

# City of Capitola

## Special City Council Meeting - Budget Agenda



City Council Chambers  
420 Capitola Avenue, Capitola, CA 95010

**Mayor:** Margaux Morgan

**Vice Mayor:** Gerry Jensen

**Council Members:** Joe Clarke, Melinda Orbach, Susan Westman

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### 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 Wednesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Wednesday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.*

A. Item 5A - Correspondence Received

B. Item 5C - Correspondence Received

#### 4. Oral Communications by Members of the Public

*Oral Communications allows time for members of the Public to address the City Council on any "Consent Item" on tonight's agenda, or 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 Operation Budget and 5-year Capital Improvement Program

Recommended Action: Receive the proposed budget, provide staff direction, and either: 1) continue budget deliberations to the next scheduled budget hearing on June 11, 2026, or 2) direct staff to prepare the documents for final budget adoption at a regular meeting in June and cancel future planned budget hearings.

**B.** Reprogramming of RTIP Funds for Capitola Trestle

Recommended Action: Authorize staff to submit a request to the Santa Cruz County Regional Transportation Commission (RTC) to reprogram up to \$200,000 in Regional Transportation Improvement Program (RTIP) funds currently programmed to the City to support preliminary planning work for the Capitola Trestle.

**C.** Programming of Remaining RTIP Funds to Support Grant Leveraging and Project Development

Recommended Action: Receive information regarding available transportation funding and provide direction to staff to: 1) Program approximately \$50,000 in remaining RTIP funds toward local match requirements for the Bay Avenue improvements; 2) Reserve the remaining approximately \$300,000 in RTIP funds to leverage future Safe Streets and Roads for All (SS4A) grant funding for additional active transportation and roadway safety improvements; and 3) Program approximately \$50,000 in remaining RTIP funds toward development of a shovel-ready Community Development Block Grant (CDBG) application for roadway and pedestrian improvements within the Cliffwood Heights neighborhood.

## 6. Adjournment

*The next regularly scheduled City Council meeting is on May 28, 2026, at 6:00 PM.*

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### 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@cityofcapitola.gov](mailto:citycouncil@cityofcapitola.gov) and they will be included as a part of the record for the meeting.

**Notice regarding City Council: The City Council 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@cityofcapitola.gov](mailto:jgautho@cityofcapitola.gov).**

**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.**

**Gautho, Julia**

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**From:** Teresa Green <teresajgreen@me.com>  
**Sent:** Sunday, May 17, 2026 6:44 PM  
**To:** City Council  
**Subject:** Comments on Item 5A

Dear Council,

I am reviewing the agenda packet for the Budget meeting on May 21st. This question applies to Item 5A.

Issue 1:

Page 25 of the agenda package has this information on Measure Y:

In November 2024 Capitola voters approved Measure Y, a one-half percent district sales tax replacing Measure F, a one-quarter percent district sales tax. The Measure Y ballot language stated: “To protect essential city services including **public safety and emergency services; repair potholes, maintain streets, sidewalks, bike lanes, beaches, the new wharf, and recreation programs for youth; improve traffic safety; and support local businesses**, shall City-of-Capitola replace its quarter-percent sales tax, approved by voters in 2016, with a one-half percent sales tax, generating an estimated \$2.2 million annually for general government use, for ten years, with independent audits, and all funds staying local?”

Page 15 of the agenda package has this comment: "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 2025 as a result of this tax measure passing to maintain competitive salary ranges.**"

My understanding is that all of the Measure Y funding went to Salary adjustments which to me is not in the category of any of the items listed in the Measure that was approved by the voters. Did the council approve this? How can this be legal? Have any independent audits been conducted? If not, I think an audit is called for now. I feel totally misled by the usage of these funds and I guarantee I will not be voting on any future measures unless the funds are allocated to a special fund that can only be used for the reasons specified in the Measure.

Issue 2:

The chart on page 25 that shows Measure Y Revenues of \$2,289,167, but Expenditures of \$10,532,482. This makes no sense to me.

I would appreciate a response to my concerns.

Thank you.

Teresa J. Green  
 405 Hill Street, Capitola

**Gautho, Julia**

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**From:** Malberg, Jim  
**Sent:** Monday, May 18, 2026 3:50 PM  
**To:** Teresa Green  
**Subject:** RE: Comments on Item 5A  
**Attachments:** 2.png; 1.png; Yes On Measure Y Letter.png

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Good afternoon,

Thank you for your email. The City Council approved the Memorandums of Understanding (labor agreements) with the Police Officers Association on May 30, 2024, and with all other labor groups on June 27, 2024. Language regarding equity adjustments contingent upon the passage of the November tax measure, later titled Measure Y, was included in each of the City Council-approved agreements.

Each year, the City is legally required to have its financial statements audited by an independent auditor, including a review of all revenues and expenditures. The City generally contracts with a new audit firm through a competitive selection process every five to six years. Our current auditor, Chaven & Associates, has conducted the City's last two annual audits, including Measure Y revenue.

The chart on page 25 was provided to help show how much funding is proposed in this year's budget for items mentioned in the Measure Y ballot language. As Measure Y is a general tax, the funds can be used for any governmental purpose, as determined by the City Council. As the table shows, the City is proposing to spend \$10.5 million on the items mentioned in the ballot. Measure Y generates \$2.3 million, so other general fund revenue is required to supplement the remaining \$8.2 million in services mentioned in the ballot language.

I've also included some of the campaign material for your reference. Please let me know if you have any additional questions.

Thanks – Jim

**Please note new email address below:**

Jim Malberg, Administrative Services Director  
 City of Capitola  
 420 Capitola Avenue  
 Capitola, CA 95010  
[jmalberg@cityofcapitola.gov](mailto:jmalberg@cityofcapitola.gov)

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**From:** Teresa Green <teresajgreen@me.com>  
**Sent:** Sunday, May 17, 2026 6:44 PM  
**To:** City Council <citycouncil@cityofcapitola.gov>  
**Subject:** Comments on Item 5A

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I would appreciate a response to my concerns.

Thank you.

Teresa J. Green  
405 Hill Street, Capitola

# Capitola Together YES on Measure Y

Item 3 A.

This November 2024, Vote YES on Measure Y. The City of Capitola has proposed an early repeal of Measure F, to be replaced by a new 0.5% Sales Tax to secure Capitola's financial future. This would replace the current quarter-percent sales tax (Measure F, approved by voters in 2016)

## Why A Local Sales Tax?

- Sales tax is paid by both visitors & residents.
- When Measure F expires in 2027 the City projects a fiscal gap.
- Only 7.5% of property taxes paid by Capitola residents go to the City. The rest goes to the State, County & outside agencies.
- This proposed measure will address long range budget forecast; showing gap in 5-10 years
- Measure Y would generate ~\$22 Million in its 10 year term.

## Measure Y will Support Services Such As

- Providing for our Police and Workforce
- Enhancing Public Safety
- Maintaining our beautiful parks, beaches and wharf
- Improving our streets, infrastructure  
& recreation programs

Vote YES on Measure Y

Item 3 A.

# Capitola Together, YES on Measure Y

## FACTS

- If not passed, the City is projected to face budget shortfall within the next two years, impacting important community projects and staffing
- Even with this new measure, Capitola will maintain the lowest tax rate of cities in the County
- The City estimates that less than one-third of Capitola's sales tax revenue is paid by residents; the vast majority is paid by visitors
- According to sales tax data, the average Capitola family of 2.5 individuals spends about \$8,200 annually on items, subject to sales tax which equals about \$739. In this situation the impact of increasing the sales tax from 9% to 9.25% would be about \$20 annually.

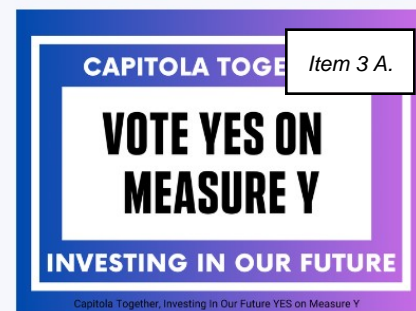
## ENDORSEMENTS

- Yvette Brooks**- Capitola Vice Mayor & Former Mayor
- Kristen Brown** - Capitola Mayor
- Joe Clarke** - Capitola Councilmember
- Zach Friend**- District 2, County Supervisor
- Anthony Guajardo** - Business Owner, Mijo's Taqueria
- Ryan Heron** - Labor Relations Representative LiUNA 792
- Gerry Jensen**- Capitola Planning Commissioner
- Margaux Morgan** - Capitola Councilmember & Former Mayor
- Melinda Orbach** - Community Member
- Gayle Ortiz** - Business Owner, Former Mayor
- Alexander Pedersen**- Capitola Councilmember
- Anthony Rovai** - Community Member
- Linda Smith** - Community Member
- Mike Termini** - Former Capitola Mayor
- Peter Wilk** - Capitola Planning Commissioner



votemeasureY.com

**CAPITOLA TOGETHER, YES ON MEASURE Y**  
**916 PONSELLE LANE #4**  
**CAPITOLA CA 95010**  
**FPPC # 1474535**



**Dear Capitola Supporter,**

On behalf of the Capitola Together, Yes on Measure Y campaign, we reach out to you today to request your financial support.

The City proposes an early repeal of Measure F, to be replaced by a new 0.5% sales tax initiative to secure Capitola's financial future. This new measure addresses financial challenges due to inflation and the expiration of Measure F in 2027. With this step, the City can avoid a likely deficit in the next few years.

The proposed 0.5% sales tax will help Capitola sustain vital services. Services such as providing for our police and workforce, enhancing public safety and maintaining our beautiful parks, beaches and wharf, and improving our streets, infrastructure, and recreation programs.

After careful consideration, the City Council determined that a sales tax is the fairest way to address our budget challenges. Both visitors and residents contribute to our local economy, sharing the responsibility of maintaining our community's well-being. Importantly, City Staff estimates that less than one-third of Capitola's sales tax revenue is paid by residents; the vast majority is paid by visitors.

Even with this new measure, Capitola will maintain the lowest tax rate in the County, staying 0.5% below other cities' rates.

Capitola is a special community that we cherish. Let's ensure it remains vibrant and sustainable for future generations. Again, we ask you today for a financial contribution to help share this important information with our community.

**Sincerely,**

*Yvette Brooks*

*Joe Clarke*

*Gerry Jensen*

*Melinda Orbach*

*Alexander Pedersen*

*Anthony Rovai*



**Gautho, Julia**

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**From:** Leslie Nielsen <lpbeach21@gmail.com>  
**Sent:** Tuesday, May 19, 2026 11:14 AM  
**To:** City Council; Malberg, Jim  
**Subject:** May 21 Budget Hearing Item 5A - Comment

Staff, Thank you for including a comment in the staff report that you met with the FAC (Finance Advisory Committee) and Council and for highlighting the changes made to the budget.

There were a few additional items asked for by the FAC and Council that you did not mention;

1. A five-year multi year projection showing revenues, expenditures and fund balance included IN the document was requested. The assumptions in the added page appear to be copied and pasted forward each year with no explicit assumptions or policy response modeling. I would like to recommend the City Council require this to be a living document that is updated and reviewed with the Council on a quarterly basis. It should include a forecast for reserve depletion. Campbell and Scotts Valley are good examples of transparency on long term forecasts. This is a great first step in being able to actively evaluate strategies to enhance revenue and control costs.
2. A FAC member asked for a one-page summary on Measure Y forecasted revenue and expenditures. The added table is misleading. The City Manager letter specifically says, **“Voters passed Measure Y with 67% approval. The City implemented salary adjustments as a result of this tax.”** It was a general government use ballot measure, so just say it like it is and stop trying to defend the use for salaries in year 1, and instead show specific projects in the ballot categories that will be obtained in the new fiscal year by the competitively paid staff. Measure Y is required to balance the budget and expires in 2034. Transparency for new tax measures to replace this will be critical.
3. Council member Westman asked for a one-page summary showing the impact of a 1% increase in TOT fees. Perhaps this can be included in the policy response modeling for the first quarter review.

The budget process overview page says quarterly financial updates are published on the website and that the FAC “discusses elements of the budget” in MARCH. The first FAC discussion for this budget was May 5<sup>th</sup> this year. Let’s say what we are going to do and do what we say this coming year.

Also, please update the ending fund balance in the City Manager letter \$125,445 to the number provided on the table \$94,957.

Lastly, thank you for the five-year CIP plan. This provides much better transparency for the public on priorities and how projects are funded. It should be a useful tool for the City Council to manage priorities. I am a little confused on the distinction between “Active / Funded “ (eg. Stockton Bridge) and “Partially Funded” ( Cliff Drive Resiliency Project), both of which seem to be partially funded to me. Please confirm that this will also be updated, communicated and published quarterly.

Thank you,

Leslie Nielsen

FAC Member

Item 3 A.



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**Budget Meeting Comment**

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**From** Anthony Rovai <ARovai@moneyconcepts.com>

**Date** Wed 5/20/2026 10:00 AM

**To** City Council <citycouncil@cityofcapitola.gov>

1 attachment (1 MB)

2026-May 21st Budget Meeting Measure Y.pdf;

Please include the attached letter in the meeting Packet.

With all the fraud, waste and abuse in Federal, State and Local Governments, the City of Capitola needs to do much better.

The City Council is supposed guide the city, so they need to have all the information to properly give direction to the City Manager

The Financial Advisory Committee is there to Review the finances and make recommendations to the city council.

Currently this is not happening!

Let's do better

**Anthony J. Rovai |** President

CA Insurance License #0791019



**o:** 831.475.3442 **Cell:** 831.273.6639

**w:** RovaiWealthManagement.com

**a:** 1715 42nd Ave., Suite C | Capitola, CA 95010

**e:** [arovai@moneyconcepts.com](mailto:arovai@moneyconcepts.com)





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Please be advised that you may conduct securities transactions only by speaking directly with your Registered Representative. To help protect your privacy, we strongly recommend that you avoid sending sensitive information, such as account numbers and social security numbers, via email.

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Please be further advised that, pursuant to the Bank Secrecy Act, the USA PATRIOT Act, and similar laws, any communication in this email is subject to regulatory, supervisory, and law enforcement review.

# Lack of Transparency

## Measure Y

**Y**

### City of Capitola Sales Tax

#### Ballot question

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

# What was proposed?

## EXHIBIT A

ORDINANCE NO. \_\_\_\_

**AN ORDINANCE OF THE CITY OF CAPITOLA AMENDING SECTIONS 3.10.050 AND 3.10.070 OF THE CAPITOLA MUNICIPAL CODE AND AMENDING SECTION 16 OF ORDINANCE 880 TO INCREASE THE TRANSACTION AND USE TAX TO 0.5% OF ONE CENT AND EXTENDING THE TERMINATION DATE OF THE TRANSACTIONS AND USE TAX THROUGH DECEMBER 31, 2034.**

**WHEREAS**, on November 2, 2004, City of Capitola voters adopted Ordinance No. 880, imposing a one-quarter cent (0.25%) on the dollar transactions and use tax ("Sales Tax") for general purposes, which would expire, or sunset, on June 30, 2010; and

**WHEREAS**, on November 4, 2008, Capitola voters adopted Ordinance No. 935, which extended the sunset date of the Sales Tax to December 31, 2017; and

**WHEREAS**, on November 8, 2016, the Capitola voters adopted Ordinance No. 1008, which again extended the sunset date of the Sales Tax to December 31, 2027; and

**WHEREAS**, proceeds generated by the Sales Tax are deposited into the City's General Fund and support important City services such as police, fire, and paramedic services; 911 emergency response; emergency street repairs and maintenance; neighborhood park and recreation services; and

**WHEREAS**, the City's budget forecast indicates a fiscal shortfall due to the impending expiration of the Sales Tax, increased pension liabilities, and the steady erosion of retail sales tax when adjusted for inflation; and

**WHEREAS**, as a result of this budget forecast, on April 11, 2024, the City Council directed staff to prepare a ballot measure replacing the existing one-quarter of one cent (0.25%) Sales Tax with a one-half of one cent (0.50%) Sales Tax, and further extending authority to collect the Sales Tax for another 10 years; and

**WHEREAS**, the City's budget forecast anticipates budget shortfalls, which would impact the City's ability to perform its functions and maintain the quality of life in the City of Capitola; and

**WHEREAS**, additional funding will help maintain the City of Capitola's financial viability in coming years and improve the city's local infrastructure, including repairing, paving and maintaining city streets, and maintaining city beaches, including the new Wharf infrastructure and services related thereto; and

**WHEREAS**, Revenue and Taxation Code Section 7285.9 authorizes the City Council for the City of Capitola to levy, increase or extend a general transactions and use tax if the ordinance proposing the tax is approved by a two-thirds vote of all members of the City Council, and the tax is approved by a simple majority (50%+1) vote of the qualified voters of the City voting in an election on the issue; and

# Where are the reviews?

No Use of Revenue Audit!

No Financial Advisory Committee Review!

No City Council Review

**WHEREAS**, the City's budget forecast indicates a fiscal shortfall due to the impending expiration of the Sales Tax, increased pension liabilities, and the steady erosion of retail sales tax when adjusted for inflation; and

**WHEREAS**, on April 11, 2024, the City Council directed staff to prepare a ballot measure replacing the existing one-quarter of one cent (0.25%) Sales Tax with a one-half of one cent (0.50%) Sales Tax and further extending authority to collect the Sales Tax for another 10 years; and

**WHEREAS**, the City Council also desires, on its own motion, to submit to the voters at the November 5, 2024 Statewide Election a question relating to the imposition of a one-half of one cent (0.5%) Sales Tax for general purposes ("Sales Tax Measure"); and

**WHEREAS**, the proposed, locally enacted Sales Tax Measure is projected to generate approximately \$2.2 million in new General Fund revenue annually; and

**WHEREAS**, the City will incorporate review of the uses of revenue generated by the Sales Tax Measure into the annual financial audit, conducted by independent certified public accountants, as well as a review by the Finance Advisory Committee and City Council; and

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**City of Capitola is in Financial Trouble!**

**Reserves are Depleting**

**No Longterm forecast**

**How is the City Council supposed to  
make sound decisions?**

# What Did Measure Y get us?

## Wage Schedule and Wage Increases

The wage schedule attached to this Memorandum of Understanding sets forth the base pay, subject to such adjustments (such as longevity pay) as are specifically set forth in this MOU. Letters "A" to "E" have been used to designate the respective pay steps for each position. The rates contained in the wage schedule are base salary rates and do not include overtime or benefits.

5

velope ID: ECE2DE5A-080F-49FF-9555-DC64F5F14B09

- a. Effective the first pay period after union ratification of the MOU and Council approval of the successor MOU in accordance with the Brown Act, the salary range for each classification in this Unit shall be readjusted by 3%
- b. Effective the first full pay period of July 2025, the salary range for each classification in this Unit shall be readjusted by 3%.
- c. Effective the first full pay period of July 2026, the salary range for each classification in this Unit shall be readjusted by 3%.

d. Equity Adjustments

If the City tax measure on the November 2024 ballot passes, the below classifications shall receive a one-time base wage increase, as indicated below. Increases shall be effective the first pay period after City Council certification of 2024 election results.

- Deputy City Clerk – 16.95%
- Mechanic – 7.11%
- Development Services Technicians – 4.8%
- Records Technicians – 4.77%
- Museum Curator – 4.77%
- Maintenance Workers I, II, & III, – 2%

#### 7. Contingent Equity Adjustments

If the City tax measure on the November 2024 ballot passes, the below classifications shall receive a one-time base wage increase, as indicated below. Increases shall be effective the first pay period after City Council certification of 2024 election results.

- PW Project Manager, PW Environmental Project Manager – 6.37%
- Senior Mechanic – 7.11%
- Operations Maintenance Supervisor – 4.71%
- Associate Planner, Senior Planner – 3.4%
- Building Official – 3.81%

#### 6. Contingent Equity Adjustments

If the City tax measure on the November 2024 ballot passes, the below classifications shall receive a one-time base wage increase, as indicated below. Increases shall be effective the first pay period after City Council certification of 2024 election results.

- Assistant to the City Manager 12.55%
- City Clerk 14.56%
- Human Resources Analyst 14.48%
- Information Systems Specialist 1.35%

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#### 24.09 EQUITY ADJUSTMENTS – CONTINGENT ON FUNDING RENEWAL

The following classifications shall receive a one-time base wage increase of:

- Officers: 6%
- Sergeants: 3%

The City reserves the option of adding additional health care plans, as they may become available. The City will enable interested employees to participate in union sponsored medical plans.

Effective Dates	Employee Only	Employee +1	Employee +2
First full pay period after ratification	\$1,000	\$1,850	\$2,250
First full pay period in July 2025	\$1,050*	\$1,925*	\$2,350*
First Full pay period in July 2026	\$1,100*	\$2,000*	\$2,450*

\*Contingent on the City tax measure passing in November 2024.

**Longevity Pay Incentive**

Upon completing continuous years of service with the City, an employee's base pay shall be increased as follows:

1. 15 years' continuous service – 5.0%
2. 20 years' continuous service - an additional 5.0%, which shall be compounded with the 15-year recognition.

Effective the first pay period after City Council certification of 2024 election results, dependent on passage of the City tax measure on the November 2024 ballot, the following longevity schedule will replace the longevity schedule noted above:

1. 10 years' continuous service – 5%
2. 15 years' continuous service – additional 3%, which shall be compounded with the 10 year recognition.
3. 20 years' continuous service – additional 2%, which shall be compounded with the 15 year recognition.

If the City tax measure on the November 2024 ballot does not pass, the status quo remains.

Anthony Rovai

Financial Planner & Volunteer Financial Advisory Committee

Footnotes:

<https://www.cityofcapitola.gov/301/Employee-Salary-Information-MOUs>

<https://votescount.santacruzcountyca.gov/Portals/16/nov24/Measure%20Y.pdf>

**Gautho, Julia**

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**From:** Goldstein, Jamie  
**Sent:** Monday, May 18, 2026 6:00 PM  
**To:** City Council  
**Cc:** Department Heads; Tran, Marc  
**Subject:** Update

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

**RTIP Item**

I know the agenda report for the grant item on this week’s agenda has a lot of moving pieces. In an effort to help explain the concepts maybe a bit more clearly Jessica and I put together the following table that summarizes how the existing funding could be shifted around to maximize grant funding potential. We will present this on Thursday night.

Existing Allocation						
	Funding Amount					
RTIP Bay Ave	\$	500,000				
RTP Sidewalk Infill	\$	100,000				
Panetta (requires 20% Match)	\$	250,000				
	\$	<b>850,000</b>				
Potential Allocation						
	Cliffwood Heights	Trestle	Bay Ave Work	Clares	Total	
RTIP	\$ 50,000	\$200,000	\$ 50,000	\$ 300,000	\$ 600,000	Local Match Source
Panetta			\$250,000		\$ 250,000	20% Local Match
LRSP			\$500,000	\$1,000,000	\$ 1,500,000	20% Local Match
CDBG	\$ 5,000,000				\$ 5,000,000	
	\$ 5,050,000	\$ 200,000	\$ 800,000	\$ 1,300,000	\$ 7,350,000	
			↔			
			RTIP funding can shift between projects			

Jamie Goldstein, City Manager  
 City of Capitola  
 831.475.7300



# Capitola City Council

## Agenda Report

**Meeting:** May 21, 2026

**From:** Finance Department

**Subject:** Presentation of the Proposed Fiscal Year 2026-27 Operation Budget and 5-year Capital Improvement Program



**Recommended Action:** Receive the proposed budget, provide staff direction, and either: 1) continue budget deliberations to the next scheduled budget hearing on June 11, 2026, or 2) direct staff to prepare the documents for final budget adoption at a regular meeting in June and cancel future planned budget hearings.

**Discussion:** The City of Capitola proposed Fiscal Year (FY) 2026-27 and FY 2027-28 Operating Budget is a two-year financial plan for the City as outlined by Administrative Policy III-3: Financial Management Policies. 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 operating budget and Five-Year Capital Improvement Program (CIP) are 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 operating budget 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.

The proposed CIP is organized to present a citywide overview of capital investment by fiscal year and funding source. The financial summary tables provide a citywide overview of projects while the detail project sheets present individual project descriptions, estimated costs, funding sources, and schedules. Project detail sheets include active projects, planning efforts, concept projects, completed projects, and emerging capital needs identified through ongoing infrastructure and facility planning.

Overall, the FY 2026-27 proposed budget is structurally balanced, as well as projections for FY 2027-28. However, current financial forecasts show that the budget becomes unbalanced beginning in FY 2028-29. The FY 2026-27 budget maintains services for residents of Capitola while simultaneously providing resources to address City Council Goals & Priorities. Nevertheless, the City must also remain focused on the long-term budget picture, which includes unpredictable CalPERS costs, and a challenging economy in coming years.

The Finance Advisory Committee (FAC) met on May 5<sup>th</sup> and the City Council on May 6<sup>th</sup> to review the FY 2026-75 Proposed Budget. Based on City Council direction, the following changes have been incorporated into the proposed budget:

### ❖ City Council

- Reduced Community Television \$19,000 – moved to PEG Special Revenue Fund
- Reduced Training & Memberships by \$9,000

- ❖ Administrative Services
  - Personnel – reduced retiree healthcare premiums - \$50,300, paid from Other Post Employment Benefit (OPEB) Trust
  - Personnel – eliminated annual OPEB Trust contribution - \$67,050
  - Finance – Increased contract services - \$20,000 for fiscal transparency software
- ❖ Police Department
  - Reduced contract services \$54,189 – Emergency Communication Center
  - Added back Multi-Service Officer position - \$94,624
- ❖ Community & Economic Development
  - Increased contract services – Economic Development - \$20,000
- ❖ Equipment Internal Service Fund
  - Corrected - \$100,000 general fund transfer and \$100,000 from PD
    - \$75,000 – patrol vehicle, \$25,000 Gem car - PD

The result of these changes has increased the estimated general fund ending balance by \$64,915 for a total of \$94,957, which is significantly below the target balance of \$500,000. The planned FY 2027-28 budget is projected to increase the fund balance to approximately \$398,000.

The FAC will meet again on May 26, 2026, to review the 2<sup>nd</sup> draft of the proposed operating budget and the CIP.

The draft operating budget and CIP have been distributed and are available for public review at City Hall, as well as on the City's website.

Fiscal Impact: The goal of these deliberations is to determine the allocation of funds to maintain a balanced budget, provide for essential City services, and support priority projects.

Attachments:

1. FY 2026-27 Proposed Operating Budget
2. Five Year Capital Improvement Program

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  
2<sup>nd</sup> Draft May 15, 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 was 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 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.

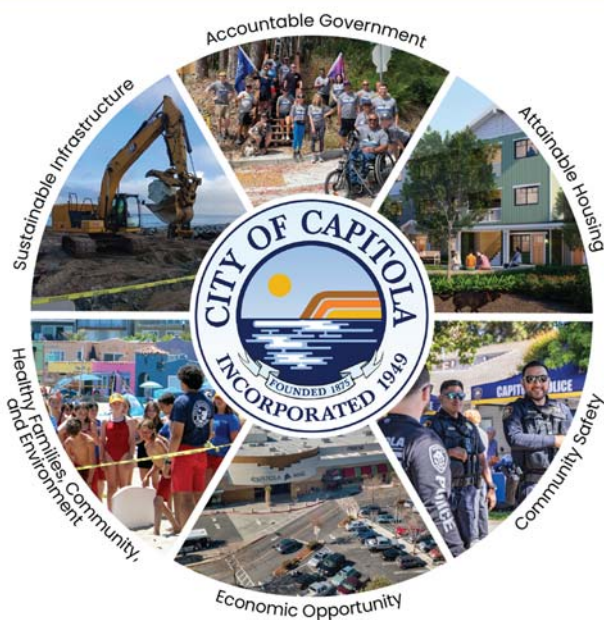
The Capitola Mall remains a major funding source for the City; however, long-term national and local trends have put significant pressure on existing brick-and-mortar retailers to remain competitive with internet options. The Mall was purchased in 2016 by Merlone Geier Partners, which also acquired the 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 2025 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 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

While the budget was largely prepared to maintain core services and keep expenditures at the lowest level possible, there are several changes identified.

### 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 2026-27 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 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 41<sup>st</sup> 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 <sup>st</sup> 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 <sup>st</sup> 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	<b>4/9: Council action: funding could be considered during Budget process</b>

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.

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 <sup>st</sup> 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.

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 streetlights		
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



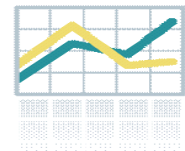
## Budget Process Overview

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 1<sup>st</sup> and ending June 30<sup>th</sup>) 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	Finance prepares mid-year calculations
	City Manager / Departments	Review accomplishments related to prior year Budget Principles
	Finance / Departments	Provides year-end estimates
	Finance	Publishes quarterly reports for October - December
February	Finance / City Manager	Presents mid-year report to Council and FAC
	City Council	Establishes Budget Principles
	Finance	Projects non-departmental revenues and position costs
	Departments	Prepares budget and CIP
March	Finance / Departments	Continue budget projections
	Finance Advisory Committee	FAC discusses elements of the budget
April	City Manager	Reviews departments budget requests
	Finance	Adjusts proposed budget based on City Manager review
	Planning Commission	Reviews CIP
	Finance	Publishes quarterly reports for January - March
May	Finance Advisory Committee	Distributes proposed budget
	Finance / City Manager	Presents proposed budget and CIP to City Council
	Finance Advisory Committee	Provides recommendations to Council
	Community Organizations	Provides funding request information to Council
June	City Council	Deliberates
	City Council	Adopts Budget
July	Finance	Publishes quarterly reports for April - June
October	Finance	Publishes quarterly reports for July - September



## **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.

## Financial Forecast

The City maintains a ten-year fiscal forecast model for the long-term budget picture, which includes unpredictable CalPERS costs, and a challenging economy in coming years. The first five years include conservative revenue and expenditure projections as well as the estimated amount of the City's CalPERS Unfunded Actuarial Liability (UAL) provided by CalPERS Annual Actuarial reports. Years six through ten are estimates that follow the trends of the first 5 years of the model and subject to bigger swings each year when the new actuarial reports are released. Below is a summary of the 5-year financial forecast including revenue and expenditure assumptions.

	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	24,255,535	24,705,978
Expenditures	22,302,469	22,597,785	23,412,210	24,047,929	24,653,321	25,328,338
<b>Net Impact Fund Balance</b>	<b>56,657</b>	<b>303,316</b>	<b>(18,001)</b>	<b>(144,163)</b>	<b>(397,786)</b>	<b>(622,360)</b>

REVENUE ASSUMPTIONS	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%
<b>New Revenue</b>	<b>100,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>

EXPENDITURES ASSUMPTIONS	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Personnel (COLA & Steps)	3.90%	4.00%	4.00%	4.00%	4.00%	4.00%
Contracted Services (%)	3.24%	-2.15%	2.00%	2.00%	2.00%	2.00%
Training & Memberships	-32.00%	26.70%	1.50%	1.50%	1.50%	1.50%
Supplies	9.70%	2.60%	1.50%	1.50%	1.50%	1.50%
Community Grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Internal Service Funds	2.90%	2.40%	2.40%	2.40%	2.40%	2.40%
<b>CalPERS UAL Amount</b>	<b>\$ 3,271,340</b>	<b>\$ 3,387,000</b>	<b>\$ 3,624,000</b>	<b>\$ 3,662,000</b>	<b>\$ 3,689,000</b>	<b>\$ 3,765,000</b>
<b>CalPERS UAL Amount Increase</b>	<b>\$ 375,954</b>	<b>\$ 115,660</b>	<b>\$ 237,000</b>	<b>\$ 38,000</b>	<b>\$ 27,000</b>	<b>\$ 76,000</b>
<b>CalPERS UAL % Increase</b>	<b>12.98%</b>	<b>3.54%</b>	<b>7.00%</b>	<b>1.05%</b>	<b>0.74%</b>	<b>2.06%</b>

## Measure Y

In November 2024 Capitola voters approved Measure Y, a one-half percent district sales tax replacing Measure F, a one-quarter percent district sales tax. The Measure Y ballot language stated: “To protect essential city services including public safety and emergency services; repair potholes, maintain streets, sidewalks, bike lanes, beaches, the new wharf, and recreation programs for youth; improve traffic safety; and support local businesses, shall City-of-Capitola replace its quarter-percent sales tax, approved by voters in 2016, with a one-half percent sales tax, generating an estimated \$2.2 million annually for general government use, for ten years, with independent audits, and all funds staying local?”

Below is a table showing estimated Measure Y revenue and total expenditures for eligible costs:

<b>Revenue</b>	<b>Budgeted Amount</b>
Measure Y Revenue	\$2,289,167
<b>Expenditure</b>	<b>Budgeted Amount</b>
Public Safety	\$ 7,840,926
Potholes, streets, traffic safety, sidewalks, bike lanes	1,878,763
Beaches & Wharf	220,000
Recreation programs for youth	592,793
<b>Total</b>	<b>\$10,532,482</b>

# General Fund Summary

The General Fund balance remained steady during FY 2025-26. The projected General Fund FY 2025-26 ending budgetary fund balance totals \$38,300. The FY 2026-27 Proposed Budget is estimating the general fund to have an ending balance of \$94,957.

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
<b>Revenues</b>						
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	778,918
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
<b>Revenues Totals</b>	<b>\$18,766,706</b>	<b>\$18,879,022</b>	<b>\$21,201,756</b>	<b>\$21,121,756</b>	<b>\$22,359,126</b>	<b>\$22,901,102</b>
<b>Expenditures</b>						
Personnel	\$12,099,946	\$12,692,358	\$14,260,987	\$14,260,987	\$14,984,534	\$15,417,535
Contract services	3,704,267	3,799,530	3,851,191	3,820,000	3,991,445	3,905,719
Training & Memberships	143,324	114,877	169,480	150,000	115,380	146,230
Supplies	958,158	854,877	801,700	850,000	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	1,711,218	1,651,644
Other financing uses	3,271,324	2,288,788	407,344	407,344	487,116	486,881
<b>Expenditures Totals</b>	<b>\$21,919,860</b>	<b>\$21,399,008</b>	<b>\$21,287,327</b>	<b>\$21,284,956</b>	<b>\$22,302,469</b>	<b>\$22,597,784</b>
<b>Impact on Fund Balance</b>	<b>\$ (3,153,154)</b>	<b>\$ (2,519,986)</b>	<b>\$ (85,571)</b>	<b>\$ (163,200)</b>	<b>\$56,657</b>	<b>\$303,318</b>
<b>Budgetary Fund Balance</b>	<b>\$ 2,721,486</b>	<b>\$ 201,500</b>	<b>\$ 115,929</b>	<b>\$ 38,300</b>	<b>\$ 94,957</b>	<b>\$ 398,275</b>
<b>Designations</b>						
Employee Downpayment						
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revised Budgetary Fund Balance</b>	<b>\$ 2,721,486</b>	<b>\$ 201,500</b>	<b>\$ 115,929</b>	<b>\$ 38,300</b>	<b>\$ 94,957</b>	<b>\$ 398,275</b>

# 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
<b>General Fund</b>	<b>\$ 18,766,706</b>	<b>\$18,879,022</b>	<b>\$21,201,756</b>	<b>\$21,121,756</b>	<b>\$22,359,126</b>	<b>\$22,901,102</b>
<b>Designated Reserves</b>						
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	-	-	-	-
<b>Total Designated Reserves</b>	<b>\$ 664,497</b>	<b>\$ 865,370</b>	<b>\$ 10,000</b>	<b>\$ 70,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	165,139	670,000	-	-	-	-
Pacific Cove Park	127,000	87,788	87,568	87,568	87,344	87,116
<b>Total Debt Service</b>	<b>\$ 292,139</b>	<b>\$ 757,788</b>	<b>\$ 87,568</b>	<b>\$ 87,568</b>	<b>\$ 87,344</b>	<b>\$ 87,116</b>
<b>Capital Improvement Fund</b>	<b>\$ 8,038,284</b>	<b>\$ 3,399,369</b>	<b>\$10,108,000</b>	<b>\$10,108,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Internal Service Funds</b>						
Stores Fund	\$ 27,001	\$ 27,015	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	510,068	272,068	352,000	472,000	401,000	411,200
Equipment Replacement	709,271	125,885	197,000	197,000	200,000	200,000
Self-Insurance Liability	622,136	760,037	688,201	688,201	832,311	852,009
Workers Compensation	447,705	403,542	403,018	403,018	350,907	361,434
Compensated Absences	225,000	200,000	200,000	200,000	300,000	200,000
<b>Total Internal Service Funds</b>	<b>\$ 2,541,180</b>	<b>\$ 1,788,547</b>	<b>\$ 1,867,219</b>	<b>\$ 1,987,219</b>	<b>\$ 2,111,218</b>	<b>\$ 2,051,644</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 107,524	\$ 108,875	\$ 104,000	\$ 104,000	\$ 104,000	\$ 104,000
TOT Restricted Revenue	104,484	105,897	97,250	97,250	106,417	107,471
Gas Tax	280,848	291,481	279,546	279,546	289,747	295,502
RTC Streets	379,314	464,305	397,732	397,732	389,000	389,000
SB1 RMRA	265,779	297,140	258,668	258,668	276,629	267,300
Wharf	5,373	19,294	24,000	24,000	26,500	24,000
General Plan Update and Maint	137,542	161,548	62,000	117,000	85,000	85,000
Green Building Education	46,307	23,590	15,000	35,000	30,000	30,000
Public Arts Fee	-	54,460	25,000	25,000	25,000	25,000
Parking Reserve	469,000	-	-	-	-	-
Technology Fee	18,726	15,395	17,000	17,000	17,000	17,000
PEG-Public Education and Gov.	12,450	11,972	11,500	11,500	11,500	11,500
BIA-Capitola Village-Wharf BIA	134,254	140,460	149,100	149,100	147,300	147,300
CDBG Grants	160,560	495,515	4,010,392	4,010,392	-	-
CDBG Program Income	1,373	163,227	-	-	-	-
Library	2,103	1,820	165,000	165,000	165,000	165,000
HOME Reuse	77,005	128,715	20,000	20,000	20,000	20,000
Housing Trust	95,787	88,049	75,000	75,000	75,000	75,000
PLHA	105,092	376,640	184,763	184,763	-	-
Cap Hsg Succ- Program Income	136,276	192,679	20,000	20,000	20,000	20,000
<b>Total Special Revenue Funds</b>	<b>\$ 2,539,797</b>	<b>\$ 3,141,061</b>	<b>\$ 5,915,951</b>	<b>\$ 5,990,951</b>	<b>\$ 1,788,093</b>	<b>\$ 1,783,073</b>
<b>Total Revenues - All Funds</b>	<b>\$ 32,842,603</b>	<b>\$28,831,158</b>	<b>\$39,190,494</b>	<b>\$39,365,494</b>	<b>\$26,395,781</b>	<b>\$26,872,934</b>

## Expenditure Summary

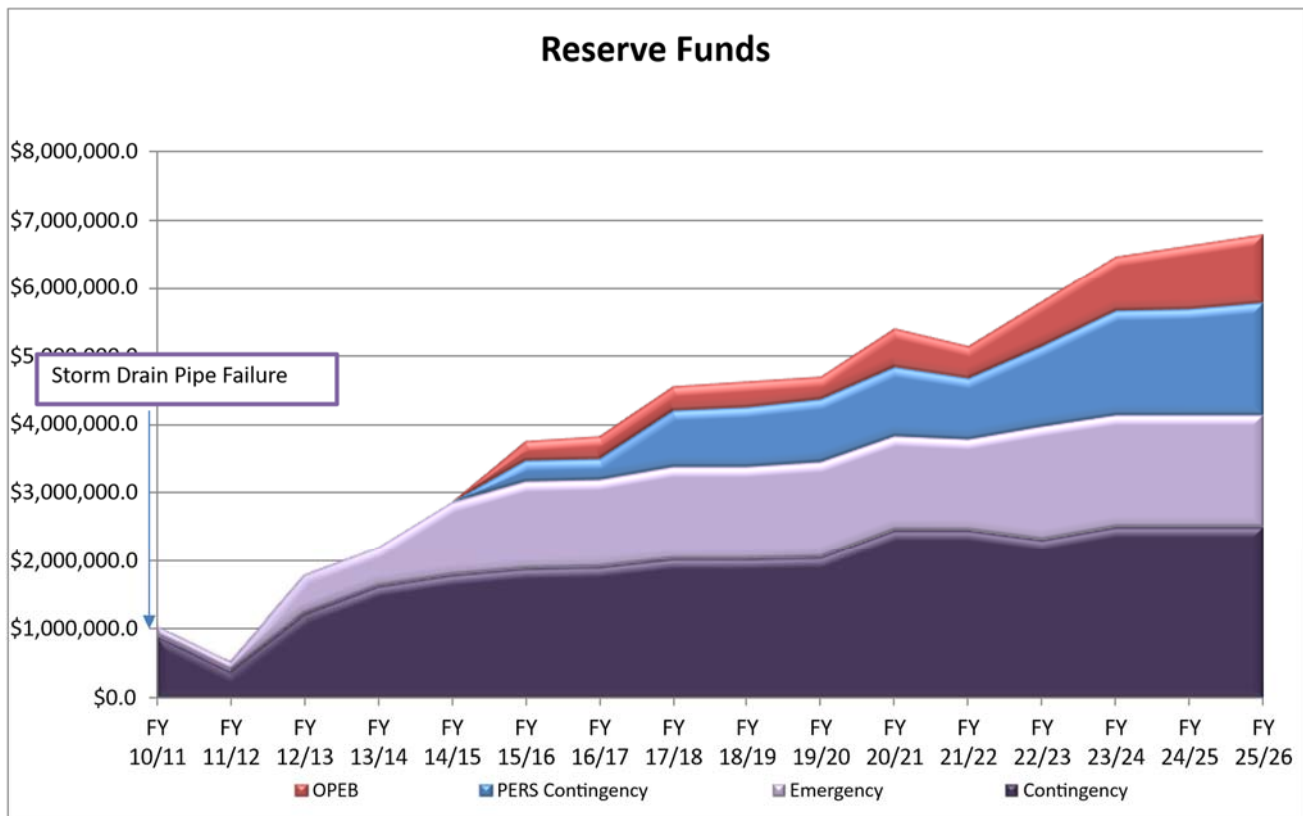
	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Amended	FY 25/26 Estimated	FY 26/27 Proposed	FY 27/28 Planned
<b>General Fund</b>	<b>\$ 21,919,860</b>	<b>\$ 21,399,008</b>	<b>\$ 21,287,327</b>	<b>\$ 21,284,956</b>	<b>\$ 22,302,469</b>	<b>\$ 22,597,784</b>
<b>Designated Reserves</b>						
Contingency Reserve	-	-	-	-	-	-
PERS Contingency Reserve	-	-	-	-	-	-
Emergency Reserve	80,000	250,000	-	-	-	-
Facilities Reserve	-	250,000	-	-	-	-
<b>Total Designated Reserves</b>	<b>\$ 80,000</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	165,066	649,940	-	-	-	-
Pac Cove Park	88,002	87,788	87,568	87,568	87,344	87,116
<b>Total Debt Service Funds</b>	<b>\$ 253,068</b>	<b>\$ 737,727</b>	<b>\$ 87,568</b>	<b>\$ 87,568</b>	<b>\$ 87,344</b>	<b>\$ 87,116</b>
<b>Internal Service Funds</b>						
Stores	\$ 25,595	\$ 35,878	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Information Technology	301,063	287,792	354,744	380,000	401,000	411,200
Equipment Replacement	1,035,582	315,174	351,454	351,454	100,000	100,000
Self-Insurance Liability	720,403	835,082	688,200	727,700	832,311	852,009
Workers' Compensation	446,257	403,542	403,000	403,000	350,907	361,434
Compensated Absences	-	868,610	200,000	175,000	200,000	200,000
<b>Total Internal Service Funds</b>	<b>\$ 2,528,901</b>	<b>\$ 2,746,078</b>	<b>\$ 2,024,398</b>	<b>\$ 2,064,154</b>	<b>\$ 1,911,218</b>	<b>\$ 1,951,644</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 84,360	\$ 82,501	\$ 158,900	\$ 158,900	\$ 104,000	\$ 104,000
TOT Restricted Revenue	99,740	98,030	36,000	36,000	99,333	99,717
Gas Tax	275,741	216,070	355,356	355,356	285,000	295,000
RTC Streets	33,061	17,869	1,309,215	1,309,215	389,000	389,000
SB1 RMRA	21,801	16,190	1,020,151	1,020,151	276,629	267,300
Wharf	46,778	59,450	116,770	107,770	60,800	119,700
General Plan Update and Maint.	119,265	112,105	280,418	280,418	70,500	70,500
Green Building Education	7,710	10,000	70,500	70,500	7,500	7,500
Public Arts Fee	7,731	92,765	80,500	80,500	85,000	-
Parking Reserve	469,000	-	-	-	-	-
Technology Fee	-	10,375	16,000	16,000	16,000	16,000
PEG-Public Education and Gov.	-	1,408	16,000	16,000	30,500	30,500
BIA-Capitola Village-Wharf BIA	146,011	153,715	165,500	163,300	145,100	145,100
CDBG Grants	239,612	238,836	3,449,592	3,449,592	-	-
CDBG Program Income	-	209,443	-	-	-	-
Library	-	37,426	165,000	165,000	165,000	165,000
HOME Reuse	3,700	4,450	979,000	10,000	1,000,000	-
Housing Trust	201,000	15,693	60,000	60,000	10,000	10,000
PLHA	5,256	9,043	76,812	526,188	31,525	31,525
Cap Hsg Succ- Program Income	324,528	51,732	1,000,000	1,000,000	41,500	41,500
<b>Total Special Revenue Funds</b>	<b>\$ 2,085,295</b>	<b>\$ 1,437,101</b>	<b>\$ 9,355,716</b>	<b>\$ 8,824,892</b>	<b>\$ 2,817,387</b>	<b>\$ 1,792,342</b>
<b>Total Expenditures - All Funds</b>	<b>\$ 41,079,778</b>	<b>\$ 30,821,230</b>	<b>\$ 42,455,009</b>	<b>\$ 41,961,570</b>	<b>\$ 27,118,418</b>	<b>\$ 26,428,885</b>

## 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**

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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	\$1,104,842
FY 2025/26 Contributions	67,050
<u>Estimated Interest Earned</u>	<u>5,000</u>
Estimated Balance 6/30/2026	\$1,042,792
FY 2026/27 Contributions	0
FY 2026/27 Expenditures	50,000
<u>Estimated Interest Earned</u>	<u>40,000</u>
Estimated Balance 6/30/2027	\$1,032,792

### **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

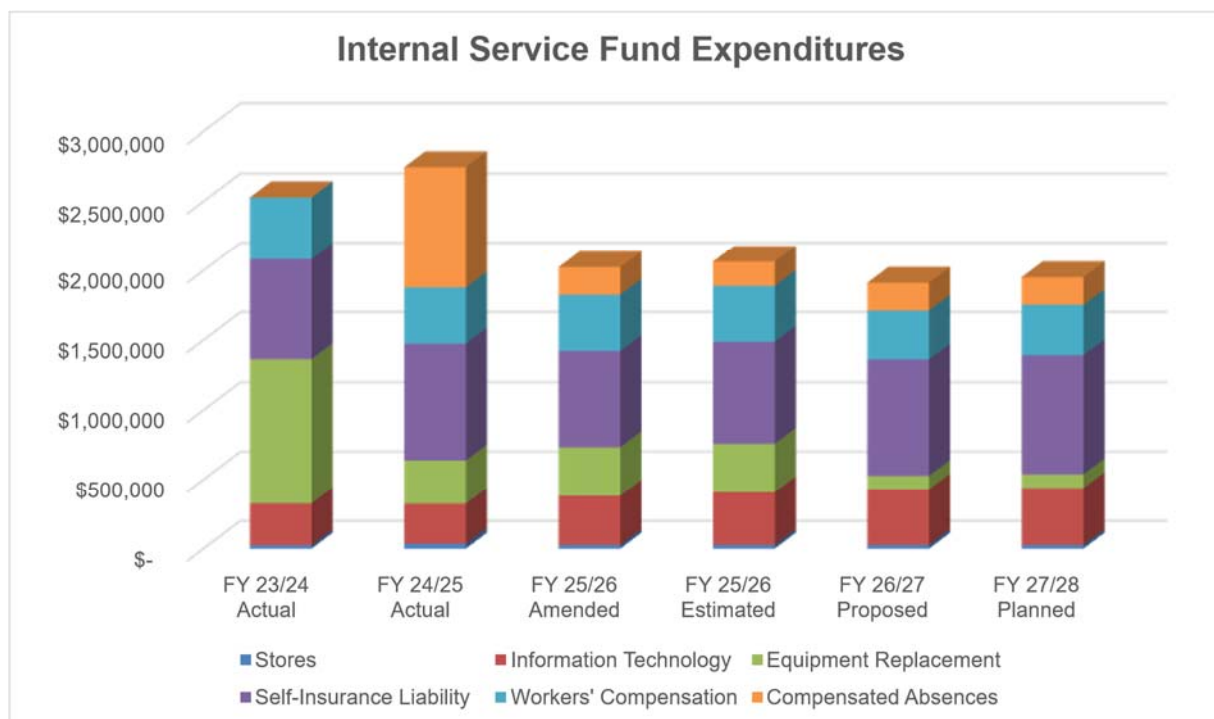
## General Fund Resources

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:

<b>Estimated Year End Fund Balance</b>	<b>FY 25/26 Estimated</b>	<b>FY 26/27 Proposed</b>	<b>FY 27/28 Planned</b>
General Fund	\$ 38,300	\$ 94,957	\$ 398,275
<b>Designated Reserves</b>			
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
<b>Internal Service Funds</b>			
Stores	55,219	55,219	55,219
Information Technology	602,932	602,932	602,932
Equipment Replacement	205,914	305,914	405,914
Self-Insurance Liability	65,376	65,376	65,376
Workers' Compensation	118,767	118,767	118,767
Compensated Absences	(87,724)	12,276	12,276
<b>Total General Fund Resources</b>	<b>\$ 7,009,491</b>	<b>\$ 7,316,148</b>	<b>\$ 7,769,466</b>

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
<b>General Fund</b>	\$ 38,300	\$22,359,126	\$ -	\$ 21,815,353	\$ 487,116	\$ 94,957
<b>Designated Reserves</b>						
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
<b>Total Designated Reserves</b>	<b>\$ 6,010,707</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,060,707</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	75,204	-	-	-	-	75,204
Pac Cove Park	12	-	87,568	87,568	-	12
<b>Total Debt Service</b>	<b>\$ 75,216</b>	<b>\$ -</b>	<b>\$ 87,568</b>	<b>\$ 87,568</b>	<b>\$ -</b>	<b>\$ 75,216</b>
<b>Internal Service Funds</b>						
Stores	\$ 55,219	\$ 27,000		\$ 27,000	\$ -	\$ 55,219
Information Technology	602,932	401,000	-	401,000	-	602,932
Equipment Replacement	205,914	200,000	-	100,000	-	305,914
Self-Insurance Liability	65,376	832,311		832,311	-	65,376
Workers' Compensation	118,767	350,907		350,907	-	118,767
Compensated Absences	(87,724)	-	300,000	200,000	-	12,276
<b>Total Internal Service Funds</b>	<b>\$ 960,484</b>	<b>\$ 1,811,218</b>	<b>\$ 300,000</b>	<b>\$ 1,911,218</b>	<b>\$ -</b>	<b>\$ 1,160,484</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 146,251	\$ 104,000		\$ 104,000		\$ 146,251
TOT Restricted Revenue	132,333	106,417		99,333		139,417
SB1 RMRA	52,593	276,629		276,629		52,593
RTC Streets	67,096	389,000		389,000		67,096
Gas Tax	261,173	289,747		285,000		265,920
Wharf	863	26,500		60,800		(33,437)
General Plan Update and Maint	152,709	85,000		70,500		167,209
Green Building Education	241,494	30,000		7,500		263,994
Public Art	64,700	25,000		85,000		4,700
Parking Reserve	737	-		-		737
Technology Fee	118,059	17,000		16,000		119,059
PEG-Public Education and Govt.	63,594	11,500		30,500		44,594
Capitola Village/Wharf BIA	5,031	147,300		145,100		7,231
CDBG Grants	667,539	-		-		667,539
CDBG Program Income	949	-		-		949
Library	17,105	165,000		165,000		17,105
HOME Reuse	1,015,956	20,000		1,000,000		35,956
Housing Trust	364,479	75,000		10,000		429,479
PLHA	126,008	-		31,525		94,483
Cap Hsg Succ- Program Income	1,053,609	20,000		41,500		1,032,109
<b>Total Special Revenue Funds</b>	<b>\$ 4,552,277</b>	<b>\$ 1,788,093</b>	<b>\$ -</b>	<b>\$ 2,817,387</b>	<b>\$ -</b>	<b>\$ 3,522,983</b>
<b>Total Fund Balance - All Funds</b>	<b>12,988,295</b>					<b>10,914,346</b>

## Fund Balance Summary

	Estimated Balance 7/1/2027	Revenues	Transfers In	Expenditures	Transfers Out	Estimated Balance 6/30/2028
<b>General Fund</b>	\$ 94,957	\$ 22,901,102	\$ -	\$ 22,110,903	\$ 486,881	\$ 398,275
<b>Designated Reserves</b>						
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
<b>Total Designated Reserves</b>	<b>\$ 6,060,707</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,110,707</b>
<b>Debt Service</b>						
Pac Cove Lease Financing	75,204	-	-	-	-	75,204
Pac Cove Park	12	-	87,344	87,344	-	12
<b>Total Debt Service</b>	<b>\$ 75,216</b>	<b>\$ -</b>	<b>\$ 87,344</b>	<b>\$ 87,344</b>	<b>\$ -</b>	<b>\$ 75,216</b>
<b>Internal Service Funds</b>						
Stores	\$ 55,219	\$ 27,000	\$ -	\$ 27,000	\$ -	\$ 55,219
Information Technology	602,932	411,200	-	411,200	-	602,932
Equipment Replacement	305,914	200,000	-	100,000	-	405,914
Self-Insurance Liability	65,376	852,009	-	852,009	-	65,376
Workers' Compensation	118,767	361,434	-	361,434	-	118,767
Compensated Absences	12,276	-	200,000	200,000	-	12,276
<b>Total Internal Service Funds</b>	<b>\$ 1,160,484</b>	<b>\$ 1,851,644</b>	<b>\$ 200,000</b>	<b>\$ 1,951,644</b>	<b>\$ -</b>	<b>\$ 1,260,484</b>
<b>Special Revenue Funds</b>						
SLESF-Suppl Law Enforcmnt Svc	\$ 146,251	\$ 104,000		\$ 104,000		\$ 146,251
TOT Restricted Revenue	139,417	107,471		99,717		147,171
SB1 RMRA	52,593	267,300		267,300		52,593
RTC Streets	67,096	389,000		389,000		67,096
Gas Tax	265,920	295,502		295,000		266,422
Wharf	(33,437)	24,000		119,700		(129,137)
General Plan Update and Maint	167,209	85,000		70,500		181,709
Green Building Education	263,994	30,000		7,500		286,494
Public Art	4,700	25,000		-		29,700
Parking Reserve	737	-		-		737
Technology Fee	119,059	17,000		16,000		120,059
PEG-Public Education and Govt.	44,594	11,500		30,500		25,594
BIA-Capitola Village-Wharf BIA	7,231	147,300		145,100		9,431
CDBG Grants	667,539	-		-		667,539
CDBG Program Income	949	-		-		949
Library	17,105	165,000		165,000		17,105
HOME Reuse	35,956	20,000		-		55,956
Housing Trust	429,479	75,000		-	10,000	494,479
PLHA	94,483	-		31,525		62,958
Cap Hsg Succ- Program Income	1,032,109	20,000		41,500		1,010,609
<b>Total Special Revenue Funds</b>	<b>\$ 3,522,983</b>	<b>\$ 1,783,073</b>	<b>\$ -</b>	<b>\$ 1,782,342</b>	<b>\$ 10,000</b>	<b>\$ 3,513,713</b>
<b>Total Fund Balance - All Funds</b>	<b>10,914,346</b>					<b>11,358,395</b>

# GENERAL FUND REVENUES

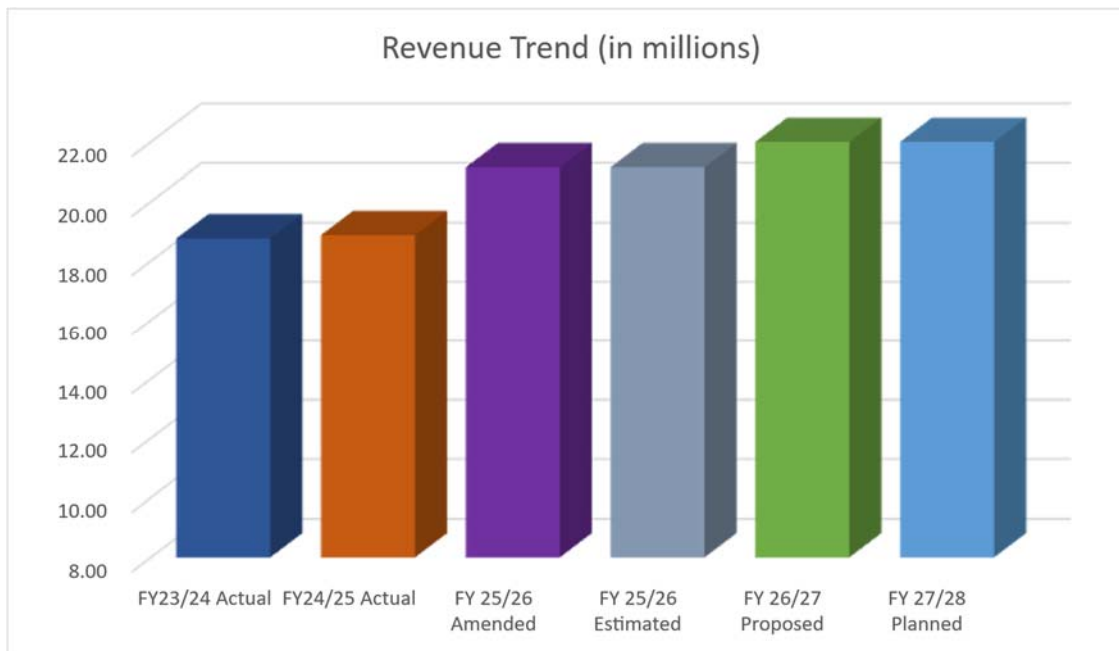


## General Fund Revenues

Revenues for the FY 2026-27 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 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	FY24/25	FY 25/26	FY 25/26	FY 26/27	FY 27/28
	Actual	Actual	Amended	Estimated	Proposed	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	778,918
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
<b>General Fund Revenues</b>	<b>\$ 18,766,706</b>	<b>\$18,879,022</b>	<b>\$21,146,818</b>	<b>\$21,146,818</b>	<b>\$22,359,126</b>	<b>\$22,901,102</b>



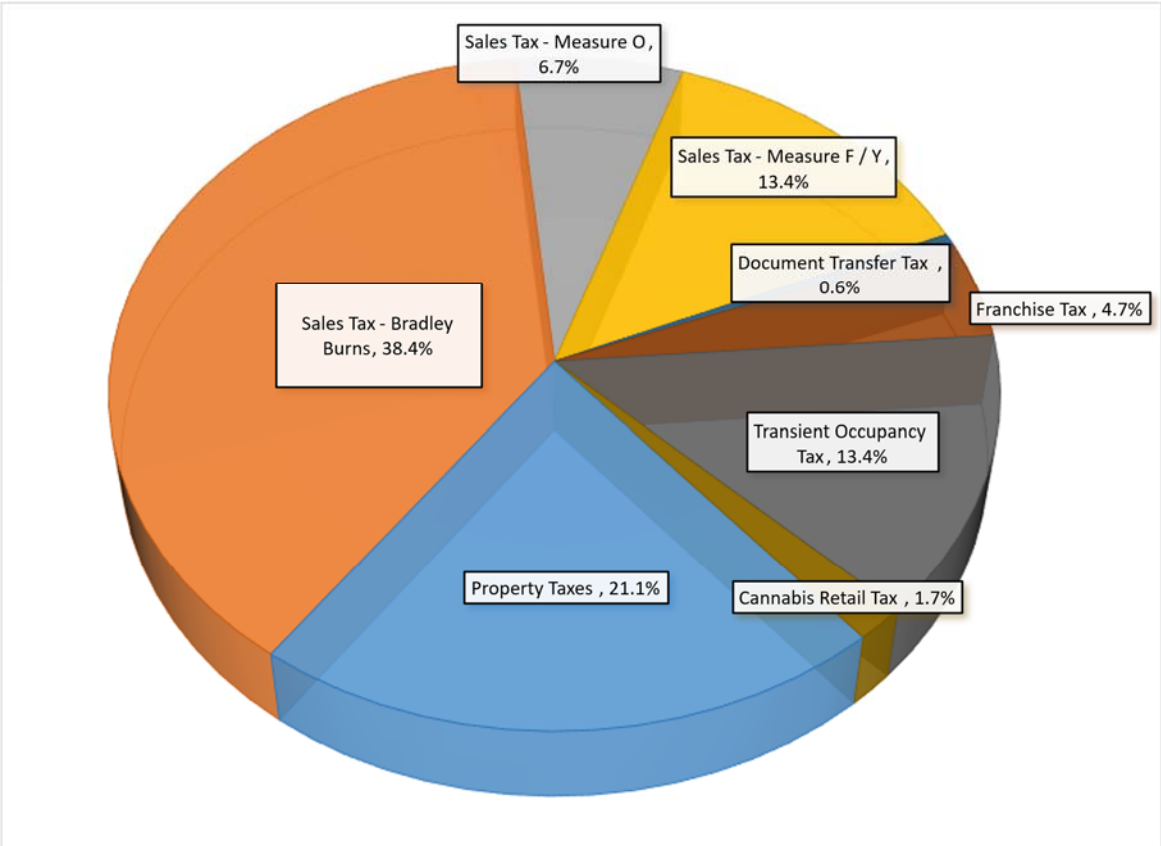
### General Revenue Information

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 3,613,050
- \$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.



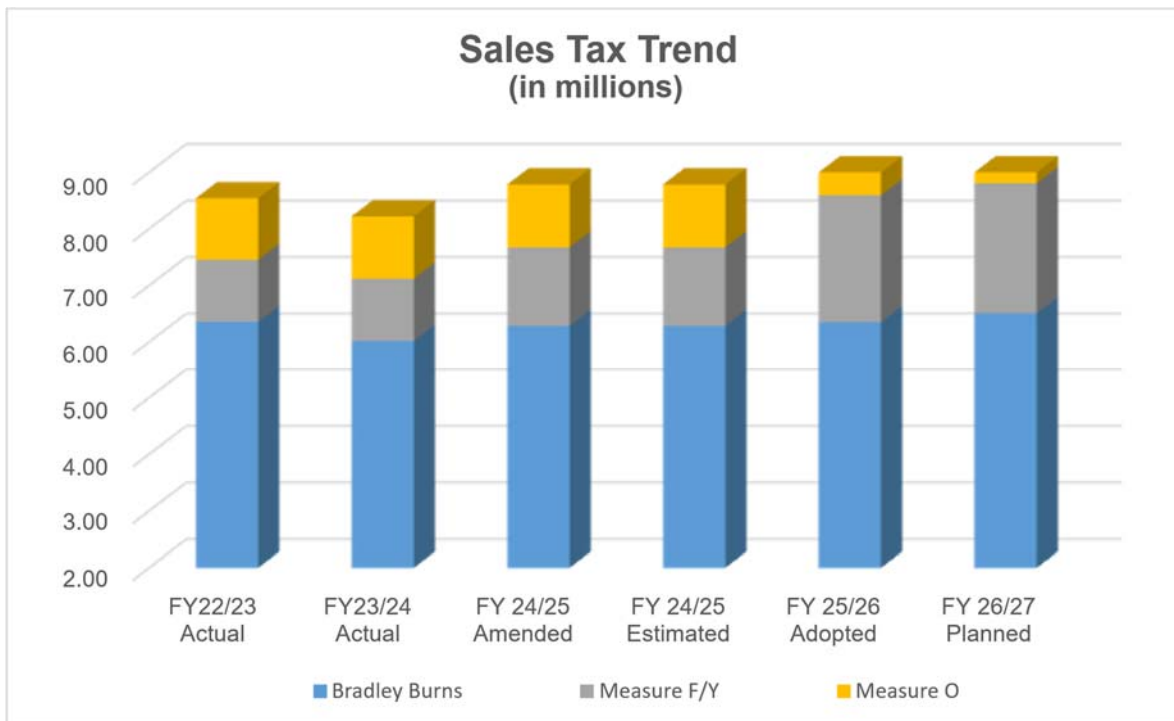
## Sales Tax

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 2026-27 annual sales tax revenue is estimated to be \$10 million, with approximately \$3.4 million in revenues contributed by Measure O, and Measure Y.

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.



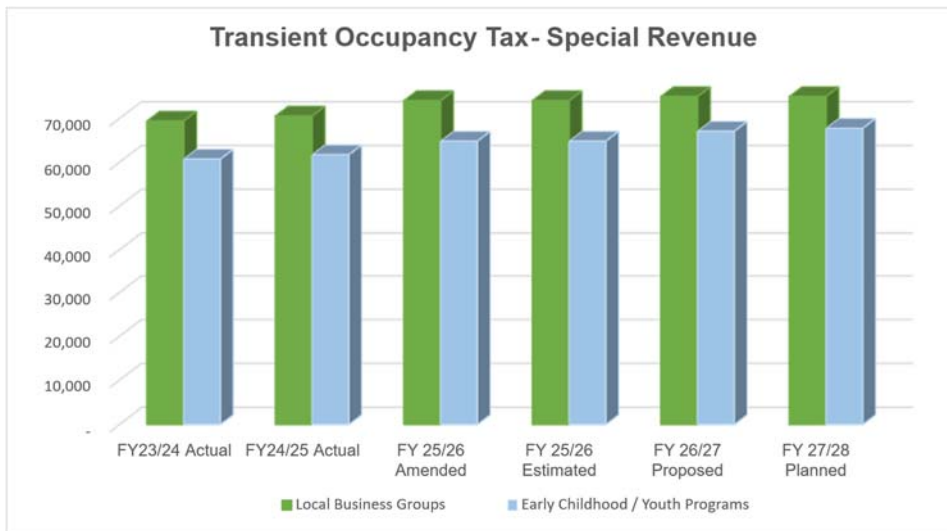
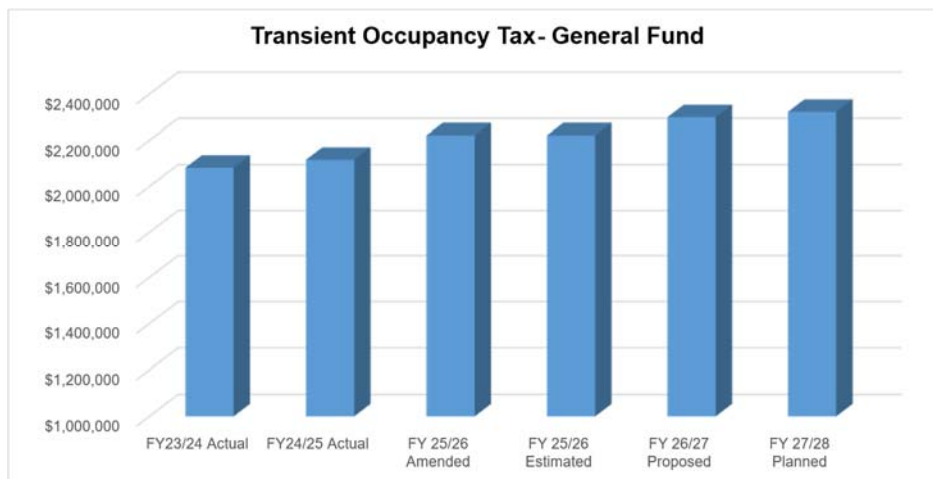
## Transient Occupancy Taxes (TOT)

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 percent is restricted for local business groups and early childhood and youth programs. In FY 2025-26 TOT tax generally accounts for approximately 13 percent of General Fund operating revenues. The City's TOT revenues come from the following sources:

- Hotels, Motels and Inns
- Other Rentals
  - Bed and Breakfasts
  - 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.

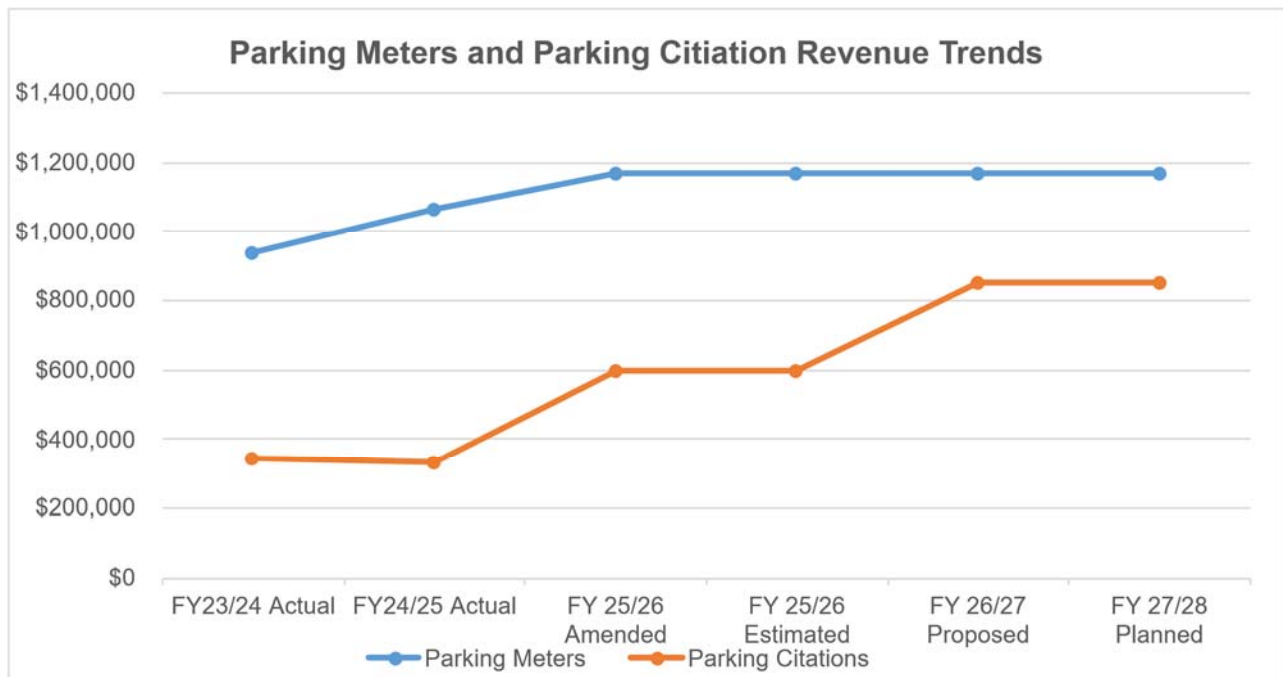


## Parking Meters and Parking Fines

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
<b><u>Taxes</u></b>						
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
<b>Total</b>	<b>\$ 14,495,884</b>	<b>\$ 15,087,639</b>	<b>\$ 16,883,877</b>	<b>\$ 16,883,877</b>	<b>\$ 17,477,145</b>	<b>\$ 18,039,441</b>
<b><u>Licenses and permits</u></b>						
Business License	\$ 323,755	\$ 334,274	\$ 324,000	\$ 324,000	\$ 330,300	\$ 333,603
Building Permits	276,019	260,712	250,000	250,000	300,000	270,000
Cannabis Annual License Fee	10,324	5,476	6,500	6,500	5,000	5,000
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	10,000
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	55,500
Planning Permits	73,892	48,218	63,000	63,000	63,000	63,315
Other Permits	230	1,644	1,000	1,000	1,000	1,000
<b>Total</b>	<b>\$ 767,635</b>	<b>\$ 745,316</b>	<b>\$ 734,500</b>	<b>\$ 734,500</b>	<b>\$ 805,300</b>	<b>\$ 778,918</b>
<b><u>Intergovernmental revenues</u></b>						
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
<b>Total</b>	<b>\$ 230,640</b>	<b>\$ 142,486</b>	<b>\$ 106,700</b>	<b>\$ 106,700</b>	<b>\$ 213,678</b>	<b>\$ 217,818</b>
<b><u>Charges for Svcs.</u></b>						
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
<b>Total</b>	<b>\$ 2,126,976</b>	<b>\$ 2,236,200</b>	<b>\$ 2,495,741</b>	<b>\$ 2,495,741</b>	<b>\$ 2,673,128</b>	<b>\$ 2,673,128</b>
<b><u>Fines and forfeitures</u></b>						
Redlight camera enforcement	\$ 35,551	\$ 63,718	\$ 20,000	\$ 20,000	\$ -	\$ -
Parking Citiation	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
<b>Total</b>	<b>\$ 425,043</b>	<b>\$ 503,122</b>	<b>\$ 690,000</b>	<b>\$ 690,000</b>	<b>\$ 920,000</b>	<b>\$ 920,000</b>
<b><u>Use of money &amp; property</u></b>						
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
<b>Total</b>	<b>\$ 355,181</b>	<b>\$ 59,779</b>	<b>\$ 139,000</b>	<b>\$ 139,000</b>	<b>\$ 167,000</b>	<b>\$ 167,000</b>
<b><u>Other revenues</u></b>						
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	-	-	-	-	-
<b>Total</b>	<b>\$ 365,348</b>	<b>\$ 104,481</b>	<b>\$ 97,000</b>	<b>\$ 97,000</b>	<b>\$ 102,875</b>	<b>\$ 104,797</b>
<b>Grand Totals</b>	<b>\$ 18,766,706</b>	<b>\$18,879,022</b>	<b>\$ 21,146,818</b>	<b>\$21,146,818</b>	<b>\$22,359,126</b>	<b>\$22,901,102</b>

# GENERAL FUND EXPENDITURES



# General Fund Expenditures

The total FY 2026-27 General Fund expenditure budget proposes an increase of approximately \$1 million 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:

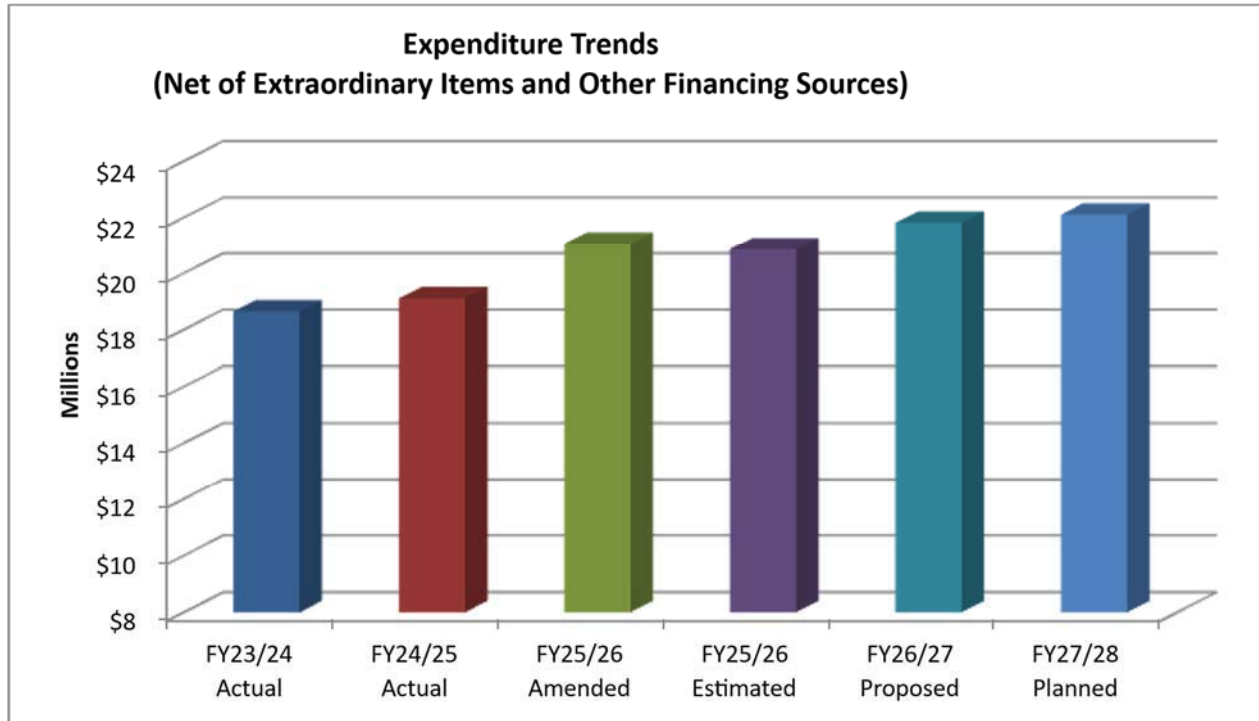
- Total personnel costs (salary and benefits) are estimated to increase \$527,000 from the FY 2025-26 Amended Budget due to significant increases in the annual Cal PERS Unfunded Actuarial Liability payment, cost of living adjustments, increased employee health care contributions, scheduled step increases in 2026.
  - Salary costs are estimated to decrease \$42,000 due to the elimination of a part-time position and several long-time employees leaving.
  - Salary – Seasonal/Temp increased \$53,000 as summer recreations programs remain at full capacity.
  - Overtime is anticipated to increase \$57,000 primarily in the Police, however the increased cost is offset by additional grant revenue.
  - Specialty Pay – decreased 13,400.
  - Benefits – increased \$472,000 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.

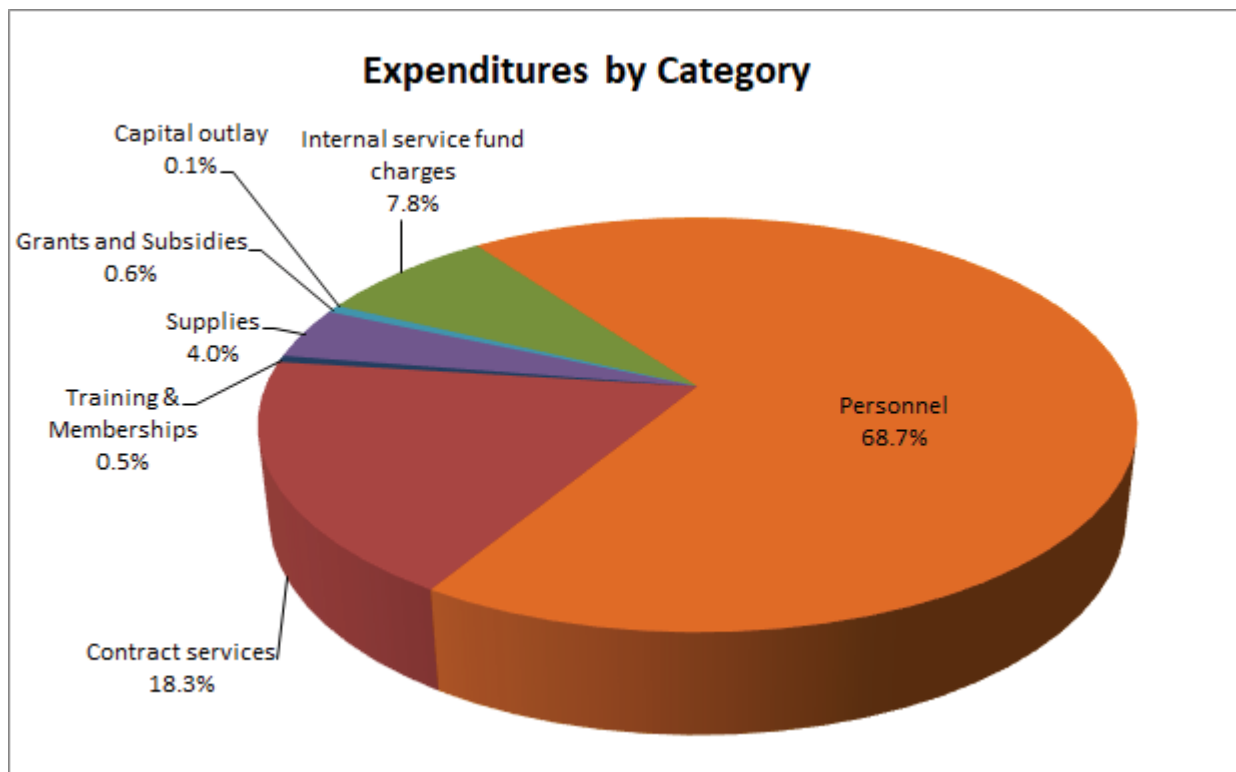
**General Fund Expenditures Summary**

<b>Major Categories</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
Personnel	\$12,099,946	\$12,692,358	\$14,457,933	\$14,260,987	\$14,984,534	\$15,417,535
Contract services	3,704,267	3,799,530	3,851,191	3,851,191	3,991,445	3,905,719
Training & Memberships	143,324	114,877	169,480	170,530	115,380	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	1,711,218	1,651,644
<b>Subtotal</b>	<b>\$18,648,536</b>	<b>\$19,110,220</b>	<b>\$21,062,708</b>	<b>\$20,867,112</b>	<b>\$21,815,353</b>	<b>\$22,110,903</b>
Other financing uses	3,271,324	2,288,788	287,568	287,568	487,116	486,881
<b>Expenditure Total</b>	<b>\$21,919,860</b>	<b>\$21,399,008</b>	<b>\$21,350,276</b>	<b>\$21,154,680</b>	<b>\$22,302,469</b>	<b>\$22,597,785</b>

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.



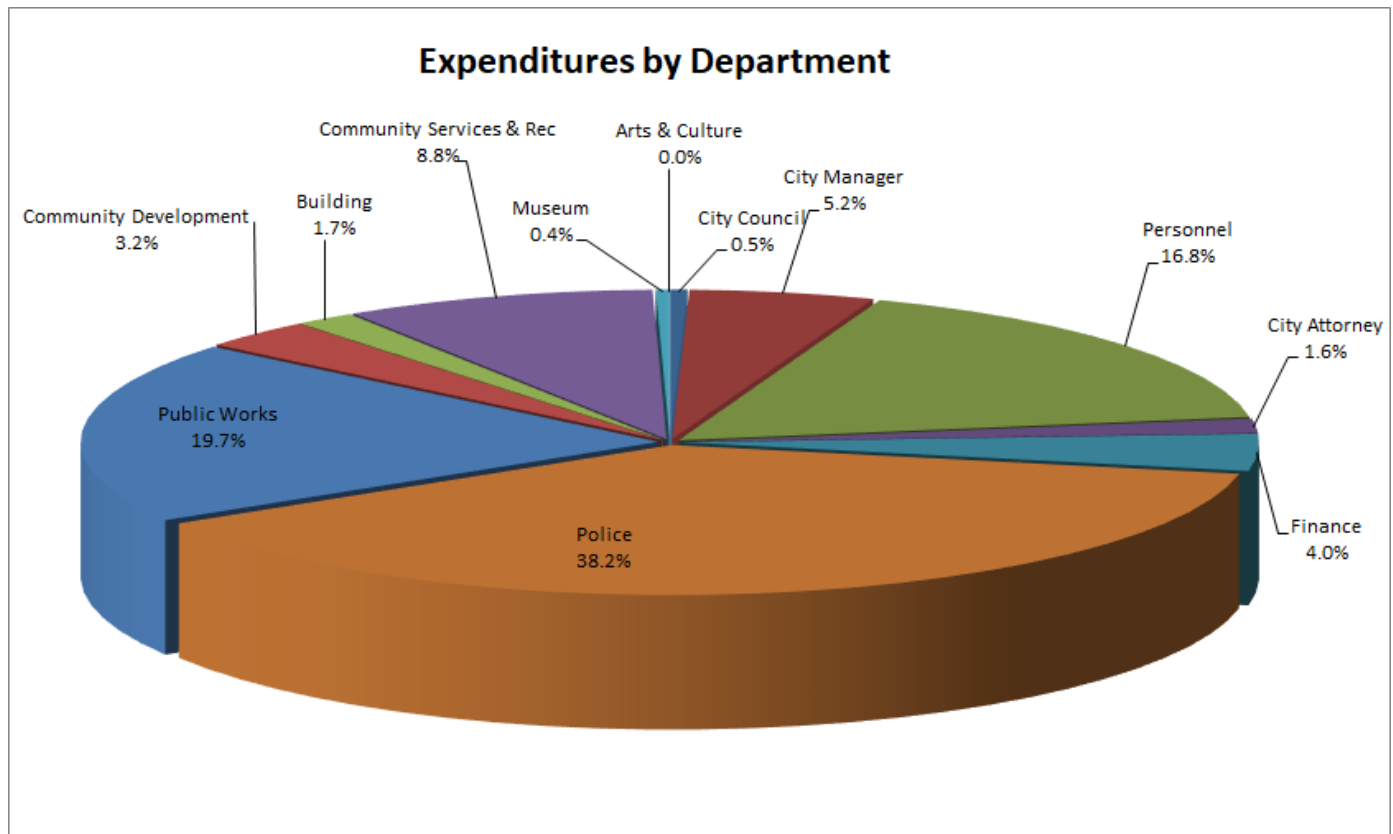
A chart displaying the percentage of expenditures by category is also provided for reference. Personnel costs are estimated to increase \$724 thousand from the prior fiscal year causing the ratio of personnel services to total expenditures to increase from 67.5 percent to 68.7 percent. Other notable changes were in contract services, which decreased from 18.6 percent to 18.3 percent.



# General Fund Department Expenditures

Item 5 A.

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	\$ 104,580	\$ 114,156
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	3,652,665	3,768,013
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	863,640	883,362
Community Grants	133,425	133,425	133,425	133,425	133,425	133,425
Police - Law Enforcement	7,932,934	8,136,429	7,263,466	7,263,466	7,543,031	7,656,454
Police - Pkg. Enforcement	592,774	497,290	517,981	517,981	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	2,057,763	2,106,025
Public Works-Storm Water	98,529	210,932	224,105	224,105	293,364	257,777
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	595,467	576,802	663,096	663,096	691,278	708,925
Building	405,337	326,080	455,466	455,466	366,630	374,286
Community Services & Rec	1,632,964	1,701,252	1,731,306	1,731,306	1,898,958	1,912,077
Museum	88,393	95,865	75,339	75,339	83,514	85,228
Art & Cultural	99,075	109,957	0	0	0	0
<b>Subtotal</b>	<b>\$18,691,886</b>	<b>\$19,155,802</b>	<b>\$20,874,187</b>	<b>\$20,875,537</b>	<b>\$21,815,353</b>	<b>\$22,110,902</b>
Transfers & Other	\$3,271,324	\$2,288,788	\$287,568	\$287,568	\$487,116	\$486,881
<b>Expenditure Total</b>	<b>\$21,963,210</b>	<b>\$21,444,590</b>	<b>\$21,161,755</b>	<b>\$21,163,105</b>	<b>\$22,302,469</b>	<b>\$22,597,783</b>



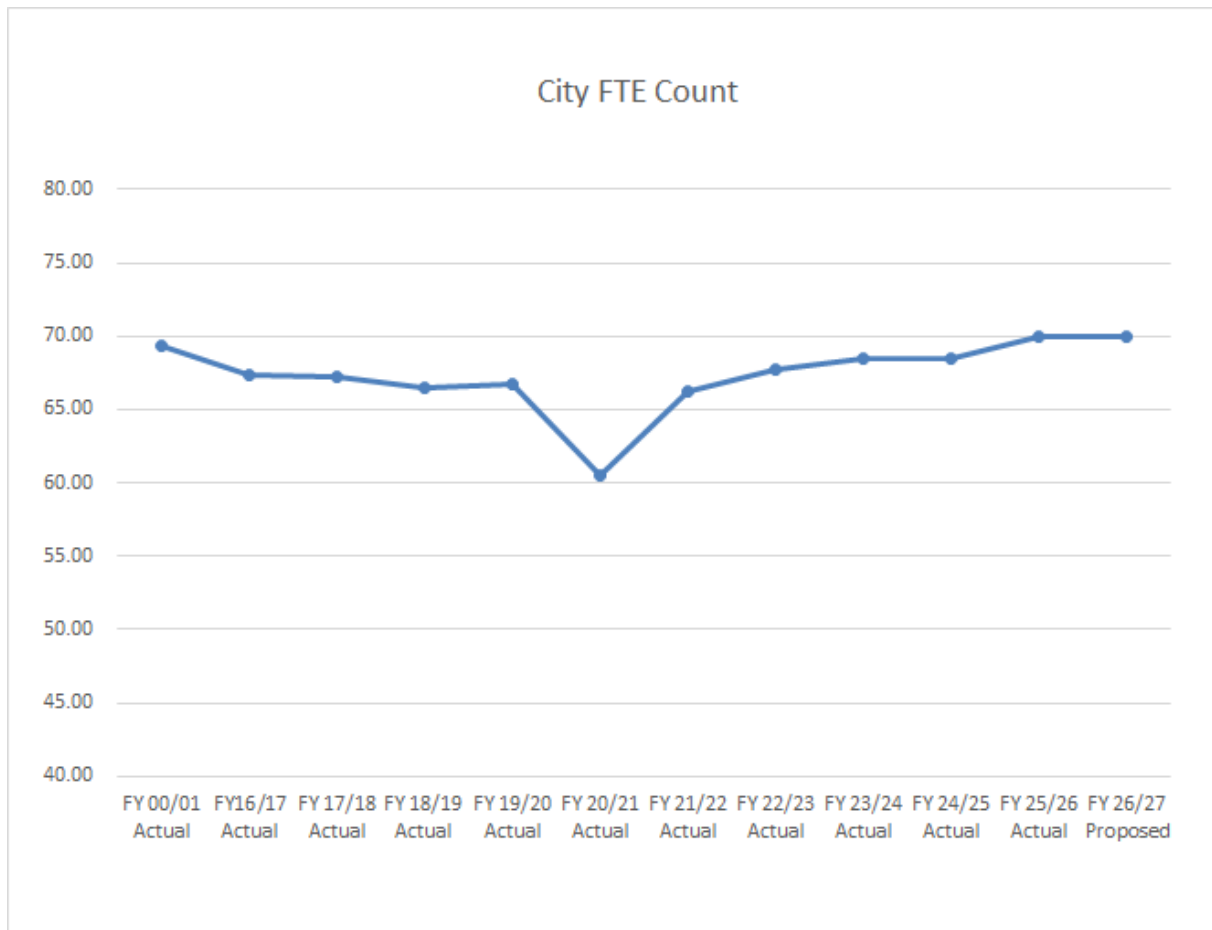
**SALARIES & BENEFITS**

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	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
<b>Elected</b>												
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
<b>Elected - Total FTE's</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Fully Benefited by Dept</b>												
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
<b>Dept - Total FTEs</b>	<b>69.30</b>	<b>67.40</b>	<b>67.25</b>	<b>66.50</b>	<b>66.75</b>	<b>60.50</b>	<b>66.25</b>	<b>67.75</b>	<b>68.50</b>	<b>68.50</b>	<b>70.00</b>	<b>70.00</b>



# General Fund Expenditures

Item 5 A.

## 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.

<b>Staffing by Category</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
Salary	\$ 6,714,211	\$ 6,315,626	\$ 7,210,251	\$ 7,694,611	\$ 7,925,450
Salary Elected / Temp	644,163	776,947	731,963	784,701	788,738
Overtime	366,707	471,999	593,978	427,978	427,978
Specialty Pay	297,038	399,766	473,340	459,974	473,774
Benefits	4,077,828	4,728,020	5,251,455	5,617,270	5,801,594
<b>Total</b>	<b>\$12,099,946</b>	<b>\$12,692,358</b>	<b>\$ 14,260,987</b>	<b>\$ 14,984,534</b>	<b>\$15,417,534</b>

<b>Staffing by Department</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
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	3,533,499	3,656,848
Finance	629,425	707,377	559,475	566,690	583,567
Law Enforcement	6,004,382	6,194,376	5,251,370	5,459,988	5,612,202
Pkg. Enforcement	198,325	184,969	187,159	229,707	236,390
Streets	1,555,228	1,555,913	1,494,753	1,427,665	1,469,108
Storm Water	23,116	121,538	72,798	136,864	141,277
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	510,333	545,601	561,933
Building	308,162	209,396	185,109	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	-	-	-
<b>Total</b>	<b>\$12,099,946</b>	<b>\$12,692,358</b>	<b>\$14,260,987.00</b>	<b>\$14,984,534</b>	<b>\$15,417,535</b>

## General Fund Expenditures

### 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.

<u>Group</u>	<u>Current Agreement</u>	<u>Expiration Date</u>
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.

<u>Overtime</u>	<u>FY23/24</u> <u>Actual</u>	<u>FY24/25</u> <u>Actual</u>	<u>FY25/26</u> <u>Estimated</u>	<u>FY26/27</u> <u>Proposed</u>	<u>FY27/28</u> <u>Planned</u>
City Manager	\$ 196	\$ 238	\$ 1,000	\$ -	\$ -
Finance	571	0	0	0	0
Police*	292,588	383,681	520,978	351,978	351,978
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
<b>Total</b>	<b>\$365,789</b>	<b>\$471,800</b>	<b>\$593,978</b>	<b>\$427,978</b>	<b>\$427,978</b>
<i>*Funding Sources for Police Overtime</i>					
General Fund	\$ 229,227	\$ 294,694	\$ 374,000	\$ 225,000	\$ 225,000
Grant Funded	63,362	88,987	146,978	126,978	126,978
	<b>\$292,588</b>	<b>\$383,681</b>	<b>\$520,978</b>	<b>\$351,978</b>	<b>\$351,978</b>

### 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.

<u>Specialty Pay</u>	<u>FY23/24</u> <u>Actual</u>	<u>FY24/25</u> <u>Actual</u>	<u>FY25/26</u> <u>Estimated</u>	<u>FY26/27</u> <u>Proposed</u>	<u>FY27/28</u> <u>Planned</u>
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
<b>Total</b>	<b>\$297,038</b>	<b>\$399,766</b>	<b>\$473,340</b>	<b>\$459,974</b>	<b>\$473,774</b>

# General Fund Expenditures

## 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.

Item 5 A.

### Retirement Costs Summary

	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY26/27</b>
<b>Retirement Costs</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Adopted</b>	<b>Planned</b>
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
<b>Total Retirement Costs</b>	<b>\$ 2,791,494</b>	<b>\$ 3,026,349</b>	<b>\$ 2,917,113</b>	<b>\$ 3,398,793</b>	<b>\$ 3,704,802</b>
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)

Item 5 A.

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	-	-
City Council	CS-Gen/Admin Contracts - general	5,711	5,711	5,711
City Council	Other contract services Legal notices	-	-	-
<b>Total</b>		<b>\$ 29,711</b>	<b>\$ 10,711</b>	<b>\$ 10,711</b>
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
<b>Total</b>		<b>\$ 99,500</b>	<b>\$ 126,500</b>	<b>\$ 103,500</b>
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
<b>Total</b>		<b>\$ 47,000</b>	<b>\$ 90,600</b>	<b>\$ 82,100</b>
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	-	-	-
<b>Total</b>		<b>\$ 325,000</b>	<b>\$ 342,000</b>	<b>\$ 335,000</b>
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	-	20,000	20,000
<b>Total</b>		<b>\$ 171,500</b>	<b>\$ 175,100</b>	<b>\$ 175,100</b>

Department	Contract Description	FY25/26 Amended	FY26/27 Proposed	FY27/28 Planned	Item 5 A.
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	73,506	75,344	
Law Enforcement	Police Svcs SCCECC-911 JPA	696,994	699,029	716,505	
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	
	<b>Total</b>	<b>\$ 936,881</b>	<b>\$ 1,000,910</b>	<b>\$ 1,024,558</b>	
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	35,000	25,000	25,000	
Pkg. Enforcement	Police Svcs SCC-Citation processing	52,500	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	45,500	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	
	<b>Total</b>	<b>\$ 274,500</b>	<b>\$ 289,500</b>	<b>\$ 289,500</b>	
Animal Svcs.	Police Svcs Animal services	\$ 139,497	\$ 150,524	\$ 158,050	
	<b>Total</b>	<b>\$ 139,497</b>	<b>\$ 150,524</b>	<b>\$ 158,050</b>	

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	
<b>Total</b>		<b>\$ 405,007</b>	<b>\$ 397,000</b>	<b>\$ 401,000</b>	
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	
<b>Total</b>		<b>\$ 149,807</b>	<b>\$ 155,000</b>	<b>\$ 115,000</b>	
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	
<b>Total</b>		<b>\$ 319,100</b>	<b>\$ 369,500</b>	<b>\$ 331,000</b>	
Fleet	CS-Gen/Admin Contracts - general	\$ -	\$ -	\$ -	
Fleet	CS-Prop & equip Equipment repairs & maintenance	10,000	12,000	12,000	
<b>Total</b>		<b>\$ 10,000</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>	
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	
<b>Total</b>		<b>\$ 314,700</b>	<b>\$ 325,800</b>	<b>\$ 323,400</b>	

Department	Contract Description	FY25/26	FY26/27	FY27/28	Item 5 A.
		Amended	Proposed	Planned	
Planning	CS-Gen/Admin Contracts - general	\$ 80,000	\$ 70,000	\$ 70,000	
Planning	CS-Plan Svc Admin services	-	-	-	
Planning	Other contract services Legal notices	5,000	5,000	5,000	
	<b>Total</b>	<b>\$ 85,000</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>	
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	
	<b>Total</b>	<b>\$ 236,138</b>	<b>\$ 95,000</b>	<b>\$ 95,000</b>	
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	
	<b>Total</b>	<b>\$ 291,350</b>	<b>\$ 354,800</b>	<b>\$ 353,300</b>	
Museum	Rental contracts Land and buildings	\$ 15,000	\$ 20,000	\$ 20,000	
Museum	Other contract services Museum curation	1,500	1,500	1,500	
	<b>Total</b>	<b>\$ 16,500</b>	<b>\$ 21,500</b>	<b>\$ 21,500</b>	
	<b>Grand Total</b>	<b>\$ 3,851,191</b>	<b>\$ 3,991,445</b>	<b>\$ 3,905,719</b>	

# Community Based Social Service Providers

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
<b>Community Services</b>					
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
	<b>\$ 112,500</b>	<b>\$ 112,500</b>	<b>\$ 115,000</b>	<b>\$ 115,000</b>	<b>\$ -</b>

AGENCY	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY26/27 Proposed	FY27 Planned	Item 5 A.
<b>Children/Youth Services (General Fund)</b>						
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	-		-	-	-	
	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$0</b>	
<b>General Fund Total</b>	<b>\$ 135,925</b>	<b>\$ 135,925</b>	<b>\$ 134,425</b>	<b>\$ 134,425</b>	<b>\$ 8,425</b>	
<b>Early Childhood / Youth Services (TOT Children's Fund )</b>						
				\$ -	\$ -	
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 Sancturary	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		
<b>TOT Youth Funding Total</b>	<b>\$60,000</b>	<b>\$60,000</b>	<b>\$56,000</b>	<b>\$56,000</b>	<b>\$0</b>	
<b>Estimated Children's Fund Revenue</b>	<b>\$60,728</b>	<b>\$61,729</b>	<b>\$64,808</b>	<b>\$67,083</b>	<b>\$67,754</b>	
<b>Remaining Funds</b>	<b>\$728</b>	<b>\$1,729</b>	<b>\$8,808</b>	<b>\$11,083</b>	<b>\$67,754</b>	
<b>Total Social Service Program Funding</b>	<b>\$195,925</b>	<b>\$195,925</b>	<b>\$190,425</b>	<b>\$190,425</b>	<b>\$8,425</b>	

# 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.

<b>Supplies</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
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
<b>Total</b>	<b>\$958,158</b>	<b>\$854,877</b>	<b>\$801,700</b>	<b>\$802,000</b>	<b>\$ 879,350</b>	<b>\$856,350</b>

## 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.

<b>Training</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
City Council	\$ 20,531	\$ 19,380	\$ 31,380	\$ 31,380	\$ 23,380	\$ 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
<b>Total</b>	<b>\$143,324</b>	<b>\$114,877</b>	<b>\$169,480</b>	<b>\$170,530</b>	<b>\$ 115,380</b>	<b>\$146,230</b>

**INTERNAL SERVICES**

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.

<b>Internal Services</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
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	\$ 100,000	-
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
<b>Total</b>	<b>\$ 1,617,841</b>	<b>\$ 1,523,579</b>	<b>\$ 1,657,404</b>	<b>\$ 1,657,404</b>	<b>\$ 1,711,218</b>	<b>\$ 1,651,644</b>

**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.

<b>General Fund Transfers</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
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	-	-	100,000	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
			-	-	-	-
<b>Total</b>	<b>\$ 3,271,324</b>	<b>\$ 2,288,788</b>	<b>\$ 287,568</b>	<b>\$ 287,568</b>	<b>\$ 487,116</b>	<b>\$ 486,881</b>

# 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**

	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY 25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>1000-10-10-000</b>						
<b>Revenues</b>						
General Fund	\$ 99,496	\$ 137,761	\$ 127,259	\$ 127,259	\$ 104,580	\$ 114,156
<b>Revenue Total</b>	<b>\$ 99,496</b>	<b>\$ 137,761</b>	<b>\$ 127,259</b>	<b>\$ 127,259</b>	<b>\$ 104,580</b>	<b>\$ 114,156</b>
<b>Expenditures</b>						
Personnel	\$ 40,752	\$ 41,200	\$ 40,689	\$ 40,689	\$ 40,689	\$ 40,689
Contract services	19,150	56,602	29,711	29,711	10,711	10,711
Training & Memberships	20,531	19,380	31,380	31,380	23,380	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
<b>Expenditure Totals</b>	<b>\$ 99,496</b>	<b>\$ 137,761</b>	<b>\$ 127,259</b>	<b>\$ 127,259</b>	<b>\$ 104,580</b>	<b>\$ 114,156</b>
<b>Authorized Positions</b>						
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
<b>FTE Total</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

# 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
<b>Revenue</b>						
General Fund	\$506,544	\$438,331	\$325,000	\$ 325,000	\$342,000	\$335,000
<b>Revenue Totals</b>	<b>\$506,544</b>	<b>\$438,331</b>	<b>\$325,000</b>	<b>\$ 325,000</b>	<b>\$342,000</b>	<b>\$335,000</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$506,544</b>	<b>\$438,331</b>	<b>\$325,000</b>	<b>\$ 325,000</b>	<b>\$342,000</b>	<b>\$335,000</b>

## 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
1000-10-11-000	Actual	Actual	Amended	Estimated	Proposed	Planned
<b>Revenues</b>						
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
<b>Revenue Totals</b>	<b>\$1,214,203</b>	<b>\$1,275,163</b>	<b>\$1,067,938</b>	<b>\$1,067,938</b>	<b>\$1,124,241</b>	<b>\$1,129,594</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$1,214,203</b>	<b>\$1,275,163</b>	<b>\$1,067,938</b>	<b>\$1,067,938</b>	<b>\$1,124,241</b>	<b>\$1,129,594</b>
<b>Authorized Positions</b>						
	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
<b>FTE Total</b>	<b>5.30</b>	<b>5.80</b>	<b>5.80</b>	<b>5.80</b>	<b>4.80</b>	<b>4.80</b>

## 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
1000-10-12-000	Actual	Actual	Amended	Estimated	Proposed	Planned
<b>Revenues</b>						
General Fund	\$397,852	\$465,845	\$3,343,009	\$3,344,359	\$3,652,665	\$3,768,013
<b>Revenue Totals</b>	<b>\$397,852</b>	<b>\$465,845</b>	<b>\$3,343,009</b>	<b>\$3,344,359</b>	<b>\$3,652,665</b>	<b>\$3,768,013</b>
<b>Expenditures</b>						
Personnel	\$287,608	\$385,395	\$3,268,866	\$3,268,866	\$3,533,499	\$3,656,848
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
<b>Expenditure Totals</b>	<b>\$397,852</b>	<b>\$465,845</b>	<b>\$3,343,009</b>	<b>\$3,344,359</b>	<b>\$3,652,665</b>	<b>\$3,768,013</b>
<b>Authorized Positions</b>						
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
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
<b>FTE Total</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.45</b>	<b>1.45</b>

# **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 Annual Comprehensive 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 included an 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 allows 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 &amp; IT

1000-10-17-000	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
<b>Revenue</b>						
General Fund	\$ 574,082	\$ 655,119	\$ 498,252	\$ 498,252	\$ 514,640	\$ 531,059
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	-	-
<b>Revenue Totals</b>	<b>\$ 920,606</b>	<b>\$1,007,281</b>	<b>\$ 843,952</b>	<b>\$ 843,952</b>	<b>\$ 863,640</b>	<b>\$ 883,362</b>

**Expenditures**

Personnel	\$ 629,425	\$ 707,377	\$ 559,475	\$ 559,475	\$ 566,690	\$ 583,567
Contract services	195,003	196,786	171,500	171,500	175,100	175,100
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
<b>Expenditure Totals</b>	<b>\$ 920,606</b>	<b>\$1,007,281</b>	<b>\$ 843,952</b>	<b>\$ 843,952</b>	<b>\$ 863,640</b>	<b>\$ 883,362</b>

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
<b>FTE Total</b>	<b>2.75</b>	<b>3.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.25</b>	<b>4.25</b>

## **POLICE SUMMARY**

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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
<b>Revenue</b>						
General Fund	\$ 7,986,740	\$ 8,021,104	\$ 7,078,272	\$ 7,093,272	\$ 6,999,493	\$ 7,128,266
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	101,500	101,500	100,000	100,000
Fines and forfeitures	425,043	503,122	540,000	525,000	920,000	920,000
Other revenues	1,433	5,305	26,600	26,600	-	-
<b>Revenue Totals</b>	<b>\$ 8,605,851</b>	<b>\$ 8,767,854</b>	<b>\$ 7,922,250</b>	<b>\$ 7,922,250</b>	<b>\$ 8,276,971</b>	<b>\$ 8,405,744</b>

<b>Expenditures</b>						
Personnel	\$6,202,707	\$6,379,345	\$5,438,529	\$5,438,529	\$5,689,695	\$5,848,592
Contract services	1,299,851	1,285,100	1,350,878	1,350,878	1,440,934	1,472,108
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	963,392	885,845
<b>Expenditure Totals</b>	<b>\$ 8,625,185</b>	<b>\$ 8,767,654</b>	<b>\$ 7,922,250</b>	<b>\$ 7,922,250</b>	<b>\$ 8,276,971</b>	<b>\$ 8,405,745</b>

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	-	-	-	-
<b>FTE Total</b>	<b>30.50</b>	<b>30.50</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>	<b>31.00</b>

**LAW ENFORCEMENT**

POLICE

**LAW ENFORCEMENT**

<b>1000-20-20-000</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY 25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 7,659,276	\$ 7,720,322	\$ 6,869,488	\$ 6,884,488	\$ 7,115,553	\$ 7,228,976
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	101,500	101,500	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	-	-
<b>Revenue Totals</b>	<b>\$ 7,932,934</b>	<b>\$ 8,136,429</b>	<b>\$ 7,263,466</b>	<b>\$ 7,263,466</b>	<b>\$ 7,543,031</b>	<b>\$ 7,656,454</b>
<b>Expenditure Totals</b>	<b>\$ 7,932,934</b>	<b>\$ 8,136,429</b>	<b>\$ 7,263,466</b>	<b>\$ 7,263,466</b>	<b>\$ 7,543,031</b>	<b>\$ 7,656,454</b>
Personnel	\$ 6,004,382	\$ 6,194,376	\$ 5,251,370	\$ 5,251,370	\$ 5,459,988	\$ 5,612,202
Contract services	860,848	891,444	936,881	936,881	1,000,910	1,024,558
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	915,183	836,494

<b>Authorized Positions</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY 25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
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	-	-	-	-
<b>FTE Total</b>	<b>28.50</b>	<b>28.50</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>

# 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
<b>Revenue</b>						
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)	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 592,774</b>	<b>\$ 497,290</b>	<b>\$ 569,981</b>	<b>\$ 569,981</b>	<b>\$ 581,837</b>	<b>\$ 589,623</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 592,774</b>	<b>\$ 497,290</b>	<b>\$ 569,981</b>	<b>\$ 569,981</b>	<b>\$ 581,837</b>	<b>\$ 589,623</b>
<b>Authorized Positions</b>						
	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
Parking Enforcement Officer	2.00	2.00	3.00	3.00	3.00	3.00
<b>FTE Total</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

## 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

1000-20-23-000	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
<b>Revenue</b>						
General Fund	\$ 99,478	\$133,935	\$140,803	\$ 140,803	\$ 152,103	\$159,667
Charges for services	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 99,478</b>	<b>\$133,935</b>	<b>\$140,803</b>	<b>\$ 140,803</b>	<b>\$ 152,103</b>	<b>\$159,667</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 99,478</b>	<b>\$133,935</b>	<b>\$140,803</b>	<b>\$ 140,803</b>	<b>\$ 152,103</b>	<b>\$159,667</b>

## 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**

<b>Public Works Summary</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY 25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
<b>Revenue</b>						
General Fund	\$ 3,876,663	\$ 4,029,629	\$ 4,124,147	\$ 4,124,147	\$ 4,213,451	\$ 4,197,093
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
<b>Revenue Totals</b>	<b>\$ 3,973,340</b>	<b>\$ 4,120,387</b>	<b>\$ 4,186,147</b>	<b>\$ 4,186,147</b>	<b>\$ 4,277,451</b>	<b>\$ 4,261,093</b>
<b>Expenditures</b>						
Personnel	\$ 2,031,373	\$ 2,204,283	\$ 2,163,278	\$ 2,163,278	\$ 2,185,072	\$ 2,249,147
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
<b>Expenditure Totals</b>	<b>\$ 3,973,339</b>	<b>\$ 4,119,816</b>	<b>\$ 4,185,647</b>	<b>\$ 4,185,647</b>	<b>\$ 4,277,450</b>	<b>\$ 4,261,093</b>
<b>Authorized Positions</b>						
	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY 25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
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
<b>FTE Total</b>	<b>16.00</b>	<b>16.00</b>	<b>16.00</b>	<b>16.00</b>	<b>18.00</b>	<b>18.00</b>

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

<b>1000-30-30-000</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY 25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
<b>Revenues</b>						
General Fund	\$ 2,180,505	\$ 2,174,013	\$ 2,139,648	\$ 2,139,648	\$ 1,997,763	\$ 2,046,025
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
<b>Revenue Totals</b>	<b>\$ 2,268,122</b>	<b>\$ 2,260,755</b>	<b>\$ 2,197,648</b>	<b>\$ 2,197,648</b>	<b>\$ 2,057,763</b>	<b>\$ 2,106,025</b>
<b>Expenditures</b>						
Personnel	\$ 1,555,228	\$ 1,555,913	\$ 1,494,753	\$ 1,494,753	\$ 1,427,665	\$ 1,469,108
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
<b>Expenditure Totals</b>	<b>\$ 2,268,122</b>	<b>\$ 2,260,755</b>	<b>\$ 2,197,648</b>	<b>\$ 2,197,648</b>	<b>\$ 2,057,763</b>	<b>\$ 2,106,025</b>
<b>Authorized Positions</b>						
	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY 25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
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
<b>FTE Total</b>	<b>12.00</b>	<b>12.00</b>	<b>11.50</b>	<b>12.00</b>	<b>12.00</b>	<b>12.00</b>

## PUBLIC WORKS

### STORM WATER

1000-30-30-301	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
<b>Revenues</b>						
General Fund	\$ 94,201	\$ 206,916	\$ 220,105	\$ 220,105	\$ 289,364	\$ 253,777
Charges for services	4,328	4,016	4,000	4,000	4,000	4,000
<b>Revenue Totals</b>	<b>\$ 98,529</b>	<b>\$ 210,932</b>	<b>\$ 224,105</b>	<b>\$ 224,105</b>	<b>\$ 293,364</b>	<b>\$ 257,777</b>
<b>Expenditures</b>						
Personnel	\$ 23,116	\$ 121,538	\$ 72,798	\$ 72,798	\$ 136,864	\$ 141,277
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
<b>Expenditure Totals</b>	<b>\$ 98,529</b>	<b>\$ 210,932</b>	<b>\$ 224,105</b>	<b>\$ 224,105</b>	<b>\$ 293,364</b>	<b>\$ 257,777</b>

### FACILITIES

1000-30-31-xxx	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
<b>Revenues</b>						
General Fund	\$363,733	\$413,121	\$439,685	\$ 439,685	\$501,337	\$463,284
Other revenues	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$363,733</b>	<b>\$413,121</b>	<b>\$439,685</b>	<b>\$ 439,685</b>	<b>\$501,337</b>	<b>\$463,284</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$363,733</b>	<b>\$413,121</b>	<b>\$439,685</b>	<b>\$ 439,685</b>	<b>\$501,337</b>	<b>\$463,284</b>

## PUBLIC WORKS

### FLEET

1000-30-32-000	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
<b>Revenues</b>						
General Fund	\$429,248	\$471,717	\$504,357	\$504,357	\$556,558	\$569,029
Other revenues	4,733	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$433,981</b>	<b>\$471,717</b>	<b>\$504,357</b>	<b>\$504,357</b>	<b>\$556,558</b>	<b>\$569,029</b>

<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$433,981</b>	<b>\$471,717</b>	<b>\$504,357</b>	<b>\$504,357</b>	<b>\$556,558</b>	<b>\$569,029</b>

Authorized Positions	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Mechanic/Sr. Mechanic	1.00	1.00	1.50	1.50	2.00	2.00
<b>FTE Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.50</b>	<b>1.50</b>	<b>2.00</b>	<b>2.00</b>

### PARKS

1000-30-33-xxx	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
<b>Revenues</b>						
General Fund	\$ 808,975	\$ 763,862	\$ 820,352	\$ 820,352	\$ 868,429	\$ 864,978
<b>Revenue Totals</b>	<b>\$ 808,975</b>	<b>\$ 763,862</b>	<b>\$ 820,352</b>	<b>\$ 820,352</b>	<b>\$ 868,429</b>	<b>\$ 864,978</b>

<b>Expenditures</b>						
Personnel	\$ 323,859	\$ 341,287	\$ 369,521	\$ 369,521	\$ 384,293	\$ 395,613
Contract services	351,274	298,179	314,700	314,700	325,800	323,400
Training & Memberships	510	2,058	2,500	2,500	2,500	2,500
Supplies	96,316	80,139	93,700	93,700	110,000	96,500
Internal service fund charges	37,016	42,199	39,931	39,931	45,836	46,964
<b>Expenditure Totals</b>	<b>\$ 808,975</b>	<b>\$ 763,862</b>	<b>\$ 820,352</b>	<b>\$ 820,352</b>	<b>\$ 868,429</b>	<b>\$ 864,978</b>

Authorized Positions	FY23/24 Actual	FY24/25 Actual	FY 25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
Maintenance Worker I & II	2.00	2.00	1.00	0.50	2.00	2.00
Maintenance Worker III	1.00	1.00	2.00	2.00	2.00	2.00
<b>FTE Total</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>2.50</b>	<b>4.00</b>	<b>4.00</b>

## **COMMUNITY AND ECONOMIC DEVELOPMENT**

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### **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 41<sup>st</sup> 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 41<sup>st</sup> 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 6<sup>th</sup> 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 41<sup>st</sup> 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 38<sup>th</sup> Ave.
- Issue occupancy of Tesla Dealership at 1601 41<sup>st</sup> 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 38<sup>th</sup> 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 41<sup>st</sup> 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.

### COMMUNITY AND ECONOMIC DEVELOPMENT

Community Development	FY23/24	FY24/25	FY 25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
<b>Revenue</b>						
General Fund	\$ 398,918	\$ 408,128	\$ 516,562	\$ 588,062	\$ 411,408	\$ 436,711
Licenses and permits	349,910	308,930	313,000	277,000	347,500	347,500
Charges for services	251,975	185,724	289,000	253,500	299,000	299,000
Fines and forfeitures	-	100	-	-	-	-
<b>Revenue Totals</b>	<b>\$1,000,804</b>	<b>\$ 902,882</b>	<b>\$ 1,118,562</b>	<b>\$1,118,562</b>	<b>\$ 1,057,908</b>	<b>\$1,083,211</b>
<b>Expenditures</b>						
Personnel	\$ 783,697	\$ 712,974	\$ 695,442	\$ 695,442	\$ 779,436	\$ 802,744
Contract services	136,706	97,425	321,138	321,138	170,000	170,000
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
<b>Expenditure Totals</b>	<b>\$1,000,804</b>	<b>\$ 902,882</b>	<b>\$ 1,118,562</b>	<b>\$1,118,562</b>	<b>\$ 1,057,908</b>	<b>\$1,083,211</b>
<b>Authorized Positions</b>						
	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
<b>FTE Total</b>	<b>5.50</b>	<b>5.75</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Officials Positions</b>						
Planning Commissioners	5.00	5.00	5.00	5.00	5.00	5.00
Arch & Site Committee	2.00	2.00	-	-	-	-
<b>Total</b>	<b>7.00</b>	<b>7.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Officials Annual Pay</b>						
Planning Commissioners	\$ 9,250	\$ 9,250	\$ 7,500	\$ 7,500	\$ 8,750	\$ 8,750
Arch & Site Committee	6,000	6,000	-	-	-	-
<b>Total</b>	<b>\$ 15,250</b>	<b>\$ 15,250</b>	<b>\$ 7,500</b>	<b>\$ 7,500</b>	<b>\$ 8,750</b>	<b>\$ 8,750</b>

**COMMUNITY AND ECONOMIC DEVELOPMENT****PLANNING**

<b>1000-40-40-000</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY 25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ 415,372	\$ 449,213	\$ 471,096	\$ 492,596	\$ 494,778	\$ 512,425
Licenses and permits	73,892	48,218	63,000	27,000	47,500	47,500
State grants	1,065	-	-	-	-	-
Charges for services	106,203	79,271	129,000	143,500	149,000	149,000
Fines and forfeitures	-	100	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 596,532</b>	<b>\$ 576,802</b>	<b>\$ 663,096</b>	<b>\$ 663,096</b>	<b>\$ 691,278</b>	<b>\$ 708,925</b>
<b>Expenditures</b>						
Personnel	\$ 475,536	\$ 503,578	\$ 510,333	\$ 510,333	\$ 545,601	\$ 561,933
Contract services	64,335	11,321	85,000	85,000	75,000	75,000
Training & Memberships	1,769	2,159	8,000	8,000	3,500	3,500
Supplies	322	1,197	1,000	1,000	1,000	1,000
Internal Svc. Funds	53,506	58,547	58,763	58,763	66,177	67,492
<b>Expenditure Totals</b>	<b>\$ 595,467</b>	<b>\$ 576,802</b>	<b>\$ 663,096</b>	<b>\$ 663,096</b>	<b>\$ 691,278</b>	<b>\$ 708,925</b>

<b>Authorized Positions</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY 25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
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	-	-	-	-
<b>FTE Total</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
<b>Officials Positions</b>						
Planning Commissioners	5.00	5.00	5.00	5.00	5.00	5.00
Arch & Site Committee	2.00	2.00	-	-	-	-
<b>Total</b>	<b>7.00</b>	<b>7.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

**COMMUNITY AND ECONOMIC DEVELOPMENT****BUILDING**

<b>1000-40-41-000</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY 25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Revenue</b>						
General Fund	\$ (16,454)	\$ (41,084)	\$ 45,466	\$ 95,466	\$ (83,370)	\$ (75,714)
Licenses and permits	276,019	260,712	250,000	250,000	300,000	300,000
Charges for services	145,772	106,453	160,000	110,000	150,000	150,000
<b>Revenue Totals</b>	<b>\$ 405,337</b>	<b>\$ 326,080</b>	<b>\$ 455,466</b>	<b>\$ 455,466</b>	<b>\$ 366,630</b>	<b>\$ 374,286</b>

**Expenditures**

Personnel	\$ 308,162	\$ 209,396	\$ 185,109	\$ 185,109	\$ 233,835	\$ 240,811
Contract services	72,371	86,104	236,138	236,138	95,000	95,000
Training & Memberships	2,159	1,062	8,250	8,250	8,350	8,350
Supplies	656	5,236	1,500	1,500	1,500	1,500
Internal service fund charges	21,989	24,282	24,469	24,469	27,945	28,625
<b>Expenditure Totals</b>	<b>\$ 405,337</b>	<b>\$ 326,080</b>	<b>\$ 455,466</b>	<b>\$ 455,466</b>	<b>\$ 366,630</b>	<b>\$ 374,286</b>

<b>Authorized Positions</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY 25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
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
<b>FTE Total</b>	<b>2.50</b>	<b>2.75</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>

## 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 10<sup>th</sup> 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
<b>Revenue</b>						
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
<b>Total Charges for Svcs.</b>	<b>\$ 880,816</b>	<b>\$ 894,760</b>	<b>\$ 1,003,741</b>	<b>\$ 1,003,741</b>	<b>\$ 1,100,128</b>	<b>\$ 1,100,128</b>
Jade St. Rentals	\$ 16,103	\$ 13,628	\$ 10,000	\$ 10,000	\$ 30,000	\$ 30,000
<b>Revenue Totals</b>	<b>\$ 1,638,144</b>	<b>\$ 1,701,252</b>	<b>\$ 1,731,306</b>	<b>\$ 1,731,306</b>	<b>\$ 1,898,958</b>	<b>\$ 1,912,077</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 1,638,144</b>	<b>\$ 1,701,252</b>	<b>\$ 1,731,306</b>	<b>\$ 1,731,306</b>	<b>\$ 1,898,958</b>	<b>\$ 1,912,077</b>
<b>Authorized Positions</b>						
	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY 25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
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
<b>FTE Total</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>	<b>5.50</b>
<b>Hourly Allocation</b>						
Beach Lifeguard Captain	-	-	-	-	-	-
Beach Lifeguard/JG Instructor	12,648	12,091	14,084	14,084	14,424	14,424
Jr. Lifeguard Coordinator	-	-	-	-	-	-
Lifeguard Lieutenant/ JG Asst. Cord.	1,296	2,801	-	-	-	-
Recreation Leader I	3,503	4,492	1,748	1,748	3,690	3,690
Recreation Leader II	2,952	3,142	986	986	3,738	3,738
Recreation Coordinator	-	-	-	-	-	-
Recreation Asst. Coordinator	857	960	882	882	2,018	2,018
Youth Program Coordinator	687	-	5,160	5,160	813	813
Youth Program Leader	-	-	824	824	-	-
Recreation Admin Temps	-	-	860	860	1,360	1,360
Sports Scorekeepers	-	-	-	-	-	-
Recreation Facilities Assistant	-	-	506	506	336	336
Recreation Specialist I	300	570	900	900	900	900
Recreation Specialist II	-	460	290	290	290	290
<b>Hours Total</b>	<b>22,243</b>	<b>24,516</b>	<b>26,240</b>	<b>26,240</b>	<b>27,569</b>	<b>27,569</b>

# 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 60<sup>th</sup> 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
<b>Revenue</b>						
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
<b>Revenue Totals</b>	<b>\$ 88,393</b>	<b>\$ 95,865</b>	<b>\$ 75,339</b>	<b>\$ 75,339</b>	<b>\$ 83,514</b>	<b>\$ 85,228</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 88,393</b>	<b>\$ 95,865</b>	<b>\$ 75,339</b>	<b>\$ 75,339</b>	<b>\$ 83,514</b>	<b>\$ 85,228</b>
<b>Authorized Positions</b>						
Museum Curator	0.50	0.50	0.50	0.50	0.50	0.50
<b>FTE Total</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>

# 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	FY24/25	FY25/26	FY25/26	FY26/27	FY27/28
	Actual	Actual	Amended	Estimated	Proposed	Planned
<b>Beginning Fund Balance</b>	\$ 62,677	\$ 64,083	\$ 55,219	\$ 55,219	\$ 55,219	\$ 55,219
<b>Revenue</b>						
Other Revenues	\$ 1	\$ 15	\$ -	\$ -	\$ -	\$ -
Internal Service Charges	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
General Fund Transfers	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 27,001</b>	<b>\$27,015</b>	<b>\$ 27,000</b>	<b>\$ 27,000</b>	<b>\$ 27,000</b>	<b>\$ 27,000</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 25,595</b>	<b>\$35,878</b>	<b>\$ 27,000</b>	<b>\$ 27,000</b>	<b>\$ 27,000</b>	<b>\$ 27,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 64,083</b>	<b>\$55,219</b>	<b>\$ 55,219</b>	<b>\$ 55,219</b>	<b>\$ 55,219</b>	<b>\$ 55,219</b>

## 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
<b>Beginning Fund Balance</b>	\$ 317,651	\$ 526,656	\$ 510,932	\$ 510,932	\$ 602,932	\$ 602,932
<b>Revenue</b>						
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
<b>Revenue Totals</b>	<b>\$ 510,068</b>	<b>\$272,068</b>	<b>\$ 352,000</b>	<b>\$ 472,000</b>	<b>\$ 401,000</b>	<b>\$ 411,200</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 301,063</b>	<b>\$287,792</b>	<b>\$ 354,744</b>	<b>\$ 380,000</b>	<b>\$ 401,000</b>	<b>\$ 411,200</b>
<b>Fund Balance at 06/30</b>	<b>\$ 526,656</b>	<b>\$510,932</b>	<b>\$ 508,188</b>	<b>\$ 602,932</b>	<b>\$ 602,932</b>	<b>\$ 602,932</b>

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

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

## 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.

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

## 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
<b>Beginning Fund Balance</b>	\$ 117,301	\$ 118,749	\$ 118,749	\$ 118,749	\$ 118,767	\$ 118,767
<b>Revenue</b>						
Other Revenue	-	-	-	-	-	-
Internal Service Charges	\$ 447,705	\$ 403,542	\$ 403,018	\$ 403,018	\$ 350,907	\$ 361,434
<b>Revenue Totals</b>	<b>\$ 447,705</b>	<b>\$ 403,542</b>	<b>\$ 403,018</b>	<b>\$ 403,018</b>	<b>\$ 350,907</b>	<b>\$ 361,434</b>
<b>Expenditures</b>						
Contract Services	\$ 446,257	\$ 403,542	\$ 403,000	\$ 403,000	\$ 350,907	\$ 361,434
Other Financing Uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 446,257</b>	<b>\$ 403,542</b>	<b>\$ 403,000</b>	<b>\$ 403,000</b>	<b>\$ 350,907</b>	<b>\$ 361,434</b>
<b>Fund Balance at 06/30</b>	<b>\$ 118,749</b>	<b>\$ 118,749</b>	<b>\$ 118,767</b>	<b>\$ 118,767</b>	<b>\$ 118,767</b>	<b>\$ 118,767</b>

## 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
<b>Beginning Fund Balance</b>	\$ 330,886	\$ 555,886	\$(112,724)	\$(112,724)	\$ (87,724)	\$ 12,276
<b>Revenue</b>						
Other financing sources	\$225,000	\$200,000	\$200,000	\$200,000	\$300,000	\$200,000
<b>Revenue Totals</b>	\$ 225,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 300,000	\$ 200,000
<b>Expenditures</b>						
Personnel	\$0	\$868,610	\$200,000	\$175,000	\$200,000	\$200,000
<b>Expenditure Totals</b>	\$ -	\$ 868,610	\$ 200,000	\$ 175,000	\$ 200,000	\$ 200,000
<b>Fund Balance at 06/30</b>	<b>\$ 555,886</b>	<b>\$ (112,724)</b>	<b>\$(112,724)</b>	<b>\$ (87,724)</b>	<b>\$ 12,276</b>	<b>\$ 12,276</b>

# 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 off 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

<b>Fund - 1300 SLESF</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
<b>Beginning Fund Balance</b>	<b>\$151,613</b>	<b>\$ 174,777</b>	<b>\$201,151</b>	<b>\$ 201,151</b>	<b>\$146,251</b>	<b>\$146,251</b>
<b>Revenue</b>						
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
<b>Revenue Totals</b>	<b>\$107,524</b>	<b>\$ 108,875</b>	<b>\$104,000</b>	<b>\$ 104,000</b>	<b>\$104,000</b>	<b>\$104,000</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 84,360</b>	<b>\$ 82,501</b>	<b>\$158,900</b>	<b>\$ 158,900</b>	<b>\$104,000</b>	<b>\$104,000</b>
<b>Fund Balance at 06/30</b>	<b>\$174,777</b>	<b>\$ 201,151</b>	<b>\$146,251</b>	<b>\$ 146,251</b>	<b>\$146,251</b>	<b>\$146,251</b>

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**

<b>Fund - 1305</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
<b>TOT Restricted Revenue</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 58,473</b>	<b>\$ 63,217</b>	<b>\$ 71,083</b>	<b>\$ 71,083</b>	<b>\$ 132,333</b>	<b>\$ 139,417</b>
<b>Revenue</b>						
Transient Occupancy Tax	101,092	102,617	96,250	96,250	105,417	106,471
Other revenue	3,392	3,280	1,000	1,000	1,000	1,000
<b>Revenue Totals</b>	<b>\$104,484</b>	<b>\$105,897</b>	<b>\$ 97,250</b>	<b>\$ 97,250</b>	<b>\$ 106,417</b>	<b>\$ 107,471</b>
<b>Expenditures</b>						
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	38,333	38,717
ECYP Programs	-	-	-	-	-	-
ECYP Community Grants	60,000	60,000	-	-	60,000	60,000
<b>Expenditure Totals</b>	<b>\$ 99,740</b>	<b>\$ 98,030</b>	<b>\$ 36,000</b>	<b>\$ 36,000</b>	<b>\$ 99,333</b>	<b>\$ 99,717</b>
<b>Fund Balance at 06/30</b>	<b>\$ 63,217</b>	<b>\$ 71,083</b>	<b>\$132,333</b>	<b>\$132,333</b>	<b>\$ 139,417</b>	<b>\$ 147,171</b>
Local Business Groups <sup>(1)</sup>	\$ 36,761	\$ 37,315	\$ 35,000	\$ 35,000	\$ 38,333	\$ 38,717
Early Childhood/Youth Programs	\$ 64,331	\$ 65,301	\$ 61,250	\$ 61,250	\$ 67,084	\$ 67,754
	<b>\$101,092</b>	<b>\$102,617</b>	<b>\$ 96,250</b>	<b>\$ 96,250</b>	<b>\$ 105,417</b>	<b>\$ 106,471</b>

(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.

<b>SOURCES AND USES</b>						
<b>Fund - 1308</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
<b>RMRA SB 1</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 289,149</b>	<b>\$ 533,126</b>	<b>\$ 814,076</b>	<b>\$ 814,076</b>	<b>\$ 52,593</b>	<b>\$ 52,593</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ 249,261	\$ 267,984	\$ 258,668	\$ 258,668	\$ 276,629	\$ 267,300
Other financing sources	16,517	29,156	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 265,779</b>	<b>\$ 297,140</b>	<b>\$ 258,668</b>	<b>\$ 258,668</b>	<b>\$ 276,629</b>	<b>\$ 267,300</b>
<b>Expenditures</b>						
Contract services	\$ 21,801	\$ 16,190	\$ 1,020,151	\$ 1,020,151	\$ 276,629	\$ 267,300
Capital outlay	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 21,801</b>	<b>\$ 16,190</b>	<b>\$ 1,020,151</b>	<b>\$ 1,020,151</b>	<b>\$ 276,629</b>	<b>\$ 267,300</b>
<b>Fund Balance at 06/30</b>	<b>\$ 533,126</b>	<b>\$ 814,076</b>	<b>\$ 52,593</b>	<b>\$ 52,593</b>	<b>\$ 52,593</b>	<b>\$ 52,593</b>

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**

<b>Fund - 1309 RTC Streets</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 185,891</b>	<b>\$ 532,144</b>	<b>\$ 978,579</b>	<b>\$ 978,579</b>	<b>\$ 67,096</b>	<b>\$ 67,096</b>
<b>Revenue</b>						
Intergovernmental revenues	\$ 359,670	\$ 431,353	\$ 397,732	\$ 397,732	\$ 389,000	\$ 389,000
Other financing sources	19,644	32,952	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 379,314</b>	<b>\$ 464,305</b>	<b>\$ 397,732</b>	<b>\$ 397,732</b>	<b>\$ 389,000</b>	<b>\$ 389,000</b>
<b>Expenditures</b>						
Contract services	\$ 33,061	\$ 16,190	\$1,309,215	\$1,309,215	\$ 389,000	\$ 389,000
Capital outlay	-	1,679	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 33,061</b>	<b>\$ 17,869</b>	<b>\$1,309,215</b>	<b>\$1,309,215</b>	<b>\$ 389,000</b>	<b>\$ 389,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 532,144</b>	<b>\$ 978,579</b>	<b>\$ 67,096</b>	<b>\$ 67,096</b>	<b>\$ 67,096</b>	<b>\$ 67,096</b>

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**

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

## 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**

<b>Fund - 1311 Wharf</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 166,194</b>	<b>\$ 124,789</b>	<b>\$ 84,633</b>	<b>\$ 84,633</b>	<b>\$ 863</b>	<b>\$ (33,437)</b>
<b>Revenue</b>						
Use of money & property	\$ 5,373	\$ 19,294	\$ 24,000	\$ 24,000	\$ 26,500	\$ 24,000
Other financing sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 5,373</b>	<b>\$ 19,294</b>	<b>\$ 24,000</b>	<b>\$ 24,000</b>	<b>\$ 26,500</b>	<b>\$ 24,000</b>
<b>Expenditures</b>						
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	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 46,778</b>	<b>\$ 59,450</b>	<b>\$ 116,770</b>	<b>\$ 107,770</b>	<b>\$ 60,800</b>	<b>\$ 119,700</b>
<b>Fund Balance at 06/30</b>	<b>\$ 124,789</b>	<b>\$ 84,633</b>	<b>\$ (8,137)</b>	<b>\$ 863</b>	<b>\$ (33,437)</b>	<b>\$ (129,137)</b>

## 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 percent of the total building valuation to cover the cost of a future comprehensive update of the City’s General Plan.

The City adopted a comprehensive update to the General Plan in 2013. To implement the General Plan, the City updated the Zoning Code in 2018 which was certified by the California Coastal Commission in 2021. In 2024, the 6<sup>th</sup> Cycle Housing Element Update was certified by the state. The adopted budget provides adequate resources to implement the General Plan and the 6<sup>th</sup> Cycle Housing Element in FY 2026-27. The City plans for the next comprehensive update of the General Plan around 2033.

The City adopted a comprehensive update to the Zoning Code which was certified by the California Coastal Commission in 2021. The 6<sup>th</sup> 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 2026-27.

#### SOURCES AND USES

<b>Fund - 1313 General Plan</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
<b>Beginning Fund Balance</b>	<b>\$248,407</b>	<b>\$266,684</b>	<b>\$ 316,128</b>	<b>\$ 316,128</b>	<b>\$ 152,709</b>	<b>\$ 167,209</b>
<b>Revenue</b>						
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	-	-
<b>Revenue Totals</b>	<b>\$137,542</b>	<b>\$161,548</b>	<b>\$ 62,000</b>	<b>\$ 117,000</b>	<b>\$ 85,000</b>	<b>\$ 85,000</b>
<b>Expenditures</b>						
Contract services	\$119,265	\$112,105	\$ 279,918	\$ 279,918	\$ 70,000	\$ 70,000
Supplies	-	-	500	500	500	500
<b>Expenditure Totals</b>	<b>\$119,265</b>	<b>\$112,105</b>	<b>\$ 280,418</b>	<b>\$ 280,418</b>	<b>\$ 70,500</b>	<b>\$ 70,500</b>
<b>Fund Balance at 06/30</b>	<b>\$266,684</b>	<b>\$316,128</b>	<b>\$ 97,709</b>	<b>\$ 152,709</b>	<b>\$ 167,209</b>	<b>\$ 181,709</b>

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

<b>Fund - 1314 Green Building</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
<b>Beginning Fund Balance</b>	<b>\$224,808</b>	<b>\$263,404</b>	<b>\$276,994</b>	<b>\$276,994</b>	<b>\$241,494</b>	<b>\$263,994</b>
<b>Revenue</b>						
Charges for services	\$ 46,307	\$ 23,590	\$ 15,000	\$ 35,000	\$ 30,000	\$ 30,000
<b>Revenue Totals</b>	<b>\$ 46,307</b>	<b>\$ 23,590</b>	<b>\$ 15,000</b>	<b>\$ 35,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 7,710</b>	<b>\$ 10,000</b>	<b>\$ 70,500</b>	<b>\$ 70,500</b>	<b>\$ 7,500</b>	<b>\$ 7,500</b>
<b>Fund Balance at 06/30</b>	<b>\$263,404</b>	<b>\$276,994</b>	<b>\$221,494</b>	<b>\$241,494</b>	<b>\$263,994</b>	<b>\$286,494</b>

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 2025-26

- Begonia Festival Commemorative Public Art Project

### Projects for 2026-27

- Monterey Ave Railing Public Art Project-in contract

### SOURCES AND USES

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

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

<b>Fund - 1316</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
<b>Parking Reserve</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>
<b>Revenue</b>						
Other financing sources	\$469,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$469,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	469,000	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$469,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 737</b>

## 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

<b>Fund - 1317</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
<b>Technology Fee</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 93,312</b>	<b>\$112,038</b>	<b>\$117,059</b>	<b>\$117,059</b>	<b>\$118,059</b>	<b>\$119,059</b>
<b>Revenue</b>						
Charges for services	\$ 18,726	\$ 15,395	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
<b>Revenue Totals</b>	<b>\$ 18,726</b>	<b>\$ 15,395</b>	<b>\$ 17,000</b>	<b>\$ 17,000</b>	<b>\$ 17,000</b>	<b>\$ 17,000</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 10,375	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Supplies	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 10,375</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>
<b>Fund Balance at 06/30</b>	<b>\$112,038</b>	<b>\$117,059</b>	<b>\$118,059</b>	<b>\$118,059</b>	<b>\$119,059</b>	<b>\$120,059</b>

#### 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**

<b>Fund - 1320</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
<b>Public Education &amp; Gov't.</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 45,080</b>	<b>\$ 57,530</b>	<b>\$ 68,094</b>	<b>\$ 68,094</b>	<b>\$ 63,594</b>	<b>\$ 44,594</b>
<b>Revenue</b>						
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
<b>Revenue Totals</b>	<b>\$ 12,450</b>	<b>\$ 11,972</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 1,408	\$ 6,000	\$ 6,000	\$ 24,000	\$ 24,000
Supplies	-	-	-	-	-	-
Capital Outlay	-	-	10,000	10,000	6,500	6,500
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 1,408</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>	<b>\$ 30,500</b>	<b>\$ 30,500</b>
<b>Fund Balance at 06/30</b>	<b>\$ 57,530</b>	<b>\$ 68,094</b>	<b>\$ 63,594</b>	<b>\$ 63,594</b>	<b>\$ 44,594</b>	<b>\$ 25,594</b>

Contract Services – Community Television

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**

<b>Fund - 1321 CWWBIA</b>	<b>FY23/24 Actual</b>	<b>FY24/25 Actual</b>	<b>FY25/26 Amended</b>	<b>FY25/26 Estimated</b>	<b>FY26/27 Proposed</b>	<b>FY27/28 Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 44,242</b>	<b>\$ 32,485</b>	<b>\$ 19,231</b>	<b>\$ 19,231</b>	<b>\$ 5,031</b>	<b>\$ 7,231</b>
<b>Revenue</b>						
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	\$ 55,300	\$ 55,300
Restricted TOT	36,761	37,315	35,000	\$ 35,000	\$ 37,000	\$ 37,000
<b>Revenue Totals</b>	<b>\$134,254</b>	<b>\$140,460</b>	<b>\$ 149,100</b>	<b>\$ 149,100</b>	<b>\$ 147,300</b>	<b>\$ 147,300</b>
<b>Expenditures</b>						
Contract services	\$ 46,642	\$ 22,878	\$ 25,500	\$ 25,500	\$ 25,100	\$ 25,100
Supplies	99,369	130,836	140,000	137,800	\$ 120,000	\$ 120,000
<b>Expenditure Totals</b>	<b>\$146,011</b>	<b>\$153,715</b>	<b>\$ 165,500</b>	<b>\$ 163,300</b>	<b>\$ 145,100</b>	<b>\$ 145,100</b>
<b>Fund Balance at 06/30</b>	<b>\$ 32,485</b>	<b>\$ 19,231</b>	<b>\$ 2,831</b>	<b>\$ 5,031</b>	<b>\$ 7,231</b>	<b>\$ 9,431</b>

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, CARES Act funding in response to the pandemic and food assistance and transit in cooperation with local nonprofits. In FY 2025-26, the City was awarded two CDBG Grants including \$3.3 million for the Jade Street Community Center, \$3.3 million for Treasure Cove Park, and \$300,000 for food services. In 2026-27 the City plans to apply for another \$5 million CDBG grant.

### SOURCES AND USES

Fund - 1350 CDBG Grants	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
<b>Beginning Fund Balance</b>	\$ (70,889)	\$(149,941)	\$ 106,739	\$ 106,739	\$ 667,539	\$ 667,539
<b>Revenue</b>						
Intergovernmental revenues	\$ 160,560	\$ 495,515	\$4,010,392	\$4,010,392	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$ 160,560</b>	<b>\$ 495,515</b>	<b>\$4,010,392</b>	<b>\$4,010,392</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
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	-	-
<b>Expenditure Totals</b>	<b>\$ 239,612</b>	<b>\$ 238,836</b>	<b>\$3,449,592</b>	<b>\$3,449,592</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$(149,941)</b>	<b>\$ 106,739</b>	<b>\$ 667,539</b>	<b>\$ 667,539</b>	<b>\$ 667,539</b>	<b>\$ 667,539</b>

## 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.

During FY2025-26, one CDBG loan was paid off in the amount of \$8,894.32.

#### SOURCES AND USES

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

## 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 Proposed	FY27/28 Planned
<b>Beginning Fund Balance</b>	\$ 50,608	\$ 52,711	\$ 17,105	\$ 17,105	\$ 17,105	\$ 17,105
<b>Revenue</b>						
Intergovernmental	\$ -	\$ -	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
Other financing sources	2,103	1,820	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 2,103</b>	<b>\$ 1,820</b>	<b>\$ 165,000</b>	<b>\$ 165,000</b>	<b>\$ 165,000</b>	<b>\$ 165,000</b>
<b>Expenditures</b>						
Contract Services	\$ -	\$ 36,872	\$ -	\$ -	\$ -	\$ -
Supplies	-	554	-	-	-	-
Other financing uses	-	-	165,000	165,000	165,000	165,000
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 37,426</b>	<b>\$ 165,000</b>	<b>\$ 165,000</b>	<b>\$ 165,000</b>	<b>\$ 165,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 52,711</b>	<b>\$ 17,105</b>	<b>\$ 17,105</b>	<b>\$ 17,105</b>	<b>\$ 17,105</b>	<b>\$ 17,105</b>

## 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 assist an existing affordable housing development through a rehabilitation project and provide resources to an affordable housing developer to acquire land or develop a project. The budget also covers long-term monitoring of the Bay Avenue Senior Apartments

#### SOURCES AND USES

Fund - 1370 HOME Reuse	FY23/24 Actual	FY24/25 Actual	FY25/26 Amended	FY25/26 Estimated	FY26/27 Proposed	FY27/28 Planned
<b>Beginning Fund Balance</b>	\$ 808,386	\$ 881,691	\$ 1,005,956	\$ 1,005,956	\$ 1,015,956	\$ 35,956
<b>Revenue</b>						
Use of money & property	\$ 77,005	\$ 128,715	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
<b>Revenue Totals</b>	<b>\$ 77,005</b>	<b>\$ 128,715</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>
<b>Expenditures</b>						
Contract services	\$ 3,700	\$ 4,450	\$ 979,000	\$ 10,000	\$ 1,000,000	\$ -
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 3,700</b>	<b>\$ 4,450</b>	<b>\$ 979,000</b>	<b>\$ 10,000</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>
<b>Available Fund Balance at 06/30</b>	<b>\$ 881,691</b>	<b>\$ 1,005,956</b>	<b>\$ 46,956</b>	<b>\$ 1,015,956</b>	<b>\$ 35,956</b>	<b>\$ 55,956</b>

## 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.

A housing rehabilitation program was initiated on FY2025-26. The housing rehabilitation program had seven applications of which two were completed. The City has funding to assist up to 16 deed restricted households through the rehab program.

A homebuyer assistance program was initiated in FY 2025-26. This program is being set up to provide up to \$20,000 of down payment assistance to prospective buyers of affordable deed restricted units within the City of Capitola.

#### SOURCES AND USES

<b>Fund - 1372</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
<b>Housing Trust</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$382,336</b>	<b>\$277,123</b>	<b>\$349,479</b>	<b>\$349,479</b>	<b>\$ 364,479</b>	<b>\$ 429,479</b>
<b>Revenue</b>						
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
<b>Revenue Totals</b>	<b>\$ 95,787</b>	<b>\$ 88,049</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 15,693	\$ 60,000	\$ 60,000	\$ 10,000	\$ 10,000
Other Financing Uses	201,000	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$201,000</b>	<b>\$ 15,693</b>	<b>\$ 60,000</b>	<b>\$ 60,000</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>
<b>Available Fund Balance</b>						
<b>at 06/30</b>	<b>\$277,123</b>	<b>\$349,479</b>	<b>\$364,479</b>	<b>\$364,479</b>	<b>\$ 429,479</b>	<b>\$ 494,479</b>

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 38<sup>th</sup> Avenue.

#### SOURCES AND USES

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

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 38<sup>th</sup> Avenue.

### SOURCES AND USES

<b>Fund - 5552</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>FY25/26</b>	<b>FY26/27</b>	<b>FY27/28</b>
<b>Capitola Housing</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Planned</b>
<b>Beginning Fund Balance</b>	<b>\$ 2,080,914</b>	<b>\$ 1,892,662</b>	<b>\$2,033,609</b>	<b>\$2,033,609</b>	<b>\$1,053,609</b>	<b>\$1,032,109</b>
<b>Revenue</b>						
Use of money & property	\$ 136,276	\$ 192,679	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Other revenues	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 136,276</b>	<b>\$ 192,679</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>
<b>Expenditures</b>						
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
<b>Expenditure Totals</b>	<b>\$ 324,528</b>	<b>\$ 51,732</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$ 41,500</b>	<b>\$ 41,500</b>
<b>Available Fund Balance at</b>						
<b>06/30</b>	<b>\$ 1,892,662</b>	<b>\$ 2,033,609</b>	<b>\$1,053,609</b>	<b>\$1,053,609</b>	<b>\$1,032,109</b>	<b>\$1,010,609</b>

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
<b>Beginning Fund Balance</b>	\$ 1,461,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506	\$ 1,631,506
<b>Revenue</b>						
Other Financing Sources	\$ 250,000	\$ 250,000	\$ -	\$ -		
<b>Revenue Totals</b>	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>						
Other Financing Uses	\$ 80,000	\$ 250,000	\$ -	\$ -		\$ -
<b>Expenditure Totals</b>	\$ 80,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance at 06/30</b>	<b>\$ 1,631,506</b>	<b>\$ 1,631,506</b>	<b>\$ 1,631,506</b>	<b>\$ 1,631,506</b>	<b>\$ 1,631,506</b>	<b>\$ 1,631,506</b>

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

Personnel	\$12,099,946	\$12,692,358	\$14,260,987	\$14,260,987	\$14,984,535	\$15,417,536
Contract Services	3,704,267	3,799,530	3,851,191	3,820,000	3,991,445	3,905,719
Training & Memberships	143,324	114,877	169,480	150,000	115,380	146,230
Supplies	958,158	854,877	801,700	850,000	879,350	856,350
Grants	125,000	125,000	133,425	133,425	133,425	133,425
<b>Total GF Expenditures</b>	<b>\$17,030,695</b>	<b>\$17,586,641</b>	<b>\$19,216,783</b>	<b>\$19,214,412</b>	<b>\$20,104,136</b>	<b>\$20,459,260</b>
Target Balance (10%)	\$ 1,703,070	\$ 1,758,664	\$ 1,921,678	\$ 1,921,441	\$ 2,010,414	\$ 2,045,926
Over / (Short) of Target	\$ (71,564)	\$ (127,159)	\$ (290,173)	\$ (289,936)	\$ (378,908)	\$ (414,420)

## 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
<b>Beginning Fund Balance</b>	\$ 2,192,346	\$ 2,323,346	\$2,495,346	\$2,495,346	\$2,495,346	\$2,495,346
<b>Revenue</b>						
Other Financing Sources	\$ 131,000	\$ 172,000	\$ -	\$ -		
<b>Revenue Totals</b>	\$ 131,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>						
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Totals</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance at 06/30</b>	<b>\$ 2,323,346</b>	<b>\$2,495,346</b>	<b>\$2,495,346</b>	<b>\$2,495,346</b>	<b>\$2,495,346</b>	<b>\$2,495,346</b>
<b>Reserve Target equals 15% of General Fund expenditures excluding transfers and internal service charges</b>						
Personnel	\$12,099,946	\$12,692,358	\$14,260,987	\$14,260,987	\$14,984,535	\$15,417,536
Contract Services	3,704,267	3,799,530	3,851,191	3,820,000	3,991,445	3,905,719
Training & Memberships	143,324	114,877	169,480	150,000	115,380	146,230
Supplies	958,158	854,877	801,700	850,000	879,350	856,350
Grants	125,000	125,000	133,425	133,425	133,425	133,425
Total GF Expenditures	\$17,030,695	\$17,586,641	\$19,216,783	\$19,214,412	\$20,104,136	\$20,459,260
Target Balance (15%)	\$ 2,554,604	\$ 2,637,996	\$ 2,882,517	\$ 2,882,162	\$ 3,015,620	\$ 3,068,889
Over / (Short) of Target	\$ (231,259)	\$ (142,651)	\$ (387,172)	\$ (386,816)	\$ (520,275)	\$ (573,543)

## 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

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

## 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 2026-27 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
<b>Beginning Fund Balance</b>	\$ 432,714	\$ 432,714	\$ 282,714	\$ 282,714	\$ 282,714	\$ 282,714
<b>Revenue</b>						
Other Financing Sources	0	100,000	-	-	-	-
<b>Revenue Totals</b>	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>						
Contract Services	\$ -				\$ -	\$ -
Other Financing Uses	-	250,000			-	-
<b>Expenditure Totals</b>	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance at 06/30</b>	\$ 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.
<b>Total City Multi-Year Obligation</b>	<b>\$ 35,750,543</b>			

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

### 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	-	-	-	-
<b>TOTAL</b>	<b>\$2,390,000</b>	<b>\$897,681</b>	<b>\$3,287,681</b>	<b>\$ 3,287,681</b>

**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.

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

### 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
<b>Total</b>	<b>\$ 1,372,500</b>	<b>\$ 375,736</b>	<b>\$ 1,748,236</b>	<b>\$ 1,748,236</b>

CITY OF

# CAPITOLA

## Capital Improvement Program

Fiscal Years 2026/27 – 2030/31

### CITY COUNCIL

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

### PREPARED BY

Jessica Kahn, Public Works Director  
Jim Malberg, Administrative Services Director

Adopted: June x, 2026

Resolution Number: 2026-xx

# Capital Improvement Program (CIP)

## Overview and How to Use This Document

### What This Document Is

The Capital Improvement Program (CIP) is the City's five-year planning document for major capital investments, including transportation infrastructure, parks and recreation facilities, municipal buildings, stormwater systems, and coastal resilience improvements.

The CIP identifies projects the City expects to plan, design, fund, or construct over the next five fiscal years. While the CIP presents a five-year outlook, only the first fiscal year is formally appropriated through the annual budget process. Projects identified in future years may change based on funding availability, project readiness, regulatory requirements, and City Council direction.

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### What Is Included in the CIP

Projects are generally included in the CIP if they:

- Have a total estimated cost of \$50,000 or greater
- Involve the construction, rehabilitation, replacement, or significant improvement of a public asset
- Represent planning, feasibility, or design work necessary to advance a future capital project

Routine maintenance and operational activities funded through annual operating budgets are generally not included in the CIP.

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### How Capital Projects Are Developed

Most capital projects advance through multiple phases over several years:

#### **Planning / Feasibility**

Studies, alternatives analysis, environmental review, and conceptual development

#### **Design & Permitting**

Engineering, cost refinement, regulatory coordination, and permit approvals

## **Construction**

Implementation of physical improvements and project closeout

Not all projects move through these phases at the same pace. Some projects included in the CIP are planning-only efforts, while others are actively under construction or substantially complete. Inclusion in the CIP allows the City to track infrastructure needs over time, coordinate funding and project delivery, position projects for grant opportunities, and support long-term asset management and replacement planning.

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## **How Projects Are Funded**

Capital projects are funded through a combination of City, regional, state, federal, and partnership sources. Project sheets identify currently assigned funding sources, as well as future funding needs where additional resources will be required.

Common funding sources used in the CIP include:

### **General Fund and Capital Reserves**

Used selectively for facilities, parks, accessibility improvements, required grant match, and high-priority capital needs

### **Transportation Funds**

Including SB 1, Measure D, Gas Tax, Regional Transportation Commission (RTC) funding, and transportation grant programs

### **State and Federal Grants**

Competitive and formula-based funding programs that often require project readiness, local match, or defined eligibility

### **Community Development Block Grant (CDBG) Funds**

Used for eligible accessibility, community facility, and neighborhood improvement projects

### **Donations and Partnerships**

Primarily supporting park, recreation, and community projects

### **Future Funding Needs**

Used to identify projects or future phases where costs are known or anticipated but funding has not yet been secured

Capital funding sources are subject to important constraints. Restricted funds must be used for eligible purposes, grant funding often depends on project readiness, and larger capital projects may require local match or additional leveraging sources. Construction

cost escalation, permitting requirements, and coastal construction complexity may also increase funding needs as projects advance.

To address these constraints, the City prioritizes restricted and external funding wherever possible and uses local capital funding strategically for grant match, urgent asset repair needs, and projects with clear community benefit that lack dedicated funding sources. The City will continue to evaluate grant, partnership, financing, and other revenue opportunities as capital needs evolve.

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## How Projects Are Prioritized

Projects included in the CIP reflect a combination of factors, including:

- Public safety and risk reduction
- Asset condition and lifecycle needs
- Regulatory or legal requirements
- Consistency with adopted plans and City Council priorities
- Funding availability and project readiness
- Long-term maintenance and operational considerations

Projects that address multiple factors or demonstrate higher readiness for implementation typically advance earlier within the five-year program.

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## Project Funding Status

Projects in the CIP may be identified as:

### **Funded**

Sufficient funding has been identified to proceed

### **Partially Funded**

Some funding has been identified; additional funding sources are needed

### **Unfunded**

An identified capital need with no secured funding currently available

### **Emerging Capital Need**

A potential future capital project or infrastructure need identified for long-term planning that is not yet fully scoped or funded

Unfunded, conceptual, and emerging capital need projects are included to support long-term planning, funding strategy development, and future project readiness as opportunities arise.

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## **How to Read the CIP**

This document is organized as follows:

### **Financial Summary Tables**

Provide a citywide overview of capital investment by fiscal year and funding source.

### **Project Detail Sheets**

Present individual project descriptions, estimated costs, funding sources, schedules, and project status information.

Projects are also grouped into general infrastructure categories, such as transportation, parks and recreation, municipal facilities, and stormwater/coastal resilience, to help identify the primary infrastructure focus of each project.

Project detail sheets include active projects, planning efforts, concept projects, completed projects, and emerging capital needs identified through ongoing infrastructure and facility planning.

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## **Annual Review**

The CIP is reviewed and updated annually to reflect project progress, updated cost estimates, new funding opportunities, and City Council direction.

Staff will continue to monitor funding conditions, asset performance, regulatory requirements, and project readiness and will return to City Council with recommendations

CIP Financial Summary – Funding Sources

Completed or Substantially Completed								
Project	Funding Source	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
<b>Park at Rispin Mansion</b>								
	General Fund/RDA	\$ 1,218,844	-	-	-	-	-	\$1,218,844
	Measure Q	\$ 50,000	-	-	-	-	-	\$50,000
	State Parks Grant	\$ 178,000	-	-	-	-	-	\$178,000
	<b>Project Total</b>							<b>\$1,446,844</b>
<b>Treasure Cove Playground &amp; Restroom Improvements</b>								
	General Fund (Design)	\$351,000	-	-	-	-	-	\$351,000
	Fundraising	\$965,000	-	-	-	-	-	\$965,000
	CDBG (2025)	\$2,207,500	-	-	-	-	-	\$2,207,500
	<b>Project Total</b>							<b>\$3,523,500</b>
<b>Community Center Renovation</b>								
	General Fund	\$1,867,000	-	-	-	-	-	\$1,867,000
	CNRA Grant	\$1,000,000	-	-	-	-	-	\$1,000,000
	CDBG 2024	\$3,365,000	-	-	-	-	-	\$3,365,000
	CDBG 2025	\$1,055,000	-	-	-	-	-	\$1,055,000
	<b>Project Total</b>							<b>\$7,287,000</b>
<b>41st Avenue Multimodal Improvements</b>								
	RTC Measure D	\$695,000	-	-	-	-	-	\$695,000
	RMRA SB1	\$587,000	-	-	-	-	-	\$587,000
	Gas Tax	\$60,000	-	-	-	-	-	\$60,000
	Transportation Grant	\$1,000,000	-	-	-	-	-	\$1,000,000
	<b>Project Total</b>							<b>\$2,342,000</b>
Active Programs and Funded Projects								
Project	Funding Source	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
<b>Stockton Bridge – Bridge Alternatives Evaluation</b>								
	General Fund	\$350,000	-	-	-	-	-	\$350,000
	WRCB Grant	\$500,000	-	-	-	-	-	\$500,000
	Future Funding Needs	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>\$850,000</b>
<b>Esplanade Park Improvements</b>								
	Coastal Conservancy Grant	\$275,000	-	-	-	-	-	\$275,000
	Future Funding Needs	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>\$275,000</b>
<b>Pavement Management Program (FY26-31)</b>								
	RTC Measure D	-	\$ 398,000	\$ 409,000	\$ 422,000	\$ 435,000	\$ 448,000	\$2,112,000
	RMRA SB1	-	\$ 277,000	\$ 285,000	\$ 294,000	\$ 302,000	\$ 311,000	\$1,469,000
	<b>Program Total</b>							<b>\$3,581,000</b>
Partially Funded Projects								
Project	Funding Source	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
<b>Cliff Drive Resiliency Project - Phase 1</b>								
	FHWA Emergency Relief	\$ 743,000	-	\$ 9,658,000	-	-	-	\$10,401,000
	Coastal Commission Grant	\$ 450,000	-	-	-	-	-	\$450,000
	Non-Federal Match (TBD)	-	-	\$ 1,108,000	-	-	-	\$1,108,000
	<b>Project Total</b>							<b>\$11,959,000</b>
<b>Sidewalk Infill Program</b>								
	RTC Grant	-	\$100,000	-	-	-	-	\$100,000
	Future Funding Needs (Estimate)	-	-	-	-	-	-	\$1,300,000
	<b>Program Total</b>							<b>\$1,400,000</b>
<b>Bay Avenue Corridor</b>								
	General Fund	271,096	-	-	-	-	-	271,096
	Gas Tax	50,285	-	-	-	-	-	50,285
	RTC Grant	-	500,000	-	-	-	-	500,000
	Federal Grant	-	250,000	-	-	-	-	250,000
	Unfunded Needs (To Be Determined)	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>\$1,071,381</b>
<b>Monterey Park Play Area</b>								
	General Fund	\$10,000	-	-	-	-	-	\$10,000
	Future Funding Needs	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>TBD</b>
<b>Grand Avenue Bluff Overlook Improvements</b>								
	General Fund	\$31,090	-	-	-	-	-	\$31,090
	Future Funding Needs	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>TBD</b>
Conceptual / Unfunded Projects								
Project	Funding Source	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
<b>Cliff Drive Resiliency Project - Future Phases</b>								
	Future Funding Needs (Estimate)	-	-	-	-	-	-	\$33,000,000
	<b>Project Total</b>							<b>\$33,000,000</b>
<b>Noble Gulch Dog Park</b>								
	Future Funding Needs (Estimate)	-	-	-	-	-	-	\$75,000
	<b>Project Total</b>							<b>\$75,000</b>
<b>Corporation Yard EV Charging Infrastructure</b>								
	Future Funding Needs (Estimate)	-	-	-	-	-	-	\$300,000
	<b>Project Total</b>							<b>\$300,000</b>
Emerging Capital Needs								
Project	Funding Source	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
<b>Perry Park Bridge Rehabilitation</b>								
	Future Funding Needs	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>TBD</b>
<b>Noble Gulch Culvert and Drainage System</b>								
	Future Funding Needs	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>TBD</b>
<b>Corporation Yard Facility Modernization</b>								
	Future Funding Needs	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>TBD</b>
<b>City Hall / Police Station Facility Improvements</b>								
	Future Funding Needs	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>TBD</b>

## CIP Financial Summary – Projected Expenditures

Completed or Substantially Completed								
Project	Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
<b>Park at Rispin Mansion</b>	Construction/Improvements	\$ 1,446,844	-	-	-	-	-	\$1,446,844
	<b>Project Total</b>							<b>\$1,446,844</b>
<b>Treasure Cove Playground &amp; Restroom Improvements</b>	Design	\$351,000	-	-	-	-	-	\$351,000
	Construction/Improvements	\$2,930,500	-	-	-	-	-	\$2,930,500
	Construction Management	\$242,000	-	-	-	-	-	\$242,000
	<b>Project Total</b>							<b>\$3,523,500</b>
<b>Community Center Renovation</b>	Design	\$650,000	-	-	-	-	-	\$650,000
	Construction/Improvements	\$6,337,000	-	-	-	-	-	\$6,337,000
	Construction Management	\$300,000	-	-	-	-	-	\$300,000
	<b>Project Total</b>							<b>\$7,287,000</b>
<b>41st Avenue Multimodal Improvements</b>	Design/Permitting	\$357,377	-	-	-	-	-	\$357,377
	Construction/Improvements	-	\$1,980,623	-	-	-	-	\$1,980,623
	<b>Project Total</b>							<b>\$2,338,000</b>
Active Programs and Funded Projects								
Project	Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
<b>Stockton Bridge – Bridge Alternatives Evaluation</b>	Planning/Alternatives Analysis	\$134,602	\$ 715,398	-	-	-	-	\$850,000
	Construction/Improvements	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>\$850,000</b>
<b>Esplanade Park Improvements</b>	Design Development	-	\$ 275,000	-	-	-	-	\$275,000
	Construction/Improvements	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>\$275,000</b>
<b>Pavement Management Program (FY26–31)</b>	Construction/Improvements	-	\$ 675,000	\$ 694,000	\$ 716,000	\$ 737,000	\$ 759,000	\$3,581,000
	<b>Program Total</b>							<b>\$3,581,000</b>
Partially Funded Projects								
Project	Funding Source	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
<b>Cliff Drive Resiliency Project - Phase 1</b>	Design/Permitting	\$ 512,668	\$ 680,332	-	-	-	-	\$1,193,000
	Construction/Improvements	-	-	\$ 10,766,000	-	-	-	\$10,766,000
	<b>Project Total</b>							<b>\$11,959,000</b>
<b>Sidewalk Infill Program</b>	Construction/Improvements	-	\$100,000	-	-	-	-	\$100,000
	Future Improvements	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>\$100,000</b>
<b>Bay Avenue Corridor</b>	Pilot – Alternatives Analysis/Design	161,741	0	0	0	0	0	161,741
	Pilot – Construction/Improvements	83,998	0	0	0	0	0	83,998
	Corridor Planning/Development	\$75,642	0	0	0	0	0	75,642
	Future Improvements (TBD)	0	0	0	0	0	0	TBD
	<b>Project Total</b>							<b>\$321,381</b>
<b>Monterey Park Play Area</b>	Planning	-	-	-	-	-	-	TBD
	Construction/Improvements	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>TBD</b>
<b>Grand Avenue Bluff Overlook Improvements</b>	Planning/Alternatives Analysis	\$12,308	-	-	-	-	-	\$12,308
	Construction/Improvements	-	-	-	-	-	-	TBD
	<b>Project Total</b>							<b>\$12,308</b>

# Park at Rispin Mansion

## Park Development and Public Access Improvements

<b>Project Category</b>	Parks & Recreation
<b>Project Status</b>	Complete
<b>Project Initiated</b>	FY15-16
<b>Total Funding</b>	\$1,446,844
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$228,000
<b>Funding Sources</b>	General Fund, Parks Grants
<b>Strategic Plan Alignment</b>	Healthy Families, Community, and Environment
<b>Location</b>	Rispin Mansion Property, Wharf Road



### Project Description

The Park at Rispin Mansion project transformed the grounds surrounding the historic Rispin Mansion into a publicly accessible neighborhood park with pathways, seating areas, and landscaping. The project preserves the historic setting while providing a high-quality passive recreation space. Development occurred over multiple years with community engagement and planning. Funding shown reflects construction-related costs associated with park improvements dating back to the Rispin ADA pathway project in FY17-18.

### Project Justification

Prior to construction, the site was overgrown, fenced, and inaccessible to the public. Development of the park fulfilled a long-standing community goal to open the Rispin property, provide new neighborhood green space, enhance habitat, and stabilize the landscape surrounding the historic structure.

### Projected Schedule/5-year Plan Information

Completed. The park is open and actively used by the community. Future enhancements or amenities may be evaluated as opportunities and funding become available.

### Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Construction/Improvements	1,466,844	0	0	0	0	0	1,446,844
<b>Total</b>	<b>1,466,844</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,446,844</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
General Fund/RDA	1,218,844	0	0	0	0	0	<b>1,218,844</b>
Measure Q	50,000	0	0	0	0	0	<b>50,000</b>
State Parks Grant	178,000	0	0	0	0	0	<b>178,000</b>
<b>Total</b>	<b>1,466,844</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,446,844</b>

### Operating Budget Impacts

The addition of this park increases ongoing maintenance needs. Two additional maintenance staff positions were added in FY 2025–26 to support this park and other citywide responsibilities. Ongoing costs are incorporated into the Public Works maintenance budget.

# Treasure Cove Playground & Restroom Improvements

Universal Play Area, Restroom Renovation, and Park Accessibility Upgrades

<b>Project Category</b>	Parks & Recreation
<b>Project Status</b>	Substantially Completed
<b>Project Initiated</b>	FY22-23
<b>Total Funding</b>	\$3,523,500
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$3,172,500
<b>Funding Sources</b>	CDBG, Fundraising
<b>Strategic Plan Alignment</b>	Healthy Families, Community, and Environment
<b>Location</b>	Jade Street Park



## Project Description

This project upgrades Jade Street Park through construction of the Treasure Cove Playground and renovation of existing restrooms. Improvements include a fully inclusive play area with new equipment, poured-in-place surfacing, seating, and site improvements, along with restroom upgrades addressing accessibility, reliability, and code compliance.

## Project Justification

The existing playground has exceeded its useful life and does not meet accessibility standards. The new inclusive playground expands equitable play opportunities and reflects strong community support through fundraising and CDBG investment. Restroom improvements address aging infrastructure, reduce maintenance needs, and support increased park use associated with the playground and Community Center.

## Projected Schedule/5-year Plan Information

Construction is underway and expected to be completed by the end of FY 2025–26.

## Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Design	351,000	0	0	0	0	0	<b>351,000</b>
Construction/Improvements	2,930,500	0	0	0	0	0	<b>2,930,500</b>
Construction Management	242,000	0	0	0	0	0	<b>242,000</b>
<b>Total</b>	<b>3,523,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,523,500</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
General Fund	351,000	0	0	0	0	0	<b>351,000</b>
Fundraising	965,000	0	0	0	0	0	<b>965,000</b>
CDBG 2025	2,207,500	0	0	0	0	0	<b>2,207,500</b>
<b>Total</b>	<b>3,523,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,523,500</b>

## Operating Budget Impacts

The new playground equipment and poured-in-place surfacing are expected to reduce near-term maintenance needs. Restroom upgrades will improve reliability and reduce repair frequency. No significant increase in operating costs is anticipated.

# Community Center Renovation

## Facility Upgrades and Accessibility Improvements

<b>Project Category</b>	Municipal Facilities
<b>Project Status</b>	Completed / Substantially Completed
<b>Project Initiated</b>	FY22-23
<b>Total Funding</b>	\$7,287,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$5,420,000
<b>Funding Sources</b>	CNRA, CDBG
<b>Strategic Plan Alignment</b>	Healthy Families, Community, and Environment; Sustainable Infrastructure
<b>Location</b>	Jade Street Park



### Project Description

The Community Center Renovation Project upgrades the facility to improve safety, accessibility, and overall functionality. Improvements include restroom renovations, new outdoor patios, interior and exterior repairs, accessibility upgrades, replacement of aging building systems, and installation of EV charging equipment.

### Project Justification

Many building components are outdated, do not meet current codes, and require renovation to maintain safe and accessible community use. Under the Long-Term Use Agreement (LTUA) with the school district, the City is responsible for maintaining and improving major building systems. The project leverages CNRA and CDBG funding to complete improvements that would otherwise exceed local resources, while reducing long-term maintenance needs and supporting sustainability goals.

### Projected Schedule/5-year Plan Information

Construction is underway and expected to be completed within FY 2025–26.

### Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Design	650,000	0	0	0	0	0	<b>650,000</b>
Construction/Improvements	6,337,000	0	0	0	0	0	<b>6,337,000</b>
Construction Management	300,000	0	0	0	0	0	<b>300,000</b>
<b>Total</b>	<b>7,287,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,287,000</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
General Fund	1,867,000	0	0	0	0	0	<b>1,867,000</b>
CNRA Grant	1,000,000	0	0	0	0	0	<b>1,000,000</b>
CDBG 2024	3,365,000	0	0	0	0	0	<b>3,365,000</b>
CDBG 2025	1,055,000	0	0	0	0	0	<b>1,055,000</b>
<b>Total</b>	<b>7,287,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,287,000</b>

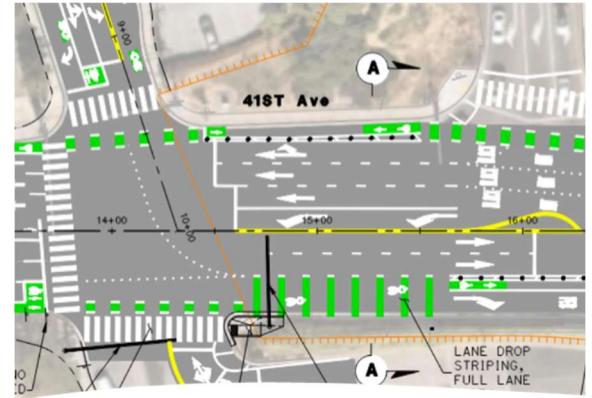
### Operating Budget Impacts

The project is expected to reduce long-term maintenance needs and improve operational efficiency. No significant increase in operating costs is anticipated.

# 41st Avenue Multimodal Improvements

## Corridor Safety and Multimodal Upgrades

<b>Project Category</b>	Transportation & Mobility
<b>Project Status</b>	Construction
<b>Project Initiated</b>	FY24-25
<b>Total Funding</b>	\$2,342,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$1,000,000
<b>Funding Sources</b>	RTC, SB1, Transportation Grant
<b>Strategic Plan Alignment</b>	Community Safety; Sustainable Infrastructure
<b>Location</b>	41st Avenue, Clares Street to northern City Limits



### Project Description

The 41st Avenue Multimodal Improvements Project will reconstruct pavement and upgrade bicycle, pedestrian, and wayfinding features along Capitola's busiest corridor. Improvements include pavement rehabilitation, resurfacing, enhanced bike lanes, high-visibility crossings, new curb ramps, and improved SR-1 wayfinding.

### Project Justification

41st Avenue has significant pavement distress, outdated striping, and inconsistent multimodal facilities identified through the Pavement Management Plan and corridor evaluations. The project addresses long-standing safety and access issues while improving overall roadway condition. Design and construction are funded through RTC and related transportation funding sources, reducing local cost impacts.

### Projected Schedule/5-year Plan Information

Design and Caltrans coordination were completed in late 2025. Construction will begin in spring 2026.

### Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Design/Permitting	357,377	0	0	0	0	0	357,377
Construction/Improvements	0	1,980,623	0	0	0	0	1,980,623
<b>Total</b>	<b>357,377</b>	<b>1,980,623</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,338,000</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
1309 RTC Measure D	695,000	0	0	0	0	0	695,000
1308 RMRA SB 1	587,000	0	0	0	0	0	587,000
Gas Tax	60,000	0	0	0	0	0	60,000
Transportation Grant	1,000,000	0	0	0	0	0	1,000,000
<b>Total</b>	<b>2,342,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,342,000</b>

### Operating Budget Impacts

Ongoing maintenance will be incorporated into routine street and sign maintenance activities. No significant increase in operating costs is anticipated.

# Stockton Bridge

## Bridge Alternatives Evaluation and Future Improvement Planning

<b>Project Category</b>	Transportation & Mobility
<b>Project Status</b>	Planning / Evaluation
<b>Project Initiated</b>	FY23-24
<b>Total Funding</b>	\$850,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$500,000
<b>Funding Sources</b>	General Fund, WRCB Grant
<b>Strategic Plan Alignment</b>	Community Safety; Sustainable Infrastructure
<b>Location</b>	Stockton Bridge



### Project Description

This project expands ongoing work to evaluate options for the future of the Stockton Avenue Bridge, including replacement, retrofit, and deck rehabilitation alternatives. Work is expected to include preliminary concepts, cost estimates, environmental and permitting considerations, anticipated timelines, expected service life evaluations, and potential funding strategies.

### Project Justification

The Stockton Avenue Bridge is an aging structure with known flood and debris risks and limited remaining service life. On April 9, 2026, Council directed staff to return with a proposed scope of work to evaluate a full range of alternatives and support selection of a preferred long-term approach.

### Projected Schedule/5-year Plan Information

Staff is preparing an additional scope of work under the existing consultant contract and will return to Council for consideration. Alternatives analysis will follow, with a future decision point to select a preferred approach. Final design, permitting, and construction will proceed based on Council direction and funding availability.

### Funding Information

<b>Expenditures</b>	<b>Prior FYs</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>	<b>FY29-30</b>	<b>FY30-31</b>	<b>Total</b>
Planning/Alternatives Analysis	134,602	715,398	0	0	0	0	<b>850,000</b>
Construction/Improvements	-	-	-	-	-	-	<b>TBD</b>
<b>Total</b>	<b>134,602</b>	<b>715,398</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>850,000</b>
<b>Funding Sources</b>	<b>Prior FYs</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>	<b>FY29-30</b>	<b>FY30-31</b>	<b>Total</b>
General Fund	350,000	0	0	0	0	0	350,000
WRCB Grant	500,000	0	0	0	0	0	500,000
Future Funding Needs	-	-	-	-	-	-	<b>TBD</b>
<b>Total</b>	<b>850,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>850,000</b>

### Operating Budget Impacts

No significant impacts during the evaluation phase. Future operating and maintenance costs will depend on the selected alternative. Some options may reduce long-term maintenance needs, while others may require continued maintenance.

# Esplanade Park

## Shoreline Adaptation and Park Enhancements

<b>Project Category</b>	Parks & Recreation; Stormwater & Coastal Resilience
<b>Project Status</b>	Planning / Evaluation
<b>Project Initiated</b>	FY25-26
<b>Total Funding</b>	\$275,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$275,000
<b>Funding Sources</b>	Coastal Conservancy Grant
<b>Strategic Plan Alignment</b>	Healthy Families, Community, and Environment; Sustainable Infrastructure



### Project Description

The Esplanade Park Improvements Project focuses on planning and design to enhance the park’s appearance, amenities, and accessibility while addressing long-term coastal conditions. The project will develop conceptual improvements and adaptation strategies to create a more functional and resilient waterfront space.

### Project Justification

Esplanade Park is a highly visited coastal space, but aging features, storm impacts, and shoreline exposure affect comfort, safety, and usability. Upgrades are needed to refresh the park experience and improve resilience to coastal conditions. In FY 2025–26, City Council allocated \$50,000 to initiate planning. Early planning and design are funded through a Coastal Conservancy grant, allowing the City to advance improvement concepts and position the project for future construction funding.

### Projected Schedule/5-year Plan Information

Consultant work will begin in FY 2025–26, including concept development and community engagement. Preliminary design, environmental review, and coastal permitting will follow. Construction will advance as additional funding becomes available.

### Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Design Development	0	275,000	0	0	0	0	275,000
Construction/Improvements	-	-	-	-	-	-	TBD
<b>Total</b>	<b>0</b>	<b>275,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>275,000</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Coastal Conservancy Grant	275,000	0	0	0	0	0	275,000
Future Funding Needs	-	-	-	-	-	-	TBD
<b>Total</b>	<b>275,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>275,000</b>

### Operating Budget Impacts

No significant operating impacts are anticipated during planning. Long-term improvements may reduce emergency maintenance needs associated with storm events.

# 2026-2027 Pavement Management Program

## Annual Street Maintenance and Rehabilitation Program

<b>Total Funding (5-Year Cycle)</b>	\$3,581,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$3,581,000
<b>Funding Sources</b>	RTC, SB1
<b>Project Category</b>	Pavement & Streets
<b>Project Status</b>	Active
<b>Location</b>	Various
<b>Origin of Request</b>	Public Works

*Initiated FY21-22*



### Project Description

The Pavement Management Program provides annual funding to resurface and repair City streets. Typical work includes slurry seals, thin overlays, pavement patching, striping refresh, and minor curb and gutter repairs. Street selections are based on pavement condition data, available funding, and coordination with other capital projects. In some years, larger roadway segments are delivered as standalone capital projects and tracked separately in the CIP (e.g., 41st Avenue improvements in FY 2025–26).

### Project Justification

Routine pavement maintenance prevents streets from deteriorating into costly reconstruction and helps preserve the City's roadway network. The 2022 Pavement Management Plan reported a citywide PCI of 54, indicating many streets are in "fair" condition and require ongoing maintenance. Annual funding allows staff to apply cost-effective treatments at the appropriate time and coordinate work with utilities and other capital projects.

### Projected Schedule/5-year Plan Information

This is an ongoing annual program. Specific streets and treatment types are determined each fiscal year based on updated pavement condition data, available funding, and coordination needs. The next Pavement Management Plan update is anticipated in FY 2027–28.

### Funding Information

<b>Expenditures</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>	<b>FY29-30</b>	<b>FY30-31</b>	<b>Total</b>
Construction/Improvements	675,000	694,000	716,000	737,000	759,000	<b>3,581,000</b>
<b>Total</b>	<b>675,000</b>	<b>694,000</b>	<b>716,000</b>	<b>737,000</b>	<b>759,000</b>	<b>3,581,000</b>

<b>Funding Sources</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>	<b>FY29-30</b>	<b>FY30-31</b>	<b>Total</b>
1309 RTC Measure D	398,000	409,000	422,000	435,000	448,000	<b>2,112,000</b>
1308 RMRA SB 1	277,000	285,000	294,000	302,000	311,000	<b>1,469,000</b>
<b>Total</b>	<b>675,000</b>	<b>694,000</b>	<b>716,000</b>	<b>737,000</b>	<b>759,000</b>	<b>3,581,000</b>

### Operating Budget Impacts

Ongoing maintenance is incorporated into routine operations. No significant increase in operating costs is anticipated.

# Cliff Drive Resiliency Project – Phase 1

## Critical Bluff Stabilization and Resiliency Improvements

<b>Project Category</b>	Stormwater & Coastal Resilience
<b>Project Status</b>	Planning / Design
<b>Project Initiated</b>	FY23-24
<b>Total Funding</b>	\$11,959,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$10,851,000
<b>Funding Sources</b>	FHWA ER, Coastal Commission Grant
<b>Strategic Plan Alignment</b>	Community Safety; Sustainable Infrastructure
<b>Location</b>	Cliff Drive



### Project Description

The Cliff Drive Resiliency Project – Phase 1 focuses on the most critical bluff failure area along Cliff Drive. The project includes geotechnical evaluation, coastal hazard modeling, drainage assessment, environmental review, permitting, and preparation of engineering plans for bluff stabilization and roadway protection improvements.

### Project Justification

Ongoing bluff retreat and storm damage along Cliff Drive present risks to roadway stability, underground utilities, emergency access, and adjacent coastal resources. Phase 1 addresses the most vulnerable section of the corridor and is intended to stabilize critical infrastructure while advancing long-term coastal resiliency planning. The broader Cliff Drive corridor includes additional bluff stabilization and resiliency needs that are expected to require future phased improvements beyond the scope of this initial project. Initial planning, engineering, and future construction funding for Phase 1 are supported through FHWA Emergency Relief and Coastal Commission grant funding.

### Projected Schedule/5-year Plan Information

Technical studies, engineering design, environmental review, and permitting for Phase 1 are underway. Construction is anticipated following completion of permitting and final funding coordination.

### Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Design/Permitting	859,000	334,000	0	0	0	0	<b>1,193,000</b>
Construction/Improvements	0	0	10,766,000	0	0	0	<b>10,766,000</b>
<b>Total</b>	<b>859,000</b>	<b>334,000</b>	<b>10,766,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,959,000</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
FHWA ER	743,000	0	9,658,000	0	0	0	<b>10,401,000</b>
Coastal Commission Grant	450,000	0	0	0	0	0	<b>450,000</b>
Non-Federal Match (TBD)	0	0	1,108,000	0	0	0	<b>1,108,000</b>
<b>Total</b>	<b>1,193,000</b>	<b>0</b>	<b>10,766,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,959,000</b>

### Operating Budget Impacts

No significant operating impacts are expected during planning and design. Future improvements may reduce emergency maintenance needs along the corridor.

# Sidewalk Infill Program

## Ongoing Sidewalk Infill and Gap Closure Program

<b>Project Category</b>	Transportation & Mobility
<b>Project Status</b>	Partially Funded
<b>Project Initiated</b>	FY25-26
<b>Total Funding</b>	\$100,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$100,000
<b>Funding Sources</b>	RTC Grant
<b>Strategic Plan Alignment</b>	Community Safety; Sustainable Infrastructure
<b>Location</b>	Various



### Project Description

The Sidewalk Infill Program addresses missing sidewalk segments throughout the City to improve pedestrian safety, accessibility, and neighborhood connectivity. The program focuses on closing short but critical gaps where pedestrians currently walk in the roadway or along narrow shoulders. Funding identified for FY 2026–27 will support construction of a priority segment, with additional locations to be advanced as future funding becomes available.

### Project Justification

Staff has identified approximately \$1.4 million in citywide sidewalk infill needs. These gaps create safety concerns and limit access to schools, parks, and neighborhood destinations. The City was awarded approximately \$100,000 in Regional Transportation Commission (RTC) funding, which may support construction of one priority segment in FY 2026–27. Additional funding will be required to address remaining identified gaps over time. Future sidewalk infill projects may also be competitive for Community Development Block Grant (CDBG) funding where projects support accessibility, neighborhood connectivity, or low/moderate-income areas.

### Projected Schedule/5-year Plan Information

This is an ongoing program. A priority segment will be constructed in FY 2026–27 based on available funding. Additional segments will be implemented as funding becomes available.

### Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Construction/Improvements	0	100,000	0	0	0	0	100,000
<b>Total</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100,000</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
RTC Grant	0	100,000	0	0	0	0	100,000
Future Funding Needs (Estimate)	0	0	0	0	0	0	1,300,000
<b>Total</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,400,000</b>

### Operating Budget Impacts

Ongoing maintenance will be incorporated into routine sidewalk maintenance activities. No significant increase in operating costs is anticipated.

# Bay Avenue Corridor

## Traffic, Pedestrian, and Bicycle Improvements

<b>Project Category</b>	Transportation & Mobility
<b>Project Status</b>	Planning / Evaluation
<b>Project Initiated</b>	FY22-23
<b>Total Funding</b>	\$1,071,381
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$750,000
<b>Funding Sources</b>	General Fund, RTC Grant, Federal Grant
<b>Strategic Plan Alignment</b>	Community Safety; Sustainable Infrastructure
<b>Location</b>	Bay Avenue, Monterey Avenue to Highway 1



### Project Description

The Bay Avenue Corridor Improvements Project evaluates transportation safety, pedestrian, bicycle, and circulation improvements along Bay Avenue from Monterey Avenue to the Highway 1 ramps. Work has included corridor analysis, safety review, community outreach, operational evaluation, and temporary pilot improvements used to evaluate corridor safety and circulation.

### Project Justification

Bay Avenue serves schools, neighborhoods, commercial areas, and regional traffic and experiences congestion, turning conflicts, pedestrian safety concerns, and bicycle access challenges. The Bay Avenue / Hill Street Pilot Project evaluated near-term safety improvements and provided operational data and community feedback that informed the broader corridor planning effort and future evaluation of potential improvements within the corridor.

### Projected Schedule/5-year Plan Information

Corridor analysis, conceptual planning, community outreach, and pilot project evaluation have been completed. Future efforts may include lower-cost operational, pedestrian, bicycle, or traffic safety improvements as funding opportunities are identified. The project has secured RTC funding for future project development and \$250,000 in federal funding for eligible construction activities.

### Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Pilot – Alternatives Analysis/Design	161,741	0	0	0	0	0	161,741
Pilot – Construction/Improvements	83,998	0	0	0	0	0	83,998
Corridor Planning/Development	75,642	0	0	0	0	0	75,642
Future Improvements (TBD)	0	0	0	0	0	0	TBD
<b>Total</b>	<b>321,381</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>321,381</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
General Fund	271,096	0	0	0	0	0	271,096
Gas Tax	50,285	0	0	0	0	0	50,285
RTC Grant	0	500,000	0	0	0	0	500,000
Federal Grant	0	250,000	0	0	0	0	250,000
Unfunded Needs (TBD)	0	0	0	0	0	0	TBD
<b>Total</b>	<b>321,381</b>	<b>750,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,071,381</b>

### Operating Budget Impacts

No significant operating impacts are anticipated during planning and project development. Future improvements may add minor maintenance needs that can be incorporated into routine Public Works operations.

# Monterey Park Play Area

## Play Area Evaluation and Neighborhood Outreach

<b>Project Category</b>	Parks & Recreation
<b>Project Status</b>	Planning / Outreach
<b>Project Initiated</b>	FY25-26
<b>Total Funding</b>	\$10,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$0
<b>Funding Sources</b>	General Fund
<b>Strategic Plan Alignment</b>	Healthy Families, Community, and Environment



### Project Description

The Monterey Park Play Area Project will explore options to add or improve recreational amenities at Monterey Park. The project is in the early planning stage and will begin with community outreach and concept development to identify desired improvements for this neighborhood park, which currently includes a walking loop and sports field.

### Project Justification

In FY 2025–26, City Council allocated \$10,000 to initiate planning for potential upgrades at Monterey Park. The park serves a residential neighborhood and currently lacks defined play features. Outreach and concept development are needed to identify community priorities and determine the scale, cost, and feasibility of future improvements. A defined concept will position the City to pursue design and construction funding.

### Projected Schedule/5-year Plan Information

Initial community outreach is underway in FY 2025–26. Based on outreach results, concept development may continue into FY 2026–27. Future design and construction will depend on identified priorities and funding availability.

### Funding Information

<b>Expenditures</b>	<b>Prior FYs</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>	<b>FY29-30</b>	<b>FY30-31</b>	<b>Total</b>
Planning	0	0	0	0	0	0	0
Construction/Improvements	-	-	-	-	-	-	TBD
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Funding Sources</b>	<b>Prior FYs</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>	<b>FY29-30</b>	<b>FY30-31</b>	<b>Total</b>
General Fund	10,000	0	0	0	0	0	10,000
Construction/Improvements	-	-	-	-	-	-	TBD
<b>Total</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>

### Operating Budget Impacts

Minimal impacts are expected during planning. Future operating needs will depend on the type of improvements selected.

# Grand Avenue Bluff Overlook Improvements

## Bluff-Top Overlook and Safety Improvements

<b>Project Category</b>	Parks & Recreation
<b>Project Status</b>	Planning/Concept Development
<b>Project Initiated</b>	FY25-26
<b>Total Funding</b>	\$31,090
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$0
<b>Funding Sources</b>	General Fund
<b>Strategic Plan Alignment</b>	Community Safety; Healthy Families, Community, and Environment
<b>Location</b>	Grand Avenue street ends



### Project Description

This project will evaluate and develop concepts for public safety and coastal access improvements at the Grand Avenue street termini along the Depot Hill bluff. The project focuses on small-scale overlook improvements rather than a continuous pathway, including evaluation of bluff stability, drainage, and basic features such as viewing areas, fencing, seating, and signage.

### Project Justification

This area has a long history of bluff erosion, storm damage, and drainage issues that have affected prior pathway concepts and limit long-term feasibility. On April 9, 2026, City Council directed staff to shift focus from a continuous pathway to smaller, safer improvements at bluff-top street ends. This approach maintains public access and coastal views while responding to ongoing erosion and site constraints.

### Projected Schedule/5-year Plan Information

Concept development may occur in FY 2026–27. Future design, permitting, and construction will depend on feasibility, Coastal permitting, and funding availability.

### Funding Information

Expenditures	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Planning/Alternatives Analysis	12,308	-	-	-	-	-	12,308
Construction/Improvements	-	-	-	-	-	-	TBD
<b>Total</b>	<b>12,308</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,308</b>

Funding Sources	Prior FYs	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
General Fund	31,090	-	-	-	-	-	31,090
Construction/Improvements	-	-	-	-	-	-	TBD
<b>Total</b>	<b>31,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,090</b>

### Operating Budget Impacts

Minimal impacts are expected during planning. Future operating needs will depend on the type of improvements selected.

# Noble Gulch Park – Dog Park Improvements

## Concept Development and Future Implementation

<b>Project Category</b>	Parks & Recreation
<b>Project Status</b>	Concept Phase / Unfunded
<b>Project Initiated</b>	FY22-23
<b>Total Funding Need (Estimate)</b>	\$75,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$0
<b>Funding Sources</b>	Future Funding Needs
<b>Strategic Plan Alignment</b>	Healthy Families, Community, and Environment
<b>Location</b>	Noble Gulch Park



### Project Description

The Noble Gulch Dog Park Project would create a small dog park area within Noble Gulch Park, improving accessibility and providing new recreational space within a constrained site. Concept improvements include fencing, an accessible entry, ADA-compliant pathways, waste receptacles, and signage. Final design, drainage solutions, and amenities will be shaped by site constraints and community input.

### Project Justification

Noble Gulch Park has known ADA access deficiencies and seasonal drainage issues, and the proposed dog park area currently lacks accessible routes. City Council supported the concept and approved a Coastal Development Permit in 2024 but deferred funding, noting the need for additional design refinement and potential community fundraising.

A dog park would expand recreational opportunities in an underutilized portion of the park; however, additional work is needed to define scope, cost, and feasibility before the project can advance. A prior conceptual estimate for the project was approximately \$75,000; however, costs will be refined through future design.

### Projected Schedule/5-year Plan Information

No work is currently scheduled. Future steps such as community outreach, concept refinement, and design will proceed only if funding is identified in a future budget cycle or through donations.

### Funding Information

No funding is currently identified. Project costs will be determined through future concept development and design. Potential funding sources may include City funds, grants, or community fundraising.

### Operating Budget Impacts

No operating impacts are anticipated until the project advances. If constructed, the dog park would add minor annual maintenance needs related to fencing, waste management, and seasonal closures.

# Corporation Yard EV Charging Infrastructure

## Fleet Electrification Support Improvements

<b>Project Category</b>	Municipal Facilities
<b>Project Status</b>	Grant Dependent
<b>Project Initiated</b>	FY26-27
<b>Total Funding Need (Estimate)</b>	\$300,000
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$0
<b>Funding Sources</b>	Future Funding Needs
<b>Strategic Plan Alignment</b>	Sustainable Infrastructure; Accountable Government
<b>Location</b>	Corporation Yard



### Project Description

The Corporation Yard EV Charging Infrastructure Project would install the on-site (“behind-the-meter”) electrical infrastructure needed to support electric vehicle (EV) charging. Improvements include electrical service upgrades, trenching, conduit, wiring, and infrastructure to support Level 2 and Level 3 chargers.

Utility-side upgrades up to the meter are being provided separately through Pacific Gas and Electric Company and are not part of this project.

### Project Justification

State regulations adopted by the California Air Resources Board require public agencies to transition to zero-emission vehicles over time, including requirements for new light-duty vehicle purchases to be zero-emission beginning in 2027. The Corporation Yard currently lacks the electrical capacity needed to support future fleet electrification.

Utility upgrades to the meter are being provided at no cost through Pacific Gas and Electric Company, though program availability is limited. The City is responsible for on-site charging infrastructure improvements. Grant funding and rebates are expected to offset project costs.

### Projected Schedule/5-year Plan Information

No construction is currently scheduled. The project is dependent on securing grant funding and utility coordination. If funding is not secured, the project will be deferred.

### Funding Information

The total estimated project cost is approximately \$300,000. Potential funding sources may include future grants through the Monterey Bay Air Resources District, along with incentives from Central Coast Community Energy and Pacific Gas and Electric Company. No City funding is currently identified, and the project will not proceed without securing sufficient external funding.

### Operating Budget Impacts

No significant operating impacts are anticipated. The project supports transition to electric vehicles, which may reduce long-term fuel and maintenance costs.

# Perry Park Bridge Rehabilitation

## Potential Future Rehabilitation Need

<b>Project Category</b>	Parks & Recreation
<b>Project Status</b>	Emerging Capital Need
<b>Project Initiated</b>	FY25-26
<b>Total Funding Need (Estimate)</b>	TBD
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$0
<b>Funding Sources</b>	Future Funding Needs
<b>Strategic Plan Alignment</b>	Community Safety; Healthy Families, Community, and Environment
<b>Location</b>	Perry Park / Rispin Property Crossing



## Project Description

The Perry Park Bridge rehabilitation effort would address aging structural components, corrosion, and long-term maintenance needs associated with the pedestrian and bicycle bridge connecting Perry Park and the Rispin property. Potential future work may include steel repairs, repainting, deck improvements, drainage modifications, and rehabilitation of structural connections and bearings.

## Project Justification

The bridge was constructed in 1996 and consists of parallel pedestrian and bicycle bridge spans crossing Soquel Creek. A 2021 structural evaluation identified moderate to severe corrosion in several bridge components, including end vertical members, floor beams, chord splices, welded joints, and bearing areas. The evaluation also identified localized areas of through-thickness corrosion and recommended ongoing repair and maintenance work to extend the bridge's service life.

Since that time, the City has completed targeted repair work and additional investigation of concealed structural elements, including repairs to corroded floor beams and end vertical members. Staff continues to monitor bridge condition and remaining service life as part of ongoing infrastructure maintenance planning.

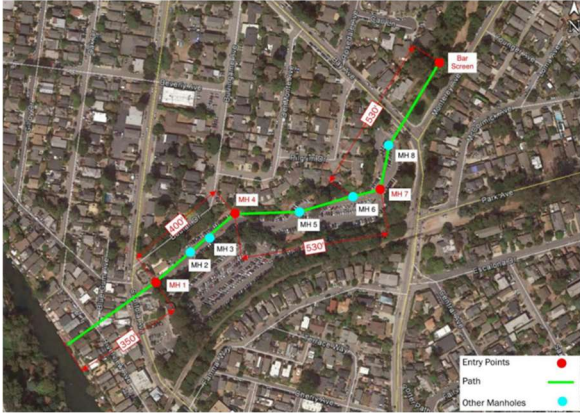
## Funding Information

Currently unfunded. Future scope, schedule, and project costs will be determined following completion of ongoing evaluation and maintenance work.

# Noble Gulch Culvert and Drainage System

## Potential Future Drainage and Culvert Rehabilitation Need

<b>Project Category</b>	Stormwater & Coastal Resilience
<b>Project Status</b>	Emerging Capital Need
<b>Project Initiated</b>	FY25-26
<b>Total Funding Need (Estimate)</b>	TBD
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$0
<b>Funding Sources</b>	Future Funding Needs
<b>Strategic Plan Alignment</b>	Community Safety; Sustainable Infrastructure
<b>Location</b>	Lower Noble Gulch Drainage System



### Project Description

This project would address long-term rehabilitation and replacement needs within the lower Noble Gulch culvert and drainage system. Potential future work may include culvert rehabilitation or replacement, storm drain improvements, drainage capacity upgrades, bank stabilization, and related infrastructure improvements needed to improve long-term system reliability and flood resilience.

### Project Justification

The lower Noble Gulch drainage system includes aging stormwater infrastructure with a history of flooding and ongoing maintenance needs. A 2024 condition assessment of the Noble Gulch Culvert identified areas of deterioration, prior repairs, and infrastructure components that may require future rehabilitation or replacement as part of long-term system planning.

The drainage system also functions as part of the broader Zone 5 regional stormwater network evaluated through the 2023 Zone 5 Storm Drain Master Plan Update. Future capital improvements may be necessary to improve long-term condition, drainage performance, maintenance access, and resilience to future storm events and climate impacts. Future evaluation, maintenance coordination, and funding efforts may also occur pursuant to the existing cooperative agreement between the City, Zone 5, and the County regarding portions of the Noble Gulch drainage system.

### Funding Information

Currently unfunded. Future scope, schedule, and project costs will be determined through additional evaluation, coordination with Zone 5 regional planning efforts, and future condition assessment work.

# Corporation Yard Facility Modernization

## Long-Term Facility and Operational Needs

<b>Project Category</b>	Municipal Facilities
<b>Project Status</b>	Emerging Capital Need
<b>Project Initiated</b>	FY25-26
<b>Total Funding Need (Estimate)</b>	TBD
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$0
<b>Funding Sources</b>	Future Funding Needs
<b>Strategic Plan Alignment</b>	Sustainable Infrastructure; Accountable Government
<b>Location</b>	Corporation Yard



### Project Description

This project would evaluate long-term modernization and operational improvements at the Corporation Yard. Potential future work may include rehabilitation or phased improvements to aging buildings and site infrastructure; improved circulation and storage areas; utility and drainage upgrades; fleet and equipment accommodations; employee support facilities; and operational efficiency improvements.

### Project Justification

The Corporation Yard serves as the primary operations, maintenance, fleet, and equipment facility for the Public Works Department. Existing buildings and site infrastructure were developed incrementally over time and may no longer fully support current operational, storage, maintenance, fleet, safety, accessibility, sustainability, and employee facility needs.

Original facility plans indicate the site was developed for a smaller-scale municipal operation and includes aging building systems, utility infrastructure, fuel system components, and operational layouts that predate many current building, accessibility, energy, and operational standards. The site may require substantial long-term investment to support continued Public Works operations, emergency response readiness, and long-term continuity of City maintenance and field operations.

### Funding Information

Currently unfunded. Future scope, schedule, and project costs will be determined through additional facility planning, operational evaluation, condition assessment, and identification of future funding opportunities.

# City Hall / Police Station Facility Improvements

## Long-Term Facility and Operational Needs

<b>Project Category</b>	Municipal Facilities
<b>Project Status</b>	Emerging Capital Need
<b>Project Initiated</b>	FY25-26
<b>Total Funding Need (Estimate)</b>	TBD
<b>City Funding FY26-27</b>	\$0
<b>External Funding</b>	\$0
<b>Funding Sources</b>	Future Funding Needs
<b>Strategic Plan Alignment</b>	Community Safety; Accountable Government; Sustainable Infrastructure
<b>Location</b>	City Hall / Police Station Campus



### Project Description

This project would address long-term facility and operational needs associated with City Hall and the Police Station. Potential future improvements may include accessibility upgrades, replacement of aging building systems, space reconfiguration, flood resilience measures, modernization of public service areas, and evaluation of long-term facility options needed to support continued City operations and public services.

### Project Justification

The City Hall and Police Station facilities were expanded into their current configuration in 1976 and are reaching a stage where significant investment may be required to maintain long-term functionality and operational reliability. A 2024 Facility Needs Assessment identified deficiencies related to building systems, accessibility, space limitations, operational functionality, and floodplain constraints.

The assessment identified aging roofing, HVAC, drainage, lighting, accessibility, and exterior circulation systems, along with space limitations that no longer meet accepted operational standards for City Hall and Police Department functions. Future capital planning will be needed to evaluate long-term facility needs, operational requirements, and potential improvement strategies to support continued public service operations.

### Funding Information

Currently unfunded. Future scope, schedule, and project costs will be determined through additional facility planning, operational evaluation, and future City Council direction.

## Gautho, Julia

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**From:** Mick <qwakwak@gmail.com>  
**Sent:** Tuesday, May 12, 2026 8:52 PM  
**To:** City Council  
**Subject:** Budget ideas

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Council members,

As you finalize the budget, keep these ideas in mind. I sent something similar at this time last year.

I wanted to share with you several ideas / project proposals that I think the city could pursue during your tenure. These are in random order, no priority, based on past experience and what I observe around the city.

**STREET SWEEPING** -Public Works used to have a regular weekly schedule for sweeping residential and commercial streets. I don't know why the regular weekly schedule on the city website is not adhered to.

**BRAIN STORM IDEAS TO IMPROVE THE CITY** -Each year prior to budget time, the city council would meet in the community room to present ideas for projects they wanted. It was a brainstorming session for ideas to make the city better. Any idea could be added to the list. The public was invited to participate. The list was narrowed down to a handful of projects that the council decided were achievable. These brainstorming sessions resulted in a lot of good ideas being implemented to add amenities and dress up Capitola.

**BEACH SAND SIFTING** -The city used to sift the beach a couple of times each summer. That's not done anymore. The city may still have the sand sifter. We also borrowed the one from Santa Cruz. It makes a huge difference in the cleanliness of the beach.

**STAFFING LEVELS** - its incumbent on the council to determine if staffing levels are appropriate. If the city is overstaffed because of duplication of effort or other reasons, or understaffed, that could be determined by a management audit. Those used to be done on a regular basis. I don't believe Jamie has ever had one done. It could make the city administration more efficient, result in cost savings if the study determined the city is overstaffed.

**NO RIGHT TURN AT 41st and CAP RD** - Despite the Public Works Director's report - The No Right Turn prohibition on westbound Cap Rd at 41st creates more problems than it solves. Pedestrian conflicts occur when the right turns are allowed only on green because that's when pedestrians cross 41st Ave. There are very few pedestrians crossing Cap Rd at that intersection but many crossing 41st. It also creates a longer queue of backed up traffic in the right lane on Cap Rd blocking entrances and exits from the Whole Foods center. It would be safer for pedestrians and improve traffic flow if the No Right Turn prohibition was removed.

**VILLAGE HOTEL** - Meet with Swenson to encourage him to develop a hotel plan for the theater parking lot. A concept was presented years ago and died. The city has made no effort to restart talks about a hotel on that site.

**ELIMINATE REDUNDANT / USELESS STREET SIGNS-**

One example - On Wharf Rd from the freeway to Capitola Rd there are over 100 various street signs, signs that simple common sense says they do nothing but provide visual blight "Start bike lane" "End bike lane", multiple No Parking signs when a red curb would suffice. Signs that warn of speed, curve, driveways etc etc. They are a blight and if you removed many of the signs around town it would have no impact on safety. Previous city councils tried to limit the number of signs but that seems to have been long forgotten. We should look to Carmel or Coronado as our role model.

**45th AVE** - At one time there was a plan to construct a tree lined median on 45th Ave. If that idea were brought back, that could really enhance that residential area.

**WHARF RD HANDRAIL** - Near the Shadowbrook sign at the top of Wharf Rd the top rung of the metal handrail has been bent down in the middle for at least 3-4 years and never repaired. It is unsightly and should be repaired.

**ARTIFICIAL TURF ON MEDIANS** - 41st Ave and Cap Rd medians are forever growing weeds and poorly maintained. The artwork on 41st Ave medians hasn't been cleaned in years. Installing artificial turf on the medians would solve the weed problem, reduce maintenance, and visually enhance the 41st Ave and Cap Rd corridors.

**BAY AVE** - A tree lined median on Bay Ave, discussed years ago, would create a nice entrance to the city and provide an opportunity for a traffic design that might actually work to make it safer for motorists, cyclists, and pedestrians.

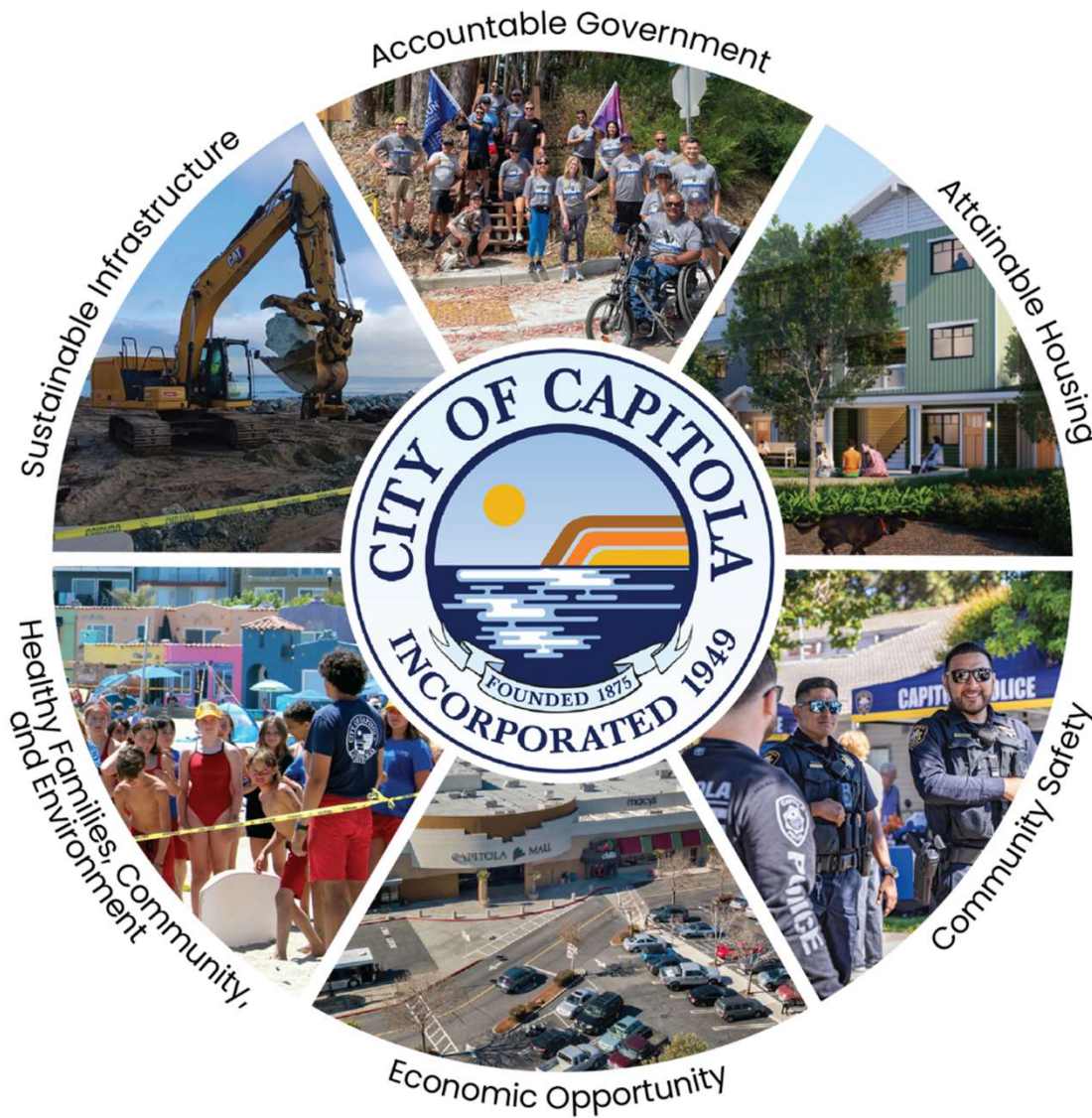
**BIG TICKET ITEMS** - Pursue undergrounding utilities on Capitola Ave between Bay and Riverview Dr and on 41st Ave.

VILLAGE BEAUTIFICATION - Offer incentives to Village commercial property owners to paint, fix up store fronts. Work with the BIA to a theme. Eliminate the on-street outdoor seating on Capitola Ave.

Item 5 A.

ORDINANCE ENFORCEMENT - Instruct city staff to enforce the city sign ordinance and ordinance 8.16.020 prohibiting rubbish in front yards.

Sent from my iPhone



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# Fiscal Year 2026-27 Proposed Budget & Capital Improvement Program

# Overview of Tonight

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Review budget process

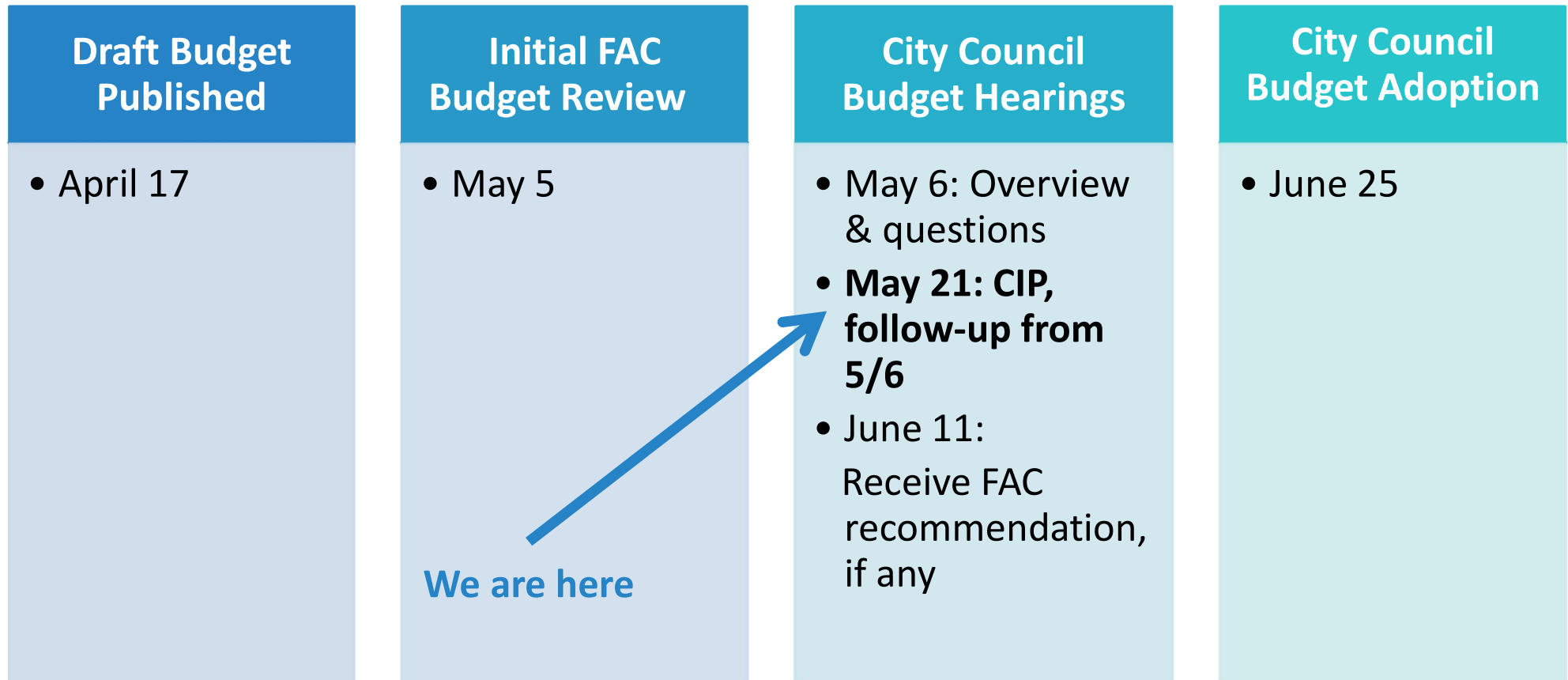
Draft budget updates/edits

Capital Improvement Program (CIP) Overview

Follow-Up items from May 6<sup>th</sup>:

- Reserves and one-time revenue
- Paid parking rates
- Additional paid parking zones
- Village Holiday parking
- TOT Rates
- CalPERS Trust
- TOT rates
- CS&R Seasonal Hours
- Measure Y
- Year-end statistics

# Budget Preparation Process



# Budget Summary

## Proposed General Fund budget structurally balanced

Item 5 A.

- Estimated fund balance June 30, 2027: \$94,957

## Ongoing PERS costs remain major threat to City resources

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

## Heavy reliance on volatile sales & transient occupancy tax

## Reserves below target balances

- Still awaiting additional 2023 storm damage reimbursements

# Multiyear Budget Projection

REVENUE ASSUMPTIONS	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%
<b>New Revenue</b>	<b>100,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>

	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	24,255,535	24,705,978
Expenditures	22,302,469	22,597,785	23,412,210	24,047,929	24,653,321	25,328,338
<b>Net Impact Fund Balance</b>	<b>56,657</b>	<b>303,316</b>	<b>(18,001)</b>	<b>(144,163)</b>	<b>(397,786)</b>	<b>(622,360)</b>

# Multiyear Budget Projection

EXPENDITURES ASSUMPTIONS	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Personnel (COLA & Steps)	3.90%	4.00%	4.00%	4.00%	4.00%	4.00%
Contracted Services (%)	3.24%	-2.15%	2.00%	2.00%	2.00%	2.00%
Training & Memberships	-32.00%	26.70%	1.50%	1.50%	1.50%	1.50%
Supplies	9.70%	2.60%	1.50%	1.50%	1.50%	1.50%
Community Grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Internal Service Funds	2.90%	2.40%	2.40%	2.40%	2.40%	2.40%
CalPERS UAL Amount	\$ 3,271,340	\$ 3,387,000	\$ 3,624,000	\$ 3,662,000	\$ 3,689,000	\$ 3,765,000
CalPERS UAL Amount Increase	\$ 375,954	\$ 115,660	\$ 237,000	\$ 38,000	\$ 27,000	\$ 76,000
CalPERS UAL % Increase	12.98%	3.54%	7.00%	1.05%	0.74%	2.06%

	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	24,255,535	24,705,978
Expenditures	22,302,469	22,597,785	23,412,210	24,047,929	24,653,321	25,328,338
<b>Net Impact Fund Balance</b>	<b>56,657</b>	<b>303,316</b>	<b>(18,001)</b>	<b>(144,163)</b>	<b>(397,786)</b>	<b>(622,360)</b>

# Multiyear Budget Projection: +1% Sales Tax

REVENUE ASSUMPTIONS	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%	3.50%	3.50%	3.50%	3.50%	3.50%
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%
<b>New Revenue</b>	<b>100,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>

	FY 2027 Proposed	FY 2028 Planned	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 2032 Forecast
Revenue	22,359,126	23,000,204	23,598,358	24,219,181	24,603,669	25,088,532
Expenditures	22,302,469	22,597,785	23,412,210	24,047,929	24,653,321	25,328,338
<b>Net Impact Fund Balance</b>	<b>56,657</b>	<b>402,418</b>	<b>186,149</b>	<b>171,252</b>	<b>(49,652)</b>	<b>(239,806)</b>

# Multiyear Budget Projection: -1% Sales Tax

REVENUE ASSUMPTIONS	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%	1.50%	1.50%	1.50%	1.50%	1.50%
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%
<b>New Revenue</b>	<b>100,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>

	FY 2027 Proposed	FY 2028 Planned	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 2032 Forecast
Revenue	22,359,126	22,802,000	23,192,040	23,594,447	23,915,081	24,333,258
Expenditures	22,302,469	22,597,785	23,412,210	24,047,929	24,653,321	25,328,338
<b>Net Impact Fund Balance</b>	<b>56,657</b>	<b>204,214</b>	<b>(220,169)</b>	<b>(453,482)</b>	<b>(738,239)</b>	<b>(995,080)</b>

## 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
<b>Revenues</b>						
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	778,918
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
<b>Revenues Totals</b>	<b>\$18,766,706</b>	<b>\$18,879,022</b>	<b>\$21,201,756</b>	<b>\$21,121,756</b>	<b>\$22,359,126</b>	<b>\$22,901,102</b>
<b>Expenditures</b>						
Personnel	\$12,099,946	\$12,692,358	\$14,457,933	\$14,260,987	\$14,984,534	\$15,417,535
Contract services	3,704,267	3,799,530	3,851,191	3,820,000	3,991,445	3,905,719
Training & Memberships	143,324	114,877	169,480	150,000	115,380	146,230
Supplies	958,158	854,877	801,700	850,000	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	1,711,218	1,651,644
Other financing uses	3,271,324	2,288,788	407,344	407,344	487,116	486,881
<b>Expenditures Totals</b>	<b>\$21,919,860</b>	<b>\$21,399,008</b>	<b>\$21,484,273</b>	<b>\$21,284,956</b>	<b>\$22,302,469</b>	<b>\$22,597,784</b>
<b>Impact on Fund Balance</b>	<b>\$ (3,153,154)</b>	<b>\$ (2,519,986)</b>	<b>\$ (282,517)</b>	<b>\$ (163,200)</b>	<b>\$56,657</b>	<b>\$303,318</b>
<b>Budgetary Fund Balance</b>	<b>\$ 2,721,486</b>	<b>\$ 201,500</b>	<b>\$ (81,017)</b>	<b>\$ 38,300</b>	<b>\$ 94,957</b>	<b>\$ 398,275</b>

Balanced Budget

Estimated Ending Fund Balance

# Changes to 1<sup>st</sup> Draft Budget: Expenditures

Item	Original request	Amended request	Net Change	Reason
Community Television	\$19,000	\$ 0	<b>(\$19,000)</b>	Moved from GF to special revenue fund
City Council Training & Memberships	\$15,000	\$6,000	<b>(\$9,000)</b>	Reduced to \$2,000 / new CC member
Retiree Healthcare Premiums	\$50,300	\$0	<b>(\$50,300)</b>	Paid from OPEB trust
OPEB Trust Contribution	\$67,050	\$0	<b>(\$67,050)</b>	Trust has \$1 million
Fiscal Transparency Software	\$0	\$20,000	<b>\$20,000</b>	Improve public access & transparency
Emergency Communication Center	\$826,724	\$772,535	<b>(\$54,189)</b>	Received revised budget from 911
Added back MSO position	\$0	\$94,624	<b>\$94,624</b>	CC direction / identified funding
Economic Development	\$0	\$20,000	<b>\$20,000</b>	CC direction
Equipment ISF	\$200,000	\$200,000	\$0	Separated GF transfer from vehicle purchase

# General Fund Balance

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## Net Impact from changes

- Increased estimated ending general fund balance: \$64,915

## Estimated beginning fund balance July 1, 2026

- Decreased \$30,488: updated expenditure estimates
- Sales Tax on budget: no changes to revenue estimates

## Estimated ending fund balance June 30, 2027

- \$94,957
- Well below historical target of \$500,000

# FAC Recommendations

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- FAC met May 5<sup>th</sup> to review 1<sup>st</sup> draft
  - No recommendation
- Next FAC meeting Tuesday May 26<sup>th</sup>
  - Review changes to 1<sup>st</sup> draft
  - Receive update on sales tax and year-end estimates
  - Receive CIP overview
- Recommendations, if any, can be presented to City Council on June 11<sup>th</sup> or June 25<sup>th</sup>

# Capital Improvement Program (CIP) Overview

# Council Follow-Up Items 5/6

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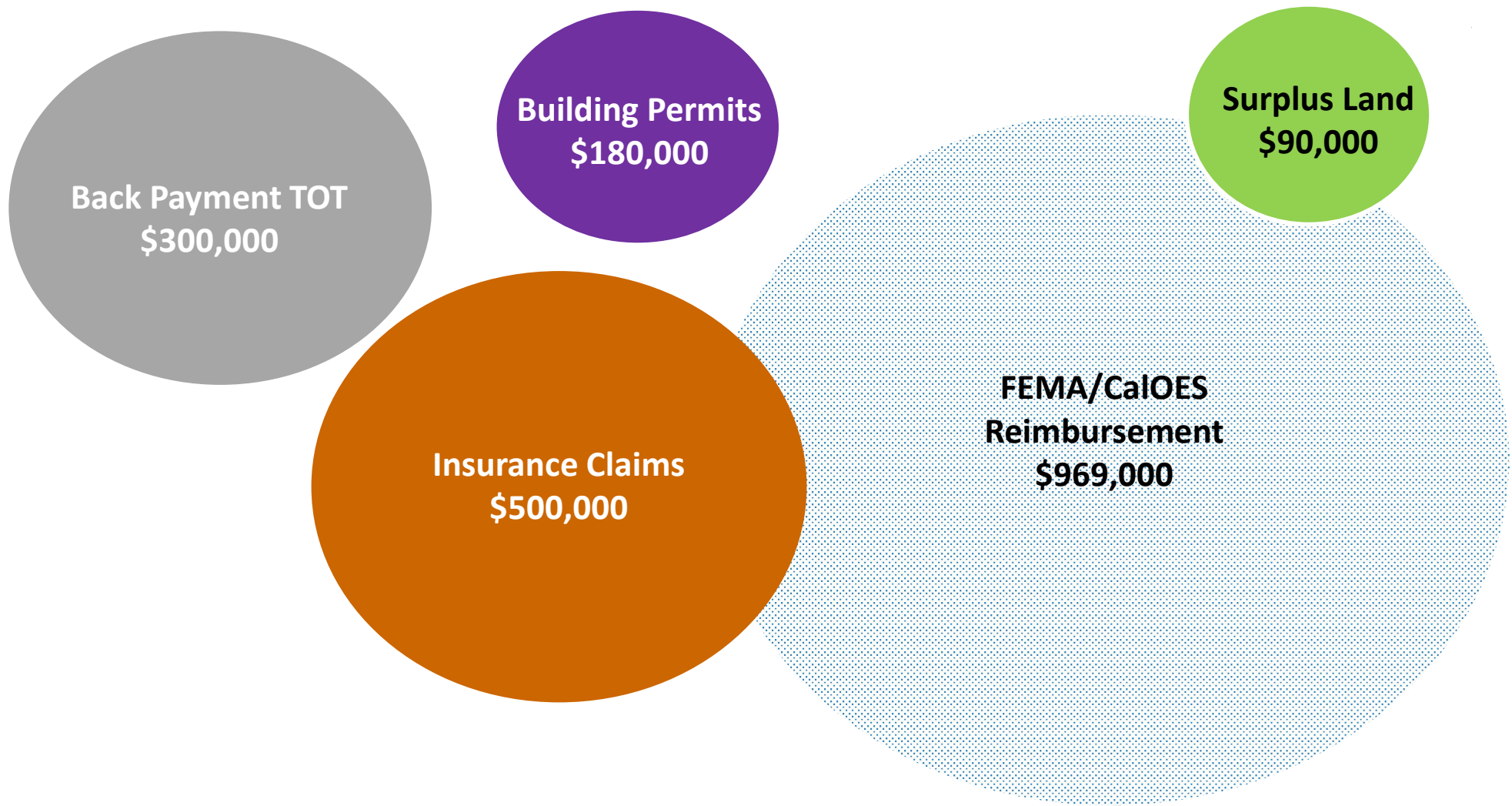
- Reserves and one-time revenue
- Parking items
  - Paid parking rates
  - Additional paid parking zones
  - Village Holiday parking
- TOT Rates
- CalPERS Trust
- CS&R Seasonal Hours
- Measure Y
- Year-end statistics

## Reserve Fund Balances

- Contingency: \$2.5 million
  - \$520,000 below June 30, 2027 target
  - Estimated Districting costs \$100,000
- Emergency: \$1.6 million
  - \$379,000 below June 30, 2027 target
- Reserve deficits due to 2023 storm impacts

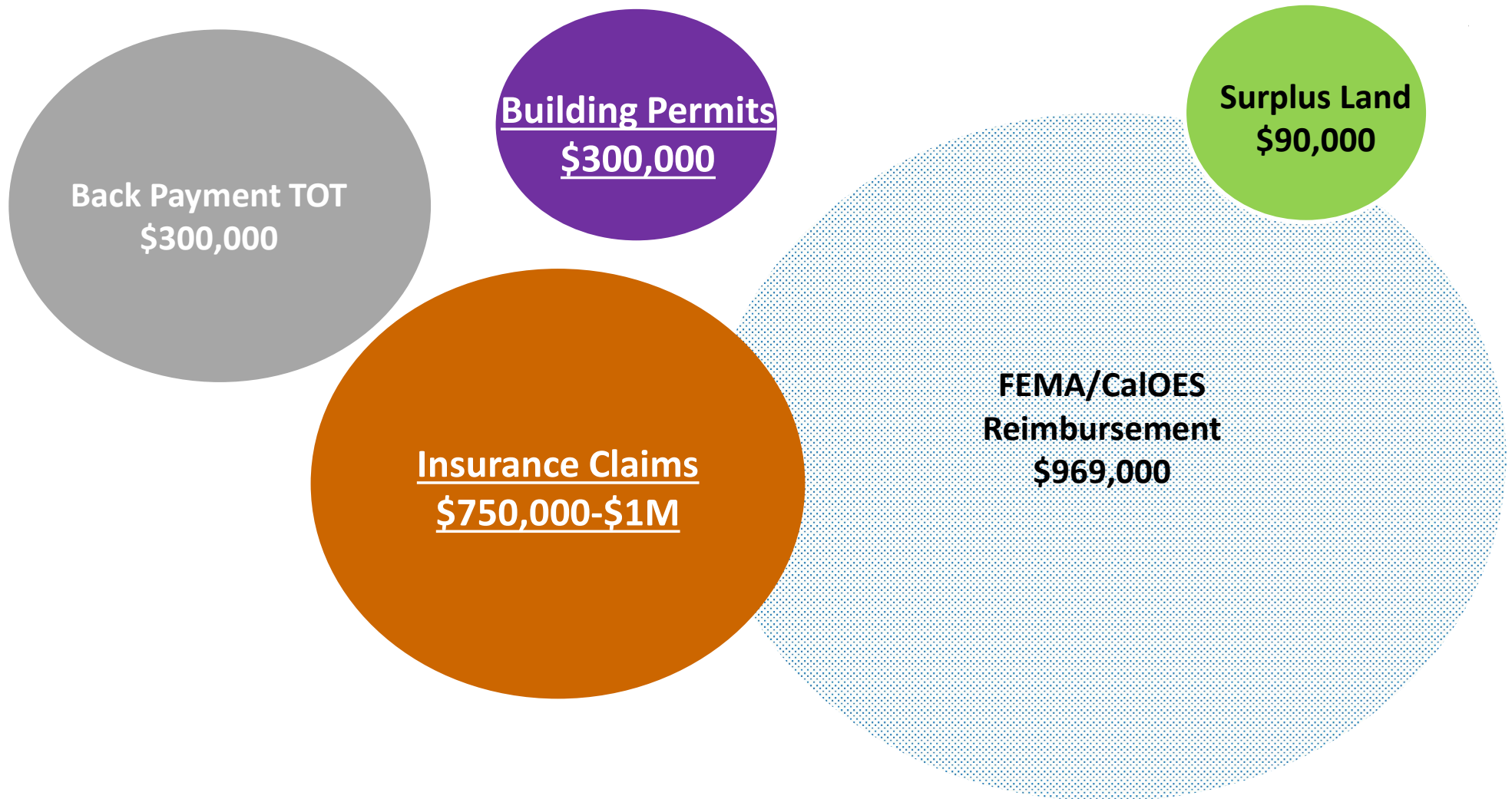
# Potential One Time Revenue

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# Potential One Time Revenue

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# Reserves & One-Time Revenue

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- General Fund and Reserves below target balances: \$1.4 million
  - General Fund Balance: \$400,000
  - Contingency & Emergency Reserves: \$1,00,000
- Potential One-Time Revenue: \$2 - \$2.25 million
  - Insurance proceeds: \$750,000 - \$1,000,000
  - Building Permits: \$300,000
  - FEMA/Cal OES Reimbursements: \$969,000
- Staff recommends one-time revenues be used to restore balances and fund one-time uses/projects
- Can evaluate fund balance position quarterly

# Parking

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1. Increasing rates
2. Expanding Village zone to the north
3. Holiday parking

# Paid Parking Rates

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- Current Parking Rates:
  - Village: \$2.00/hr. with 3 hr. limit
  - All other locations: \$1.00/hr. with 12 hr. limit
- Coastal Commission
  - No initial negative feedback
  - Open to increase but keep upper & lower lots less than Village
- Estimated Annual Revenue Increases
  - Each additional \$0.25/hr. in Village: \$100,000
  - Each additional \$0.25/hr. in Lots: \$60,000

# Additional Paid Parking Zone

---

## Initial Coastal Commission Feedback

- Need to show alternative free access opportunities:
  - Bike lanes
  - Bike parking
  - Pedestrian trails
  - Relocated free vehicular parking spaces
  - Fully mitigate any potential negative impacts and maximize access opportunities

# Village Holiday Parking

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- Annual request from BIA for free from Thanksgiving to Christmas, causes estimated:
  - Paid parking revenue loss: \$65,000 - \$70,000
  - Reduction in parking citation revenue: \$30,000 - \$35,000
- Portion of additional revenue could be used in Village
  - Replace trash cans
  - Other Village enhancements

# Transient Occupancy Tax Rates

- Current rate is 12%
- Paid by visitors at hotels/STRs
- Each 1% is approximately \$180,000
- STRs restricted to Visitor Zone in Village
- Any increase requires voter approval
  - This could be evaluated prior to November 2028 election
- Requires public outreach

Jurisdiction	Hotel	STR
<b>Capitola</b>	<b>12%</b>	
Santa Cruz (County)	12%	14%
Santa Cruz (City)	12%	14%
Watsonville	12%	
Scotts Valley	11%	
Monterey (County)	10.5%	
Monterey (City)	12%	
Carmel-by-the-Sea	10%	
Pacific Grove	12%	
Marina	14%	
Anaheim	15%	

# CalPERS Retirement Trust

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- Current balance \$1.8 million
- Can only be used on retirement expenses
- Established in 2016 to mitigate impact from Mall Redevelopment
- Current annual UAL payment is \$3.3 million and growing
  - Could be utilized towards annual UAL payment
- Staff recommends holding CalPERS Trust for Mall redevelopment or when UAL payments peak

# Community Services & Recreation

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## Seasonal Hours

- Updated seasonal hours for FY 2023-24 – FY 2025-26
- 1<sup>st</sup> draft only had updated hour amounts for FY 2026-27 & FY 2027-28
- Year-over-year increase 1,329 hours

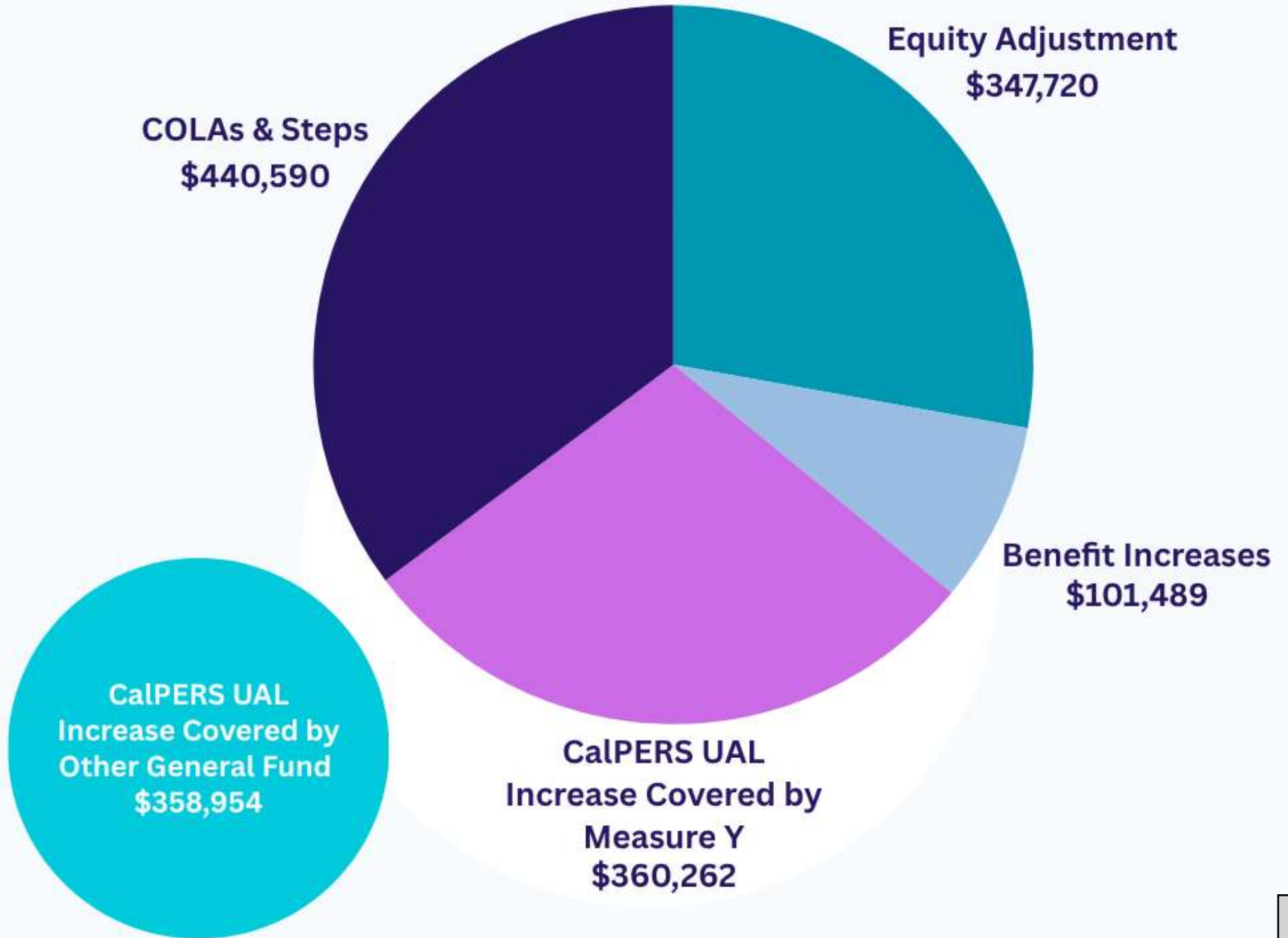
## Jr. Guard Parking

- Currently included with registration
- Intent to encourage parking in lower lot to mitigate traffic in Village
- Considering nominal fee
- If approved, would become effective spring 2027

# Measure Y Summary

<b>Revenue</b>	<b>Budgeted Amount</b>
Measure Y Revenue	\$2,289,167
<b>Expenditure</b>	<b>Budgeted Amount</b>
Public Safety	\$ 7,840,926
Potholes, streets, traffic safety, sidewalks, bike lanes	1,878,763
Beaches & Wharf	220,000
Recreation programs for youth	592,793
<b>Total</b>	<b>\$10,532,482</b>

# FY 2026-27 Measure Y



# General Fund Summary

Item 5 A.

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
<b>Revenues</b>						
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	778,918
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
<b>Revenues Totals</b>	<b>\$18,766,706</b>	<b>\$18,879,022</b>	<b>\$21,201,756</b>	<b>\$21,121,756</b>	<b>\$22,359,126</b>	<b>\$22,901,102</b>
<b>Expenditures</b>						
Personnel	\$12,099,946	\$12,692,358	\$14,457,933	\$14,260,987	\$14,984,534	\$15,417,535
Contract services	3,704,267	3,799,530	3,851,191	3,820,000	3,991,445	3,905,719
Training & Memberships	143,324	114,877	169,480	150,000	115,380	146,230
Supplies	958,158	854,877	801,700	850,000	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	1,711,218	1,651,644
Other financing uses	3,271,324	2,288,788	407,344	407,344	487,116	486,881
<b>Expenditures Totals</b>	<b>\$21,919,860</b>	<b>\$21,399,008</b>	<b>\$21,484,273</b>	<b>\$21,284,956</b>	<b>\$22,302,469</b>	<b>\$22,597,784</b>
<b>Impact on Fund Balance</b>	<b>\$ (3,153,154)</b>	<b>\$ (2,519,986)</b>	<b>\$ (282,517)</b>	<b>\$ (163,200)</b>	<b>\$56,657</b>	<b>\$303,318</b>
<b>Budgetary Fund Balance</b>	<b>\$ 2,721,486</b>	<b>\$ 201,500</b>	<b>\$ (81,017)</b>	<b>\$ 38,300</b>	<b>\$ 94,957</b>	<b>\$ 398,275</b>
<b>Designations</b>						
Measure Y Projects	\$ -	\$ -	\$ -	\$ -	\$ (250,000)	\$ (250,000)
<b>Revised Budgetary Fund Balance</b>	<b>\$ 2,721,486</b>	<b>\$ 201,500</b>	<b>\$ (81,017)</b>	<b>\$ 38,300</b>	<b>\$ (155,043)</b>	<b>\$ 148,275</b>

Imbalanced Budget

Balanced Budget

# Year-End Statistics

## Community Profile & Supplementary Information

- Includes year-end statics and comparable information
- Included in Final Budget published in September
  - Received request to include Police Dept., CS&R, and Business License information
  - Significant workload for interim data.

License Type	Category	Application Received	Application Denied	Application Approved	New License Issued	License Renewed	License Revoked	License Canceled
COIN OPERATOR - COIN OPERATED VENDING MACHINE	Business	3	0	0	3	2	0	0
CONTRACTOR - CONTRACTOR/BUILDERS	Business	97	0	0	94	277	50	0
MISCELLANEOUS - MISCELLANEOUS	Business	6	0	0	6	65	6	0
PROF/PERSONAL - PROFESSIONAL/PERSONAL SERVICE	Business	79	0	0	72	407	63	0
QTRLY CONTRACTOR - QUARTERLY CONTRACTOR	Business	29	0	0	28	8	4	0
RETAIL/GEN. BUS. - RETAIL/GENERAL BUSINESS	Business	37	0	0	44	324	31	0
	Grand Totals	251	0	0	247	1083	154	0



May 26: Special FAC Meeting



June 11: Regular City Council Meeting

*Continue budget hearings or consider FAC recommendation and budget adoption*



June 25: Regular City Council Meeting

*Deadline to adopt FY 2026-27 Budget*

# Next Steps

# Recommendation

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- Receive FY 2026-27 Proposed Budget Presentation
  - Identify additional budget questions, if any
- Provide direction on follow-up items
- Direct staff to cancel remaining special budget meetings and either:
  - Continue budget deliberations to June 11 Regular Meeting, or
  - Prepare final budget for consideration on June 25

# Capital Improvement Program (CIP)

Fiscal Years 2026/27 – 2030/31



City Council  
May 21, 2026



Infrastructure



Safety



Parks



Coastal Resiliency



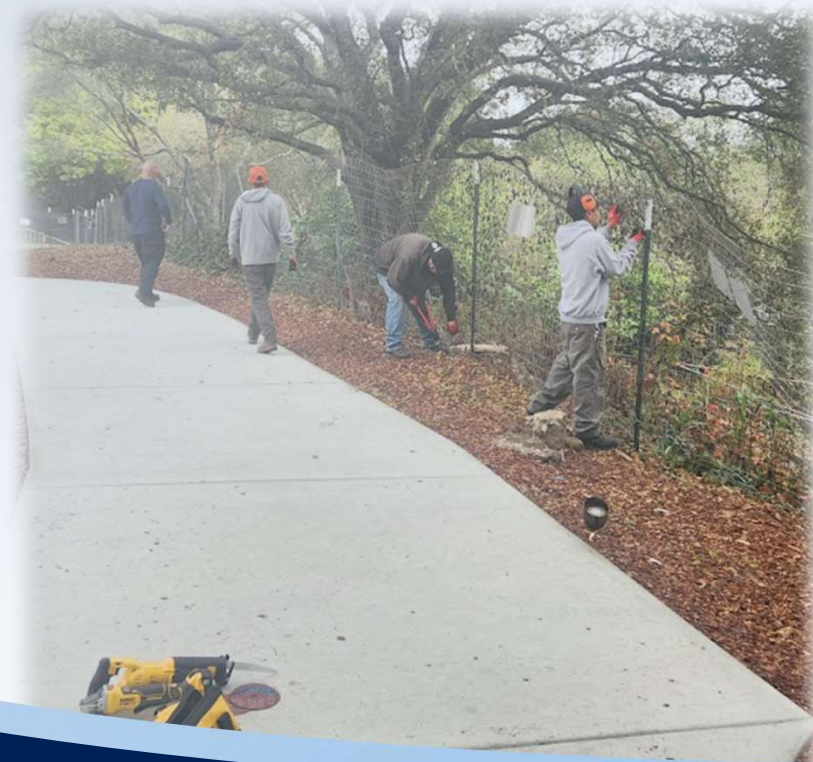
Public Facilities



# Investing in Capitola's Infrastructure & Public Spaces

Item 5 A.

Presented During National Public Works Week 2026



# What is the Capital Improvement Program?

- Identifies major infrastructure investments over a five-year period
- Tracks planning, funding, design, and construction
- Helps prioritize projects based on safety, condition, and community needs
- Positions City to compete for grant funding
- Includes both active and long-term capital projects



PLANNING



DESIGN



FUNDING



CONSTRUCTION



Transportation



Parks & Public Spaces



Public Facilities



Coastal Resiliency

# Funding Strategy

Capitola relies heavily on external funding to advance major capital projects  
Local funding is often used strategically to position projects for future grant opportunities.

FUNDING SOURCE	DESCRIPTION
Federal & State Grants	Competitive funding for infrastructure and community projects.
SB1 / Gas Tax	State transportation funding for roadway improvements.
Measure D / RTC	Regional funding for transportation and mobility projects.
CDBG	Funding for public improvements benefiting eligible communities.
Local Match & Partnerships	Local funding used to support grants and project delivery.

## KEY FUNDING CONSIDERATIONS

- Competitive grant environment
- Matching funds often required
- Project readiness is critical
- Funding availability changes over time

# Capital Delivery Challenges

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## Funding Availability

Grant cycles and funding levels vary over time

## Regulatory Requirements

Permitting and environmental review affect schedules

## Project Readiness

Planning and design are often needed before grants become available

## Construction Costs

Material and construction costs continue to fluctuate

## Coordination & Staffing

Coordination with agencies, utilities, and consultants is often required

## Timing Opportunities

Some projects advance quickly when funding opportunities emerge

**The CIP includes both active projects and longer-term concepts to maintain flexibility as priorities and funding evolve**

# CIP Project Overview

---

## Completed / Near Completion

- Park at Rispin Mansion
- Community Center Renovation
- Treasure Cove/ Restroom
- 41st Avenue Multimodal Improvements



## Active / Funded

- Stockton Bridge Alternatives Evaluation
- Esplanade Park Improvements
- Pavement Management Program



## Planning / Partially Funded

- Cliff Drive Resiliency Project (Ph1)
- Sidewalk Infill Program
- Bay Avenue Corridor
- Monterey Park Play Area
- Grand Avenue Bluff Overlook



## Conceptual / Unfunded

- Cliff Drive Resiliency Project
- Noble Gulch Dog Park
- Corporation Yard EV Infrastructure

# Completed / Near Completion Projects

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Park at Rispin Mansion



Treasure Cove Playground & Restroom Improvements



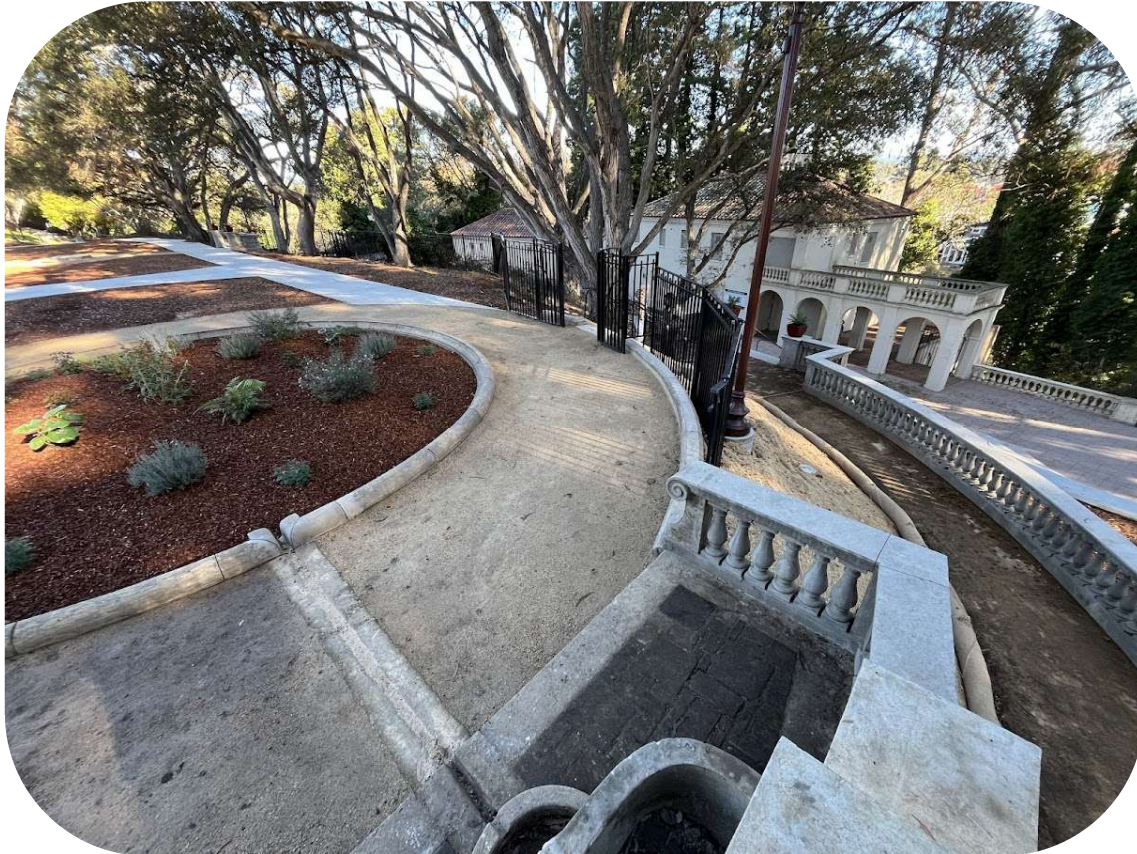
Community Center Renovation



41st Avenue Multimodal

# Park at Rispin Mansion

Park Development and Public Access Improvements



## WHY THIS PROJECT?

Restore historic site  
 Improve public access  
 Activate open space



## STATUS

Construction complete  
 Park opened to public



## FUNDING SNAPSHOT

~\$1.4M total investment  
 State Parks + Measure Q  
 General Fund support



### NEXT STEPS



Capitola  
 Cares/pavers  
 fundraising



Long-term  
 maintenance



Public  
 programming

# Treasure Cove Playground & Restroom Improvements



Universal Play Area, Restroom Renovation, and Park Accessibility Upgrades



## WHY THIS PROJECT?

- Replace aging playground
- Improve accessibility
- Upgrade park amenities



## STATUS

- Playground near completion
- Restroom renovation underway



## FUNDING SNAPSHOT

- ~\$3.5M total investment
- \$2.2M CDBG grant
- ~\$1M community fundraising



## NEXT STEPS



Complete construction



June 17 Grand Opening



Public activation

# Community Center Renovation

Facility Modernization & Accessibility Improvements



## WHY THIS PROJECT?

Modernize facility  
ADA and safety upgrades  
Long-term community use



## STATUS

Substantially complete  
Punch list underway  
Move-in ongoing



## FUNDING SNAPSHOT

~\$7.3M total investment  
CDBG + CNRA grant



## NEXT STEPS



Occupancy  
and closeout



June 17 Grand  
Opening



Public activation  
and programming

# 41st Avenue Multimodal

## Corridor Safety and Multimodal Upgrades



### WHY THIS PROJECT?

- Improve safety
- Repair pavement
- Upgrade bike & ped access



### STATUS

- Design complete
- Project bid
- Construction starting



### FUNDING SNAPSHOT

- ~\$2.3M investment
- Meas D + SB1 funded
- Grant supported



### NEXT STEPS



Outreach to properties



Project Coordination



Night Construction

# Active / Funded Projects

---



Stockton Bridge Alternatives  
Evaluation



Esplanade Park Improvements



Pavement Management Program

# Stockton Bridge Alternatives

Bridge Alternatives Evaluation and Future Improvement Planning



## WHY THIS PROJECT?

Aging bridge conditions  
Long-term reliability  
Evaluate options



## STATUS

Evaluation underway  
Scope development  
Council direction



## FUNDING SNAPSHOT

~\$850K investment  
WRCB grant funded  
General Fund Support



## NEXT STEPS



Alternatives analysis



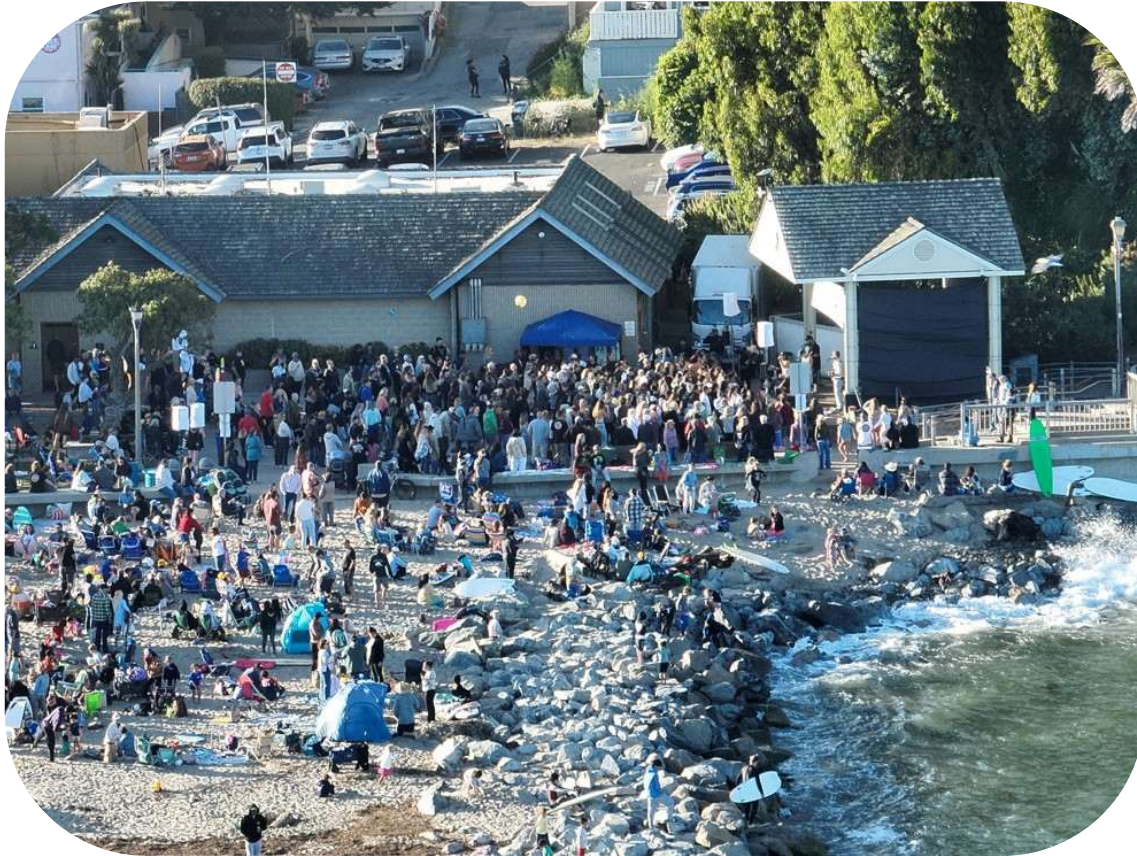
Preferred option



Future funding strategy

# Esplanade Park

## Shoreline Adaptation and Park Enhancements



### WHY THIS PROJECT?

Improve waterfront access  
Address coastal impacts  
Plan for resiliency



### STATUS

Planning underway  
Consultant selected  
Outreach upcoming



### FUNDING SNAPSHOT

\$275K Conservancy grant  
\$50K General Fund\*  
Future funding needed



### NEXT STEPS



Concept development



Community engagement



Adaptation planning

# 26-27 Pavement Management Program

Annual Street Maintenance and Rehabilitation Program



## WHY THIS PROJECT?

Preserve street conditions  
Extend pavement life  
Reduce long-term costs



## STATUS

Annual paving program  
FY26-27 streets identified  
Maintenance focused



## FUNDING SNAPSHOT

~\$3.6M five-year program  
Measure D + SB1 funded  
Often grant supported



## NEXT STEPS



26-27 Streets  
May 28



Summer 26 or  
Spring 27 Work



PMP update in  
FY27-28

# Planning / Partially Funded

---



Cliff Drive Resiliency Project –Ph1



Sidewalk Infill Program



Bay Avenue Corridor



Monterey Park Play Area



Grand Avenue Bluff Overlook

# Cliff Drive Resiliency – Phase 1

## Bluff Stabilization and Resiliency Improvements



### WHY THIS PROJECT?

- Address bluff erosion
- Protect infrastructure
- Improve coastal resiliency



### STATUS

- Future phases identified
- Additional funding needed
- Long-term planning



### FUNDING SNAPSHOT

- ~\$12M Phase 1 project
- FHWA ER funded
- Grant support
- Future funding needed



### NEXT STEPS



Environmental review



Coastal permitting



Request FHWA funds

# Sidewalk Infill Program

Ongoing Sidewalk Infill and Gap Closure Program



## WHY THIS PROJECT?

Close sidewalk gaps  
Improve pedestrian safety  
Neighborhood connectivity



## STATUS

Priority gaps identified  
Initial funding secured



## FUNDING SNAPSHOT

~\$100K RTC funding  
~\$1.4M identified need



## NEXT STEPS



Construct  
priority segment



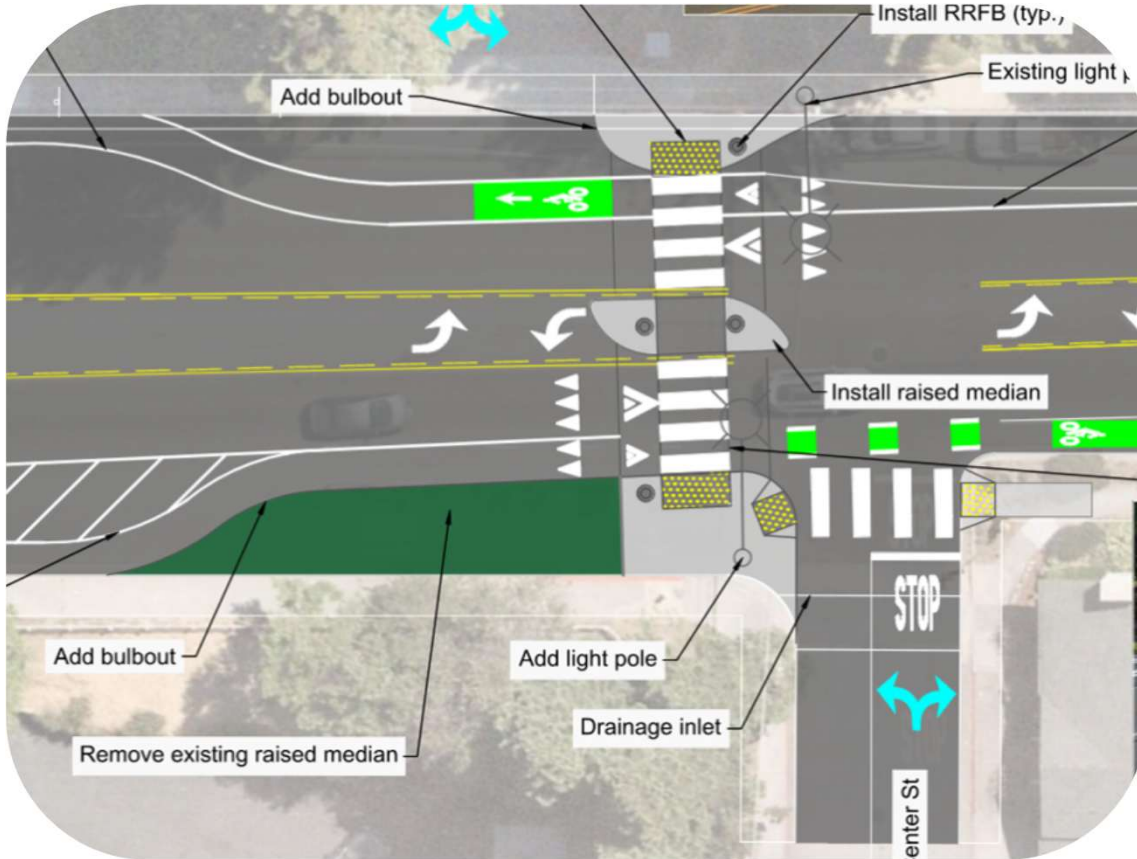
Identify future  
phases



Pursue grant  
funding

# Bay Avenue Corridor

Traffic, Pedestrian, and Bicycle Improvements



## WHY THIS PROJECT?

Improve corridor safety  
Crossings and lighting  
Bike and ped access



## STATUS

Corridor planning  
Pilot project removed  
Concepts in development



## FUNDING SNAPSHOT

~\$750K identified funding  
RTC + federal funding  
Additional funding potential



## NEXT STEPS



Develop improvements



Eval lighting and crossings



Pursue grant opportunities

# Monterey Park Play Area

## Play Area Evaluation and Neighborhood Outreach



### WHY THIS PROJECT?

Expand recreation  
Add new opportunities  
Improve park amenities



### STATUS

Initial outreach underway  
Survey feedback in June  
Concept plan anticipated



### FUNDING SNAPSHOT

General Fund support  
Future funding needed  
Grant opportunities  
anticipated



### NEXT STEPS



Review survey  
results



Develop  
concept options



Identify funding  
strategy

# Grand Avenue Bluff Overlook

## Bluff-Top Overlook and Safety Improvements



### WHY THIS PROJECT?

- Improve bluff-top safety
- Maintain coastal access
- Improve overlook areas



### STATUS

- Prior pathway concept paused
- Focus shifted to overlooks



### FUNDING SNAPSHOT

- ~\$31K General Fund
- Additional funding needed
- Coastal permitting anticipated



### NEXT STEPS



Develop concepts



Community input



Pursue future funding

# Conceptual/Unfunded Projects

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Cliff Drive Resiliency Project



Noble Gulch Dog Park



Corporation Yard EV Charging Infrastructure

# Cliff Drive Resiliency Project – Future Phases

Critical Bluff Stabilization and Resiliency Improvements



## WHY THIS PROJECT?

- Address bluff erosion
- Protect infrastructure
- Improve coastal resiliency



## STATUS

- Planning/design underway
- Technical studies ongoing
- Permitting in development



## FUNDING SNAPSHOT

- ~\$33M estimated need
- Currently unfunded
- Multi-phase implementation



## NEXT STEPS



- Pursue future grant funding



- Refine phase priorities



- Continue corridor planning

# Noble Gulch Dog Park

Concept Development and Future Implementation



## WHY THIS PROJECT?

Expand opportunities  
Activate park space  
Improve accessibility



## STATUS

Concept approved in 2024  
Project currently unfunded  
Additional design needed



## FUNDING SNAPSHOT

~\$75K estimated cost  
No funding identified  
Fundraising potential



## NEXT STEPS



Refine project scope



Evaluate drainage needs



Identify funding strategy

# Corporation Yard EV Infrastructure

Fleet Electrification Support Improvements



## WHY THIS PROJECT?

Support EV fleet transition  
Prepare for state mandates  
Upgrade infrastructure



## STATUS

Grant dependent  
PG&E coordination  
underway



## FUNDING SNAPSHOT

~\$300K estimated cost  
Grant and rebate focused  
No City funding identified



## NEXT STEPS



Pursue grant  
funding



Finalize  
charging plan



Coordinate utility  
upgrades

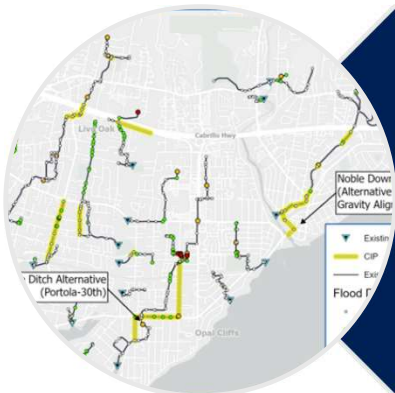
# Emerging Capital Needs



**PERRY PARK BRIDGE**  
Structural and corrosion repairs



**CITY HALL / PD & CORP YARD**  
Aging facility upgrades  
Long-term operational needs



**NOBLE GULCH**  
Culvert rehabilitation  
Flood resiliency



**WHARF FACILITIES\***  
Restroom needs  
Lifeguard facility planning



**NEXT STEPS**



Condition assessments



Long-term planning



Funding strategies

# Future Funding Opportunities

## POTENTIAL CDBG

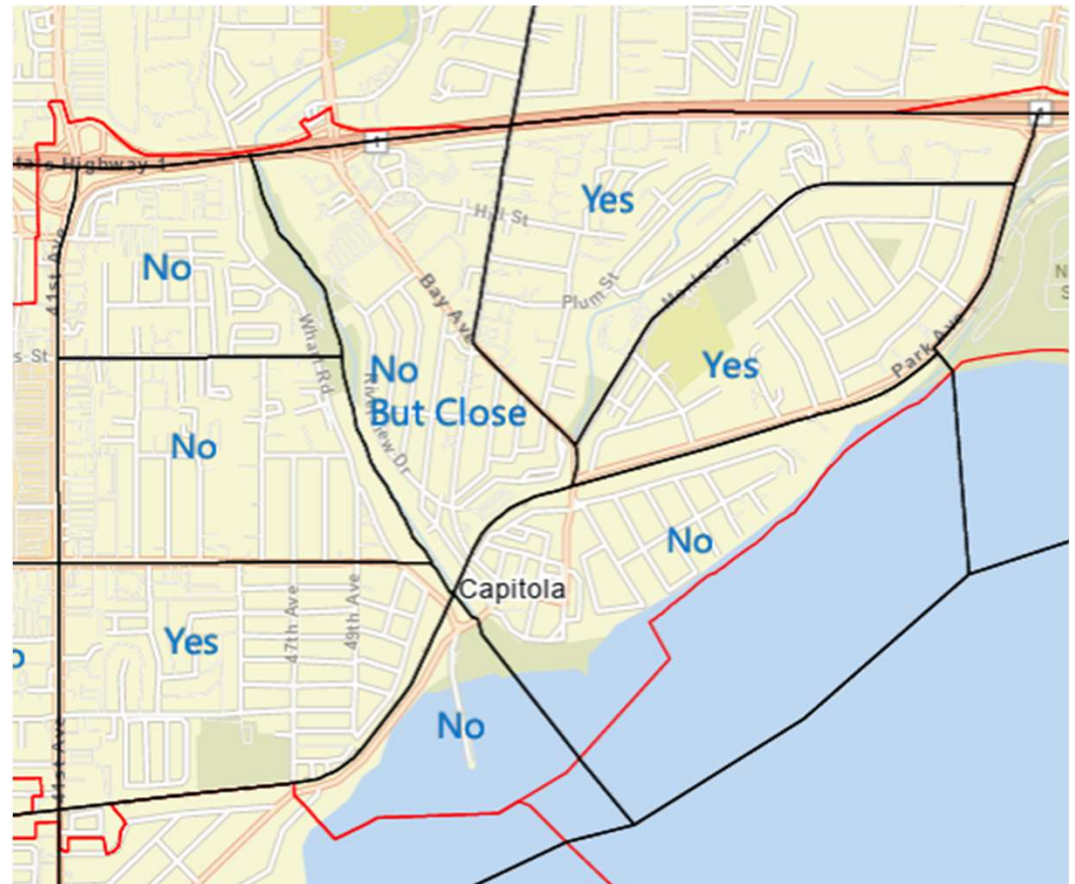
- Up to ~\$5M possible
- Competitive funding
- Limited to low/mod income areas

## KEY CONSIDERATIONS

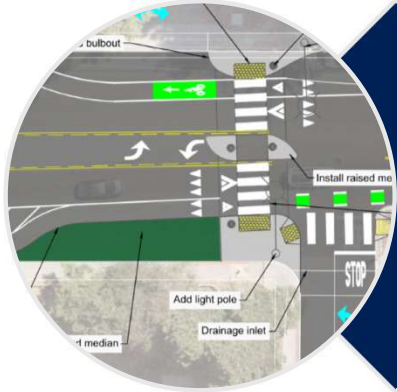
- Short timelines
- Environmental clearance
- Shovel-ready projects

## ELIGIBLE TYPES

- Parks and recreation
- Bike and pedestrian projects
- Community facilities
- Drainage improvements



# Potential Future CDBG Project



## BAY AVENUE

- Safety improvements
- Lighting and crossings



## MONTEREY PARK

- New neighborhood park amenities
- Community-prioritized features



## JADE STREET

- Athletic field improvements
- Drainage Improvements



## CLIFFWOOD HEIGHTS INFRASTRUCTURE

- Neighborhood pavement and drainage improvements
- Sidewalk and accessibility upgrades



## NEXT STEPS



Public hearing process



Select priority project



Submit application in fall

# Future Funding Opportunities

## SAFE STREETS FOR ALL

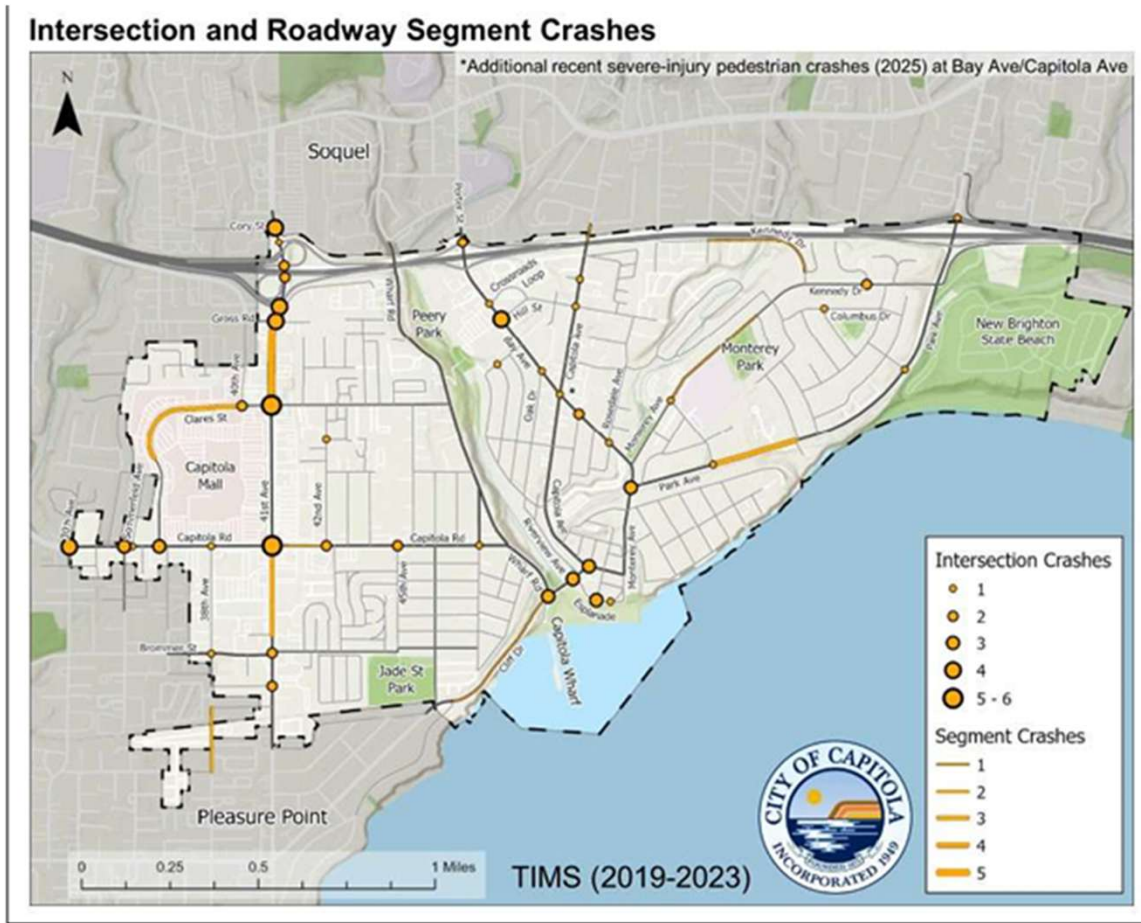
- Federal safety grant program
- LRSP required for eligibility
- Focus on serious injury reduction

## FUNDING FOCUS

- Corridor safety projects
- Systemic safety improvements
- Pedestrian and bicycle safety
- Safety education programs

## IMPROVEMENTS

- Crosswalk upgrades
- Lighting improvements
- Visibility enhancements
- Traffic calming



# Looking Ahead

## Positioning Capitola for Future Investment

- Major capital projects are underway
- Significant future infrastructure needs remain
- Grant readiness is increasingly important
- Funding opportunities require flexibility and timing
- CIP will continue to evolve annually



**Discussion &  
Council Feedback**



# Capitola City Council

## Agenda Report

**Meeting:** May 21, 2026

**From:** Public Works Department

**Subject:** Reprogramming of RTIP Funds for Capitola Trestle



**Recommended Action:** Authorize staff to submit a request to the Santa Cruz County Regional Transportation Commission (RTC) to reprogram up to \$200,000 in Regional Transportation Improvement Program (RTIP) funds currently programmed to the City to support preliminary planning work for the Capitola Trestle.

**Background:** The Capitola Trestle is located within Segments 10–11 of the Santa Cruz Branch Rail Line corridor, which is part of the larger Coastal Rail Trail network. The Rail Trail is a multi-jurisdictional project to develop a continuous bicycle and pedestrian facility along the rail corridor from Watsonville to Davenport.

Segments 10–11 of the interim trail within the City of Capitola are currently funded for construction and are being delivered by the County of Santa Cruz in partnership with the Santa Cruz County Regional Transportation Commission (RTC). However, the existing Capitola Trestle is not included in that scope, as the structure is not suitable for trail use in its current condition. As a result, the planned improvements for these segments do not provide a continuous facility across Soquel Creek. The trail would terminate near Cliff Drive and resume at Monterey Avenue, creating a gap in the system.

**Advancing preliminary planning for the Capitola Trestle is identified as a key City goal for Fiscal Year 2026–2027.**

The Capitola Trestle is located within the RTC right-of-way and is owned by the RTC, but lies within the City of Capitola. Addressing the trestle is necessary to achieve a continuous trail connection through Capitola.

The City has initiated discussions with the RTC regarding a potential collaborative effort to evaluate the feasibility of repurposing the trestle for active transportation as part of the proposed Segments 10-11 interim trail. The City has \$500,000 in RTIP funds currently programmed for the Bay Avenue Corridor through RTC's adopted funding programs. Staff is proposing to request reprogramming of up to \$200,000 of these funds to support preliminary planning work for the Trestle.

This action would initiate the funding request process with the RTC. A separate Memorandum of Agreement (MOA) is anticipated to be considered at a future meeting and would define roles, responsibilities, and implementation of the work effort. Advancing this work in 2026 would allow the City and RTC to evaluate potential grant funding opportunities in the future.

**Discussion:** The proposed reprogramming would allow the City to partner with the RTC to begin a focused preliminary planning and feasibility assessment of the Capitola Trestle. This effort is intended as an initial step toward developing a viable project that could close the gap in Segments 10–11 of the interim trail and provide a continuous active transportation connection through Capitola.

While the trestle has been the subject of prior inspections and studies, those efforts were not intended to advance a specific project or position the structure for funding. This effort would build on that prior work and focus on identifying a feasible path forward, including updated assessment of existing conditions and constraints, evaluation of alternatives, and planning-level cost and implementation considerations.

The work would be administered by RTC using its on-call engineering contracts. The anticipated scope of work would include:

- Review of existing bridge data, prior reports, and site conditions;

- Existing structure condition assessment, including timber trestle, concrete approach spans, and main span elements;
- Preliminary geotechnical and seismic assessment, with the potential for targeted field investigation to better understand subsurface conditions and liquefaction potential;
- Evaluation of alternatives for repair, retrofit, or replacement of key structural components;
- Development of planning-level cost information and identification of next steps;
- Preparation of a technical memorandum summarizing findings and recommendations; and
- Presentation of findings to the City Council.

The intent of this effort is not to advance a final design, but to develop sufficient technical information to identify a feasible path forward, understand key constraints and costs, and position the project for future grant funding.

Fiscal Impact: The proposed action would reprogram up to \$200,000 in existing RTIP funds currently allocated to the Bay Avenue Corridor Project. No new funding is requested with this item; a separate item on the May 21<sup>st</sup> agenda will consider potential grant applications to fully fund all identified work on the Bay Avenue Corridor.

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

Report Prepared By: Jessica Kahn, Public Works Director

Reviewed By: Julia Gautho, City Clerk; Marc Tran, City Attorney

Approved By: Jamie Goldstein, City Manager



# Capitola Trestle RTIP Reprogramming

City Council  
May 21, 2026

# Capitola Trestle RTIP Reprogramming Recommended Action



Authorize request to RTC

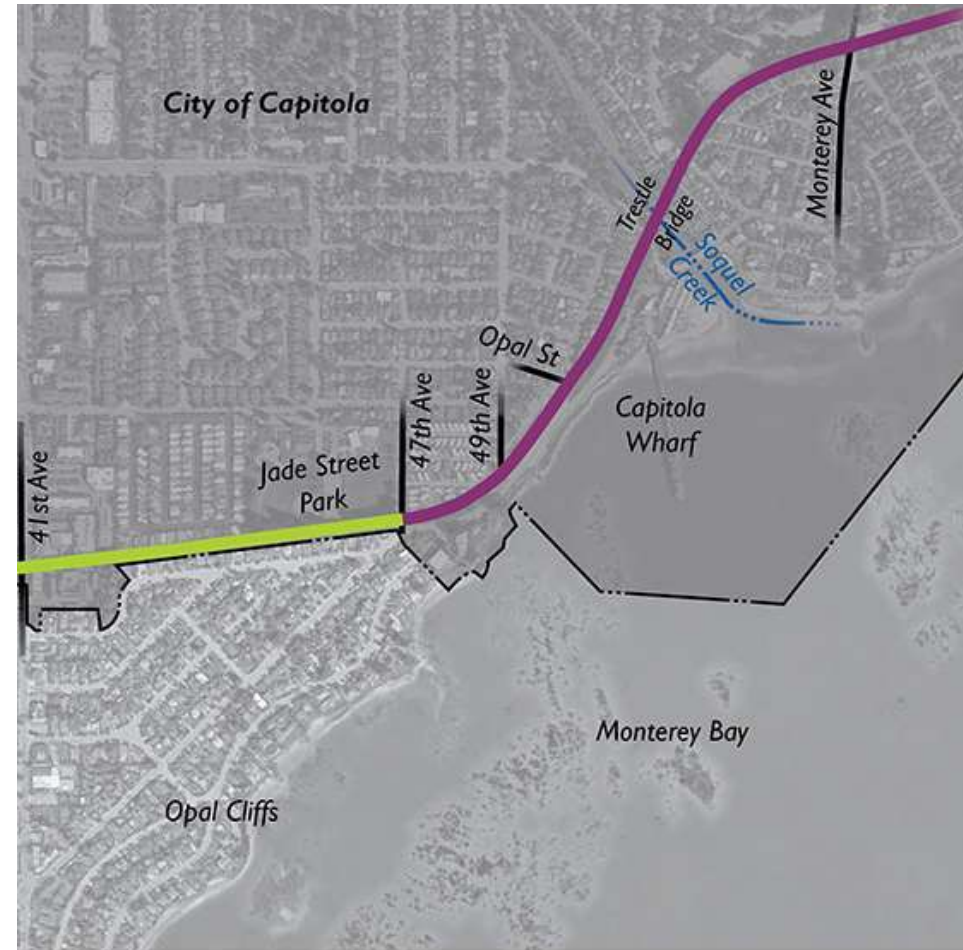
- Reprogram to \$200,000 in RTIP funds
- Support preliminary trestle planning work

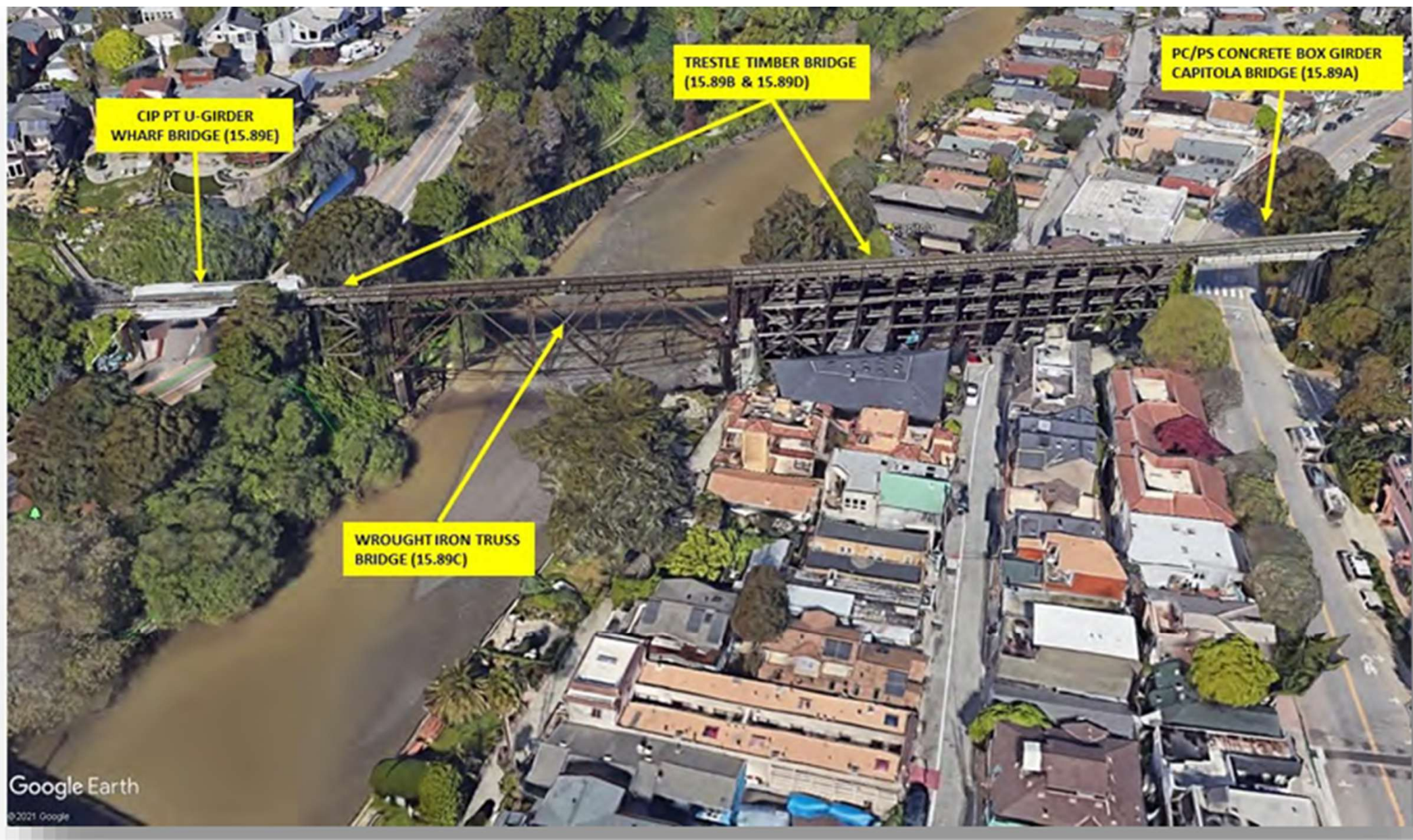
Future agreement with  
RTC would return to  
Council

# Capitola Trestle RTIP Reprogramming Project Background



- Trestle located within Rail Trail Segments 11
  - Trestle owned by RTC within Capitola
- Current County/SCCRTC project does not include the trestle
  - Existing gap across Soquel Creek
- Advancing trestle planning is a FY26/27 City goal





# Capitola Trestle RTIP Reprogramming Preliminary Assessment Overview



## Work Effort – Lead by RTC

- Existing condition review
- Preliminary structural and seismic review
- Evaluation of improvement options
- Planning-level cost information
- Technical memorandum and Council presentation

## Expected Outcomes

- Evaluates potential trail connection across Soquel Creek
- Builds on prior technical studies
- Identifies key constraints and next steps
- Helps position future funding opportunities

# Capitola Trestle RTIP Reprogramming

## Prior Study vs. Proposed Next Phase



2021 RailPros Study	Proposed Next Phase
Conceptual conversion study	Preliminary feasibility work
Evaluated deck concepts	Updated condition review
Identified major bridge issues	Evaluates potential pathways forward
Recommended additional study	Develops next-step information
Concept-level cost estimates	Supports future funding readiness

# Capitola Trestle RTIP Reprogramming

## Fiscal Impact



### Uses Existing RTIP Funds

- Reprograms up to \$200k from \$500k Bay Avenue RTIP
- Backfill Bay Avenue funding strategy in separate item

### RTC Administrated

- RTC to manage consultant work and coordination
- City staff participation and support as needed

# Recommended Action

Authorize staff to submit a request to the RTC to reprogram up to \$200,000 in Regional Transportation Improvement Program (RTIP) funds currently programmed to the City to support preliminary planning work for Capitola Trestle.

# Capitola City Council

## Agenda Report

**Meeting:** May 21, 2026

**From:** Public Works Department

**Subject:** Programming of Remaining RTIP Funds to Support Grant Leveraging and Project Development



**Recommended Action:** Receive information regarding available transportation funding and provide direction to staff to: 1) Program approximately \$50,000 in remaining RTIP funds toward local match requirements for the Bay Avenue improvements; 2) Reserve the remaining approximately \$300,000 in RTIP funds to leverage future Safe Streets and Roads for All (SS4A) grant funding for additional active transportation and roadway safety improvements; and 3) Program approximately \$50,000 in remaining RTIP funds toward development of a shovel-ready Community Development Block Grant (CDBG) application for roadway and pedestrian improvements within the Cliffwood Heights neighborhood.

**Background:** On May 14, 2026, the City Council adopted the City's Local Roadway Safety Plan (LRSP), establishing a framework for future roadway safety investments and positioning the City for future state and federal transportation grant opportunities.

At that same meeting, the Council considered the Bay Avenue Corridor Study and directed staff not to advance the previously proposed larger corridor concept. Instead, Council directed staff to continue pursuing a more focused project centered on pedestrian safety improvements, including enhanced lighting and a mid-block pedestrian crossing.

Earlier on the May 21, 2026, agenda, the City Council is considering a related item authorizing staff to request reprogramming of approximately \$200,000 in Regional Transportation Improvement Program (RTIP) funds to support preliminary planning work for the Capitola Trestle project.

If approved, approximately \$300,000 in RTIP funding associated with the Bay Avenue Corridor Project and approximately \$100,000 in RTIP funding associated with the sidewalk infill program would remain available for future transportation and infrastructure priorities.

Staff recommends strategically programming these remaining funds to maximize competitiveness for future grant opportunities while maintaining flexibility to deliver scaled projects if grants are not awarded.

**Bay Avenue Improvement Project:** Following City Council direction on May 14, 2026, staff recommends advancing a reduced-scope Bay Avenue Improvement Project focused on targeted pedestrian safety improvements rather than the previously studied larger corridor concept.

The proposed project would generally include:

- A new enhanced mid-block pedestrian crossing;
- Lighting improvements, including lighting at the north corner of the Bay/Capitola Avenue;
- Targeted pedestrian visibility and safety enhancements; and
- Related accessibility improvements.

The project is consistent with recommendations identified in the recently adopted LRSP and responds directly to Council direction to focus on lower-cost, implementable safety improvements. Staff estimates the revised Bay Avenue project could be delivered for approximately \$800,000.

The City previously secured approximately \$250,000 in federal funding through Congressman Panetta's office for Bay Avenue improvements. Staff recommends using approximately \$50,000 of the remaining sidewalk infill RTIP funding toward this local match requirement.

Staff proposes obtaining the remaining \$500,000 in project funding from an SS4A grant request, as explained further below.

If additional grant funding is not secured, staff believes the currently identified funding sources would still allow delivery of a more limited version of the Bay Avenue improvements.

Cliffwood Heights CDBG Project Development: Staff also recommends programming approximately \$50,000 in remaining RTIP funding toward development of a shovel-ready Community Development Block Grant (CDBG) application.

Staff has identified the Cliffwood Heights neighborhood as a strong potential candidate area due to existing roadway conditions, infrastructure needs, and potential grant eligibility considerations.

Potential improvements could include:

- Pavement reconstruction on low Pavement Condition Index (PCI) streets;
- ADA sidewalk upgrades;
- Sidewalk gap closure;
- Targeted pedestrian safety improvements; and
- Related accessibility improvements.

The proposed project concepts are informed by previously completed City planning documents and studies, including the Pavement Management Program, ADA Transition Plan, and prior school traffic safety studies.

The final project scope and grant application would return to the City Council for consideration during the summer 2026 grant cycle process. If grant funding is ultimately not secured, the City would still move forward with the more limited scheduled pavement management improvements as specified in the PMP in the Cliffwood Heights neighborhood.

Future SS4A Grant Leveraging: As mentioned above, staff recommends utilizing the remaining approximately \$300,000 in Bay Avenue RTIP funding to leverage a \$1.5 million federal Safe Streets and Roads for All (SS4A) implementation grant application. The next SS4A application cycle is anticipated to close within the next two weeks.

The recently adopted LRSP positions the City well for future SS4A funding opportunities. Staff believes the Bay Avenue Improvement Project is a strong candidate for that program. Staff proposes to apply for \$500,000 in SS4A funds for Bay Avenue, which would fully fund the \$800,000 project

The remaining \$1 million in SS4A funding capacity could support additional pedestrian and roadway safety improvements associated with the Clares Street corridor identified through the 41<sup>st</sup> Avenue Corridor Plan. The 41<sup>st</sup> Avenue Corridor Plan is returning for Council adoption on May 28, 2026.

All future projects funded through this strategy would return to the City Council for final design review, scope confirmation, and authorization prior to construction.

Fiscal Impact: The proposed action would program existing RTIP funds previously allocated to transportation projects and would not require additional General Fund appropriations at this time.

The proposed programming strategy is summarized below:

<b>Funding Source</b>	<b>Amount</b>
Sidewalk Infill RTIP Funds	\$100,000
Remaining Bay Avenue RTIP Funds	\$300,000
<b>Proposed Use</b>	
Bay Avenue local match	\$50,000
CDBG project development	\$50,000
SS4A grant leverage	\$300,000

This strategy is intended to maximize the City's competitiveness for future grant opportunities while maintaining flexibility to deliver scaled infrastructure improvements. Even if grant funding is not secured, the proposed programming strategy would still position the City to deliver scaled improvements using currently identified funding sources.

Alignment with 2025-2029 Strategic Plan Priority: Sustainable Infrastructure; Community Safety; Healthy Families, Community, and Environment

Report Prepared By: Jessica Kahn, Public Works Director

Reviewed By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager

# Programming of RTIP Funds to Support Grant Leveraging and Project Development

City Council

May 21, 2026

# Programming of Remaining RTIP Funds

## Project Background



### Recent Council Actions

- LRSP adopted May 14, 2026
- Bay Avenue corridor concept narrowed to focused safety improvements
- Separate item proposes ~\$200k RTIP for Trestle

### RTIP can be reprogrammed

- Deliver near-term improvements
- Strengthen grant competitiveness
- Maintain flexibility for future projects

# Future Funding Opportunity

## CDBG

### POTENTIAL CDBG

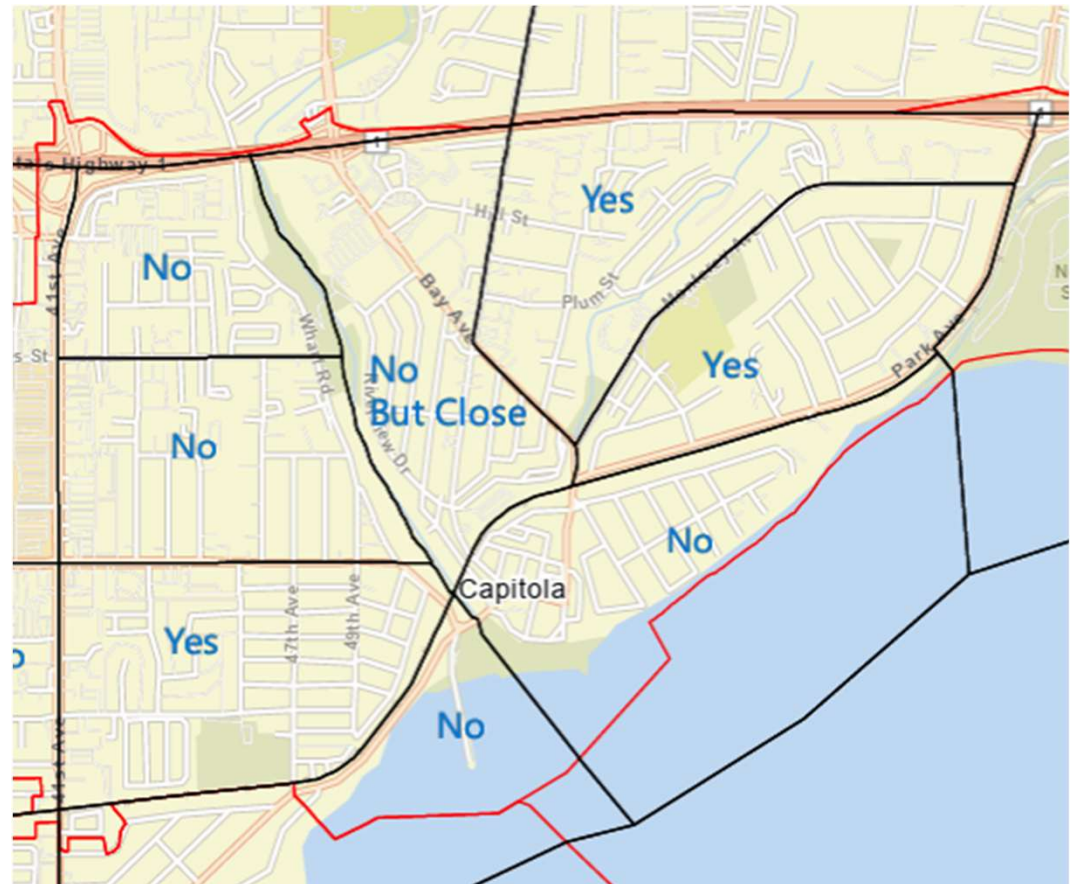
- Up to ~\$5M possible
- Competitive funding
- Limited to low/mod income areas

### KEY CONSIDERATIONS

- Short timelines
- Environmental clearance
- Shovel-ready projects

### ELIGIBLE TYPES

- Parks and recreation
- Bike and pedestrian projects
- Community facilities
- Drainage improvements



# Potential Future CDBG Project



## JADE STREET

- Athletic field improvements
- Drainage Improvements



## MONTEREY PARK

- New neighborhood park amenities
- Community-prioritized features



## CLIFFWOOD HEIGHTS INFRASTRUCTURE

- Neighborhood pavement and drainage improvements
- Sidewalk and accessibility upgrades



## NEXT STEPS



Public hearing process



Select priority project



Submit application in fall

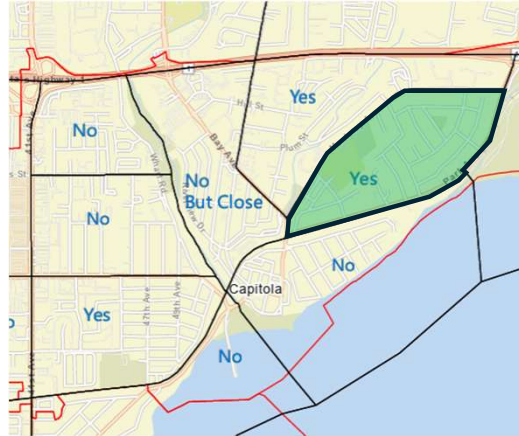
# Programming of Remaining RTIP Funds

## Cliffwood Heights CDBG Development



### Existing Conditions / Opportunity

- Existing infrastructure needs
- Potential grant eligibility
- Prior planning documents already completed

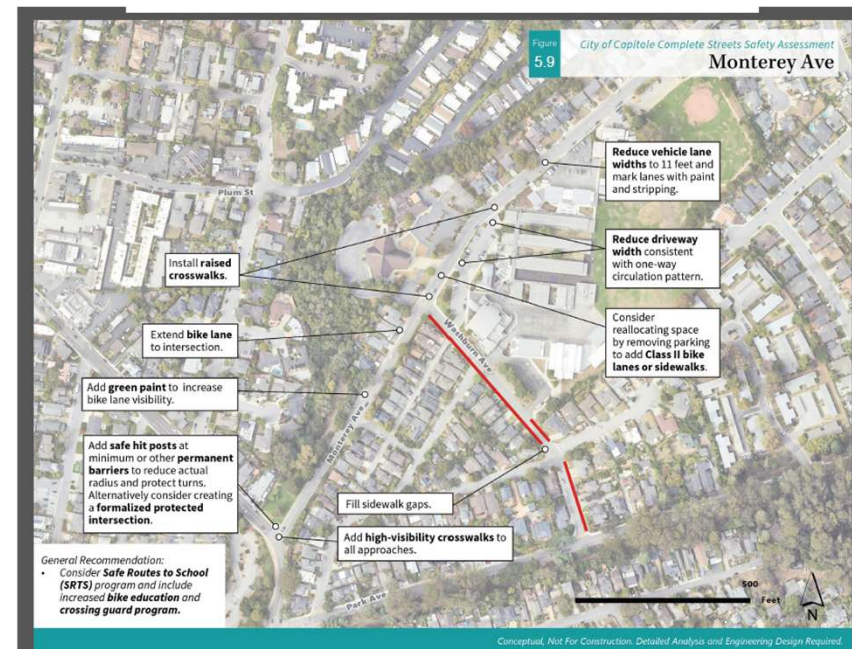


### Potential Improvements

- Pavement reconstruction
- ADA upgrades
- Sidewalk gap closure
- Pedestrian safety improvements

### Proposed RTIP Use

- ~\$50,000 for project development



# Future Funding Opportunity

## SS4A

### SAFE STREETS FOR ALL

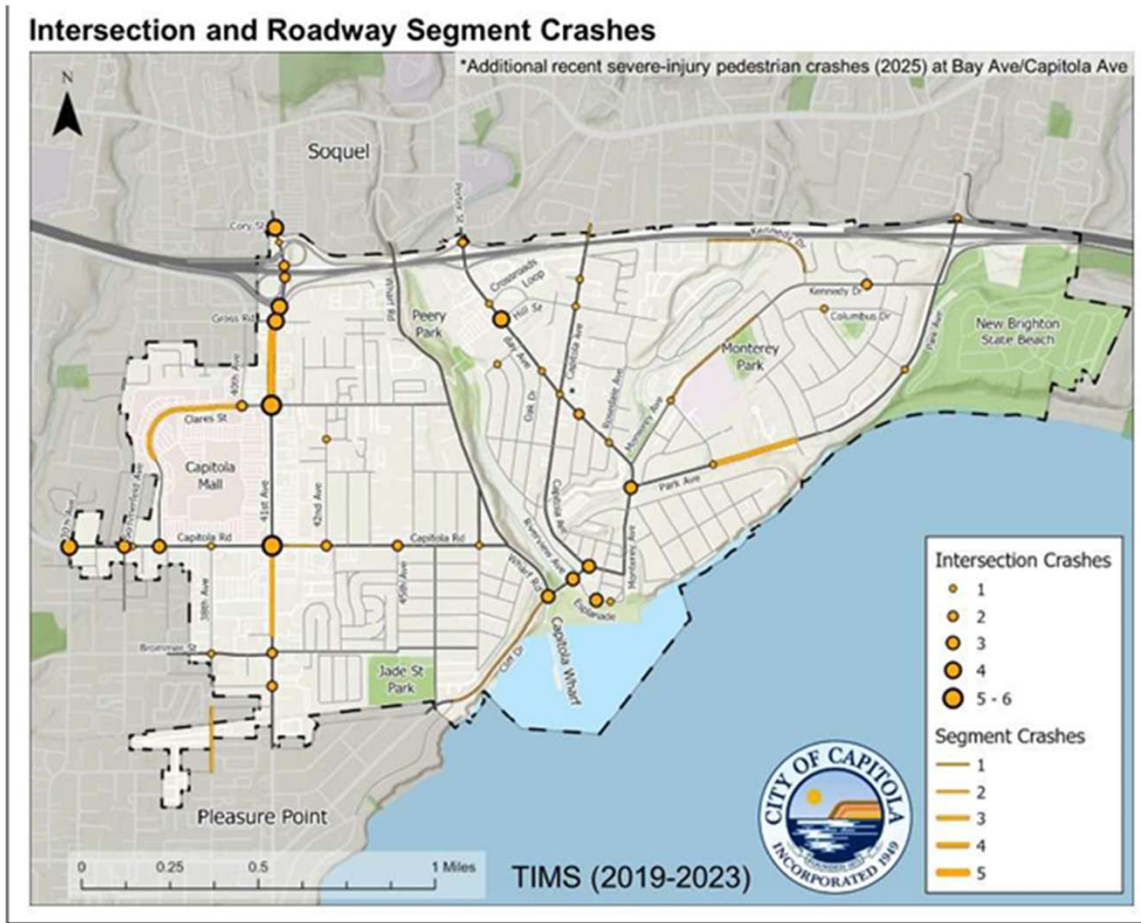
- Federal safety grant program
- LRSP required for eligibility
- Focus on serious injury reduction

### FUNDING FOCUS

- Corridor safety projects
- Systemic safety improvements
- Pedestrian and bicycle safety
- Safety education programs

### IMPROVEMENTS

- Crosswalk upgrades
- Lighting improvements
- Visibility enhancements
- Traffic calming



# Programming of Remaining RTIP Funds

## SS4A Grant Strategy



- **Proposed RTIP Use**

- \$300k for SS4A leverage
- Supports 20% local match for ~\$1.5M implementation grant

- **Potential Improvements**

- Clares Street improvements (per pending Corridor Plan)
- Bay Ave funding augmentation
- Systemic roadway safety upgrades

- **Project Approach**

- Combined SS4A grant strategy
- Funding may shift between projects
- Final scopes return to Council prior to implementation

# Programming of Remaining RTIP Funds

## Bay Avenue Improvements



- **Existing Conditions / Direction**

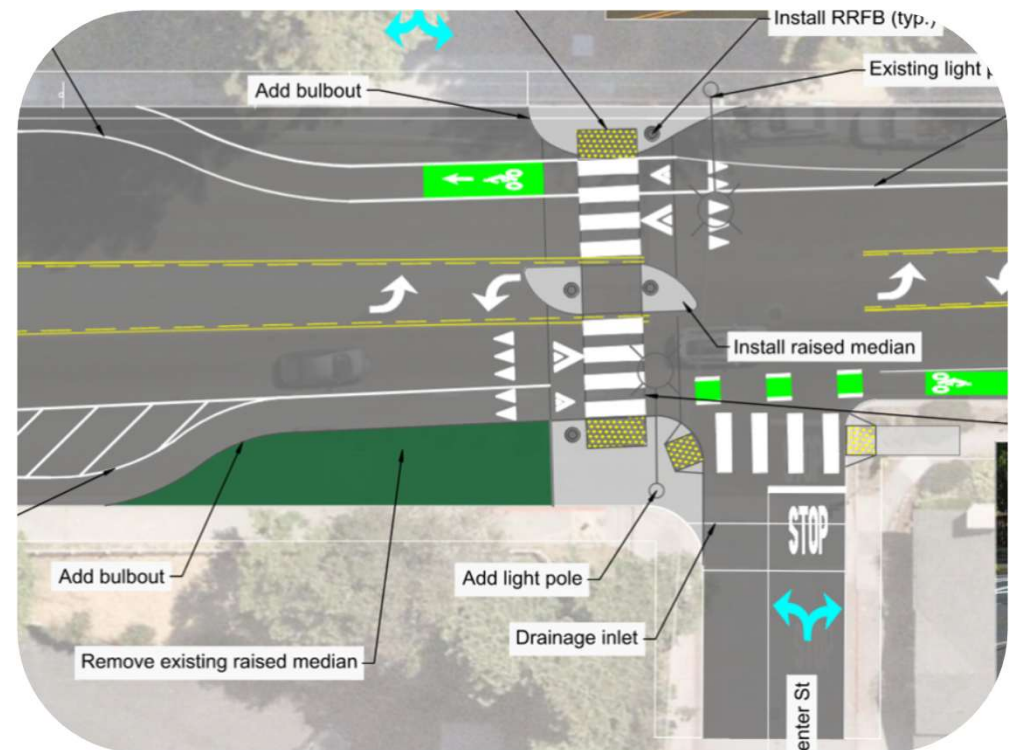
- Existing federal funding secured
- Focused pedestrian safety improvements
- Competitive for SS4A funding

- **Potential Improvements**

- Mid-block crossing
- Lighting improvements
- Visibility enhancements
- ADA improvements

- **Proposed RTIP Use**

- ~\$50,000 local match for earmark
- Supports SS4A request



# Programming of Remaining RTIP Funds

## Summary



Existing Allocations	Funding Amount
RTIP Bay Ave	\$500,000
RTIP Sidewalk Infill	\$100,000
Earmark (requires 20% Match)	\$250,000
<b>Total</b>	<b>\$850,000</b>

Potential Funding Strategy	Trestle	CDBG	Bay Ave	Clares/LRSP	Total	Notes
RTIP	\$200k	\$50k	\$50k	\$300k	\$600k	Local Match Funding
Earmark			\$250k		\$250k	Existing federal funds
SS4A			\$500k	\$1.0M	\$1.5M	Combined Bay + Clares application*
CDBG		\$5.0M			\$5.0M	Future grant opportunity
<b>Total</b>	<b>\$200k</b>	<b>\$5.05M</b>	<b>\$800k</b>	<b>\$1.3M</b>	<b>\$7.35M</b>	

# Programming of Remaining RTIP Funds If Additional Funding Is Not Secured



- **Bay Avenue**

- Scaled improvements could still proceed using existing funding sources

- **Cliffwood Heights**

- Pavement management using road funds in PMP for identified streets in 2027/28

- **Overall Approach**

- Strategy maintains flexibility while maximizing competitiveness for outside funding

# Programming of Remaining RTIP Funds

## Recommended Action



1. Program approximately \$50,000 in remaining RTIP funds toward local match requirements for the Bay Avenue improvements;
2. Reserve the remaining approximately \$300,000 in RTIP funds to leverage future Safe Streets and Roads for All (SS4A) grant funding for additional active transportation and roadway safety improvements; and
3. Program approximately \$50,000 in remaining RTIP funds toward development of a shovel-ready Community Development Block Grant (CDBG) application for roadway and pedestrian improvements within the Cliffwood Heights neighborhood.

# Programming of Remaining RTIP Funds

## Summary



Existing Allocations	Funding Amount
RTIP Bay Ave	\$500,000
RTIP Sidewalk Infill	\$100,000
Earmark (requires 20% Match)	\$250,000
<b>Total</b>	<b>\$850,000</b>

Potential Funding Strategy	Trestle	CDBG	Bay Ave	Clares/ LRSP	Total	Notes
RTIP	\$200k	\$50k	\$50k	\$300k	\$600k	Local Match Funding
Earmark			\$250k		\$250k	Existing federal funds
SS4A			\$500k	\$1.0M	\$1.5M	Combined Bay + Clares application*
CDBG		\$5.0M			\$5.0M	Future grant opportunity
<b>Total</b>	<b>\$200k</b>	<b>\$5.05M</b>	<b>\$800k</b>	<b>\$1.3M</b>	<b>\$7.35M</b>	