND USES

Fund - 1315	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
Public Art	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$172,041	\$178,791	\$171,267	\$171,267	\$166,267	\$143,767
Revenue						
Charges for services	\$ 10,950	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Revenue Totals	\$ 10,950	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Expenditures						
Personnel		\$ -	\$ -			
Contract services	4,200	6,700	25,000	5,000	25,000	25,000
Supplies	-	824	-	-	2,500	2,500
Expenditure Totals	\$ 4,200	\$ 7,524	\$ 25,000	\$ 5,000	\$ 27,500	\$ 27,500
Fund Balance at 06/30	\$178,791	\$171,267	\$146,267	\$166,267	\$143,767	\$121,267

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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
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	\$100,000	\$100,000
Revenue Totals	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Expenditures						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	100,000	100,000	100,000	100,000	100,000	100,000
Expenditure Totals	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Fund Balance at 06/30	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737

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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
Technology Fee	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 65,409	\$ 72,960	\$ 83,433	\$ 83,433	\$ 90,433	\$ 94,433
Revenue						
Charges for services	\$ 14,108	\$ 14,848	\$ 9,000	\$ 12,500	\$ 12,000	\$ 12,000
Revenue Totals	\$ 14,108	\$ 14,848	\$ 9,000	\$ 12,500	\$ 12,000	\$ 12,000
Expenditures						
Contract services	\$ 6,358	\$ 4,375	\$ 5,000	\$ 5,000	\$ 6,000	\$ 6,000
Supplies	199	-	2,000	500	2,000	2,000
Expenditure Totals	\$ 6,557	\$ 4,375	\$ 7,000	\$ 5,500	\$ 8,000	\$ 8,000
Fund Balance at 06/30	\$ 72,960	\$ 83,433	\$ 85,433	\$ 90,433	\$ 94,433	\$ 98,433

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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
Public Education & Gov't.	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 80,870	\$ 83,630	\$ 83,836	\$ 83,836	\$ 38,936	\$ 28,936
Revenue						
Licenses and permits	\$ 15,384	\$ 14,042	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Use of money & property	1,665	452	-	100	-	-
Revenue Totals	\$ 17,049	\$ 14,494	\$ 15,000	\$ 15,100	\$ 15,000	\$ 15,000
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	14,288	14,288	10,000	10,000	10,000	10,000
Capital Outlay	-	-	50,000	50,000	15,000	15,000
Expenditure Totals	\$ 14,288	\$ 14,288	\$ 60,000	\$ 60,000	\$ 25,000	\$ 25,000
Fund Balance at 06/30	\$ 83,630	\$ 83,836	\$ 38,836	\$ 38,936	\$ 28,936	\$ 18,936

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	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 29,019	\$ 41,314	\$ 29,401	\$ 29,401	\$ 30,729	\$ 14,404
Revenue						
Charges for services	\$ 73,945	\$ 29,289	\$ 50,745	\$ 51,619	\$ 51,775	\$ 51,775
Use of money & property	1,917	5,186	47,000	6,089	56,600	56,600
Restricted TOT	21,840	27,286	28,089	35,000	35,000	35,000
Revenue Totals	\$ 97,702	\$ 61,760	\$125,834	\$ 92,708	\$143,375	\$ 143,375
Expenditures						
Contract services	\$ 67,618	\$ 60,127	\$119,000	\$ 63,380	\$ 86,800	\$ 83,200
Supplies	17,789	13,546	3,700	28,000	72,900	70,200
Expenditure Totals	\$ 85,407	\$ 73,673	\$122,700	\$ 91,380	\$159,700	\$ 153,400
Fund Balance at 06/30	\$ 41,314	\$ 29,401	\$ 32,535	\$ 30,729	\$ 14,404	\$ 4,379

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

COMMUNITY DEVELOPMENT

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

In recent years, the City has been awarded with CDBG grants to fund the Green Economy/Environmental Economic Analysis and 41st Avenue/Capitola Mall Re-Visioning Plan and a 2008 Disaster Recovery Initiative (DRI) grant for \$250,000 to develop the City's Local Hazard Mitigation Plan (LHMP) and Safety Element of the General Plan Update. In 2021, the City was awarded with a \$497,000 CDBG grant to reinstate the City's Housing Rehabilitation and Mortgage Assistance Programs.

SOURCES AND USES						
Fund - 1350 CDBG Grants	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 39,813	\$ 39,313	\$ 26,990	\$ 26,990	\$ (88,542)	\$ (88,542)
Revenue						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 46,906	\$ 497,196	\$ -
Revenue Totals	\$ -	\$ -	\$ -	\$ 46,906	\$ 497,196	\$ -
Expenditures						
Contract services	\$ 500	\$ 12,323	\$ 1,000	\$ 162,438	\$ 497,196	\$ -
Supplies	\$ -					
Grants and subsidies	-	-	-	-	-	-
Expenditure Totals	\$ 500	\$ 12,323	\$ 1,000	\$ 162,438	\$ 497,196	\$ -
Fund Balance at 06/30	\$ 39,313	\$ 26,990	\$ 25,990	\$ (88,542)	\$ (88,542)	\$ (88,542)

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 2019-20 Program Income exceeds \$25,000, these funds will be spent according to CDBG-approved Federal spending guidelines.

SOURCES AND USES

Fund - 1351	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
CDBG Program Income	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ -	\$ 80,741	\$ 65,541	\$ 65,541	\$ (12,512)	\$ (12,512)
Revenue						
Loan pymt Principle	\$ 79,340					
Use of money & property	\$ 1,401	\$ 525	\$316,484	\$ 131	\$ -	\$ -
Revenue Totals	\$ 80,741	\$ 525	\$316,484	\$ 131	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ 15,725	\$345,135	\$ 78,183	\$ -	\$ -
Interfund transfer out						
Expenditure Totals	\$ -	\$ 15,725	\$345,135	\$ 78,183	\$ -	\$ -
Available Fund Balance at 06/30	\$ 80,741	\$ 65,541	\$ 36,890	\$ (12,512)	\$ (12,512)	\$ (12,512)

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.

The City began construction of the new Library in November 2018 and celebrated their grand opening on June 12, 2021.

SOURCES AND USES

Fund - 1360 Library	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$4,588,609	\$4,406,467	\$ 754,145	\$ 754,145	\$ 732,723	\$ 732,723
Revenue						
Intergovernmental	\$6,749,198	\$ 542,666	\$ -	\$ 749	\$ -	\$ -
Other financing sources	245,769	89,520	-	550,000	-	-
Revenue Totals	\$6,994,967	\$ 632,186	\$ -	\$ 550,749	\$ -	\$ -
Expenditures						
Construction Services	7,177,109	4,284,508	-	572,170	-	-
Expenditure Totals	\$7,177,109	\$4,284,508	\$ -	\$ 572,170	\$ -	\$ -
Fund Balance at 06/30	\$4,406,467	\$ 754,145	\$ 754,145	\$ 732,723	\$ 732,723	\$ 732,723

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. The funds were loaned in October 2004 with payments deferred until January 2008 after completion of on-site rehabilitation work, including hazardous material abatement and demolition of a building on site, and installation of two new mobile homes.

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

SOURCES AND USES

Fund - 1370 HOME Reuse	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 530,197	\$ 552,971	\$ 673,070	\$ 673,070	\$ 672,179	\$ 669,479
Revenue						
Use of money & property	\$ 23,274	\$ 123,799	\$ 39,060	\$ 39,060	\$ 1,000	\$ 1,000
Revenue Totals	\$ 23,274	\$ 123,799	\$ 39,060	\$ 39,060	\$ 1,000	\$ 1,000
Expenditures						
Contract services	\$ 500	\$ 3,700	\$ 39,950	\$ 39,950	\$ 3,700	\$ 3,700
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 500	\$ 3,700	\$ 39,950	\$ 39,950	\$ 3,700	\$ 3,700
Available Fund Balance at 06/30	\$ 552,971	\$ 673,070	\$ 672,179	\$ 672,179	\$ 669,479	\$ 666,779

HOUSING TRUST

COMMUNITY DEVELOPMENT

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

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

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

SOURCES AND USES

Fund - 1372 Housing Trust	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 74,859	\$111,800	\$173,819	\$173,819	\$154,135	\$144,635
Revenue						
Charges for services	\$ 57,386	\$ 86,180	\$ 50,000	\$ 4,874	\$ 15,000	\$ 15,000
Other revenue	4,555	839	-	442	500	500
Revenue Totals	\$ 61,941	\$ 87,019	\$ 50,000	\$ 5,315	\$ 15,500	\$ 15,500
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	25,000	25,000	25,000	25,000	25,000	25,000
Expenditure Totals	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Available Fund Balance at 06/30	\$111,800	\$173,819	\$198,819	\$154,135	\$144,635	\$135,135

CAPITOLA HOUSING SUCCESSOR

COMMUNITY DEVELOPMENT

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

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

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

SOURCES AND USES

Fund - 5552	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
Capitola Housing	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$179,422	\$ 162,832	\$2,107,140	\$2,107,140	\$2,048,640	\$1,999,640
Revenue						
Use of money & property	\$ 4,214	\$ 1,980		\$ 4,000	\$ 2,000	\$ 2,000
Other revenues	1,217	1,989,144		-		
Revenue Totals	\$ 5,431	\$1,991,124	\$ -	\$ 4,000	\$ 2,000	\$ 2,000
Expenditures						
Personnel					\$ 18,500	\$ 19,240
Contract Services			\$ 30,000	\$ 30,000	\$ -	\$ -
Supplies						
Grants and Subsidies	22,021	46,815	32,500	32,500	32,500	32,500
Expenditure Totals	\$ 22,021	\$ 46,815	\$ 62,500	\$ 62,500	\$ 51,000	\$ 51,740
Available Fund Balance at						
06/30	\$162,832	\$2,107,140	\$2,044,640	\$2,048,640	\$1,999,640	\$1,949,900

RESERVES



RESERVES

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

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

PERS Contingency Reserve (Finance Department): The City Council established the PERS Contingency Reserve Fund in FY 2015/16. The Council discussed possible uses of a General Fund positive ending balance and wanted to set aside funds for future PERS increases. In FY 2017-18 an additional \$500,000 was deposited into the Trust to add to the original \$300,000 deposit.

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

EMERGENCY RESERVES

The City of Capitola adopted an Emergency Reserve Policy as part of the City's Financial Management Policies. This reserve protects against significant one-time costs that arise from major unpredictable emergency events. In FY 2012/13, the City amended the Financial Management Policies to increase the funding level of Emergency Reserves from five to ten percent of the General Fund budgeted expenditures, or approximately \$1.5 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 other factor is that budgeted expenditures are higher in the proposed budget due to the utilization of existing fund balance, staff is proposing a level approach to return the balance to the target level by the end of FY 2023-24.

SOURCES AND USES						
Fund - 1020	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 1,344,206	\$ 1,374,206	\$ 1,374,206	\$ 1,374,206	\$ 1,314,206	\$ 1,461,506
Revenue						
Other Financing Sources	\$ 30,000	\$ -	\$ -	\$ -	\$ 147,300	\$ 93,000
Revenue Totals	\$ 30,000	\$ -	\$ -	\$ -	\$ 147,300	\$ 93,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ -	\$ -
Fund Balance at 06/30	\$ 1,374,206	\$ 1,374,206	\$ 1,314,206	\$ 1,314,206	\$ 1,461,506	\$ 1,554,506
Gen. Fund Exp. - Excl. Tfrs & Isf	\$13,362,270	\$11,893,762	\$14,447,649	\$14,210,548	\$15,784,706	\$15,482,664
Target Balance (10%)	\$ 1,336,227	\$ 1,189,376	\$ 1,444,765	\$ 1,421,055	\$ 1,578,471	\$ 1,548,266
Over / (Short) of Target	\$ 37,979	\$ 184,830	\$ (130,559)	\$ (106,849)	\$ (116,965)	\$ 6,240

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 below the target level for FY 2022-23 due to the utilization of existing fund balance, staff is proposing a level approach to return the balance to the target level by the end of FY 2023-24.

SOURCES AND USES						
Fund - 1010	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 2,036,346	\$ 2,061,346	\$2,061,346	\$2,061,346	\$2,061,346	\$2,192,346
Revenue						
Other Financing Sources	\$ 25,000	\$ -	\$ -	\$ -	\$ 131,000	\$ 139,500
Revenue Totals	\$ 25,000	\$ -	\$ -	\$ -	\$ 131,000	\$ 139,500
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 2,061,346	\$2,061,346	\$2,061,346	\$2,061,346	\$2,192,346	\$2,331,846
Gen. Fund Exp. - Excl. Tfrs & Isf	\$13,362,270	\$11,893,762	\$14,447,649	\$14,210,548	\$15,784,706	\$15,482,664
Target Balance (15%)	\$ 2,004,340	\$ 1,784,064	\$ 2,167,147	\$ 2,131,582	\$ 2,367,706	\$ 2,322,400
Over / (Short) of Target	\$ 57,006	\$ 277,282	\$ (105,801)	\$ (70,236)	\$ (175,360)	\$ 9,446

PERS CONTINGENCY RESERVES

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

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

In December 2016, \$300,000 was invested in a moderately conservative trust fund with Public Agency Retirement Services (PARS). The FY 17/18 budget transferred an additional \$500,000 into the PERS trust fund to offset rising pension costs. 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	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 867,088	\$ 916,861	\$ 1,015,553	\$ 1,015,553	\$ 1,025,553	\$ 1,535,553
Revenue						
Use of money & property	49,773	98,692	50,000	10,000	10,000	10,000
Other Financing Sources	-	\$ -	-	-	500,000	-
Revenue Totals	\$ 49,773	\$ 98,692	\$ 50,000	\$ 10,000	\$ 510,000	\$ 10,000
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 916,861	\$ 1,015,553	\$ 1,065,553	\$ 1,025,553	\$ 1,535,553	\$ 1,545,553

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 2022-23 Budget does not provide any funding to the facility reserve; however, it should be noted that proposed budget does include \$450,000 of funding from the City Council goal setting session which has been budgeted for projects directly in the respective facility budgets within the Public Works department.

SOURCES AND USES

Fund - 1025	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 449,433	\$ 522,830	\$ 522,830	\$ 522,830	\$ 422,830	\$ 422,830
Revenue						
Other Financing Sources	108,000	0	-	-	-	0
Revenue Totals	\$ 108,000	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ 6,321	\$ -	\$ 50,000	\$ 10,000	\$ -	\$ -
Other Financing Uses	28,282	-	90,000	90,000	-	-
Expenditure Totals	\$ 34,603	\$ -	\$ 140,000	\$ 100,000	\$ -	\$ -
Fund Balance at 06/30	\$ 522,830	\$ 522,830	\$ 382,830	\$ 422,830	\$ 422,830	\$ 422,830

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, 2022	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 983,076	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 28,040,165	Actuarial	N/A	Pension Liability to CalPERS.
Pacific Cove Lease Financing	\$ 817,830	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	\$ 30,736,803			

(a) Compensated absences and Net Pension Liability are as of June 30, 2021.

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.

SOURCES AND USES						
Fund - 1420	FY19/20	FY20/21	FY21/22	FY21/22	FY22/23	FY23/24
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 54,799	\$ 55,079	\$ 55,135	\$ 55,135	\$ 55,135	\$ 55,135
Revenue						
Use of money & property	\$ 280	\$ 56	\$ -	\$ -	\$ -	\$ -
Other Financing Sources	165,066	165,066	165,066	165,066	165,066	165,066
Revenue Totals	\$ 165,346	\$ 165,122	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066
Expenditures						
Contract Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	165,066	165,066	165,066	165,066	165,066	165,066
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066	\$ 165,066
Fund Balance at 06/30	\$ 55,079	\$ 55,135	\$ 55,135	\$ 55,135	\$ 55,135	\$ 55,135

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 \$88,616 is paid with funds transferred from the General Fund.

SOURCES AND USES						
Fund - 1421	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ (39,185)	\$ (39,186)	\$ (38,986)	\$ (38,986)	\$ (38,986)	\$ 12
Revenue						
Interfund Transfers	\$ 88,616	\$ 88,616	\$ 88,211	\$ 88,211	\$ 127,000	\$ 87,788
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 88,616	\$ 88,616	\$ 88,211	\$ 88,211	\$ 127,000	\$ 87,788
Expenditures						
Construction Svcs. & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	88,617	88,416	88,211	88,211	88,002	87,788
Expenditure Totals	\$ 88,617	\$ 88,416	\$ 88,211	\$ 88,211	\$ 88,002	\$ 87,788
Fund Balance at 06/30	\$ (39,186)	\$ (38,986)	\$ (38,986)	\$ (38,986)	\$ 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

SUCCESSOR AGENCY



SUCCESSOR AGENCY

CAPITOLA OVERSIGHT BOARD

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

FISCAL YEAR GOALS – 2022-23

FISCAL POLICY

- Wind down Successor Agency obligations in an expedient manner
- Submit Final ROPS to California Department of Finance

SOURCES AND USES						
Fund - 5501 Successor Agency	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Beginning Fund Balance	\$ 248,978	\$ 194,978	\$ 165,074	\$ 165,074	\$ 165,074	\$ 165,074
Revenue						
Intergovernmental	\$ -		\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and subsidies	24,000	29,904	-	-	-	-
Debt service						
Other financing uses						
Expenditure Totals	\$ 54,000	\$ 29,904	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 194,978	\$ 165,074	\$ 165,074	\$ 165,074	\$ 165,074	\$ 165,074