Capitola City Council

Agenda Report

Meeting: August 27, 2026

From: Community Services & Recreation Department

Subject: ECYP Fund Allocation

Recommended Action: Adopt a resolution authorizing an allocation of $40,000 from the Early Childhood and Youth Programming (ECYP) Fund for youth program scholarships for Fiscal Year 2026-27 and approving the corresponding budget amendment to appropriate the funds for this purpose.

Background: The City of Capitola's Community Services & Recreation (CS&R) Department administers a variety of youth recreation programs designed to provide children and families with affordable access to enrichment, recreation, and public safety opportunities. To help ensure that financial circumstances do not prevent participation, the Department maintains a youth scholarship program that provides financial assistance to qualifying families.

Scholarship funding has historically been supported through multiple sources. In FY 2025-26, the City's Early Childhood and Youth Programming (ECYP) Fund contributed $15,000. Additionally, $20,000 of support was provided by Soquel Union Elementary School District (SUESD), and the Junior Guard Parents' Club contributed $6,000. The Capitola Public Safety and Community Service Foundation supports the City's scholarship program by providing volunteer third-party services to review scholarship applications and determine eligibility.

The need for scholarship assistance remains significant. In the past year, the CS&R Department awarded more than $56,000 in scholarships to youth in the community. With the beginning of the new school year, the Department has already received scholarship applications that require processing, but existing scholarship funds have been exhausted.

ECYP funding is derived from a restricted share of the City's Transient Occupancy Tax (TOT) created by Measure J, passed in 2018, and restricted to supporting early childhood and youth. The ECYP Fund currently has a fund balance of $101,000.

Discussion: The City has historically relied on a combination of public and community funding sources to meet the demand for youth program scholarships. Continued support from these partners has been important in allowing the City to maintain affordable and accessible recreation opportunities for local youth.

In prior years, SUESD provided the City with a $20,000 contribution toward youth program scholarships, in addition to a separate $16,000 contribution supporting the City's Equity Swim Program. For FY 2026-27, the City's new ELO-P services agreement with SUESD provides funding for eligible middle school students participating in expanded learning services. In addition, this agreement continues to provide $16,000 for the Equity Swim Program. While the new ELO-P agreement provides important support for eligible middle school students, it does not replace the $20,000 scholarship grant previously provided. As a result, a scholarship funding gap remains for elementary school students, who previously benefited from this support.

The Department is therefore requesting the City Council allocate $40,000 from the ECYP Fund to provide youth program scholarships during FY 2026-27. The additional funding will allow the Department to process current scholarship applications and continue providing financial assistance to eligible youth throughout the fiscal year.

The Department will continue to pursue community donations and other appropriate funding opportunities to support youth scholarships. The $6,000 contribution from the Junior Guards Parents' Club in the prior

fiscal year was specifically used to support Junior Guards participants and was fully utilized, providing scholarship assistance to 31 youth participants. The Parents' Club has indicated that it intends to contribute to the scholarship fund again this fiscal year and is currently discussing the specific amount with its Board. Any additional contribution will help further offset the demand for scholarship assistance during FY 2026-27.

Fiscal Impact: The ECYP Fund balance is $101,000. The proposed action to allocate $40,000 from the ECYP Fund for youth program scholarships during FY 2026-27 would leave a fund balance of $61,000. The FY 2026-27 budget includes an estimated $62,000 of ECYP revenue and $60,000 of ECYP community grants.

Attachments:

1. Resolution Authorizing FY 2026-2027 Youth Program Scholarship Allocation and Amending FY 2026-27 Budget
    a. Budget Amendment

Alignment with 2025-2029 Strategic Plan Priority: Accountable Government; Healthy Families, Community, and Environment

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