

Capitola City Council

Agenda Report



Meeting: June 22, 2023

From: Finance Department

Subject: Fiscal Year 2023-2024 Budget and Capital Improvement Program

Recommended Action: Adopt a resolution adopting the City of Capitola's Fiscal Year 2023-24 Budget and Capital Improvement Program.

Background: The Proposed Fiscal Year (FY) 2023-24 Budget and Planned FY 2024-25 Budget was presented to the City Council at a special meeting held May 3, 2023, at which time the City Council received input from the Finance Advisory Committee (FAC). At the meeting, the City Council requested additional information which was presented at a second special meeting on May 18, 2023, at which time the City Council reviewed updates to the proposed budget and additional recommendations from the FAC and heard public comments.

At the May 18th special meeting, the City Council discussed the following, and ultimately directed staff to prepare a resolution to adopt the budget.

Discussion: The Proposed FY 2023-24 Budget estimates the General Fund ending balance on June 30, 2024, of \$1.6 million which includes a target fund balance of \$500,000, \$100,000 designated for the Employee Downpayment Assistance Program, and approximately \$954,000 for future infrastructure projects. Pursuant to City Council direction and the recommendation of the FAC, staff has allocated \$4.95 million of existing general fund resources towards the Capital Improvement Program and FY 2023-24 City Council Goals and Priorities.

Following City Council direction, the budget includes \$60,000 of Restricted TOT revenue programmed to Early Childhood and Youth Programs (ECYP) within the Community Grant Program and \$23,000 of Restricted TOT fund balance to the Recreation Division for ECYP.

Additional revisions made to the FY 2023-24 Proposed Budget since the May 18th public hearing include:

- Allocated \$18,000 to Recreation:
 - Equity Swim Program
- Increased funding for personnel \$2,500
- Allocated \$30,000 for Total Compensation Survey
- Decreased 911 JPA contribution \$2,900
 - Based on approved FY 2023-24 911 JPA budget
- Updated City Council goals in the City Manager's message

The net impact of the proposed budget revisions is a negative \$24,600. The FY 2023-24 Proposed Budget remains structurally imbalanced by design due to the allocation of \$4.95 million of available general fund resources to City Council goals and priorities. In addition, the five-year budget forecast remains structurally balanced until the sunset of the Measure F District Sales Tax in December 2027.

The resolution necessary to adopt the Fiscal Year 2023-24 Budget includes the above appropriations and adjustments (Exhibit A), a General Fund overview (Exhibit B), and an estimation of FY 2023-24 fund balances (Exhibit C). In addition, the FY 2023-24 Proposed Budget is available on the City's website at: <https://www.cityofcapitola.org/finance/page/annual-budget>

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

Attachments:

1. Proposed resolution
2. Changes to Proposed Budget
3. General Fund Summary
4. Fund Balance Summary

Report Prepared By: Jim Malberg, Finance Director

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

Approved By: Jamie Goldstein, City Manager