



Potential Ballot Measures

APRIL 11, 2024

January Polling: Survey Findings

- Voters optimistic about the City & our essential functions
- Majority of voters recognize need for additional funding
- Voter's top priorities? Maintaining:
 - Public safety response
 - Roads, sidewalks, and bike lanes
 - Beach and new wharf
- Above threshold support for renewing expiring tax
- Support for a potential bond measure was closer to 50%; (require a supermajority to pass)

10-Year Budget Forecast

	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	18,789,844	19,278,553	19,939,090	20,648,755	21,500,204	21,759,655	21,905,591	21,985,821	21,594,957	21,646,401
Additional MOU Costs/ReOrg	70,000	72,975	76,076	79,310	82,680	86,194	89,858	93,676	97,658	101,808
Current: Measure F Expiring 2027										
Net Impact Fund Balance	251,047	265,173	92,146	(762,639)	(1,774,144)	(1,563,076)	(1,119,633)	(742,386)	119,484	553,009
Extend Measure F (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				(147,721)	(513,562)	(270,980)	204,766	615,123	1,510,931	1,979,242
Replace Measure F with New Tax Revenue (1/2%)	568,793	1,170,576	1,199,840	1,229,836	2,521,164	2,584,193	2,648,798	2,715,018	2,782,893	2,852,466
Net Impact Fund Balance	819,840	1,435,749	1,291,986	467,197	747,020	1,021,117	1,529,165	1,972,631	2,902,378	3,405,475

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Measure F Language

Without increasing taxes, shall the City of Capitola extend the 2017 sunset date of its current one-quarter percent sales tax for an additional ten years to protect essential city services and facilities, such as police and emergency safety programs, protect the wharf and beach from storms and rising sea levels and maintain and improve parks, sidewalks and bike lanes with all funds staying local?

Options

Extending Measure F: \$1.1 million per year

- Polled favorably with 78% of likely voters support
- Would *maintain* current general fund revenue
- Would likely lead to difficult budgets through 2030

Replacing Measure F with new Half-Percent Sales Tax: \$2.2 million per year

- Would provide ~\$1.1 million in new general fund revenue
- Ballot language that includes “replacing” an existing measure typically receives more support than a new tax
- Would resolve current long term budget projections

Known Ballot Landscape

Regional Clean Water & Wildfire Protection

Central Fire General Obligation Bond

Potential Soquel School District Bond

Potential language

To protect essential city services including public safety and emergency services; repair potholes, maintain streets, sidewalks, bike lanes, beaches, the new wharf, and recreation programs for youth; improve traffic safety; and support local businesses, shall City-of-Capitola replace its quarter-percent sales tax, approved by voters in 2016, with a one-half percent sales tax, generating an estimated \$2.2 million annually for general government use, for ten years, with independent audits, and all funds staying local?

Potential Direction

Provide staff with direction on potential ballot measures:

- Replacement of Measure F with ½ percent Measure
- Measure F extension
- General Obligation Bond