

City of Capitola

Special City Council Meeting - Budget Agenda



Wednesday, May 06, 2026 – 6:00 PM

City Council Chambers

420 Capitola Avenue, Capitola, CA 95010

Mayor: Margaux Morgan

Vice Mayor: Gerry Jensen

Council Members: Joe Clarke, Melinda Orbach, Susan Westman

Special Meeting of the Capitola City Council – 6 PM

1. Roll Call and Pledge of Allegiance

Council Members Joe Clarke, Melinda Orbach, Susan Westman, Vice Mayor Gerry Jensen, and Mayor Margaux Morgan

2. Additions and Deletions to the Agenda

3. Additional Materials

Additional information related to an agenda item on this agenda and submitted to the City after distribution of the agenda packet pursuant to Government Code §54957.5. All correspondence received prior to 5:00 p.m. on the Tuesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Tuesday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.

A. Item 5A - Staff Memorandum with Updated Attachment

4. Oral Communications by Members of the Public

*Oral Communications allows time for members of the Public to address the City Council on any topic within the jurisdiction of the City that is not on the "General Government/Public Hearings" section of the Agenda. Members of the public may speak for up to three minutes, unless otherwise specified by the Mayor. Individuals may not speak more than once during Oral Communications. All speakers must address the entire legislative body and will not be permitted to engage in dialogue. **A maximum of 30 minutes** is set aside for Oral Communications.*

5. General Government / Public Hearings

All items listed in "General Government / Public Hearings" are intended to provide an opportunity for public discussion of each item listed. The following procedure pertains to each General Government item: 1) Staff explanation; 2) Council questions; 3) Public comment; 4) Council deliberation; 5) Decision.

A. Presentation of the Proposed Fiscal Year 2026-27 Budget

Recommended Action: Receive the proposed budget, provide staff direction, and continue budget deliberations to the next budget hearing scheduled for May 21, 2026.

6. Adjournment

The next regularly scheduled City Council meeting is on May 14, 2026, at 6:00 PM.

How to View the Meeting

Meetings are open to the public for in-person attendance at the Capitola City Council Chambers located at 420 Capitola Avenue, Capitola, California, 95010.

Other ways to Watch:

Spectrum Cable Television channel 8

City of Capitola, California YouTube Channel

How to Provide Comments to the City Council

Members of the public may provide public comments to the City Council in-person during the meeting. If you are unable to attend in-person, please email your comments to citycouncil@ci.capitola.ca.us and they will be included as a part of the record for the meeting.

Notice regarding City Council: The City Council regularly meets on the 2nd and 4th Thursday of each month at 6:00 p.m. in the City Hall Council Chambers located at 420 Capitola Avenue, Capitola.

Agenda and Agenda Packet Materials: The City Council Agenda and the complete Agenda Packet are available for review on the City's website and at Capitola City Hall prior to the meeting. Need more information? Contact the City Clerk's office at 831-475-7300.

Agenda Materials Distributed after Distribution of the Agenda Packet: Pursuant to Government Code §54957.5, materials related to an agenda item submitted after distribution of the agenda packet are available for public inspection at the Reception Office at City Hall, 420 Capitola Avenue, Capitola, California, during normal business hours.

Americans with Disabilities Act: Disability-related aids or services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Assisted listening devices are available for individuals with hearing impairments at the meeting in the City Council Chambers. Should you require special accommodations to participate in the meeting due to a disability, please contact the City Clerk's office at least 24 hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.

Si desea asistir a esta reunión pública y necesita ayuda - como un intérprete de lenguaje de señas americano, español u otro equipo especial - favor de llamar al Departamento de la Secretaría de la Ciudad al 831-475-7300 al menos tres días antes para que podamos coordinar dicha asistencia especial o envíe un correo electrónico a jgautho@ci.capitola.ca.us.

Televised Meetings: City Council meetings are cablecast "Live" on Charter Communications Cable TV Channel 8 and are recorded to be rebroadcasted at 8:00 a.m. on the Wednesday following the meetings and at 1:00 p.m. on Saturday following the first rebroadcast on Community Television of Santa Cruz County (Charter Channel 71 and Comcast Channel 25). Meetings are streamed "Live" on the City's website by clicking on the Home Page link "Meeting Agendas/Videos." Archived meetings can be viewed from the website at any time.



Memo

To: Julia Gautho, City Clerk
From: Jim Malberg, Administrative Services Director
Date: May 4, 2026
Re: Proposed Fiscal Year 2026-27 Budget – Additional Materials

Good morning,

Please see the attached Proposed FY 2026-27 Budget with updates. Some updates were inadvertently missed in the proposed budget distributed on Friday May 1st. All updates that have been made to the Proposed Budget, distributed April 17th, include:

1. Page 5: Cliff Drive Resiliency Project – corrected project area description.
2. Pages 14 & 15: Capital Improvement Fund – corrected actuals for prior fiscal years and budget and estimated amounts for FY 2025-26; removed amounts from FY 2026-27 and FY 2027-28, pending City Council direction on May 21st.
3. Pages 43 & 44: updated amounts for Community Grant program.



PROPOSED BUDGET

FISCAL YEAR 2026-27



CITY OF CAPITOLA

Capitola, California

Revised May 4, 2026



CITY COUNCIL

Margaux Morgan, Mayor
Gerry Jensen, Vice Mayor
Joe Clarke
Melinda Orbach
Susan Westman

Jamie Goldstein, City Manager

Sarah Ryan, Chief of Police
Jessica Kahn, Public Works Director
Jim Malberg, Administrative Services Director / Treasurer
Katie Herlihy, Community & Economic Development Director
Nikki Bryant, Community Services & Recreation Director
Chloe Woodmansee, Assistant to the City Manager
Julia Gautho, City Clerk

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California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award Fiscal Year 2025-2026

Presented to the

City of Capitola

For meeting the criteria established to achieve a CSMFO Award in Budgeting.

February 5, 2026



Jennifer Wakeman

***Jennifer Wakeman
2025 CSMFO President***

James Russell-Field

***James Russell-Field, Chair
Recognition Committee***

Dedicated to Excellence in Municipal Financial Reporting

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Mission and Values

Mission - Why we're here

We are a vibrant coastal community committed to delivering dependable, accessible services that foster connection and belonging through participatory governance.

Vision - Where we're going

The City of Capitola is a thriving, family-friendly community that prioritizes resident needs while fostering a healthy balance between sustainable tourism, economic growth, and coastal environment and lifestyle.

Values – The Capitola Way

- Collaborative Engagement
- Dynamic Innovation
- Fiscal Sustainability
- Resilient Community
- Respectful Service
- Responsible Growth

Strategic Priorities:

1. Accountable Government
2. Attainable Housing
3. Community Safety
4. Economic Opportunity
5. Healthy Families, Community, and Environment
6. Sustainable Infrastructure

Approved March 2025

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TO: City Council

FROM: City Manager

SUBJECT: FY 2026-27 Proposed and FY 2027-28 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) 2026-27. Staff was tasked with developing a budget that continues to deliver the high-quality of services the community is accustomed to while also allocating available resources to City Council goals and strategic priorities. The result is a balanced budget, however the projected ending General Fund balance of \$125,445 is well below the typical minimum target general fund balance of \$500,000.

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, the General Fund will become structurally imbalanced in FY 2028-29. With overwhelming voter approval, Measure Y became a new revenue stream in early 2025. That revenue is critical in the proposed FY 2026-27 budget to avoid deep service level cuts. Without the Measure Y revenue, the City would have likely had to reduce staffing by approximately 6% this fiscal year, eliminate all discretionary contracts and eliminate funding for nonprofit service providers. More significant cuts would likely have been necessary in 2027, which the expiration of Measure F.

The budget provides resources to maintain a high level of service 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, uncertain economic stability at the national level, and projected rising pension costs will likely result in very 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.

Storm damages from 2023 and 2024 were categorized into fifteen projects of which FEMA and Cal OES have approved fourteen for reimbursement totaling \$291,918 with the City is responsible for matching funds of \$8,360. To date, we have received \$291,918 with \$962,069 still outstanding for wharf repairs.

Staff recommends the City hold off on allocating any additional FEMA/Cal OES reimbursement until those funds are received. One potential use for these funds is to replenish reserve funding used to respond to the recent series of emergency events.

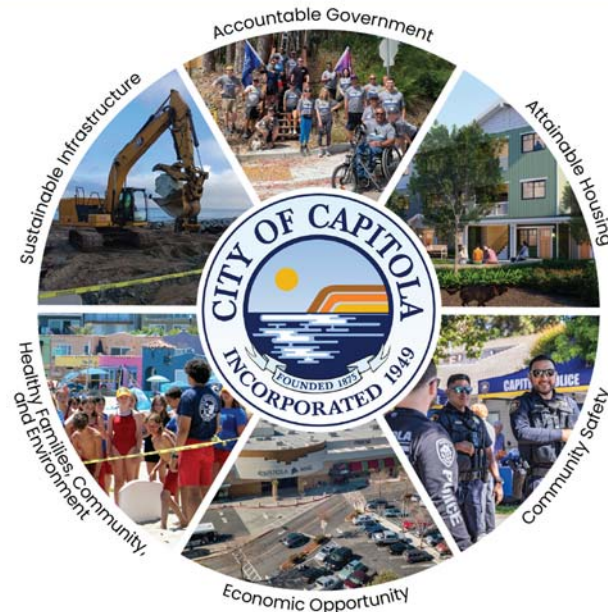
The Capitola Mall remains a major funding source for the City, however long-term national and local trends have put significant pressure on existing brick-and-mortar retailers to remain competitive with internet options. The Mall was purchased in 2016 by Merlone Geier Partners, which also acquired the 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 pandemic put the project on pause. 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 primary purpose of Measure F was to utilize the funding to protect City infrastructure from storms and rising sea levels. The City completed Measure projects, including rebuilding the wharf, flume and jetty earlier than anticipated. In response to early project completion, the City put Measure Y on the ballot in 2024 to repeal Measure F and replace it with a new half percent local sales tax for 10 years. Voters passed Measure Y with 67% approval. The City implemented salary adjustments for most of city staff in January as a result of this tax measure passing to maintain competitive salary ranges.

BUDGETARY GOALS AND PRINCIPLES

The FY 2026-27 General Fund budget was developed with an emphasis on financial stability and maintaining core programs and services for Capitola residents and visitors. As a first step in developing the Budget, the City Council had adopted the 2025-2029 Strategic Plan in the previous year. Budget highlights and proposed changes are presented in consideration of the six priorities included in the plan:



OTHER BUDGETARY HIGHLIGHTS AND PROPOSED CHANGES

Item 3 A.

While the budget was largely prepared to maintain core services and keep expenditures at the lowest level possible.

41st Avenue Pavement Rehabilitation and Multimodal Improvements

This project rehabilitates pavement and implements multimodal safety improvements along 41st Avenue, a key regional corridor serving residential neighborhoods, commercial areas, and access to State Route 1. The project includes pavement rehabilitation along 41st Avenue, bicycle and pedestrian safety improvements, curb ramp upgrades, and updated pavement striping and signage

Stockton Avenue Bridge

The Stockton Avenue Bridge is a critical connection within Capitola and serves as a primary access route to Capitola Village and the surrounding coastal areas. On August 24, 2023, the City Council accepted \$500,000 in grant funding from the California Department of Water Resources for the Stockton Bridge Debris Mitigation Project. The adopted FY 2022–23 budget also allocated \$350,000 for the initial phase of the project, bringing total available funding to approximately \$850,000.

Cliff Drive Resiliency Project

In January 2023, major storm events caused significant erosion along the bluff southwest of Hooper Beach, undermining a retaining wall originally installed in the mid-1990s. Following this damage, the City received approval from Caltrans and the Federal Highway Administration (FHWA) to pursue permanent improvements through the Emergency Relief (ER) program. The Cliff Drive Resiliency Project aims to stabilize the roadway and protect the critical infrastructure it contains, while also improving public access and pedestrian safety along this important coastal segment in Capitola. The project area extends along cliff drive from the parking area where Portola Drive becomes Cliff Drive to the staircase leading to the beach near the base of the Capitola Wharf—an arterial roadway serving residents, utility infrastructure, and coastal visitors.

Esplanade Park

The project, currently in the design phase following an award of \$275,000 from the State Coastal Conservancy, will evaluate sea level rise, coastal flooding, and storm impacts at Esplanade Park and develop conceptual design alternatives to improve long-term resilience and maintain public coastal access.

Monterey Park

The FY 2025-26 provided initial seed money to begin conceptual planning for a small play structure at Monterey Park. Staff plans to begin initial neighbor outreach in Spring.

Countywide Radio Project

FY 202-2 Budget proposes using general fund and restricted SLEF funding to fund the City's portion of the major countywide public safety radio upgrade project known as RING. The project will facilitate high-quality radio frequency across Santa Cruz County and increase interagency law enforcement collaboration. The project includes significant new radio infrastructure in the City,

compliant with new DOJ standards. The County, which is leading this effort, plans to enter into a contract with all the public safety organizations in the County and a vendor this fall. While final costs to the City have not yet been established, staff anticipates the cost will be roughly \$45,000 a year for the next 10-years.

Measure S

Measure S is a special tax on all developed property within the Santa Cruz Public Libraries District boundary (all of Santa Cruz County except the City of Watsonville); it was approved by voters in 2016 for a 30-year period. Tax funds are restricted to repair, upgrade, and modernize the local library facilities. The Santa Cruz Libraries Financing Authority Community Facilities District was formed for the purpose of levying the special tax to each of the four members: Cities of Capitola, Santa Cruz, and Scotts Valley and the County of Santa Cruz.

The City of Capitola completed the \$16.5 million Capitola Branch library in 2022 using \$10,476,529 in Measure S funding, funds from the County Library Fund, former Redevelopment Agency Funds, and \$856,000 in City general fund.

Recent projections indicate that Measure S will generate more revenue than initially anticipated, with the City expected to receive approximately \$165,000 annually for eligible library expenditures. The FY 2026–27 Budget proposes allocating this amount to the General Fund to continue repaying the \$856,000 previously advanced for the construction of the Capitola Library.

General Fund Balance

The general fund balance is estimated to end FY 2025-26 below the minimum target of \$500,000. Additionally, both the Contingency and Emergency reserves are currently below their target balance amounts pending reimbursements from FEMA and Cal OES. The FY 2026-27 Proposed Budget currently does not return the general fund to the \$500,000 target balance, staff will be updating year end estimates once the Jan. – Mar. sales tax is received at the end of May.

Current revenue and expenditure projections show revenues not keeping pace with expenditures, requiring usage of Measure Y revenues to structurally balance the budget in the 5-year forecast. Staff will continue to closely monitor revenues, expenditures, and fund balance throughout FY 2026-27 and will report to the Council during the mid-year budget report.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2025-26 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 include:

- Redesigned the City's website to enhance user experience, improve accessibility, and modernize digital engagement.
- Completed the Community Center Renovation project.
- Completed the Treasure Cove Playground project.
- Completed Jade Street Park restroom renovation
- Completed the Rispin Park project.
- Completed the FY24/25 Pavement Management Program

- Updated and amended zoning code and general plan to facilitate housing production on the Capitola Mall Site.
- Completed Housing Element-required rezones of multi residential sites in the City
- Worked with Kings Plaza property owners to bring Tesla dealership to Capitola
- Implemented a system that allows the public to pay for business licenses and other city services such as permits through online.
- Received more than \$1,200,000 in grant funding for key projects such as Esplanade Park redesign, traffic and sidewalk improvements and key public safety efforts.
- Bid and awarded the 41st Avenue Pavement Rehabilitation and Multimodal Improvements project contract, construction begins summer 2026.

Goal Setting

On March 26, City Council received a presentation regarding ongoing projects and future potential projects, programs and goals, and identified potential new goals. At that meeting, the following ongoing CIP projects were identified by staff.

Project	Current Phase	Status / Key Milestone
Stockton Bridge Rehabilitation	Assessment / Design	Structural evaluation underway; results expected Spring 2026.
Community Center Complex	Construction	Construction underway; opening scheduled for Summer 2026.
Cliff Drive	Planning / Engineering	Technical studies underway; advancing toward environmental clearance and funding for construction phases.
Park at Rispin Mansion: Landscaping and Additional Elements	Implementation	Park open; funding needed for additional landscaping; community fundraiser identified for additional elements (MOU in April). Measure Q grant for restoration and interpretive signs submitted.
41 st Avenue Pavement Rehabilitation and Multimodal Improvements	Construction Bids Received	Council contract approved
Pavement Management	Ongoing Program	Annual street resurfacing and pavement preservation program (FY 2025-26: 41 st Avenue Rehab & Multimodal; FY 2026-27: residential street project)
Esplanade Park Design	Concept Planning / Design	\$275,000 Coastal Conservancy grant award. RFP for design team issued.
Grand Avenue Pathway (Depot Hill)	Feasibility / Alignment Study	4/9: Council action: funding could be considered during Budget process

Bay Avenue Corridor Improvements	Design Development	Corridor study and design underway with RTC funding. Council review of draft design scheduled in April.
Five-Year Capital Improvement Program	Program Development	Draft FY 2026-31 CIP anticipated for Council review in Spring 2026.
Capitola Wharf Master Plan	Project Planning	Design presentation scheduled for Council review in April.
Climate Action Plan Update	Project Planning	Update underway; completion anticipated within ~6 months.
Active Transportation Plan (ATP)	Project Planning	Planning and community outreach to begin May 2026.

Item 3 A.

The following projects and programs were proposed by staff at the City Council Goal setting meeting.

Department	Draft Goals
City Manager	Election: three Council seats
	Employee contract negotiations
	Beach Lifeguard Service Organizational Study
Police	Anti Human Trafficking Ordinance
	Countywide records management system rollout
	Continued funding for: Drone Program, RING, Body Worn Cameras
Community & Economic Development	Continue working with Mall, Village hotel owners and other economic development opportunities.
	Ordinance updates: Community Benefits, ADUs, Bicycle Parking, Hotel Incentives
	Review Outdoor Dining Program
	Development impact fees - 41 st Avenue
	Housing Element Implementation: Down payment assistance program, update nexus study for rental housing.
Community Services & Recreation	Update Community Center rental package
	Explore and develop new opportunities related to renovated facilities
Administrative Services	Improve fiscal transparency
	Transition to paperless HR Division
	Return TOT administration to internal staff

Also during the goal setting session City Council identified the following potential new goals for next fiscal year. The table below notes if a majority of the members mentioned the item at the meeting as a goal, and if the item would require funding or just staff time.

Item 3 A.			
Funding Required	Goal	Majority of Council	Notes
Yes	Evaluation opportunity to use Trestle	✓	
Yes	Seek funding for sidewalk infill Projects		\$125k funding from RTC obtained in FY 25/26
Yes	Examine if bike-detection technology can help with bike safety		
No	Look at rent control costs/risks		
No	Report back on Economic Development opportunities		
No	Options to manage PERS costs		
No	Review options for revenue-neutral programs in		
No	Ensure CS&R balance of programs for youth and seniors		
No	Community engagement (fun facts)		
Yes	Ebike safety plan		Program initiated 2026
No	Parking rate evaluation		Rates last updated in 2024
Yes	Village clean up & new trashcans		
No	Work with community groups to help fund projects		
No	Tree maintenance near street lights		
Yes	Funds to match private donation at Rispin Park		
Yes	Improved bike facilities on 38th Avenue		
No	Present info about GF spend by geographic area		
No	Study Citywide vacation rental zone revenue		
Yes	Additional sidewalk cleaning when weather is nice, off season		

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



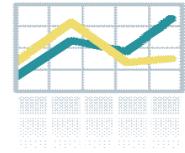
Budget Process Overview

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 on 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 City Manager / Departments Finance / Departments Finance	Finance prepares mid-year calculations Review accomplishments related to prior year Budget Principles Provides year-end estimates Publishes quarterly reports for October - December
February	Finance / City Manager City Council Finance Departments	Presents mid-year report to Council and FAC Establishes Budget Principles Projects non-departmental revenues and position costs Prepares budget and CIP
March	Finance / Departments Finance Advisory Committee	Continue budget projections FAC discusses elements of the budget
April	City Manager Finance Planning Commission Finance	Reviews departments budget requests Adjusts proposed budget based on City Manager review Reviews CIP Publishes quarterly reports for January - March
May	Finance Advisory Committee Finance / City Manager Finance Advisory Committee Community Organizations	Distributes proposed budget Presents proposed budget and CIP to City Council Provides recommendations to Council Provides funding request information to Council
June	City Council City Council	Deliberates 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/Treasurer 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, and a Council Member. 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.

General Fund Summary

Item 3 A.

The General Fund balance remained steady during FY 2025-26. The projected General Fund FY 2025-26 ending budgetary fund balance totals \$133,704. The FY 2026-27 Proposed Budget is estimating the general fund to have an ending balance of \$125,445.

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 23/24 Actual	FY 24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
Revenues						
Taxes	\$ 14,495,884	\$ 15,087,639	\$ 16,883,877	\$ 16,883,877	\$ 17,477,145	\$ 18,039,441
Licenses and permits	767,635	745,316	734,500	734,500	805,300	743,740
Intergovernmental revenues	230,640	142,486	106,700	106,700	213,678	217,818
Charges for services	2,126,976	2,236,200	2,550,679	2,470,679	2,673,128	2,673,128
Fines and forfeitures	425,043	503,122	690,000	690,000	920,000	920,000
Use of money & property	355,181	59,779	139,000	139,000	167,000	167,000
Other revenues	365,348	104,481	97,000	97,000	102,875	104,797
Revenues Totals	\$18,766,706	\$18,879,022	\$21,201,756	\$21,121,756	\$22,359,126	\$22,865,924
Expenditures						
Personnel	\$12,099,946	\$12,692,358	\$14,419,337	\$14,199,337	\$15,007,262	\$15,447,833
Contract services	3,704,267	3,799,530	3,690,066	3,830,066	4,024,634	3,940,263
Training & Memberships	143,324	114,877	169,480	154,480	124,380	146,230
Supplies	958,158	854,877	801,700	801,700	879,350	856,350
Grants and Subsidies	125,000	125,000	133,425	133,425	133,425	133,425
Internal service fund charges	1,617,841	1,523,579	1,663,200	1,663,200	1,611,218	1,651,644
Other financing uses	3,271,324	2,288,788	407,344	407,344	587,116	486,881
Expenditures Totals	\$21,919,860	\$21,399,008	\$21,284,552	\$21,189,552	\$22,367,385	\$22,662,625
Impact on Fund Balance	\$ (3,153,154)	\$ (2,519,986)	\$ (82,796)	\$ (67,796)	(\$8,259)	\$203,298
Budgetary Fund Balance	\$ 2,721,486	\$ 201,500	\$ 118,704	\$ 133,704	\$ 125,445	\$ 328,743
Designations						
Employee Downpayment						
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revised Budgetary Fund Balance	\$ 2,721,486	\$ 201,500	\$ 118,704	\$ 133,704	\$ 125,445	\$ 328,743

Revenue Summary

Item 3 A.

	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
General Fund	\$ 18,766,706	\$18,879,022	\$21,201,756	\$21,121,756	\$22,359,126	\$22,865,924
Designated Reserves						
Contingency Reserve	131,000	172,000	-	-	-	-
PERS Contingency Reserve	283,497	343,370	10,000	70,000	50,000	50,000
Emergency Reserve	250,000	250,000	-	-	-	-
Facility Reserve	-	100,000	-	-	-	-
Total Designated Reserves	\$ 664,497	\$ 865,370	\$ 10,000	\$ 70,000	\$ 50,000	\$ 50,000
Debt Service						
Pac Cove Lease Financing	165,139	670,000	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,344	87,116
Total Debt Service	\$ 292,139	\$ 757,788	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Capital Improvement Fund	\$ 8,038,284	\$ 3,399,369	\$10,108,000	\$10,108,000	\$ -	\$ -
Internal Service Funds						
Stores Fund	\$ 27,000	\$ 27,001	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	261,570	510,068	272,000	272,000	352,000	342,000
Equipment Replacement	185,000	709,271	65,000	65,000	197,000	200,000
Self-Insurance Liability	955,290	622,136	760,036	760,036	688,200	715,800
Workers Compensation	431,999	447,705	403,542	403,542	403,000	423,150
Compensated Absences	220,000	225,000	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 2,080,859	\$ 2,541,180	\$ 1,727,578	\$ 1,727,578	\$ 1,867,200	\$ 1,907,950
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 107,082	\$ 107,524	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000
TOT Restricted Revenue	105,682	102,884	101,841	96,250	97,250	97,250
Gas Tax	255,825	280,848	274,160	280,160	279,546	290,462
RTC Streets	381,953	379,314	374,000	384,000	397,732	397,971
SB1 RMRA	227,379	265,779	252,161	267,161	258,668	262,770
Wharf	72,310	5,373	95,500	97,500	24,000	24,000
General Plan Update and Maint	127,062	137,542	114,375	146,875	62,000	62,000
Green Building Education	13,459	46,307	15,000	20,000	15,000	15,000
Public Arts Fee	-	-	-	54,460	25,000	-
Parking Reserve	100,000	469,000	-	-	-	-
Technology Fee	14,659	18,726	14,500	16,500	17,000	17,000
PEG-Public Education and Gov.	13,437	12,450	16,000	11,500	11,500	11,500
BIA-Capitola Village-Wharf BIA	145,789	134,254	146,970	149,915	150,000	152,000
CDBG Grants	168,768	160,560	3,592,576	3,432,335	-	-
CDBG Program Income	1,151	1,906	-	165,241	-	-
Library	51,693	2,103	-	-	165,000	165,000
HOME Reuse	99,530	86,985	-	104,529	20,000	500
Housing Trust	50,377	95,220	14,000	76,802	75,000	70,000
PLHA	-	105,092	171,825	376,400	-	-
Cap Hsg Succ- Program Income	150,872	153,801	27,400	91,846	20,000	20,000
Total Special Revenue Funds	\$ 2,087,026	\$ 2,565,668	\$ 5,314,308	\$ 5,875,474	\$ 1,721,696	\$ 1,689,453
Total Revenues - All Funds	\$ 31,929,511	\$29,008,398	\$38,449,210	\$38,990,376	\$26,085,366	\$26,600,443

Expenditure Summary

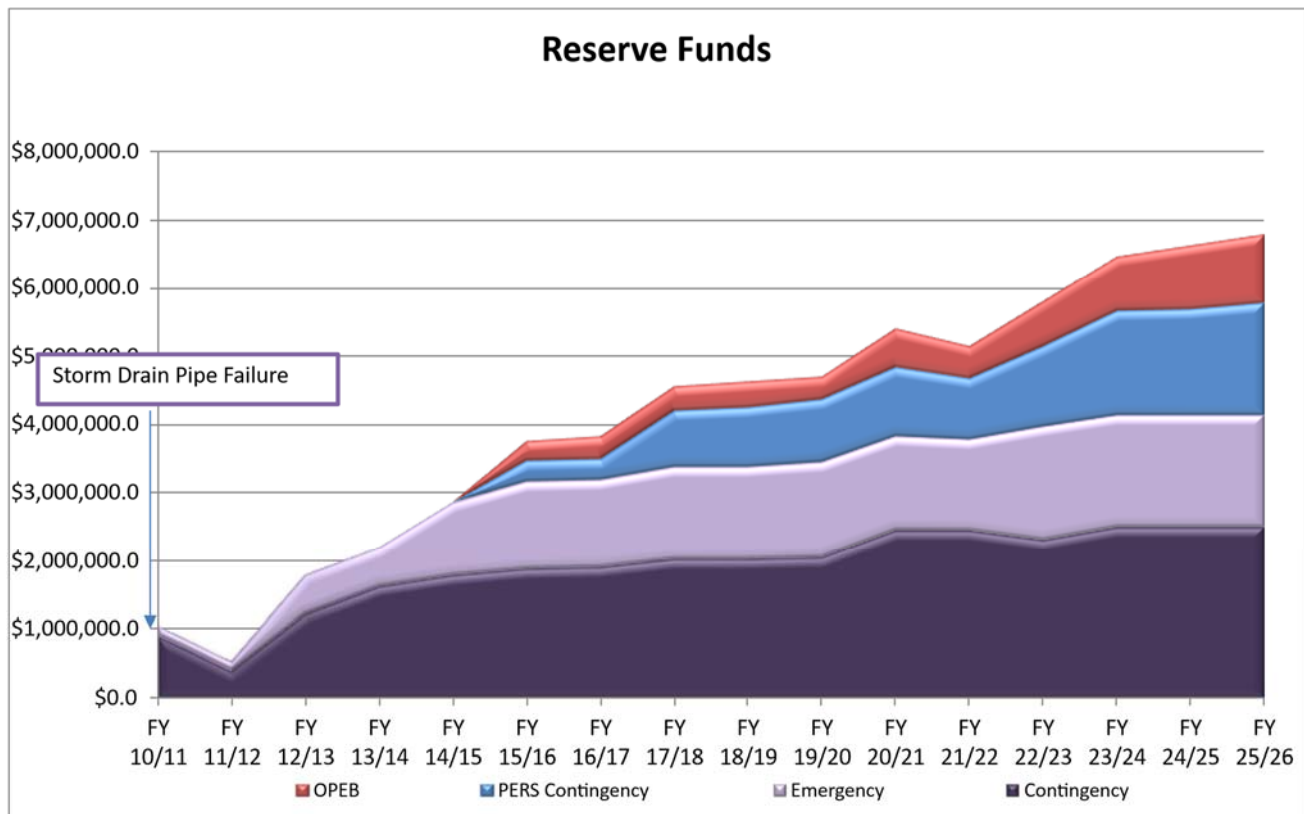
	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
General Fund	\$ 21,919,860	\$ 21,399,008	\$ 21,284,552	\$ 21,189,552	\$ 22,367,385	\$ 22,662,625
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	80,000	250,000	-	-	-	-
Facilities Reserve	-	250,000	-	-	-	-
Total Designated Reserves	\$ 80,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Debt Service						
Pac Cove Lease Financing	165,066	649,940	-	-	-	-
Pac Cove Park	88,002	87,788	87,568	87,568	87,344	87,116
Total Debt Service Funds	\$ 253,068	\$ 737,727	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Capital Improvement Fund	\$ 14,212,654	\$ 4,001,315	\$ 9,700,000	\$ 9,700,000	\$ -	\$ -
Internal Service Funds						
Stores	\$ 29,759	\$ 25,595	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	299,723	301,063	317,406	317,406	348,000	338,000
Equipment Replacement	275,161	1,035,582	417,661	473,500	197,000	200,000
Self-Insurance Liability	656,222	720,403	760,036	760,036	688,200	715,800
Workers' Compensation	681,777	446,257	403,542	403,542	403,000	423,150
Compensated Absences	276,821	248,166	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 2,219,462	\$ 2,777,067	\$ 2,125,645	\$ 2,181,484	\$ 1,863,200	\$ 1,903,950
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 109,954	\$ 84,360	\$ 133,500	\$ 133,500	\$ 133,500	\$ 133,500
TOT Restricted Revenue	109,968	98,141	131,833	128,333	97,250	97,250
Gas Tax	149,949	275,741	296,741	296,741	279,500	290,000
RTC Streets	1,129,884	33,061	369,000	369,000	397,732	397,971
SB1 RMRA	253,428	21,801	252,161	252,161	258,668	262,770
Wharf	61,003	46,778	141,250	152,000	58,000	58,300
General Plan Update and Maint.	125,760	119,265	333,846	333,846	75,500	45,500
Green Building Education	-	7,710	57,000	12,500	62,500	7,500
Public Arts Fee	-	579	75,500	101,020	55,500	-
Parking Reserve	100,000	469,000	-	-	-	-
Technology Fee	18,250	-	13,250	15,750	16,000	16,000
PEG-Public Education and Gov.	32,159	-	12,000	16,000	16,000	16,000
BIA-Capitola Village-Wharf BIA	140,940	146,011	155,900	153,200	165,500	165,500
CDBG Grants	220,884	239,612	3,595,770	3,610,240	-	-
CDBG Program Income	-	-	170,241	214,443	-	-
Library	1,085	-	-	-	165,000	165,000
HOME Reuse	3,700	3,700	4,100	4,850	979,000	-
Housing Trust	25,000	201,000	150,000	150,000	75,000	75,000
PLHA	-	5,256	449,376	449,376	-	-
Cap Hsg Succ- Program Income	92,316	324,528	2,224,649	999,649	32,500	32,500
Total Special Revenue Funds	\$ 2,574,279	\$ 2,076,543	\$ 8,566,117	\$ 7,392,610	\$ 2,867,150	\$ 1,762,791
Total Expenditures - All Funds	\$ 41,259,323	\$ 31,491,661	\$ 41,763,882	\$ 40,551,214	\$ 27,185,079	\$ 26,416,482

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 with the COVID-19 Pandemic without utilizing reserve funds, however, the atmospheric river storms on Jan. 5, 2023, caused the City to utilize funds from the Emergency Reserve to make emergency repairs. Additionally, as the City made storm damage repairs the general fund balance has been drawn down and therefore the FY 2026-27 Proposed Budget does not include any general fund transfers into the reserves. As storm damage repair costs are reimbursed through FEMA and Cal OES the City anticipates returning reserves to minimum target balances.



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 6/30/2025	\$853,759
FY 2025/65 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2026	\$925,809
FY 2026/27 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2027	\$997,859

PERS Trust Fund:

Balance 6/30/2025	\$1,561,142
Estimated Interest Earned	30,000
<u>FY 2025/26 Contributions</u>	<u>0</u>
Estimated Balance 6/30/2026	\$1,591,142
<u>Estimated Interest Earned</u>	<u>30,000</u>
Estimated Balance 6/30/2027	\$1,621,142

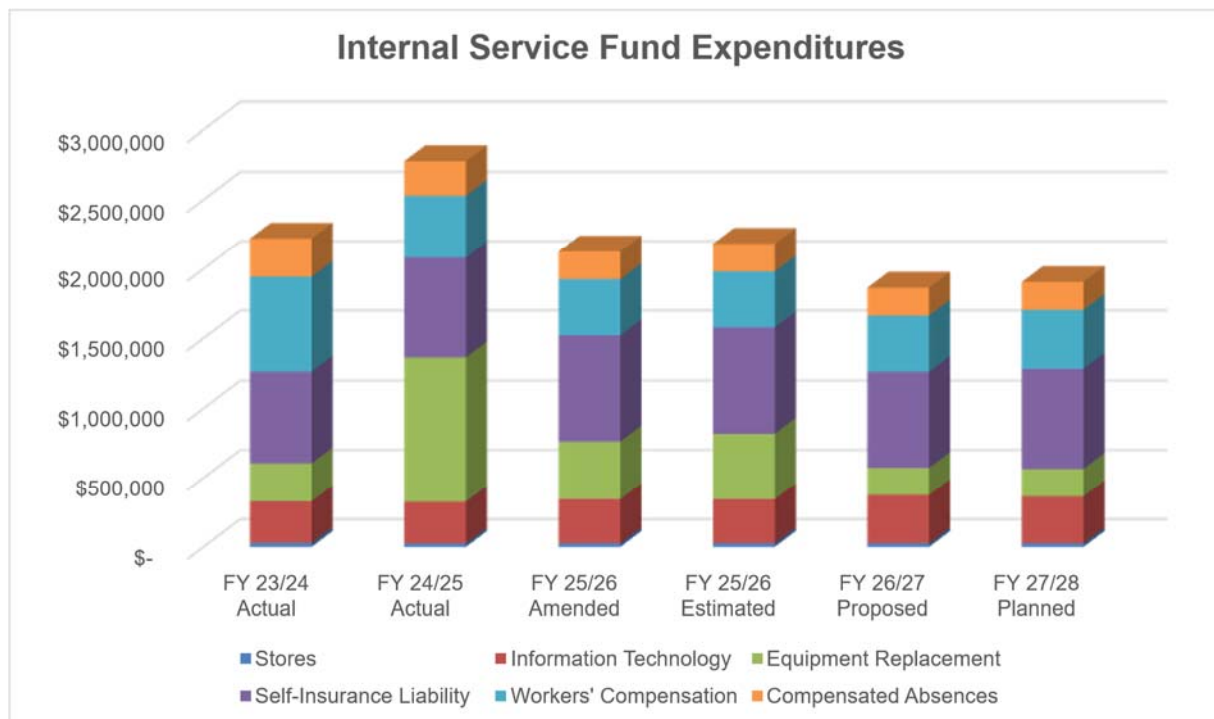
General Fund Resources

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 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
General Fund	\$ 133,704	\$ 125,445	\$ 328,743
Designated Reserves			
Emergency	1,631,506	1,631,506	1,631,506
Contingency	2,495,346	2,495,346	2,495,346
PERS Contingency	1,601,142	1,651,142	1,701,142
Facilities Reserve	282,714	282,714	282,714
Internal Service Funds			
Stores	64,082	64,082	64,082
Information Technology	481,250	485,250	489,250
Equipment Replacement	141,157	141,157	141,157
Self-Insurance Liability	179,920	179,920	179,920
Workers' Compensation	118,749	118,749	118,749
Compensated Absences	30,899	30,899	30,899
Total General Fund Resources	\$ 7,160,469	\$ 7,206,210	\$ 7,463,508

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



Fund Balance Summary

	Estimated Balance 7/1/2026	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2027
General Fund	\$ 133,704	\$22,359,126	\$ -	\$ 21,780,269	\$ 587,116	\$ 125,445
Designated Reserves						
Contingency Reserve	\$2,495,346	\$ -	\$ -			\$ 2,495,346
PERS Contingency Reserve	1,601,142	50,000	-	-	-	1,651,142
Emergency Reserve	1,631,506	-	-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	282,714	-	-	-	-	282,714
Total Designated Reserves	\$ 6,010,707	\$ 50,000	\$ -	\$ -	\$ -	\$ 6,060,707
Debt Service						
Pac Cove Lease Financing	75,204	-	-		-	75,204
Pac Cove Park	12	-	87,568	87,568	-	12
Total Debt Service	\$ 75,216	\$ -	\$ 87,568	\$ 87,568	\$ -	\$ 75,216
Capital Improvement Fund	\$ 1,351,312	\$ 1,420,700	\$ -	\$ 2,600,000	\$ -	\$ 172,012
Internal Service Funds						
Stores	\$ 64,082	\$ 27,000		\$ 27,000	\$ -	\$ 64,082
Information Technology	481,250	275,000	-	348,000	-	408,250
Equipment Replacement	141,157	197,000	-	197,000	-	141,157
Self-Insurance Liability	179,920	688,200		688,200	-	179,920
Workers' Compensation	118,749	403,000		403,000	-	118,749
Compensated Absences	30,899	-	200,000	200,000	-	30,899
Total Internal Service Funds	\$ 1,016,058	\$ 1,590,200	\$ 200,000	\$ 1,863,200	\$ -	\$ 943,058
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 33,427	\$ 104,000		\$ 133,500		\$ 3,927
TOT Restricted Revenue	21,296	97,250		97,250		21,296
SB1 RMRA	300,518	258,668		258,668		300,518
RTC Streets	60,325	397,732		397,732		60,325
Gas Tax	273,397	279,546		279,500		273,443
Wharf	124,018	24,000		58,000		90,018
General Plan Update and Maint	280,571	62,000		75,500		267,071
Green Building Education	260,555	15,000		62,500		213,055
Public Art	155,236	25,000		55,500		124,736
Parking Reserve	737	-		-	-	737
Technology Fee	94,371	17,000		16,000		95,371
PEG-Public Education and Govt.	51,341	11,500		16,000		46,841
Capitola Village/Wharf BIA	33,426	150,000	-	165,500		17,926
CDBG Grants	(1,080)	-		-		(1,080)
CDBG Program Income	39,199	-		-		39,199
Library	51,569	165,000		165,000		51,569
HOME Reuse	780,264	20,000		979,000		(178,736)
Housing Trust	241,690	75,000		75,000		241,690
PLHA	5,255	-		-		5,255
Cap Hsg Succ- Program Income	1,925,511	20,000		32,500		1,913,011
Total Special Revenue Funds	\$ 4,731,626	\$ 1,721,696	\$ -	\$ 2,867,150	\$ -	\$ 3,586,172
Total Fund Balance - All Funds	13,318,622					10,962,609

Fund Balance Summary

	Estimated Balance 7/1/2027	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/20289
General Fund	\$ 125,445	\$ 22,865,924	\$ -	\$ 22,175,744	\$ 486,881	\$ 328,743
Designated Reserves						
Contingency Reserve	\$ 2,495,346	\$ -	\$ -	\$ -	\$ -	\$ 2,495,346
PERS Contingency Reserve	1,651,142	50,000	-	-	-	1,701,142
Emergency Reserve	1,631,506	-	-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	282,714	-	-	-	-	282,714
Total Designated Reserves	\$ 6,060,707	\$ 50,000	\$ -	\$ -	\$ -	\$ 6,110,707
Debt Service						
Pac Cove Lease Financing	75,204	-	-	-	-	75,204
Pac Cove Park	12	-	87,344	87,344	-	12
Total Debt Service	\$ 75,216	\$ -	\$ 87,344	\$ 87,344	\$ -	\$ 75,216
Capital Improvement Fund	\$ 172,012	\$ -	\$ -	\$ -	\$ -	\$ 172,012
Internal Service Funds						
Stores	\$ 64,082	\$ 27,000	\$ -	\$ 27,000	\$ -	\$ 64,082
Information Technology	408,250	342,000	-	338,000	-	412,250
Equipment Replacement	141,157	200,000	-	200,000	-	141,157
Self-Insurance Liability	179,920	715,800	-	715,800	-	179,920
Workers' Compensation	118,749	423,150	-	423,150	-	118,749
Compensated Absences	30,899	-	200,000	200,000	-	30,899
Total Internal Service Funds	\$ 943,058	\$ 1,707,950	\$ 200,000	\$ 1,903,950	\$ -	\$ 947,058
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 3,927	\$ 104,000		\$ 133,500		\$ (25,573)
TOT Restricted Revenue	21,296	97,250		97,250		21,296
SB1 RMRA	300,518	262,770		262,770		300,518
RTC Streets	60,325	397,971		397,971		60,325
Gas Tax	273,443	290,462		290,000		273,905
Wharf	90,018	24,000		58,300		55,718
General Plan Update and Maint	267,071	62,000		45,500		283,571
Green Building Education	213,055	15,000		7,500		220,555
Public Art	124,736	-		-		124,736
Parking Reserve	737	-	-	-	-	737
Technology Fee	95,371	17,000		16,000		96,371
PEG-Public Education and Govt.	46,841	11,500		16,000		42,341
BIA-Capitola Village-Wharf BIA	17,926	152,000		165,500		4,426
CDBG Grants	(1,080)	-		-		(1,080)
CDBG Program Income	39,199	-		-		39,199
Library	51,569	165,000		165,000		51,569
HOME Reuse	(178,736)	500		-		(178,236)
Housing Trust	241,690	70,000			75,000	236,690
PLHA	5,255	-		-		5,255
Cap Hsg Succ- Program Income	1,913,011	20,000		32,500		1,900,511
Total Special Revenue Funds	\$ 3,586,172	\$ 1,689,453	\$ -	\$ 1,687,791	\$ 75,000	\$ 3,512,834
Total Fund Balance - All Funds	10,962,609					11,146,570

GENERAL FUND REVENUES

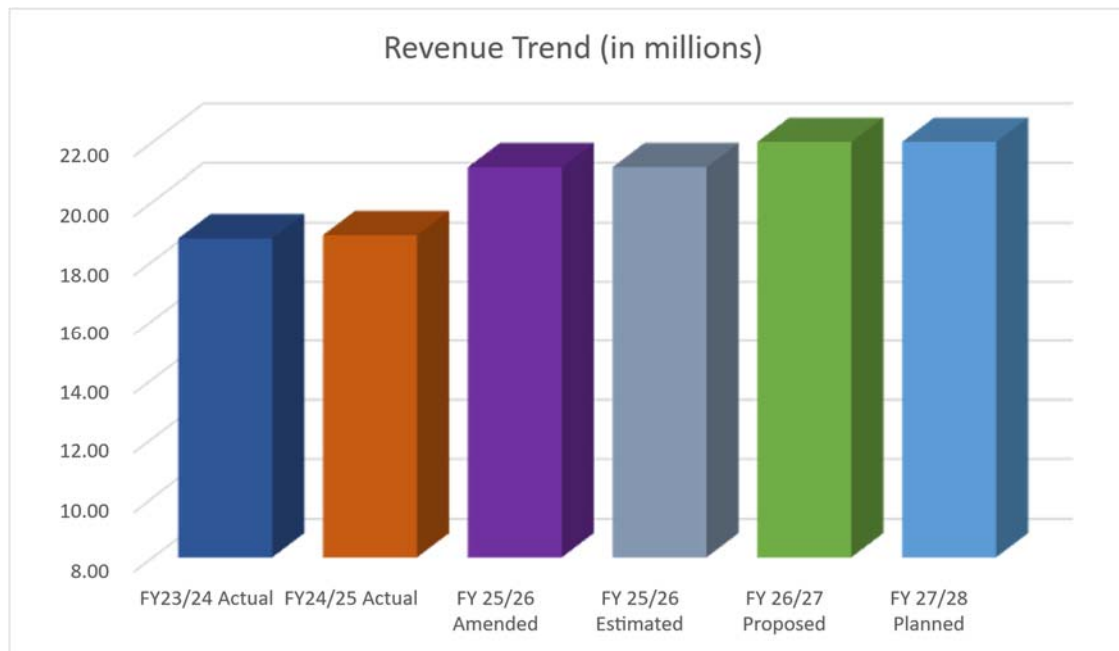


General Fund Revenues

Revenues for the FY 2025-26 General Fund operating budget total \$22.4 million, an increase of approximately \$1.2 million or 5.7 percent above FY 2025-26 estimated revenue. 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 2% over FY 2025-26 with as the economy shows signs of slowing. Transient occupancy tax is expected to increase approximately 3.5%.

A summary of major revenue changes between the FY 2025-26 proposed and FY 2026-27 proposed budgets is listed below:

General Fund Revenues						
	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
Taxes	\$ 14,495,884	\$15,087,639	\$16,883,877	\$16,883,877	\$17,477,145	\$18,039,441
Licenses and permits	767,635	745,316	734,500	734,500	805,300	743,740
Intergovernmental revenues	230,640	142,486	106,700	106,700	213,678	217,818
Charges for services	2,126,976	2,236,200	2,495,741	2,495,741	2,673,128	2,673,128
Fines and forfeitures	425,043	503,122	690,000	690,000	920,000	920,000
Use of money & property	355,181	59,779	139,000	139,000	167,000	167,000
Other revenues	365,348	104,481	97,000	97,000	102,875	104,797
General Fund Revenues	\$ 18,766,706	\$18,879,022	\$21,146,818	\$21,146,818	\$22,359,126	\$22,865,924



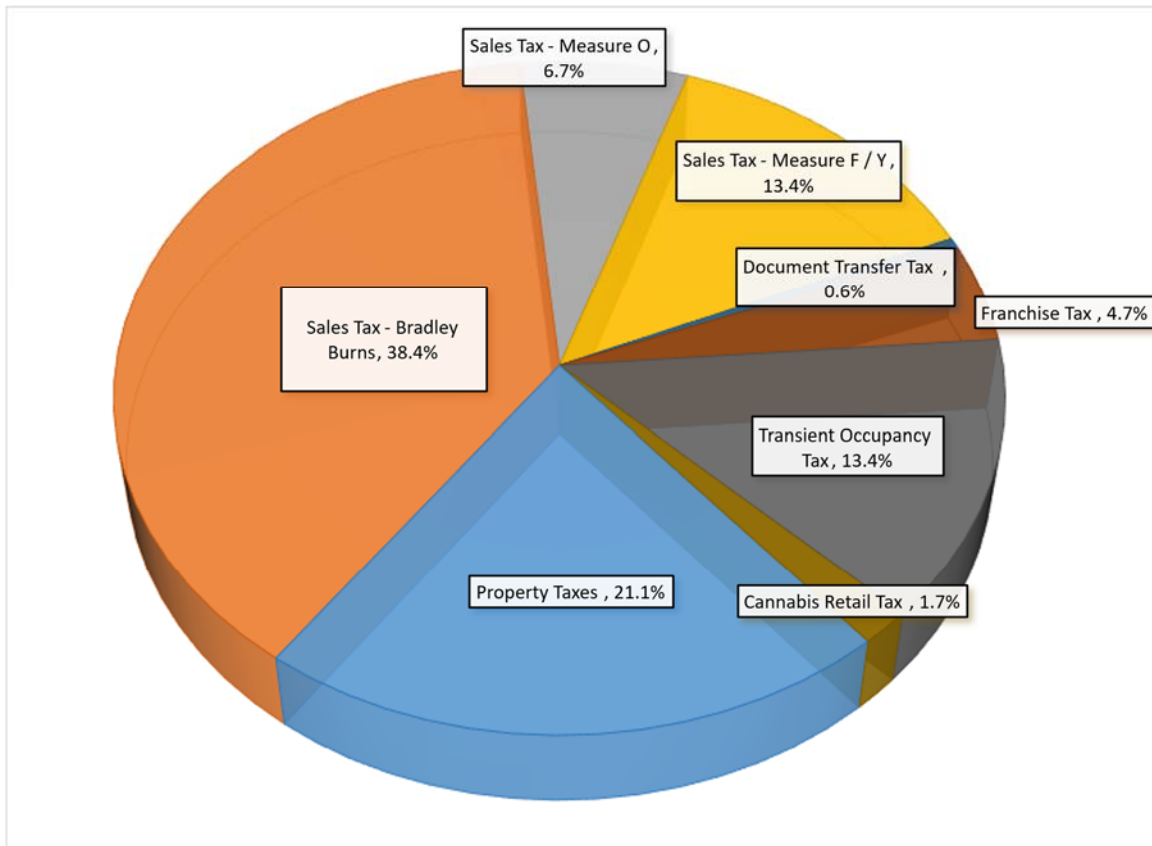
General Revenue Information

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. 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.

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	\$10,010,195
• Transient Occupancy Tax	2,300,000
• Parking Meters	1,166,000
• Parking Fines	850,000
• Property Taxes	<u>3,613,050</u>
	\$17,939,245

Additional information related to the five core revenues is detailed within this section. In addition, five-year trends for each revenue source are provided in the Revenue Summary.



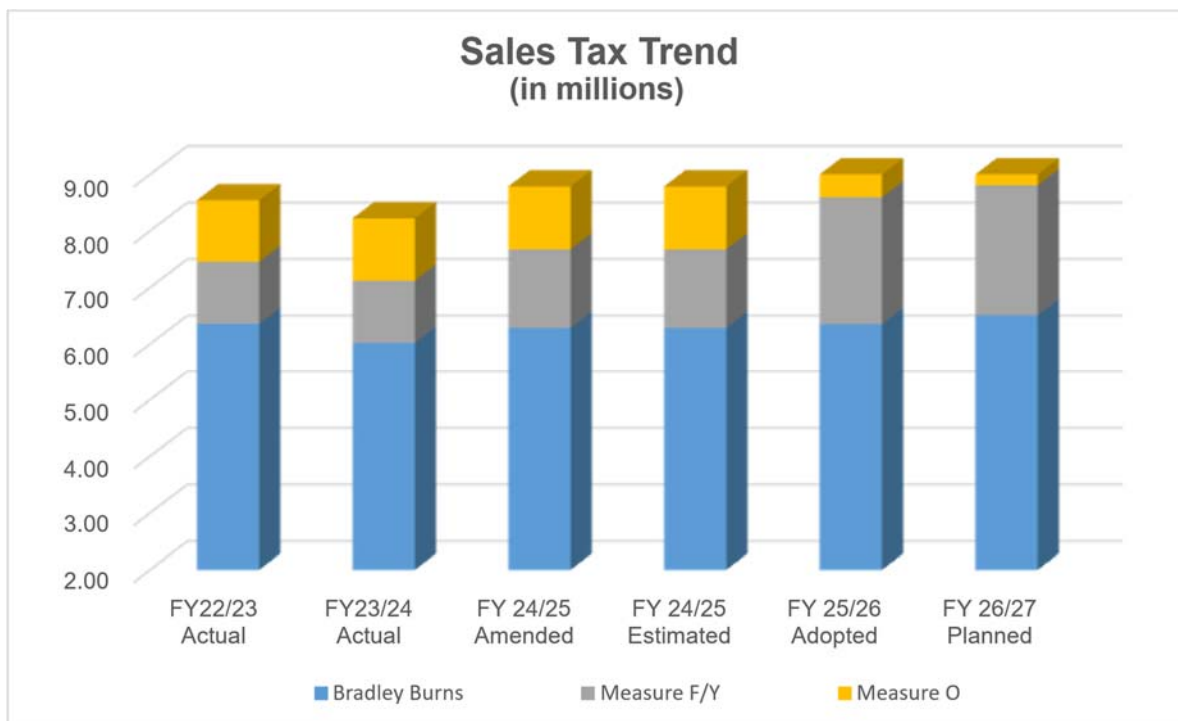
Sales Tax

The City of Capitola sales tax consists of one percent Bradley Burns, a half percent Capitola District Tax (Measure Y), and a permanent quarter percent Capitola District Tax (Measure O). In FY 2025-26 annual sales tax revenue is estimated to be \$10 million, with approximately \$3.4 million in revenues contributed by Measure O, and Measure Y.

Sales tax by Geographic Area	
Area	% of Total
41st Ave. Corridor	82.6%
Capitola Village	7.4%
Upper Village	7.5%
Light Industrial Distr.	2.5%
	<u>100.0%</u>

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 2026-27, Bradley Burns sales tax revenue is anticipated to increase by approximately 2 percent, or \$294,318 above the FY 2025-26 estimated sales tax receipts. The City's sales tax collections are heavily dependent on the top five generators.

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



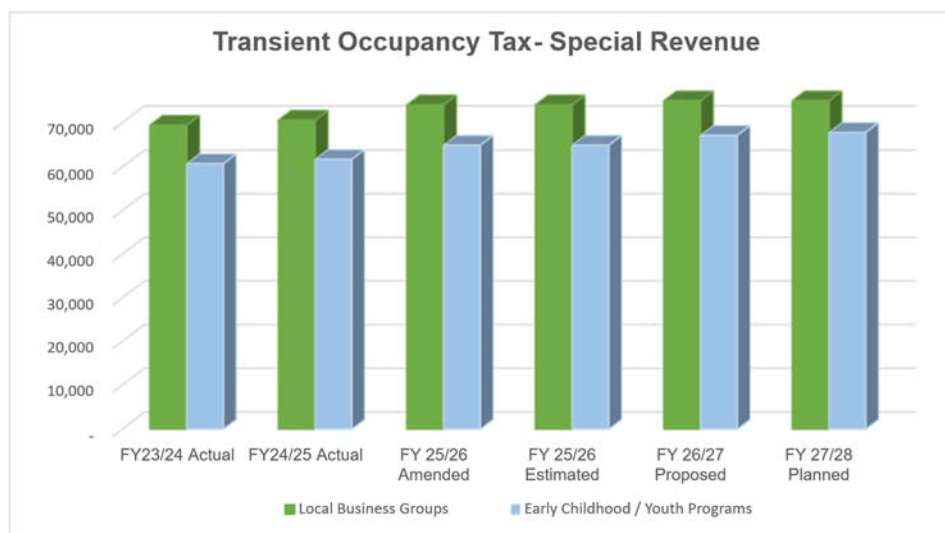
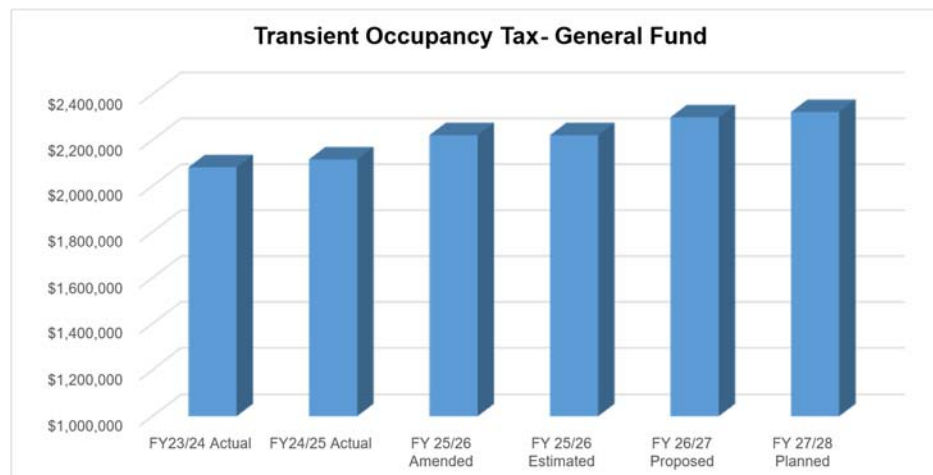
Transient Occupancy Taxes (TOT)

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 2025-26 TOT tax generally accounts for approximately 13% of General Fund operating revenues. The City's TOT revenues come from the following sources:

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

TOT revenues are anticipated to increase during FY 2026-27. For the last several years, hotels have experienced high occupancy rates leaving little room for increased TOT revenues. As the industry slows down little revenues are expected to continue to grow slightly as has been the case for the last couple of years.

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.

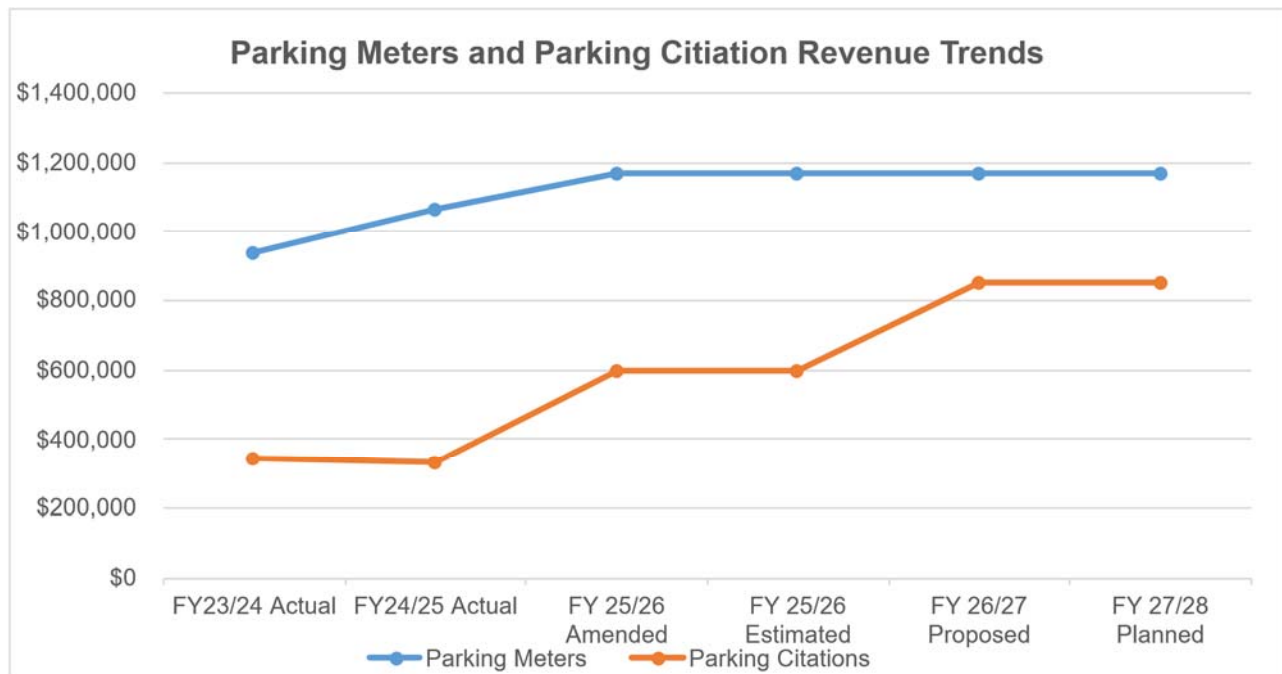


Parking Meters and Parking Fines

In FY 2026-27 parking meter and parking fine revenues are estimated to contribute approximately \$2.0 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. 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 25/26 Adopted	Avg. Meter Rev. per Space
Village	191	\$ 766,000	\$ 4,010
Cliff Drive	65	\$ 162,500	\$ 2,500
Pacific Cove - Upper Lot	232	\$ 175,000	\$ 754
Pacific Cove - Lower Lot	226	\$ 62,500	\$ 277

The following chart illustrates parking meter revenue and parking citation revenue trends within the City. Overall, the revenue trend reflects the previously mentioned parking meter rate increase while showing citation revenue remaining flat. 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.



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 2026-27 property tax revenue is estimated to be \$3.6 million, representing a five percent increase over the estimated collection amount from FY 2025-26. The City's collections are slightly higher than the information from the County Auditor-Controller's Office due to the increased cost of housing and a robust housing market.

In the FY 2026-27 proposed budget, base property tax revenues are projected to increase approximately five percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market.

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. 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 four percent have been applied to the upcoming fiscal years.



Revenue Summary

	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
<u>Taxes</u>						
Property Taxes	\$ 3,105,788	\$ 3,250,204	\$ 3,441,000	\$ 3,441,000	\$ 3,613,050	\$ 3,793,703
Sales Tax- Bradley Burns	6,023,319	6,063,691	6,349,456	6,349,456	6,576,445	6,838,356
Sales Tax- Measure O	1,098,473	1,141,023	1,122,140	1,122,140	1,144,583	1,173,198
Sales Tax- Measure F / Y	1,099,849	1,429,202	2,244,281	2,244,281	2,289,167	2,346,396
Measure Q	-	-	150,000	150,000	200,000	200,000
Measure S (GF repayment)	-	-	165,000	165,000	165,000	165,000
Document Transfer Tax	95,108	89,865	100,000	100,000	100,000	100,000
Franchise Tax	729,485	742,443	790,000	790,000	797,900	805,879
Transient Occupancy Tax	2,082,097	2,116,422	2,222,000	2,222,000	2,300,000	2,323,000
Cannabis Retail Tax	261,764	254,790	300,000	300,000	291,000	293,910
Total	\$ 14,495,884	\$ 15,087,639	\$ 16,883,877	\$ 16,883,877	\$ 17,477,145	\$ 18,039,441
<u>Licenses and permits</u>						
Business License	\$ 323,755	\$ 334,274	\$ 324,000	\$ 324,000	\$ 330,300	\$ 327,240
Building Permits	276,019	260,712	250,000	250,000	300,000	255,000
Cannabis Annual License Fee	10,324	5,476	6,500	6,500	5,000	6,500
Encroachment Permits	30,247	35,520	35,000	35,000	36,000	36,000
Special events permit	2,592	7,672	5,000	5,000	10,000	5,000
Entertainment permit	4,072	5,092	4,500	4,500	4,500	4,500
Parking Permits	46,506	46,708	45,500	45,500	55,500	45,500
Planning Permits	73,892	48,218	63,000	63,000	63,000	63,000
Other Permits	230	1,644	1,000	1,000	1,000	1,000
Total	\$ 767,635	\$ 745,316	\$ 734,500	\$ 734,500	\$ 805,300	\$ 743,740
<u>Intergovernmental revenues</u>						
Federal and State Grants	\$ 223,791	\$ 135,547	\$ 100,000	\$ 100,000	\$ 206,978	\$ 211,118
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.	2,649	2,739	2,500	2,500	2,500	2,500
Total	\$ 230,640	\$ 142,486	\$ 106,700	\$ 106,700	\$ 213,678	\$ 217,818
<u>Charges for Svcs.</u>						
Gen gov't Pay stations-Village	\$ 656,816	\$ 703,223	\$ 766,000	\$ 766,000	\$ 766,000	\$ 766,000
Gen gov't Pay stations-Cliff Dr.	80,384	106,351	162,500	162,500	162,500	162,500
Gen gov't Pay station-upper Pac Cove	141,841	181,753	175,000	175,000	175,000	175,000
Gen gov't Pay stations-lower Pac Cove	56,274	72,854	62,500	62,500	62,500	62,500
Public safety Vehicle release fee	9,675	11,204	9,000	9,000	9,000	9,000
Public safety Police reports	1,103	1,429	1,000	1,000	1,000	1,000
Public safety Booking fees	-	-	-	-	-	-
Public safety DUI collections	7,186	1,961	5,000	5,000	5,000	5,000
Public safety Spec. events - Police Svcs.	32,261	63,546	60,000	60,000	80,000	80,000
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public Works - Special Events	3,318	5,088	5,000	5,000	6,000	6,000
Public works Stormwater dev. Review	4,328	4,016	4,000	4,000	4,000	4,000
Building fees Building plan check fees	145,772	106,453	110,000	110,000	150,000	150,000
Bldg. Official Reimbursement	-	-	-	-	-	-
Comm dev Planning fee - Sr./Assoc plnr cost	45,700	35,724	50,000	50,000	50,000	50,000
Comm Planning fee - assist plnr cost	2,080	1,000	-	-	20,000	20,000
Comm dev Planning fee - director cost	19,017	12,023	15,000	15,000	15,000	15,000
Comm dev Subdivisions	-	-	-	-	-	-
Comm dev Planning plan check fee	34,118	22,778	30,000	30,000	30,000	30,000
Comm dev Planning application fee	-	-	-	-	-	-
Comm dev Planning - Gen Plan	-	-	30,000	30,000	30,000	30,000

	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
Comm dev Planning - other fees	5,288	7,746	4,000	4,000	4,000	4,000
Comm dev Planning - Code Enforcement	-	100	-	-	-	-
Recr. fees Class fees	265,704	215,911	200,000	200,000	275,000	275,000
Recr. fees Jr. Guard fees	294,508	338,594	364,308	364,308	377,000	377,000
Recr. School Support Program	32,500	36,000	-	-	-	-
Recr. fees Sports fees	15,933	18,425	19,350	19,350	15,000	15,000
Recr. fees Camp Capitola fees	192,966	198,509	216,867	216,867	235,237	235,237
Recr. Afterschool Program	74,857	78,218	131,316	131,316	132,591	132,591
Recr. Events	2,347	10,295	71,900	71,900	65,300	65,300
Total	\$ 2,126,976	\$ 2,236,200	\$ 2,495,741	\$ 2,495,741	\$ 2,673,128	\$ 2,673,128
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 35,551	\$ 63,718	\$ 20,000	\$ 20,000	\$ -	\$ -
Parking Cititation	345,452	330,644	600,000	600,000	850,000	850,000
General Fines	44,040	108,761	70,000	70,000	70,000	70,000
Total	\$ 425,043	\$ 503,122	\$ 690,000	\$ 690,000	\$ 920,000	\$ 920,000
<u>Use of money & property</u>						
Investment earnings	\$ 304,172	\$ 36,584	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Rents Jade Street facility	16,103	13,628	2,000	2,000	30,000	30,000
Rents Esplanade restaurants	5,827	5,127	5,500	5,500	5,500	5,500
Rents Esplanade - surf trailer	1,964	1,733	2,000	2,000	2,000	2,000
Rents Esplanade bandstand	4,428	2,706	4,500	4,500	4,500	4,500
Rents Outdoor Dining	22,687	-	25,000	25,000	25,000	25,000
Total	\$ 355,181	\$ 59,779	\$ 139,000	\$ 139,000	\$ 167,000	\$ 167,000
<u>Other revenues</u>						
Donations - Recreation	\$ 2,000	\$ 844	\$ -	\$ -	\$ -	\$ -
Grants, donations, contrib	-	1,000	-	-	2,000	2,000
Arts-Twilight Concert Sponsors	25,000	8,500	-	-	-	-
Arts-Movies at the Beach Sponsor	-	-	-	-	2,000	2,000
Arts-Art at the Beach Booth Fee	4,120	522	-	-	-	-
Arts-Sunday Art & Music Sponsors	23,918	21,378	-	-	-	-
Museum donations-Box Revenue	2,405	2,086	2,000	2,000	2,000	2,000
Museum Donations-Fundraising	8,270	6,192	10,000	10,000	10,000	10,000
Memorial plaques and benches	10,380	10,632	10,000	10,000	10,000	10,000
Miscellaneous revenues	209,255	53,327	75,000	75,000	76,875	78,797
Interfund Transfer In - Library	80,000	-	-	-	-	-
Total	\$ 365,348	\$ 104,481	\$ 97,000	\$ 97,000	\$ 102,875	\$ 104,797
Grand Totals	\$ 18,766,706	\$ 18,879,022	\$ 21,146,818	\$ 21,146,818	\$ 22,359,126	\$ 22,865,924

GENERAL FUND EXPENDITURES



General Fund Expenditures

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The total FY 2026-27 General Fund expenditure budget proposes an increase of approximately \$978,000 from the FY 2025-26 Amended Budget as existing resources are programmed towards City Council Goals. Increases have been programed in most major categories as inflation continues to impact City expenditures. Key differences between the two fiscal years include:

- o Total personnel costs (salary and benefits) are estimated to increase \$527,000 from the FY 2025-26 Amended Budget due to significant increases in the annual Cal PERS Unfunded Actuarial Liability payment, cost of living adjustments, increased employee health care contributions, scheduled step increases in 2026.
 - o Salary costs are estimated to be \$45,000 higher.
 - o Salary – Seasonal/Temp increased \$53,000 as summer recreations programs remain at full capacity.
 - o Overtime is anticipated to decrease \$20,000 primarily in the Police. This past year was higher than normal due to several felony crime investigations.
 - o Specialty Pay – decreased 13,400.
 - o Benefits – increased \$462,000 as a result of CalPERS rates increasing.
- Contract services are slightly above the prior year.

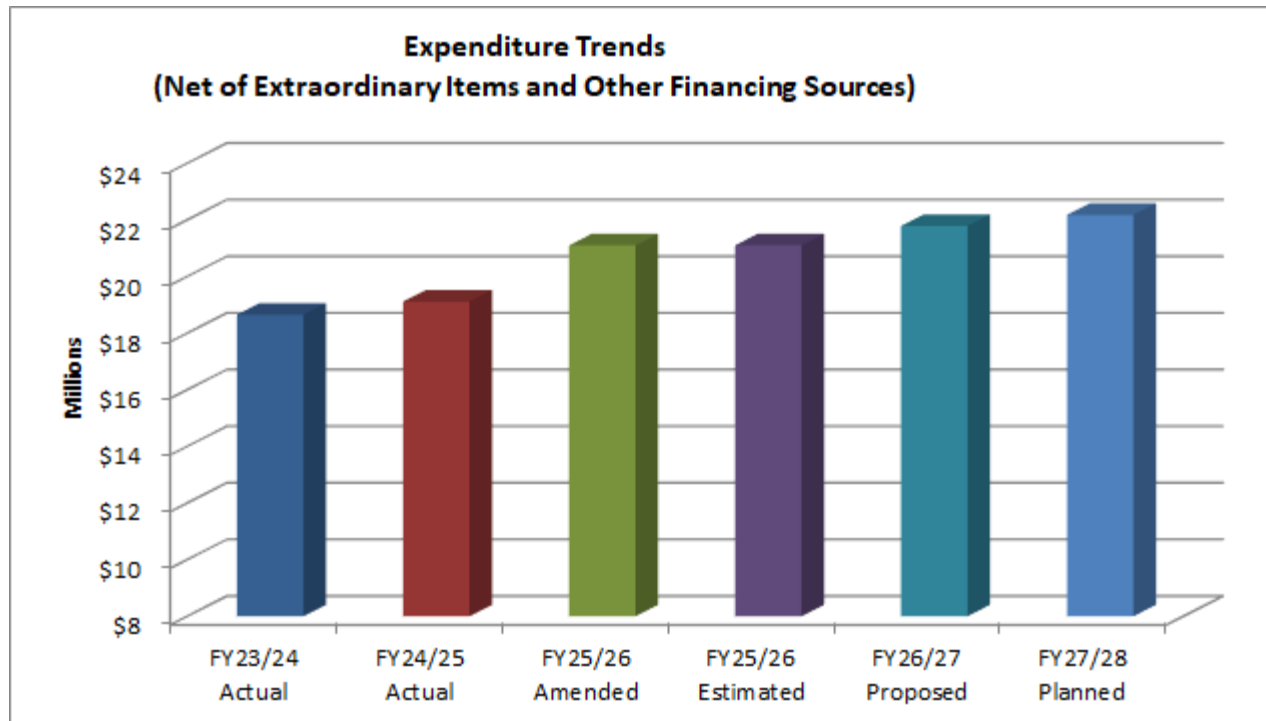
The following chart provides an overview of expenditures for FY 2023-24 to FY 2027-28. A complete description of major changes will follow in the related expenditure detail pages.

General Fund Expenditures Summary

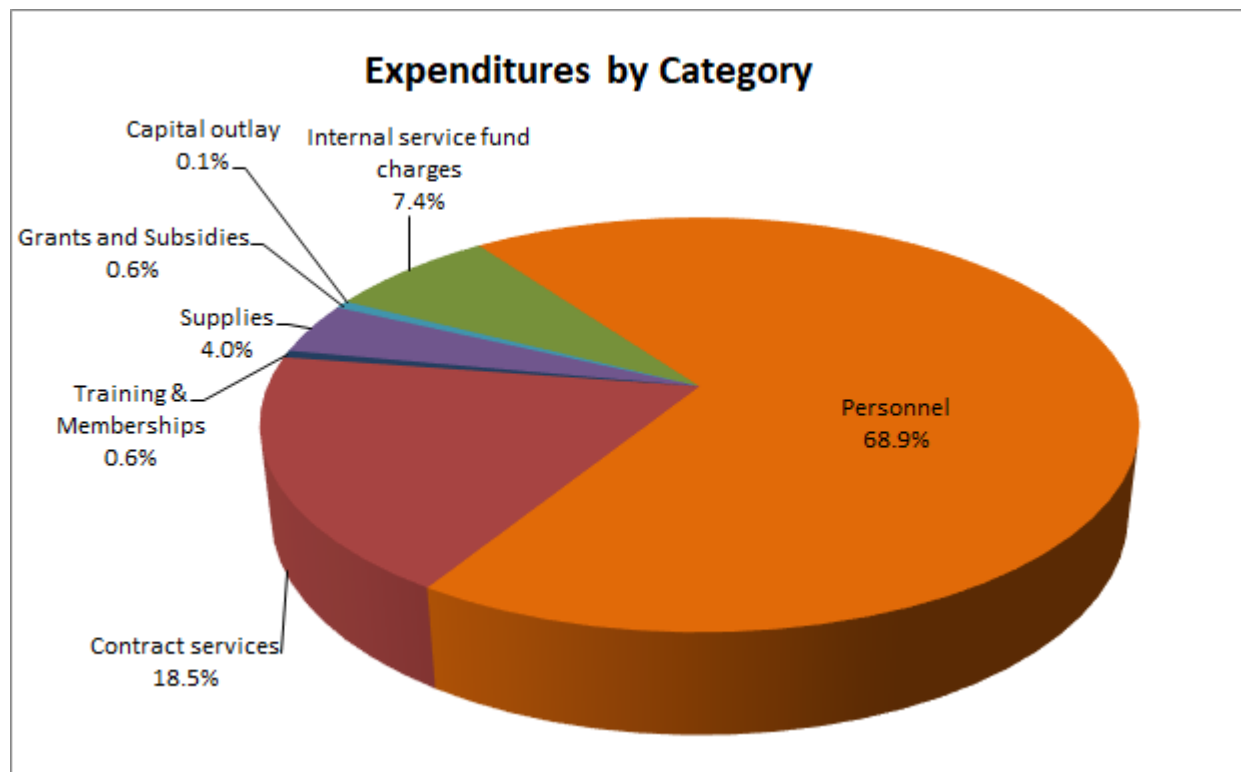
Major Categories	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Personnel	\$12,099,946	\$12,692,358	\$14,480,987	\$14,480,987	\$15,007,262	\$15,447,833
Contract services	3,704,267	3,799,530	3,866,191	3,866,191	4,024,634	3,940,263
Training & Memberships	143,324	114,877	169,480	170,530	124,380	146,230
Supplies	958,158	854,877	801,700	802,000	879,350	856,350
Grants and Subsidies	125,000	125,000	125,000	125,000	133,425	133,425
Internal service fund	1,617,841	1,523,579	1,657,404	1,657,404	1,611,218	1,651,644
Subtotal	\$18,648,536	\$19,110,220	\$21,100,762	\$21,102,112	\$21,780,269	\$22,175,744
Other financing uses	3,271,324	2,288,788	287,568	287,568	587,116	486,881
Expenditure Total	\$21,919,860	\$21,399,008	\$21,388,330	\$21,389,680	\$22,367,385	\$22,662,626

The following chart provides an overview of expenditure trends, excluding transfers. Expenditures trending down as we complete several City Council goals utilizing one-time funding.

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A chart displaying the percentage of expenditures by category is also provided for reference. Personnel costs are estimated to increase \$1.3 million from the prior fiscal year causing the ratio of personnel services to total expenditures to increase from 67.5 percent to 69.2 percent. Other notable changes were in contract services, which decreased from 18.6 percent to 17.5 percent.

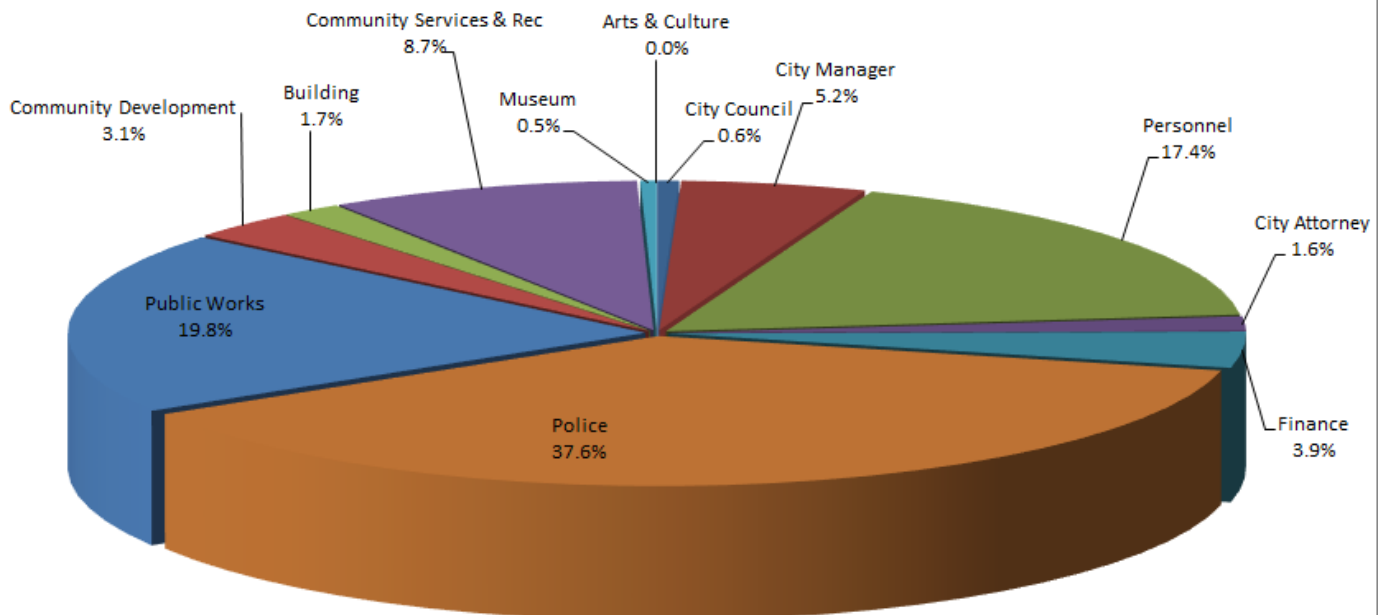


General Fund Department Expenditures

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Department	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Council	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 132,580	\$ 133,156
City Manager	1,214,203	1,275,163	1,067,938	1,067,938	1,124,241	1,129,594
Personnel	397,852	465,845	3,343,009	3,344,359	3,770,015	3,885,363
City Attorney	506,544	438,331	325,000	325,000	342,000	335,000
Admin Services	920,606	1,007,281	843,952	843,952	843,640	863,362
Community Grants	133,425	133,425	133,425	133,425	133,425	133,425
Police - Law Enforcement	7,932,934	8,136,429	7,341,466	7,341,466	7,402,596	7,624,945
Police - Pkg. Enforcement	592,774	497,290	569,981	569,981	581,837	589,623
Police - Animal Services	99,478	133,935	140,803	140,803	152,103	159,667
Public Works - Streets	2,268,122	2,260,755	2,197,648	2,197,648	2,119,496	2,169,610
Public Works-Storm Water	98,529	210,932	224,105	224,105	231,632	194,193
Public Works - Facilities	363,733	413,121	439,685	439,685	501,337	463,284
Public Works - Fleet	433,981	471,717	504,357	504,357	556,558	569,029
Public Works - Parks	808,975	763,862	820,352	820,352	868,429	864,978
Community Development	590,794	572,590	718,890	718,890	667,616	685,153
Building	406,322	326,968	501,353	501,353	367,401	375,080
Community Services & Rec	1,635,292	1,703,574	1,734,125	1,734,125	1,886,849	1,914,555
Museum	89,752	96,867	75,839	75,839	98,514	85,728
Art & Cultural	99,075	109,957	0	0	0	0
Subtotal	\$18,691,886	\$19,155,802	\$21,109,187	\$21,110,537	\$21,780,269	\$22,175,743
Transfers & Other	\$3,271,324	\$2,288,788	\$287,568	\$287,568	\$587,116	\$486,881
Expenditure Total	\$21,963,210	\$21,444,590	\$21,396,755	\$21,398,105	\$22,367,385	\$22,662,624

Expenditures by Department



General Fund Expenditures

Item 3 A.

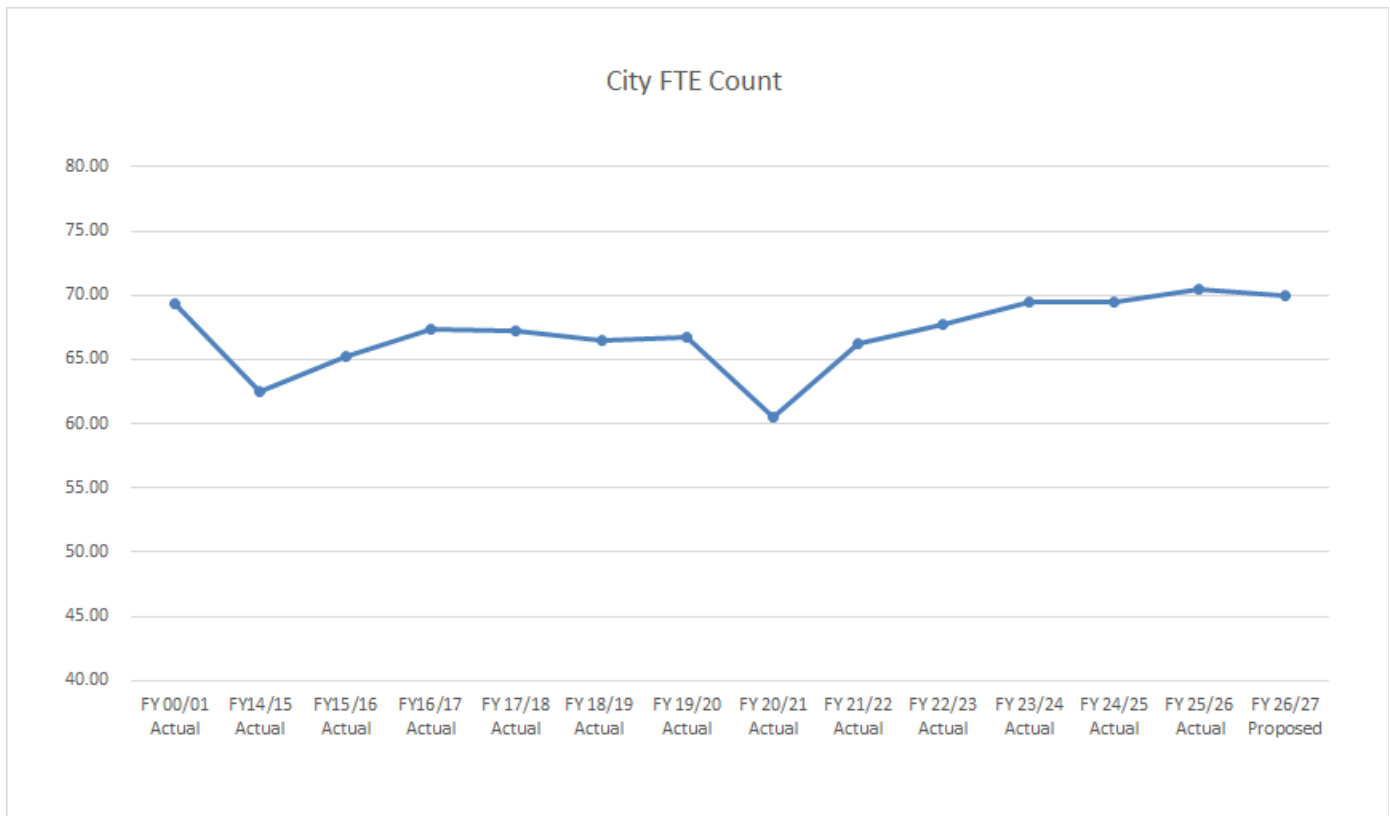
SALARIES & BENEFITS

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 2025-26 include the addition of two maintenance workers in the public works department and the reorganization of the City Manager and Finance Departments.

The table below summarizes the total FTE count by department, and the following page provides a detailed summary of the staffing budget changes.

General Fund	FY 00/01 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 Actual	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Actual	FY 26/27 Proposed
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	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elected - Total FTE's	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fully Benefited by Dept														
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Admin Services	5.25	3.91	4.50	4.50	4.50	3.75	2.75	2.75	2.75	3.00	4.00	4.00	5.70	5.20
City Manager	5.50	6.90	6.00	7.00	6.00	6.00	7.00	5.00	5.50	6.50	7.50	7.50	4.80	4.80
Museum	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Police	31.30	30.65	31.50	31.65	31.50	30.50	30.50	29.50	30.50	30.50	31.00	31.00	31.00	31.00
CDD	6.67	4.50	5.00	5.00	5.00	6.00	6.00	5.00	5.50	5.75	5.00	5.00	5.00	5.00
Public Works	14.33	13.00	14.00	15.00	16.00	16.00	15.50	14.00	16.00	16.00	16.00	16.00	18.00	18.00
Community Services & Rec	4.50	2.75	3.75	3.75	3.75	3.75	4.50	3.75	5.50	5.50	5.50	5.50	5.50	5.50
Dept - Total FTEs	69.30	62.46	65.25	67.40	67.25	66.50	66.75	60.50	66.25	67.75	69.50	69.50	70.50	70.00



General Fund Expenditures

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SALARIES & BENEFITS

City services are primarily staff delivered; therefore, staffing is the most significant expenditure. The FY 2026-27 proposed budget estimated staffing costs total \$15 million. This represents a 3.63% increase from the prior year's amended budget. This is primarily due to significant increases in the Cal PERS Unfunded Actuarial Liability annual payment, estimated cost of living adjustments, and scheduled step increases.

Staffing by Category	FY23/24 Actual	FY24/25 Actual	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Salary	\$ 6,714,211	\$ 6,315,626	\$ 7,576,251	\$ 7,620,664	\$ 7,849,284
Salary Elected / Temp	644,163	776,947	731,963	784,701	788,738
Overtime	366,707	471,999	447,978	427,978	438,387
Specialty Pay	297,038	399,766	473,340	459,974	473,774
Benefits	4,077,828	4,728,020	5,251,455	5,713,944	5,897,648
Total	\$12,099,946	\$12,692,358	\$ 14,480,987	\$ 15,007,262	\$15,447,832

Staffing by Department	FY23/24 Actual	FY24/25 Actual	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Council	\$ 40,752	\$ 41,200	\$ 40,689	\$ 40,689	\$ 40,689
City Manager	962,045	952,951	808,847	826,228	850,379
Personnel	287,608	385,395	3,268,866	3,650,849	3,774,198
Finance	629,425	707,377	559,475	566,690	583,567
Law Enforcement	6,004,382	6,194,376	5,329,370	5,365,365	5,525,149
Pkg. Enforcement	198,325	184,969	224,159	229,707	236,390
Streets	1,555,228	1,555,913	1,494,753	1,489,398	1,532,693
Storm Water	23,116	121,538	72,798	75,132	77,693
Fleet	129,170	185,545	226,206	236,250	243,149
Parks	323,859	341,287	369,521	384,293	395,613
Planning	475,536	503,578	570,333	545,601	561,933
Building	308,162	209,396	230,109	233,835	240,811
Community Services & Rec	1,081,435	1,214,323	1,238,291	1,313,647	1,334,502
Museum	52,053	57,011	47,570	49,578	51,065
Art & Cultural	28,850	37,500	-	-	-
Total	\$ 12,099,946	\$12,692,358	\$14,480,987.00	\$15,007,262	\$15,447,833

General Fund Expenditures

Item 3 A.

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.

Group	Current Agreement	Expiration Date
Assoc. of Capitola Employees/Gen. Govt.	6/23/2024	6/30/2027
Confidential	6/23/2024	6/30/2027
Mid-Management	7/7/2024	6/30/2027
Police Captains	7/7/2024	6/30/2027
Police Officers Association (POA)	6/7/2021	6/30/2027

Overtime

The following table provides the details for the overtime budget. The overtime budget for the Police Department increases this year in anticipation of additional special events.

Overtime	FY23/24 Actual	FY24/25 Actual	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Manager	\$ 196.30	\$ 238.15	\$ 1,000.00	\$ -	\$ -
Finance	571	0	0	0	0
Police*	292,588	383,681	374,978	351,978	362,387
Public Works	36,378	52,831	50,000	50,000	50,000
Community Development	0	0	0	0	0
Community Services & Rec	36,055	35,049	22,000	26,000	26,000
Total	\$365,789	\$471,800	\$447,978	\$427,978	\$438,387
<i>*Funding Sources for Police Overtime</i>					
General Fund	\$ 229,227	\$ 294,694	\$ 228,000	\$ 225,000	\$ 231,600
Grant Funded	63,362	88,987	146,978	126,978	130,787
	\$292,588	\$383,681	\$374,978	\$351,978	\$362,387

Specialty Pay

The FY 2026-27 proposed 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.

Specialty Pay	FY23/24 Actual	FY24/25 Actual	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Manager	\$ -	\$ 9,737.36	\$ 21,061.00	\$ 20,661.00	\$ 21,280.83
Finance	3,928	4,252	4,490	5,184	5,340
Police	267,054	334,723	374,776	366,357	377,348
Public Works	22,564	40,821	53,615	51,952	53,511
Community Dev.	3,492	8,711	14,047	14,468	14,902
Community Services & Rec	-	1,522	5,351	1,352	1,393
Total	\$297,038	\$399,766	\$473,340	\$459,974	\$473,774

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, 2017	\$128
• January 1, 2018	\$133
• January 1, 2019	\$136
• January 1, 2020	\$139
• January 1, 2021	\$143
• January 1, 2022	\$149
• January 1, 2023	\$151
• January 1, 2024	\$157
• January 1, 2025	\$158
• January 1, 2026	\$162

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 2025-26 was \$2,895,386 and is increasing to \$3,271,340 (12.98%) in FY 2026-27. The most recent CalPERS actuarial reports estimate the UAL through FY 2030-31 at an amount of \$3,789,000 which equates to an increase of approximately 176% over ten years from FY 2020-21.

PERS Rates. The FY 2026-27 PERS total rate for classic safety members is 39.7%, with employees paying 15% and the city 24.7%. Safety PEPRA members are responsible for 13.75% and the city pays 13.99%. For classic miscellaneous members, the total contribution rate is 24%, with employees paying 13.4% and the city 10.6%. Miscellaneous PEPRA employees pay 7.75% and the city pays 7.96%.

The FY 2025-26 PERS total rate for classic safety members was 39.6%, with employees paying 15% and the city 24.6%. Safety PEPRA members are responsible for 13.75% and the city pays 13.76%. For classic miscellaneous members, the total contribution rate was 23.9%, with employees paying 13.4% and the city 10.5%. Miscellaneous PEPRA employees pay 7.75% and the city pays 7.87%.

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 13.75% and 7.75%, respectively.

Retirement Costs Summary

Retirement Costs	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY25/26 Adopted	FY26/27 Planned
Ret. cost - PERS Safety	\$ 436,575	\$ 435,788	\$ 386,338	\$ 439,677	\$ 458,364
Ret. cost - PERS Safety UAL	1,002,849	1,121,718	1,107,637	1,324,947	1,469,000
Ret. cost - PERS Miscellaneous	281,723	291,538	279,615	292,860	305,306
Ret. cost - PERS Misc UAL	966,725	1,059,922	1,031,554	1,227,177	1,358,000
Ret. cost - Retirement PARS	3,890	5,651	6,169	8,332	8,332
Ret. health OPEB - Retiree health	39,482	44,684	38,750	38,750	38,750
OPEB Trust Fund	60,250	67,048	67,050	67,050	67,050
Total Retirement Costs	\$ 2,791,494	\$ 3,026,349	\$ 2,917,113	\$ 3,398,793	\$ 3,704,802
Total Employee Paid Costs	\$ 1,004,938	\$ 1,089,486	\$ 1,050,161	\$ 1,223,565	\$ 1,333,729
Total City Paid Costs	\$ 2,791,494	\$ 3,026,349	\$ 2,917,113	\$ 3,398,793	\$ 3,704,802
Total Costs Employee and City	\$ 3,796,432	\$ 4,115,835	\$ 3,967,274	\$ 4,622,358	\$ 5,038,530
Unfunded Actuarial Liability-Safety	13,594,061	14,685,285	11,169,617	17,213,533	18,074,210
Unfunded Actuarial Liability-Misc	12,422,127	13,354,880	9,924,040	15,324,728	16,090,964
Unfunded OPEB Liability	1,572,208	1,572,208	1,642,315	1,642,315	1,642,315
Funding Ratio PERS Safety	71.3%	72.40%	77.10%	66.60%	66.60%
Funding Ratio PERS Misc	69.7%	69.70%	77.40%	67.20%	67.20%

General Fund Expenditures - Contract Services (4 pages)

Department	Contract Description	FY25/26 Amended	FY26/27 Proposed	FY27/28 Planned
City Council	CS-Gen/Admin Beach Festival	\$ 5,000	\$ 5,000	\$ 5,000
City Council	CS-Gen/Admin Community TV	19,000	19,000	19,000
City Council	CS-Gen/Admin Contracts - general	5,711	5,711	5,711
City Council	Other contract services Legal notices	-	-	-
	Total	\$ 29,711	\$ 29,711	\$ 29,711
City Manager	CS-Environmental Svcs JPA-Pollution control	\$ -	\$ -	\$ -
City Manager	CS-Environmental Svcs Mosquito and vector control	-	-	-
City Manager	CS-Environmental Svcs Recycling services	-	-	-
City Manager	CS-Environmental Svcs SCC-Hazardous waste disp fee	-	-	-
City Manager	CS-Gen/Admin Contracts - general	40,000	47,000	47,000
City Manager	CS-Gen/Admin Council Election	-	25,000	-
City Manager	CS-Gen/Admin Document imaging	8,500	8,500	8,500
City Manager	CS-Gen/Admin Document storage	5,000	5,000	5,000
City Manager	CS-Gen/Admin Muni code codification services	8,000	8,000	8,000
City Manager	CS-Gen/Admin Newsletter	10,000	5,000	5,000
City Manager	CS-Gen/Admin Public Outreach	10,000	10,000	12,000
City Manager	Other contract services Legal notices	8,000	8,000	8,000
City Manager	Other contract services Unanticipated events	10,000	10,000	10,000
	Total	\$ 99,500	\$ 126,500	\$ 103,500
Personnel	CS-Gen/Admin Contracts - general	\$ 1,000	\$ 34,600	\$ 26,100
Personnel	CS-Legal svcs Labor and personnel related	-	-	-
Personnel	CS-Personnel Svcs Background investigations	10,000	15,000	15,000
Personnel	CS-Personnel Svcs Education reimbursement	10,000	10,000	10,000
Personnel	CS-Personnel Svcs Employee Engagement/Holiday Prty	12,000	12,000	12,000
Personnel	CS-Personnel Svcs Medical examinations	5,000	7,500	7,500
Personnel	CS-Personnel Svcs Recruitment services	5,000	7,500	7,500
Personnel	Other contract services Flex-Health-Dental-Vision Admin	4,000	4,000	4,000
	Total	\$ 47,000	\$ 90,600	\$ 82,100
City Attorney	CS-Gen/Admin Contracts - general	\$ 10,000	\$ 10,000	\$ 10,000
City Attorney	CS-Legal svcs Labor and personnel related	15,000	22,000	15,000
City Attorney	CS-Legal svcs Legal services - general	300,000	310,000	310,000
City Attorney	CS-Legal svcs Rent control	-	-	-
City Attorney	CS-Legal svcs Special services	-	-	-
	Total	\$ 325,000	\$ 342,000	\$ 335,000
Finance	CS-Fin Svcs Audit-Annual financial audits	\$ 51,000	\$ 53,100	\$ 53,100
Finance	CS-Fin Svcs Audit-OPEB valuation	1,000	1,500	1,500
Finance	CS-Fin Svcs Audit-Sales tax (1%)	12,000	12,000	12,000
Finance	CS-Fin Svcs Audit-Sales tax(city Spec Dist)	4,000	4,000	4,000
Finance	CS-Fin Svcs Bank fees (excl cr card fees)	-	-	-
Finance	CS-Fin Svcs Credit card merchant fees	3,000	3,000	3,000
Finance	CS-Fin Svcs HdL TOT fees	19,000	-	-
Finance	CS-Fin Svcs State Admin fee - Bradley-Burns	45,000	45,000	45,000
Finance	CS-Fin Svcs State Admin fee - Measure O	18,000	18,000	18,000
Finance	CS-Fin Svcs State Admin fee - Measure Y	18,000	18,000	18,000
Finance	CS-Fin Svcs State Architect fee - SB1186	500	500	500
Finance	CS-Gen/Admin Contracts - general	-	-	-
	Total	\$ 171,500	\$ 155,100	\$ 155,100

Department	Contract Description	Item 3 A.		
		FY25/26 Amended	FY26/27 Proposed	FY27/28 Planned
Law Enforcement	CS-Fin Svcs Collections-DUI cost recovery	\$ 2,000	\$ 2,000	\$ 2,050
Law Enforcement	CS-Gen/Admin Contracts - general	26,500	26,500	27,163
Law Enforcement	CS-Prop & equip Comm - local & long distance	8,000	8,000	8,200
Law Enforcement	CS-Prop & equip Comm - mobile phone	25,000	25,000	25,625
Law Enforcement	CS-Prop & equip Comm - T-1 line	20,000	20,000	20,500
Law Enforcement	CS-Prop & equip Equipment repairs & maintenance	5,000	5,000	5,125
Law Enforcement	CS-Prop & equip Property alarm service	-	-	-
Law Enforcement	Other contract services Outside security service	20,000	35,000	35,000
Law Enforcement	Other contract services Uniform cleaning services	12,000	15,000	15,000
Law Enforcement	Police Svcs Hazardous material response - SV	8,900	11,000	11,275
Law Enforcement	Police Svcs Red light enforcement	-	-	-
Law Enforcement	Police Svcs SCC-Anti-Crime Team	25,000	36,000	36,900
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	500	1,275	1,307
Law Enforcement	Police Svcs SCC-Booking fees	2,500	2,500	2,563
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	47,987	81,697	83,739
Law Enforcement	Police Svcs SCCECC-911 JPA	696,994	745,027	763,653
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	8,000	11,000	11,275
Law Enforcement	Police Svcs SCC-Sexual assault response prog	22,000	22,600	23,165
Law Enforcement	Police Svcs Towing service	4,000	5,000	5,000
Law Enforcement	Rental contracts Equipment and vehicles	2,500	2,500	2,563
Total		\$ 936,881	\$ 1,055,099	\$ 1,080,101
Pkg. Enforcement	CS-Fin Svcs Courier-Cash & Coin	\$ 3,500	\$ 3,500	\$ 3,500
Pkg. Enforcement	CS-Fin Svcs Credit card merchant fees	60,000	60,000	60,000
Pkg. Enforcement	CS-Prop & equip Pay Station Repair & Maintenance	25,000	25,000	25,000
Pkg. Enforcement	Police Svcs SCC-Citation processing	65,000	65,000	65,000
Pkg. Enforcement	Police Svcs SCC-Courthouse surcharge	11,000	11,000	11,000
Pkg. Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	11,000	11,000	11,000
Pkg. Enforcement	Police Svcs State of CA-DMV processing fee	6,000	6,000	6,000
Pkg. Enforcement	Police Svcs State of CA-Equip Assess	-	-	-
Pkg. Enforcement	Police Svcs State of CA-Immed & Critical nd	20,000	20,000	20,000
Pkg. Enforcement	Police Svcs State of CA-Reg assess	58,000	58,000	58,000
Pkg. Enforcement	Police Svcs State of CA-St Court Facilities	10,000	10,000	10,000
Pkg. Enforcement	Police Svcs State of CA-Trial Court Trust Fd	20,000	20,000	20,000
Total		\$ 289,500	\$ 289,500	\$ 289,500
Animal Svcs.	Police Svcs Animal services	\$ 139,497	\$ 150,524	\$ 158,050
Total		\$ 139,497	\$ 150,524	\$ 158,050

		FY25/26		FY26/27		FY27/28		Item 3 A.
Department	Contract Description	Amended		Proposed		Planned		
Streets	CS-Gen/Admin Contracts - general	\$	30,000	\$	30,000	\$	30,000	
Streets	CS-Prop & equip Comm - mobile phone		13,000		13,000		13,000	
Streets	CS-Prop & equip Esplanade sidewalk cleaning		31,000		32,500		32,500	
Streets	CS-Prop & equip Eucalyptus maintenance -Park Ave		15,000		15,000		15,000	
Streets	CS-Prop & equip Riparian Restoration		15,000		15,000		15,000	
Streets	CS-PW & Trans. Electrical services		-		-		-	
Streets	CS-PW & Trans. Lagoon grading		15,000		15,000		15,000	
Streets	CS-PW & Trans. PW Engineering services		15,000		15,000		15,000	
Streets	CS-PW & Trans. Soquel Crk monitoring-fish		50,000		52,000		52,000	
Streets	CS-PW & Trans. Transportation-Beach shuttle svc		104,454		92,000		96,000	
Streets	CS-Temp. Staff & Instr. Hope Services		24,000		25,000		25,000	
Streets	CS-Temp. Staff & Instr. Temporary staff		80,000		80,000		80,000	
Streets	Other contract services Legal notices		1,500		1,500		1,500	
Streets	Other contract services Unanticipated events		10,053		10,000		10,000	
Streets	Rental contracts Union Pacific RR yearly		1,000		1,000		1,000	
Total		\$	405,007	\$	397,000	\$	401,000	
Storm Water	CS-Environmental Svcs Central coast recycling media	\$	5,000	\$	5,000	\$	5,000	
Storm Water	CS-Environmental Svcs JPA-Pollution control		-		-		-	
Storm Water	CS-Environmental Svcs Recycling services		19,807		25,000		-	
Storm Water	CS-Environmental Svcs SCC-Hazardous waste disp fee		75,000		75,000		75,000	
Storm Water	CS-PW & Trans. CA NPDES-storm water mgmt prog		40,000		40,000		25,000	
Storm Water	CS-PW & Trans. Regional Water Mgmt Foundation		5,000		5,000		5,000	
Storm Water	CS-PW & Trans. Soquel Crk monitoring-water qual		5,000		5,000		5,000	
Total		\$	149,807	\$	155,000	\$	115,000	
Facilities	CS-Gen/Admin Contracts - general	\$	-	\$	2,500	\$	2,500	
Facilities	CS-Prop & equip Comm - local & long distance		1,200		1,700		1,700	
Facilities	CS-Prop & equip Comm - T-1 line		7,500		7,500		7,500	
Facilities	CS-Prop & equip Equipment repairs & maintenance		16,000		27,700		17,200	
Facilities	CS-Prop & equip Janitorial services		35,000		38,000		39,000	
Facilities	CS-Prop & equip Property alarm service		3,400		3,400		3,400	
Facilities	CS-Prop & equip Property repairs & maintenance		95,500		82,000		52,000	
Facilities	CS-Prop & equip Utility serv - gas & electric		117,500		132,000		133,000	
Facilities	CS-Prop & equip Utility serv - sanitation distr		4,000		8,100		8,100	
Facilities	CS-Prop & equip Utility serv - water		15,000		16,600		16,600	
Facilities	CS-PW & Trans. ADA compliance		15,000		20,000		20,000	
Facilities	CS-PW & Trans. Electrical services		-		20,000		20,000	
Facilities	CS-PW & Trans. Inspections		-		-		-	
Facilities	CS-PW & Trans. Tree services		2,000		2,000		2,000	
Facilities	Rental contracts Equipment and vehicles		7,000		8,000		8,000	
Total		\$	319,100	\$	369,500	\$	331,000	
Fleet	CS-Gen/Admin Contracts - general	\$	-	\$	-	\$	-	
Fleet	CS-Prop & equip Equipment repairs & maintenance		10,000		12,000		12,000	
Total		\$	10,000	\$	12,000	\$	12,000	
Parks	CS-Gen/Admin Contracts - general	\$	8,000	\$	5,000	\$	5,000	
Parks	CS-Prop & equip Bike track maintenance		-		-		-	
Parks	CS-Prop & equip Equipment repairs & maintenance		6,000		6,000		6,000	
Parks	CS-Prop & equip Janitorial services		37,500		38,600		38,600	
Parks	CS-Prop & equip Property repairs & maintenance		26,000		33,000		31,000	
Parks	CS-Prop & equip Utility serv - gas & electric		6,300		6,300		6,400	
Parks	CS-Prop & equip Utility serv - sanitation distr		25,000		26,000		26,000	
Parks	CS-Prop & equip Utility serv - water		177,400		180,900		180,400	
Parks	CS-PW & Trans. Electrical services		2,000		1,000		1,000	
Parks	CS-PW & Trans. Tree services		16,000		19,000		19,000	
Parks	Rental contracts Equipment and vehicles		10,500		10,000		10,000	
Total		\$	314,700	\$	325,800	\$	323,400	

		FY25/26		FY26/27		FY27/28		Item 3 A.
Department	Contract Description	Amended		Proposed		Planned		
Planning	CS-Gen/Admin Contracts - general	\$	80,000	\$	50,000	\$	50,000	
Planning	CS-Plan Svc Admin services		-		-		-	
Planning	Other contract services Legal notices		5,000		5,000		5,000	
Total		\$	85,000	\$	55,000	\$	55,000	
Building	CS-Bldg Svcs Bldg plan checks - outsourced	\$	81,138	\$	85,000	\$	85,000	
Building	CS-Bldg Svcs Engineering & Inspections		155,000		10,000		10,000	
Total		\$	236,138	\$	95,000	\$	95,000	
Comm Svcs. & Rec	CS-Fin Svcs Credit card merchant fees	\$	10,000	\$	19,000	\$	19,000	
Comm Svcs. & Rec	CS-Gen/Admin Contracts - general		29,000		31,000		29,500	
Comm Svcs. & Rec	CS-Info Tech Contracts Recreation technology system		19,000		25,000		25,000	
Comm Svcs. & Rec	CS-Other, Events & Tourism CS-July IS		1,600		1,600		1,600	
Comm Svcs. & Rec	CS-Other, Events & Tourism CS-Movies @ Beach-Screen		2,100		2,100		2,100	
Comm Svcs. & Rec	CS-Other, Events & Tourism Food Truck Fridays		5,500		5,500		5,500	
Comm Svcs. & Rec	CS-Other, Events & Tourism Plein Air Other		10,000		20,000		20,000	
Comm Svcs. & Rec	CS-Other, Events & Tourism Plein Air Vendors		5,000		5,000		5,000	
Comm Svcs. & Rec	CS-Other, Events & Tourism Rapid Weddings		3,700		-		-	
Comm Svcs. & Rec	CS-Other, Events & Tourism Twilight concert - Bands		15,000		15,000		15,000	
Comm Svcs. & Rec	CS-Other, Events & Tourism Twilight concert-Sound Engin		14,000		15,000		15,000	
Comm Svcs. & Rec	CS-Other, Events & Tourism Weekend Music		6,000		6,600		6,600	
Comm Svcs. & Rec	CS-Other, Events & Tourism Wharf Music		6,750		-		-	
Comm Svcs. & Rec	CS-Personnel Svcs Background investigations		-		-		-	
Comm Svcs. & Rec	CS-Prop & equip Comm - local & long distance		-		-		-	
Comm Svcs. & Rec	CS-Prop & equip Comm - T-1 line		-		-		-	
Comm Svcs. & Rec	CS-PW & Trans. Transportation-Rec program		2,200		1,500		1,500	
Comm Svcs. & Rec	CS-Temp. Staff & Instr. Rec contract inst and sports off		112,500		147,500		147,500	
Comm Svcs. & Rec	Other contract services Advertising		-		-		-	
Comm Svcs. & Rec	Other contract services Copying, printing and binding		15,000		21,000		21,000	
Comm Svcs. & Rec	Other contract services Events liability insurance		8,000		8,000		8,000	
Comm Svcs. & Rec	Other contract services Mailing service		18,000		21,000		21,000	
Comm Svcs. & Rec	Other contract services Photography		8,000		10,000		10,000	
Total		\$	291,350	\$	354,800	\$	353,300	
Museum	Rental contracts Land and buildings	\$	15,000	\$	20,000	\$	20,000	
Museum	Other contract services Museum curation		1,500		1,500		1,500	
Total		\$	16,500	\$	21,500	\$	21,500	
Grand Total		\$	3,866,191	\$	4,024,634	\$	3,940,263	

Community Based Social Service Providers

Item 3 A.

Community Based Social Service Providers are funded by the General Fund and restricted Transient Occupancy Tax (TOT) revenue. Each year a determination is made regarding funds available and allocation. Due to COVID-19 the Community Grant program continues to be funded in FY 2026-27 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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY26/27 Proposed	FY27/28 Planned
Community Services					
Homeless Action Partnership (HAP)	\$ 8,425	\$ 8,425	\$ 8,425	\$ 8,425	\$ 8,425
Advocacy, Inc.	10,000	10,000	10,000	10,000	
Bay Avenue Senior Apartments	0	0	5,000	5,000	
Blue Circle	0	0	0	0	
Cabrillo College Stroke and Disability Center	10,000	10,000	8,000	8,000	
Central Coast Center for Independent Living	0			0	
Community Action Board, Inc.	10,000	10,000	10,000	10,000	
Community Bridges	0			0	
Community Bridges - Lift Line	0			0	
Community Bridges - Live Oak					
Community Resources	0			0	
Community Bridges - Meals on Wheels	0			0	
Arts Council of Santa Cruz County	2,500	2,500	2,500	2,500	
Dientes Community Dental Care	0			0	
Diversity Center	0			0	
Encompass Santa Cruz AIDS Project	0			0	
Family Service Agency of Santa Cruz	7,500	7,500	7,000	7,000	
Grey Bears, Inc.	0			0	
Habitat for Humanity	0	0	4,000	4,000	
Homeless Svcs. Center	0			0	
Hospice Caring Project	3,000	3,000	0	0	
MidCounty Senior Center	7,500	7,500	7,000	7,000	
Monarch Services Servidios Monarca	7,500	7,500	7,000	7,000	
Monterey Bay National Marine Sanctuary	5,000	5,000	0	0	
NAMI Santa Cruz County	12,000	12,000	10,000	10,000	
Native Animal Rescue	0			0	
Second Harvest Food Bank	0			0	
Senior Network Services	7,500	7,500	10,000	10,000	
Srs Council - SCC/San Benito Co.	10,000	10,000	10,000	10,000	
Survivors' Healing Center	0			0	
United Way	7,500	7,500	7,500	7,500	
United Way - 2-1-1 Help Line	0			0	
Vista Center for the Blind	5,000	5,000	10,000	10,000	
Volunteer Center of Santa Cruz County	7,500	7,500	7,000	7,000	
Community Grants-Unassigned	0			0	0
	\$ 112,500	\$ 112,500	\$ 115,000	\$ 115,000	\$ -

AGENCY	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY26/27 Proposed	FY27 Planned	Item 3 A.
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	7,500	7,500	-	-	-	
Encompass Youth Services Counseling	-		-	-	-	
Families in Transition - Santa Cruz Co.	-		-	-	-	
O'Neill Sea Odyssey	-	-	8,500	8,500		
Parents Center, Inc.	7,500	7,500	-	-	-	
Toddler Care Center	-	-	-	-	-	
United Way - Community Assessment Project	-		2,500	2,500		
Childcare Center Fee Grant	-		-	-	-	
	\$15,000	\$15,000	\$11,000	\$11,000	\$0	
General Fund Total	\$ 135,925	\$ 135,925	\$ 134,425	\$ 134,425	\$ 8,425	
Early Childhood / Youth Services (TOT Children's Fund)						
Early Childhood & Youth Services			\$ -	\$ -	\$ -	
Big Brothers/Big sisters	7,500	7,500	5,000	5,000		
Community Bridges - Child Development Division	0			0		
Diversity Center SC County	7,500	7,500	7,100	7,100		
Court-Appointed Special Advocates	7,500	7,500	0	0		
Jacob's Heart	0	0	7,000	7,000		
O'Neill Sea Odyssey	10,000	10,000	0	0		
Monterey Bay National Marine Sanctuary	7,500	7,500	10,000	10,000		
Parents Center, Inc.	0	0	7,400	7,400		
Toddler Care Center	0	0		0		
United Way - Youth Action Network (YAN) youth liason program	0	0	5,000	5,000		
Santa Cruz Museum of Discovery	12,500	12,500	14,500	14,500		
Casa of Santa Cruz	0	0		0		
Boys and Girls Club of Santa Cruz County	7,500	7,500	0	0		
Childcare Center Fee Grant	0			0		
Recreation Programming	0	0		0		
TOT Youth Funding Total	\$60,000	\$60,000	\$56,000	\$56,000	\$0	
Estimated Children's Fund Revenue	\$60,728	\$61,729	\$64,808	\$67,083	\$67,754	
Remaining Funds	\$728	\$1,729	\$8,808	\$11,083	\$67,754	
Total Social Service Program Funding	\$195,925	\$195,925	\$190,425	\$190,425	\$8,425	

GENERAL FUND EXPENDITURES

Item 3 A.

SUPPLIES

The following table provides a history of the supply budgets by department. Additional information is available in the General Fund Department section.

Supplies	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Council	\$ 2,082	\$ 2,411	\$ 5,500	\$ 5,500	\$ 6,800	\$ 6,800
City Manager	20,621	11,042	10,000	10,300	7,500	7,500
Finance	4,182	2,562	4,600	4,600	4,600	4,600
Police Department	160,401	157,374	109,400	109,400	119,700	119,700
Public Works	625,328	548,449	572,700	572,700	623,600	615,100
Community Development	978	6,433	2,500	2,500	2,500	2,500
Community Services & Rec	87,583	76,553	94,150	94,150	97,300	97,300
Museum	21,684	14,753	2,850	2,850	17,350	2,850
Arts & Culture	35,300	35,300	0	0	0	0
Total	\$958,158	\$854,877	\$801,700	\$802,000	\$ 879,350	\$856,350

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.

Training	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Council	\$ 20,531	\$ 19,380	\$ 31,380	\$ 31,380	\$ 32,380	\$ 32,380
City Manager	17,171	7,304	11,200	12,250	2,200	2,200
Finance	4,872	5,859	7,500	7,500	1,000	1,000
Police	77,379	60,958	79,500	79,500	63,250	79,500
Public Works	4,684	4,049	6,000	6,000	3,000	3,000
Community Development	3,928	3,221	16,250	16,250	11,850	11,850
Community Services & Rec	13,592	12,578	16,650	16,650	9,700	15,300
Museum	1,167	1,527	1,000	1,000	1,000	1,000
Total	\$143,324	\$114,877	\$169,480	\$170,530	\$ 124,380	\$146,230

INTERNAL SERVICES

Item 3 A.

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 2026-27 proposed budget provides funding for increased insurance premiums as well as equipment purchases for equipment funded in prior years.

Internal Services	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Stores	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	271,000	268,001	346,044	346,044	401,000	411,200
Equipment Replacement	250,000	65,000	197,000	197,000	-	-
Self-Insurance Liability	622,136	760,037	685,248	685,248	832,311	852,009
Workers' Compensation	447,705	403,541	402,112	402,112	350,907	361,434
Total	\$1,617,841	\$1,523,579	\$1,657,404	\$1,657,404	\$1,611,218	\$1,651,644

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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Contingency Reserves	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
Emergency Reserves	147,300	250,000	-	-	-	-
Facilities Fund	-	100,000	-	-	-	-
PERS Contingency Reserve	250,000	-	-	-	-	-
CIP Capital Projects	2,205,000	550,000	-	-	-	-
Stores ISF	-	-	-	-	-	-
Information Technology	-	235,000	-	-	-	-
Equipment Replacement	-	200,000	-	-	200,000	200,000
Interfund transfer Library fund	50,958	-	-	-	-	-
Compensated Absences	220,000	225,000	200,000	200,000	300,000	200,000
RTC Streets	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
Wharf Fund	-	-	-	-	-	-
Parking Reserve	100,000	469,000	-	-	-	-
OPEB Trust Fund	-	-	-	-	-	-
Pacific Cove Lease	40,066	-	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,116	86,881
			-	-	-	-
Total	\$ 3,271,324	\$ 2,288,788	\$ 287,568	\$ 287,568	\$ 587,116	\$ 486,881

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 – 2025/26

- 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
- Collect public input and determine path forward for Capitola Wharf Master Plan
- Review and update, if necessary, the City Council Code of Conduct

FISCAL YEAR GOALS - 2026/27

- Balanced budget while using resources for public improvements
- Provided services, staff, and equipment to ensure public safety and trust
- Approved projects and programs to maintain and enhance the quality of life in Capitola

CITY COUNCIL

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-10-10-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 132,580	\$ 133,156
Revenue Total	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 132,580	\$ 133,156
Expenditures						
Personnel	\$ 40,752	\$ 41,200	\$ 40,689	\$ 40,689	\$ 40,689	\$ 40,689
Contract services	19,150	56,602	29,711	29,711	29,711	29,711
Training & Memberships	20,531	19,380	31,380	31,380	32,380	32,380
Supplies	2,082	2,411	5,500	5,500	6,800	6,800
Internal service fund charges	16,981	18,168	19,979	19,979	23,000	23,576
Expenditure Totals	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 132,580	\$ 133,156
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 Burke, Williams & Sorensen

KEY CHANGES

Marc Tran of Burke, Williams & Sorensen is Capitola's City Attorney

FISCAL YEAR ACCOMPLISHMENTS – 2025/26

- 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.

FISCAL YEAR GOALS – 2026/27

- Advise Council on potential and pending litigation.
- Assist and advise staff on contracts, labor relations, and other legal assessments.
- Resolve existing litigation.
- Assist City in labor negotiations with all employee groups.

CITY ATTORNEY

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-10-16-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$506,544	\$438,331	\$325,000	\$ 325,000	\$342,000	\$335,000
Revenue Totals	\$506,544	\$438,331	\$325,000	\$ 325,000	\$342,000	\$335,000
Expenditures						
Outside Legal Services	\$ 3,862	\$ 11,749	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
City Attorney Contract	381,687	333,101	300,000	300,000	310,000	310,000
City Attorney Special Services	69,988	63,502	-	-	-	-
City Attorney Rent Control	10,076	7,746	-	-	-	-
City Attorney - Labor & Personnel	40,931	22,233	15,000	15,000	22,000	15,000
Expenditure Totals	\$506,544	\$438,331	\$325,000	\$ 325,000	\$342,000	\$335,000

CITY MANAGER

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 City of Capitola is a Council-Manager form of government, under which the City Council appoints a City Manager who serves as the City's chief administrative officer and is responsible for implementing Council policies. The purpose of this department 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.

KEY CHANGES

The City Manager Department internally promoted the former Office Coordinator to the Deputy City Clerk position and hired a new Office Coordinator.

The FY2025/26 Budget includes a proposed organizational change, shifting Human Resources and Information Systems from the City Manager Department into the newly titled Administrative Services Department, along with Finance services (formerly the Finance Department). With this new structure, the City Manager remains the Personnel Officer, with the ability to designate these duties to other staff as needed. The City Manager Department will keep the Assistant to the City Manager position, now allocated to the department 100% rather than 50% with 50% Personnel, to support expanding public outreach and community engagement efforts, managing special projects and contracts, such as the Annexation Feasibility Study, and providing support to the City Manager and all City departments.

FISCAL YEAR 2025/26 ACCOMPLISHMENTS

- Successfully facilitated a well-attended civic-engagement program, Discover Capitola
- Completed annexation feasibility study and partnered with LAFCO to modify the City's sphere of influence
- Expanded following of City social media platforms and subscriptions to the City digital newsletter
- Prepared content for and facilitated positively received Town Hall meeting
- Partnered with County Park Friends on the Treasure Cove Playground project.

FISCAL YEAR GOALS – 2026/27

FISCAL POLICY

- Evaluate potential revenue ballot measures.
- Continue city-wide Economic Development efforts including working with the Capitola Mall to improve the mall facility.
- Continue to work to create a safer work environment and reduce employee injuries.
- Review and prioritize City services.
- Support economic development.
- Debut new City website.
- Seek opportunities to partner with other agencies for greater outcome or savings.

PUBLIC SERVICE

- Increase public outreach
- Support election: three Council seats up for election this Fall
- Continue to improve public meeting access.
- Use dedicated funds for youth programming.

PUBLIC IMPROVEMENT

- Work with community partners to enhance public serving spaces, like the fundraising partnership with Capitola Cares
- Continue increased street and facility maintenance through use of Measure D resources.

CITY MANAGER ADMINISTRATION

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-10-11-000						
Revenues						
General Fund	\$1,210,131	\$1,270,071	\$1,063,938	\$1,063,938	\$1,119,741	\$1,125,094
Licenses and permits	4,072	5,092	4,000	4,000	4,500	4,500
Revenue Totals	\$1,214,203	\$1,275,163	\$1,067,938	\$1,067,938	\$1,124,241	\$1,129,594
Expenditures						
Personnel	\$ 962,045	\$ 952,951	\$ 808,847	\$ 808,847	\$ 826,228	\$ 850,379
Contract services	109,836	178,691	99,500	99,500	126,500	103,500
Training & Memberships	12,551	7,911	8,200	8,200	1,200	1,200
Supplies	5,811	4,686	4,000	4,000	1,000	1,000
Internal service fund charges	123,959	130,923	147,391	147,391	169,313	173,515
Expenditure Totals	\$1,214,203	\$1,275,163	\$1,067,938	\$1,067,938	\$1,124,241	\$1,129,594
Authorized Positions						
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	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	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	1.00	1.00
Human Resources Analyst	1.00	1.00	1.00	1.00	0.00	0.00
Information System Specialist	0.50	0.50	0.50	0.50	0.00	0.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	5.30	5.80	5.80	5.80	4.80	4.80

ADMINISTRATIVE SERVICES - 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.

PERSONNEL

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-10-12-000						
Revenues						
General Fund	\$397,852	\$465,845	\$3,343,009	\$3,344,359	\$3,770,015	\$3,885,363
Revenue Totals	\$397,852	\$465,845	\$3,343,009	\$3,344,359	\$3,770,015	\$3,885,363
Expenditures						
Personnel	\$287,608	\$385,395	\$3,268,866	\$3,268,866	\$3,650,849	\$3,774,198
Contract services	74,211	55,576	47,000	47,000	90,600	82,100
Training & Memberships	4,620	(607)	3,000	4,050	1,000	1,000
Supplies	14,809	6,355	6,000	6,300	6,500	6,500
Internal service fund charges	16,604	19,126	18,143	18,143	21,066	21,565
Expenditure Totals	\$397,852	\$465,845	\$3,343,009	\$3,344,359	\$3,770,015	\$3,885,363
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Authorized Positions						
City Manager	0.20	0.20	0.20	0.20	0.20	0.20
Finance Director	-	-	-	-	0.25	0.25
Human Resources Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	-	0.00
FTE Total	1.70	1.70	1.70	1.70	1.45	1.45

ADMINISTRATIVE SERVICES – FINANCE AND INFORMATION TECHNOLOGY

GENERAL GOVERNMENT

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 the City Council and the public.

The FY2025/26 Budget includes a proposed organizational change, shifting Human Resources and Information Systems from the City Manager Department into the newly titled Administrative Services Department, along with Finance services (formerly the Finance Department). With this new structure, the City Manager remains the Personnel Officer, with the ability to designate these duties to other staff as needed. The new structure will allow for the personnel, finance, and information technology divisions to improve communications and efficiencies as the City continues to implement more and more technology solutions personnel and finance.

FISCAL YEAR ACCOMPLISHMENTS – 2025-26

- Continued TOT vacation rental audit and enforcement program.
- Implemented new bail schedule
- Implemented transition of IT to a contracted service
- Provided analytical support to operations departments.

FISCAL YEAR GOALS – 2026-27

- Prepare and maintain a balanced budget.
- Plan for and meet future PERS increases.
- 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 Y
- Continue partnerships with departments to maintain financial accountability and transparency.
- Continue to improve City financial transparency to the public.

ADMIN SERVICES - FINANCE & IT

1000-10-17-000	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 574,082	\$ 655,119	\$ 498,252	\$ 498,252	\$ 494,640	\$ 511,059
Licenses & Permits	323,755	334,237	324,000	324,000	330,300	333,603
Intergovernmental	6,849	6,939	6,700	6,700	6,700	6,700
Use of money & property	12,220	9,566	12,000	12,000	12,000	12,000
Other revenue	3,700	1,420	3,000	3,000	-	-
Revenue Totals	\$ 920,606	\$1,007,281	\$ 843,952	\$ 843,952	\$ 843,640	\$ 863,362

Expenditures

Personnel	\$ 629,425	\$ 707,377	\$ 559,475	\$ 559,475	\$ 566,690	\$ 583,567
Contract services	195,003	196,786	171,500	171,500	155,100	155,100
Training & Memberships	4,872	5,859	7,500	7,500	1,000	1,000
Supplies	4,182	2,562	4,600	4,600	4,600	4,600
Internal service fund charges	87,124	94,697	100,877	100,877	116,250	119,094
Expenditure Totals	\$ 920,606	\$1,007,281	\$ 843,952	\$ 843,952	\$ 843,640	\$ 863,362

Authorized Positions	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Finance Director	1.00	1.00	1.00	1.00	0.75	0.75
Senior Accountant	1.00	1.00	-	-	-	0.00
Accountant II	-	-	1.00	1.00	2.00	2.00
Accountant I	-	-	1.00	1.00	-	0.00
Account Clerk	0.75	-	1.00	1.00	1.00	1.00
Account Technician	-	1.00	-	-	-	-
Information System Specialist	-	-	-	-	0.50	0.50
FTE Total	2.75	3.00	4.00	4.00	4.25	4.25

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 – 2025-26

- Converting CSO to MSO
- Filling PEO positions
- Successful PO recruitment ongoing
- Axon interview room
- EOP- almost complete
- Grants:
- Cannabis
- Body armor
- Pay station replacement plan completed
- Ecite technology rolled out for use

FISCAL YEAR GOALS –2026-27

- Build a realistic budget for the new technology and upgraded technology used at PD
- Axon
- Drones
- RMS
- RING
- ALPR
- MSO trained and embedded in NBMS and community outreach
- Bring on new Chief Advisory Committee members

POLICE SUMMARY

Police Department Summary	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenue						
General Fund	\$ 7,986,740	\$ 8,021,104	\$ 7,078,272	\$ 7,093,272	\$ 6,859,058	\$ 7,042,892
Licenses and permits	49,327	56,024	45,500	45,500	55,500	55,500
Intergovernmental revenues	82,760	98,683	130,378	130,378	201,978	201,978
Charges for services	60,548	83,616	81,500	81,500	100,000	100,000
Fines and forfeitures	425,043	503,122	690,000	675,000	920,000	920,000
Other revenues	1,433	5,305	26,600	26,600	-	-
Revenue Totals	\$ 8,605,851	\$ 8,767,854	\$ 8,052,250	\$ 8,052,250	\$ 8,136,536	\$ 8,320,370
Expenditures						
Personnel	\$6,202,707	\$6,379,345	\$5,553,529	\$5,553,529	\$5,595,072	\$5,761,539
Contract services	1,299,851	1,285,100	1,365,878	1,365,878	1,495,123	1,527,652
Training & Memberships	77,379	60,958	79,500	79,500	63,250	79,500
Supplies	160,401	157,374	109,400	109,400	119,700	119,700
Internal service fund charges	884,847	884,878	943,943	943,943	863,392	885,845
Expenditure Totals	\$ 8,625,185	\$ 8,767,654	\$ 8,052,250	\$ 8,052,250	\$ 8,136,536	\$ 8,374,235

Authorized Positions	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 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	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
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	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
FTE Total	30.50	30.50	31.00	31.00	31.00	31.00

LAW ENFORCEMENT

POLICE

LAW ENFORCEMENT

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-20-20-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 7,659,276	\$ 7,720,322	\$ 6,967,488	\$ 6,982,488	\$ 6,975,118	\$ 7,143,602
Licenses and permits	49,327	56,024	45,500	45,500	55,500	55,500
Intergovernmental revenues	82,760	98,683	130,378	130,378	201,978	201,978
Charges for services	60,548	83,616	81,500	81,500	100,000	100,000
Fines and forfeitures	79,590	172,479	90,000	75,000	70,000	70,000
Other revenues	1,433	5,305	26,600	26,600	-	-
Revenue Totals	\$ 7,932,934	\$ 8,136,429	\$ 7,341,466	\$ 7,341,466	\$ 7,402,596	\$ 7,571,080
Expenditure Totals	\$ 7,932,934	\$ 8,136,429	\$ 7,341,466	\$ 7,341,466	\$ 7,402,596	\$ 7,571,080
Personnel	\$ 6,004,382	\$ 6,194,376	\$ 5,329,370	\$ 5,329,370	\$ 5,365,365	\$ 5,525,149
Contract services	860,848	891,444	936,881	936,881	1,055,099	1,080,101
Training & Memberships	77,379	60,958	79,500	79,500	63,250	79,500
Supplies	143,922	149,156	93,400	93,400	103,700	103,700
Internal service fund charges	846,403	840,496	902,315	902,315	815,183	836,494

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
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	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
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	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
FTE Total	28.50	28.50	28.00	28.00	28.00	28.00

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 – 2024/25

- Maintain existing pay stations.
- Begin upgrading pay stations with a new payment interface.
- Explore hybrid vehicle options for parking enforcement vehicles.

FISCAL YEAR GOALS –2025/26

- Continue upgrading the pay stations with a new payment interface.
- Evaluate the cost of hourly parking and the bail schedule for parking citation violations.

PARKING ENFORCEMENT

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-20-21-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 227,986	\$ 166,846	\$ (30,019)	\$ (30,019)	\$(268,163)	\$(260,377)
Fines and forfeitures	345,452	330,644	600,000	600,000	850,000	850,000
Use of money & property	19,335	(200)	-	-	-	-
Revenue Totals	\$ 592,774	\$ 497,290	\$ 569,981	\$ 569,981	\$ 581,837	\$ 589,623
Expenditures						
Personnel	\$ 198,325	\$ 184,969	\$ 224,159	\$ 224,159	\$ 229,707	\$ 236,390
Contract services	340,705	261,163	289,500	289,500	289,500	289,500
Supplies	16,480	8,218	16,000	16,000	16,000	16,000
Internal service fund charges	37,264	42,940	40,322	40,322	46,630	47,734
Expenditure Totals	\$ 592,774	\$ 497,290	\$ 569,981	\$ 569,981	\$ 581,837	\$ 589,623
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
Authorized Positions	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

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

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-20-23-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 99,478	\$133,935	\$140,803	\$ 140,803	\$ 152,103	\$159,667
Charges for services	-	-	-	-	-	-
Revenue Totals	\$ 99,478	\$133,935	\$140,803	\$ 140,803	\$ 152,103	\$159,667
Expenditures						
Contract services	\$ 98,298	\$132,493	\$139,497	\$ 139,497	\$ 150,524	\$158,050
Internal service fund charges	1,180	1,442	1,306	1,306	1,579	1,617
Expenditure Totals	\$ 99,478	\$133,935	\$140,803	\$ 140,803	\$ 152,103	\$159,667

PUBLIC WORKS SUMMARY

PUBLIC WORKS

MISSION STATEMENT

The Capitola Department of Public Works, through our valued employees, develops, maintains, and operates the City's infrastructure and natural resources and provides environmental stewardship for the benefit of our residents, businesses, and visitors.

DEPARTMENT PURPOSE

Public Works stewards Capitola's public infrastructure. We are dedicated to providing safe, functional and sustainable systems improving the quality of life for the residents, businesses and visitors of the City of Capitola in a responsive and cost-effective manner and in accordance with local, state and federal regulations.

To provide this stewardship, the department has three divisions.

The *Maintenance* Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

The *Engineering* Division designs and oversees the construction of all capital improvement projects for the City's public infrastructure systems and public buildings/facilities; prepares technical studies/reports; regulates construction activities within the public right-of-way by private entities and utility companies; and maintains infrastructure records. The Engineering Division also works closely with the Community Development Department and Building Division to perform plan review and inspection services of tract/parcel maps for subdivisions and grading and drainage improvements on private property; provides technical support to the Public Works Maintenance Division.

The *Environmental* Division provides environmental support services to Public Works and other City Departments to ensure compliance with federal, state, and local environmental laws, regulations, and policies. The Environmental Division also manages the City's Storm Water Management Program and Solid Waste Franchise Agreement which includes industrial, construction, and municipal activities and operations within the City; staffs the Commission on the Environment.

FISCAL YEAR ACCOMPLISHMENTS – 2025-26

- Completed Community Center Renovation
- Completed Treasure Cove Playground
- Completed Jade Street Restroom Renovation
- Completed 41st Avenue Multimodal Improvements
- Advanced Bay Avenue Corridor Project through planning and concept development
- Advanced Cliff Drive Resiliency Project through preliminary design
- Secured grant funding for Esplanade Park Improvement development

FISCAL YEAR GOALS – 2026-27

- Complete Citywide Active Transportation Plan (ATP)
- Complete update of the Climate Action Plan
- Advance Esplanade Park Improvements into design and implementation phases
- Advance Cliff Drive Resiliency Project into final design
- Advance additional capital improvement projects

PUBLIC WORKS SUMMARY						
Public Works Summary	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenue						
General Fund	\$ 3,876,663	\$ 4,029,629	\$ 4,124,147	\$ 4,124,147	\$ 4,213,452	\$ 4,197,094
Licenses and permits	30,247	35,520	35,000	35,000	36,000	36,000
Charges for services	10,646	12,104	12,000	12,000	13,000	13,000
Other revenues	15,138	40,032	10,000	10,000	10,000	10,000
Revenue Totals	\$ 3,973,340	\$ 4,120,387	\$ 4,186,147	\$ 4,186,147	\$ 4,277,452	\$ 4,261,094
Expenditures						
Personnel	\$ 2,031,373	\$ 2,204,283	\$ 2,163,278	\$ 2,163,278	\$ 2,185,073	\$ 2,249,148
Contract services	1,019,783	1,174,213	1,198,614	1,198,614	1,259,300	1,182,400
Training & Memberships	4,684	3,479	5,500	5,500	3,000	3,000
Supplies	625,328	548,449	572,700	572,700	623,600	615,100
Internal service fund charges	292,172	189,392	245,555	245,555	206,478	211,446
Expenditure Totals	\$ 3,973,339	\$ 4,119,816	\$ 4,185,647	\$ 4,185,647	\$ 4,277,451	\$ 4,261,094
Authorized Positions						
	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 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
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00	-	-	-	-	-
Maintenance Worker I & II	9.00	9.00	7.50	7.50	9.00	9.00
Maintenance Worker III	2.00	1.00	2.00	2.00	2.00	2.00
SR. Mechanic/Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	16.00	16.00	16.00	16.00	18.00	18.00

STREETS**PUBLIC WORKS****STREETS**

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-30-30-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 2,180,505	\$ 2,174,013	\$ 2,139,648	\$ 2,139,648	\$ 2,059,496	\$ 2,109,610
Licenses and permits	30,247	35,520	35,000	35,000	36,000	36,000
Intergovernmental revenues	40,647	3,103	5,000	5,000	5,000	5,000
Charges for services	6,318	8,088	8,000	8,000	9,000	9,000
Other revenues	10,405	40,032	10,000	10,000	10,000	10,000
Revenue Totals	\$ 2,268,122	\$ 2,260,755	\$ 2,197,648	\$ 2,197,648	\$ 2,119,496	\$ 2,169,610

Expenditures

Personnel	\$ 1,555,228	\$ 1,555,913	\$ 1,494,753	\$ 1,494,753	\$ 1,489,398	\$ 1,532,693
Contract services	365,784	505,159	405,007	405,007	397,000	401,000
Training & Memberships	4,174	1,421	3,000	3,000	-	-
Supplies	120,183	89,709	125,000	125,000	115,000	115,000
Internal service fund charges	222,753	108,553	169,888	169,888	118,098	120,917
Expenditure Totals	\$ 2,268,122	\$ 2,260,755	\$ 2,197,648	\$ 2,197,648	\$ 2,119,496	\$ 2,169,610

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
Authorized Positions	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
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00					
Maintenance Worker I & II	7.00	7.00	6.50	7.00	7.00	7.00
Maintenance Worker III	1.00					
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	12.00	12.00	11.50	12.00	12.00	12.00

STORMWATER**PUBLIC WORKS****STORM WATER**

1000-30-30-301	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 94,201	\$ 206,916	\$ 220,105	\$ 220,105	\$ 227,632	\$ 190,193
Charges for services	4,328	4,016	4,000	4,000	4,000	4,000
Revenue Totals	\$ 98,529	\$ 210,932	\$ 224,105	\$ 224,105	\$ 231,632	\$ 194,193
Expenditures						
Personnel	\$ 23,116	\$ 121,538	\$ 72,798	\$ 72,798	\$ 75,132	\$ 77,693
Contract services	75,413	88,372	149,807	149,807	155,000	115,000
Training & Memberships	-	-	-	-	-	-
Supplies	-	1,022	1,500	1,500	1,500	1,500
Expenditure Totals	\$ 98,529	\$ 210,932	\$ 224,105	\$ 224,105	\$ 231,632	\$ 194,193

FACILITIES

PUBLIC WORKS

FACILITIES						
1000-30-31-xxx	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenues						
General Fund	\$363,733	\$413,121	\$439,685	\$ 439,685	\$501,337	\$463,284
Other revenues	-	-	-	-	-	-
Revenue Totals	\$363,733	\$413,121	\$439,685	\$ 439,685	\$501,337	\$463,284
Expenditures						
Contract services	\$208,951	\$272,508	\$319,100	\$ 319,100	\$369,500	\$331,000
Supplies	140,938	124,056	105,000	105,000	113,100	113,100
Internal service fund charges	13,843	16,557	15,585	15,585	18,737	19,184
Expenditure Totals	\$363,733	\$413,121	\$439,685	\$ 439,685	\$501,337	\$463,284

FLEET**PUBLIC WORKS****FLEET**

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-30-32-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$429,248	\$471,717	\$504,357	\$504,357	\$556,558	\$569,029
Other revenues	4,733	-	-	-	-	-
Revenue Totals	\$433,981	\$471,717	\$504,357	\$504,357	\$556,558	\$569,029
Expenditures						
Personnel	\$129,170	\$185,545	\$226,206	\$226,206	\$236,250	\$243,149
Contract services	18,360	9,995	10,000	10,000	12,000	12,000
Training & Memberships	-	570	500	500	500	500
Supplies	267,891	253,523	247,500	247,500	284,000	289,000
Internal service fund	18,560	22,083	20,151	20,151	23,808	24,380
Expenditure Totals	\$433,981	\$471,717	\$504,357	\$504,357	\$556,558	\$569,029
Authorized Positions	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Mechanic/Sr. Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
FTE Total	1.00	1.00	1.50	1.50	2.00	2.00

BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT

BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT

MISSION STATEMENT

The Building, Planning, and Economic Development Department (BPED) promotes development which supports attainable housing, economic opportunities, community wellbeing, and the environment. The Department provides responsive, high-quality services and programs which enhance the quality of life for the City's residents, businesses, and visitors within the built and natural environment.

DEPARTMENT PURPOSE

The BPED administers the City's land use policies and standards adopted by the City Council including Zoning Code (Title 17), Housing and Development Administration (Title 18), General Plan, Housing Element, Local Coastal Program, and other regulations. The Department's key functions include review of development applications, application of CEQA, maintenance of regulatory and long-range planning documents, implement economic development strategy, building plan check and inspection services, code compliance, administration of the affordable housing programs, and grant administration related to planning, housing, economic development, public facilities, and public services. The Department provides staff support to the Planning Commission and City Council.

KEY CHANGES

During the past fiscal year, the department focused implementation of the Housing Element related to the Capitola Mall redevelopment, the 41st Avenue Corridor Plan, the Wharf Master Plan, and recruitments for the Building Official and Senior Planner. Priorities for FY2026-27, include ongoing collaboration toward redevelopment of the Capitola Mall, implementation of the Wharf Master Plan, implementation of the 41st Avenue Corridor Plan, and ongoing housing element implementation.

FISCAL YEAR ACCOMPLISHMENTS – 25/26

- Rebrand the department as the Community and Economic Development Department and realign priorities toward housing and economic development initiatives.
- Promoted economic growth through place making and branding initiatives of commercial corridors and adopted zoning incentives to catalyze redevelopment of the Capitola Mall.
- Implementation of the 6th Cycle Housing Element including objective standards for Mall Redevelopment and amendments to the Multifamily Residential zoning.
- Adopted the Capitola Wharf Master Plan and solicited proposals for development.
- Adopted the 41st Avenue corridor study incorporating Clares Street and Capitola Road.
- Issued occupancy for a 36-unit 100% affordable development at 4401 Capitola Road.
- Administered CDBG Grant of \$300,000 to nonprofit for low-income food and transit services.
- Administered CDBG Grant of \$3.3 million for renovation of the Jade Street Community Center and \$3.3 million for Treasure Cove Park.
- Initiated rehabilitation program with Habitat for Humanity. 7 applications received, 2 completed
- 80 planning and 407 building permit application submitted July 1, 2025, through April 15, 2026.

FISCAL YEAR GOALS – 26/27

- Engage property owners of economic development opportunity sites including Capitola Mall, Redtree's 1 Bay Avenue, and Swenson's 120 Monterey.
- Issue building permits for new 52-unit affordable housing development at 1098 38th Ave.
- Issue occupancy of Tesla Dealership at 1601 41st Avenue
- Provide training opportunities for building staff to bring building plan review in as an internal staff function to encourage growth and job satisfaction while providing savings to the City.
- Apply for 2026 CDBG grant for Community Facilities or Public Infrastructure for up to \$5 million
- Issue building permits for new hotel at 720 Hill Street and affordable housing at 1098 38th Ave.
- Issue occupancy of 36-unit, 100% affordable housing at 4401 Capitola Road.

- Complete Capitola Wharf Master Plan and research funding opportunities for implementation.
- Complete 41st Avenue corridor study.
- Administer grants to support Capitola residents with food services and housing production.
- Provide training opportunities for all staff to encourage growth, job satisfaction, and longevity.

BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Community Development						
Revenue						
General Fund	\$ 398,918	\$ 408,128	\$ 671,562	\$ 693,062	\$ 391,408	\$ 416,711
Licenses and permits	349,910	308,930	313,000	277,000	347,500	347,500
Charges for services	251,975	185,724	239,000	253,500	299,000	299,000
Fines and forfeitures	-	100	-	-	-	-
Revenue Totals	\$1,000,804	\$ 902,882	\$ 1,223,562	\$1,223,562	\$ 1,037,908	\$1,063,211
Expenditures						
Personnel	\$ 783,697	\$ 712,974	\$ 800,442	\$ 800,442	\$ 779,436	\$ 802,744
Contract services	136,706	97,425	321,138	321,138	150,000	150,000
Training & Memberships	3,928	3,221	16,250	16,250	11,850	11,850
Supplies	978	6,433	2,500	2,500	2,500	2,500
Internal service charges	75,495	82,829	83,232	83,232	94,122	96,116
Expenditure Totals	\$1,000,804	\$ 902,882	\$ 1,223,562	\$1,223,562	\$ 1,037,908	\$1,063,211
Authorized Positions						
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	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	-	-	-	-
Development Services Tech	0.50	0.75	1.00	1.00	1.00	1.00
FTE Total	5.50	5.75	5.00	5.00	5.00	5.00
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

COMMUNITY SERVICES AND RECREATION

CULTURE & LEISURE

MISSION

The City of Capitola Community Services and Recreation Department is dedicated to providing safe, affordable, and enjoyable recreational opportunities that enrich the quality of life for residents and visitors of all backgrounds and abilities. Committed to excellence and public safety, the Department continuously strives to enhance its programs, services, and operations to best serve the evolving needs and interests of the community.

DEPARTMENT PURPOSE

The Community Services and Recreation Department enhances the quality of life for Capitola residents and the broader community by offering a wide range of recreation and leisure services. These include City-run programs such as Junior Lifeguards, Camp Capitola, and community events, as well as over 500 classes provided by contracted instructors. Youth programs serve more than 2,000 children annually. The Department also manages key community assets, including the Capitola Community Center, Jade Street Park, and Monterey Park. From Memorial Day weekend through the end of October, the Department operates a USLA-certified Lifeguard Division to ensure the safety of beachgoers at Capitola Beach. The Department represents the City through its staff, instructors, seasonal hires, and the condition of its facilities. It also fosters youth development through job training programs like the Junior Lifeguard Captains Corps and Camp Capitola Junior Leader Program and promotes access through scholarships for under-resourced youth.

KEY CHANGES

With the Community Center remodel project complete, the Community Services and Recreation Department will return offices and programs.

FISCAL YEAR ACCOMPLISHMENTS – 2025/26

- Provided Lifeguard services to event organizers and maintained tower services at Capitola Beach through the end of October.
- Sustained a robust schedule of Classes for Adults and Youth with minimal disruption during Community Center remodel.
- Provided Wharf programming with fun, family friendly activities by hosting a new “Boogie on the Wharf” dance event series.
- Modified Camp Capitola in response to the Community Center remodel while maintaining the program’s high quality at the temporary location
- Celebrated the 10th annual Plein Air event with new artist engagement opportunities for the public and record exhibition attendance.
- Introduced two new music events: “New Music Sundays” featuring local youth bands, and “Dueling Pianos” offering a fresh and interactive community opportunity.
- Enhanced Junior Guard youth development by redistributing age division throughout the session providing smaller group sizes for effective instruction.

FISCAL YEAR GOALS –2026/27

- Strengthen partnerships with county recreation agencies to expand regional initiatives such as Park Rx, Family Fun Day, and other collaborative programs.
- Develop a new Community Center Rental package incorporating new use opportunities provided by the Community Center Remodel.
- Enhance structure of the Beach Lifeguard Service and Junior Guard program.
- Provide Camp Capitola with an increased capacity and utilize the new Jade St Park features and Treasure Cove Playground.
- Utilize lessons learned for new music events “Dueling Pianos” and New Music Sunday’s” and provide an improver series for residents.

COMMUNITY SERVICES AND RECREATION

Recreation Summary 1000-50-50-xxx	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenue						
General Fund	\$ 741,225	\$ 792,864	\$ 717,565	\$ 717,565	\$ 768,830	\$ 781,949
Recreation Classes	\$ 265,704	\$ 215,911	\$ 200,000	\$ 200,000	\$ 275,000	\$ 275,000
Capitola Junior Guards	297,008	352,558	364,308	364,308	377,000	377,000
Sports	15,933	18,425	19,350	19,350	15,000	15,000
Camp Capitola	194,966	198,509	216,867	216,867	235,237	235,237
Afterschool Program	104,857	99,062	131,316	131,316	132,591	132,591
Events	2,347	10,295	71,900	71,900	65,300	65,300
Total Charges for Svcs.	\$ 880,816	\$ 894,760	\$ 1,003,741	\$ 1,003,741	\$ 1,100,128	\$ 1,100,128
Jade St. Rentals	\$ 16,103	\$ 13,628	\$ 10,000	\$ 10,000	\$ 30,000	\$ 30,000
Revenue Totals	\$ 1,638,144	\$ 1,701,252	\$ 1,731,306	\$ 1,731,306	\$ 1,898,958	\$ 1,912,077

Expenditures

Personnel	\$1,081,435.28	\$1,214,323.26	\$1,238,291.00	\$1,238,291.00	\$1,313,647.00	\$1,334,502.40
Contract services	335,258	300,763	291,350	291,350	354,800	353,300
Training & Memberships	13,592	12,578	16,650	16,650	9,700	15,300
Supplies	88,943	77,555	94,650	94,650	112,300	97,800
Internal service fund charges	118,917	96,033	90,365	90,365	108,511	111,175
Expenditure Totals	\$ 1,638,144	\$ 1,701,252	\$ 1,731,306	\$ 1,731,306	\$ 1,898,958	\$ 1,912,077

	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Authorized Positions						
Community Svcs. & Recreation Director					1.00	1.00
Recreation Division Manager	1.00	1.00	1.00	1.00	-	-
Recreation Coordinator	3.00	3.00	3.00	3.00	3.00	3.00
Customer Svc./Off. Coord.	1.00	1.00	1.00	1.00	1.00	1.00
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	5.50	5.50	5.50	5.50	5.50	5.50

Hourly Allocation

Beach Lifeguard Captain	-	-	-	-	-	-
Beach Lifeguard/JG Instructor	7,200	12,648	12,091	12,091	13,224	13,224
Jr. Lifeguard Coordinator	1,200	-	-	-	-	-
Lifeguard Lieutenant/ JG Asst. Cord.	-	1,296	2,801	2,801	3,168	3,168
Recreation Leader I	-	3,503	4,492	4,492	4,500	4,500
Recreation Leader II	4,800	2,952	3,142	3,142	3,738	3,738
Recreation Coordinator	1,200	-	-	-	-	-
Recreation Asst. Coordinator	500	857	960	960	2,346	2,346
Youth Program Coordinator	720	687	-	-	-	-
Youth Program Leader	2,880	-	-	-	-	-
Recreation Admin Temps	1,560	-	-	-	-	-
Sports Scorekeepers	900	-	-	-	-	-
Recreation Facilities Assistant	-	-	-	-	-	-
Recreation Specialist I	-	300	570	570	900	900
Recreation Specialist II	-	-	460	460	290	290
Hours Total	20,960	22,243	24,516	24,516	28,166	28,166

MUSEUM

CULTURE & LEISURE

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 – 2025/26

- Installed “Multiple Personalities: the stories behind Capitola’s historic buildings” exhibition
- Installed rotating exhibits at the Capitola Library.
- Increased visitation to museum
- Increased volunteer count for continuous museum open hours
- Installed Whard model in City Council Chambers for public viewing
- Increased donations with advent of online payments and QR Code deployment

FISCAL YEAR GOALS – 2026/27

- Continue exhibition “Multiple Personalities: the stories behind Capitola’s historic buildings”
- Recognize the Museum’s 60th anniversary
- Continue to scan images to digitize collections
- Review collections to reduce storage need
- Continue to develop Museum Membership
- Shift museum newsletters to digital platform

MUSEUM

Capitola Museum 1000-50-51-000	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenue						
General Fund	\$ 77,718	\$ 87,587	\$ 63,339	\$ 63,339	\$ 71,514	\$ 73,228
Other revenues	10,675	8,278	12,000	12,000	12,000	12,000
Revenue Totals	\$ 88,393	\$ 95,865	\$ 75,339	\$ 75,339	\$ 83,514	\$ 85,228
Expenditures						
Personnel	\$ 52,053	\$ 57,011	\$ 47,570	\$ 47,570	\$ 49,578	\$ 51,065
Contract services	7,926	16,044	16,500	16,500	21,500	21,500
Training & Memberships	1,167	1,527	1,000	1,000	1,000	1,000
Supplies	20,324	13,750	2,350	2,350	2,350	2,350
Internal service fund charges	6,922	7,533	7,919	7,919	9,086	9,312
Expenditure Totals	\$ 88,393	\$ 95,865	\$ 75,339	\$ 75,339	\$ 83,514	\$ 85,228
Authorized Positions						
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

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 the 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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 62,677	\$ 64,083	\$ 55,219	\$ 55,219	\$ 55,219	\$ 55,219
Revenue						
Other Revenues	\$ 1	\$ 15	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
General Fund Transfers	-	-	-	-	-	-
Revenue Totals	<u>\$ 27,001</u>	<u>\$27,015</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
Expenditures						
Contract Services	\$ 6,732	\$ 7,951	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Supplies	18,863	27,926	20,000	20,000	20,000	20,000
Expenditure Totals	<u>\$ 25,595</u>	<u>\$35,878</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
Fund Balance at 06/30	\$ 64,083	\$55,219	\$ 55,219	\$ 55,219	\$ 55,219	\$ 55,219

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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 317,651	\$ 526,656	\$ 510,932	\$ 510,932	\$ 602,932	\$ 602,932
Revenue						
Other Revenues	\$ 4,068	\$ 4,068	\$ 4,000	\$ 4,000	\$ -	\$ -
Internal Service Charges	271,000	268,000	348,000	348,000	401,000	411,200
Other Financing Sources	\$235,000	\$0	\$0	120,000	\$0	\$0
Revenue Totals	\$ 510,068	\$272,068	\$ 352,000	\$ 472,000	\$ 401,000	\$ 411,200
Expenditures						
Contract Services	\$ 206,441	\$214,817	\$ 205,000	\$ 300,000	\$ 313,000	\$ 323,200
Supplies	91,171	72,976	134,744	80,000	88,000	88,000
Capital Outlay	3,451	0	15,000	0	0	0
Expenditure Totals	\$ 301,063	\$287,792	\$ 354,744	\$ 380,000	\$ 401,000	\$ 411,200
Fund Balance at 06/30	\$ 526,656	\$510,932	\$ 508,188	\$ 602,932	\$ 602,932	\$ 602,932

Contract services: on-going technology licenses

Supplies: replacement technology equipment

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.

FY 2025-26 CAPITAL OUTLAY

PD Patrol vehicles	\$ 75,000
Gem Car	25,000

FY 2027-28 CAPITAL OUTLAY

Depreciation	\$ 200,000
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SOURCES AND USES

	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 2212	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 875,969	\$ 549,657	\$ 360,368	\$ 360,368	\$ 205,914	\$ 305,914
Revenue						
Other revenues	\$ 259,271	\$ 60,885	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	250,000	65,000	197,000	197,000	-	-
Other Financing Sources	200,000	-	-	\$ -	200,000	200,000
Revenue Totals	<u>709,271</u>	<u>125,885</u>	<u>197,000</u>	<u>197,000</u>	<u>200,000</u>	<u>200,000</u>
Expenditures						
Capital Outlay	\$1,035,582	\$315,174	\$351,454	\$351,454	\$100,000	\$100,000
Expenditure Totals	<u>\$ 1,035,582</u>	<u>\$ 315,174</u>	<u>\$ 351,454</u>	<u>\$ 351,454</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Fund Balance at 06/30	\$ 549,657	\$ 360,368	\$ 205,914	\$ 205,914	\$ 305,914	\$ 405,914

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 \$100,000.
- Vehicle and Equipment Insurance Coverage - Coverage for vehicles and equipment with a purchase value of \$25,000 or more. The annual premium is \$7,500 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 percentage of the total operating budget from the prior fiscal year less the budget for unanticipated events.

SOURCES AND USES						
Fund - 2213	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 278,187	\$ 179,920	\$ 104,875	\$ 104,875	\$ 65,376	\$ 65,376
Revenue						
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	\$622,136	\$760,037	\$688,201	\$688,201	\$832,311	\$852,009
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	<u>\$ 622,136</u>	<u>\$ 760,037</u>	<u>\$ 688,201</u>	<u>\$ 688,201</u>	<u>\$ 832,311</u>	<u>\$ 852,009</u>
Expenditures						
Contract Services	\$ 720,403	\$ 835,082	\$ 688,200	\$ 727,700	\$ 832,311	\$ 852,009
Supplies	-	-	-	-	-	-
Expenditure Totals	<u>\$ 720,403</u>	<u>\$ 835,082</u>	<u>\$ 688,200</u>	<u>\$ 727,700</u>	<u>\$ 832,311</u>	<u>\$ 852,009</u>
Fund Balance at 06/30	\$ 179,920	\$ 104,875	\$ 104,876	\$ 65,376	\$ 65,376	\$ 65,376

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						
	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 2214	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 117,301	\$ 118,749	\$ 118,749	\$ 118,749	\$ 118,767	\$ 118,767
Revenue						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$447,705	\$403,542	\$403,018	\$403,018	\$350,907	\$361,434
Revenue Totals	<u>\$ 447,705</u>	<u>\$ 403,542</u>	<u>\$ 403,018</u>	<u>\$ 403,018</u>	<u>\$ 350,907</u>	<u>\$ 361,434</u>
Expenditures						
Contract Services	\$446,257	\$403,542	\$403,000	\$403,000	\$350,907	\$361,434
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	<u>\$ 446,257</u>	<u>\$ 403,542</u>	<u>\$ 403,000</u>	<u>\$ 403,000</u>	<u>\$ 350,907</u>	<u>\$ 361,434</u>
Fund Balance at 06/30	\$ 118,749	\$ 118,749	\$ 118,767	\$ 118,767	\$ 118,767	\$ 118,767

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

	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 2216	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 330,886	\$ 555,886	\$(112,724)	\$(112,724)	\$ (87,724)	\$ 12,276
Revenue						
Other financing sources	\$225,000	\$200,000	\$200,000	\$200,000	\$300,000	\$200,000
Revenue Totals	<u>\$ 225,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 300,000</u>	<u>\$ 200,000</u>
Expenditures						
Personnel	\$0	\$868,610	\$200,000	\$175,000	\$200,000	\$200,000
Expenditure Totals	<u>\$ -</u>	<u>\$ 868,610</u>	<u>\$ 200,000</u>	<u>\$ 175,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Fund Balance at 06/30	\$ 555,886	\$ (112,724)	\$(112,724)	\$ (87,724)	\$ 12,276	\$ 12,276

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 new Capitola Branch Library opened in June 2021. The Friends of the Capitola Branch Library raised over \$600,000 of donations for project enhancements with approximately \$50,000 remaining in the Library fund.

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): The 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.

Permanent Local Housing Allocation (PLHA): In 2017, Senate Bill 2 (SB 2) established a \$75 recording fee on real estate documents and created the Permanent Local Housing Allocation Fund (PLHA). PLHA funds are allocated to local governments for eligible housing and homelessness activities and provide a permanent, on-going source of funding for housing-related projects and programs that address the unmet housing needs of communities.

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

In 1996, California's state legislature (AB 3229) established the Citizens Options for Public Safety (COPS) program, allocating \$100,000,000 annually to local governments for front-line law enforcement. These funds are administered through the Supplemental Law Enforcement Services Fund (SLESF) program. The COPS program received its initial funding in the 1996-1997 California state budget and has been consistently funded since then. Section 30061 (c) (1) of the Government Code outlines the future funding details for the COPS program through SLESF.

SLESF funds are grants, and the legislation requires that each municipality receive annual funds to be used for "front-line law enforcement services." These funds cannot be used to replace existing resources but must be used to enhance them. Eligible expenses include salaries, services, supplies, equipment, and administrative costs.

Furthermore, SLESF funds cannot be redirected to a municipality's general fund but must be exclusively used for front-line law enforcement services. The total award to each recipient entity is based on population size, with a minimum annual award of \$100,000 for all entities. For example, the Capitola Police Department receives an annual award of \$100,000. Fund distributions are made regularly throughout the year.

SOURCES AND USES

Fund - 1300 SLESF	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Adopted	FY27/28 Planned
Beginning Fund Balance	\$151,613	\$ 174,777	\$201,151	\$ 201,151	\$146,251	\$146,251
Revenue						
Intergovernmental revenues	\$100,000	\$ 100,000	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	7,524	8,875	4,000	4,000	4,000	4,000
Revenue Totals	\$107,524	\$ 108,875	\$104,000	\$ 104,000	\$104,000	\$104,000
Expenditures						
Contract services	\$ 1,473	\$ 1,443	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Supplies	40,545	49,058	58,400	58,400	50,000	50,000
Capital outlay	42,343	32,000	76,500	76,500	30,000	30,000
Expenditure Totals	\$ 84,360	\$ 82,501	\$158,900	\$ 158,900	\$104,000	\$104,000
Fund Balance at 06/30	\$174,777	\$ 201,151	\$146,251	\$ 146,251	\$146,251	\$146,251

Contract Services – Utility services – Gas & Electric

Supplies – Front line law enforcement

Capital Outlay – Online report writing, electronic ticket writing.

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 to receive and distribute half of the 0.40% of restricted TOT revenues for local business groups with the other half going directly to the Capitola Village & Wharf Business Improvement Area fund and the 0.35% of restricted TOT revenue dedicated to early childhood and youth programming.

SOURCES AND USES

Fund - 1305	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
TOT Restricted Revenue	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 58,473	\$ 63,217	\$ 71,083	\$ 71,083	\$ 132,333	\$ 133,583
Revenue						
Transient Occupancy Tax	101,092	102,617	96,250	96,250	96,250	96,250
Other revenue	3,392	3,280	1,000	1,000	1,000	1,000
Revenue Totals	\$104,484	\$105,897	\$ 97,250	\$ 97,250	\$ 97,250	\$ 97,250
Expenditures						
ECYP Supplies	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ -
ECYP Enrichment	1,380	715	1,000	1,000	1,000	1,000
ECYP Scholarships	-	-	-	-	-	-
Chamber of Commerce	36,761	37,315	35,000	35,000	35,000	35,000
ECYP Programs	-	-	-	-	-	-
ECYP Community Grants	60,000	60,000	-	-	60,000	60,000
Expenditure Totals	\$ 99,740	\$ 98,030	\$ 36,000	\$ 36,000	\$ 96,000	\$ 96,000
Fund Balance at 06/30	\$ 63,217	\$ 71,083	\$132,333	\$132,333	\$ 133,583	\$ 134,833
Local Business Groups ⁽¹⁾	\$ 36,761	\$ 37,315	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Early Childhood/Youth Programs	\$ 64,331	\$ 65,301	\$ 61,250	\$ 61,250	\$ 61,250	\$ 61,250
	\$101,092	\$102,617	\$ 96,250	\$ 96,250	\$ 96,250	\$ 96,250

(1) Does NOT include portion paid directly to the BIA (50% of Local Business Groups amount)

ECYP Enrichment

- Field Trips and similar activities

Community Grants – Early Childhood & Youth Community Grants - \$60,000

Other financing uses – payment to Capitola-Soquel Chamber of Commerce - \$35,000

- Equal amount distributed directly to Capitola BIA fund.

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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 289,149	\$ 533,126	\$ 814,076	\$ 814,076	\$ 52,593	\$ 52,593
Revenue						
Intergovernmental revenues	\$ 249,261	\$ 267,984	\$ 258,668	\$ 258,668	\$ 276,629	\$ 267,300
Other financing sources	16,517	29,156	-	-	-	-
Revenue Totals	\$ 265,779	\$ 297,140	\$ 258,668	\$ 258,668	\$ 276,629	\$ 267,300
Expenditures						
Contract services	\$ 21,801	\$ 16,190	\$ 1,020,151	\$ 1,020,151	\$ 276,629	\$ 267,300
Capital outlay	-	-	-	-	-	-
Expenditure Totals	\$ 21,801	\$ 16,190	\$ 1,020,151	\$ 1,020,151	\$ 276,629	\$ 267,300
Fund Balance at 06/30	\$ 533,126	\$ 814,076	\$ 52,593	\$ 52,593	\$ 52,593	\$ 52,593

Capital Outlay – Annual pavement management plan.

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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 185,891	\$ 532,144	\$ 978,579	\$ 978,579	\$ 67,096	\$ 67,096
Revenue						
Intergovernmental revenues	\$ 359,670	\$ 431,353	\$ 397,732	\$ 397,732	\$ 389,000	\$ 389,000
Other financing sources	19,644	32,952	-	-	-	-
Revenue Totals	\$ 379,314	\$ 464,305	\$ 397,732	\$ 397,732	\$ 389,000	\$ 389,000
Expenditures						
Contract services	\$ 33,061	\$ 16,190	\$1,309,215	\$1,309,215	\$ 389,000	\$ 389,000
Capital outlay	-	1,679	-	-	-	-
Expenditure Totals	\$ 33,061	\$ 17,869	\$1,309,215	\$1,309,215	\$ 389,000	\$ 389,000
Fund Balance at 06/30	\$ 532,144	\$ 978,579	\$ 67,096	\$ 67,096	\$ 67,096	\$ 67,096

Capital Outlay – Annual pavement management plan.

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 include 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; therefore, the funds can only be spent once they have been received.

SOURCES AND USES

Fund - 1310	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Gas Tax	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$256,466	\$261,573	\$336,984	\$ 336,984	\$261,173	\$265,920
Revenue						
Intergovernmental revenues	\$270,231	\$277,849	\$279,546	\$ 279,546	\$289,747	\$295,502
Use of money & property	10,618	13,631	-	-	-	-
Other revenues	-	-	-	-	-	-
Revenue Totals	\$280,848	\$291,481	\$279,546	\$ 279,546	\$289,747	\$295,502
Expenditures						
Contract Services	\$275,741	\$216,070	\$355,356	\$ 355,356	\$285,000	\$295,000
Debt service	-	-	-	-	-	-
Interfund Transfer	-	-	-	-	-	-
Expenditure Totals	\$275,741	\$216,070	\$355,356	\$ 355,356	\$285,000	\$295,000
Fund Balance at 06/30	\$261,573	\$336,984	\$261,173	\$ 261,173	\$265,920	\$266,422

Contract Services:

- Admin & Engineering - \$50,000
- Streetlights & traffic signals - \$140,000
- Street & sidewalks - \$35,000
- Street painting - \$30,000
- Street sweeper maintenance - \$30,000

WHARF

PUBLIC WORKS

The Wharf Fund accounts for rental income generated from Capitola Wharf operations and is used to cover ongoing maintenance, operating costs, and periodic repairs. Revenues accumulate in the fund to help meet expenditure needs; however, major repairs—typically required on a 3–5-year cycle—have occasionally required General Fund support to keep the facility safe and accessible.

Following the passage of Measure F, the City reconstructed and reopened the Wharf in September 2024. Measure F revenues are managed through the Capital Improvement Fund (CIP) and supported the design and construction of the improved Wharf. The Wharf Fund continues to be used for maintenance and repair of the now-rebuilt facility.

SOURCES AND USES

Fund - 1311 Wharf	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 166,194	\$ 124,789	\$ 84,633	\$ 84,633	\$ 863	\$ (33,437)
Revenue						
Use of money & property	\$ 5,373	\$ 19,294	\$ 24,000	\$ 24,000	\$ 26,500	\$ 24,000
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$ 5,373	\$ 19,294	\$ 24,000	\$ 24,000	\$ 26,500	\$ 24,000
Expenditures						
Contract services	\$ 46,690	\$ 51,524	\$ 106,770	\$ 102,770	\$ 50,800	\$ 109,700
Supplies	88	7,926	10,000	5,000	10,000	10,000
Capital Outlay	-	-	-	-	-	-
Expenditure Totals	\$ 46,778	\$ 59,450	\$ 116,770	\$ 107,770	\$ 60,800	\$ 119,700
Fund Balance at 06/30	\$ 124,789	\$ 84,633	\$ (8,137)	\$ 863	\$ (33,437)	\$ (129,137)

Contract Services:

- Utilities - \$36,500
- Janitorial services - \$7,000
- Property & Equipment repairs & maintenance - \$4,500
- Rentals (portable toilets) - \$10,000

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 comprehensive update to the Zoning Code which was certified by the California Coastal Commission in 2021. The 6th Cycle Housing Element Update was certified by the state in 2024. The adopted budget provides adequate resources to fund consultant contracts and staff time to finalize the Housing Element implementation efforts in FY 25/26.

SOURCES AND USES

Fund - 1313	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
General Plan	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$248,407	\$266,684	\$ 316,128	\$ 316,128	\$ 152,709	\$ 167,209
Revenue						
Intergovernmental revenues	\$ -	\$ 62,306	\$ -	\$ -	\$ -	\$ -
Charges for services	127,005	85,109	55,000	110,000	85,000	85,000
Use of money & property	10,538	14,133	7,000	7,000	-	-
Revenue Totals	\$137,542	\$161,548	\$ 62,000	\$ 117,000	\$ 85,000	\$ 85,000
Expenditures						
Contract services	\$119,265	\$112,105	\$ 279,918	\$ 279,918	\$ 70,000	\$ 70,000
Supplies	-	-	500	500	500	500
Expenditure Totals	\$119,265	\$112,105	\$ 280,418	\$ 280,418	\$ 70,500	\$ 70,500
Fund Balance at 06/30	\$266,684	\$316,128	\$ 97,709	\$ 152,709	\$ 167,209	\$ 181,709

Contract services:

- RRM - \$10,000 – Housing Element
- Update Housing Impact Fee – Rental - \$30000
- City Staff time – Housing Element - \$30,000

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. The fund is utilized for the City's participation in regional climate action planning as a member of the Resilient Central Coast, fund a consultant contract to update the Climate Action Plan, and implement the Green Halo construction waste tracking system.

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	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Green Building	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$224,808	\$263,404	\$276,994	\$276,994	\$241,494	\$263,994
Revenue						
Charges for services	\$ 46,307	\$ 23,590	\$ 15,000	\$ 35,000	\$ 30,000	\$ 30,000
Revenue Totals	\$ 46,307	\$ 23,590	\$ 15,000	\$ 35,000	\$ 30,000	\$ 30,000
Expenditures						
Contract services	\$ 2,710	\$ 5,000	\$ 68,000	\$ 68,000	\$ 5,000	\$ 5,000
Supplies	5,000	5,000	2,500	2,500	2,500	2,500
Expenditure Totals	\$ 7,710	\$ 10,000	\$ 70,500	\$ 70,500	\$ 7,500	\$ 7,500
Fund Balance at 06/30	\$263,404	\$276,994	\$221,494	\$241,494	\$263,994	\$286,494

Contract services:

Resilient Coast California Working Group - \$5,000

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 are 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.

Projects completed in 2024/25

- Begonia Festival Commemorative Public Art Project

Projects for 2025/26

- Monterey Ave Railing Public Art Project-in contract

SOURCES AND USES

Fund - 1315	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Public Art	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$166,236	\$ 158,505	\$120,200	\$120,200	\$ 64,700	\$ 4,700
Revenue						
Charges for services	\$ -	\$ 34,460	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Other Revenues	-	20,000	-	-	-	-
Revenue Totals	\$ -	\$ 54,460	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Expenditures						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract services	7,152	92,655	80,000	80,000	85,000	-
Supplies	579	110	500	500	-	-
Expenditure Totals	\$ 7,731	\$ 92,765	\$ 80,500	\$ 80,500	\$ 85,000	\$ -
Fund Balance at 06/30	\$158,505	\$ 120,200	\$ 64,700	\$ 64,700	\$ 4,700	\$ 29,700

Contract services: Contracts with artists on various projects - \$85,000

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. As part of the FY 2023-24 City Council Goals this debt was paid off.

SOURCES AND USES						
Fund - 1316	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Parking Reserve	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737
Revenue						
Other financing sources	\$469,000	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$469,000	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	469,000	-	-	-	-	-
Expenditure Totals	\$469,000	\$ -	\$ -	\$ -	\$ -	\$ -
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	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Technology Fee	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 93,312	\$112,038	\$117,059	\$117,059	\$118,059	\$119,059
Revenue						
Charges for services	\$ 18,726	\$ 15,395	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
Revenue Totals	\$ 18,726	\$ 15,395	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
Expenditures						
Contract services	\$ -	\$ 10,375	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Supplies	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ 10,375	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Fund Balance at 06/30	\$112,038	\$117,059	\$118,059	\$118,059	\$119,059	\$120,059

Contract Services:

- iWorQ annual fee – Public Works - \$3,500
- iWorQ annual fee – Community Development - \$12,500

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	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Public Education & Gov't.	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 45,080	\$ 57,530	\$ 68,094	\$ 68,094	\$ 63,594	\$ 63,594
Revenue						
Licenses and permits	\$ 10,453	\$ 9,215	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Use of money & property	1,997	2,757	1,500	1,500	1,500	1,500
Revenue Totals	\$ 12,450	\$ 11,972	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500
Expenditures						
Contract services	\$ -	\$ 1,408	\$ 6,000	\$ 6,000	\$ 5,000	\$ 5,000
Supplies	-	-	-	-	-	-
Capital Outlay	-	-	10,000	10,000	6,500	6,500
Expenditure Totals	\$ -	\$ 1,408	\$ 16,000	\$ 16,000	\$ 11,500	\$ 11,500
Fund Balance at 06/30	\$ 57,530	\$ 68,094	\$ 63,594	\$ 63,594	\$ 63,594	\$ 63,594

Capitola Outlay – Technology upgrades – City Council Chambers

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	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
CVWBIA	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 44,242	\$ 32,485	\$ 19,231	\$ 19,231	\$ 2,831	\$ 6,431
Revenue						
Charges for services	\$ 53,854	\$ 54,945	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
Use of money & property	43,640	48,200	59,100	\$ 59,100	\$ 59,100	\$ 59,100
Restricted TOT	36,761	37,315	35,000	\$ 35,000	\$ 35,000	\$ 35,000
Revenue Totals	\$134,254	\$140,460	\$ 149,100	\$ 149,100	\$ 149,100	\$ 149,100
Expenditures						
Contract services	\$ 46,642	\$ 22,878	\$ 25,500	\$ 25,500	\$ 25,500	\$ 25,500
Supplies	99,369	130,836	140,000	140,000	\$ 120,000	\$ 120,000
Expenditure Totals	\$146,011	\$153,715	\$ 165,500	\$ 165,500	\$ 145,500	\$ 145,500
Fund Balance at 06/30	\$ 32,485	\$ 19,231	\$ 2,831	\$ 2,831	\$ 6,431	\$ 10,031

Contract services and supplies: Capitola Village & Wharf Business Improvement Area annual report to be submitted to the Capitola City Council in late May or early June.

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 participate 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 CDBG grants to fund the City's Local Hazard Mitigation Plan (LHMP), Safety Element of the General Plan Update, and CARES Act funding in response to the pandemic. In 2021, the City was awarded with a \$497,000 CDBG grant for public food assistance and transit including funds for Second Harvest Food Bank (\$119,840), Meals on Wheels/Lift Line (\$299,720), Grey Bears (\$52,950), and administration of the grant. In 2024, the City was awarded \$3.3 million to assist in the rehabilitation of the Jade Street Community Center.

SOURCES AND USES

Fund - 1350	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
CDBG Grants	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ (70,889)	\$(149,941)	\$ 106,739	\$ 106,739	\$ 667,539	\$ 667,539
Revenue						
Intergovernmental revenues	\$ 160,560	\$ 495,515	\$4,010,392	\$4,010,392	\$ -	\$ -
Revenue Totals	\$ 160,560	\$ 495,515	\$4,010,392	\$4,010,392	\$ -	\$ -
Expenditures						
Contract services	\$ 83,548	\$ 65,590	\$ 169,080	\$ 169,080	\$ -	\$ -
Grants and subsidies	156,064	173,246	80,512	80,512	-	-
Other financing uses	-	-	3,200,000	3,200,000	-	-
Expenditure Totals	\$ 239,612	\$ 238,836	\$3,449,592	\$3,449,592	\$ -	\$ -
Fund Balance at 06/30	\$(149,941)	\$ 106,739	\$ 667,539	\$ 667,539	\$ 667,539	\$ 667,539

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.

SOURCES AND USES

Fund - 1351	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
CDBG Program Income	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 45,792	\$ 47,165	\$ 949	\$ 949	\$ 949	\$ 949
Revenue						
Loan pymt Principle	\$ -	\$ 160,241	\$ -	\$ -	\$ -	\$ -
Use of money & property	1,373	2,986	-	-	-	-
Revenue Totals	\$ 1,373	\$ 163,227	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
other financing uses	-	209,443	-	-	-	-
Expenditure Totals	\$ -	\$ 209,443	\$ -	\$ -	\$ -	\$ -
Available Fund Balance at 06/30	\$ 47,165	\$ 949	\$ 949	\$ 949	\$ 949	\$ 949

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.

In addition to the funding sources mentioned above, the Friends of the Capitola Branch Library (Friends) conducted a fundraising campaign raising over \$600,000. The funds donated to the Friends were utilized for enhancement projects throughout the Library. The City completed construction of the new Library in June 2021, however, there remains approximately \$50,000 of donated funds that the Friends are evaluating for the best use of those remaining funds.

Additionally, Capitola is scheduled to receive approximately \$165,000 annually for the next 20 years as a result of additional Measure S revenues. The first \$855,000 will be used to repay the general fund for contributions to the Library project.

SOURCES AND USES						
Fund - 1360 Library	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Adopted	FY27/28 Planned
Beginning Fund Balance	\$ 50,608	\$ 52,711	\$ 17,105	\$ 17,105	\$ 17,105	\$ 17,105
Revenue						
Intergovernmental	\$ -	\$ -	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
Other financing sources	2,103	1,820	-	-	-	-
Revenue Totals	\$ 2,103	\$ 1,820	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
Expenditures						
Contract Services	\$ -	\$ 36,872	\$ -	\$ -	\$ -	\$ -
Supplies	-	554	-	-	-	-
Other financing uses	-	-	165,000	165,000	165,000	165,000
Expenditure Totals	\$ -	\$ 37,426	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
Fund Balance at 06/30	\$ 52,711	\$ 17,105	\$ 17,105	\$ 17,105	\$ 17,105	\$ 17,105

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 represents principal and interest payments on the 30-year \$238,000 Wharf Road Manor Mobile Homeowners Association Acquisition and Rehabilitation Project loan from 2004 as well as other HOME loan payoffs.

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. In recent years, multiple loans have been paid off creating a healthy fund balance for future HOME projects.

The adopted budget provides adequate resources to apply for a larger rehabilitation project for the Dakota Apartments in FY25/26. The 25-unit, 100% affordable housing development is approaching 30 years in age and in need of upgrades for the roof, heating system, and main lobby area. The budget also covers long-term monitoring of the Bay Avenue Senior Apartments.

SOURCES AND USES

Fund - 1370	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
HOME Reuse	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 808,386	\$ 881,691	\$1,005,956	\$1,005,956	\$ 936,956	\$ (143,044)
Revenue						
Use of money & property	\$ 77,005	\$ 128,715	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Revenue Totals	\$ 77,005	\$ 128,715	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Expenditures						
Contract services	\$ 3,700	\$ 4,450	\$ 979,000	\$ 89,000	\$1,100,000	\$ -
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 3,700	\$ 4,450	\$ 979,000	\$ 89,000	\$1,100,000	\$ -
Available Fund Balance						
at 06/30	\$ 881,691	\$1,005,956	\$ 46,956	\$ 936,956	\$ (143,044)	\$ (123,044)

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 does not impact on 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 affordable set-aside units or under certain conditions can pay an in-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.

The adopted budget provides adequate resources to initiate a housing rehabilitation grant program, a down payment assistance program, and administration.

SOURCES AND USES

Fund - 1372	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Housing Trust	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$382,336	\$277,123	\$349,479	\$349,479	\$ 364,479	\$ 429,479
Revenue						
Charges for services	\$ 78,188	\$ 70,423	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Other revenue	17,599	17,627	10,000	10,000	10,000	10,000
Revenue Totals	\$ 95,787	\$ 88,049	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Expenditures						
Contract services	\$ -	\$ 15,693	\$ 60,000	\$ 60,000	\$ 10,000	\$ 10,000
Other Financing Uses	201,000	-	-	-	-	-
Expenditure Totals	\$201,000	\$ 15,693	\$ 60,000	\$ 60,000	\$ 10,000	\$ 10,000
Available Fund Balance						
at 06/30	\$277,123	\$349,479	\$364,479	\$364,479	\$ 429,479	\$ 494,479

Contract Services: Down Payment Assistance

PERMANENT LOCAL HOUSING ALLOCATION

COMMUNITY DEVELOPMENT

In 2017, Senate Bill 2 (SB 2) established a \$75 recording fee on real estate documents and created the Permanent Local Housing Allocation Fund (PLHA). PLHA funds are allocated to local governments for eligible housing and homelessness activities and provide a permanent, on-going source of funding for housing-related projects and programs that address the unmet housing needs of communities.

On May 10, 2023, the City of Capitola was awarded \$481,732 in PLHA funds for the first three years of the allocation (2019-2021) and a total five-year estimate of \$630,557. The City anticipates additional funding on an annual basis. The first PLHA activity approved is for predevelopment costs related to affordable housing developments. The second activity is to fund the very low income homeless through an annual contribution of \$35,000 to the Housing for Health Partnership to support year-round emergency shelter operations in Santa Cruz County. A portion of the funding will cover administrative expenses.

The Adopted budget proved adequate resources to support the development of the 52-unit 100% affordable housing development project at 1098 38th Avenue.

SOURCES AND USES

Permanent Local Housing Allocation (PLHA)	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Adopted	FY27/28 Planned
Beginning Fund Balance	\$ -	\$ 99,836	\$ 467,433	\$ 467,433	\$ 126,008	\$ 94,483
Revenue						
Intergovernmental revenues	\$105,092	\$376,640	\$ 184,763	\$ 184,763	\$ -	\$ -
Other revenue	-	-	-	-	-	-
Revenue Totals	\$105,092	\$376,640	\$ 184,763	\$ 184,763	\$ -	\$ -
Expenditures						
Contract services	\$ 5,256	\$ 9,043	\$ 76,812	\$ 76,812	\$ 31,525	\$ 31,525
Other Financing Uses	-	-	-	449,376	-	-
Expenditure Totals	\$ 5,256	\$ 9,043	\$ 76,812	\$ 526,188	\$ 31,525	\$ 31,525
Available Fund Balance at 06/30	\$ 99,836	\$467,433	\$ 575,384	\$ 126,008	\$ 94,483	\$ 62,958

Contract services: Affordable housing and homelessness program development and activities.

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 the 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 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.

The Adopted budget provides adequate resources to continue supporting security deposit assistance, emergency rental assistance, administration of the City's affordable housing program, and the MidPen loan to help fund the preconstruction and construction for the 52-unit 100% affordable development at 1098 38th Avenue.

SOURCES AND USES

Fund - 5552	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Capitola Housing	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 2,080,914	\$ 1,892,662	\$2,033,609	\$2,033,609	\$1,053,609	\$1,032,109
Revenue						
Use of money & property	\$ 136,276	\$ 192,679	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Other revenues	-	-	-	-	-	-
Revenue Totals	\$ 136,276	\$ 192,679	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Expenditures						
Personnel	\$ 16,382	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Services	36,020	32,485	-	-	-	-
Supplies	-	-	-	-	-	-
Grants and Subsidies	272,126	19,247	1,000,000	1,000,000	41,500	41,500
Expenditure Totals	\$ 324,528	\$ 51,732	\$1,000,000	\$1,000,000	\$ 41,500	\$ 41,500
Available Fund Balance at 06/30	\$ 1,892,662	\$ 2,033,609	\$1,053,609	\$1,053,609	\$1,032,109	\$1,010,609

Contract Services: Homeless Action Plan

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 2022-13 an additional \$500,000 was deposited into the Trust to add to the previously deposited \$800,000.

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 \$1.6 million in FY 2024-25.

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 2024-25 in part due to the transfer of \$80,000 for damages from the Jan. 2023 storms. The City anticipates receiving reimbursements from FEMA and Cal OES and plans to fund reserves to target balances once received.

SOURCES AND USES

Fund - 1020	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 1,461,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506
Revenue						
Other Financing Sources	\$ 250,000	\$ 250,000	\$ -	\$ -		
Revenue Totals	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures						
Other Financing Uses	\$ 80,000	\$ 250,000	\$ -	\$ -		\$ -
Expenditure Totals	<u>\$ 80,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>

Reserve Target equals 10% of General Fund expenditures excluding transfers and internal service charges

Personnel	\$12,099,946	\$12,692,358	\$14,480,987	\$14,419,337	\$14,957,148	\$15,396,216
Contract Services	3,704,267	3,799,530	3,866,191	3,690,066	4,024,634	3,942,263
Training & Memberships	143,324	114,877	169,480	169,480	146,230	170,780
Supplies	958,158	854,877	801,700	801,700	874,350	831,350
Grants	125,000	125,000	125,000	133,425	133,425	133,425
Total GF Expenditures	<u>\$17,030,695</u>	<u>\$17,586,641</u>	<u>\$19,443,358</u>	<u>\$19,214,008</u>	<u>\$20,135,787</u>	<u>\$20,474,034</u>
Target Balance (10%)	\$ 1,703,070	\$ 1,758,664	\$ 1,944,336	\$ 1,921,401	\$ 2,013,579	\$ 2,047,403
Over / (Short) of Target	\$ (71,564)	\$ (127,159)	\$ (312,830)	\$ (289,895)	\$ (382,073)	\$ (415,898)

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 \$2.6 million in FY 2024-25.

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 estimated to be below the target level for FY 2024-25. The City anticipates receiving reimbursements from FEMA and Cal OES and plans to fund reserves to target balances once received.

SOURCES AND USES

Fund - 1010	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 2,192,346	\$ 2,323,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346
Revenue						
Other Financing Sources	\$ 131,000	\$ 172,000	\$ -	\$ -		
Revenue Totals	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 2,323,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346
Reserve Target equals 15% of General Fund expenditures excluding transfers and internal service charges						
Personnel	\$12,099,946	\$12,692,358	\$14,480,987	\$14,419,337	\$14,957,148	\$15,396,216
Contract Services	3,704,267	3,799,530	3,866,191	3,690,066	4,024,634	3,942,263
Training & Memberships	143,324	114,877	169,480	169,480	146,230	170,780
Supplies	958,158	854,877	801,700	801,700	874,350	831,350
Grants	125,000	125,000	125,000	133,425	133,425	133,425
Total GF Expenditures	\$17,030,695	\$17,586,641	\$19,443,358	\$19,214,008	\$20,135,787	\$20,474,034
Target Balance (15%)	\$ 2,554,604	\$ 2,637,996	\$ 2,916,504	\$ 2,882,101	\$ 3,020,368	\$ 3,071,105
Over / (Short) of Target	\$ (231,259)	\$ (142,651)	\$ (421,158)	\$ (386,756)	\$ (525,022)	\$ (575,759)

PERS CONTINGENCY RESERVES

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

The PERS Contingency Fund was 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						
	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 1015	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 904,275	\$ 1,187,772	\$ 1,531,142	\$ 1,531,142	\$ 1,601,142	\$ 1,651,142
Revenue						
Use of money & property	33,497	93,370	10,000	70,000	50,000	50,000
Other Financing Sources	250,000	\$ 250,000	-	-	-	-
Revenue Totals	<u>\$ 283,497</u>	<u>\$ 343,370</u>	<u>\$ 10,000</u>	<u>\$ 70,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	\$1,187,772	\$1,531,142	\$1,541,142	\$1,601,142	\$1,651,142	\$1,701,142

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 2024-25 Budget does not include any funding for the Facilities Reserve.

SOURCES AND USES						
Fund - 1025	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 432,714	\$ 432,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714
Revenue						
Other Financing Sources	0	100,000	-	-	-	-
Revenue Totals	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ -				\$ -	\$ -
Other Financing Uses	-	250,000			-	-
Expenditure Totals	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 432,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714

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, 2026	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 1,103,832	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 33,952,398	Actuarial	N/A	Pension Liability to CalPERS.
Beach & Village Parking Lot II Lease Financing	\$ 694,313	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	\$ 35,750,543			

(a) Compensated absences and Net Pension Liability are as of June 30, 2023.

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. During the FY 2023-24 City Council Goal setting the Council allocated \$725,000 to pay off the outstanding balance saving approximately \$150,000 of interest costs over the next several years.

SOURCES AND USES						
	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 1420	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 55,217	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277
Revenue						
Use of money & property	\$ -		\$ -	\$ -	\$ -	\$ -
Other Financing Sources	670,000	-	-	-	-	-
Revenue Totals	\$ 670,000	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	649,940	-	-	-	-	-
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 649,940	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277

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 \$62,500 annual revenue to the General Fund and the I-Bank annual debt service of \$87,116 is paid with funds transferred from the General Fund.

SOURCES AND USES						
	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 1421	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
Revenue						
Interfund Transfers	\$ 87,788	\$ 87,568	\$ 87,345	\$ 87,345	\$ 87,116	\$ 86,881
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 87,788	\$ 87,568	\$ 87,345	\$ 87,345	\$ 87,116	\$ 86,881
Expenditures						
Construction Svcs. & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	87,788	87,568	87,345	87,345	87,116	86,881
Expenditure Totals	\$ 87,788	\$ 87,568	\$ 87,345	\$ 87,345	\$ 87,116	\$ 86,881
Fund Balance at 06/30	\$ 12	\$ 12	\$ 12	\$ 12	\$ 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

Capitola City Council

Agenda Report

Meeting: May 6, 2026

From: Administrative Services Department

Subject: Presentation of the Proposed Fiscal Year 2026-27 Budget



Recommended Action: Receive the proposed budget, provide staff direction, and continue budget deliberations to the next budget hearing scheduled for May 21, 2026.

Discussion: The City of Capitola proposed Fiscal Year (FY) 2026-27 and FY 2027-28 Budget is a two-year financial plan. This plan incorporates the use of available resources programmed toward City Council goals and key projects. The proposed budget was prepared based on a combination of known factors, such as increases in CalPERS (Public Employees' Retirement System) costs, and conservative estimates for both revenues and expenditures.

The budget is the City's operating plan and a primary mechanism by which the Council's goals and vision for the City are transmitted to staff for implementation.

The document is organized to present information in several ways. General Fund revenues and expenditures are shown to provide information about longer-term patterns and overall fiscal stability, then revenues and expenditures for the City's various departments are shown to provide additional detail and information about the City's programs and projects.

Overall, the FY 2026-27 proposed budget is structurally slightly out of balance, with expenditures exceeding revenues by approximately \$8,300; however, current projections show the FY 2027-28 planned budget as structurally balanced. Current financial forecasts show that the budget becomes unbalanced beginning in FY 2028-29, primarily due to increases in the City's CalPERS Retirement Unfunded Actuarial Liability (UAL). Since the passage of Measure Y, the annual CalPERS UAL has increased \$1,132,149 vs. the estimated Measure Y revenue of \$1,144,584.

The FY 2026-27 proposed budget maintains services for residents of Capitola and considers the recently adopted Strategic Plan's six priorities. Nevertheless, the City must also remain focused on the long-term budget picture, which includes unpredictable CalPERS costs and a challenging economy in the coming years.

Staff is presenting a proposed FY 2026-27 Budget that is slightly out of balance however, the budget becomes structurally balanced in FY 2027-28 based on current projections. During this first budget meeting, some of the key discussion points are as follows:

- Parking citation revenue: Recommend increasing revenue from \$450,000 in the current fiscal year to \$850,000 now that the division is fully staffed and to account for the recent increase in parking citation fee amount.
- Multi-Service Officer vacancies: The two Multi-Service Officer positions have been vacant for most of FY 2025-26, and staff is proposing to fill one position and freeze the other, representing a salary savings of approximately \$100,000.

- Salary savings: In FY 2024-25, the City experienced a vacancy rate of 3.28%, representing salary savings of approximately \$384,000. The proposed budget includes salary savings from regular vacancies of \$93,000 or 25% of the amount realized in FY 2024-25.
- Training & Membership: Departments eliminated all discretionary training, representing savings of approximately \$46,000 from the prior year.

The General Fund balance is estimated to end FY 2026-27 below the minimum target of \$500,000. Additionally, both the Contingency and Emergency reserves are currently below their target balance amounts pending reimbursements from FEMA, Cal OES and additional insurance claims. The FY 2026-27 Proposed Budget, as presented, does not return the General Fund to the \$500,000 target balance; staff will update year-end estimates once the January – March sales tax data is received at the end of May.

Current revenue and expenditure projections show revenues not keeping pace with expenditures in the 5-year forecast. Given positive CalPERS returns over the last two years, it is possible the projected UAL will decrease. However in prior years when CalPERS returns have exceeded expectations there has been minimal downward adjustment on projected UAL payments. Staff will continue to closely monitor revenues, expenditures, and fund balance throughout FY 2026-27 and will report to the Council during the mid-year budget report.

An updated draft budget (Attachment 1) has been distributed and is available for public viewing on the City's website. The attached draft budget, updated on May 1, 2026 includes several corrections to typographical errors in the April 17 draft budget.

Attachments:

1. FY 2026-27 Proposed Budget – Revised May 1, 2026

Report Prepared By: Jim Malberg, Administrative Services Director

Reviewed By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager



PROPOSED BUDGET

FISCAL YEAR 2026-27



CITY OF CAPITOLA

Capitola, California
Revised May 1, 2026



CITY COUNCIL

Margaux Morgan, Mayor
Gerry Jensen, Vice Mayor
Joe Clarke
Melinda Orbach
Susan Westman

Jamie Goldstein, City Manager

Sarah Ryan, Chief of Police
Jessica Kahn, Public Works Director
Jim Malberg, Administrative Services Director / Treasurer
Katie Herlihy, Community & Economic Development Director
Nikki Bryant, Community Services & Recreation Director
Chloe Woodmansee, Assistant to the City Manager
Julia Gautho, City Clerk

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California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award Fiscal Year 2025-2026

Presented to the

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For meeting the criteria established to achieve a CSMFO Award in Budgeting.

February 5, 2026



Jennifer Wakeman

***Jennifer Wakeman
2025 CSMFO President***

James Russell-Field

***James Russell-Field, Chair
Recognition Committee***

Dedicated to Excellence in Municipal Financial Reporting

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Mission and Values

Mission - Why we're here

We are a vibrant coastal community committed to delivering dependable, accessible services that foster connection and belonging through participatory governance.

Vision - Where we're going

The City of Capitola is a thriving, family-friendly community that prioritizes resident needs while fostering a healthy balance between sustainable tourism, economic growth, and coastal environment and lifestyle.

Values – The Capitola Way

- Collaborative Engagement
- Dynamic Innovation
- Fiscal Sustainability
- Resilient Community
- Respectful Service
- Responsible Growth

Strategic Priorities:

1. Accountable Government
2. Attainable Housing
3. Community Safety
4. Economic Opportunity
5. Healthy Families, Community, and Environment
6. Sustainable Infrastructure

Approved March 2025

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TO: City Council

FROM: City Manager

SUBJECT: FY 2026-27 Proposed and FY 2027-28 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) 2026-27. Staff was tasked with developing a budget that continues to deliver the high-quality of services the community is accustomed to while also allocating available resources to City Council goals and strategic priorities. The result is a balanced budget, however the projected ending General Fund balance of \$125,445 is well below the typical minimum target general fund balance of \$500,000.

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, the General Fund will become structurally imbalanced in FY 2028-29. With overwhelming voter approval, Measure Y became a new revenue stream in early 2025. That revenue is critical in the proposed FY 2026-27 budget to avoid deep service level cuts. Without the Measure Y revenue, the City would have likely had to reduce staffing by approximately 6% this fiscal year, eliminate all discretionary contracts and eliminate funding for nonprofit service providers. More significant cuts would likely have been necessary in 2027, which the expiration of Measure F.

The budget provides resources to maintain a high level of service 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, uncertain economic stability at the national level, and projected rising pension costs will likely result in very 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.

Storm damages from 2023 and 2024 were categorized into fifteen projects of which FEMA and Cal OES have approved fourteen for reimbursement totaling \$291,918 with the City is responsible for matching funds of \$8,360. To date, we have received \$291,918 with \$962,069 still outstanding for wharf repairs.

Staff recommends the City hold off on allocating any additional FEMA/Cal OES reimbursement until those funds are received. One potential use for these funds is to replenish reserve funding used to respond to the recent series of emergency events.

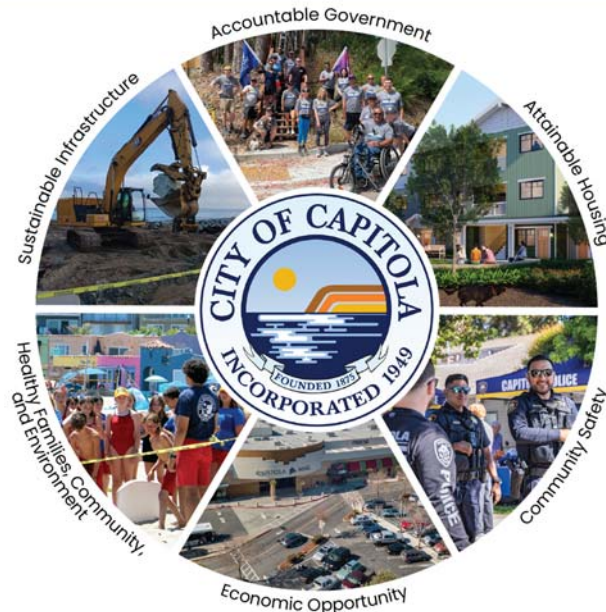
The Capitola Mall remains a major funding source for the City, however long-term national and local trends have put significant pressure on existing brick-and-mortar retailers to remain competitive with internet options. The Mall was purchased in 2016 by Merlone Geier Partners, which also acquired the 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 pandemic put the project on pause. 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 primary purpose of Measure F was to utilize the funding to protect City infrastructure from storms and rising sea levels. The City completed Measure projects, including rebuilding the wharf, flume and jetty earlier than anticipated. In response to early project completion, the City put Measure Y on the ballot in 2024 to repeal Measure F and replace it with a new half percent local sales tax for 10 years. Voters passed Measure Y with 67% approval. The City implemented salary adjustments for most of city staff in January as a result of this tax measure passing to maintain competitive salary ranges.

BUDGETARY GOALS AND PRINCIPLES

The FY 2026-27 General Fund budget was developed with an emphasis on financial stability and maintaining core programs and services for Capitola residents and visitors. As a first step in developing the Budget, the City Council had adopted the 2025-2029 Strategic Plan in the previous year. Budget highlights and proposed changes are presented in consideration of the six priorities included in the plan:



While the budget was largely prepared to maintain core services and keep expenditures at the lowest level possible.

41st Avenue Pavement Rehabilitation and Multimodal Improvements

This project rehabilitates pavement and implements multimodal safety improvements along 41st Avenue, a key regional corridor serving residential neighborhoods, commercial areas, and access to State Route 1. The project includes pavement rehabilitation along 41st Avenue, bicycle and pedestrian safety improvements, curb ramp upgrades, and updated pavement striping and signage

Stockton Avenue Bridge

The Stockton Avenue Bridge is a critical connection within Capitola and serves as a primary access route to Capitola Village and the surrounding coastal areas. On August 24, 2023, the City Council accepted \$500,000 in grant funding from the California Department of Water Resources for the Stockton Bridge Debris Mitigation Project. The adopted FY 2022–23 budget also allocated \$350,000 for the initial phase of the project, bringing total available funding to approximately \$850,000.

Cliff Drive Resiliency Project

In January 2023, major storm events caused significant erosion along the bluff southwest of Hooper Beach, undermining a retaining wall originally installed in the mid-1990s. Following this damage, the City received approval from Caltrans and the Federal Highway Administration (FHWA) to pursue permanent improvements through the Emergency Relief (ER) program. The Cliff Drive Resiliency Project aims to stabilize the roadway and protect the critical infrastructure it contains, while also improving public access and pedestrian safety along this important coastal segment in Capitola. The project area extends along cliff drive from the parking area where Portola Drive becomes Cliff Drive to the staircase leading to the beach near the base of the Capitola Wharf—an arterial roadway serving residents, utility infrastructure, and coastal visitors.

Esplanade Park

The project, currently in the design phase following an award of \$275,000 from the State Coastal Conservancy, will evaluate sea level rise, coastal flooding, and storm impacts at Esplanade Park and develop conceptual design alternatives to improve long-term resilience and maintain public coastal access.

Monterey Park

The FY 2025-26 provided initial seed money to begin conceptual planning for a small play structure at Monterey Park. Staff plans to begin initial neighbor outreach in Spring.

Countywide Radio Project

FY 202-2 Budget proposes using general fund and restricted SLEF funding to fund the City's portion of the major countywide public safety radio upgrade project known as RING. The project will facilitate high-quality radio frequency across Santa Cruz County and increase interagency law enforcement collaboration. The project includes significant new radio infrastructure in the City,

compliant with new DOJ standards. The County, which is leading this effort, plans to enter into a contract with all the public safety organizations in the County and a vendor this fall. While final costs to the City have not yet been established, staff anticipates the cost will be roughly \$45,000 a year for the next 10-years.

Measure S

Measure S is a special tax on all developed property within the Santa Cruz Public Libraries District boundary (all of Santa Cruz County except the City of Watsonville); it was approved by voters in 2016 for a 30-year period. Tax funds are restricted to repair, upgrade, and modernize the local library facilities. The Santa Cruz Libraries Financing Authority Community Facilities District was formed for the purpose of levying the special tax to each of the four members: Cities of Capitola, Santa Cruz, and Scotts Valley and the County of Santa Cruz.

The City of Capitola completed the \$16.5 million Capitola Branch library in 2022 using \$10,476,529 in Measure S funding, funds from the County Library Fund, former Redevelopment Agency Funds, and \$856,000 in City general fund.

Recent projections indicate that Measure S will generate more revenue than initially anticipated, with the City expected to receive approximately \$165,000 annually for eligible library expenditures. The FY 2026–27 Budget proposes allocating this amount to the General Fund to continue repaying the \$856,000 previously advanced for the construction of the Capitola Library.

General Fund Balance

The general fund balance is estimated to end FY 2025-26 below the minimum target of \$500,000. Additionally, both the Contingency and Emergency reserves are currently below their target balance amounts pending reimbursements from FEMA and Cal OES. The FY 2026-27 Proposed Budget currently does not return the general fund to the \$500,000 target balance, staff will be updating year end estimates once the Jan. – Mar. sales tax is received at the end of May.

Current revenue and expenditure projections show revenues not keeping pace with expenditures, requiring usage of Measure Y revenues to structurally balance the budget in the 5-year forecast. Staff will continue to closely monitor revenues, expenditures, and fund balance throughout FY 2026-27 and will report to the Council during the mid-year budget report.

PRIOR YEAR ACCOMPLISHMENTS

In FY 2025-26 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 include:

- Redesigned the City's website to enhance user experience, improve accessibility, and modernize digital engagement.
- Completed the Community Center Renovation project.
- Completed the Treasure Cove Playground project.
- Completed Jade Street Park restroom renovation
- Completed the Rispin Park project.
- Completed the FY24/25 Pavement Management Program

- Updated and amended zoning code and general plan to facilitate housing production on the Capitola Mall Site.
- Completed Housing Element-required rezones of multi residential sites in the City
- Worked with Kings Plaza property owners to bring Tesla dealership to Capitola
- Implemented a system that allows the public to pay for business licenses and other city services such as permits through online.
- Received more than \$1,200,000 in grant funding for key projects such as Esplanade Park redesign, traffic and sidewalk improvements and key public safety efforts.
- Bid and awarded the 41st Avenue Pavement Rehabilitation and Multimodal Improvements project contract, construction begins summer 2026.

Goal Setting

On March 26, City Council received a presentation regarding ongoing projects and future potential projects, programs and goals, and identified potential new goals. At that meeting, the following ongoing CIP projects were identified by staff.

Project	Current Phase	Status / Key Milestone
Stockton Bridge Rehabilitation	Assessment / Design	Structural evaluation underway; results expected Spring 2026.
Community Center Complex	Construction	Construction underway; opening scheduled for Summer 2026.
Cliff Drive	Planning / Engineering	Technical studies underway; advancing toward environmental clearance and funding for construction phases.
Park at Rispin Mansion: Landscaping and Additional Elements	Implementation	Park open; funding needed for additional landscaping; community fundraiser identified for additional elements (MOU in April). Measure Q grant for restoration and interpretive signs submitted.
41 st Avenue Pavement Rehabilitation and Multimodal Improvements	Construction Bids Received	Council contract approved
Pavement Management	Ongoing Program	Annual street resurfacing and pavement preservation program (FY 2025-26: 41 st Avenue Rehab & Multimodal; FY 2026-27: residential street project)
Esplanade Park Design	Concept Planning / Design	\$275,000 Coastal Conservancy grant award. RFP for design team issued.
Grand Avenue Pathway (Depot Hill)	Feasibility / Alignment Study	4/9: Council action: funding could be considered during Budget process

Bay Avenue Corridor Improvements	Design Development	Corridor study and design underway with RTC funding. Council review of draft design scheduled in April.	Item 5 A.
Five-Year Capital Improvement Program	Program Development	Draft FY 2026-31 CIP anticipated for Council review in Spring 2026.	
Capitola Wharf Master Plan	Project Planning	Design presentation scheduled for Council review in April.	
Climate Action Plan Update	Project Planning	Update underway; completion anticipated within ~6 months.	
Active Transportation Plan (ATP)	Project Planning	Planning and community outreach to begin May 2026.	

The following projects and programs were proposed by staff at the City Council Goal setting meeting.

Department	Draft Goals
City Manager	Election: three Council seats
	Employee contract negotiations
	Beach Lifeguard Service Organizational Study
Police	Anti Human Trafficking Ordinance
	Countywide records management system rollout
	Continued funding for: Drone Program, RING, Body Worn Cameras
Community & Economic Development	Continue working with Mall, Village hotel owners and other economic development opportunities.
	Ordinance updates: Community Benefits, ADUs, Bicycle Parking, Hotel Incentives
	Review Outdoor Dining Program
	Development impact fees - 41 st Avenue
	Housing Element Implementation: Down payment assistance program, update nexus study for rental housing.
Community Services & Recreation	Update Community Center rental package
	Explore and develop new opportunities related to renovated facilities
Administrative Services	Improve fiscal transparency
	Transition to paperless HR Division
	Return TOT administration to internal staff

Also during the goal setting session City Council identified the following potential new goals for next fiscal year. The table below notes if a majority of the members mentioned the item at the meeting as a goal, and if the item would require funding or just staff time.

Item 5 A.			
Funding Required	Goal	Majority of Council	Notes
Yes	Evaluation opportunity to use Trestle	✓	
Yes	Seek funding for sidewalk infill Projects		\$125k funding from RTC obtained in FY 25/26
Yes	Examine if bike-detection technology can help with bike safety		
No	Look at rent control costs/risks		
No	Report back on Economic Development opportunities		
No	Options to manage PERS costs		
No	Review options for revenue-neutral programs in		
No	Ensure CS&R balance of programs for youth and seniors		
No	Community engagement (fun facts)		
Yes	Ebike safety plan		Program initiated 2026
No	Parking rate evaluation		Rates last updated in 2024
Yes	Village clean up & new trashcans		
No	Work with community groups to help fund projects		
No	Tree maintenance near street lights		
Yes	Funds to match private donation at Rispin Park		
Yes	Improved bike facilities on 38th Avenue		
No	Present info about GF spend by geographic area		
No	Study Citywide vacation rental zone revenue		
Yes	Additional sidewalk cleaning when weather is nice, off season		

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



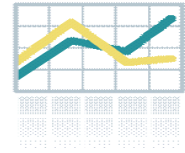
Budget Process Overview

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 on 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 City Manager / Departments Finance / Departments Finance	Finance prepares mid-year calculations Review accomplishments related to prior year Budget Principles Provides year-end estimates Publishes quarterly reports for October - December
February	Finance / City Manager City Council Finance Departments	Presents mid-year report to Council and FAC Establishes Budget Principles Projects non-departmental revenues and position costs Prepares budget and CIP
March	Finance / Departments Finance Advisory Committee	Continue budget projections FAC discusses elements of the budget
April	City Manager Finance Planning Commission Finance	Reviews departments budget requests Adjusts proposed budget based on City Manager review Reviews CIP Publishes quarterly reports for January - March
May	Finance Advisory Committee Finance / City Manager Finance Advisory Committee Community Organizations	Distributes proposed budget Presents proposed budget and CIP to City Council Provides recommendations to Council Provides funding request information to Council
June	City Council City Council	Deliberates 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/Treasurer 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, and a Council Member. 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.

General Fund Summary

Item 5 A.

The General Fund balance remained steady during FY 2025-26. The projected General Fund FY 2025-26 ending budgetary fund balance totals \$133,704. The FY 2026-27 Proposed Budget is estimating the general fund to have an ending balance of \$125,445.

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 23/24 Actual	FY 24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
Revenues						
Taxes	\$ 14,495,884	\$ 15,087,639	\$ 16,883,877	\$ 16,883,877	\$ 17,477,145	\$ 18,039,441
Licenses and permits	767,635	745,316	734,500	734,500	805,300	743,740
Intergovernmental revenues	230,640	142,486	106,700	106,700	213,678	217,818
Charges for services	2,126,976	2,236,200	2,550,679	2,470,679	2,673,128	2,673,128
Fines and forfeitures	425,043	503,122	690,000	690,000	920,000	920,000
Use of money & property	355,181	59,779	139,000	139,000	167,000	167,000
Other revenues	365,348	104,481	97,000	97,000	102,875	104,797
Revenues Totals	\$18,766,706	\$18,879,022	\$21,201,756	\$21,121,756	\$22,359,126	\$22,865,924
Expenditures						
Personnel	\$12,099,946	\$12,692,358	\$14,419,337	\$14,199,337	\$15,007,262	\$15,447,833
Contract services	3,704,267	3,799,530	3,690,066	3,830,066	4,024,634	3,940,263
Training & Memberships	143,324	114,877	169,480	154,480	124,380	146,230
Supplies	958,158	854,877	801,700	801,700	879,350	856,350
Grants and Subsidies	125,000	125,000	133,425	133,425	133,425	133,425
Internal service fund charges	1,617,841	1,523,579	1,663,200	1,663,200	1,611,218	1,651,644
Other financing uses	3,271,324	2,288,788	407,344	407,344	587,116	486,881
Expenditures Totals	\$21,919,860	\$21,399,008	\$21,284,552	\$21,189,552	\$22,367,385	\$22,662,625
Impact on Fund Balance	\$ (3,153,154)	\$ (2,519,986)	\$ (82,796)	\$ (67,796)	(\$8,259)	\$203,298
Budgetary Fund Balance	\$ 2,721,486	\$ 201,500	\$ 118,704	\$ 133,704	\$ 125,445	\$ 328,743
Designations						
Employee Downpayment						
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revised Budgetary Fund Balance	\$ 2,721,486	\$ 201,500	\$ 118,704	\$ 133,704	\$ 125,445	\$ 328,743

Revenue Summary

Item 5 A.

	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
General Fund	\$ 18,766,706	\$18,879,022	\$21,201,756	\$21,121,756	\$22,359,126	\$22,865,924
Designated Reserves						
Contingency Reserve	131,000	172,000	-	-	-	-
PERS Contingency Reserve	283,497	343,370	10,000	70,000	50,000	50,000
Emergency Reserve	250,000	250,000	-	-	-	-
Facility Reserve	-	100,000	-	-	-	-
Total Designated Reserves	\$ 664,497	\$ 865,370	\$ 10,000	\$ 70,000	\$ 50,000	\$ 50,000
Debt Service						
Pac Cove Lease Financing	165,139	670,000	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,344	87,116
Total Debt Service	\$ 292,139	\$ 757,788	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Capital Improvement Fund	\$ 342,864	\$ 3,766,006	\$ 6,453,203	\$ 4,789,000	\$ 7,177,000	\$ 972,341
Internal Service Funds						
Stores Fund	\$ 27,000	\$ 27,001	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	261,570	510,068	272,000	272,000	352,000	342,000
Equipment Replacement	185,000	709,271	65,000	65,000	197,000	200,000
Self-Insurance Liability	955,290	622,136	760,036	760,036	688,200	715,800
Workers Compensation	431,999	447,705	403,542	403,542	403,000	423,150
Compensated Absences	220,000	225,000	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 2,080,859	\$ 2,541,180	\$ 1,727,578	\$ 1,727,578	\$ 1,867,200	\$ 1,907,950
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 107,082	\$ 107,524	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000
TOT Restricted Revenue	105,682	102,884	101,841	96,250	97,250	97,250
Gas Tax	255,825	280,848	274,160	280,160	279,546	290,462
RTC Streets	381,953	379,314	374,000	384,000	397,732	397,971
SB1 RMRA	227,379	265,779	252,161	267,161	258,668	262,770
Wharf	72,310	5,373	95,500	97,500	24,000	24,000
General Plan Update and Maint	127,062	137,542	114,375	146,875	62,000	62,000
Green Building Education	13,459	46,307	15,000	20,000	15,000	15,000
Public Arts Fee	-	-	-	54,460	25,000	-
Parking Reserve	100,000	469,000	-	-	-	-
Technology Fee	14,659	18,726	14,500	16,500	17,000	17,000
PEG-Public Education and Gov.	13,437	12,450	16,000	11,500	11,500	11,500
BIA-Capitola Village-Wharf BIA	145,789	134,254	146,970	149,915	150,000	152,000
CDBG Grants	168,768	160,560	3,592,576	3,432,335	-	-
CDBG Program Income	1,151	1,906	-	165,241	-	-
Library	51,693	2,103	-	-	165,000	165,000
HOME Reuse	99,530	86,985	-	104,529	20,000	500
Housing Trust	50,377	95,220	14,000	76,802	75,000	70,000
PLHA	-	105,092	171,825	376,400	-	-
Cap Hsg Succ- Program Income	150,872	153,801	27,400	91,846	20,000	20,000
Total Special Revenue Funds	\$ 2,087,026	\$ 2,565,668	\$ 5,314,308	\$ 5,875,474	\$ 1,721,696	\$ 1,689,453
Total Revenues - All Funds	\$ 24,234,091	\$29,375,035	\$34,794,413	\$33,671,376	\$33,262,366	\$27,572,783

Expenditure Summary

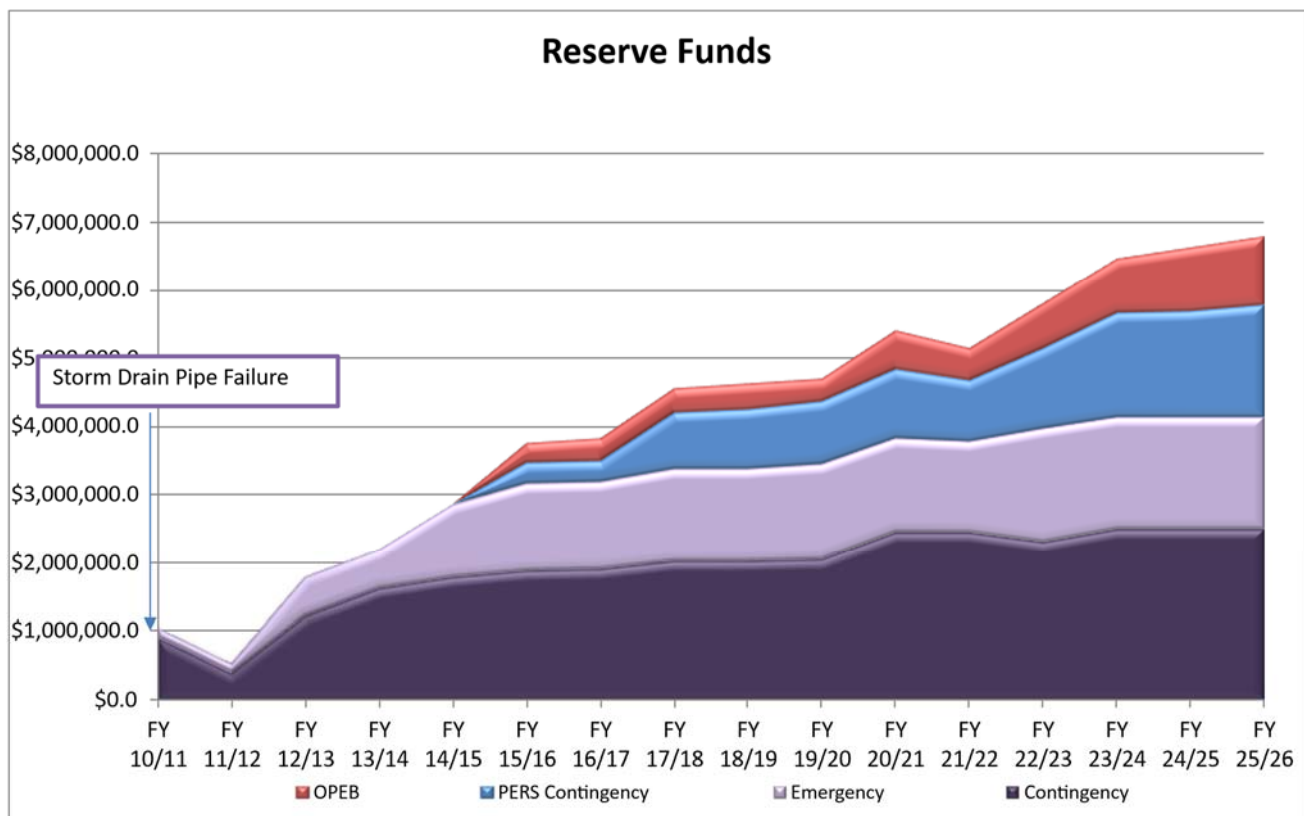
	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
General Fund	\$ 21,919,860	\$ 21,399,008	\$ 21,284,552	\$ 21,189,552	\$ 22,367,385	\$ 22,662,625
Designated Reserves						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	80,000	250,000	-	-	-	-
Facilities Reserve	-	250,000	-	-	-	-
Total Designated Reserves	\$ 80,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Debt Service						
Pac Cove Lease Financing	165,066	649,940	-	-	-	-
Pac Cove Park	88,002	87,788	87,568	87,568	87,344	87,116
Total Debt Service Funds	\$ 253,068	\$ 737,727	\$ 87,568	\$ 87,568	\$ 87,344	\$ 87,116
Capital Improvement Fund	\$ 1,057,024	\$ 1,476,467	\$ 6,863,140	\$ 1,386,500	\$ 12,686,300	\$ 1,190,000
Internal Service Funds						
Stores	\$ 29,759	\$ 25,595	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	299,723	301,063	317,406	317,406	348,000	338,000
Equipment Replacement	275,161	1,035,582	417,661	473,500	197,000	200,000
Self-Insurance Liability	656,222	720,403	760,036	760,036	688,200	715,800
Workers' Compensation	681,777	446,257	403,542	403,542	403,000	423,150
Compensated Absences	276,821	248,166	200,000	200,000	200,000	200,000
Total Internal Service Funds	\$ 2,219,462	\$ 2,777,067	\$ 2,125,645	\$ 2,181,484	\$ 1,863,200	\$ 1,903,950
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 109,954	\$ 84,360	\$ 133,500	\$ 133,500	\$ 133,500	\$ 133,500
TOT Restricted Revenue	109,968	98,141	131,833	128,333	97,250	97,250
Gas Tax	149,949	275,741	296,741	296,741	279,500	290,000
RTC Streets	1,129,884	33,061	369,000	369,000	397,732	397,971
SB1 RMRA	253,428	21,801	252,161	252,161	258,668	262,770
Wharf	61,003	46,778	141,250	152,000	58,000	58,300
General Plan Update and Maint.	125,760	119,265	333,846	333,846	75,500	45,500
Green Building Education	-	7,710	57,000	12,500	62,500	7,500
Public Arts Fee	-	579	75,500	101,020	55,500	-
Parking Reserve	100,000	469,000	-	-	-	-
Technology Fee	18,250	-	13,250	15,750	16,000	16,000
PEG-Public Education and Gov.	32,159	-	12,000	16,000	16,000	16,000
BIA-Capitola Village-Wharf BIA	140,940	146,011	155,900	153,200	165,500	165,500
CDBG Grants	220,884	239,612	3,595,770	3,610,240	-	-
CDBG Program Income	-	-	170,241	214,443	-	-
Library	1,085	-	-	-	165,000	165,000
HOME Reuse	3,700	3,700	4,100	4,850	979,000	-
Housing Trust	25,000	201,000	150,000	150,000	75,000	75,000
PLHA	-	5,256	449,376	449,376	-	-
Cap Hsg Succ- Program Income	92,316	324,528	2,224,649	999,649	32,500	32,500
Total Special Revenue Funds	\$ 2,574,279	\$ 2,076,543	\$ 8,566,117	\$ 7,392,610	\$ 2,867,150	\$ 1,762,791
Total Expenditures - All Funds	\$ 28,103,694	\$ 28,966,813	\$ 38,927,022	\$ 32,237,714	\$ 39,871,379	\$ 27,606,482

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 with the COVID-19 Pandemic without utilizing reserve funds, however, the atmospheric river storms on Jan. 5, 2023, caused the City to utilize funds from the Emergency Reserve to make emergency repairs. Additionally, as the City made storm damage repairs the general fund balance has been drawn down and therefore the FY 2026-27 Proposed Budget does not include any general fund transfers into the reserves. As storm damage repair costs are reimbursed through FEMA and Cal OES the City anticipates returning reserves to minimum target balances.



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 6/30/2025	\$853,759
FY 2025/65 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2026	\$925,809
FY 2026/27 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2027	\$997,859

PERS Trust Fund:

Balance 6/30/2025	\$1,561,142
Estimated Interest Earned	30,000
<u>FY 2025/26 Contributions</u>	<u>0</u>
Estimated Balance 6/30/2026	\$1,591,142
<u>Estimated Interest Earned</u>	<u>30,000</u>
Estimated Balance 6/30/2027	\$1,621,142

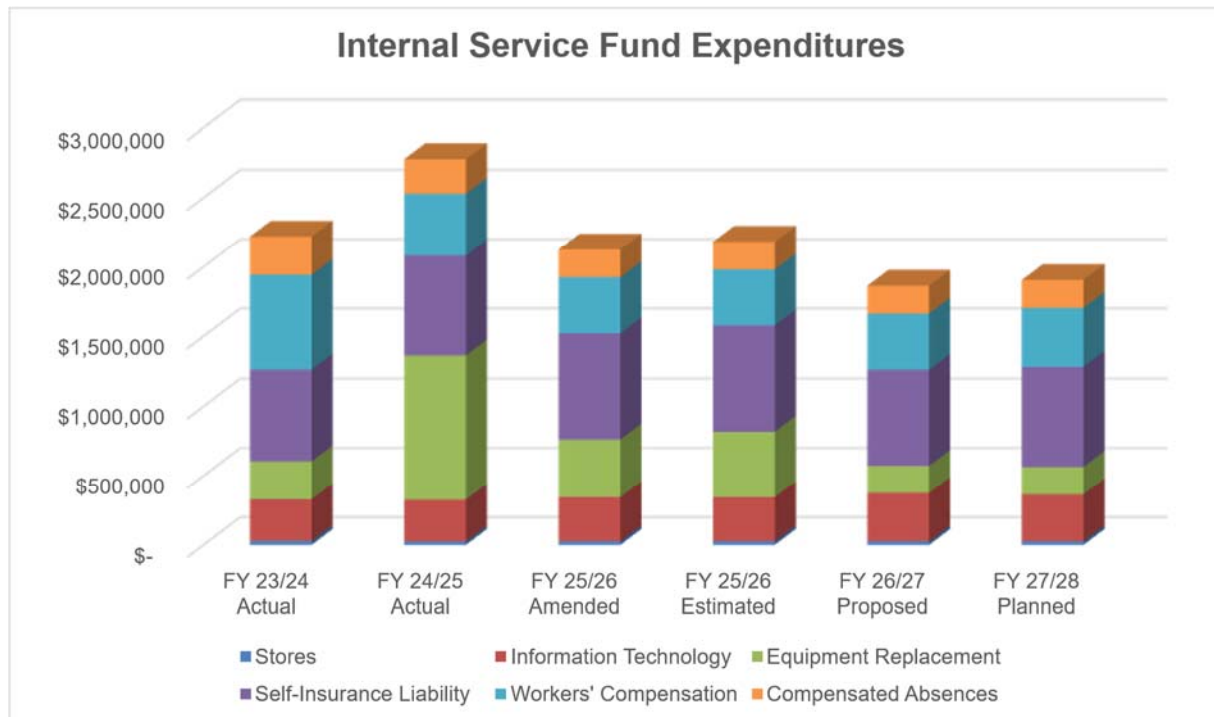
General Fund Resources

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 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
General Fund	\$ 133,704	\$ 125,445	\$ 328,743
Designated Reserves			
Emergency	1,631,506	1,631,506	1,631,506
Contingency	2,495,346	2,495,346	2,495,346
PERS Contingency	1,601,142	1,651,142	1,701,142
Facilities Reserve	282,714	282,714	282,714
Internal Service Funds			
Stores	64,082	64,082	64,082
Information Technology	481,250	485,250	489,250
Equipment Replacement	141,157	141,157	141,157
Self-Insurance Liability	179,920	179,920	179,920
Workers' Compensation	118,749	118,749	118,749
Compensated Absences	30,899	30,899	30,899
Total General Fund Resources	\$ 7,160,469	\$ 7,206,210	\$ 7,463,508

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



Fund Balance Summary

	Estimated Balance 7/1/2026	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2027
General Fund	\$ 133,704	\$22,359,126	\$ -	\$ 21,780,269	\$ 587,116	\$ 125,445
Designated Reserves						
Contingency Reserve	\$2,495,346	\$ -	\$ -			\$ 2,495,346
PERS Contingency Reserve	1,601,142	50,000	-	-	-	1,651,142
Emergency Reserve	1,631,506	-	-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	282,714	-	-	-	-	282,714
Total Designated Reserves	\$ 6,010,707	\$ 50,000	\$ -	\$ -	\$ -	\$ 6,060,707
Debt Service						
Pac Cove Lease Financing	75,204	-	-		-	75,204
Pac Cove Park	12	-	87,568	87,568	-	12
Total Debt Service	\$ 75,216	\$ -	\$ 87,568	\$ 87,568	\$ -	\$ 75,216
Capital Improvement Fund	\$ 1,351,312	\$ 1,420,700	\$ -	\$ 2,600,000	\$ -	\$ 172,012
Internal Service Funds						
Stores	\$ 64,082	\$ 27,000		\$ 27,000	\$ -	\$ 64,082
Information Technology	481,250	275,000	-	348,000	-	408,250
Equipment Replacement	141,157	197,000	-	197,000	-	141,157
Self-Insurance Liability	179,920	688,200		688,200	-	179,920
Workers' Compensation	118,749	403,000		403,000	-	118,749
Compensated Absences	30,899	-	200,000	200,000	-	30,899
Total Internal Service Funds	\$ 1,016,058	\$ 1,590,200	\$ 200,000	\$ 1,863,200	\$ -	\$ 943,058
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 33,427	\$ 104,000		\$ 133,500		\$ 3,927
TOT Restricted Revenue	21,296	97,250		97,250		21,296
SB1 RMRA	300,518	258,668		258,668		300,518
RTC Streets	60,325	397,732		397,732		60,325
Gas Tax	273,397	279,546		279,500		273,443
Wharf	124,018	24,000		58,000		90,018
General Plan Update and Maint	280,571	62,000		75,500		267,071
Green Building Education	260,555	15,000		62,500		213,055
Public Art	155,236	25,000		55,500		124,736
Parking Reserve	737	-		-	-	737
Technology Fee	94,371	17,000		16,000		95,371
PEG-Public Education and Govt.	51,341	11,500		16,000		46,841
Capitola Village/Wharf BIA	33,426	150,000	-	165,500		17,926
CDBG Grants	(1,080)	-		-		(1,080)
CDBG Program Income	39,199	-		-		39,199
Library	51,569	165,000		165,000		51,569
HOME Reuse	780,264	20,000		979,000		(178,736)
Housing Trust	241,690	75,000		75,000		241,690
PLHA	5,255	-		-		5,255
Cap Hsg Succ- Program Income	1,925,511	20,000		32,500		1,913,011
Total Special Revenue Funds	\$ 4,731,626	\$ 1,721,696	\$ -	\$ 2,867,150	\$ -	\$ 3,586,172
Total Fund Balance - All Funds	13,318,622					10,962,609

Fund Balance Summary

	Estimated Balance 7/1/2027	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/20289
General Fund	\$ 125,445	\$ 22,865,924	\$ -	\$ 22,175,744	\$ 486,881	\$ 328,743
Designated Reserves						
Contingency Reserve	\$ 2,495,346	\$ -	\$ -	\$ -	\$ -	\$ 2,495,346
PERS Contingency Reserve	1,651,142	50,000	-	-	-	1,701,142
Emergency Reserve	1,631,506	-	-	-	-	1,631,506
Donations	-	-	-	-	-	-
Facility Reserve	282,714	-	-	-	-	282,714
Total Designated Reserves	\$ 6,060,707	\$ 50,000	\$ -	\$ -	\$ -	\$ 6,110,707
Debt Service						
Pac Cove Lease Financing	75,204	-	-	-	-	75,204
Pac Cove Park	12	-	87,344	87,344	-	12
Total Debt Service	\$ 75,216	\$ -	\$ 87,344	\$ 87,344	\$ -	\$ 75,216
Capital Improvement Fund	\$ 172,012	\$ -	\$ -	\$ -	\$ -	\$ 172,012
Internal Service Funds						
Stores	\$ 64,082	\$ 27,000	\$ -	\$ 27,000	\$ -	\$ 64,082
Information Technology	408,250	342,000	-	338,000	-	412,250
Equipment Replacement	141,157	200,000	-	200,000	-	141,157
Self-Insurance Liability	179,920	715,800	-	715,800	-	179,920
Workers' Compensation	118,749	423,150	-	423,150	-	118,749
Compensated Absences	30,899	-	200,000	200,000	-	30,899
Total Internal Service Funds	\$ 943,058	\$ 1,707,950	\$ 200,000	\$ 1,903,950	\$ -	\$ 947,058
Special Revenue Funds						
SLESF-Suppl Law Enforcmnt Svc	\$ 3,927	\$ 104,000		\$ 133,500		\$ (25,573)
TOT Restricted Revenue	21,296	97,250		97,250		21,296
SB1 RMRA	300,518	262,770		262,770		300,518
RTC Streets	60,325	397,971		397,971		60,325
Gas Tax	273,443	290,462		290,000		273,905
Wharf	90,018	24,000		58,300		55,718
General Plan Update and Maint	267,071	62,000		45,500		283,571
Green Building Education	213,055	15,000		7,500		220,555
Public Art	124,736	-		-		124,736
Parking Reserve	737	-	-	-	-	737
Technology Fee	95,371	17,000		16,000		96,371
PEG-Public Education and Govt.	46,841	11,500		16,000		42,341
BIA-Capitola Village-Wharf BIA	17,926	152,000		165,500		4,426
CDBG Grants	(1,080)	-		-		(1,080)
CDBG Program Income	39,199	-		-		39,199
Library	51,569	165,000		165,000		51,569
HOME Reuse	(178,736)	500		-		(178,236)
Housing Trust	241,690	70,000			75,000	236,690
PLHA	5,255	-		-		5,255
Cap Hsg Succ- Program Income	1,913,011	20,000		32,500		1,900,511
Total Special Revenue Funds	\$ 3,586,172	\$ 1,689,453	\$ -	\$ 1,687,791	\$ 75,000	\$ 3,512,834
Total Fund Balance - All Funds	10,962,609					11,146,570

GENERAL FUND REVENUES

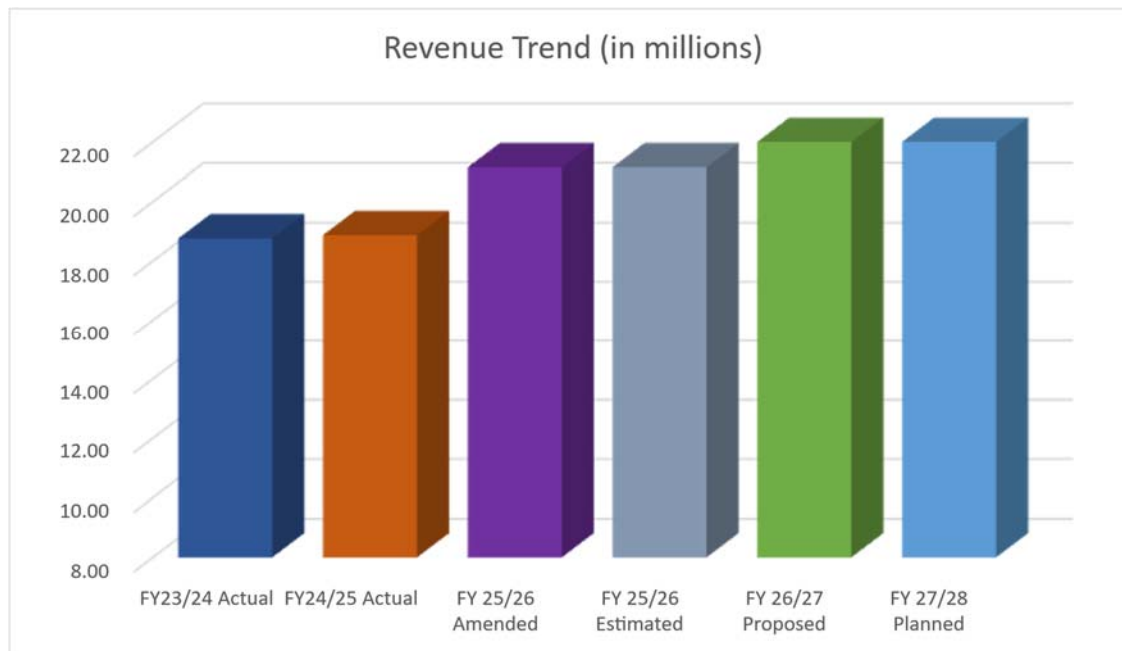


General Fund Revenues

Revenues for the FY 2025-26 General Fund operating budget total \$22.4 million, an increase of approximately \$1.2 million or 5.7 percent above FY 2025-26 estimated revenue. 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 2% over FY 2025-26 with as the economy shows signs of slowing. Transient occupancy tax is expected to increase approximately 3.5%.

A summary of major revenue changes between the FY 2025-26 proposed and FY 2026-27 proposed budgets is listed below:

General Fund Revenues						
	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
Taxes	\$ 14,495,884	\$15,087,639	\$16,883,877	\$16,883,877	\$17,477,145	\$18,039,441
Licenses and permits	767,635	745,316	734,500	734,500	805,300	743,740
Intergovernmental revenues	230,640	142,486	106,700	106,700	213,678	217,818
Charges for services	2,126,976	2,236,200	2,495,741	2,495,741	2,673,128	2,673,128
Fines and forfeitures	425,043	503,122	690,000	690,000	920,000	920,000
Use of money & property	355,181	59,779	139,000	139,000	167,000	167,000
Other revenues	365,348	104,481	97,000	97,000	102,875	104,797
General Fund Revenues	\$ 18,766,706	\$18,879,022	\$21,146,818	\$21,146,818	\$22,359,126	\$22,865,924



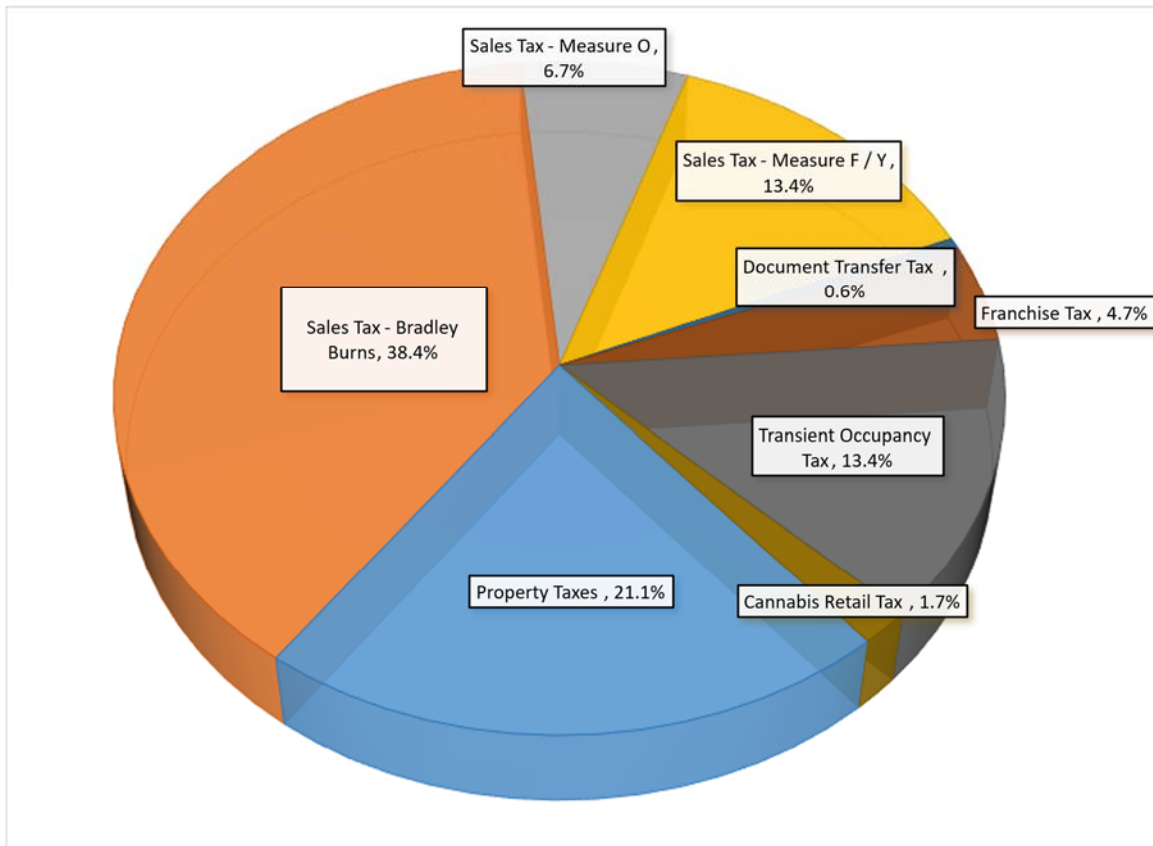
General Revenue Information

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. 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.

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	\$10,010,195
• Transient Occupancy Tax	2,300,000
• Parking Meters	1,166,000
• Parking Fines	850,000
• Property Taxes	<u>3,613,050</u>
	\$17,939,245

Additional information related to the five core revenues is detailed within this section. In addition, five-year trends for each revenue source are provided in the Revenue Summary.



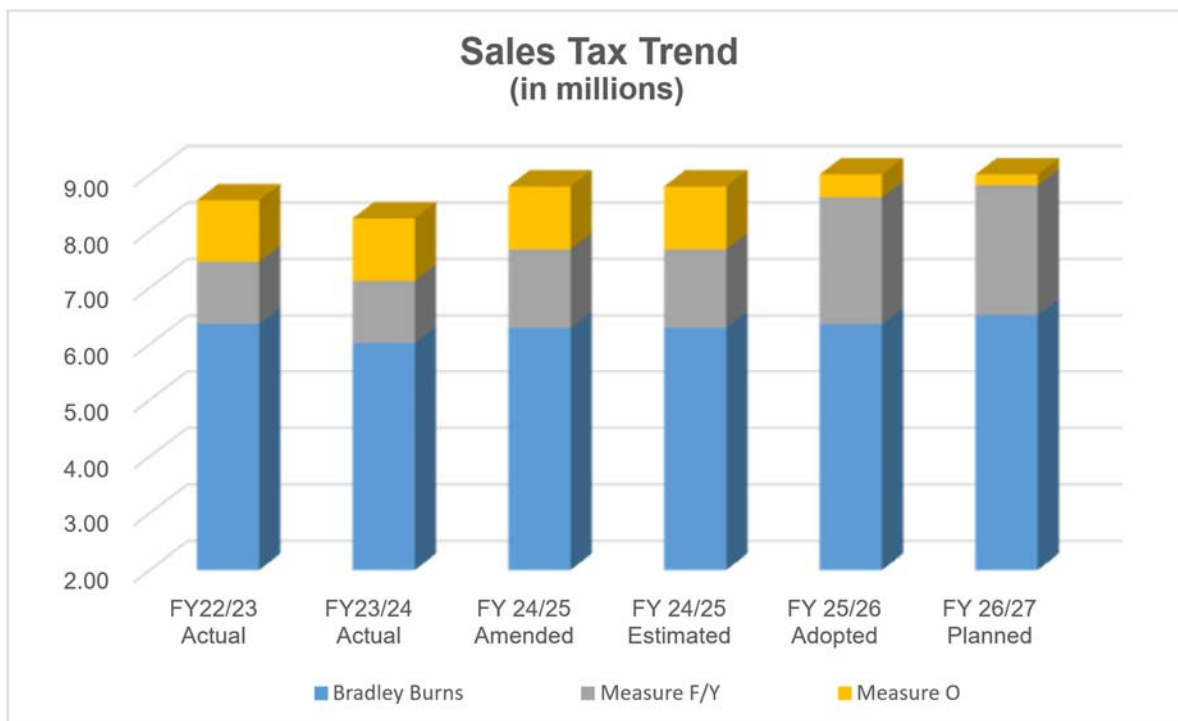
Sales Tax

The City of Capitola sales tax consists of one percent Bradley Burns, a half percent Capitola District Tax (Measure Y), and a permanent quarter percent Capitola District Tax (Measure O). In FY 2025-26 annual sales tax revenue is estimated to be \$10 million, with approximately \$3.4 million in revenues contributed by Measure O, and Measure Y.

Sales tax by Geographic Area	
Area	% of Total
41st Ave. Corridor	82.6%
Capitola Village	7.4%
Upper Village	7.5%
Light Industrial Distr.	2.5%
	<u>100.0%</u>

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 2026-27, Bradley Burns sales tax revenue is anticipated to increase by approximately 2 percent, or \$294,318 above the FY 2025-26 estimated sales tax receipts. The City's sales tax collections are heavily dependent on the top five generators.

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



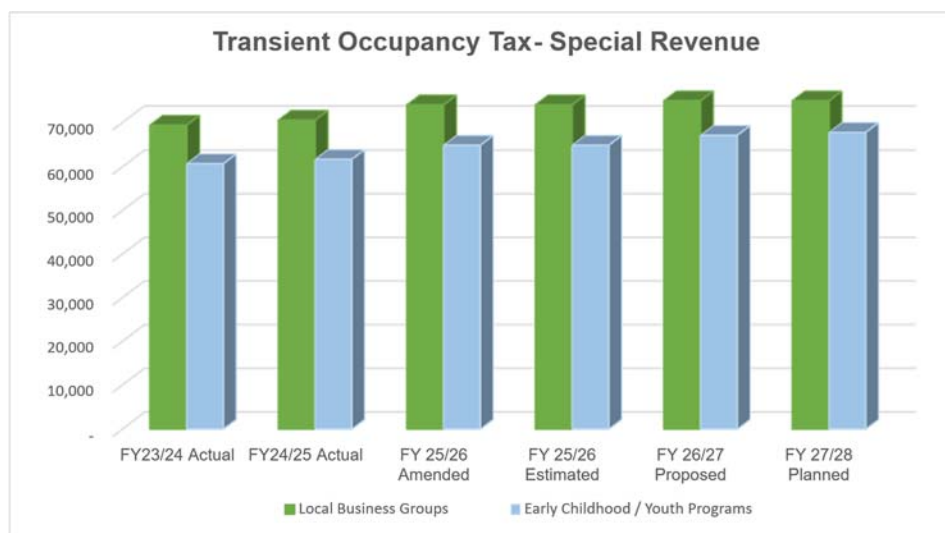
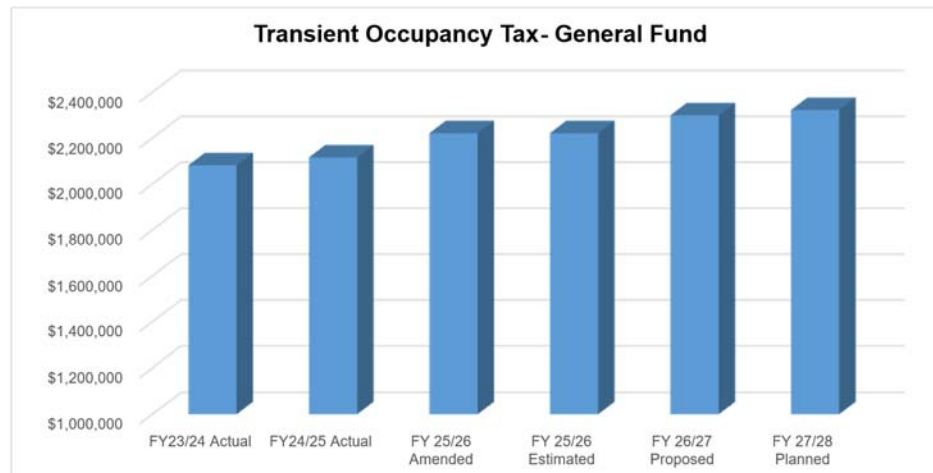
Transient Occupancy Taxes (TOT)

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 2025-26 TOT tax generally accounts for approximately 13% of General Fund operating revenues. The City's TOT revenues come from the following sources:

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

TOT revenues are anticipated to increase during FY 2026-27. For the last several years, hotels have experienced high occupancy rates leaving little room for increased TOT revenues. As the industry slows down little revenues are expected to continue to grow slightly as has been the case for the last couple of years.

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.

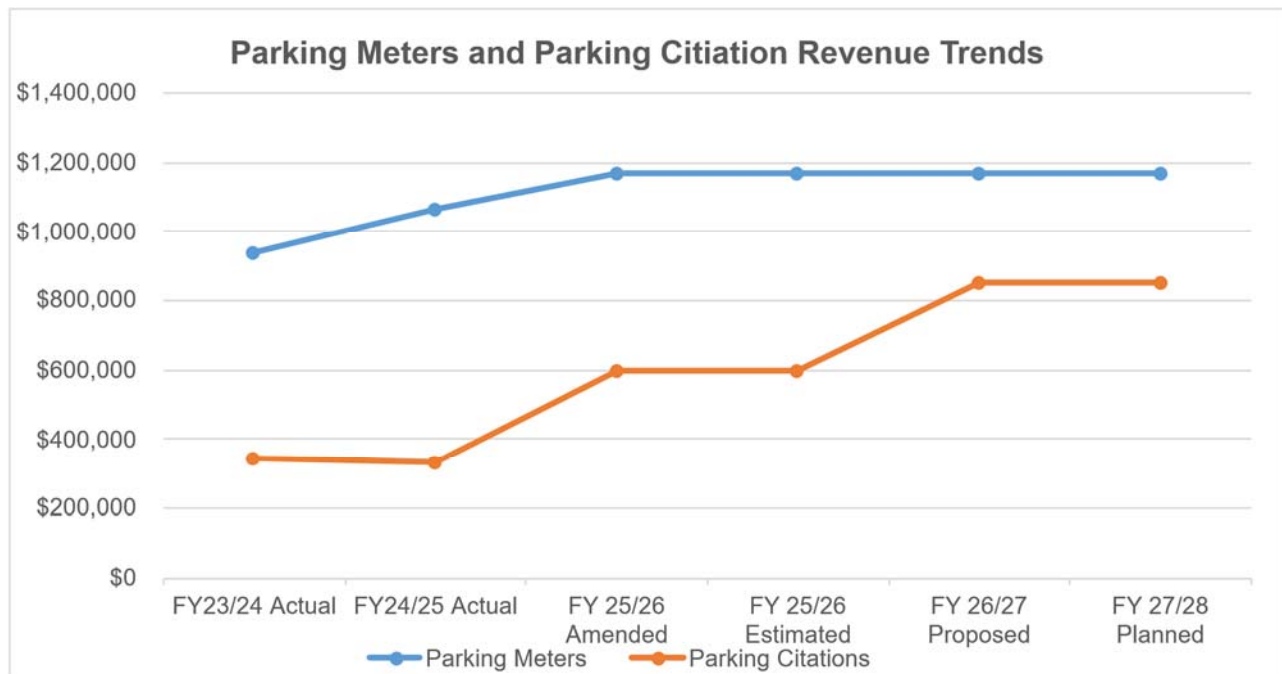


Parking Meters and Parking Fines

In FY 2026-27 parking meter and parking fine revenues are estimated to contribute approximately \$2.0 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. 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 25/26 Adopted	Avg. Meter Rev. per Space
Village	191	\$ 766,000	\$ 4,010
Cliff Drive	65	\$ 162,500	\$ 2,500
Pacific Cove - Upper Lot	232	\$ 175,000	\$ 754
Pacific Cove - Lower Lot	226	\$ 62,500	\$ 277

The following chart illustrates parking meter revenue and parking citation revenue trends within the City. Overall, the revenue trend reflects the previously mentioned parking meter rate increase while showing citation revenue remaining flat. 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.



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 2026-27 property tax revenue is estimated to be \$3.6 million, representing a five percent increase over the estimated collection amount from FY 2025-26. The City's collections are slightly higher than the information from the County Auditor-Controller's Office due to the increased cost of housing and a robust housing market.

In the FY 2026-27 proposed budget, base property tax revenues are projected to increase approximately five percent. The City based the projection on information from the Auditor-Controller's Office, historical trends, and a review of the current housing market.

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. 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 four percent have been applied to the upcoming fiscal years.



Revenue Summary

	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
<u>Taxes</u>						
Property Taxes	\$ 3,105,788	\$ 3,250,204	\$ 3,441,000	\$ 3,441,000	\$ 3,613,050	\$ 3,793,703
Sales Tax- Bradley Burns	6,023,319	6,063,691	6,349,456	6,349,456	6,576,445	6,838,356
Sales Tax- Measure O	1,098,473	1,141,023	1,122,140	1,122,140	1,144,583	1,173,198
Sales Tax- Measure F / Y	1,099,849	1,429,202	2,244,281	2,244,281	2,289,167	2,346,396
Measure Q	-	-	150,000	150,000	200,000	200,000
Measure S (GF repayment)	-	-	165,000	165,000	165,000	165,000
Document Transfer Tax	95,108	89,865	100,000	100,000	100,000	100,000
Franchise Tax	729,485	742,443	790,000	790,000	797,900	805,879
Transient Occupancy Tax	2,082,097	2,116,422	2,222,000	2,222,000	2,300,000	2,323,000
Cannabis Retail Tax	261,764	254,790	300,000	300,000	291,000	293,910
Total	\$ 14,495,884	\$ 15,087,639	\$ 16,883,877	\$ 16,883,877	\$ 17,477,145	\$ 18,039,441
<u>Licenses and permits</u>						
Business License	\$ 323,755	\$ 334,274	\$ 324,000	\$ 324,000	\$ 330,300	\$ 327,240
Building Permits	276,019	260,712	250,000	250,000	300,000	255,000
Cannabis Annual License Fee	10,324	5,476	6,500	6,500	5,000	6,500
Encroachment Permits	30,247	35,520	35,000	35,000	36,000	36,000
Special events permit	2,592	7,672	5,000	5,000	10,000	5,000
Entertainment permit	4,072	5,092	4,500	4,500	4,500	4,500
Parking Permits	46,506	46,708	45,500	45,500	55,500	45,500
Planning Permits	73,892	48,218	63,000	63,000	63,000	63,000
Other Permits	230	1,644	1,000	1,000	1,000	1,000
Total	\$ 767,635	\$ 745,316	\$ 734,500	\$ 734,500	\$ 805,300	\$ 743,740
<u>Intergovernmental revenues</u>						
Federal and State Grants	\$ 223,791	\$ 135,547	\$ 100,000	\$ 100,000	\$ 206,978	\$ 211,118
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.	2,649	2,739	2,500	2,500	2,500	2,500
Total	\$ 230,640	\$ 142,486	\$ 106,700	\$ 106,700	\$ 213,678	\$ 217,818
<u>Charges for Svcs.</u>						
Gen gov't Pay stations-Village	\$ 656,816	\$ 703,223	\$ 766,000	\$ 766,000	\$ 766,000	\$ 766,000
Gen gov't Pay stations-Cliff Dr.	80,384	106,351	162,500	162,500	162,500	162,500
Gen gov't Pay station-upper Pac Cove	141,841	181,753	175,000	175,000	175,000	175,000
Gen gov't Pay stations-lower Pac Cove	56,274	72,854	62,500	62,500	62,500	62,500
Public safety Vehicle release fee	9,675	11,204	9,000	9,000	9,000	9,000
Public safety Police reports	1,103	1,429	1,000	1,000	1,000	1,000
Public safety Booking fees	-	-	-	-	-	-
Public safety DUI collections	7,186	1,961	5,000	5,000	5,000	5,000
Public safety Spec. events - Police Svcs.	32,261	63,546	60,000	60,000	80,000	80,000
Public works BIA - public works Svcs.	3,000	3,000	3,000	3,000	3,000	3,000
Public Works - Special Events	3,318	5,088	5,000	5,000	6,000	6,000
Public works Stormwater dev. Review	4,328	4,016	4,000	4,000	4,000	4,000
Building fees Building plan check fees	145,772	106,453	110,000	110,000	150,000	150,000
Bldg. Official Reimbursement	-	-	-	-	-	-
Comm dev Planning fee - Sr./Assoc plnr cost	45,700	35,724	50,000	50,000	50,000	50,000
Comm Planning fee - assist plnr cost	2,080	1,000	-	-	20,000	20,000
Comm dev Planning fee - director cost	19,017	12,023	15,000	15,000	15,000	15,000
Comm dev Subdivisions	-	-	-	-	-	-
Comm dev Planning plan check fee	34,118	22,778	30,000	30,000	30,000	30,000
Comm dev Planning application fee	-	-	-	-	-	-
Comm dev Planning - Gen Plan	-	-	30,000	30,000	30,000	30,000

	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
Comm dev Planning - other fees	5,288	7,746	4,000	4,000	4,000	4,000
Comm dev Planning - Code Enforcement	-	100	-	-	-	-
Recr. fees Class fees	265,704	215,911	200,000	200,000	275,000	275,000
Recr. fees Jr. Guard fees	294,508	338,594	364,308	364,308	377,000	377,000
Recr. School Support Program	32,500	36,000	-	-	-	-
Recr. fees Sports fees	15,933	18,425	19,350	19,350	15,000	15,000
Recr. fees Camp Capitola fees	192,966	198,509	216,867	216,867	235,237	235,237
Recr. Afterschool Program	74,857	78,218	131,316	131,316	132,591	132,591
Recr. Events	2,347	10,295	71,900	71,900	65,300	65,300
Total	\$ 2,126,976	\$ 2,236,200	\$ 2,495,741	\$ 2,495,741	\$ 2,673,128	\$ 2,673,128
<u>Fines and forfeitures</u>						
Redlight camera enforcement	\$ 35,551	\$ 63,718	\$ 20,000	\$ 20,000	\$ -	\$ -
Parking Cititation	345,452	330,644	600,000	600,000	850,000	850,000
General Fines	44,040	108,761	70,000	70,000	70,000	70,000
Total	\$ 425,043	\$ 503,122	\$ 690,000	\$ 690,000	\$ 920,000	\$ 920,000
<u>Use of money & property</u>						
Investment earnings	\$ 304,172	\$ 36,584	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Rents Jade Street facility	16,103	13,628	2,000	2,000	30,000	30,000
Rents Esplanade restaurants	5,827	5,127	5,500	5,500	5,500	5,500
Rents Esplanade - surf trailer	1,964	1,733	2,000	2,000	2,000	2,000
Rents Esplanade bandstand	4,428	2,706	4,500	4,500	4,500	4,500
Rents Outdoor Dining	22,687	-	25,000	25,000	25,000	25,000
Total	\$ 355,181	\$ 59,779	\$ 139,000	\$ 139,000	\$ 167,000	\$ 167,000
<u>Other revenues</u>						
Donations - Recreation	\$ 2,000	\$ 844	\$ -	\$ -	\$ -	\$ -
Grants, donations, contrib	-	1,000	-	-	2,000	2,000
Arts-Twilight Concert Sponsors	25,000	8,500	-	-	-	-
Arts-Movies at the Beach Sponsor	-	-	-	-	2,000	2,000
Arts-Art at the Beach Booth Fee	4,120	522	-	-	-	-
Arts-Sunday Art & Music Sponsors	23,918	21,378	-	-	-	-
Museum donations-Box Revenue	2,405	2,086	2,000	2,000	2,000	2,000
Museum Donations-Fundraising	8,270	6,192	10,000	10,000	10,000	10,000
Memorial plaques and benches	10,380	10,632	10,000	10,000	10,000	10,000
Miscellaneous revenues	209,255	53,327	75,000	75,000	76,875	78,797
Interfund Transfer In - Library	80,000	-	-	-	-	-
Total	\$ 365,348	\$ 104,481	\$ 97,000	\$ 97,000	\$ 102,875	\$ 104,797
Grand Totals	\$ 18,766,706	\$ 18,879,022	\$ 21,146,818	\$ 21,146,818	\$ 22,359,126	\$ 22,865,924

GENERAL FUND EXPENDITURES



General Fund Expenditures

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The total FY 2026-27 General Fund expenditure budget proposes an increase of approximately \$978,000 from the FY 2025-26 Amended Budget as existing resources are programmed towards City Council Goals. Increases have been programed in most major categories as inflation continues to impact City expenditures. Key differences between the two fiscal years include:

- o Total personnel costs (salary and benefits) are estimated to increase \$527,000 from the FY 2025-26 Amended Budget due to significant increases in the annual Cal PERS Unfunded Actuarial Liability payment, cost of living adjustments, increased employee health care contributions, scheduled step increases in 2026.
 - o Salary costs are estimated to be \$45,000 higher.
 - o Salary – Seasonal/Temp increased \$53,000 as summer recreations programs remain at full capacity.
 - o Overtime is anticipated to decrease \$20,000 primarily in the Police. This past year was higher than normal due to several felony crime investigations.
 - o Specialty Pay – decreased 13,400.
 - o Benefits – increased \$462,000 as a result of CalPERS rates increasing.
- Contract services are slightly above the prior year.

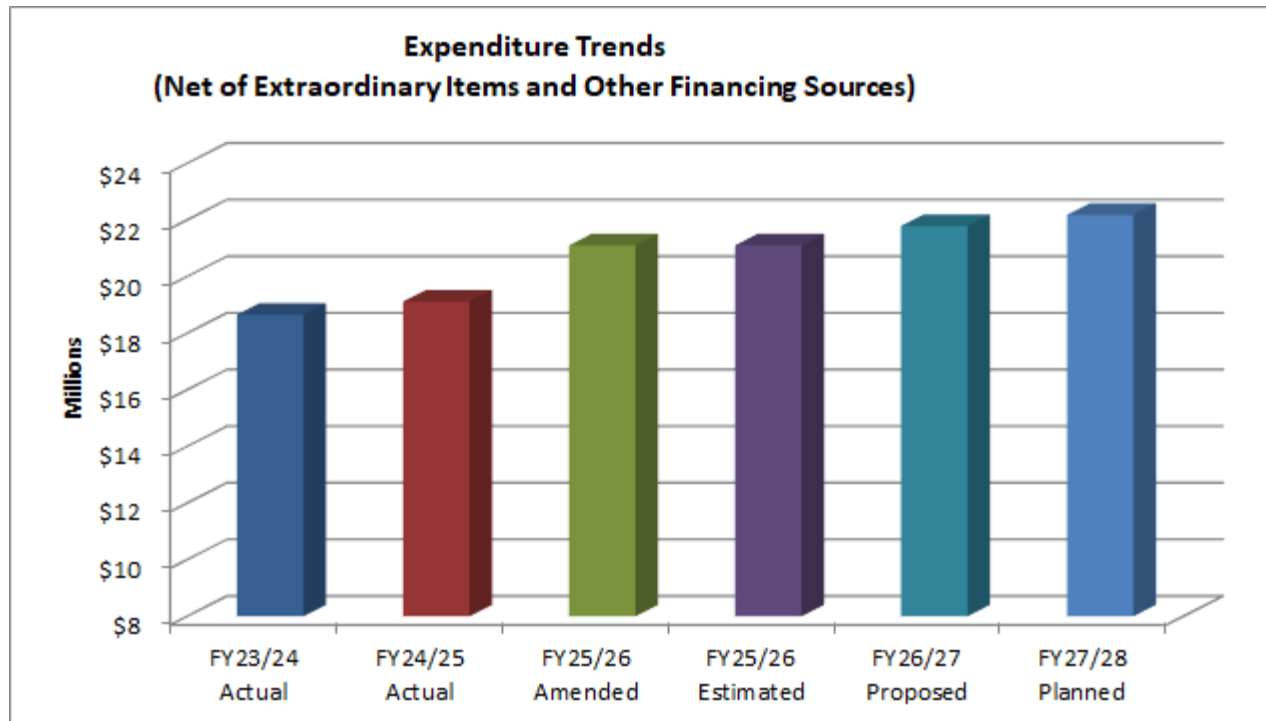
The following chart provides an overview of expenditures for FY 2023-24 to FY 2027-28. A complete description of major changes will follow in the related expenditure detail pages.

General Fund Expenditures Summary

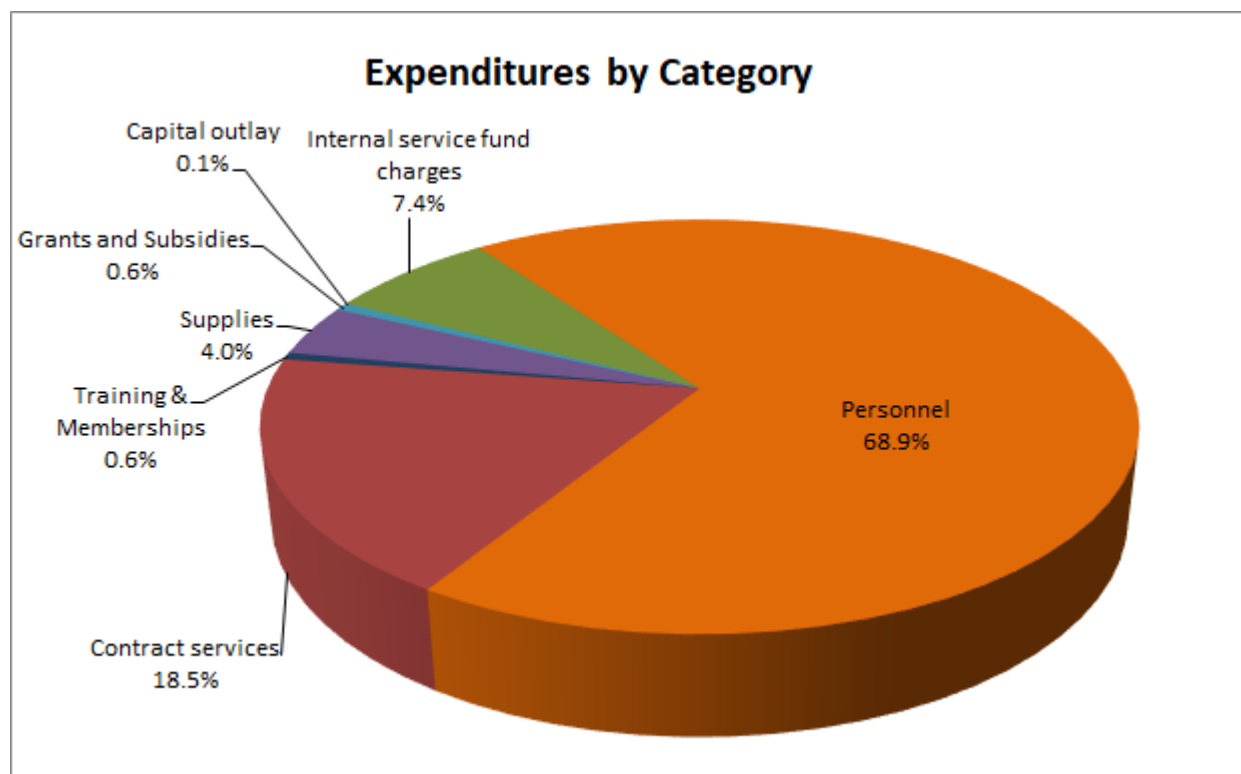
Major Categories	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Personnel	\$12,099,946	\$12,692,358	\$14,480,987	\$14,480,987	\$15,007,262	\$15,447,833
Contract services	3,704,267	3,799,530	3,866,191	3,866,191	4,024,634	3,940,263
Training & Memberships	143,324	114,877	169,480	170,530	124,380	146,230
Supplies	958,158	854,877	801,700	802,000	879,350	856,350
Grants and Subsidies	125,000	125,000	125,000	125,000	133,425	133,425
Internal service fund	1,617,841	1,523,579	1,657,404	1,657,404	1,611,218	1,651,644
Subtotal	\$18,648,536	\$19,110,220	\$21,100,762	\$21,102,112	\$21,780,269	\$22,175,744
Other financing uses	3,271,324	2,288,788	287,568	287,568	587,116	486,881
Expenditure Total	\$21,919,860	\$21,399,008	\$21,388,330	\$21,389,680	\$22,367,385	\$22,662,626

The following chart provides an overview of expenditure trends, excluding transfers. Expenditures are trending down as we complete several City Council goals utilizing one-time funding.

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A chart displaying the percentage of expenditures by category is also provided for reference. Personnel costs are estimated to increase \$1.3 million from the prior fiscal year causing the ratio of personnel services to total expenditures to increase from 67.5 percent to 69.2 percent. Other notable changes were in contract services, which decreased from 18.6 percent to 17.5 percent.

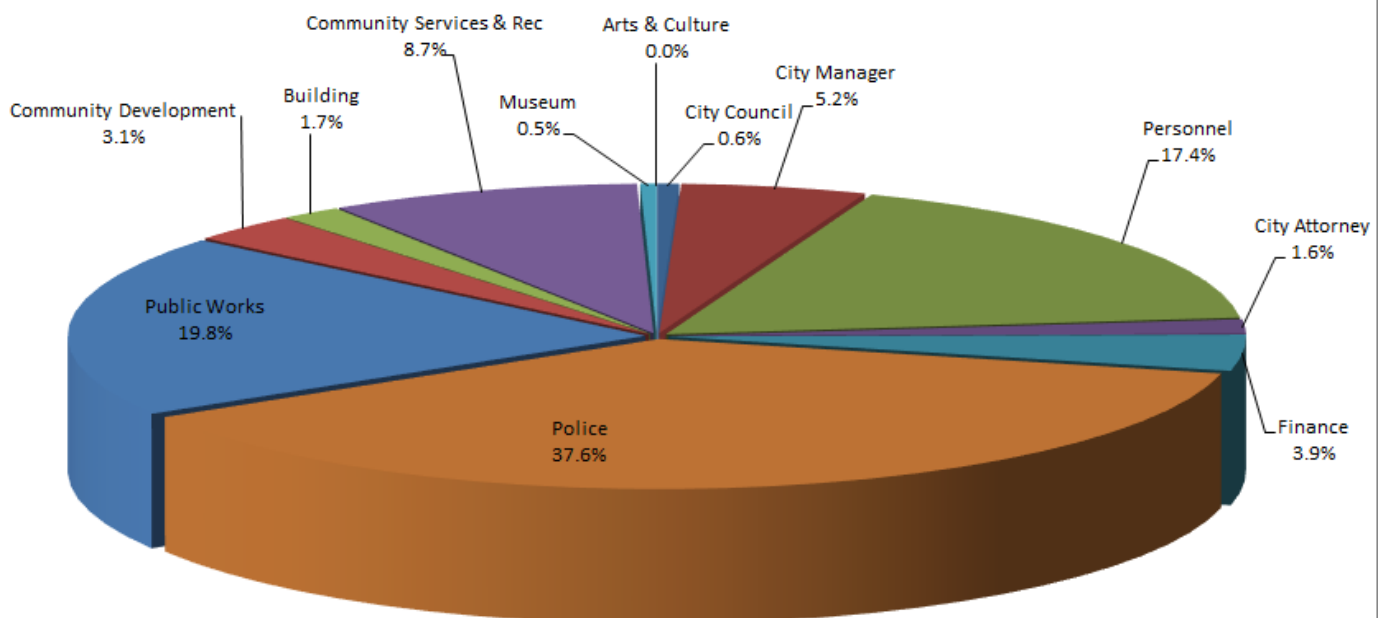


General Fund Department Expenditures

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Department	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Council	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 132,580	\$ 133,156
City Manager	1,214,203	1,275,163	1,067,938	1,067,938	1,124,241	1,129,594
Personnel	397,852	465,845	3,343,009	3,344,359	3,770,015	3,885,363
City Attorney	506,544	438,331	325,000	325,000	342,000	335,000
Admin Services	920,606	1,007,281	843,952	843,952	843,640	863,362
Community Grants	133,425	133,425	133,425	133,425	133,425	133,425
Police - Law Enforcement	7,932,934	8,136,429	7,341,466	7,341,466	7,402,596	7,624,945
Police - Pkg. Enforcement	592,774	497,290	569,981	569,981	581,837	589,623
Police - Animal Services	99,478	133,935	140,803	140,803	152,103	159,667
Public Works - Streets	2,268,122	2,260,755	2,197,648	2,197,648	2,119,496	2,169,610
Public Works-Storm Water	98,529	210,932	224,105	224,105	231,632	194,193
Public Works - Facilities	363,733	413,121	439,685	439,685	501,337	463,284
Public Works - Fleet	433,981	471,717	504,357	504,357	556,558	569,029
Public Works - Parks	808,975	763,862	820,352	820,352	868,429	864,978
Community Development	590,794	572,590	718,890	718,890	667,616	685,153
Building	406,322	326,968	501,353	501,353	367,401	375,080
Community Services & Rec	1,635,292	1,703,574	1,734,125	1,734,125	1,886,849	1,914,555
Museum	89,752	96,867	75,839	75,839	98,514	85,728
Art & Cultural	99,075	109,957	0	0	0	0
Subtotal	\$18,691,886	\$19,155,802	\$21,109,187	\$21,110,537	\$21,780,269	\$22,175,743
Transfers & Other	\$3,271,324	\$2,288,788	\$287,568	\$287,568	\$587,116	\$486,881
Expenditure Total	\$21,963,210	\$21,444,590	\$21,396,755	\$21,398,105	\$22,367,385	\$22,662,624

Expenditures by Department



General Fund Expenditures

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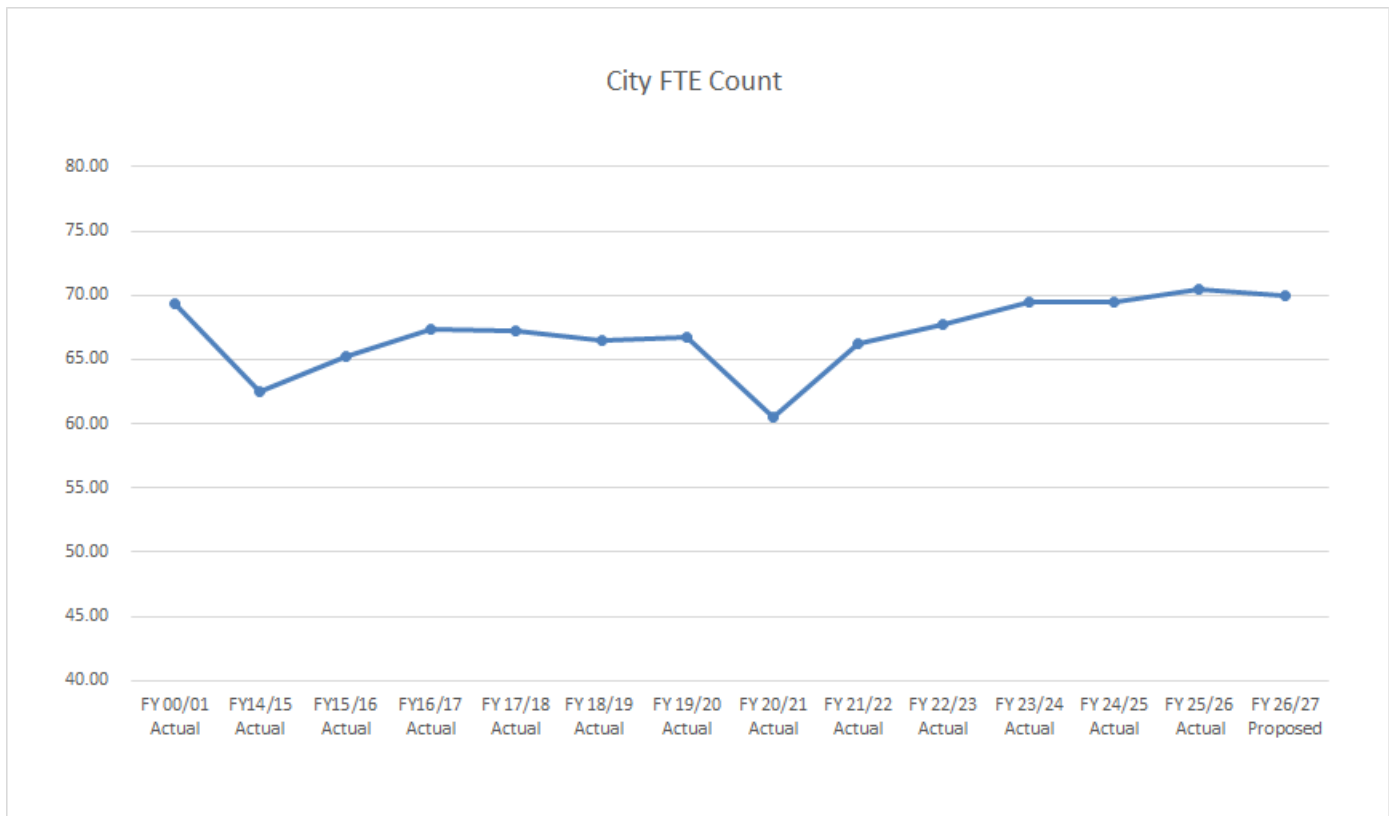
SALARIES & BENEFITS

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 2025-26 include the addition of two maintenance workers in the public works department and the reorganization of the City Manager and Finance Departments.

The table below summarizes the total FTE count by department, and the following page provides a detailed summary of the staffing budget changes.

General Fund	FY 00/01 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 Actual	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Actual	FY 26/27 Proposed
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	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elected - Total FTE's	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fully Benefited by Dept														
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Admin Services	5.25	3.91	4.50	4.50	4.50	3.75	2.75	2.75	2.75	3.00	4.00	4.00	5.70	5.20
City Manager	5.50	6.90	6.00	7.00	6.00	6.00	7.00	5.00	5.50	6.50	7.50	7.50	4.80	4.80
Museum	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Police	31.30	30.65	31.50	31.65	31.50	30.50	30.50	29.50	30.50	30.50	31.00	31.00	31.00	31.00
CDD	6.67	4.50	5.00	5.00	5.00	6.00	6.00	5.00	5.50	5.75	5.00	5.00	5.00	5.00
Public Works	14.33	13.00	14.00	15.00	16.00	16.00	15.50	14.00	16.00	16.00	16.00	16.00	18.00	18.00
Community Services & Rec	4.50	2.75	3.75	3.75	3.75	3.75	4.50	3.75	5.50	5.50	5.50	5.50	5.50	5.50
Dept - Total FTEs	69.30	62.46	65.25	67.40	67.25	66.50	66.75	60.50	66.25	67.75	69.50	69.50	70.50	70.00



General Fund Expenditures

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SALARIES & BENEFITS

City services are primarily staff delivered; therefore, staffing is the most significant expenditure. The FY 2026-27 proposed budget estimated staffing costs total \$15 million. This represents a 3.63% increase from the prior year's amended budget. This is primarily due to significant increases in the Cal PERS Unfunded Actuarial Liability annual payment, estimated cost of living adjustments, and scheduled step increases.

Staffing by Category	FY23/24 Actual	FY24/25 Actual	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Salary	\$ 6,714,211	\$ 6,315,626	\$ 7,576,251	\$ 7,620,664	\$ 7,849,284
Salary Elected / Temp	644,163	776,947	731,963	784,701	788,738
Overtime	366,707	471,999	447,978	427,978	438,387
Specialty Pay	297,038	399,766	473,340	459,974	473,774
Benefits	4,077,828	4,728,020	5,251,455	5,713,944	5,897,648
Total	\$12,099,946	\$12,692,358	\$ 14,480,987	\$ 15,007,262	\$15,447,832

Staffing by Department	FY23/24 Actual	FY24/25 Actual	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Council	\$ 40,752	\$ 41,200	\$ 40,689	\$ 40,689	\$ 40,689
City Manager	962,045	952,951	808,847	826,228	850,379
Personnel	287,608	385,395	3,268,866	3,650,849	3,774,198
Finance	629,425	707,377	559,475	566,690	583,567
Law Enforcement	6,004,382	6,194,376	5,329,370	5,365,365	5,525,149
Pkg. Enforcement	198,325	184,969	224,159	229,707	236,390
Streets	1,555,228	1,555,913	1,494,753	1,489,398	1,532,693
Storm Water	23,116	121,538	72,798	75,132	77,693
Fleet	129,170	185,545	226,206	236,250	243,149
Parks	323,859	341,287	369,521	384,293	395,613
Planning	475,536	503,578	570,333	545,601	561,933
Building	308,162	209,396	230,109	233,835	240,811
Community Services & Rec	1,081,435	1,214,323	1,238,291	1,313,647	1,334,502
Museum	52,053	57,011	47,570	49,578	51,065
Art & Cultural	28,850	37,500	-	-	-
Total	\$ 12,099,946	\$12,692,358	\$14,480,987.00	\$15,007,262	\$15,447,833

General Fund Expenditures

Item 5 A.

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.

Group	Current Agreement	Expiration Date
Assoc. of Capitola Employees/Gen. Govt.	6/23/2024	6/30/2027
Confidential	6/23/2024	6/30/2027
Mid-Management	7/7/2024	6/30/2027
Police Captains	7/7/2024	6/30/2027
Police Officers Association (POA)	6/7/2021	6/30/2027

Overtime

The following table provides the details for the overtime budget. The overtime budget for the Police Department increases this year in anticipation of additional special events.

Overtime	FY23/24 Actual	FY24/25 Actual	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Manager	\$ 196.30	\$ 238.15	\$ 1,000.00	\$ -	\$ -
Finance	571	0	0	0	0
Police*	292,588	383,681	374,978	351,978	362,387
Public Works	36,378	52,831	50,000	50,000	50,000
Community Development	0	0	0	0	0
Community Services & Rec	36,055	35,049	22,000	26,000	26,000
Total	\$365,789	\$471,800	\$447,978	\$427,978	\$438,387
<i>*Funding Sources for Police Overtime</i>					
General Fund	\$ 229,227	\$ 294,694	\$ 228,000	\$ 225,000	\$ 231,600
Grant Funded	63,362	88,987	146,978	126,978	130,787
	\$292,588	\$383,681	\$374,978	\$351,978	\$362,387

Specialty Pay

The FY 2026-27 proposed 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.

Specialty Pay	FY23/24 Actual	FY24/25 Actual	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Manager	\$ -	\$ 9,737.36	\$ 21,061.00	\$ 20,661.00	\$ 21,280.83
Finance	3,928	4,252	4,490	5,184	5,340
Police	267,054	334,723	374,776	366,357	377,348
Public Works	22,564	40,821	53,615	51,952	53,511
Community Dev.	3,492	8,711	14,047	14,468	14,902
Community Services & Rec	-	1,522	5,351	1,352	1,393
Total	\$297,038	\$399,766	\$473,340	\$459,974	\$473,774

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, 2017	\$128
• January 1, 2018	\$133
• January 1, 2019	\$136
• January 1, 2020	\$139
• January 1, 2021	\$143
• January 1, 2022	\$149
• January 1, 2023	\$151
• January 1, 2024	\$157
• January 1, 2025	\$158
• January 1, 2026	\$162

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 2025-26 was \$2,895,386 and is increasing to \$3,271,340 (12.98%) in FY 2026-27. The most recent CalPERS actuarial reports estimate the UAL through FY 2030-31 at an amount of \$3,789,000 which equates to an increase of approximately 176% over ten years from FY 2020-21.

PERS Rates. The FY 2026-27 PERS total rate for classic safety members is 39.7%, with employees paying 15% and the city 24.7%. Safety PEPRA members are responsible for 13.75% and the city pays 13.99%. For classic miscellaneous members, the total contribution rate is 24%, with employees paying 13.4% and the city 10.6%. Miscellaneous PEPRA employees pay 7.75% and the city pays 7.96%.

The FY 2025-26 PERS total rate for classic safety members was 39.6%, with employees paying 15% and the city 24.6%. Safety PEPRA members are responsible for 13.75% and the city pays 13.76%. For classic miscellaneous members, the total contribution rate was 23.9%, with employees paying 13.4% and the city 10.5%. Miscellaneous PEPRA employees pay 7.75% and the city pays 7.87%.

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 13.75% and 7.75%, respectively.

Retirement Costs Summary

Retirement Costs	FY22/23 Actual	FY23/24 Actual	FY24/25 Amended	FY25/26 Adopted	FY26/27 Planned
Ret. cost - PERS Safety	\$ 436,575	\$ 435,788	\$ 386,338	\$ 439,677	\$ 458,364
Ret. cost - PERS Safety UAL	1,002,849	1,121,718	1,107,637	1,324,947	1,469,000
Ret. cost - PERS Miscellaneous	281,723	291,538	279,615	292,860	305,306
Ret. cost - PERS Misc UAL	966,725	1,059,922	1,031,554	1,227,177	1,358,000
Ret. cost - Retirement PARS	3,890	5,651	6,169	8,332	8,332
Ret. health OPEB - Retiree health	39,482	44,684	38,750	38,750	38,750
OPEB Trust Fund	60,250	67,048	67,050	67,050	67,050
Total Retirement Costs	\$ 2,791,494	\$ 3,026,349	\$ 2,917,113	\$ 3,398,793	\$ 3,704,802
Total Employee Paid Costs	\$ 1,004,938	\$ 1,089,486	\$ 1,050,161	\$ 1,223,565	\$ 1,333,729
Total City Paid Costs	\$ 2,791,494	\$ 3,026,349	\$ 2,917,113	\$ 3,398,793	\$ 3,704,802
Total Costs Employee and City	\$ 3,796,432	\$ 4,115,835	\$ 3,967,274	\$ 4,622,358	\$ 5,038,530
Unfunded Actuarial Liability-Safety	13,594,061	14,685,285	11,169,617	17,213,533	18,074,210
Unfunded Actuarial Liability-Misc	12,422,127	13,354,880	9,924,040	15,324,728	16,090,964
Unfunded OPEB Liability	1,572,208	1,572,208	1,642,315	1,642,315	1,642,315
Funding Ratio PERS Safety	71.3%	72.40%	77.10%	66.60%	66.60%
Funding Ratio PERS Misc	69.7%	69.70%	77.40%	67.20%	67.20%

General Fund Expenditures - Contract Services (4 pages)

Department	Contract Description	FY25/26 Amended	FY26/27 Proposed	FY27/28 Planned
City Council	CS-Gen/Admin Beach Festival	\$ 5,000	\$ 5,000	\$ 5,000
City Council	CS-Gen/Admin Community TV	19,000	19,000	19,000
City Council	CS-Gen/Admin Contracts - general	5,711	5,711	5,711
City Council	Other contract services Legal notices	-	-	-
	Total	\$ 29,711	\$ 29,711	\$ 29,711
City Manager	CS-Environmental Svcs JPA-Pollution control	\$ -	\$ -	\$ -
City Manager	CS-Environmental Svcs Mosquito and vector control	-	-	-
City Manager	CS-Environmental Svcs Recycling services	-	-	-
City Manager	CS-Environmental Svcs SCC-Hazardous waste disp fee	-	-	-
City Manager	CS-Gen/Admin Contracts - general	40,000	47,000	47,000
City Manager	CS-Gen/Admin Council Election	-	25,000	-
City Manager	CS-Gen/Admin Document imaging	8,500	8,500	8,500
City Manager	CS-Gen/Admin Document storage	5,000	5,000	5,000
City Manager	CS-Gen/Admin Muni code codification services	8,000	8,000	8,000
City Manager	CS-Gen/Admin Newsletter	10,000	5,000	5,000
City Manager	CS-Gen/Admin Public Outreach	10,000	10,000	12,000
City Manager	Other contract services Legal notices	8,000	8,000	8,000
City Manager	Other contract services Unanticipated events	10,000	10,000	10,000
	Total	\$ 99,500	\$ 126,500	\$ 103,500
Personnel	CS-Gen/Admin Contracts - general	\$ 1,000	\$ 34,600	\$ 26,100
Personnel	CS-Legal svcs Labor and personnel related	-	-	-
Personnel	CS-Personnel Svcs Background investigations	10,000	15,000	15,000
Personnel	CS-Personnel Svcs Education reimbursement	10,000	10,000	10,000
Personnel	CS-Personnel Svcs Employee Engagement/Holiday Prty	12,000	12,000	12,000
Personnel	CS-Personnel Svcs Medical examinations	5,000	7,500	7,500
Personnel	CS-Personnel Svcs Recruitment services	5,000	7,500	7,500
Personnel	Other contract services Flex-Health-Dental-Vision Admin	4,000	4,000	4,000
	Total	\$ 47,000	\$ 90,600	\$ 82,100
City Attorney	CS-Gen/Admin Contracts - general	\$ 10,000	\$ 10,000	\$ 10,000
City Attorney	CS-Legal svcs Labor and personnel related	15,000	22,000	15,000
City Attorney	CS-Legal svcs Legal services - general	300,000	310,000	310,000
City Attorney	CS-Legal svcs Rent control	-	-	-
City Attorney	CS-Legal svcs Special services	-	-	-
	Total	\$ 325,000	\$ 342,000	\$ 335,000
Finance	CS-Fin Svcs Audit-Annual financial audits	\$ 51,000	\$ 53,100	\$ 53,100
Finance	CS-Fin Svcs Audit-OPEB valuation	1,000	1,500	1,500
Finance	CS-Fin Svcs Audit-Sales tax (1%)	12,000	12,000	12,000
Finance	CS-Fin Svcs Audit-Sales tax(city Spec Dist)	4,000	4,000	4,000
Finance	CS-Fin Svcs Bank fees (excl cr card fees)	-	-	-
Finance	CS-Fin Svcs Credit card merchant fees	3,000	3,000	3,000
Finance	CS-Fin Svcs HdL TOT fees	19,000	-	-
Finance	CS-Fin Svcs State Admin fee - Bradley-Burns	45,000	45,000	45,000
Finance	CS-Fin Svcs State Admin fee - Measure O	18,000	18,000	18,000
Finance	CS-Fin Svcs State Admin fee - Measure Y	18,000	18,000	18,000
Finance	CS-Fin Svcs State Architect fee - SB1186	500	500	500
Finance	CS-Gen/Admin Contracts - general	-	-	-
	Total	\$ 171,500	\$ 155,100	\$ 155,100

Department	Contract Description	Item 5 A.		
		FY25/26 Amended	FY26/27 Proposed	FY27/28 Planned
Law Enforcement	CS-Fin Svcs Collections-DUI cost recovery	\$ 2,000	\$ 2,000	\$ 2,050
Law Enforcement	CS-Gen/Admin Contracts - general	26,500	26,500	27,163
Law Enforcement	CS-Prop & equip Comm - local & long distance	8,000	8,000	8,200
Law Enforcement	CS-Prop & equip Comm - mobile phone	25,000	25,000	25,625
Law Enforcement	CS-Prop & equip Comm - T-1 line	20,000	20,000	20,500
Law Enforcement	CS-Prop & equip Equipment repairs & maintenance	5,000	5,000	5,125
Law Enforcement	CS-Prop & equip Property alarm service	-	-	-
Law Enforcement	Other contract services Outside security service	20,000	35,000	35,000
Law Enforcement	Other contract services Uniform cleaning services	12,000	15,000	15,000
Law Enforcement	Police Svcs Hazardous material response - SV	8,900	11,000	11,275
Law Enforcement	Police Svcs Red light enforcement	-	-	-
Law Enforcement	Police Svcs SCC-Anti-Crime Team	25,000	36,000	36,900
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	500	1,275	1,307
Law Enforcement	Police Svcs SCC-Booking fees	2,500	2,500	2,563
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	47,987	81,697	83,739
Law Enforcement	Police Svcs SCCECC-911 JPA	696,994	745,027	763,653
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	8,000	11,000	11,275
Law Enforcement	Police Svcs SCC-Sexual assault response prog	22,000	22,600	23,165
Law Enforcement	Police Svcs Towing service	4,000	5,000	5,000
Law Enforcement	Rental contracts Equipment and vehicles	2,500	2,500	2,563
Total		\$ 936,881	\$ 1,055,099	\$ 1,080,101
Pkg. Enforcement	CS-Fin Svcs Courier-Cash & Coin	\$ 3,500	\$ 3,500	\$ 3,500
Pkg. Enforcement	CS-Fin Svcs Credit card merchant fees	60,000	60,000	60,000
Pkg. Enforcement	CS-Prop & equip Pay Station Repair & Maintenance	25,000	25,000	25,000
Pkg. Enforcement	Police Svcs SCC-Citation processing	65,000	65,000	65,000
Pkg. Enforcement	Police Svcs SCC-Courthouse surcharge	11,000	11,000	11,000
Pkg. Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	11,000	11,000	11,000
Pkg. Enforcement	Police Svcs State of CA-DMV processing fee	6,000	6,000	6,000
Pkg. Enforcement	Police Svcs State of CA-Equip Assess	-	-	-
Pkg. Enforcement	Police Svcs State of CA-Immed & Critical nd	20,000	20,000	20,000
Pkg. Enforcement	Police Svcs State of CA-Reg assess	58,000	58,000	58,000
Pkg. Enforcement	Police Svcs State of CA-St Court Facilities	10,000	10,000	10,000
Pkg. Enforcement	Police Svcs State of CA-Trial Court Trust Fd	20,000	20,000	20,000
Total		\$ 289,500	\$ 289,500	\$ 289,500
Animal Svcs.	Police Svcs Animal services	\$ 139,497	\$ 150,524	\$ 158,050
Total		\$ 139,497	\$ 150,524	\$ 158,050

Department	Contract Description	FY25/26		FY26/27		FY27/28	Item 5 A.
		Amended		Proposed		Planned	
Streets	CS-Gen/Admin Contracts - general	\$	30,000	\$	30,000	\$	30,000
Streets	CS-Prop & equip Comm - mobile phone		13,000		13,000		13,000
Streets	CS-Prop & equip Esplanade sidewalk cleaning		31,000		32,500		32,500
Streets	CS-Prop & equip Eucalyptus maintenance -Park Ave		15,000		15,000		15,000
Streets	CS-Prop & equip Riparian Restoration		15,000		15,000		15,000
Streets	CS-PW & Trans. Electrical services		-		-		-
Streets	CS-PW & Trans. Lagoon grading		15,000		15,000		15,000
Streets	CS-PW & Trans. PW Engineering services		15,000		15,000		15,000
Streets	CS-PW & Trans. Soquel Crk monitoring-fish		50,000		52,000		52,000
Streets	CS-PW & Trans. Transportation-Beach shuttle svc		104,454		92,000		96,000
Streets	CS-Temp. Staff & Instr. Hope Services		24,000		25,000		25,000
Streets	CS-Temp. Staff & Instr. Temporary staff		80,000		80,000		80,000
Streets	Other contract services Legal notices		1,500		1,500		1,500
Streets	Other contract services Unanticipated events		10,053		10,000		10,000
Streets	Rental contracts Union Pacific RR yearly		1,000		1,000		1,000
Total		\$	405,007	\$	397,000	\$	401,000
Storm Water	CS-Environmental Svcs Central coast recycling media	\$	5,000	\$	5,000	\$	5,000
Storm Water	CS-Environmental Svcs JPA-Pollution control		-		-		-
Storm Water	CS-Environmental Svcs Recycling services		19,807		25,000		-
Storm Water	CS-Environmental Svcs SCC-Hazardous waste disp fee		75,000		75,000		75,000
Storm Water	CS-PW & Trans. CA NPDES-storm water mgmt prog		40,000		40,000		25,000
Storm Water	CS-PW & Trans. Regional Water Mgmt Foundation		5,000		5,000		5,000
Storm Water	CS-PW & Trans. Soquel Crk monitoring-water qual		5,000		5,000		5,000
Total		\$	149,807	\$	155,000	\$	115,000
Facilities	CS-Gen/Admin Contracts - general	\$	-	\$	2,500	\$	2,500
Facilities	CS-Prop & equip Comm - local & long distance		1,200		1,700		1,700
Facilities	CS-Prop & equip Comm - T-1 line		7,500		7,500		7,500
Facilities	CS-Prop & equip Equipment repairs & maintenance		16,000		27,700		17,200
Facilities	CS-Prop & equip Janitorial services		35,000		38,000		39,000
Facilities	CS-Prop & equip Property alarm service		3,400		3,400		3,400
Facilities	CS-Prop & equip Property repairs & maintenance		95,500		82,000		52,000
Facilities	CS-Prop & equip Utility serv - gas & electric		117,500		132,000		133,000
Facilities	CS-Prop & equip Utility serv - sanitation distr		4,000		8,100		8,100
Facilities	CS-Prop & equip Utility serv - water		15,000		16,600		16,600
Facilities	CS-PW & Trans. ADA compliance		15,000		20,000		20,000
Facilities	CS-PW & Trans. Electrical services		-		20,000		20,000
Facilities	CS-PW & Trans. Inspections		-		-		-
Facilities	CS-PW & Trans. Tree services		2,000		2,000		2,000
Facilities	Rental contracts Equipment and vehicles		7,000		8,000		8,000
Total		\$	319,100	\$	369,500	\$	331,000
Fleet	CS-Gen/Admin Contracts - general	\$	-	\$	-	\$	-
Fleet	CS-Prop & equip Equipment repairs & maintenance		10,000		12,000		12,000
Total		\$	10,000	\$	12,000	\$	12,000
Parks	CS-Gen/Admin Contracts - general	\$	8,000	\$	5,000	\$	5,000
Parks	CS-Prop & equip Bike track maintenance		-		-		-
Parks	CS-Prop & equip Equipment repairs & maintenance		6,000		6,000		6,000
Parks	CS-Prop & equip Janitorial services		37,500		38,600		38,600
Parks	CS-Prop & equip Property repairs & maintenance		26,000		33,000		31,000
Parks	CS-Prop & equip Utility serv - gas & electric		6,300		6,300		6,400
Parks	CS-Prop & equip Utility serv - sanitation distr		25,000		26,000		26,000
Parks	CS-Prop & equip Utility serv - water		177,400		180,900		180,400
Parks	CS-PW & Trans. Electrical services		2,000		1,000		1,000
Parks	CS-PW & Trans. Tree services		16,000		19,000		19,000
Parks	Rental contracts Equipment and vehicles		10,500		10,000		10,000
Total		\$	314,700	\$	325,800	\$	323,400

Department	Contract Description	Item 5 A.		
		FY25/26 Amended	FY26/27 Proposed	FY27/28 Planned
Planning	CS-Gen/Admin Contracts - general	\$ 80,000	\$ 50,000	\$ 50,000
Planning	CS-Plan Svc Admin services	-	-	-
Planning	Other contract services Legal notices	5,000	5,000	5,000
Total		\$ 85,000	\$ 55,000	\$ 55,000
Building	CS-Bldg Svcs Bldg plan checks - outsourced	\$ 81,138	\$ 85,000	\$ 85,000
Building	CS-Bldg Svcs Engineering & Inspections	155,000	10,000	10,000
Total		\$ 236,138	\$ 95,000	\$ 95,000
Comm Svcs. & Rec	CS-Fin Svcs Credit card merchant fees	\$ 10,000	\$ 19,000	\$ 19,000
Comm Svcs. & Rec	CS-Gen/Admin Contracts - general	29,000	31,000	29,500
Comm Svcs. & Rec	CS-Info Tech Contracts Recreation technology system	19,000	25,000	25,000
Comm Svcs. & Rec	CS-Other, Events & Tourism CS-July IS	1,600	1,600	1,600
Comm Svcs. & Rec	CS-Other, Events & Tourism CS-Movies @ Beach-Screen	2,100	2,100	2,100
Comm Svcs. & Rec	CS-Other, Events & Tourism Food Truck Fridays	5,500	5,500	5,500
Comm Svcs. & Rec	CS-Other, Events & Tourism Plein Air Other	10,000	20,000	20,000
Comm Svcs. & Rec	CS-Other, Events & Tourism Plein Air Vendors	5,000	5,000	5,000
Comm Svcs. & Rec	CS-Other, Events & Tourism Rapid Weddings	3,700	-	-
Comm Svcs. & Rec	CS-Other, Events & Tourism Twilight concert - Bands	15,000	15,000	15,000
Comm Svcs. & Rec	CS-Other, Events & Tourism Twilight concert-Sound Engin	14,000	15,000	15,000
Comm Svcs. & Rec	CS-Other, Events & Tourism Weekend Music	6,000	6,600	6,600
Comm Svcs. & Rec	CS-Other, Events & Tourism Wharf Music	6,750	-	-
Comm Svcs. & Rec	CS-Personnel Svcs Background investigations	-	-	-
Comm Svcs. & Rec	CS-Prop & equip Comm - local & long distance	-	-	-
Comm Svcs. & Rec	CS-Prop & equip Comm - T-1 line	-	-	-
Comm Svcs. & Rec	CS-PW & Trans. Transportation-Rec program	2,200	1,500	1,500
Comm Svcs. & Rec	CS-Temp. Staff & Instr. Rec contract inst and sports off	112,500	147,500	147,500
Comm Svcs. & Rec	Other contract services Advertising	-	-	-
Comm Svcs. & Rec	Other contract services Copying, printing and binding	15,000	21,000	21,000
Comm Svcs. & Rec	Other contract services Events liability insurance	8,000	8,000	8,000
Comm Svcs. & Rec	Other contract services Mailing service	18,000	21,000	21,000
Comm Svcs. & Rec	Other contract services Photography	8,000	10,000	10,000
Total		\$ 291,350	\$ 354,800	\$ 353,300
Museum	Rental contracts Land and buildings	\$ 15,000	\$ 20,000	\$ 20,000
Museum	Other contract services Museum curation	1,500	1,500	1,500
Total		\$ 16,500	\$ 21,500	\$ 21,500
Grand Total		\$ 3,866,191	\$ 4,024,634	\$ 3,940,263

Community Based Social Service Providers

Item 5 A.

Community Based Social Service Providers are funded by the General Fund and restricted Transient Occupancy Tax (TOT) revenue. Each year a determination is made regarding funds available and allocation. Due to COVID-19 the Community Grant program continues to be funded in FY 2026-27 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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY26/27 Proposed	FY27/28 Planned
Community Services					
Homeless Action Partnership (HAP)				\$ 8,425	\$ 8,425
Advocacy, Inc.	0		10,000		
Blue Circle	0		5,000		
Cabrillo College Stroke and Disability Center	7,779		10,000		
Central Coast Center for Independent Living	0				
Community Action Board, Inc.	0		10,000		
Community Bridges	5,522				
Community Bridges - Lift Line					
Community Bridges - Live Oak					
Community Resources					
Community Bridges - Meals on Wheels					
Companion for Life / Lifeline					
Conflict Resolution Program	3,489				
Arts Council of Santa Cruz County	0		2,500		
Dientes Community Dental Care	1,524				
Diversity Center	0				
Encompass Santa Cruz AIDS Project					
Family Service Agency of Santa Cruz	12,762		7,500		
Grey Bears, Inc.	0				
Homeless Svcs. Center	0				
Hospice Caring Project	0		3,000		
MidCounty Senior Center			7,500		
Monarch Services Servidios Monarca			7,500		
Monterey Bay National Marine					
Sancutary	0		5,000		
NAMI Santa Cruz County	0		12,000		
Native Animal Rescue	1,303				
Second Harvest Food Bank	0				
Senior Citizens Legal Services	0				
Senior Network Services	2,782		7,500		
Srs Council - SCC/San Benito Co.	0		10,000		
Survivors' Healing Center					
United Way	5,000		7,500		
United Way - 2-1-1 Help Line					
Vista Center for the Blind	0		5,000		
Volunteer Center of Santa Cruz County	3,489		7,500		
Women Care				0	0
Cabrillo College Foundation	0			0	0
Community Grants-Unassigned		101,650		117,500	117,500
\$	43,650	\$ 101,650	\$ 117,500	\$ 125,925	\$ 125,925

AGENCY	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY26/27 Proposed	FY27 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		-	-	-	-
Parents Center, Inc.	-	-	7,500	-	-
Toddler Care Center		-	-	-	-
United Way - Community Assessment Project			-	-	-
Childcare Center Fee Grant			-	-	-
	\$0	\$0	\$7,500	\$7,500	\$7,500
General Fund Total	\$ 43,650	\$ 101,650	\$ 125,000	\$ 133,425	\$ 133,425
Early Childhood / Youth Services (TOT Children's Fund)				\$ -	\$ -
Early Childhood & Youth Services			\$ -		
Big Brothers/Big sisters	0	6,000	7,500		
Community Bridges - Child Development Division	1,004				
Diversity Center SC County	0	0	7,500		
Court-Appointed Special Advocates			7,500		
Encompass Youth Services Counseling	0				
O'Neill Sea Odyssey	0		10,000		
Monterey Bay National Marine Sanctuary	0	0	7,500		
Parents Center, Inc.	0	7,400			
Toddler Care Center	0				
United Way - Youth Action Network (YAN) youth liason program	0	5,000			
Santa Cruz Museum of Discovery	0	10,000	12,500		
Casa of Santa Cruz	0	10,000			
Boys and Girls Club of Santa Cruz County	0	10,000	7,500		
Childcare Center Fee Grant					
Recreation Programming	0	19,332			
TOT Youth Funding Total	\$1,004	\$67,732	\$60,000	\$0	\$0
Estimated Children's Fund Revenue	\$45,401	\$62,049	\$60,000	\$64,800	\$66,104
Remaining Funds	\$44,397	-\$5,683	\$0	\$64,800	\$66,104
Total Social Service Program Funding	\$44,654	\$169,382	\$185,000	\$133,425	\$133,425

GENERAL FUND EXPENDITURES

Item 5 A.

SUPPLIES

The following table provides a history of the supply budgets by department. Additional information is available in the General Fund Department section.

Supplies	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Council	\$ 2,082	\$ 2,411	\$ 5,500	\$ 5,500	\$ 6,800	\$ 6,800
City Manager	20,621	11,042	10,000	10,300	7,500	7,500
Finance	4,182	2,562	4,600	4,600	4,600	4,600
Police Department	160,401	157,374	109,400	109,400	119,700	119,700
Public Works	625,328	548,449	572,700	572,700	623,600	615,100
Community Development	978	6,433	2,500	2,500	2,500	2,500
Community Services & Rec	87,583	76,553	94,150	94,150	97,300	97,300
Museum	21,684	14,753	2,850	2,850	17,350	2,850
Arts & Culture	35,300	35,300	0	0	0	0
Total	\$958,158	\$854,877	\$801,700	\$802,000	\$ 879,350	\$856,350

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.

Training	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
City Council	\$ 20,531	\$ 19,380	\$ 31,380	\$ 31,380	\$ 32,380	\$ 32,380
City Manager	17,171	7,304	11,200	12,250	2,200	2,200
Finance	4,872	5,859	7,500	7,500	1,000	1,000
Police	77,379	60,958	79,500	79,500	63,250	79,500
Public Works	4,684	4,049	6,000	6,000	3,000	3,000
Community Development	3,928	3,221	16,250	16,250	11,850	11,850
Community Services & Rec	13,592	12,578	16,650	16,650	9,700	15,300
Museum	1,167	1,527	1,000	1,000	1,000	1,000
Total	\$143,324	\$114,877	\$169,480	\$170,530	\$ 124,380	\$146,230

INTERNAL SERVICES

Item 5 A.

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 2026-27 proposed budget provides funding for increased insurance premiums as well as equipment purchases for equipment funded in prior years.

Internal Services	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Stores	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	271,000	268,001	346,044	346,044	401,000	411,200
Equipment Replacement	250,000	65,000	197,000	197,000	-	-
Self-Insurance Liability	622,136	760,037	685,248	685,248	832,311	852,009
Workers' Compensation	447,705	403,541	402,112	402,112	350,907	361,434
Total	\$ 1,617,841	\$ 1,523,579	\$ 1,657,404	\$ 1,657,404	\$ 1,611,218	\$ 1,651,644

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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Contingency Reserves	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
Emergency Reserves	147,300	250,000	-	-	-	-
Facilities Fund	-	100,000	-	-	-	-
PERS Contingency Reserve	250,000	-	-	-	-	-
CIP Capital Projects	2,205,000	550,000	-	-	-	-
Stores ISF	-	-	-	-	-	-
Information Technology	-	235,000	-	-	-	-
Equipment Replacement	-	200,000	-	-	200,000	200,000
Interfund transfer Library fund	50,958	-	-	-	-	-
Compensated Absences	220,000	225,000	200,000	200,000	300,000	200,000
RTC Streets	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
Wharf Fund	-	-	-	-	-	-
Parking Reserve	100,000	469,000	-	-	-	-
OPEB Trust Fund	-	-	-	-	-	-
Pacific Cove Lease	40,066	-	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,116	86,881
			-	-	-	-
Total	\$ 3,271,324	\$ 2,288,788	\$ 287,568	\$ 287,568	\$ 587,116	\$ 486,881

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 – 2025/26

- 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
- Collect public input and determine path forward for Capitola Wharf Master Plan
- Review and update, if necessary, the City Council Code of Conduct

FISCAL YEAR GOALS - 2026/27

- Balanced budget while using resources for public improvements
- Provided services, staff, and equipment to ensure public safety and trust
- Approved projects and programs to maintain and enhance the quality of life in Capitola

CITY COUNCIL

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-10-10-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 132,580	\$ 133,156
Revenue Total	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 132,580	\$ 133,156
Expenditures						
Personnel	\$ 40,752	\$ 41,200	\$ 40,689	\$ 40,689	\$ 40,689	\$ 40,689
Contract services	19,150	56,602	29,711	29,711	29,711	29,711
Training & Memberships	20,531	19,380	31,380	31,380	32,380	32,380
Supplies	2,082	2,411	5,500	5,500	6,800	6,800
Internal service fund charges	16,981	18,168	19,979	19,979	23,000	23,576
Expenditure Totals	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 132,580	\$ 133,156
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 Burke, Williams & Sorensen

KEY CHANGES

Marc Tran of Burke, Williams & Sorensen is Capitola's City Attorney

FISCAL YEAR ACCOMPLISHMENTS – 2025/26

- 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.

FISCAL YEAR GOALS – 2026/27

- Advise Council on potential and pending litigation.
- Assist and advise staff on contracts, labor relations, and other legal assessments.
- Resolve existing litigation.
- Assist City in labor negotiations with all employee groups.

CITY ATTORNEY

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-10-16-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$506,544	\$438,331	\$325,000	\$ 325,000	\$342,000	\$335,000
Revenue Totals	\$506,544	\$438,331	\$325,000	\$ 325,000	\$342,000	\$335,000
Expenditures						
Outside Legal Services	\$ 3,862	\$ 11,749	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
City Attorney Contract	381,687	333,101	300,000	300,000	310,000	310,000
City Attorney Special Services	69,988	63,502	-	-	-	-
City Attorney Rent Control	10,076	7,746	-	-	-	-
City Attorney - Labor & Personnel	40,931	22,233	15,000	15,000	22,000	15,000
Expenditure Totals	\$506,544	\$438,331	\$325,000	\$ 325,000	\$342,000	\$335,000

CITY MANAGER

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 City of Capitola is a Council-Manager form of government, under which the City Council appoints a City Manager who serves as the City's chief administrative officer and is responsible for implementing Council policies. The purpose of this department 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.

KEY CHANGES

The City Manager Department internally promoted the former Office Coordinator to the Deputy City Clerk position and hired a new Office Coordinator.

The FY2025/26 Budget includes a proposed organizational change, shifting Human Resources and Information Systems from the City Manager Department into the newly titled Administrative Services Department, along with Finance services (formerly the Finance Department). With this new structure, the City Manager remains the Personnel Officer, with the ability to designate these duties to other staff as needed. The City Manager Department will keep the Assistant to the City Manager position, now allocated to the department 100% rather than 50% with 50% Personnel, to support expanding public outreach and community engagement efforts, managing special projects and contracts, such as the Annexation Feasibility Study, and providing support to the City Manager and all City departments.

FISCAL YEAR 2025/26 ACCOMPLISHMENTS

- Successfully facilitated a well-attended civic-engagement program, Discover Capitola
- Completed annexation feasibility study and partnered with LAFCO to modify the City's sphere of influence
- Expanded following of City social media platforms and subscriptions to the City digital newsletter
- Prepared content for and facilitated positively received Town Hall meeting
- Partnered with County Park Friends on the Treasure Cove Playground project.

FISCAL YEAR GOALS – 2026/27

FISCAL POLICY

- Evaluate potential revenue ballot measures.
- Continue city-wide Economic Development efforts including working with the Capitola Mall to improve the mall facility.
- Continue to work to create a safer work environment and reduce employee injuries.
- Review and prioritize City services.
- Support economic development.
- Debut new City website.
- Seek opportunities to partner with other agencies for greater outcome or savings.

- Increase public outreach
- Support election: three Council seats up for election this Fall
- Continue to improve public meeting access.
- Use dedicated funds for youth programming.

- Work with community partners to enhance public serving spaces, like the fundraising partnership with Capitola Cares
- Continue increased street and facility maintenance through use of Measure D resources.

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-10-11-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$1,210,131	\$1,270,071	\$1,063,938	\$1,063,938	\$1,119,741	\$1,125,094
Licenses and permits	4,072	5,092	4,000	4,000	4,500	4,500
Revenue Totals	\$1,214,203	\$1,275,163	\$1,067,938	\$1,067,938	\$1,124,241	\$1,129,594
Expenditures						
Personnel	\$ 962,045	\$ 952,951	\$ 808,847	\$ 808,847	\$ 826,228	\$ 850,379
Contract services	109,836	178,691	99,500	99,500	126,500	103,500
Training & Memberships	12,551	7,911	8,200	8,200	1,200	1,200
Supplies	5,811	4,686	4,000	4,000	1,000	1,000
Internal service fund charges	123,959	130,923	147,391	147,391	169,313	173,515
Expenditure Totals	\$1,214,203	\$1,275,163	\$1,067,938	\$1,067,938	\$1,124,241	\$1,129,594
Authorized Positions	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	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	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	1.00	1.00
Human Resources Analyst	1.00	1.00	1.00	1.00	0.00	0.00
Information System Specialist	0.50	0.50	0.50	0.50	0.00	0.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	5.30	5.80	5.80	5.80	4.80	4.80

ADMINISTRATIVE SERVICES - 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.

PERSONNEL

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
1000-10-12-000						
Revenues						
General Fund	\$397,852	\$465,845	\$3,343,009	\$3,344,359	\$3,770,015	\$3,885,363
Revenue Totals	\$397,852	\$465,845	\$3,343,009	\$3,344,359	\$3,770,015	\$3,885,363
Expenditures						
Personnel	\$287,608	\$385,395	\$3,268,866	\$3,268,866	\$3,650,849	\$3,774,198
Contract services	74,211	55,576	47,000	47,000	90,600	82,100
Training & Memberships	4,620	(607)	3,000	4,050	1,000	1,000
Supplies	14,809	6,355	6,000	6,300	6,500	6,500
Internal service fund charges	16,604	19,126	18,143	18,143	21,066	21,565
Expenditure Totals	\$397,852	\$465,845	\$3,343,009	\$3,344,359	\$3,770,015	\$3,885,363
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Authorized Positions						
City Manager	0.20	0.20	0.20	0.20	0.20	0.20
Finance Director	-	-	-	-	0.25	0.25
Human Resources Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.50	0.50	0.50	0.50	-	0.00
FTE Total	1.70	1.70	1.70	1.70	1.45	1.45

ADMINISTRATIVE SERVICES – FINANCE AND INFORMATION TECHNOLOGY

GENERAL GOVERNMENT

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 the City Council and the public.

The FY2025/26 Budget includes a proposed organizational change, shifting Human Resources and Information Systems from the City Manager Department into the newly titled Administrative Services Department, along with Finance services (formerly the Finance Department). With this new structure, the City Manager remains the Personnel Officer, with the ability to designate these duties to other staff as needed. The new structure will allow for the personnel, finance, and information technology divisions to improve communications and efficiencies as the City continues to implement more and more technology solutions personnel and finance.

FISCAL YEAR ACCOMPLISHMENTS – 2025-26

- Continued TOT vacation rental audit and enforcement program.
- Implemented new bail schedule
- Implemented transition of IT to a contracted service
- Provided analytical support to operations departments.

FISCAL YEAR GOALS – 2026-27

- Prepare and maintain a balanced budget.
- Plan for and meet future PERS increases.
- 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 Y
- Continue partnerships with departments to maintain financial accountability and transparency.
- Continue to improve City financial transparency to the public.

ADMIN SERVICES - FINANCE & IT

1000-10-17-000	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 574,082	\$ 655,119	\$ 498,252	\$ 498,252	\$ 494,640	\$ 511,059
Licenses & Permits	323,755	334,237	324,000	324,000	330,300	333,603
Intergovernmental	6,849	6,939	6,700	6,700	6,700	6,700
Use of money & property	12,220	9,566	12,000	12,000	12,000	12,000
Other revenue	3,700	1,420	3,000	3,000	-	-
Revenue Totals	\$ 920,606	\$1,007,281	\$ 843,952	\$ 843,952	\$ 843,640	\$ 863,362

Expenditures

Personnel	\$ 629,425	\$ 707,377	\$ 559,475	\$ 559,475	\$ 566,690	\$ 583,567
Contract services	195,003	196,786	171,500	171,500	155,100	155,100
Training & Memberships	4,872	5,859	7,500	7,500	1,000	1,000
Supplies	4,182	2,562	4,600	4,600	4,600	4,600
Internal service fund charges	87,124	94,697	100,877	100,877	116,250	119,094
Expenditure Totals	\$ 920,606	\$1,007,281	\$ 843,952	\$ 843,952	\$ 843,640	\$ 863,362

Authorized Positions	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Finance Director	1.00	1.00	1.00	1.00	0.75	0.75
Senior Accountant	1.00	1.00	-	-	-	0.00
Accountant II	-	-	1.00	1.00	2.00	2.00
Accountant I	-	-	1.00	1.00	-	0.00
Account Clerk	0.75	-	1.00	1.00	1.00	1.00
Account Technician	-	1.00	-	-	-	-
Information System Specialist	-	-	-	-	0.50	0.50
FTE Total	2.75	3.00	4.00	4.00	4.25	4.25

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 – 2025-26

- Converting CSO to MSO
- Filling PEO positions
- Successful PO recruitment ongoing
- Axon interview room
- EOP- almost complete
- Grants:
- Cannabis
- Body armor
- Pay station replacement plan completed
- Ecite technology rolled out for use

FISCAL YEAR GOALS –2026-27

- Build a realistic budget for the new technology and upgraded technology used at PD
- Axon
- Drones
- RMS
- RING
- ALPR
- MSO trained and embedded in NBMS and community outreach
- Bring on new Chief Advisory Committee members

POLICE SUMMARY

Police Department Summary	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenue						
General Fund	\$ 7,986,740	\$ 8,021,104	\$ 7,078,272	\$ 7,093,272	\$ 6,859,058	\$ 7,042,892
Licenses and permits	49,327	56,024	45,500	45,500	55,500	55,500
Intergovernmental revenues	82,760	98,683	130,378	130,378	201,978	201,978
Charges for services	60,548	83,616	81,500	81,500	100,000	100,000
Fines and forfeitures	425,043	503,122	690,000	675,000	920,000	920,000
Other revenues	1,433	5,305	26,600	26,600	-	-
Revenue Totals	\$ 8,605,851	\$ 8,767,854	\$ 8,052,250	\$ 8,052,250	\$ 8,136,536	\$ 8,320,370
Expenditures						
Personnel	\$6,202,707	\$6,379,345	\$5,553,529	\$5,553,529	\$5,595,072	\$5,761,539
Contract services	1,299,851	1,285,100	1,365,878	1,365,878	1,495,123	1,527,652
Training & Memberships	77,379	60,958	79,500	79,500	63,250	79,500
Supplies	160,401	157,374	109,400	109,400	119,700	119,700
Internal service fund charges	884,847	884,878	943,943	943,943	863,392	885,845
Expenditure Totals	\$ 8,625,185	\$ 8,767,654	\$ 8,052,250	\$ 8,052,250	\$ 8,136,536	\$ 8,374,235

Authorized Positions	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 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	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
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	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
FTE Total	30.50	30.50	31.00	31.00	31.00	31.00

LAW ENFORCEMENT**POLICE****LAW ENFORCEMENT**

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-20-20-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 7,659,276	\$ 7,720,322	\$ 6,967,488	\$ 6,982,488	\$ 6,975,118	\$ 7,143,602
Licenses and permits	49,327	56,024	45,500	45,500	55,500	55,500
Intergovernmental revenues	82,760	98,683	130,378	130,378	201,978	201,978
Charges for services	60,548	83,616	81,500	81,500	100,000	100,000
Fines and forfeitures	79,590	172,479	90,000	75,000	70,000	70,000
Other revenues	1,433	5,305	26,600	26,600	-	-
Revenue Totals	\$ 7,932,934	\$ 8,136,429	\$ 7,341,466	\$ 7,341,466	\$ 7,402,596	\$ 7,571,080
Expenditure						
Personnel	\$ 6,004,382	\$ 6,194,376	\$ 5,329,370	\$ 5,329,370	\$ 5,365,365	\$ 5,525,149
Contract services	860,848	891,444	936,881	936,881	1,055,099	1,080,101
Training & Memberships	77,379	60,958	79,500	79,500	63,250	79,500
Supplies	143,922	149,156	93,400	93,400	103,700	103,700
Internal service fund charges	846,403	840,496	902,315	902,315	815,183	836,494
Expenditure Totals	\$ 7,932,934	\$ 8,136,429	\$ 7,341,466	\$ 7,341,466	\$ 7,402,596	\$ 7,571,080

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
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	2.00	2.00
Police Sergeant	5.00	5.00	5.00	5.00	4.00	4.00
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	1.00	1.00	1.00	1.00
Records Technician	1.75	1.75	2.00	2.00	2.00	2.00
Administrative Assistant	0.75	0.75	-	-	-	-
FTE Total	28.50	28.50	28.00	28.00	28.00	28.00

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 – 2024/25

- Maintain existing pay stations.
- Begin upgrading pay stations with a new payment interface.
- Explore hybrid vehicle options for parking enforcement vehicles.

FISCAL YEAR GOALS –2025/26

- Continue upgrading the pay stations with a new payment interface.
- Evaluate the cost of hourly parking and the bail schedule for parking citation violations.

PARKING ENFORCEMENT

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-20-21-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 227,986	\$ 166,846	\$ (30,019)	\$ (30,019)	\$(268,163)	\$(260,377)
Fines and forfeitures	345,452	330,644	600,000	600,000	850,000	850,000
Use of money & property	19,335	(200)	-	-	-	-
Revenue Totals	\$ 592,774	\$ 497,290	\$ 569,981	\$ 569,981	\$ 581,837	\$ 589,623
Expenditures						
Personnel	\$ 198,325	\$ 184,969	\$ 224,159	\$ 224,159	\$ 229,707	\$ 236,390
Contract services	340,705	261,163	289,500	289,500	289,500	289,500
Supplies	16,480	8,218	16,000	16,000	16,000	16,000
Internal service fund charges	37,264	42,940	40,322	40,322	46,630	47,734
Expenditure Totals	\$ 592,774	\$ 497,290	\$ 569,981	\$ 569,981	\$ 581,837	\$ 589,623
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
Authorized Positions	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

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

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-20-23-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenue						
General Fund	\$ 99,478	\$133,935	\$140,803	\$ 140,803	\$ 152,103	\$159,667
Charges for services	-	-	-	-	-	-
Revenue Totals	\$ 99,478	\$133,935	\$140,803	\$ 140,803	\$ 152,103	\$159,667
Expenditures						
Contract services	\$ 98,298	\$132,493	\$139,497	\$ 139,497	\$ 150,524	\$158,050
Internal service fund charges	1,180	1,442	1,306	1,306	1,579	1,617
Expenditure Totals	\$ 99,478	\$133,935	\$140,803	\$ 140,803	\$ 152,103	\$159,667

PUBLIC WORKS SUMMARY

PUBLIC WORKS

MISSION STATEMENT

The Capitola Department of Public Works, through our valued employees, develops, maintains, and operates the City's infrastructure and natural resources and provides environmental stewardship for the benefit of our residents, businesses, and visitors.

DEPARTMENT PURPOSE

Public Works stewards Capitola's public infrastructure. We are dedicated to providing safe, functional and sustainable systems improving the quality of life for the residents, businesses and visitors of the City of Capitola in a responsive and cost-effective manner and in accordance with local, state and federal regulations.

To provide this stewardship, the department has three divisions.

The *Maintenance* Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

The *Engineering* Division designs and oversees the construction of all capital improvement projects for the City's public infrastructure systems and public buildings/facilities; prepares technical studies/reports; regulates construction activities within the public right-of-way by private entities and utility companies; and maintains infrastructure records. The Engineering Division also works closely with the Community Development Department and Building Division to perform plan review and inspection services of tract/parcel maps for subdivisions and grading and drainage improvements on private property; provides technical support to the Public Works Maintenance Division.

The *Environmental* Division provides environmental support services to Public Works and other City Departments to ensure compliance with federal, state, and local environmental laws, regulations, and policies. The Environmental Division also manages the City's Storm Water Management Program and Solid Waste Franchise Agreement which includes industrial, construction, and municipal activities and operations within the City; staffs the Commission on the Environment.

FISCAL YEAR ACCOMPLISHMENTS – 2025-26

- Completed Community Center Renovation
- Completed Treasure Cove Playground
- Completed Jade Street Restroom Renovation
- Completed 41st Avenue Multimodal Improvements
- Advanced Bay Avenue Corridor Project through planning and concept development
- Advanced Cliff Drive Resiliency Project through preliminary design
- Secured grant funding for Esplanade Park Improvement development

FISCAL YEAR GOALS – 2026-27

- Complete Citywide Active Transportation Plan (ATP)
- Complete update of the Climate Action Plan
- Advance Esplanade Park Improvements into design and implementation phases
- Advance Cliff Drive Resiliency Project into final design
- Advance additional capital improvement projects

PUBLIC WORKS SUMMARY						
Public Works Summary	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenue						
General Fund	\$ 3,876,663	\$ 4,029,629	\$ 4,124,147	\$ 4,124,147	\$ 4,213,452	\$ 4,197,094
Licenses and permits	30,247	35,520	35,000	35,000	36,000	36,000
Charges for services	10,646	12,104	12,000	12,000	13,000	13,000
Other revenues	15,138	40,032	10,000	10,000	10,000	10,000
Revenue Totals	\$ 3,973,340	\$ 4,120,387	\$ 4,186,147	\$ 4,186,147	\$ 4,277,452	\$ 4,261,094
Expenditures						
Personnel	\$ 2,031,373	\$ 2,204,283	\$ 2,163,278	\$ 2,163,278	\$ 2,185,073	\$ 2,249,148
Contract services	1,019,783	1,174,213	1,198,614	1,198,614	1,259,300	1,182,400
Training & Memberships	4,684	3,479	5,500	5,500	3,000	3,000
Supplies	625,328	548,449	572,700	572,700	623,600	615,100
Internal service fund charges	292,172	189,392	245,555	245,555	206,478	211,446
Expenditure Totals	\$ 3,973,339	\$ 4,119,816	\$ 4,185,647	\$ 4,185,647	\$ 4,277,451	\$ 4,261,094
Authorized Positions						
	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 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
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00	-	-	-	-	-
Maintenance Worker I & II	9.00	9.00	7.50	7.50	9.00	9.00
Maintenance Worker III	2.00	1.00	2.00	2.00	2.00	2.00
SR. Mechanic/Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	16.00	16.00	16.00	16.00	18.00	18.00

STREETS**PUBLIC WORKS****STREETS**

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-30-30-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 2,180,505	\$ 2,174,013	\$ 2,139,648	\$ 2,139,648	\$ 2,059,496	\$ 2,109,610
Licenses and permits	30,247	35,520	35,000	35,000	36,000	36,000
Intergovernmental revenues	40,647	3,103	5,000	5,000	5,000	5,000
Charges for services	6,318	8,088	8,000	8,000	9,000	9,000
Other revenues	10,405	40,032	10,000	10,000	10,000	10,000
Revenue Totals	\$ 2,268,122	\$ 2,260,755	\$ 2,197,648	\$ 2,197,648	\$ 2,119,496	\$ 2,169,610

Expenditures

Personnel	\$ 1,555,228	\$ 1,555,913	\$ 1,494,753	\$ 1,494,753	\$ 1,489,398	\$ 1,532,693
Contract services	365,784	505,159	405,007	405,007	397,000	401,000
Training & Memberships	4,174	1,421	3,000	3,000	-	-
Supplies	120,183	89,709	125,000	125,000	115,000	115,000
Internal service fund charges	222,753	108,553	169,888	169,888	118,098	120,917
Expenditure Totals	\$ 2,268,122	\$ 2,260,755	\$ 2,197,648	\$ 2,197,648	\$ 2,119,496	\$ 2,169,610

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
Authorized Positions	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
Operations Maint. Supervisor	-	1.00	1.00	1.00	1.00	1.00
Field Supervisor	1.00					
Maintenance Worker I & II	7.00	7.00	6.50	7.00	7.00	7.00
Maintenance Worker III	1.00					
Development Services Tech	-	1.00	1.00	1.00	1.00	1.00
Environmental Projects Manager	1.00	1.00	1.00	1.00	1.00	1.00
FTE Total	12.00	12.00	11.50	12.00	12.00	12.00

STORMWATER**PUBLIC WORKS****STORM WATER**

1000-30-30-301	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$ 94,201	\$ 206,916	\$ 220,105	\$ 220,105	\$ 227,632	\$ 190,193
Charges for services	4,328	4,016	4,000	4,000	4,000	4,000
Revenue Totals	\$ 98,529	\$ 210,932	\$ 224,105	\$ 224,105	\$ 231,632	\$ 194,193
Expenditures						
Personnel	\$ 23,116	\$ 121,538	\$ 72,798	\$ 72,798	\$ 75,132	\$ 77,693
Contract services	75,413	88,372	149,807	149,807	155,000	115,000
Training & Memberships	-	-	-	-	-	-
Supplies	-	1,022	1,500	1,500	1,500	1,500
Expenditure Totals	\$ 98,529	\$ 210,932	\$ 224,105	\$ 224,105	\$ 231,632	\$ 194,193

FACILITIES

PUBLIC WORKS

FACILITIES						
1000-30-31-xxx	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenues						
General Fund	\$363,733	\$413,121	\$439,685	\$ 439,685	\$501,337	\$463,284
Other revenues	-	-	-	-	-	-
Revenue Totals	\$363,733	\$413,121	\$439,685	\$ 439,685	\$501,337	\$463,284
Expenditures						
Contract services	\$208,951	\$272,508	\$319,100	\$ 319,100	\$369,500	\$331,000
Supplies	140,938	124,056	105,000	105,000	113,100	113,100
Internal service fund charges	13,843	16,557	15,585	15,585	18,737	19,184
Expenditure Totals	\$363,733	\$413,121	\$439,685	\$ 439,685	\$501,337	\$463,284

FLEET**PUBLIC WORKS****FLEET**

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
1000-30-32-000	Actual	Actual	Amended	Estimated	Proposed	Planned
Revenues						
General Fund	\$429,248	\$471,717	\$504,357	\$504,357	\$556,558	\$569,029
Other revenues	4,733	-	-	-	-	-
Revenue Totals	\$433,981	\$471,717	\$504,357	\$504,357	\$556,558	\$569,029
Expenditures						
Personnel	\$129,170	\$185,545	\$226,206	\$226,206	\$236,250	\$243,149
Contract services	18,360	9,995	10,000	10,000	12,000	12,000
Training & Memberships	-	570	500	500	500	500
Supplies	267,891	253,523	247,500	247,500	284,000	289,000
Internal service fund	18,560	22,083	20,151	20,151	23,808	24,380
Expenditure Totals	\$433,981	\$471,717	\$504,357	\$504,357	\$556,558	\$569,029
Authorized Positions	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Mechanic/Sr. Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
FTE Total	1.00	1.00	1.50	1.50	2.00	2.00

BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT

BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT

MISSION STATEMENT

The Building, Planning, and Economic Development Department (BPED) promotes development which supports attainable housing, economic opportunities, community wellbeing, and the environment. The Department provides responsive, high-quality services and programs which enhance the quality of life for the City's residents, businesses, and visitors within the built and natural environment.

DEPARTMENT PURPOSE

The BPED administers the City's land use policies and standards adopted by the City Council including Zoning Code (Title 17), Housing and Development Administration (Title 18), General Plan, Housing Element, Local Coastal Program, and other regulations. The Department's key functions include review of development applications, application of CEQA, maintenance of regulatory and long-range planning documents, implement economic development strategy, building plan check and inspection services, code compliance, administration of the affordable housing programs, and grant administration related to planning, housing, economic development, public facilities, and public services. The Department provides staff support to the Planning Commission and City Council.

KEY CHANGES

During the past fiscal year, the department focused implementation of the Housing Element related to the Capitola Mall redevelopment, the 41st Avenue Corridor Plan, the Wharf Master Plan, and recruitments for the Building Official and Senior Planner. Priorities for FY2026-27, include ongoing collaboration toward redevelopment of the Capitola Mall, implementation of the Wharf Master Plan, implementation of the 41st Avenue Corridor Plan, and ongoing housing element implementation.

FISCAL YEAR ACCOMPLISHMENTS – 25/26

- Rebrand the department as the Community and Economic Development Department and realign priorities toward housing and economic development initiatives.
- Promoted economic growth through place making and branding initiatives of commercial corridors and adopted zoning incentives to catalyze redevelopment of the Capitola Mall.
- Implementation of the 6th Cycle Housing Element including objective standards for Mall Redevelopment and amendments to the Multifamily Residential zoning.
- Adopted the Capitola Wharf Master Plan and solicited proposals for development.
- Adopted the 41st Avenue corridor study incorporating Clares Street and Capitola Road.
- Issued occupancy for a 36-unit 100% affordable development at 4401 Capitola Road.
- Administered CDBG Grant of \$300,000 to nonprofit for low-income food and transit services.
- Administered CDBG Grant of \$3.3 million for renovation of the Jade Street Community Center and \$3.3 million for Treasure Cove Park.
- Initiated rehabilitation program with Habitat for Humanity. 7 applications received, 2 completed
- 80 planning and 407 building permit application submitted July 1, 2025, through April 15, 2026.

FISCAL YEAR GOALS – 26/27

- Engage property owners of economic development opportunity sites including Capitola Mall, Redtree's 1 Bay Avenue, and Swenson's 120 Monterey.
- Issue building permits for new 52-unit affordable housing development at 1098 38th Ave.
- Issue occupancy of Tesla Dealership at 1601 41st Avenue
- Provide training opportunities for building staff to bring building plan review in as an internal staff function to encourage growth and job satisfaction while providing savings to the City.
- Apply for 2026 CDBG grant for Community Facilities or Public Infrastructure for up to \$5 million
- Issue building permits for new hotel at 720 Hill Street and affordable housing at 1098 38th Ave.
- Issue occupancy of 36-unit, 100% affordable housing at 4401 Capitola Road.

- Complete Capitola Wharf Master Plan and research funding opportunities for implementation.
- Complete 41st Avenue corridor study.
- Administer grants to support Capitola residents with food services and housing production.
- Provide training opportunities for all staff to encourage growth, job satisfaction, and longevity.

BUILDING, PLANNING, AND ECONOMIC DEVELOPMENT

	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Community Development						
Revenue						
General Fund	\$ 398,918	\$ 408,128	\$ 671,562	\$ 693,062	\$ 391,408	\$ 416,711
Licenses and permits	349,910	308,930	313,000	277,000	347,500	347,500
Charges for services	251,975	185,724	239,000	253,500	299,000	299,000
Fines and forfeitures	-	100	-	-	-	-
Revenue Totals	\$1,000,804	\$ 902,882	\$ 1,223,562	\$1,223,562	\$ 1,037,908	\$1,063,211
Expenditures						
Personnel	\$ 783,697	\$ 712,974	\$ 800,442	\$ 800,442	\$ 779,436	\$ 802,744
Contract services	136,706	97,425	321,138	321,138	150,000	150,000
Training & Memberships	3,928	3,221	16,250	16,250	11,850	11,850
Supplies	978	6,433	2,500	2,500	2,500	2,500
Internal service charges	75,495	82,829	83,232	83,232	94,122	96,116
Expenditure Totals	\$1,000,804	\$ 902,882	\$ 1,223,562	\$1,223,562	\$ 1,037,908	\$1,063,211
Authorized Positions						
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	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	-	-	-	-
Development Services Tech	0.50	0.75	1.00	1.00	1.00	1.00
FTE Total	5.50	5.75	5.00	5.00	5.00	5.00
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

COMMUNITY SERVICES AND RECREATION

CULTURE & LEISURE

MISSION

The City of Capitola Community Services and Recreation Department is dedicated to providing safe, affordable, and enjoyable recreational opportunities that enrich the quality of life for residents and visitors of all backgrounds and abilities. Committed to excellence and public safety, the Department continuously strives to enhance its programs, services, and operations to best serve the evolving needs and interests of the community.

DEPARTMENT PURPOSE

The Community Services and Recreation Department enhances the quality of life for Capitola residents and the broader community by offering a wide range of recreation and leisure services. These include City-run programs such as Junior Lifeguards, Camp Capitola, and community events, as well as over 500 classes provided by contracted instructors. Youth programs serve more than 2,000 children annually. The Department also manages key community assets, including the Capitola Community Center, Jade Street Park, and Monterey Park. From Memorial Day weekend through the end of October, the Department operates a USLA-certified Lifeguard Division to ensure the safety of beachgoers at Capitola Beach. The Department represents the City through its staff, instructors, seasonal hires, and the condition of its facilities. It also fosters youth development through job training programs like the Junior Lifeguard Captains Corps and Camp Capitola Junior Leader Program and promotes access through scholarships for under-resourced youth.

KEY CHANGES

With the Community Center remodel project complete, the Community Services and Recreation Department will return offices and programs.

FISCAL YEAR ACCOMPLISHMENTS – 2025/26

- Provided Lifeguard services to event organizers and maintained tower services at Capitola Beach through the end of October.
- Sustained a robust schedule of Classes for Adults and Youth with minimal disruption during Community Center remodel.
- Provided Wharf programming with fun, family friendly activities by hosting a new “Boogie on the Wharf” dance event series.
- Modified Camp Capitola in response to the Community Center remodel while maintaining the program’s high quality at the temporary location
- Celebrated the 10th annual Plein Air event with new artist engagement opportunities for the public and record exhibition attendance.
- Introduced two new music events: “New Music Sundays” featuring local youth bands, and “Dueling Pianos” offering a fresh and interactive community opportunity.
- Enhanced Junior Guard youth development by redistributing age division throughout the session providing smaller group sizes for effective instruction.

FISCAL YEAR GOALS –2026/27

- Strengthen partnerships with county recreation agencies to expand regional initiatives such as Park Rx, Family Fun Day, and other collaborative programs.
- Develop a new Community Center Rental package incorporating new use opportunities provided by the Community Center Remodel.
- Enhance structure of the Beach Lifeguard Service and Junior Guard program.
- Provide Camp Capitola with an increased capacity and utilize the new Jade St Park features and Treasure Cove Playground.
- Utilize lessons learned for new music events “Dueling Pianos” and New Music Sunday’s” and provide an improver series for residents.

COMMUNITY SERVICES AND RECREATION

Recreation Summary 1000-50-50-xxx	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenue						
General Fund	\$ 741,225	\$ 792,864	\$ 717,565	\$ 717,565	\$ 768,830	\$ 781,949
Recreation Classes	\$ 265,704	\$ 215,911	\$ 200,000	\$ 200,000	\$ 275,000	\$ 275,000
Capitola Junior Guards	297,008	352,558	364,308	364,308	377,000	377,000
Sports	15,933	18,425	19,350	19,350	15,000	15,000
Camp Capitola	194,966	198,509	216,867	216,867	235,237	235,237
Afterschool Program	104,857	99,062	131,316	131,316	132,591	132,591
Events	2,347	10,295	71,900	71,900	65,300	65,300
Total Charges for Svcs.	\$ 880,816	\$ 894,760	\$ 1,003,741	\$ 1,003,741	\$ 1,100,128	\$ 1,100,128
Jade St. Rentals	\$ 16,103	\$ 13,628	\$ 10,000	\$ 10,000	\$ 30,000	\$ 30,000
Revenue Totals	\$ 1,638,144	\$ 1,701,252	\$ 1,731,306	\$ 1,731,306	\$ 1,898,958	\$ 1,912,077

Expenditures

Personnel	\$1,081,435.28	\$1,214,323.26	\$1,238,291.00	\$1,238,291.00	\$1,313,647.00	\$1,334,502.40
Contract services	335,258	300,763	291,350	291,350	354,800	353,300
Training & Memberships	13,592	12,578	16,650	16,650	9,700	15,300
Supplies	88,943	77,555	94,650	94,650	112,300	97,800
Internal service fund charges	118,917	96,033	90,365	90,365	108,511	111,175
Expenditure Totals	\$ 1,638,144	\$ 1,701,252	\$ 1,731,306	\$ 1,731,306	\$ 1,898,958	\$ 1,912,077

Authorized Positions	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Community Svcs. & Recreation Director					1.00	1.00
Recreation Division Manager	1.00	1.00	1.00	1.00	-	-
Recreation Coordinator	3.00	3.00	3.00	3.00	3.00	3.00
Customer Svc./Off. Coord.	1.00	1.00	1.00	1.00	1.00	1.00
Rec. Facilities Custodian	0.50	0.50	0.50	0.50	0.50	0.50
FTE Total	5.50	5.50	5.50	5.50	5.50	5.50

Hourly Allocation

Beach Lifeguard Captain	-	-	-	-	-	-
Beach Lifeguard/JG Instructor	7,200	12,648	12,091	12,091	13,224	13,224
Jr. Lifeguard Coordinator	1,200	-	-	-	-	-
Lifeguard Lieutenant/ JG Asst. Cord.	-	1,296	2,801	2,801	3,168	3,168
Recreation Leader I	-	3,503	4,492	4,492	4,500	4,500
Recreation Leader II	4,800	2,952	3,142	3,142	3,738	3,738
Recreation Coordinator	1,200	-	-	-	-	-
Recreation Asst. Coordinator	500	857	960	960	2,346	2,346
Youth Program Coordinator	720	687	-	-	-	-
Youth Program Leader	2,880	-	-	-	-	-
Recreation Admin Temps	1,560	-	-	-	-	-
Sports Scorekeepers	900	-	-	-	-	-
Recreation Facilities Assistant	-	-	-	-	-	-
Recreation Specialist I	-	300	570	570	900	900
Recreation Specialist II	-	-	460	460	290	290
Hours Total	20,960	22,243	24,516	24,516	28,166	28,166

MUSEUM

CULTURE & LEISURE

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 – 2025/26

- Installed “Multiple Personalities: the stories behind Capitola’s historic buildings” exhibition
- Installed rotating exhibits at the Capitola Library.
- Increased visitation to museum
- Increased volunteer count for continuous museum open hours
- Installed Whard model in City Council Chambers for public viewing
- Increased donations with advent of online payments and QR Code deployment

FISCAL YEAR GOALS – 2026/27

- Continue exhibition “Multiple Personalities: the stories behind Capitola’s historic buildings”
- Recognize the Museum’s 60th anniversary
- Continue to scan images to digitize collections
- Review collections to reduce storage need
- Continue to develop Museum Membership
- Shift museum newsletters to digital platform

MUSEUM

Capitola Museum 1000-50-51-000	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Revenue						
General Fund	\$ 77,718	\$ 87,587	\$ 63,339	\$ 63,339	\$ 71,514	\$ 73,228
Other revenues	10,675	8,278	12,000	12,000	12,000	12,000
Revenue Totals	\$ 88,393	\$ 95,865	\$ 75,339	\$ 75,339	\$ 83,514	\$ 85,228
Expenditures						
Personnel	\$ 52,053	\$ 57,011	\$ 47,570	\$ 47,570	\$ 49,578	\$ 51,065
Contract services	7,926	16,044	16,500	16,500	21,500	21,500
Training & Memberships	1,167	1,527	1,000	1,000	1,000	1,000
Supplies	20,324	13,750	2,350	2,350	2,350	2,350
Internal service fund charges	6,922	7,533	7,919	7,919	9,086	9,312
Expenditure Totals	\$ 88,393	\$ 95,865	\$ 75,339	\$ 75,339	\$ 83,514	\$ 85,228
Authorized Positions						
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

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 the 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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 62,677	\$ 64,083	\$ 55,219	\$ 55,219	\$ 55,219	\$ 55,219
Revenue						
Other Revenues	\$ 1	\$ 15	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
General Fund Transfers	-	-	-	-	-	-
Revenue Totals	<u>\$ 27,001</u>	<u>\$27,015</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
Expenditures						
Contract Services	\$ 6,732	\$ 7,951	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Supplies	18,863	27,926	20,000	20,000	20,000	20,000
Expenditure Totals	<u>\$ 25,595</u>	<u>\$35,878</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
Fund Balance at 06/30	\$ 64,083	\$55,219	\$ 55,219	\$ 55,219	\$ 55,219	\$ 55,219

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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 317,651	\$ 526,656	\$ 510,932	\$ 510,932	\$ 602,932	\$ 602,932
Revenue						
Other Revenues	\$ 4,068	\$ 4,068	\$ 4,000	\$ 4,000	\$ -	\$ -
Internal Service Charges	271,000	268,000	348,000	348,000	401,000	411,200
Other Financing Sources	\$235,000	\$0	\$0	120,000	\$0	\$0
Revenue Totals	\$ 510,068	\$272,068	\$ 352,000	\$ 472,000	\$ 401,000	\$ 411,200
Expenditures						
Contract Services	\$ 206,441	\$214,817	\$ 205,000	\$ 300,000	\$ 313,000	\$ 323,200
Supplies	91,171	72,976	134,744	80,000	88,000	88,000
Capital Outlay	3,451	0	15,000	0	0	0
Expenditure Totals	\$ 301,063	\$287,792	\$ 354,744	\$ 380,000	\$ 401,000	\$ 411,200
Fund Balance at 06/30	\$ 526,656	\$510,932	\$ 508,188	\$ 602,932	\$ 602,932	\$ 602,932

Contract services: on-going technology licenses

Supplies: replacement technology equipment

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.

FY 2025-26 CAPITAL OUTLAY

PD Patrol vehicles	\$ 75,000
Gem Car	25,000

FY 2027-28 CAPITAL OUTLAY

Depreciation	\$ 200,000
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SOURCES AND USES

	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 2212	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 875,969	\$ 549,657	\$ 360,368	\$ 360,368	\$ 205,914	\$ 305,914
Revenue						
Other revenues	\$ 259,271	\$ 60,885	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	250,000	65,000	197,000	197,000	-	-
Other Financing Sources	200,000	-	-	\$ -	200,000	200,000
Revenue Totals	<u>709,271</u>	<u>125,885</u>	<u>197,000</u>	<u>197,000</u>	<u>200,000</u>	<u>200,000</u>
Expenditures						
Capital Outlay	\$1,035,582	\$315,174	\$351,454	\$351,454	\$100,000	\$100,000
Expenditure Totals	<u>\$ 1,035,582</u>	<u>\$ 315,174</u>	<u>\$ 351,454</u>	<u>\$ 351,454</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Fund Balance at 06/30	\$ 549,657	\$ 360,368	\$ 205,914	\$ 205,914	\$ 305,914	\$ 405,914

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 \$100,000.
- Vehicle and Equipment Insurance Coverage - Coverage for vehicles and equipment with a purchase value of \$25,000 or more. The annual premium is \$7,500 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 percentage of the total operating budget from the prior fiscal year less the budget for unanticipated events.

SOURCES AND USES						
Fund - 2213	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 278,187	\$ 179,920	\$ 104,875	\$ 104,875	\$ 65,376	\$ 65,376
Revenue						
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	\$622,136	\$760,037	\$688,201	\$688,201	\$832,311	\$852,009
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	<u>\$ 622,136</u>	<u>\$ 760,037</u>	<u>\$ 688,201</u>	<u>\$ 688,201</u>	<u>\$ 832,311</u>	<u>\$ 852,009</u>
Expenditures						
Contract Services	\$ 720,403	\$ 835,082	\$ 688,200	\$ 727,700	\$ 832,311	\$ 852,009
Supplies	-	-	-	-	-	-
Expenditure Totals	<u>\$ 720,403</u>	<u>\$ 835,082</u>	<u>\$ 688,200</u>	<u>\$ 727,700</u>	<u>\$ 832,311</u>	<u>\$ 852,009</u>
Fund Balance at 06/30	\$ 179,920	\$ 104,875	\$ 104,876	\$ 65,376	\$ 65,376	\$ 65,376

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						
	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 2214	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 117,301	\$ 118,749	\$ 118,749	\$ 118,749	\$ 118,767	\$ 118,767
Revenue						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$447,705	\$403,542	\$403,018	\$403,018	\$350,907	\$361,434
Revenue Totals	<u>\$ 447,705</u>	<u>\$ 403,542</u>	<u>\$ 403,018</u>	<u>\$ 403,018</u>	<u>\$ 350,907</u>	<u>\$ 361,434</u>
Expenditures						
Contract Services	\$446,257	\$403,542	\$403,000	\$403,000	\$350,907	\$361,434
Other Financing Uses	-	-	-	-	-	-
Expenditure Totals	<u>\$ 446,257</u>	<u>\$ 403,542</u>	<u>\$ 403,000</u>	<u>\$ 403,000</u>	<u>\$ 350,907</u>	<u>\$ 361,434</u>
Fund Balance at 06/30	\$ 118,749	\$ 118,749	\$ 118,767	\$ 118,767	\$ 118,767	\$ 118,767

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

	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 2216	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 330,886	\$ 555,886	\$(112,724)	\$(112,724)	\$ (87,724)	\$ 12,276
Revenue						
Other financing sources	\$225,000	\$200,000	\$200,000	\$200,000	\$300,000	\$200,000
Revenue Totals	<u>\$ 225,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 300,000</u>	<u>\$ 200,000</u>
Expenditures						
Personnel	\$0	\$868,610	\$200,000	\$175,000	\$200,000	\$200,000
Expenditure Totals	<u>\$ -</u>	<u>\$ 868,610</u>	<u>\$ 200,000</u>	<u>\$ 175,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Fund Balance at 06/30	\$ 555,886	\$ (112,724)	\$(112,724)	\$ (87,724)	\$ 12,276	\$ 12,276

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 new Capitola Branch Library opened in June 2021. The Friends of the Capitola Branch Library raised over \$600,000 of donations for project enhancements with approximately \$50,000 remaining in the Library fund.

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): The 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.

Permanent Local Housing Allocation (PLHA): In 2017, Senate Bill 2 (SB 2) established a \$75 recording fee on real estate documents and created the Permanent Local Housing Allocation Fund (PLHA). PLHA funds are allocated to local governments for eligible housing and homelessness activities and provide a permanent, on-going source of funding for housing-related projects and programs that address the unmet housing needs of communities.

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

In 1996, California's state legislature (AB 3229) established the Citizens Options for Public Safety (COPS) program, allocating \$100,000,000 annually to local governments for front-line law enforcement. These funds are administered through the Supplemental Law Enforcement Services Fund (SLESF) program. The COPS program received its initial funding in the 1996-1997 California state budget and has been consistently funded since then. Section 30061 (c) (1) of the Government Code outlines the future funding details for the COPS program through SLESF.

SLESF funds are grants, and the legislation requires that each municipality receive annual funds to be used for "front-line law enforcement services." These funds cannot be used to replace existing resources but must be used to enhance them. Eligible expenses include salaries, services, supplies, equipment, and administrative costs.

Furthermore, SLESF funds cannot be redirected to a municipality's general fund but must be exclusively used for front-line law enforcement services. The total award to each recipient entity is based on population size, with a minimum annual award of \$100,000 for all entities. For example, the Capitola Police Department receives an annual award of \$100,000. Fund distributions are made regularly throughout the year.

SOURCES AND USES

Fund - 1300 SLESF	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Adopted	FY27/28 Planned
Beginning Fund Balance	\$151,613	\$ 174,777	\$201,151	\$ 201,151	\$146,251	\$146,251
Revenue						
Intergovernmental revenues	\$100,000	\$ 100,000	\$100,000	\$ 100,000	\$100,000	\$100,000
Use of money & property	7,524	8,875	4,000	4,000	4,000	4,000
Revenue Totals	\$107,524	\$ 108,875	\$104,000	\$ 104,000	\$104,000	\$104,000
Expenditures						
Contract services	\$ 1,473	\$ 1,443	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Supplies	40,545	49,058	58,400	58,400	50,000	50,000
Capital outlay	42,343	32,000	76,500	76,500	30,000	30,000
Expenditure Totals	\$ 84,360	\$ 82,501	\$158,900	\$ 158,900	\$104,000	\$104,000
Fund Balance at 06/30	\$174,777	\$ 201,151	\$146,251	\$ 146,251	\$146,251	\$146,251

Contract Services – Utility services – Gas & Electric

Supplies – Front line law enforcement

Capital Outlay – Online report writing, electronic ticket writing.

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 to receive and distribute half of the 0.40% of restricted TOT revenues for local business groups with the other half going directly to the Capitola Village & Wharf Business Improvement Area fund and the 0.35% of restricted TOT revenue dedicated to early childhood and youth programming.

SOURCES AND USES

Fund - 1305	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
TOT Restricted Revenue	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 58,473	\$ 63,217	\$ 71,083	\$ 71,083	\$ 132,333	\$ 133,583
Revenue						
Transient Occupancy Tax	101,092	102,617	96,250	96,250	96,250	96,250
Other revenue	3,392	3,280	1,000	1,000	1,000	1,000
Revenue Totals	\$104,484	\$105,897	\$ 97,250	\$ 97,250	\$ 97,250	\$ 97,250
Expenditures						
ECYP Supplies	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ -
ECYP Enrichment	1,380	715	1,000	1,000	1,000	1,000
ECYP Scholarships	-	-	-	-	-	-
Chamber of Commerce	36,761	37,315	35,000	35,000	35,000	35,000
ECYP Programs	-	-	-	-	-	-
ECYP Community Grants	60,000	60,000	-	-	60,000	60,000
Expenditure Totals	\$ 99,740	\$ 98,030	\$ 36,000	\$ 36,000	\$ 96,000	\$ 96,000
Fund Balance at 06/30	\$ 63,217	\$ 71,083	\$132,333	\$132,333	\$ 133,583	\$ 134,833
Local Business Groups ⁽¹⁾	\$ 36,761	\$ 37,315	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Early Childhood/Youth Programs	\$ 64,331	\$ 65,301	\$ 61,250	\$ 61,250	\$ 61,250	\$ 61,250
	\$101,092	\$102,617	\$ 96,250	\$ 96,250	\$ 96,250	\$ 96,250

(1) Does NOT include portion paid directly to the BIA (50% of Local Business Groups amount)

ECYP Enrichment

- Field Trips and similar activities

Community Grants – Early Childhood & Youth Community Grants - \$60,000

Other financing uses – payment to Capitola-Soquel Chamber of Commerce - \$35,000

- Equal amount distributed directly to Capitola BIA fund.

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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 289,149	\$ 533,126	\$ 814,076	\$ 814,076	\$ 52,593	\$ 52,593
Revenue						
Intergovernmental revenues	\$ 249,261	\$ 267,984	\$ 258,668	\$ 258,668	\$ 276,629	\$ 267,300
Other financing sources	16,517	29,156	-	-	-	-
Revenue Totals	\$ 265,779	\$ 297,140	\$ 258,668	\$ 258,668	\$ 276,629	\$ 267,300
Expenditures						
Contract services	\$ 21,801	\$ 16,190	\$ 1,020,151	\$ 1,020,151	\$ 276,629	\$ 267,300
Capital outlay	-	-	-	-	-	-
Expenditure Totals	\$ 21,801	\$ 16,190	\$ 1,020,151	\$ 1,020,151	\$ 276,629	\$ 267,300
Fund Balance at 06/30	\$ 533,126	\$ 814,076	\$ 52,593	\$ 52,593	\$ 52,593	\$ 52,593

Capital Outlay – Annual pavement management plan.

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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 185,891	\$ 532,144	\$ 978,579	\$ 978,579	\$ 67,096	\$ 67,096
Revenue						
Intergovernmental revenues	\$ 359,670	\$ 431,353	\$ 397,732	\$ 397,732	\$ 389,000	\$ 389,000
Other financing sources	19,644	32,952	-	-	-	-
Revenue Totals	\$ 379,314	\$ 464,305	\$ 397,732	\$ 397,732	\$ 389,000	\$ 389,000
Expenditures						
Contract services	\$ 33,061	\$ 16,190	\$1,309,215	\$1,309,215	\$ 389,000	\$ 389,000
Capital outlay	-	1,679	-	-	-	-
Expenditure Totals	\$ 33,061	\$ 17,869	\$1,309,215	\$1,309,215	\$ 389,000	\$ 389,000
Fund Balance at 06/30	\$ 532,144	\$ 978,579	\$ 67,096	\$ 67,096	\$ 67,096	\$ 67,096

Capital Outlay – Annual pavement management plan.

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 include 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; therefore, the funds can only be spent once they have been received.

SOURCES AND USES

Fund - 1310	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Gas Tax	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$256,466	\$261,573	\$336,984	\$ 336,984	\$261,173	\$265,920
Revenue						
Intergovernmental revenues	\$270,231	\$277,849	\$279,546	\$ 279,546	\$289,747	\$295,502
Use of money & property	10,618	13,631	-	-	-	-
Other revenues	-	-	-	-	-	-
Revenue Totals	\$280,848	\$291,481	\$279,546	\$ 279,546	\$289,747	\$295,502
Expenditures						
Contract Services	\$275,741	\$216,070	\$355,356	\$ 355,356	\$285,000	\$295,000
Debt service	-	-	-	-	-	-
Interfund Transfer	-	-	-	-	-	-
Expenditure Totals	\$275,741	\$216,070	\$355,356	\$ 355,356	\$285,000	\$295,000
Fund Balance at 06/30	\$261,573	\$336,984	\$261,173	\$ 261,173	\$265,920	\$266,422

Contract Services:

- Admin & Engineering - \$50,000
- Streetlights & traffic signals - \$140,000
- Street & sidewalks - \$35,000
- Street painting - \$30,000
- Street sweeper maintenance - \$30,000

WHARF

PUBLIC WORKS

The Wharf Fund accounts for rental income generated from Capitola Wharf operations and is used to cover ongoing maintenance, operating costs, and periodic repairs. Revenues accumulate in the fund to help meet expenditure needs; however, major repairs—typically required on a 3–5-year cycle—have occasionally required General Fund support to keep the facility safe and accessible.

Following the passage of Measure F, the City reconstructed and reopened the Wharf in September 2024. Measure F revenues are managed through the Capital Improvement Fund (CIP) and supported the design and construction of the improved Wharf. The Wharf Fund continues to be used for maintenance and repair of the now-rebuilt facility.

SOURCES AND USES

Fund - 1311 Wharf	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 166,194	\$ 124,789	\$ 84,633	\$ 84,633	\$ 863	\$ (33,437)
Revenue						
Use of money & property	\$ 5,373	\$ 19,294	\$ 24,000	\$ 24,000	\$ 26,500	\$ 24,000
Other financing sources	-	-	-	-	-	-
Revenue Totals	\$ 5,373	\$ 19,294	\$ 24,000	\$ 24,000	\$ 26,500	\$ 24,000
Expenditures						
Contract services	\$ 46,690	\$ 51,524	\$ 106,770	\$ 102,770	\$ 50,800	\$ 109,700
Supplies	88	7,926	10,000	5,000	10,000	10,000
Capital Outlay	-	-	-	-	-	-
Expenditure Totals	\$ 46,778	\$ 59,450	\$ 116,770	\$ 107,770	\$ 60,800	\$ 119,700
Fund Balance at 06/30	\$ 124,789	\$ 84,633	\$ (8,137)	\$ 863	\$ (33,437)	\$ (129,137)

Contract Services:

- Utilities - \$36,500
- Janitorial services - \$7,000
- Property & Equipment repairs & maintenance - \$4,500
- Rentals (portable toilets) - \$10,000

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 comprehensive update to the Zoning Code which was certified by the California Coastal Commission in 2021. The 6th Cycle Housing Element Update was certified by the state in 2024. The adopted budget provides adequate resources to fund consultant contracts and staff time to finalize the Housing Element implementation efforts in FY 25/26.

SOURCES AND USES

Fund - 1313	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
General Plan	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$248,407	\$266,684	\$ 316,128	\$ 316,128	\$ 152,709	\$ 167,209
Revenue						
Intergovernmental revenues	\$ -	\$ 62,306	\$ -	\$ -	\$ -	\$ -
Charges for services	127,005	85,109	55,000	110,000	85,000	85,000
Use of money & property	10,538	14,133	7,000	7,000	-	-
Revenue Totals	\$137,542	\$161,548	\$ 62,000	\$ 117,000	\$ 85,000	\$ 85,000
Expenditures						
Contract services	\$119,265	\$112,105	\$ 279,918	\$ 279,918	\$ 70,000	\$ 70,000
Supplies	-	-	500	500	500	500
Expenditure Totals	\$119,265	\$112,105	\$ 280,418	\$ 280,418	\$ 70,500	\$ 70,500
Fund Balance at 06/30	\$266,684	\$316,128	\$ 97,709	\$ 152,709	\$ 167,209	\$ 181,709

Contract services:

- RRM - \$10,000 – Housing Element
- Update Housing Impact Fee – Rental - \$30000
- City Staff time – Housing Element - \$30,000

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. The fund is utilized for the City's participation in regional climate action planning as a member of the Resilient Central Coast, fund a consultant contract to update the Climate Action Plan, and implement the Green Halo construction waste tracking system.

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	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Green Building	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$224,808	\$263,404	\$276,994	\$276,994	\$241,494	\$263,994
Revenue						
Charges for services	\$ 46,307	\$ 23,590	\$ 15,000	\$ 35,000	\$ 30,000	\$ 30,000
Revenue Totals	\$ 46,307	\$ 23,590	\$ 15,000	\$ 35,000	\$ 30,000	\$ 30,000
Expenditures						
Contract services	\$ 2,710	\$ 5,000	\$ 68,000	\$ 68,000	\$ 5,000	\$ 5,000
Supplies	5,000	5,000	2,500	2,500	2,500	2,500
Expenditure Totals	\$ 7,710	\$ 10,000	\$ 70,500	\$ 70,500	\$ 7,500	\$ 7,500
Fund Balance at 06/30	\$263,404	\$276,994	\$221,494	\$241,494	\$263,994	\$286,494

Contract services:

Resilient Coast California Working Group - \$5,000

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 are 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.

Projects completed in 2024/25

- Begonia Festival Commemorative Public Art Project

Projects for 2025/26

- Monterey Ave Railing Public Art Project-in contract

SOURCES AND USES

Fund - 1315	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Public Art	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$166,236	\$ 158,505	\$120,200	\$120,200	\$ 64,700	\$ 4,700
Revenue						
Charges for services	\$ -	\$ 34,460	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Other Revenues	-	20,000	-	-	-	-
Revenue Totals	\$ -	\$ 54,460	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Expenditures						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract services	7,152	92,655	80,000	80,000	85,000	-
Supplies	579	110	500	500	-	-
Expenditure Totals	\$ 7,731	\$ 92,765	\$ 80,500	\$ 80,500	\$ 85,000	\$ -
Fund Balance at 06/30	\$158,505	\$ 120,200	\$ 64,700	\$ 64,700	\$ 4,700	\$ 29,700

Contract services: Contracts with artists on various projects - \$85,000

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. As part of the FY 2023-24 City Council Goals this debt was paid off.

SOURCES AND USES						
Fund - 1316	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Parking Reserve	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737	\$ 737
Revenue						
Other financing sources	\$469,000	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$469,000	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	469,000	-	-	-	-	-
Expenditure Totals	\$469,000	\$ -	\$ -	\$ -	\$ -	\$ -
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	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Technology Fee	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 93,312	\$112,038	\$117,059	\$117,059	\$118,059	\$119,059
Revenue						
Charges for services	\$ 18,726	\$ 15,395	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
Revenue Totals	\$ 18,726	\$ 15,395	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
Expenditures						
Contract services	\$ -	\$ 10,375	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Supplies	-	-	-	-	-	-
Expenditure Totals	\$ -	\$ 10,375	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Fund Balance at 06/30	\$112,038	\$117,059	\$118,059	\$118,059	\$119,059	\$120,059

Contract Services:

- iWorQ annual fee – Public Works - \$3,500
- iWorQ annual fee – Community Development - \$12,500

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	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Public Education & Gov't.	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 45,080	\$ 57,530	\$ 68,094	\$ 68,094	\$ 63,594	\$ 63,594
Revenue						
Licenses and permits	\$ 10,453	\$ 9,215	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Use of money & property	1,997	2,757	1,500	1,500	1,500	1,500
Revenue Totals	\$ 12,450	\$ 11,972	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500
Expenditures						
Contract services	\$ -	\$ 1,408	\$ 6,000	\$ 6,000	\$ 5,000	\$ 5,000
Supplies	-	-	-	-	-	-
Capital Outlay	-	-	10,000	10,000	6,500	6,500
Expenditure Totals	\$ -	\$ 1,408	\$ 16,000	\$ 16,000	\$ 11,500	\$ 11,500
Fund Balance at 06/30	\$ 57,530	\$ 68,094	\$ 63,594	\$ 63,594	\$ 63,594	\$ 63,594

Capitola Outlay – Technology upgrades – City Council Chambers

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	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
CVWBIA	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 44,242	\$ 32,485	\$ 19,231	\$ 19,231	\$ 2,831	\$ 6,431
Revenue						
Charges for services	\$ 53,854	\$ 54,945	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
Use of money & property	43,640	48,200	59,100	\$ 59,100	\$ 59,100	\$ 59,100
Restricted TOT	36,761	37,315	35,000	\$ 35,000	\$ 35,000	\$ 35,000
Revenue Totals	\$134,254	\$140,460	\$ 149,100	\$ 149,100	\$ 149,100	\$ 149,100
Expenditures						
Contract services	\$ 46,642	\$ 22,878	\$ 25,500	\$ 25,500	\$ 25,500	\$ 25,500
Supplies	99,369	130,836	140,000	140,000	\$ 120,000	\$ 120,000
Expenditure Totals	\$146,011	\$153,715	\$ 165,500	\$ 165,500	\$ 145,500	\$ 145,500
Fund Balance at 06/30	\$ 32,485	\$ 19,231	\$ 2,831	\$ 2,831	\$ 6,431	\$ 10,031

Contract services and supplies: Capitola Village & Wharf Business Improvement Area annual report to be submitted to the Capitola City Council in late May or early June.

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 participate 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 CDBG grants to fund the City's Local Hazard Mitigation Plan (LHMP), Safety Element of the General Plan Update, and CARES Act funding in response to the pandemic. In 2021, the City was awarded with a \$497,000 CDBG grant for public food assistance and transit including funds for Second Harvest Food Bank (\$119,840), Meals on Wheels/Lift Line (\$299,720), Grey Bears (\$52,950), and administration of the grant. In 2024, the City was awarded \$3.3 million to assist in the rehabilitation of the Jade Street Community Center.

SOURCES AND USES

Fund - 1350	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
CDBG Grants	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ (70,889)	\$(149,941)	\$ 106,739	\$ 106,739	\$ 667,539	\$ 667,539
Revenue						
Intergovernmental revenues	\$ 160,560	\$ 495,515	\$4,010,392	\$4,010,392	\$ -	\$ -
Revenue Totals	\$ 160,560	\$ 495,515	\$4,010,392	\$4,010,392	\$ -	\$ -
Expenditures						
Contract services	\$ 83,548	\$ 65,590	\$ 169,080	\$ 169,080	\$ -	\$ -
Grants and subsidies	156,064	173,246	80,512	80,512	-	-
Other financing uses	-	-	3,200,000	3,200,000	-	-
Expenditure Totals	\$ 239,612	\$ 238,836	\$3,449,592	\$3,449,592	\$ -	\$ -
Fund Balance at 06/30	\$(149,941)	\$ 106,739	\$ 667,539	\$ 667,539	\$ 667,539	\$ 667,539

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.

SOURCES AND USES

Fund - 1351	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
CDBG Program Income	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 45,792	\$ 47,165	\$ 949	\$ 949	\$ 949	\$ 949
Revenue						
Loan pymt Principle	\$ -	\$ 160,241	\$ -	\$ -	\$ -	\$ -
Use of money & property	1,373	2,986	-	-	-	-
Revenue Totals	\$ 1,373	\$ 163,227	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
other financing uses	-	209,443	-	-	-	-
Expenditure Totals	\$ -	\$ 209,443	\$ -	\$ -	\$ -	\$ -
Available Fund Balance at 06/30	\$ 47,165	\$ 949	\$ 949	\$ 949	\$ 949	\$ 949

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.

In addition to the funding sources mentioned above, the Friends of the Capitola Branch Library (Friends) conducted a fundraising campaign raising over \$600,000. The funds donated to the Friends were utilized for enhancement projects throughout the Library. The City completed construction of the new Library in June 2021, however, there remains approximately \$50,000 of donated funds that the Friends are evaluating for the best use of those remaining funds.

Additionally, Capitola is scheduled to receive approximately \$165,000 annually for the next 20 years as a result of additional Measure S revenues. The first \$855,000 will be used to repay the general fund for contributions to the Library project.

SOURCES AND USES						
Fund - 1360 Library	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Adopted	FY27/28 Planned
Beginning Fund Balance	\$ 50,608	\$ 52,711	\$ 17,105	\$ 17,105	\$ 17,105	\$ 17,105
Revenue						
Intergovernmental	\$ -	\$ -	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
Other financing sources	2,103	1,820	-	-	-	-
Revenue Totals	\$ 2,103	\$ 1,820	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
Expenditures						
Contract Services	\$ -	\$ 36,872	\$ -	\$ -	\$ -	\$ -
Supplies	-	554	-	-	-	-
Other financing uses	-	-	165,000	165,000	165,000	165,000
Expenditure Totals	\$ -	\$ 37,426	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
Fund Balance at 06/30	\$ 52,711	\$ 17,105	\$ 17,105	\$ 17,105	\$ 17,105	\$ 17,105

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 represents principal and interest payments on the 30-year \$238,000 Wharf Road Manor Mobile Homeowners Association Acquisition and Rehabilitation Project loan from 2004 as well as other HOME loan payoffs.

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. In recent years, multiple loans have been paid off creating a healthy fund balance for future HOME projects.

The adopted budget provides adequate resources to apply for a larger rehabilitation project for the Dakota Apartments in FY25/26. The 25-unit, 100% affordable housing development is approaching 30 years in age and in need of upgrades for the roof, heating system, and main lobby area. The budget also covers long-term monitoring of the Bay Avenue Senior Apartments.

SOURCES AND USES

Fund - 1370	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
HOME Reuse	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 808,386	\$ 881,691	\$1,005,956	\$1,005,956	\$ 936,956	\$ (143,044)
Revenue						
Use of money & property	\$ 77,005	\$ 128,715	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Revenue Totals	\$ 77,005	\$ 128,715	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Expenditures						
Contract services	\$ 3,700	\$ 4,450	\$ 979,000	\$ 89,000	\$1,100,000	\$ -
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 3,700	\$ 4,450	\$ 979,000	\$ 89,000	\$1,100,000	\$ -
Available Fund Balance						
at 06/30	\$ 881,691	\$1,005,956	\$ 46,956	\$ 936,956	\$ (143,044)	\$ (123,044)

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 does not impact on 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 affordable set-aside units or under certain conditions can pay an in-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.

The adopted budget provides adequate resources to initiate a housing rehabilitation grant program, a down payment assistance program, and administration.

SOURCES AND USES

Fund - 1372	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Housing Trust	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$382,336	\$277,123	\$349,479	\$349,479	\$ 364,479	\$ 429,479
Revenue						
Charges for services	\$ 78,188	\$ 70,423	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Other revenue	17,599	17,627	10,000	10,000	10,000	10,000
Revenue Totals	\$ 95,787	\$ 88,049	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Expenditures						
Contract services	\$ -	\$ 15,693	\$ 60,000	\$ 60,000	\$ 10,000	\$ 10,000
Other Financing Uses	201,000	-	-	-	-	-
Expenditure Totals	\$201,000	\$ 15,693	\$ 60,000	\$ 60,000	\$ 10,000	\$ 10,000
Available Fund Balance						
at 06/30	\$277,123	\$349,479	\$364,479	\$364,479	\$ 429,479	\$ 494,479

Contract Services: Down Payment Assistance

PERMANENT LOCAL HOUSING ALLOCATION

COMMUNITY DEVELOPMENT

In 2017, Senate Bill 2 (SB 2) established a \$75 recording fee on real estate documents and created the Permanent Local Housing Allocation Fund (PLHA). PLHA funds are allocated to local governments for eligible housing and homelessness activities and provide a permanent, on-going source of funding for housing-related projects and programs that address the unmet housing needs of communities.

On May 10, 2023, the City of Capitola was awarded \$481,732 in PLHA funds for the first three years of the allocation (2019-2021) and a total five-year estimate of \$630,557. The City anticipates additional funding on an annual basis. The first PLHA activity approved is for predevelopment costs related to affordable housing developments. The second activity is to fund the very low income homeless through an annual contribution of \$35,000 to the Housing for Health Partnership to support year-round emergency shelter operations in Santa Cruz County. A portion of the funding will cover administrative expenses.

The Adopted budget proved adequate resources to support the development of the 52-unit 100% affordable housing development project at 1098 38th Avenue.

SOURCES AND USES

Permanent Local Housing Allocation (PLHA)	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Adopted	FY27/28 Planned
Beginning Fund Balance	\$ -	\$ 99,836	\$ 467,433	\$ 467,433	\$ 126,008	\$ 94,483
Revenue						
Intergovernmental revenues	\$105,092	\$376,640	\$ 184,763	\$ 184,763	\$ -	\$ -
Other revenue	-	-	-	-	-	-
Revenue Totals	\$105,092	\$376,640	\$ 184,763	\$ 184,763	\$ -	\$ -
Expenditures						
Contract services	\$ 5,256	\$ 9,043	\$ 76,812	\$ 76,812	\$ 31,525	\$ 31,525
Other Financing Uses	-	-	-	449,376	-	-
Expenditure Totals	\$ 5,256	\$ 9,043	\$ 76,812	\$ 526,188	\$ 31,525	\$ 31,525
Available Fund Balance at 06/30	\$ 99,836	\$467,433	\$ 575,384	\$ 126,008	\$ 94,483	\$ 62,958

Contract services: Affordable housing and homelessness program development and activities.

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 the 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 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.

The Adopted budget provides adequate resources to continue supporting security deposit assistance, emergency rental assistance, administration of the City's affordable housing program, and the MidPen loan to help fund the preconstruction and construction for the 52-unit 100% affordable development at 1098 38th Avenue.

SOURCES AND USES

Fund - 5552	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Capitola Housing	Actual	Actual	Amended	Estimated	Adopted	Planned
Beginning Fund Balance	\$ 2,080,914	\$ 1,892,662	\$2,033,609	\$2,033,609	\$1,053,609	\$1,032,109
Revenue						
Use of money & property	\$ 136,276	\$ 192,679	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Other revenues	-	-	-	-	-	-
Revenue Totals	\$ 136,276	\$ 192,679	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Expenditures						
Personnel	\$ 16,382	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Services	36,020	32,485	-	-	-	-
Supplies	-	-	-	-	-	-
Grants and Subsidies	272,126	19,247	1,000,000	1,000,000	41,500	41,500
Expenditure Totals	\$ 324,528	\$ 51,732	\$1,000,000	\$1,000,000	\$ 41,500	\$ 41,500
Available Fund Balance at 06/30	\$ 1,892,662	\$ 2,033,609	\$1,053,609	\$1,053,609	\$1,032,109	\$1,010,609

Contract Services: Homeless Action Plan

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 2022-13 an additional \$500,000 was deposited into the Trust to add to the previously deposited \$800,000.

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 \$1.6 million in FY 2024-25.

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 2024-25 in part due to the transfer of \$80,000 for damages from the Jan. 2023 storms. The City anticipates receiving reimbursements from FEMA and Cal OES and plans to fund reserves to target balances once received.

SOURCES AND USES

Fund - 1020	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 1,461,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506
Revenue						
Other Financing Sources	\$ 250,000	\$ 250,000	\$ -	\$ -		
Revenue Totals	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures						
Other Financing Uses	\$ 80,000	\$ 250,000	\$ -	\$ -		\$ -
Expenditure Totals	<u>\$ 80,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>	<u>\$ 1,631,506</u>

Reserve Target equals 10% of General Fund expenditures excluding transfers and internal service charges

Personnel	\$12,099,946	\$12,692,358	\$14,480,987	\$14,419,337	\$14,957,148	\$15,396,216
Contract Services	3,704,267	3,799,530	3,866,191	3,690,066	4,024,634	3,942,263
Training & Memberships	143,324	114,877	169,480	169,480	146,230	170,780
Supplies	958,158	854,877	801,700	801,700	874,350	831,350
Grants	125,000	125,000	125,000	133,425	133,425	133,425
Total GF Expenditures	<u>\$17,030,695</u>	<u>\$17,586,641</u>	<u>\$19,443,358</u>	<u>\$19,214,008</u>	<u>\$20,135,787</u>	<u>\$20,474,034</u>
Target Balance (10%)	\$ 1,703,070	\$ 1,758,664	\$ 1,944,336	\$ 1,921,401	\$ 2,013,579	\$ 2,047,403
Over / (Short) of Target	\$ (71,564)	\$ (127,159)	\$ (312,830)	\$ (289,895)	\$ (382,073)	\$ (415,898)

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 \$2.6 million in FY 2024-25.

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 estimated to be below the target level for FY 2024-25. The City anticipates receiving reimbursements from FEMA and Cal OES and plans to fund reserves to target balances once received.

SOURCES AND USES

Fund - 1010	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 2,192,346	\$ 2,323,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346
Revenue						
Other Financing Sources	\$ 131,000	\$ 172,000	\$ -	\$ -		
Revenue Totals	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 2,323,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346
Reserve Target equals 15% of General Fund expenditures excluding transfers and internal service charges						
Personnel	\$12,099,946	\$12,692,358	\$14,480,987	\$14,419,337	\$14,957,148	\$15,396,216
Contract Services	3,704,267	3,799,530	3,866,191	3,690,066	4,024,634	3,942,263
Training & Memberships	143,324	114,877	169,480	169,480	146,230	170,780
Supplies	958,158	854,877	801,700	801,700	874,350	831,350
Grants	125,000	125,000	125,000	133,425	133,425	133,425
Total GF Expenditures	\$17,030,695	\$17,586,641	\$19,443,358	\$19,214,008	\$20,135,787	\$20,474,034
Target Balance (15%)	\$ 2,554,604	\$ 2,637,996	\$ 2,916,504	\$ 2,882,101	\$ 3,020,368	\$ 3,071,105
Over / (Short) of Target	\$ (231,259)	\$ (142,651)	\$ (421,158)	\$ (386,756)	\$ (525,022)	\$ (575,759)

PERS CONTINGENCY RESERVES

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

The PERS Contingency Fund was 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	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 904,275	\$ 1,187,772	\$ 1,531,142	\$ 1,531,142	\$ 1,601,142	\$ 1,651,142
Revenue						
Use of money & property	33,497	93,370	10,000	70,000	50,000	50,000
Other Financing Sources	250,000	\$ 250,000	-	-	-	-
Revenue Totals	<u>\$ 283,497</u>	<u>\$ 343,370</u>	<u>\$ 10,000</u>	<u>\$ 70,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Expenditures						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance at 06/30	\$ 1,187,772	\$ 1,531,142	\$ 1,541,142	\$ 1,601,142	\$ 1,651,142	\$ 1,701,142

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 2024-25 Budget does not include any funding for the Facilities Reserve.

SOURCES AND USES						
Fund - 1025	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 432,714	\$ 432,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714
Revenue						
Other Financing Sources	0	100,000	-	-	-	-
Revenue Totals	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ -				\$ -	\$ -
Other Financing Uses	-	250,000			-	-
Expenditure Totals	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 432,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714

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, 2026	Form of payment	Original Obligation	Other Terms
Current employee compensated absences (a)	\$ 1,103,832	Accrual	Ongoing	On-going. No interest due. (Refer to Compensated Absence Fund)
Net Pension Liability	\$ 33,952,398	Actuarial	N/A	Pension Liability to CalPERS.
Beach & Village Parking Lot II Lease Financing	\$ 694,313	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	\$ 35,750,543			

(a) Compensated absences and Net Pension Liability are as of June 30, 2023.

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. During the FY 2023-24 City Council Goal setting the Council allocated \$725,000 to pay off the outstanding balance saving approximately \$150,000 of interest costs over the next several years.

SOURCES AND USES						
	FY23/24	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
Fund - 1420	Actual	Actual	Amended	Estimated	Proposed	Planned
Beginning Fund Balance	\$ 55,217	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277
Revenue						
Use of money & property	\$ -		\$ -	\$ -	\$ -	\$ -
Other Financing Sources	670,000	-	-	-	-	-
Revenue Totals	\$ 670,000	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Contract Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	649,940	-	-	-	-	-
Other financing uses	-	-	-	-	-	-
Expenditure Totals	\$ 649,940	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at 06/30	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277	\$ 75,277

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 \$62,500 annual revenue to the General Fund and the I-Bank annual debt service of \$87,116 is paid with funds transferred from the General Fund.

SOURCES AND USES						
Fund - 1421	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Beginning Fund Balance	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
Revenue						
Interfund Transfers	\$ 87,788	\$ 87,568	\$ 87,345	\$ 87,345	\$ 87,116	\$ 86,881
Other Financing Sources	-	-	-	-	-	-
Revenue Totals	\$ 87,788	\$ 87,568	\$ 87,345	\$ 87,345	\$ 87,116	\$ 86,881
Expenditures						
Construction Svcs. & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	87,788	87,568	87,345	87,345	87,116	86,881
Expenditure Totals	\$ 87,788	\$ 87,568	\$ 87,345	\$ 87,345	\$ 87,116	\$ 86,881
Fund Balance at 06/30	\$ 12	\$ 12	\$ 12	\$ 12	\$ 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



FY 2026-27 Proposed Budget

MAY 6, 2026

Budget Review Process

Draft Budget Published

- April 17

Initial FAC Budget Review

- May 5

City Council Budget Hearings

- May 6: Overview & questions
- May 21: **CIP**, follow-up from May 16, FAC recommendation
- *June 3 & 18: If needed*

City Council Budget Adoption

- No later than June 25

Budget Summary

Approximately \$1.2 million
increase in general fund
revenues

- Local economy may be impacted by uncertainty at national level

Measure Y

- Utilized to provide public safety and essential services

Measure Q & Measure S

- Measure Q: \$200,000 annually
- Measure S: \$165,000 annually for 20 years

Approximately \$1.1 million
increase in general fund
expenditures

- \$600,000 personnel costs primarily due to Cal PERS

Budget Summary (cont.)

Proposed General Fund budget slightly imbalanced

- Estimated fund balance June 30, 2027 – \$133,704

Ongoing PERS costs remain a major threat to City resources

- Estimated PERS Contingency reserve balance \$1.8 million
- Unfunded Actuarial Liability (UAL) decreased from \$35 to \$34 million, up from \$21 million in 2024
- Annual payment increased from \$2.9 to \$3.3 million
 - Up from \$2.1 million in 2024

Heavy reliance on Sales & Transient Occupancy Tax

- Measure Y sunsets in 2034

Reserves below target balances

- Still awaiting additional 2023 storm damage/insurance reimbursements

Multi-year Budget Projection

REVENUE	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Property Tax (%)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Sales Tax (%)	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%
TOT (%)	3.50%	1.00%	1.00%	1.00%	1.00%	1.00%
Business License (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Building Permits (%)	20.00%	-10.00%	2.00%	2.00%	2.00%	2.00%
Cannabis Business Tax	-3.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Parking (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mall Redevelop Impact	-					0.00%
New Revenue	100,000	200,000	200,000	200,000	200,000	200,000

	FY 2027 Proposed	FY 2028 Planned	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 2032 Forecast
Revenue	22,359,126	22,901,102	23,394,208	23,903,767	24,729,415	24,529,415
Expenditures	22,367,383	22,839,703	23,549,290	24,072,692	24,670,698	25,338,015
Net Impact Fund Balance	(8,257)	61,398	(155,082)	(168,925)	58,716	(808,601)

Multi-year Budget Projection

REVENUE	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Property Tax (%)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Sales Tax (%)	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%
TOT (%)	3.50%	1.00%	1.00%	1.00%	1.00%	1.00%
Business License (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Building Permits (%)	20.00%	-10.00%	2.00%	2.00%	2.00%	2.00%
Cannabis Business Tax	-3.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Parking (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mall Redevelop Impact	-					0.00%
New Revenue	100,000	200,000	200,000	200,000	200,000	200,000

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Net Impact Fund Balance	(8,257)	61,398	(155,082)	(168,925)	58,716	(808,601)

General Fund Summary

Major Categories	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
Revenues						
Taxes	\$ 14,495,884	\$ 15,087,639	\$ 16,883,877	\$ 16,883,877	\$ 17,477,145	\$ 18,039,441
Licenses and permits	767,635	745,316	734,500	734,500	805,300	743,740
Intergovernmental revenues	230,640	142,486	106,700	106,700	213,678	217,818
Charges for services	2,126,976	2,236,200	2,550,679	2,470,679	2,673,128	2,673,128
Fines and forfeitures	425,043	503,122	690,000	690,000	920,000	920,000
Use of money & property	355,181	59,779	139,000	139,000	167,000	167,000
Other revenues	365,348	104,481	97,000	97,000	102,875	104,797
Revenues Totals	\$18,766,706	\$18,879,022	\$21,201,756	\$21,121,756	\$22,359,126	\$22,865,924
Expenditures						
Personnel	\$12,099,946	\$12,692,358	\$14,419,337	\$14,199,337	\$15,007,262	\$15,447,833
Contract services	3,704,267	3,799,530	3,690,066	3,830,066	4,024,634	3,940,263
Training & Memberships	143,324	114,877	169,480	154,480	124,380	146,230
Supplies	958,158	854,877	801,700	801,700	879,350	856,350
Grants and Subsidies	125,000	125,000	133,425	133,425	133,425	133,425
Internal service fund charges	1,617,841	1,523,579	1,663,200	1,663,200	1,611,218	1,651,644
Other financing uses	3,271,324	2,288,788	407,344	407,344	587,116	486,881
Expenditures Totals	\$21,919,860	\$21,399,008	\$21,284,552	\$21,189,552	\$22,367,385	\$22,662,625
Impact on Fund Balance	\$ (3,153,154)	\$ (2,519,986)	\$ (82,796)	\$ (67,796)	(\$8,259)	\$203,298
Budgetary Fund Balance	\$ 2,721,486	\$ 201,500	\$ 118,704	\$ 133,704	125,445	328,743

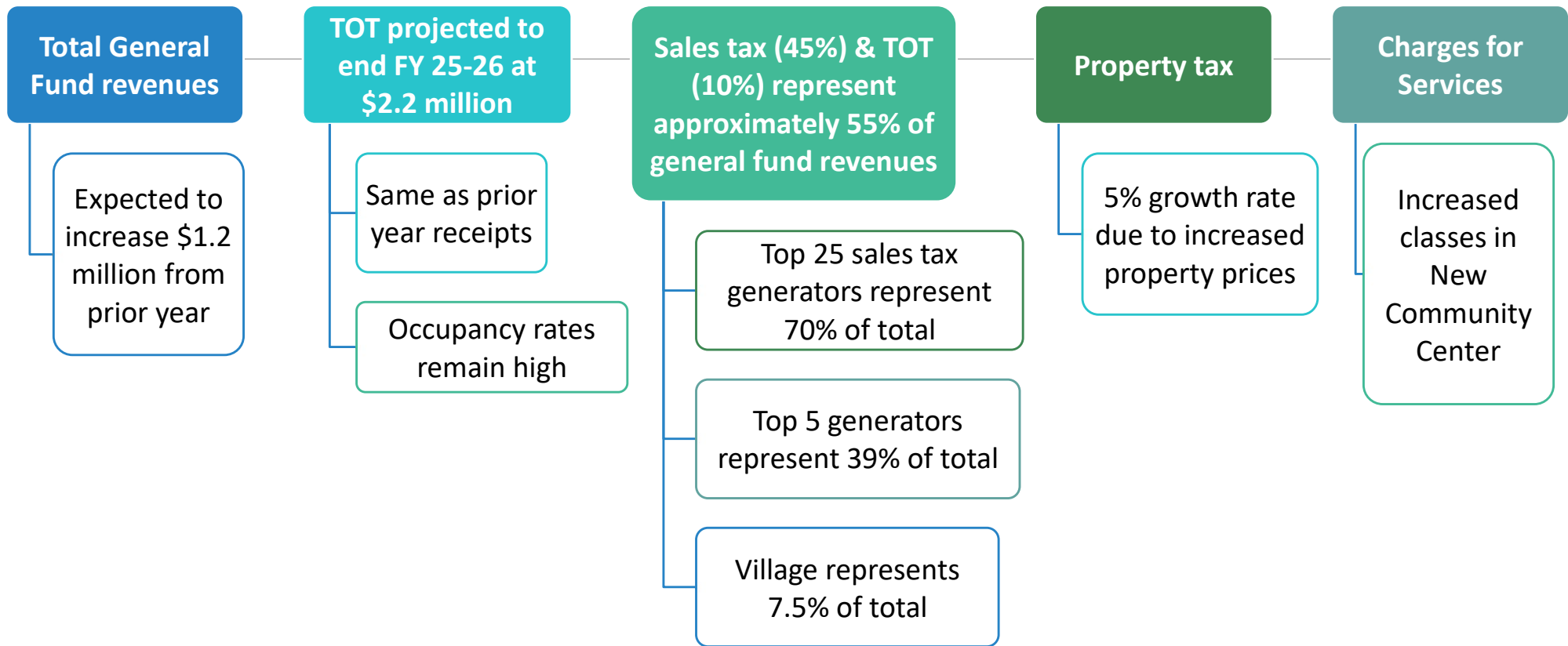
Unbalanced Budget

Estimated Ending Fund Balance

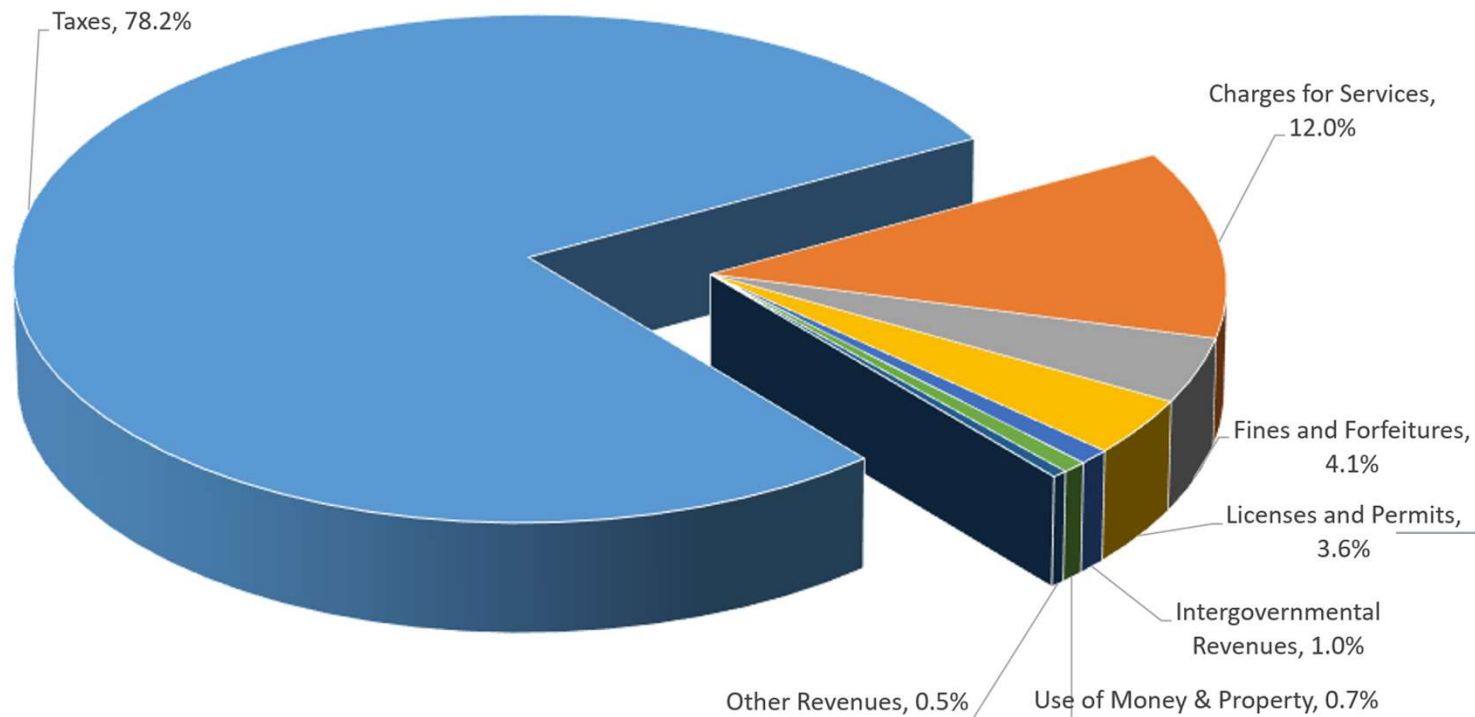
FY 26/27 Revenue Growth Forecast

Key Revenue Sources	Budget Increase	Notes
Property Tax	\$172,000	County estimate + sales
Sales Tax (1%)	227,000	Consistent with HdL, Tesla
Sales Tax (District)	67,000	Measure O & Y
TOT	78,000	Based on current activity
Charges for Services	181,000	New Community Center - Classes
Parking Citations	250,000	Fully staffed – increased rates
Grants	107,000	Additional grants in PD
Other revenues	\$105,000	Licenses/permits/facility rentals
Total	\$1.2 million	

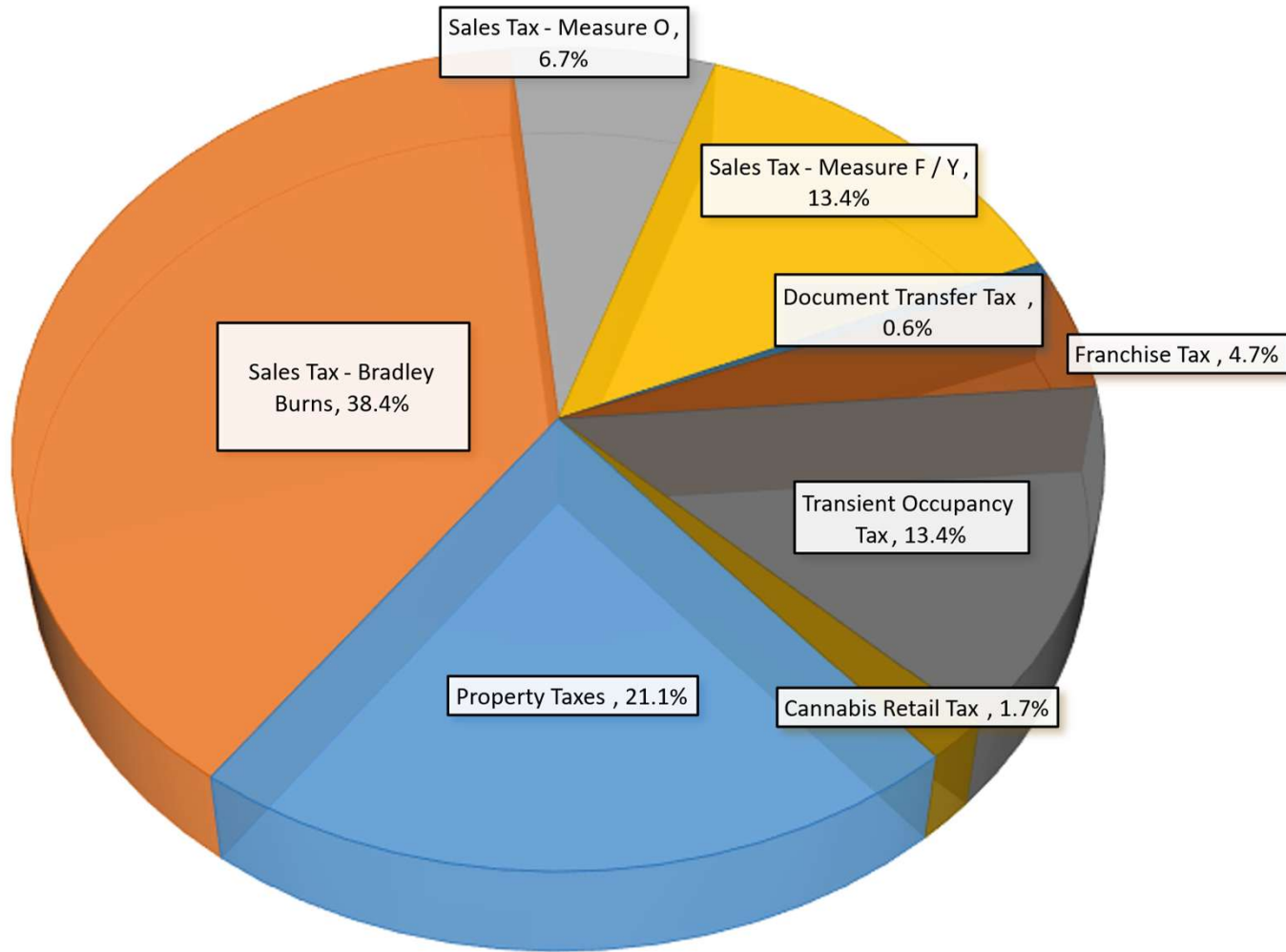
Revenue Notes



FY 2026-27 Proposed Revenues

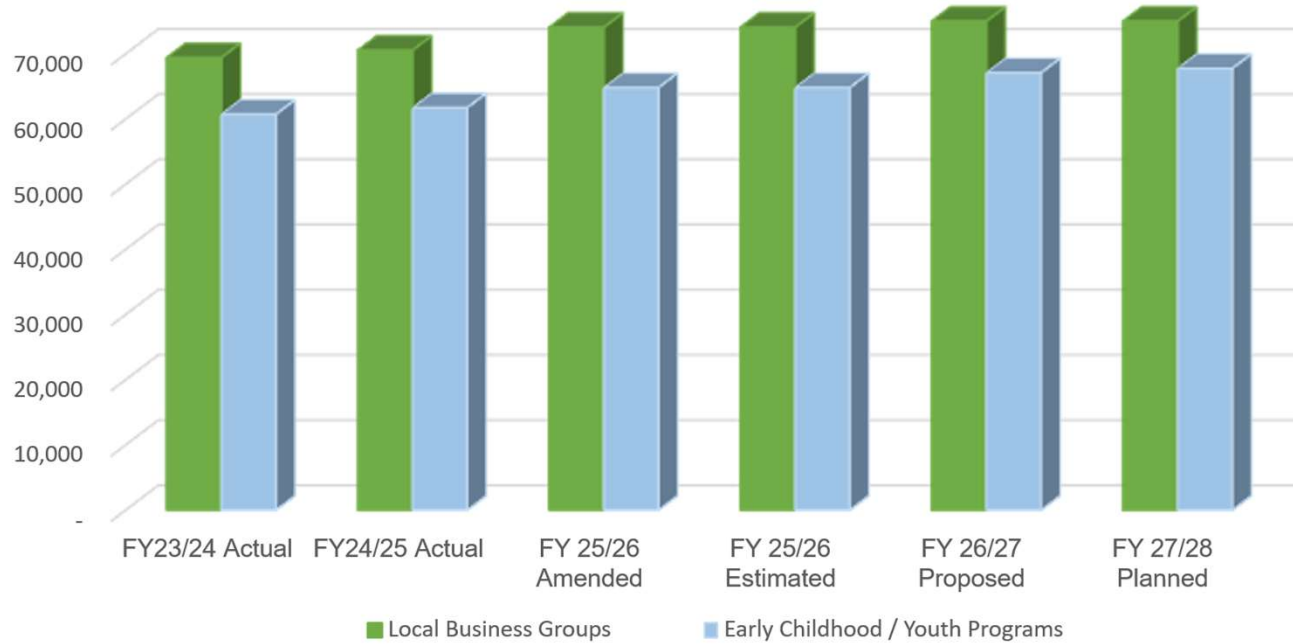


Revenue by Category



Proposed Tax Revenues

Transient Occupancy Tax- Special Revenue



Restricted TOT

Expenditure Forecast

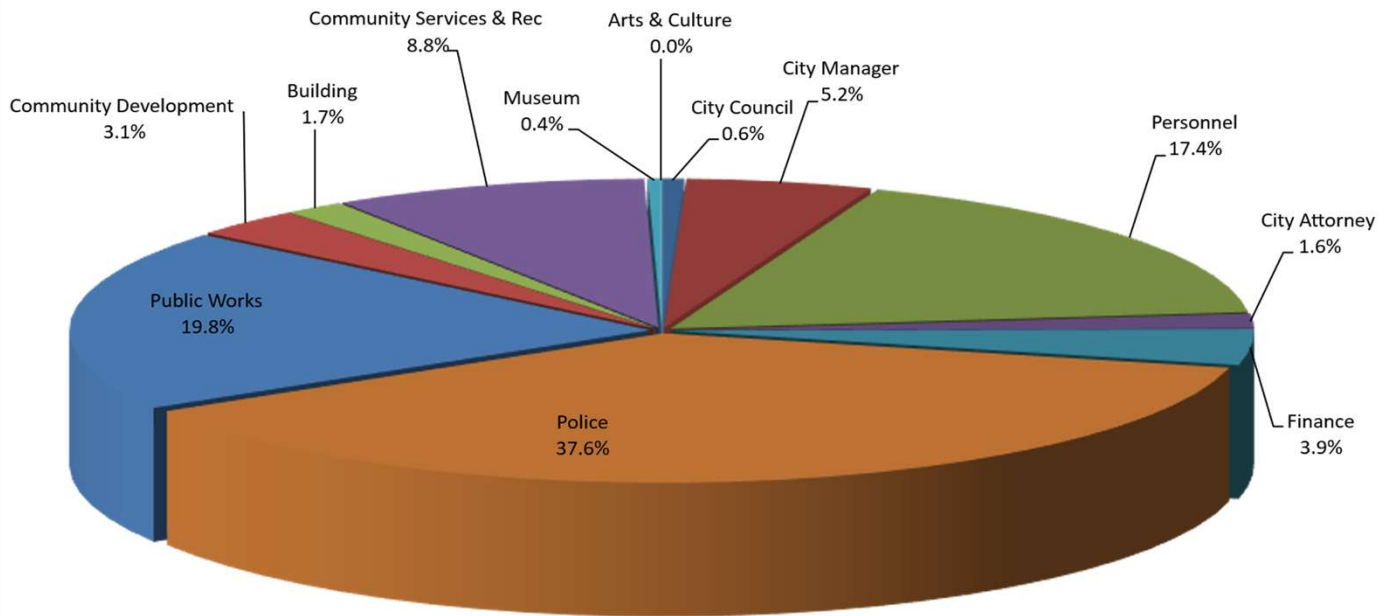
Expenditure	Budget Change \$	Notes
Personnel	\$588,000	CalPERS, COLA's & Step's
All others	153,000	Contract services & supplies up, training/memberships & ISF's down
Other financing uses	300,000	Equipment & compensated absences ISF's
Total	\$1.1 million	

- Personnel - \$588,000
 - Salary – full-time - \$42,000
 - Salary – part-time/seasonal - \$52,000
 - Overtime –\$57,000
 - CalPERS - \$460,000
 - UAL = \$376,000
 - Normal cost = \$84,000

We are not alone!

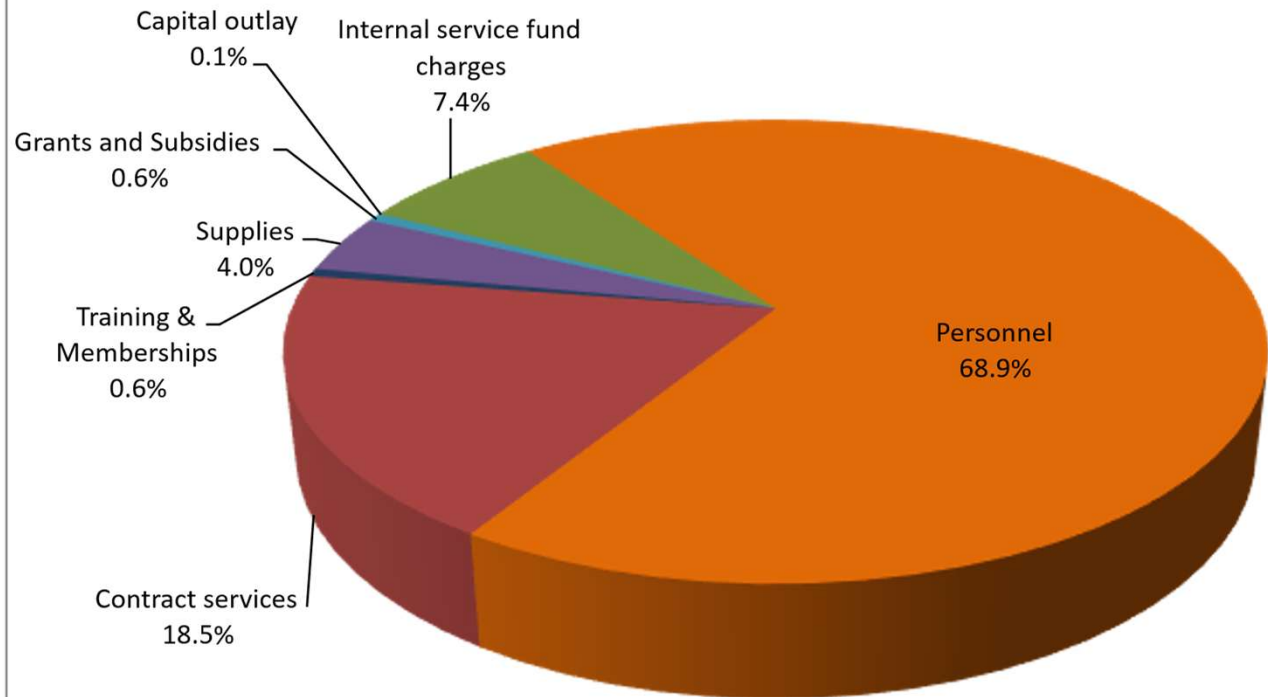
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
City of Capitola	\$ 2,256,706	\$ 2,210,727	\$ 2,637,468	\$ 2,992,210	\$ 3,271,340
City of Carmel-By-The-Sea	\$ 2,082,464	\$ 2,007,732	\$ 2,375,351	\$ 2,708,158	\$ 2,972,561
City of Carpinteria	\$ 782,764	\$ 757,772	\$ 1,044,514	\$ 1,146,646	\$ 1,224,352
City of Laguna Beach	\$ 6,498,191	\$ 6,150,251	\$ 7,309,154	\$ 8,377,037	\$ 9,440,474
City of Pismo Beach	\$ 1,719,008	\$ 1,477,561	\$ 1,852,773	\$ 2,008,516	\$ 2,219,673
City of Sausalito	\$ 3,108,874	\$ 2,610,631	\$ 3,075,039	\$ 3,475,574	\$ 3,787,872
City of Scotts Valley	\$ 1,724,233	\$ 1,671,408	\$ 1,995,702	\$ 2,265,227	\$ 2,476,074

	1-5 % decrease		1-10 % increase
	5-10 % decrease		10-20 % increase
	10+ % decrease		20+ % increase

Expenditures by Department

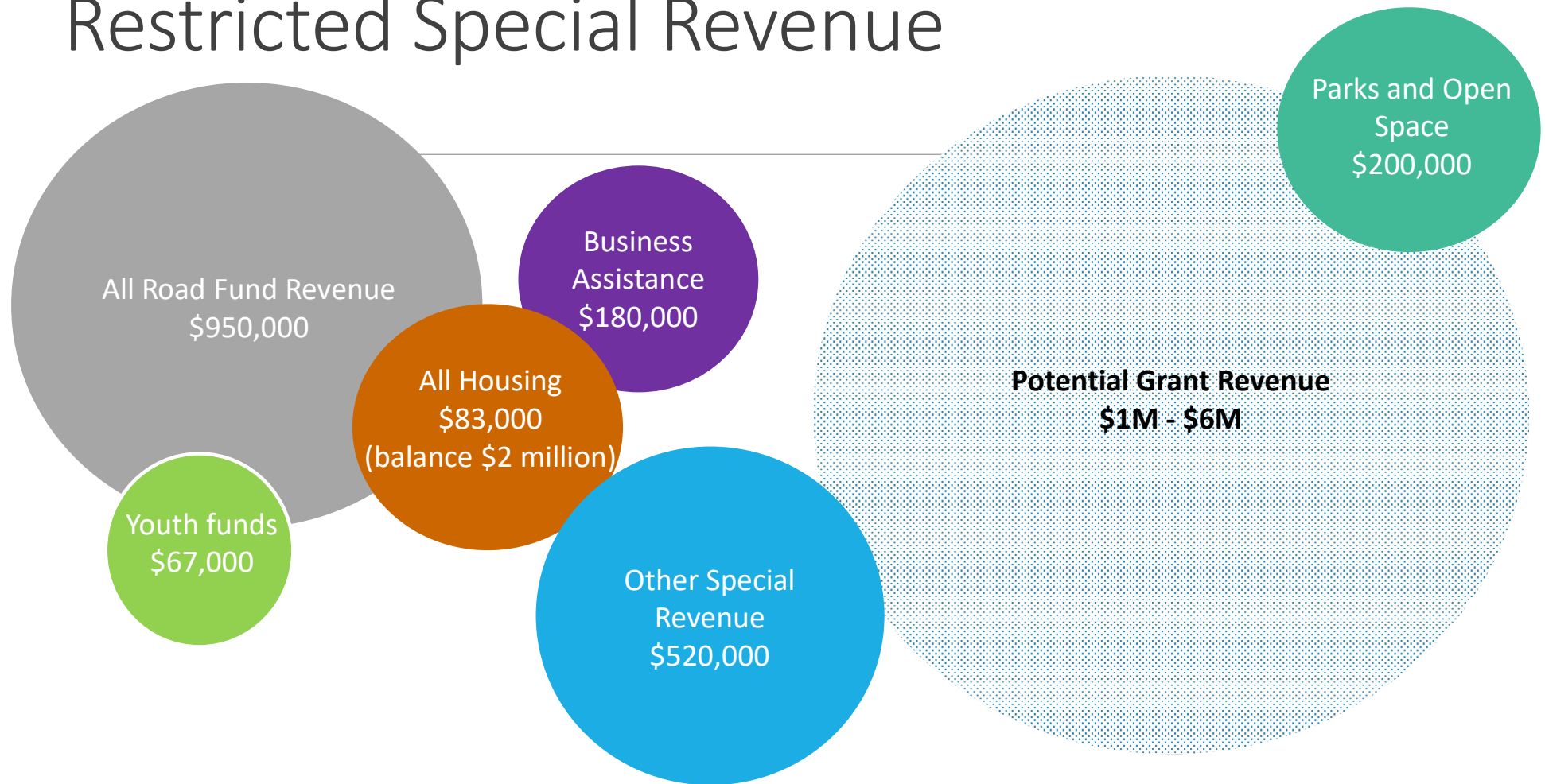
Expenditure Summary (cont.)

Expenditures by Category

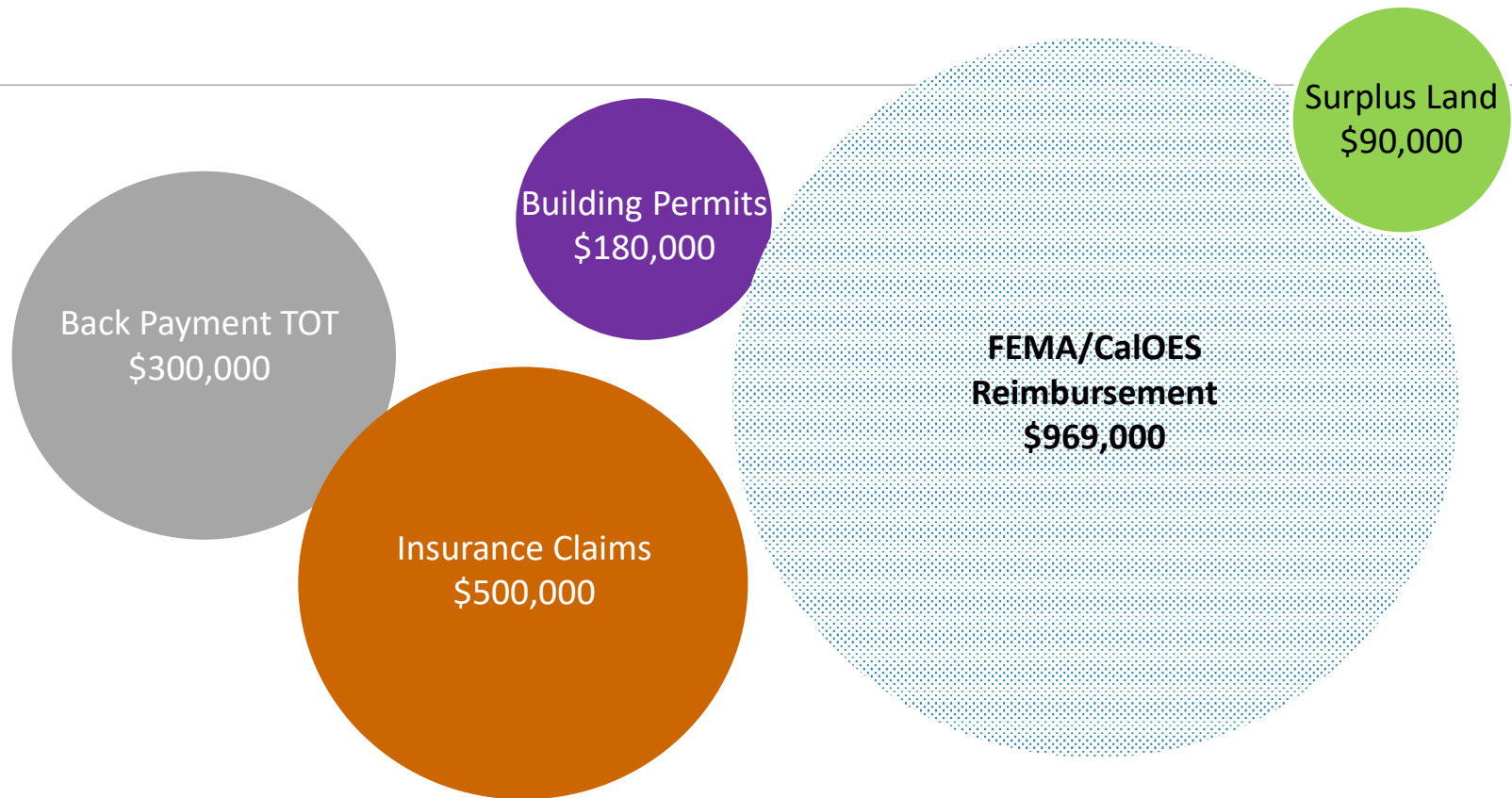


Expenditure Summary (cont.)

Restricted Special Revenue



Potential One Time Revenue

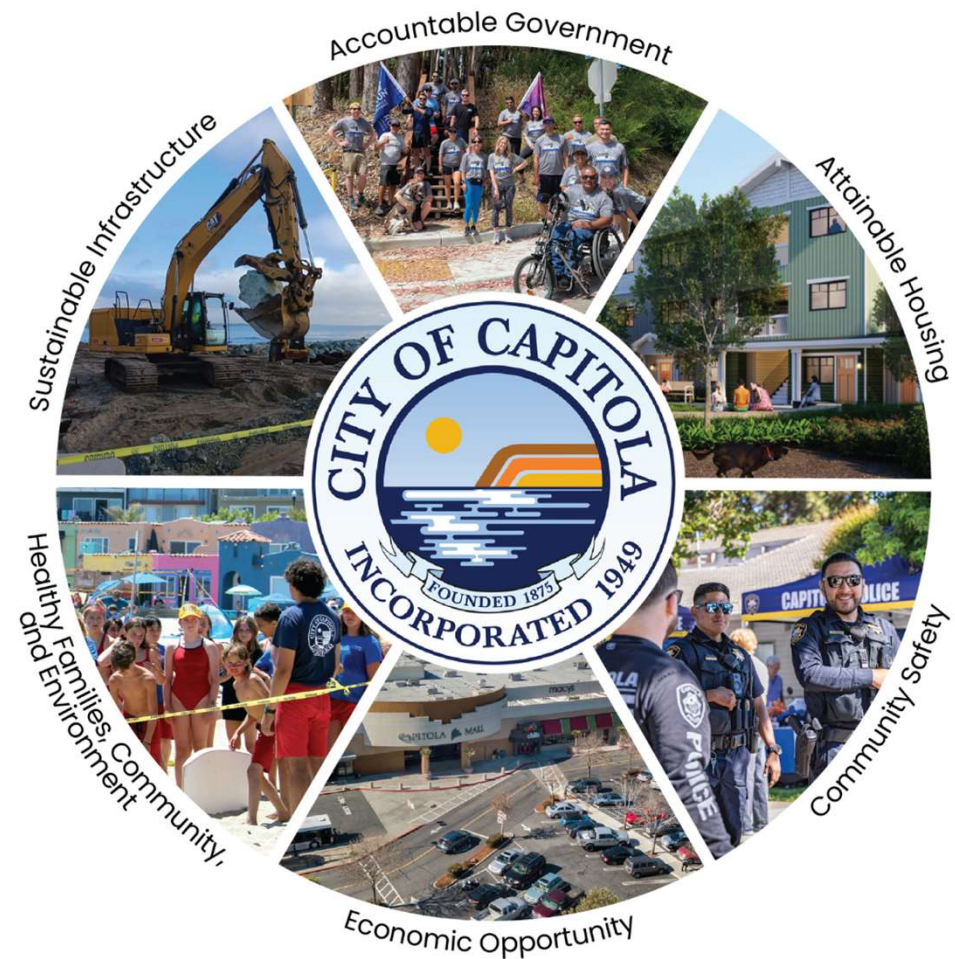


General Fund	FY 00/01 Actual	FY16/17 Actual	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Actual	FY 26/27 Proposed
Elected												
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elected - Total FTE's	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fully Benefited by Dept												
City Attorney	1	-	-	-	-	-	-	-	-	-	-	-
Admin Services	5.25	4.50	4.50	3.75	2.75	2.75	2.75	3.00	4.00	4.00	5.00	5.00
City Manager	5.50	7.00	6.00	6.00	7.00	5.00	5.50	6.50	6.50	6.50	5.00	5.00
Museum	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Police	31.30	31.65	31.50	30.50	30.50	29.50	30.50	30.50	31.00	31.00	31.00	31.00
CDD	6.67	5.00	5.00	6.00	6.00	5.00	5.50	5.75	5.00	5.00	5.00	5.00
Public Works	14.33	15.00	16.00	16.00	15.50	14.00	16.00	16.00	16.00	16.00	18.00	18.00
Community Services & Rec	4.50	3.75	3.75	3.75	4.50	3.75	5.50	5.50	5.50	5.50	5.50	5.50
Dept - Total FTEs	69.30	67.40	67.25	66.50	66.75	60.50	66.25	67.75	68.50	68.50	70.00	70.00
Change from prior year		2.79	2.15	(0.15)	(0.75)	0.25	(6.25)	5.75	1.50	-	1.50	-

Staffing

Strategic Plan & Priorities

Departments
considered Priorities
when preparing FY
2026-27 Budget



Department	Draft Goals
City Manager	Election: three Council seats
	Employee contract negotiations
	Beach Lifeguard Service Organizational Study
Police	Anti Human Trafficking Ordinance
	Countywide records management system rollout
	Continued funding for: Drone Program, RING, Body Worn Cameras
Community & Economic Development	Continue working with Mall, Village hotel owners and other economic development opportunities.
	Ordinance updates: Community Benefits, ADUs, Bicycle Parking, Hotel Incentives
	Review Outdoor Dining Program
	Development impact fees - 41 st Avenue
	Housing Element Implementation: Down payment assistance program, update nexus study for rental housing.
Community Services & Recreation	Update Community Center rental package
	Explore and develop new opportunities related to renovated facilities
Administrative Services	Improve fiscal transparency
	Transition to paperless HR Division
	Return TOT administration to internal staff

Original Proposed Goals

Dept	Topic	Notes
Public Works	Evaluation opportunity to use Trestle	Staff working with RTC
	PCI Update Report	Planned update 27/28
	Bay Avenue – enhance lighting/crosswalk	Bay Ave Corridor Plan (Council May 14)
	Sea level rise climate action planning	Esplanade Park project, Climate Action Plan update
	Continue Cliff Drive, Stockton Bridge projects	Existing projects grant funded
	Pavement Management Plan	Included in PW workplan
	Depot Hill pathway	Requires \$275k in project funding
	Esplanade Park	Design grant funding obtained
	Seek funding for sidewalk infill Projects	Ongoing
	Tree maintenance near street lights	Ongoing
	Examine options for backup power/pumps in village	Staff to contact Sanitation
	41st and Clares intersection traffic safety	Active Transportation Plan
	Improved bike facilities on 38th Avenue	Active Transportation Plan
	Examine if bike-detection technology can help with bike safety	Active Transportation Plan

Council
Items
Included in
Proposed
Budget

Dept	Topic	Notes
Com and Econ Dev	RFP for wharf	To be release this month
	Impact fees prior to mall submission	Incorporated in workplan
	Clares - Complete Street project	41 st Ave Corridor Plan
	Report back on Economic Development opportunities	Incorporated in workplan
CS&R	Review options for revenue-neutral programs	Individual programs balanced, excluding events and administration
	Ensure CS&R balance of programs for youth and seniors	Incorporated in workplan
Police	Ebike safety plan	Incorporated in workplan
Admin Service	Options to manage PERS costs	Incorporated in workplan
	Story of City reserve funds and how we got to where we are	Included in tonight's budget presentation
CM	Work with community groups to help fund projects	Incorporated in workplan

Council Items Included in Proposed Budget

Topic
Sidewalk maintenance – ownership report
Look at rent control costs/risks
Parking rate evaluation, rates last updated in 2024, inflation increase = 14 cents currently
Village clean up & new trashcans
Funds to match private donation at Rispin Park
Present info about GF spend by geographic area
Study Citywide vacation rental zone revenue
Additional sidewalk cleaning when weather is nice, off season

Council Items Not Included in Proposed Budget

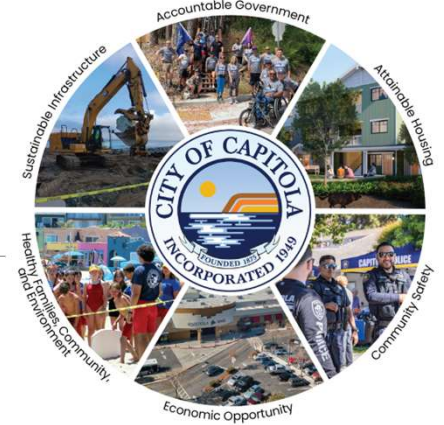
FY 2026-27 *Department Overview*

MAY 6, 2026

City Manager Department 2025-26 Accomplishments:

Accountable Government

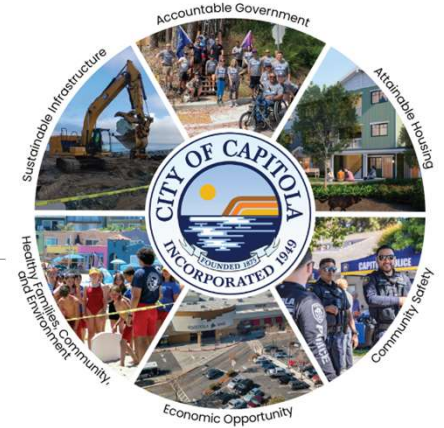
- Completed annexation feasibility study
- Citywide website update project completed
- Completed .gov transition
- Negotiated regional radio contract with regional agencies
- Hosted Town Hall and launched enhanced community outreach plan
- Hosted various ground breakings/grand openings as part of outreach efforts
- Initiated districting process



FY 2026-27 City Goals: *City Manager Department*

Accountable Government

- Districting process
- Election, 3 seats
- Employee contract negotiations
- Beach lifeguard organizational study
- Community engagement – Town Hall at Community Center



Administrative Services Department 2025-26 Accomplishments:

- **Continued** TOT vacation rental audit and enforcement program
- **Implemented** new bail schedule
- **Implemented** transition of IT to a contracted service
- **Increased efficiency** and streamlined HR as part of restructuring

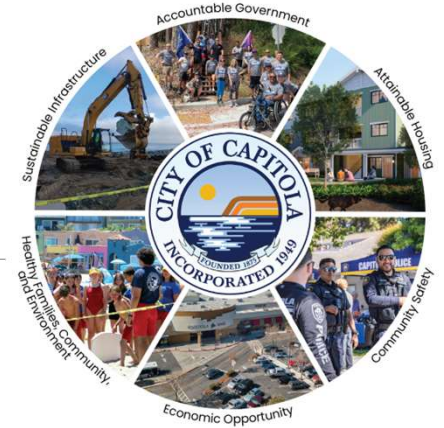
FY 2026-27 City Goals: *Administrative Services*

Accountable Government

- Digitize and streamline HR processes
- Continue to improve City financial transparency

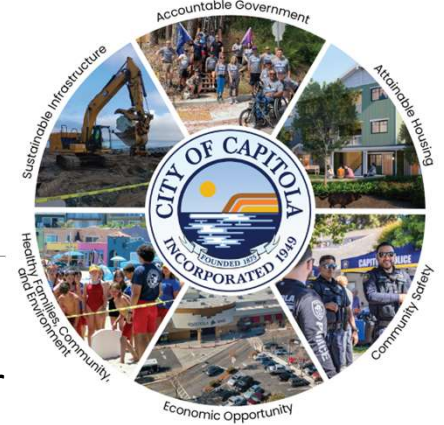
Economic Opportunity

- Develop long-term financial plan for Measure Y
- Identify future revenue opportunities, address increasing costs
- TOT Auditing in-house



Police Department 2025-26 Accomplishments:

- **Converted** Community Service Officer position to Multi Service Officer
- **Staffed** Parking Enforcement with 3 full time PEO's
- **Implemented** the Axon interview system
- **E-bike Safety collaboration** with New Brighton Middle school using a bicycle registration program
- **Pay station** replacement plan completed with online payment options
- **E-citation** technology implemented

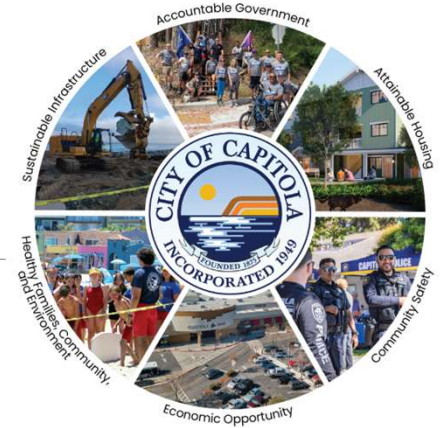


FY 2026-27 City Goals

Police

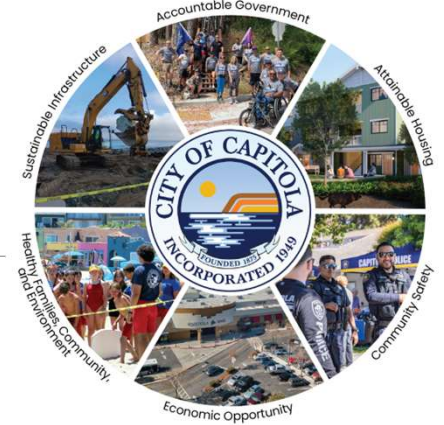
Community Safety

- Adopt updated Emergency Operation Plan
- Prepare Anti-Human Trafficking ordinance
- Implement data-driven directed traffic enforcement operations
- Continue E-bike safety plan & school sticker program
- Enhance community engagement:
 - Neighborhood Watch program
 - Fraud education to protect older adults
 - Recruit for Chief's Advisory Committee
- Grant opportunities for enforcement (ongoing):
 - Cannabis
 - Traffic safety
 - ABC
- Records Management System (RMS) building out process.



Public Works Department 2025-26 Accomplishments:

- **Improved public spaces:**
 - Park at Rispin Mansion
 - Community Center Renovation
 - Treasure Cove Playground
- **Pavement Management:**
 - 41st Avenue multimodal Improvements
- **Delivered core services**, obtained project funding, and supported year-round public events



FY 2026-27 City Goals

Public Works

Community Safety

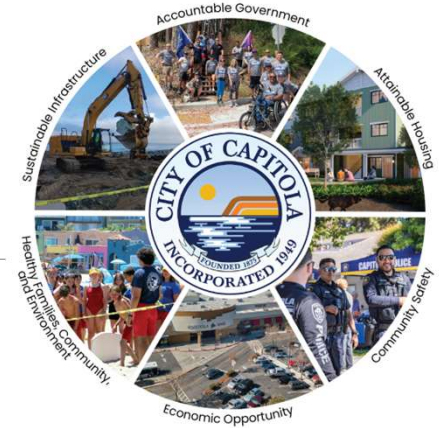
- Advance safety projects identified in the Local Roadway Safety Plan
- Advance Active Transportation Plan planning

Sustainable Infrastructure

- Advance Council-approved projects:
 - Cliff Drive Resiliency
 - Esplanade Park
 - Stockton Avenue Bridge
- Deliver annual Pavement Management Program

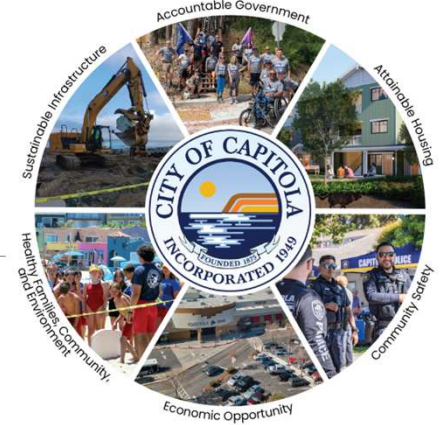
Healthy Families, Community, & Environment

- Initiate Monterey Park play space planning



Community & Economic Development Dept. 2025-26 Accomplishments:

- **Expanded** Economic Development into Department
- **Adopted** objective standards for Mall and Multifamily Zoning
- **Issued** occupancy of 4401 Capitola Road: 36-unit 100% affordable
- **Received** \$3.3 million CDBG for development of Treasure Cove Playground
- **Planned For** economic growth through 41st/Capitola Rd/Clares Corridor Study
- **Established** Conceptual Wharf Master Plan and soliciting proposals for development
- **Executed** Housing Rehabilitation Program with Habitat for Humanity & 7 households
- **Processed** 80 planning permits and 407 building permits



FY 2026-27 City Goals

Community & Econ. Development

Attainable Housing

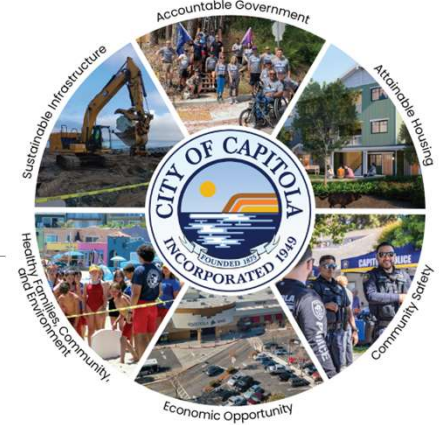
- Issue building permit for 52-unit, 100% affordable housing at 1098 38th Ave
- Launch Down Payment Assistance Program
- Update Nexus Study for rental housing

Economic Opportunity Infrastructure

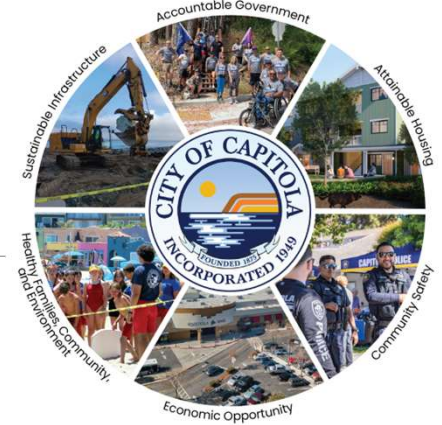
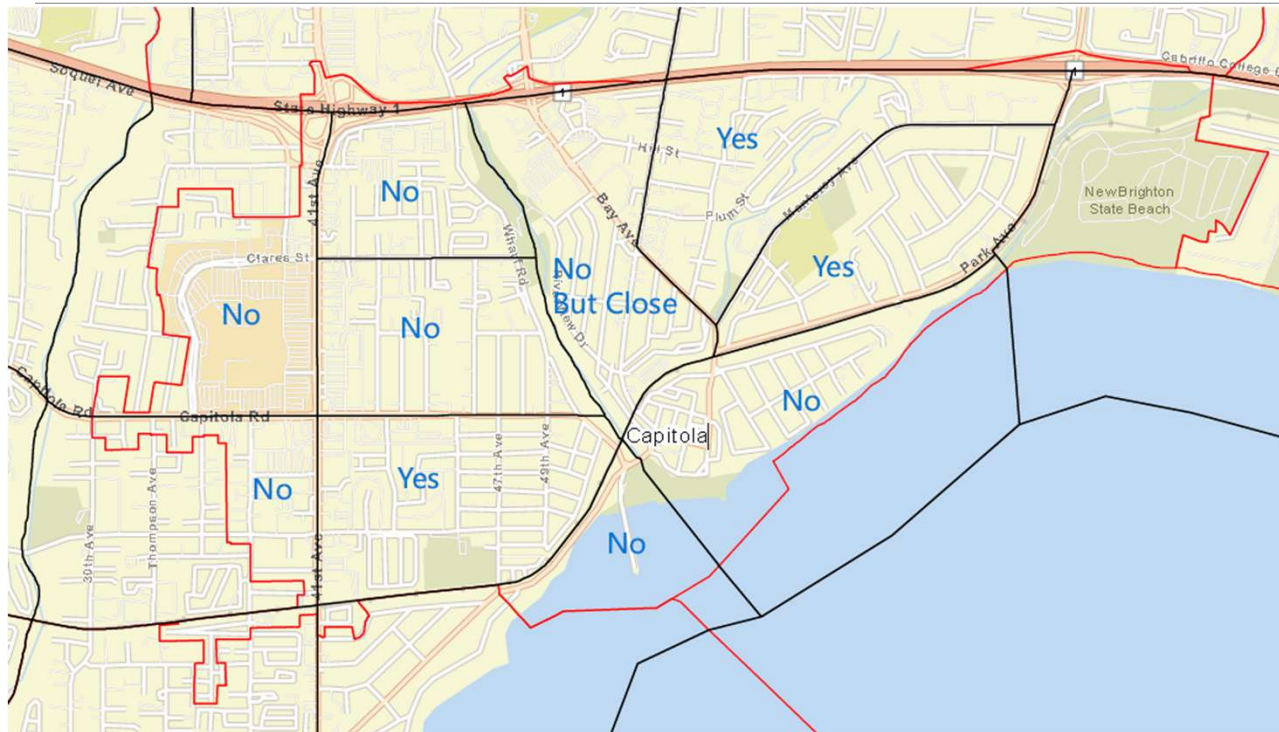
- Work with Capitola Mall, Tesla, Village Hotel Site, and Grimes Property toward development
- Update Community Benefits Code to Incentivize Hotels, Retail Growth, and Housing
- 41st Avenue Development Impact Fees for Corridor Improvements

Healthy Families, Community, & Environment

- Capitola Wharf Master Plan funding opportunities for implementation
- CDBG Grants for shovel-ready Community Project (\$5 Million in 2026; \$5 Million in 2027)



Qualified Areas for Community Development Block Grants



Yes = Qualifies for CDBG

No = Does not Qualify for CDBG

No But Close = May qualify with adjacent neighborhood which qualifies

Community Services & Recreation FY 2025-26 Accomplishments

Community Safety

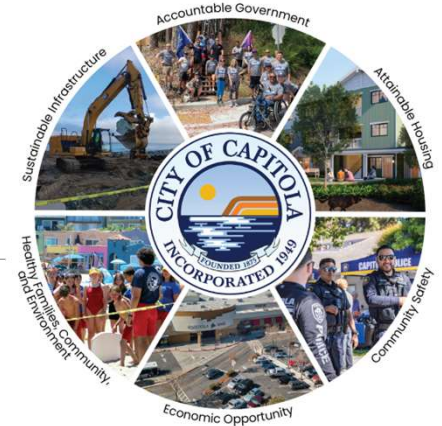
- Provided Beach Lifeguard Services to event organizers and expanded tower services through October

Accountable Government

- Enhance Junior Guard program by redistributing age divisions throughout sessions and providing smaller group sizes for effective instruction
- Sustained a robust schedule of Classes and Summer Camp with minimal disruption during Community Center remodel

Healthy Families, Community, & Environment

- Provided programming on the Wharf with fun, family-friendly activities by hosting “Boogie on the Wharf” dance event series
- Introduced two new music events: “New Music Sundays” featuring local youth bands, and “Dueling Pianos” offering a fresh and interactive community opportunity
- Celebrated 10th annual Plein Air event with new artist engagement opportunities for the public and record exhibition attendance



2026-27 City Goals: *Community Services & Recreation*

Community Safety

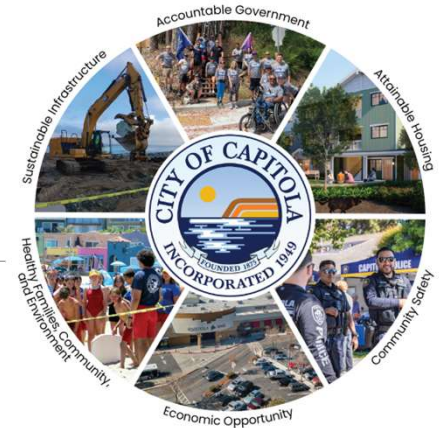
- Enhance structure of the Beach Lifeguard Service and Junior Guard program

Accountable Government

- Strengthen partnerships with county agencies to expand regional initiatives
- Develop a new Community Center rental package, incorporating new use opportunities provides by the remodel

Healthy Families, Community, & Environment

- Increase capacity of Camp Capitola and utilize new Jade St Park features and Treasure Cove Playground
- Utilize lessons learned for new music events “Dueling Pianos and New Music Sunday’s; provide improved series for residents.



Art & Cultural Commission Recommendations

Public Art

Monterey Avenue Railing Public Art Project

- Nearing Completion; dedication expected in June

Rispin Reflecting Pool Public Art Project

- Current phase: Artist selection for proposal

Bandstand Weathervane Public Art Project

- Current phase: Artist selection for proposal

Public Art Maintenance

- Touch Up remaining Signal Box Murals

Event Series

Makers Market paused

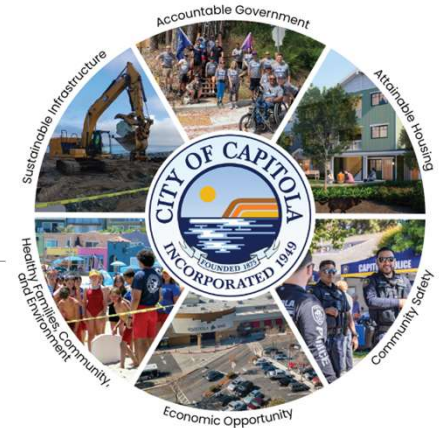
New Music Sundays

- Youth Bands from music schools
- End of May and August

Dueling Pianos

- Moved to Wednesdays after the completion of the Twilight Concert Series

Twilight Concerts, Movies at the Beach, & Plein Air unchanged



Key Budget Elements

Parking Citation Revenue

- Increased from \$450,000 to \$850,000
- Fully staffed and 80% increase in citation amount

Multi-Service Officer Vacancy

- Freeze one of two positions = \$100,000 salary savings

Citywide Salary Savings

- Utilizing \$93,000 – (25% of annual average)

Training & Memberships

- Eliminated discretionary training, Citywide = \$46,000

Changes since 1st Draft

Police Services decreased \$54,000

- SC 911 Emergency Communications Center

Community Television decreased \$19,000

- Utilization of Public Education & Government Cable TV Access funds

These changes structurally balance proposed budget

Other Considerations

Increase parking rates

- \$1.2 million annual revenue
- Last increased in 2024

Allow short-term rentals city-wide

- Impact requires analysis
- This would include significant public outreach

Utilize CalPERS Trust

- Could use portion of trust to pay UAL
- Would reduce balance to offset Mall construction

End free holiday parking

- Estimated cost is \$90,000 – \$100,000

Business License Modernization

- Requires ballot measure, potential long-term solution

Additional Items

Reserve Fund Balances

- Contingency: \$2.5 million
 - \$530,000 below June 30, 2027 target
- Emergency: \$1.6 million
 - \$385,000 below June 30, 2027 target
- Storm damages still under FEMA/Cal OES review: \$962,000
 - Potentially could replenish reserves

Finance Advisory Committee

- Potential Cost Savings
 - Utilize OPEB Trust Fund
- Requests for 2nd Draft
 - Improve Transparency
 - Include cost for fiscal transparency software
 - Additional details for expenditures included in presentation
 - Include 5 yr. expenditure forecast
 - Provide list of edits between drafts

Council Action

Identify:

- Budget questions
- Details for presentation at next hearing

Provide preliminary feedback on:

- Draft Budget
- Key discussion points/proposed changes

Next Steps: Special Meeting May 21

- Draft Capital Improvement Project Budget
- Minor budget adjustments/corrections
- Response to questions/requests for additional detail