

Fiscal Year 2024-25 Budget Principles, Goals, & Key Projects

March 6, 2024



High Level
Budget
Principles

Fiscal Policy Principles

Public Improvement
Principles

Public Service Principles

Confirm Budget Principles



Fiscal Policy

- Maintain a balanced budget that ensures ongoing expenditures can be met with ongoing revenues
- Use one-time revenues for one-time expenditures
- Ensure the budget plans for future cost increases and attainable revenue estimates



Public Improvement

- Maintain the City's infrastructure by providing maximum funding for the pavement management system
- Maintain and improve Capitola's natural resources and sustainable green programs
- Ensure maintenance and cleanliness of City facilities, sidewalks, and streets



Public Service

- Maintain, and improve upon, the transparency of City operations and accessibility of government
- Recognize the high priority the community places on the public's safety
- Analyze future service level increases with their long-term financial impacts to ensure financial stability

Background

City prepares and adopts budget annually

- Adopted budget provides City Council direction regarding day-to-day functions
- Establishes framework for delivery of services to community

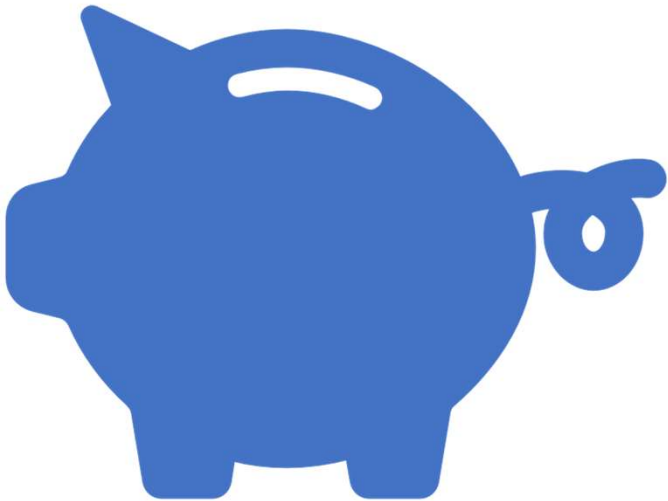
Adopting budget principles, goals, & key projects establishes metrics to measure performance

- Assist in clearly articulating Council priorities to residents

Principles: Overarching
guide to budget

Goals: High-level
programs/initiatives

Projects: line-
item specifics



On-Going FY 2022-23 Goals

Goal / Item	Prioritized at (\$)	Status / Progress Details
Community Center (near term needs)	\$150,000	Incorporated into Community Center Renovation Project
Bluff / Cliff Drive study	\$50,000	Incorporated into FHWA Grant
Noble Gulch engineering feasibility analysis	\$50,000	Assessment complete, improvements to follow, funding adequate
Fire risk reduction (eucalyptus)	\$50,000	In progress, added \$50,000 during FY 2023-24 mid-year
Peery Park Bridge maintenance	\$50,000	Ongoing-will need additional funds to address study results
Funding to study City Hall options	\$50,000	Phase 1 presentation scheduled for April

FY 2023-24 Goals Update

Goal / Item	Prioritized at (\$)	Status / Progress Details
CA Green Business certification	N/A	Completed – COE evaluated & recommended alt program
Bring climate goals to Council, from Climate Action Plan	N/A	Ongoing - COE has provided recommendation, will go to Council in Spring 2024
Work w/staff to develop Mall Redevelopment Committee	\$25,000	Ongoing – pending Housing Element Certification
Survey for possible revenue measures	\$25,000	Ongoing – Sched. For Council 3/14
Employee Downpayment Assistance	\$100,000	Completed - \$100k designated
Increase Council training to \$3k each	\$5,000	Completed
Adopt Children’s Bill of Rights	N/A	Completed
Complete LAFCO Sphere Study	\$30,000	Ongoing – \$15k match funding from LAFCO
Reach out to SUESD on possible turf project	N/A	Ongoing – Now land swap project

FY 2023-24 Goals Update

Goal / Item	Prioritized at (\$)	Status / Progress Details
Establish long-term strategic goals (5/10/15 yr.)	\$50,000	Ongoing
Debt Payoff – 5.5% SCCB loan (\$40k/yr. savings)	\$725,000	Completed
Emergency Reserve Replenishment	\$250,000	Completed
Hold for Infrastructure	\$800,000	Ongoing - \$585,000 remaining
Allocate funding from \$1 mil to UA Playground	\$200,000	Completed
Begin to replace City vehicles with EV	\$200,000	Ongoing – 2 EV, Electric Sweeper, 3 Hybrid, installed chargers
PD Tech (Body cameras, radar traffic enforcement, vests, matched with SLESF)	\$235,000	Completed
Gun buy back	\$5,000	Completed
Community Center Renovation	\$1,650,000	Ongoing

FY 2023-24 Goals Update

Goal / Item	Prioritized at (\$)	Status / Progress Details
Pavement management (plus \$550k in Measure D/SB1)	\$500,000	Completed – Capitola Road project
Hill/Bay pilot project	\$50,000	Ongoing – out to bid
Add more public water fountains/bottle filling stations – options for Council	\$50,000	Completed
Allocate funding Esplanade Park	\$50,000	Completed - \$50k designated for future project
Bring ECSP ideas and scholarships to budget hearings	N/A	Completed – incorporated into FY 23-24 Budget
Explore grants for Maker Space in Community Center Project	N/A	Completed – determined services offered regionally
Intergenerational program to connect youth and elders – with ECYP funding	N/A	Completed – post pandemic challenges, could be reevaluated

General Fund Balance

FY 2022-23 City Council Goals	\$ 400,000
Contracts for FY 2022-23 Goals	\$ (400,000)
Employee Down Payment Assistance Program	\$ 100,000
Future Capital Improvement Projects	\$ 585,000
(allocated \$369,000 to wharf Feb. 26, 2024)	
Operating Contingency Balance	\$ 116,000
(allocated \$430,000 at mid-year Feb. 22, 2024)	
Total Balance	\$ 801,000
Historic Fund Balance Target Level	\$ 500,000
Keeping Employee Down Payment Assistance	\$ 100,000
Total Available Fund Balance	\$ 201,000

Long-Term Forecast

CalPERS UAL Amount	\$ 2,595,922	\$ 2,827,000	\$ 3,011,000	\$ 3,162,000	\$ 3,433,000	\$ 3,505,000	0.00%	-2.00%	-2.00%	-2.00%
REVENUE	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Property Tax (%)	6.00%	6.00%	6.00%	5.00%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%
Sales Tax (%)	2.30%	2.90%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOT (%)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Business License (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Building Permits (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Cannabis Business Tax	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Parking (%)	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%	0.00%	0.00%	0.00%
Mall Redevop Impact	-	-	-							
New Revenue / Hotel (\$)	-	-	300,000	306,000	312,120	318,362	324,730	331,224	337,849	344,606

	FY 2025 Planned	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 2032 Forecast	FY 2033 Forecast	FY 2034 Forecast
Revenue	19,110,891	19,616,702	20,107,313	19,965,426	19,808,740	20,282,773	20,875,816	21,337,111	21,812,098	22,301,219
Expenditures	18,423,229	18,528,790	18,789,894	19,083,151	19,500,495	19,759,945	19,905,881	19,986,111	19,595,247	19,646,692
Net Impact Fund Balance	687,661	1,087,912	1,317,419	882,275	308,246	522,828	969,935	1,351,000	2,216,852	2,654,527
F Extention Revenue 1/4%				614,918	1,260,582	1,292,097	1,324,399	1,357,509	1,391,447	1,426,233
Net Impact Fund Balance				1,497,193	1,568,828	1,814,925	2,294,334	2,708,509	3,608,298	4,080,760

10-Year Forecast

CalPERS UAL Amount	\$ 2,595,922	\$ 2,827,000	\$ 3,011,000	\$ 3,162,000	\$ 3,433,000	\$ 3,505,000	0.00%	-2.00%	-2.00%	-2.00%
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Sales Tax (%)	2.30%	2.90%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOT (%)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Business License (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Building Permits (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Cannabis Business Tax	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
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Net Impact Fund Balance				1,497,193	1,568,828	1,814,925	2,294,334	2,708,509	3,608,298	4,080,760

- Does not include any increase in staffing costs (CPI, etc.)
- Amount is all General Fund available for: roads, parks, programing, grants, staffing costs.

New Format for Budget Goals

Origin	Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non Gen Fund	Current Status	Notes
Required	CM	Continue to provide risk management, administrative support, customer service, community outreach, personnel, information technology, election, and legislative services for staff, elected, and appointed officials				Ongoing	
Council	CM	5-Year Strategic Plan Project management	Very High	Funded		In Progress	Project kicked off, public process expected to begin in April
State Law	CM	Employee contract negotiations	Very High			In Progress	Costs will be incurred in FY 23-24
Department	CM	Citywide digital applications	High	\$5,000		Not Started	
Council	CM	UA Playground fundraising coordination	Medium			In Progress	
Department	CM	Risk Management & HR Policy updates	Medium		\$2,000	In Progress	External funding (ERMA)
Council	CM	Revenue Tax Measure - Polling Research Project management and public information	Medium	Funded		In Progress	Polling completed, presentation on 3/14
Department	CM	Update Employee Downpayment Assistance Program	Low			Not Started	Program adjustments to make more effective
Department	CM	Employee engagement	Low	\$6,000		Ongoing	Three employee appreciation events
Department	CM	Elections outreach	Low	\$4,000		Not Started	
Department	CM	Translation services	Low	\$5,000		Not Started	
State Law	CM	Website updates	Low	\$7,000		Not Started	
Department	CM	Technology updates to improve hybrid meetings	Medium		\$25,000	Not Started	Special Revenue Fund (PEG)
Department	CM	Increase public outreach and information services	Medium	\$5,000		Not Started	Communications and social media archival/scheduling software. Upgrades to current software subscriptions
Council	CM	Annexation/City Sphere Study	Medium	Funded		In Progress	
Council & Community	CM	Memorial plaque program update	High	Unfunded		Not Started	
		Total Potential FY 24/25 Dept Budget Allocation		\$27,000	\$2,000		

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- Very High: public input & multiple department work
- High: multiple department work
- Medium: Single department work, multiple staff members involved
- Low: Single staff member, limited work

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Public Works Department

Stewarding Capitola's
public infrastructure to
ensure safety,
functionality, and
sustainability



Ongoing and Upcoming Potential Projects

Public Works

Project	Staff Requirement	FY 24-25 General Fund	Notes
Wharf Resiliency Project	Very High		Multiple sub-projects: CWEP, interpretive panels
Jade Street UA Playground Project	Very High		Fundraising through 2024, potentially short ~\$300k
Community Center Renovation Project	Very High		Other projects to be deferred if granted. \$2.65m secured \$3.2m pending CDBG
Update Climate Action Plan	High	\$50,000	Heavy public process
Stockton Bridge Debris Mitigation Project	High	Funded	Prior Council goal \$350k \$500k from State
Cliff Drive Resiliency Project	High	Funded	On a tight timeline by FHWA

Ongoing and Upcoming Projects

Public Works

Project	Staff Requirement	FY 24-25 General Fund	Notes
41st Ave Median Improvements	Medium	<u>Unfunded</u>	Scope dependent on funding
Complete/Additional Peery Bridge Repairs	Medium	Funded	Currently evaluating
2023 FEMA Projects (Stockton Bridge, Soquel Creek, Hooper's Stairs)	Medium	Funded	Construction dependent on site conditions and final approvals
Upper lot eastern access pedestrian path	Medium	Funded	RTC Funding
Bay Avenue Corridor Traffic Study	Medium	Funded	Will identify future major CIP
Finish the Park at Rispin Mansion Project	Medium	Funded	Phase I funded Construction Spring 2024

Ongoing and Upcoming Projects

Public Works

Project	Staff Requirement	FY 24-25 General Fund	Notes
41st Ave Improvements (Clares to N City Limits)	Medium		Design FY24/25 Construction in FY 25/26. External funding \$1M
Complete Streets Safety Assessments	Medium		Grant resources secured
Peery Park Bridge Maintenance Project	Medium		Funding needs to be identified by current study
Lifeguard Equipment Storage	Medium		Significant need; current infrastructure failure.
PD facility improvements	Medium	\$65,000	Improvements to locker room/restrooms
Daylighting Citywide	Medium	\$10,000	State law requires removing parking within 20' of intersections/crosswalks

Ongoing and Upcoming Projects

Public Works

Project	Staff Requirement	FY 24-25 General Fund	Notes
Noble Gulch Pipeline Repairs	Low	Funded	Repairs identified in assessment
Park Avenue Traffic Calming	Low	Funded	Council approval FY23/24 Construction FY24/25
2025 Pavement Maintenance Project	Low		Streets as identified in PMP. External funding \$500,000
Pump Track Renovation Project	Low	Funded	\$30k Monte donation

Excluded Projects

Public Works

Project	Staff Requirement	FY 24-25 General Fund	Notes
Depot Hill Pathway Encroachments	Very High	Unfunded	CIP once encroachments are removed
Village Resiliency Study circulation and sea level rise	Very High	\$500,000	Potential grant funding
Esplanade Park Improvements	Medium	Unfunded	\$50k allocated FY23/24
Softball Storage at Jade Street Park	Low	\$10,000	Current structure failed
PD Motor Shed	Low	\$20,000	

Community Development Department

Building & Planning

Providing economic vitality while preserving Capitola's unique history, culture, and natural setting.



Ongoing and Upcoming Projects

Community Development

Project	Staff Requirement	FY 24-25 General Fund	Notes
Wharf Re-Envisioning Plan & Public Outreach process & temporary structure CDPs	Very High	\$75,000	May identify future CIP projects
Complete Housing Element	Very High	Funded	In progress
Update 41 st Avenue Visioning Plan	Very High	\$100,000	Special revenue (General Plan fund)
Create Housing Rehab Grant/Loan Program	Very High	\$225,000	Special revenue (RDA Successor Agency)
Code Update – Housing Element action item	High	\$65,000	Special revenue (REAP 2.0)
Create Homebuyer Assistance Program	High	\$150,000	Special revenue (RDA Successor Agency)

Wharf Re-Envisioning Plan

Public Outreach & Temporary Use/Structures



	Spring	Summer	Fall	Winter
Publish Request for Proposal				
Community Survey on Temporary Use of Wharf				
Community Meeting				
Public Outreach Results				
Temporary Permits				
Activate temp use				
Recommendation on long-term use of Capitola Wharf				

Excluded Projects

Community Development

Project	Staff Requirement	FY 24-25 General Fund	Notes
City Hall Phase 2 – goal setting & alternatives analysis	Very High	\$67,000	
Update tree ordinance	High		\$30,000 Special revenue (Tree fund)
Historical guidelines	High	\$75,000	



City Manager Department

Serving the City Council and the community by bringing together resources to meet needs while prioritizing customer service.



Ongoing and Upcoming Projects

City Manager Department

Project	Staff Requirement	FY 24-25 General Fund	Notes
5-Year Strategic Plan Project Management	Very High	Funded	Project kicked off, public process expected to begin April
Employee Contract Negotiations	Very High	unknown	Cost will be incurred FY 23-24
Citywide digital applications	Hight	\$5,000	
UA Playground fundraising coordination	Medium		
Risk Management & HR Policy Updates	Medium	\$2,000	External funding (ERMA)
Revenue Tax Measure – polling research & public information	Medium	Funded	In progress

Ongoing and Upcoming Projects

City Manager Department

Project	Staff Requirement	FY 24-25 General Fund	Notes
Update Employee Downpayment Assistance Program	Low	\$100,000 from last FY	Interest from employees – modernize program
Employee Engagement	Low	\$6,000	
Elections Outreach	Low	\$4,000	
Translation services	Low	\$5,000	
Website Updates	Low	\$7,000	

Excluded Projects

City Manager Department

Project	Staff Requirement	FY 24-25 General Fund	Notes
Technology updates to improve hybrid meetings	Medium	\$25,000	Potential PEG funding for some of \$25k
Increase public outreach & information services	Medium	\$5,000	
Annexation/City Sphere Study	High	Funded	\$15,000 additional from LAFCO
Memorial Plaque Program Update	High	Unknown	



Ongoing and Upcoming Projects

Recreation Division

Project	Staff Requirement	FY 24-25 General Fund	Notes
Pilot Rapid Wedding Event	High		
Equity Swim and Public Safety Outreach Program	Medium	\$20,000	Special revenue fund (EYCP)
Implementation of Park Use Permit program	Medium		
Purchase portable stage for events	Low	\$7,000	
Lifeguard Equipment (PWC)	Low	\$10,000	
Pickleball Courts	Very High	\$1,000-\$500,000	<i>Public Works co-project. Community engagement necessary. Range of options.</i>

Ongoing and Upcoming Projects

Recreation Division – Art & Cultural

Project	Staff Requirement	FY 24-25 General Fund	Notes
Public Art Maintenance: 41 st Avenue median art & utility box murals	Medium	\$10,000	A&C Goals, in PW Budget
Banners for Village Streetlights	Low	\$3,000	Consider the Commission in review process for art in public places
SUESD Park Ave & Washburn Student Art Project	Low		Will be completed in the FY 23/24 Budget
No change in programs provided	Low		12 Concerts, 2 Movies, 4 Art Fairs, Plein Air
No change in Public Art projects	Low		Begonia Commemorative Art Project Monterey Railing Art Project



Police Department

Providing the highest level of safety and service to enhance our community's quality of life.



Ongoing and Upcoming Projects

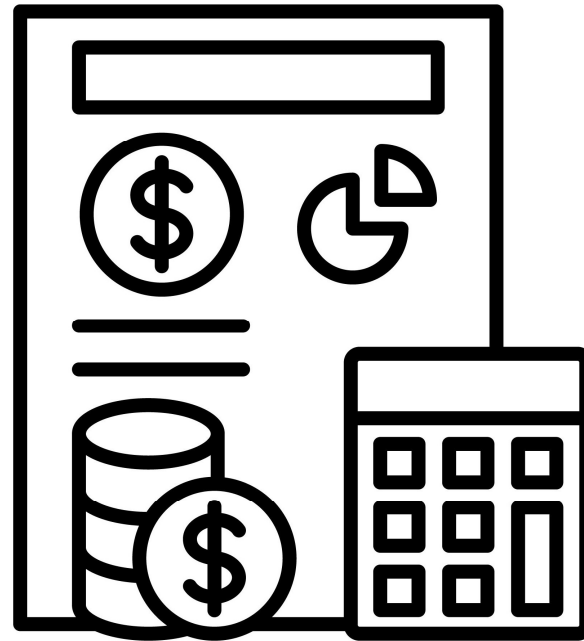
Police Department

Project	Staff Requirement	FY 24-25 General Fund	Notes
FLOCK Cameras	High	\$35,000	Special Revenue Fund (SLESF)
High Surf Thresholds/Response Checklist	Medium		Coordination with NOAA, Potential grant funding
Electronic/online Police reporting	Medium	\$25,00	Special Revenue Fund (SLESF)
E-Citations	Medium	\$10,000	Special Revenue Fund (SLESF)



Finance Department

Presenting timely, accurate, and transparent financial information to the public.



Ongoing and Upcoming Projects

Finance Department

Project	Staff Requirement	FY 24-25 General Fund	Notes
Continue to coordinate with external businesses to issue licenses, coordination of employee payroll, conducting annual audits with new auditor, supporting the CVWBIA, regular issuance of billing and accounting for internal and external parties	Medium		
Updates to TOT Ordinance & outreach to operators	High		Legal review required
City banking RFP	Medium		RFP to be issued in Spring 2024
Implementation of fee study recommendations	Medium		Fee study funded in FY 23-24

Potential Fund Totals

Department / Division	Potential FY 24/25 General Fund	Potential FY 24/25 Non General Fund
Public Works	\$100,000	\$1,550,000
Community Development	\$75,000	\$325,000
City Manager	\$27,000	\$2,000
Recreation Division	\$20,000	\$20,000
Police		\$70,000
Finance		
Total:	\$222,000	\$1,967,000

Recommended Action

- Review:
 - Budget Principles
 - Status of FY2023-24 Goals
- Provide Direction:
 - Potential amendments to FY 2023-24 Budget
 - Prioritize goals/projects for FY 2024-25
- Next Steps
 - Draft Budget published May 3
 - First budget hearing May 8