

# City of Capitola

## Special City Council Meeting Agenda

### Wednesday, March 06, 2024 – 4:00 PM



City Council Chambers  
420 Capitola Avenue, Capitola, CA 95010

**Mayor:** Kristen Brown

**Vice Mayor:** Yvette Brooks

**Council Members:** Joe Clarke, Margaux Morgan, Alexander Pedersen

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#### Special Meeting of the Capitola City Council – 4 PM

*All correspondence received prior to 5:00 p.m. on the Tuesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Tuesday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.*

#### 1. Roll Call

Council Members Joe Clarke, Margaux Morgan, Alexander Pedersen, Yvette Brooks, and Mayor Kristen Brown.

#### 2. Additions and Deletions to the Agenda

#### 3. Additional Materials

*Additional information submitted to the City after distribution of the agenda packet.*

A. Item 6A - 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. Staff / City Council Comments

*Comments are limited to three minutes.*

#### 6. 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. Fiscal Year 2024-25 Budget Principles & Goals

Recommended Action: 1) Review budget principals; 2) Review progress and status of Fiscal Year 2023-2024 budget goals; 3) Provide direction to staff regarding potential amendments to Fiscal Year 2023-24 Budget; 4) Prioritize goals related to key projects/programs for Fiscal Year

2024-25.

**7. Adjournment** - *Adjourn to the next regularly scheduled City Council meeting on March 14, 2024, 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

**To Join Zoom Application or Call in to Zoom:**

Meeting

link: <https://us02web.zoom.us/j/83328173113?pwd=aVRwcWN3RU03Zzc2dkNpQzRWVXAydz09>

Or dial one of these phone numbers: **1 (669) 900 6833, 1 (408) 638 0968, 1 (346) 248 7799**

Meeting ID: **833 2817 3113**

Meeting Passcode: **678550**

**How to Provide Comments to the City Council**

Members of the public may provide public comments to the City Council in-person during the meeting. If you are unable to attend in-person, please email your comments to [citycouncil@ci.capitola.ca.us](mailto:citycouncil@ci.capitola.ca.us) and they will be included as a part of the record for the meeting. Please be aware that the City Council will not accept comments via Zoom.

**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: [www.cityofcapitola.org](http://www.cityofcapitola.org) and at Capitola City Hall prior to the meeting. Agendas are also available at the Capitola Post Office located at 826 Bay Avenue Capitola. Need more information? Contact the City Clerk's office at 831-475-7300.

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

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

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

**Televised Meetings:** City Council meetings are cablecast "Live" on Charter Communications Cable TV Channel 8 and are recorded to be rebroadcasted at 8:00 a.m. on the Wednesday following the meetings and at 1:00 p.m. on Saturday following the first rebroadcast on Community Television of Santa Cruz County (Charter Channel 71 and

Special City Council Meeting Agenda – March 06, 2024

Comcast Channel 25). Meetings are streamed “Live” on the City’s website at [www.cityofcapitola.org](http://www.cityofcapitola.org) 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:** Santa Cruz YIMBY <santacruzylimby@gmail.com>  
**Sent:** Tuesday, March 5, 2024 7:06 AM  
**To:** City Council  
**Cc:** hello@santacruzylimby.org; Herlihy, Katie (kherlihy@ci.capitola.ca.us)  
**Subject:** [PDF] Input for March 6th meeting  
**Attachments:** Santa Cruz YIMBY for March 6 - item 6a .pdf

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

Mayor, Vice Mayor and Council members,

Attached please find our input on Item 6A on your March 6, 2024 agenda.

Have a great day,

Elizabeth Madrigal  
Ryan Meckel  
Janine Roeth  
Rafa Sonnenfeld  
Santa Cruz YIMBY Leads

*Santa Cruz YIMBY Mission: We envision a community where our neighbors of all ages, cultures, abilities, and incomes, can make Santa Cruz County their home. In response to the ever-increasing cost of living, we advocate for more affordable housing to meet the needs of our growing population. Santa Cruz YIMBY is a chapter of YIMBY Action, a 501(c)(4) nonprofit organization.*





March 4, 2024

To: Capitola City Council

From: Santa Cruz YIMBY

Re: Agenda Item #6.A Fiscal Year 2024-25 Budget Principles & Goals

Dear Mayor, Vice Mayor and Councilmembers,

At your March 6th meeting, you will be considering the budget principles and goals for fiscal year 2024-25. We know you have many options to consider.

**We are writing to encourage prioritized funding to complete Housing Element deliverables, many of which will be due in calendar years 2024 and 2025.** These include modified land use policies for the Capitola Mall and other updates to the zoning code. Some of this work could be eligible for funding such as the REAP 2.0 grants, however, such grants are highly competitive and additional local funding may be required.

Capitola's Housing Element has sites and programs that can help our housing affordability crisis, with opportunities to build homes for people near jobs and schools, near public transit and suitable for biking and walking. Your Community Development department put significant effort into the Housing Element, including public input and review, consultation with you and others. It may require additional financial support to get to full compliance and complete the work by the committed deadlines.

The repercussions of a noncompliant Housing Element can include loss of access to housing/transportation state grants, required approvals of housing projects and other loss of local control. If the Housing Element is not certified by April 15, 2024, the deadline for any rezonings will be one (1) year instead of three (3) years. It is important to note that under any rezoning program, the Coastal Commission will have to review and approve proposed changes that fall under the coastal zone.

Thank you for your consideration.

Sincerely,

Elizabeth Madrigal

Ryan Meckel

Janine Roeth

Rafa Sonnenfeld

Santa Cruz YIMBY Leads

*Santa Cruz YIMBY Mission: We envision a community where our neighbors of all ages, cultures, abilities, and incomes, can make Santa Cruz County their home. In response to the ever-increasing cost of living, we advocate for more affordable housing to meet the needs of our growing population. Santa Cruz YIMBY is a chapter of YIMBY Action, a 501(c)(4) nonprofit organization.*

**Gautho, Julia**

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**From:** John <jxmuly@gmail.com>  
**Sent:** Tuesday, March 5, 2024 6:36 PM  
**To:** City Council; Gautho, Julia; Goldstein, Jamie (jgoldstein@ci.capitola.ca.us)  
**Subject:** Regarding the Additional CWEP materials

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Just some quick math

The council gave CWEP 250K and 75K of that was for the waverunner storage on the wharf.

In the most recent letter it appears CWEP has misunderstood that funding as they indicate they will be keeping 75K back for one year since the storage isn't being built yet, but still appear to think the city will be giving the 250K for the installations they didn't factor into their campaign and then another 75K at the later date.

But according to the council record and motion, the storage unit being postponed means the city is only giving CWEP 175K and will also be holding onto the 75K the city committed to, the same as CWEP is.

With the increase in costs beyond our means on the WRP and the likelihood there will be more increases, I, who I'll add donated \$1013 to CWEP, suggest the city and CWEP consider a project scope within their and the city's means.

If I misunderstood the CWEP letter and they do understand they only will be receiving 175K in city taxes at this time, please ignore this email (as you do my other advice).

Warmly JM

# Capitola City Council

## Agenda Report



**Meeting:** March 6, 2024

**From:** City Manager Department

**Subject:** Fiscal Year 2024-25 Budget Principles & Goals

Recommended Action: 1) Review budget principals; 2) Review progress and status of Fiscal Year 2023-2024 budget goals; 3) Provide direction to staff regarding potential amendments to Fiscal Year 2023-24 Budget; 4) Prioritize goals related to key projects/programs for Fiscal Year 2024-25.

### Background:

#### *General Budget Principles*

As outlined in Administrative Policy III-3: Financial Management (Attachment 1), the City of Capitola prioritizes the following budget principal categories:

- Fiscal Policy Principles
  - Maintain a balanced budget that ensures ongoing expenditures can be met with ongoing revenues
  - Use one-time revenues for one-time expenditures
  - Ensure the budget plans for future cost increases and attainable revenue projections
- Public Service Principles
  - Maintain, and improve upon, the transparency of City operations and accessibility of government
  - Recognize the high priority the community places on the public's safety
  - Analyze future service level increases with their long-term financial impacts to ensure financial stability
- Public Improvement Principles
  - Maintain the City's infrastructure by providing maximum funding for the pavement management system
  - Maintain and improve Capitola's natural resources and sustainable green programs
  - Ensure maintenance and cleanliness of City facilities, sidewalks, and streets

#### *Annual Budget*

Each year the City prepares and adopts an annual budget. The annual budget drives the City's operations and gives City Council direction to the City Manager regarding day-to-day functions. The budget not only outlines the City's financial plan but also establishes the framework in which the City will provide services to the community. Principles and goals identified in the budget establish metrics against which actual performance can be measured.

Attachment 2 outlines the status of the Fiscal Year (FY) 2023-24 budget goals.

Discussion: To ensure the prepared draft budget is consistent with the City Council's direction, the City adopts budget principles and goals for each upcoming fiscal year. One important reason to adopt budget principles and identify key projects is to increase focus on the City Council's

overall priorities and help to clearly articulate those priorities to Capitola residents and other stakeholders.

As staff begins preparation for upcoming budget years, both ongoing and one-time revenue along with employee bandwidth is considered. Attachment 3 is a financial projection model to provide information on ongoing revenues and expenditures. An estimated June 30, 2024 General Fund balance summary is provided in the table below.

FY 2022-23 City Council Goals	\$400,000
Employee Down Payment Assistance Program	\$100,000
Future Capital Improvement Projects (allocated \$369,000 to wharf Feb. 26, 2024)	\$585,000
Operating Contingency Balance (allocated \$430,000 at mid-year Feb. 22, 2024)	\$116,000
<b>Total Fund Balance</b>	<b>\$1,201,000</b>
<b>Historic Fund Balance Target Level</b>	<b>\$500,000</b>
<b>Total Available Fund Balance</b>	<b>\$701,000</b>

In past years, staff has provided a detailed list of formerly identified projects and goals, their status, and an additional list of potential projects to be added at City Council discretion. In the past, staff has recommended the City Council identify five or six key projects to include as priorities in the coming fiscal year. However, the City has several ongoing high-priority, high-effort, and high-cost projects underway that limit staff's ability to start and complete new projects not previously identified. In addition to the projects underway, the City is in the process of labor negotiations with all employee groups, which will have an impact on both short- and long-term funding.

Attachment 4 shows current and upcoming potential projects organized by department, the required staff effort, and funding estimates and sources. The attachment also includes previously identified projects, shown in gray, which staff is not recommending for next Fiscal Year due to staffing and budgetary constraints.

If the City Council identifies additional priorities, projects or goals items included on the list may need to be paused or pushed to the next fiscal year or beyond. At the meeting, City Council may re-prioritize financial resources and staff time to accomplish new or different goals.

Fiscal Impact: The annual review of Budget Principles and key projects is the first step in the budget process. The Budget Principles clearly articulate the City's financial management strategies. Staff will incorporate the City Council budget goals into the first draft of the proposed FY 2024-25 budget, at which time the City Council can prioritize the goals based on available resources.

Attachments:

1. Administrative Policy III-3
2. Status Report on FY 2022-23 & FY 2023-24 City Council Goals
3. Financial Projections
4. Current and Upcoming Projects

Report Prepared By: Chloé Woodmansee, Assistant to the City Manager

Reviewed By: Jim Malberg, Finance Director; Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager



## ADMINISTRATIVE POLICY

Number: III-3  
Issued: June 8, 2000  
Revised: March 14, 2013  
June 13, 2013  
October 27, 2016  
Jurisdiction: City Council

### FINANCIAL MANAGEMENT POLICIES

#### POLICY

The following financial policies (herein, the "Policies") assist the City with the management of its operating and capital budgeting processes and to standardize and rationalize the issuance of debt by the City. Updated policies insure the prudent use of the City's resources to meet its commitments, to provide needed services to the citizens of Capitola, and to maintain sound financial management practices. These Policies are guidelines for general use, and allow for exceptions in extraordinary conditions. The Policies serve their intended purpose if they stimulate an open debate about the City's operating and capital budget processes, existing and/ or proposed debt position, and they lead to informed decision-making by the City Council. In order to use the Policies properly, they should be applied in the context of the community's overall objectives and goals.

The Policies are divided into three sections: Capital Budgeting and Reserves, Operating Budgeting and Reserves, and Other Policies.

#### A. CAPITAL BUDGETING AND RESERVES; ISSUANCE OF DEBT

##### 1. CAPITAL PLANNING -IN GENERAL:

To enhance creditworthiness and prudent financial management, the City of Capitola is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning, and implementation over a two-year period. Evidence of this commitment to systematic capital planning will be demonstrated through adoption of an annual review of the City's five-year capital improvement budget.

##### 2. USE OF LONG-TERM FINANCING METHODS:

Major capital improvements or acquisitions valued over \$250,000 may be made using long-term financing, methods, rather than out of operating revenue. The prioritization of capital projects eligible for debt financing is accomplished through a "needs assessments" undertaken in the formulation and development of the City's five-year capital improvement budget.

##### 3. FISCAL ANALYSIS:

The City will require each capital appropriation request to include a fiscal analysis that identifies the amount of funds requested, the source of funds requested and the impact of the request on existing revenues and operations.

##### 4. ASSET LIFE:

The City will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets (including land) only if they have a useful life of at least five years. City debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.

5. CAPITAL FINANCING -IN GENERAL:

The City will rely first on internally generated funds and/or grants and contributions from other government sources to finance its capital improvement needs. Capital improvements will be financed through user fees, service charges, assessments, special taxes or developer exactions so long as the benefits the City will derive from such improvements can be attributed to the users of the improvements. Moreover, the City will specifically consider the costs associated with any borrowing in order to determine that the above funding sources are adequate to service the proposed debt. Accordingly, the Policies assume that development fees will be set at a level that is sufficient at all times to insure that new development pays its fair share of the cost of constructing new facilities in the community.

Debt will be issued for a capital improvement project only in the case of emergency or when it is an appropriate means to achieve an equitable allocation of costs between current and future beneficiaries as determined by the City Council. Debt shall not, in general, be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction. Debt will only be undertaken when the City believes that project revenues or specific resources will be available and sufficient to service the debt over its life. Debt financing will not be considered appropriate for any recurring purpose such as operating or maintenance costs.

The City will evaluate the use of debt in-Lieu of "pay-as-you-go" financing based on the following criteria:

*Factors Favoring "Pay-as-you-Go" Financing:*

1. current fund balances or project revenues are Reliable adequate to fund the project;
2. existing or proposed debt levels would have a deleterious effect on the City's credit rating;
3. credit market conditions are unstable or present extraordinary difficulty in marketing the proposed debt.

*Factors Favoring Use of Debt:*

1. revenues are deemed to be stable & enough to support the proposed debt at investment grade ratings;
2. the nature of the financed project will support investment grade ratings;
3. credit market conditions present favorable interest rates and demand for financing such as the City's
4. the project being financed is mandated by the state or federal government and resources are insufficient or unavailable;
5. the project being financed is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable;
6. the estimated useful life of the asset to be financed is greater than 5 years.

6. GENERAL OBLIGATION DEBT:

General obligation bonds provide the lowest borrowing costs for major public assets. The source of repayment of a general obligation bond is from proceeds of specific taxes, the City's operating funds and its operating position are not impacted by the issuance of general obligation bonds. Though the use of the term "general obligation bond" implies that the City's "full faith and credit" would be pledged to the repayment of the bond, the bond is actually repaid from an ad valorem tax on real property.

Because of the absence of a limitation on the rate and amount of the tax that might be levied to pay a general obligation bond, state law requires the proposed debt to be approved by the electorate, by a two-thirds vote.

Cities in California may issue general obligation bonds only for the purpose of acquiring, improving or constructing real property.

7. USE OF OTHER DEBT, INCLUDING REVENUE BONDS, CERTIFICATES OF PARTICIPATION OR FINANCING LEASES:

Before issuing revenue debt or financing leases, the City will determine that the proposed facility is both necessary and desirable, and that no other financing method is practical to finance it. The City shall only use revenue debt or financing leases: if the project to be financed will generate positive net revenues after debt service; or, if the project will significantly reduce City operating costs; or, if an equal or greater amount of non-City matching funds will be lost if City's revenue or financing lease funds are not applied in a timely manner; or, in the case of a financing lease, if the project to be financed is less than \$250,000; or, if the project to be financed provides essential City services or would so advance core City policy objectives that its value overrides the value of obtaining voter approval.

B. OPERATING BUDGETING AND RESERVES

1. TWO YEAR OPERATING BUDGET:

The City will maintain a long-range fiscal perspective through the use of a two-year operating budget and a five-year capital improvement budget.

2. BALANCED OPERATING BUDGET:

The City will maintain a balanced operating budget for all governmental funds with on-going revenues equal to or greater than on-going expenditures and debt service. This policy requires that in any given fiscal year we do not budget proposed expenditures in excess of the revenue we expect to receive in the same time frame.

3. "ONE-TIME" REVENUE:

The City will use "one-time" revenues, including fund balance carry-forwards, to fund nonrecurring expenditures. "One time" revenues cannot be relied on in future budget periods and should be used to stabilize existing revenues, retire early debt or for capital purchases.



4. NORMAL REVENUE INFLATION WILL GO TO PAY NORMAL INFLATION EXPENSES:

The City will assume that normal revenue inflation will go to pay normal inflation expenses. Any new or expanded programs will be required to identify funding sources. If normal revenue inflation does not keep up with expense inflation, expenses will be decreased or a new revenue source will be found. If revenues grow at a rate faster than expense inflation, expanded service levels may be considered.

5. CONTINGENCY RESERVE APPROPRIATION:

For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to 15% of normal General Fund Expenditures. The Contingency Appropriation "will provide 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."

6. EMERGENCY RESERVES:

To protect against significant one-time costs, which might arise from major unpredictable emergency events, in addition to the Contingency Appropriation, the City shall maintain a funded emergency reserve equal to 10% of normal General Fund budgeted expenditures.

7. PERS CONTINGENCY FUND:

The City will maintain a PERS Contingency Fund to stabilize future pension contribution increases. The City will invest the funds in an irrevocable trust fund. The target funding level for this fund is one full year of PERS Contributions with additional money allocated to the fund when the City has available surplus funds.

8. REVENUE DIVERSIFICATION:

The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue generation and to protect it from short-term fluctuations in any revenue source.

9. REVENUE PROJECTIONS:

The City will prepare multi-year projections of revenues and other resources in order to understand the level of funding available for services and capital acquisition. The revenue projections will assist the City in understanding of revenue sensitivity to changes in assumptions and to controllable factors such as changes to tax rates or fees. The revenue projection will be for a period of at least two years into the future to evaluate how revenues may change over time, to isolate non-reoccurring revenues and to understand the impact of revenue growth. The major assumptions used in the revenue projection will be documented and identified and different scenarios may be developed to enable City Council to choose a preferred scenario.

10. EXPENDITURE PROJECTIONS:

The City will prepare multi-year projections of expenditures for each fund and for existing and proposed new programs. The expenditure projections will assist the City in determining whether projected expenditure levels can be sustained, whether new programs are affordable, and whether a program's current and future costs are

acceptable compared to program benefits and projected revenue availability. The expenditure projections will be for a period of at least two years into the future to evaluate how expenditures may change over time. All expenditure projections should identify service level assumptions and key issues that may affect actual expenditures.

11. COMMUNITY DEVELOPMENT FEES:

The City's development process costs and related administrative expenses should be offset by fees to the greatest extent possible. Fees will be reviewed and updated on a yearly basis to ensure that they keep pace with changes in the actual costs of service delivery as well as changes in the methods or levels of service delivery.

C. OTHER POLICIES

1. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

The City will comply with all the requirements of Generally Accepted Accounting Principles. The City will always conduct its financial affairs and maintain its records in accordance with GAAP as established by the Government Accounting Standards Board, so as to maintain accuracy and public confidence in its financial reporting systems.

2. COUNCIL ACTION TO BE A SCHEDULED BUSINESS ITEM, NOT CONSENT CALENDAR:

For all debt sales, the City will require that the action taken by the City Council to incur the debt will be taken as a scheduled business item, and at a regular or special City Council meeting, consistent with state law.

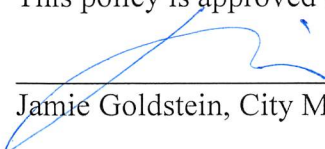
3. INTERNAL BORROWINGS:

Provided sufficient resources are available, liquidity will not be impaired, and a defined source of repayment is available, the City will favor internal over external borrowings to achieve short-term liquidity. In accordance with the City Council Resolution #2683, the Finance Director will initiate and the City Manager will approve inter-fund borrowings, except for year-end accounting entries that create temporary inter-fund loans for the financial statement presentation purposes, and the City Manager will report such borrowings to the Council at its next regular meeting. Interest on inter-fund loans will be recorded only when necessitated by state or federal program requirements, or other contractual or legal obligations.

4. EMPLOYEE COMPENSATION:

The City will continue to pay competitive market level compensation to our employees to ensure that the City has the ability to attract and retain well-qualified personnel while ensuring that the City's compensation practices are competitive and consistent with those of comparable employers.

This policy is approved and authorized by:

  
\_\_\_\_\_  
Jamie Goldstein, City Manager

City Council Goal	Funding Amount	Dept Assigned	Status
<b>FY 2022-23</b>			
Community Center Improvements	\$ 150,000	PW	Ongoing - incorporated into Com Ctr Renovation Project
Bluff / Cliff Drive study	\$ 50,000	PW	Ongoing - Incorporated into FHWA Grant Project
Noble Gulch engineering feasibility analysis	\$ 50,000	PW	Ongoing - assessment complete, improvements to follow - funding adequate
Fire risk reduction (eucalyptus groves)	\$ 50,000	PW	Ongoing - WIP, Addtl. \$50K added to project @ Mid Year 23-24
Peery Park Bridge maintenance	\$ 50,000	PW	Ongoing - Will need addtl. funds to address study results
Funding to study City Hall options	\$ 50,000	CDD	Ongoing - Phase 1 presentation sched. for April
<b>FY 2023-24</b>			
CA Green Business Certification	\$ -	PW	Completed - COE evaluated & recommended alt. program for water
Bring climate goals to Council, from Climate Action Plan	\$ -	PW	Ongoing - COE has provided recommendation, will go to Council in Spring 2024
Work w/ staff to develop a Mall Redevelopment Committee	\$ 25,000	CDD	Ongoing - Pending Housing Element Cert.
Survey for possible revenue measure	\$ 25,000	CM	Ongoing - Sched. for Council presentation 3/14
Employee downpayment assistance	\$ 100,000	CM	\$100K designated
Increase Council training to \$3k	\$ 5,000	CM	Completed
Adopt Children's Bill of Rights	\$ -	CM	Completed
Complete LAFCO sphere study	\$ 30,000	CM	Ongoing - Match funding requested from LAFCO
Reach out to SUESD on possible turf project	\$ -	CM	Ongoing - Now Land Swap Project
Establish long term strategic goals (5/10/15 yr)	\$ 50,000	CM	Ongoing
Debt payoff - 5.5% SCCB loan (\$40k/yr savings)	\$ 725,000	Fin	Completed
Emergency reserve replenishment - 6.25% of storm damage	\$ 250,000	Fin	Completed
Hold for major infrastructure	\$ 800,000	Fin	Ongoing - \$585K remaining
Allocate funding from \$1mil to UA Playground	\$ 200,000	Fin	Completed
Begin to replace City vehicles with EV	\$ 200,000	Fin	Ongoing - 2 EV, 1 Electric Sweeper, 3 Hybrid, installed chargers
PD Tech (Body cameras, radar traffic enforcement, vests, matched w SLEF)	\$ 235,000	PD	Completed
Gun buy back	\$ 5,000	PD	Completed
Community Center Renovation Project	\$ 1,650,000	PW	Ongoing
Pavement management (plus \$550k in Measure D/SB1)	\$ 500,000	PW	Completed - Capitola Road Project (completed)
Hill/Bay pilot project	\$ 50,000	PW	Ongoing - Going out to Bid
Add more public water fountains/bottle filling stations - options for Council	\$ 50,000	PW	Completed
Allocate funding Esplanade Park	\$ 50,000	PW	Completed - \$50K designated for future CIP Project
Bring ECYP ideas and scholarships to budget hearings	\$ -	Rec	Completed - Incorporated into FY 23-24 Budget
Explore grants for Maker Space in Community Center Project	\$ -	Rec	Completed - Determined service offered regionally
Intergenerational program to connect youth and elders - with ECYP funding	\$ -	Rec	Completed - Post-pandemic challenges, could be re-evaluated

CalPERS UAL Amount \$ 2,595,922 \$ 2,827,000 \$ 3,011,000 \$ 3,162,000 \$ 3,433,000 \$ 3,505,000 0.00% -2.00% -2.00% -2.00%

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

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

# Attachment 4: Current and Upcoming Projects

Items shown in gray are not recommended for the next fiscal year due to staffing/budgetary constraints.

Item 6 A.

Origin	Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non Gen Fund	Current Status	Notes
Required	PW	Continue to provide Public Works services to the community, including infrastructure and public maintenance				Ongoing	
Council	PW	Jade Street UA Playground Project	Very High			In Design	Fundraising through end of 2024. Project potentially short ~\$300k
Required by SUESD Partnership	PW	Community Center Renovation Project	Very High			In Design	\$1.65m from prior budgets, \$1m from state, \$3.2m application with CDBG. If CDBG funding is obtained, other projects may need to be deferred
Community/COE	PW	Update Climate Action Plan	High		\$50,000	Not Started	Special Revenue (Green Building Fund), heavy public process
Council	PW	Stockton Bridge Debris Mitigation Project	High	Funded		In Progress	Prior Council goal \$350k, plus \$500k from State
Council/community	PW	Cliff Drive Resiliency Project	High	Funded		In Progress	On a tight timeline; funded by FHWA
Community	PW	41st Ave Median improvements	Medium	Unfunded		Not Started	Scope of project dependent on funding
Council	PW	Complete/Additional Peery Bridge Repairs	Medium	Funded		In Progress	Currently evaluating
Council	PW	2023 FEMA Projects (Stockton Bridge, Noble Gulch, Hooper's Stairs)	Medium	Funded		In Progress	Contracts issued. Construction dependent on site conditions and final approvals
Council	PW	Upper lot eastern access pedestrian path	Medium	Funded		Not Started	Includes funding from RTC
Council	PW	Bay Avenue Corridor Traffic Study	Medium	Funded		In Progress	Will identify future major CIP projects
Council	PW	Finish the Park at Rispin Mansion Project	Medium	Funded		Finalizing Contract	Phase I construction funded. Construction anticipated Spring 2024
Council PMP	PW	41st Ave pavement rehabilitation & multimodal improvements	Medium		1,000,000	In Progress	Design and permitting started. RTC Grant Funded for construction in FY 25/26
Department	PW	Complete Streets Safety Assessments	Medium	Funded		Not Started	Grant resources secured
Council	PW	Peery Park Bridge Maintenance Project	Medium	TBD			Funding needs will be identified by current study
Department	PW	Storage solutions for Rec - lifeguard equipment	Medium	\$25,000		Not Started	Significant need; current infrastructure failure.
Department	PW	PD facility improvements (lockers, restrooms, meeting area)	Medium	\$65,000		Not Started	Improvements to locker room/restrooms to improve functionality
State Law	PW	Daylighting - Village and elsewhere (parking/pedestrian requirement)	Medium	\$10,000		In Progress	State law requires removing parking within 20' of intersection/crosswalks.
Council	PW	Noble Gulch Pipeline Repairs	Low	Funded		In Progress	Assessment complete, improvements to follow - funding adequate
Council	PW	Park Ave. traffic calming	Low	Funded		In Progress	Council approval of final design, then bid/build
Council PMP	PW	2025 Pavement Maintenance Project	Low		\$500,000	In Design	State SB1 and RTC Measure D
Prior Budget	PW	Pump Track Renovation Project	Low	Funded		Not Started	\$30k Monte donation
Council	PW	Esplanade Park improvements	Medium	Unfunded		Not Started	\$50k allocated to project in 23/24
Council	PW	Depot Hill encroachments	Very High	None		Not Started	Will likely result in costs once encroachments are removed
Department	PW	Storage solutions for Rec – softball shed	Low	\$10,000		Not Started	Current structure failed
Department	PW	PD motor shed	Low	\$20,000		Not Started	
Council	PW	Village Resiliency Study (circulation and sea level rise )	Very High	\$500,000		Not Started	Potential eligibility for Coastal Commission grant
		<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$100,000</b>	<b>\$1,050,000</b>		

**Staff Requirements:**

- Very High: Involves all dept. staff, staff from other departments, multiple agencies, numerous stakeholders, extensive permit requirements, and coordination of several consultants/contractors.
- High: Engages all department staff, external agencies, various stakeholders, entails permitting processes, and requires management of consultants.
- Medium: Involves several department staff members, includes scoping, consultant/contractor management, and moderate stakeholder engagement.

Origin	Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non Gen Fund	Current Status	Notes
Required	CD	Continue to provide professional planning and building services to the community including land use entitlements and building permits.				Ongoing	
Community	CD	Wharf Re-Envisioning Plan & public outreach process & temporary structure CDPs	Very High	\$75,000		Not Started	May identify future CIP projects
State Law	CD	Complete Housing Element	Very High	Funded		In Progress	
Department	CD	Update 41st Ave. Visioning Plan	Very High		\$100,000	Not Started	Special Revenue (Gen Plan Fund)
HE Required	CD	Create a Housing Rehab Grant/Loan Program	Very High		\$225,000	Not Started	Special Revenue (RDA Successor Agency) \$25,000 to create program and \$12,500 per household. 16 households total
HE Required	CD	Code Update - Housing Element action item	High		\$65,000	Ongoing	Special Revenue (REAP 2.0 Grant)
HE Required	CD	Create Homebuyer Assistance Program	High		\$150,000	Not Started	Special Revenue (RDA Successor Agency) \$25,000 to create program and \$25,000 per household. 5 households total
Council	CD	City Hall Phase 2 - goal setting and alternatives analysis	Very High	67000		Not Started	Public engagement, draft alternatives, and recommendation
Department	CD	Update tree ordinance	High		30000	Not Started	Special Revenue (Tree Fund)
Department	CD	Historical guidelines	High	75000		Not Started	
		<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$75,000</b>	<b>\$325,000</b>		

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

Origin	Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non Gen Fund	Current Status	Notes
Required	Rec	Continue to provide quality-of-life services, equitable programming for all ages, parks and recreation facility management, and cultural and community events.				Ongoing	
Department	Rec	Pilot "rapid wedding" event	High			Not Started	
Council	Rec	Equity Swim & Public Safety Outreach Program	Medium		\$20,000	Ongoing	Special Revenue Fund (EYP), requested funding from SUESD through ELOP
Department	Rec	Implementation of Park Use Permit Program	Medium	\$0		Not Started	
A&C Commission	A&C/PW	Public Art Maintenance: 41st Ave. median art & utility box murals	Medium	\$10,000			A&C goal, but in PW Budget
Department	Rec	Purchase of portable stage for events	Low	\$7,000		Not Started	Support City's event programming
A&C Commission	A&C	Banners for street lights	Low	\$3,000		Not Started	Design and purchase of City decorative banners to be hung from Village streetlights
Department	Rec	Lifeguard Equipment (PWC)	Low	\$10,000		Not started	
		<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$20,000</b>	<b>\$20,000</b>		
Origin	Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non Gen Fund	Current Status	Notes
Required	PD	Continue to provide public safety service and community policing				Ongoing	
Department	PD	FLOCK Cameras	High		\$35,000	Not Started	Special Revenue Fund (SLESF)
Department	PD	High Surf Thresholds/Response Checklist	Medium				Coordination with NOAA. Potential grant funding
Department	PD	Electronic/online Police reporting	Medium		\$25,000	Not Started	Special Revenue Fund (SLESF)
Department	PD	E-Citations	Medium		10,000	Not Started	Special Revenue Fund (SLESF)
		<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$0</b>	<b>\$70,000</b>		
Origin	Department Assigned	Project	Staff Requirement	Potential FY24/25 General Fund	Potential FY24/25 Non Gen Fund	Current Status	Notes
Required	Finance	Continue to coordinate with external businesses to issue licenses, coordination of employee payroll, conducting annual audits, supporting the CWVBIA, regular issuance of billing and accounting for internal and external parties.				Ongoing	
Department	Finance	Updates to TOT Ordinance & outreach to operators	High	\$0		In Progress	Legal review required
Department	Finance	City banking RFP	Medium	\$0		Not Started	
Council	Finance	Implementation of fee study recommendations	Medium	\$0		Not Started	Fee study previously funded in FY 23-24
		<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$0</b>	<b>\$0</b>		
<b>Total Potential FY 24/25 Budget Allocations</b>				<b>\$222,000</b>	<b>\$1,467,000</b>		

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

March 6, 2024





High Level  
Budget  
Principles

Fiscal Policy Principles

Public Improvement  
Principles

Public Service Principles

# Confirm Budget Principles



## Fiscal Policy

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



## Public Improvement

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



## Public Service

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

# Background

## City prepares and adopts budget annually

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

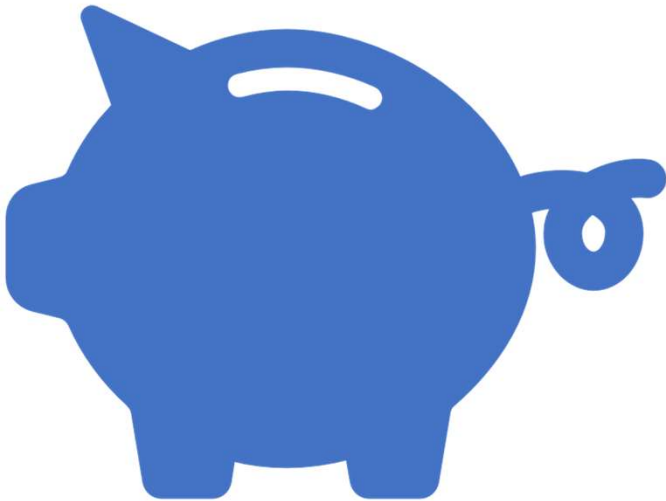
## Adopting budget principles, goals, & key projects establishes metrics to measure performance

- Assist in clearly articulating Council priorities to residents

**Principles:** Overarching  
guide to budget

**Goals:** High-level  
programs/initiatives

**Projects:** line-  
item specifics



# On-Going FY 2022-23 Goals

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

# FY 2023-24 Goals Update

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

# FY 2023-24 Goals Update

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

# FY 2023-24 Goals Update

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



# General Fund Balance

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

# Long-Term Forecast

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

	FY 2025 Planned	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 2032 Forecast	FY 2033 Forecast	FY 2034 Forecast
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<b>Net Impact Fund Balance</b>	687,661	1,087,912	1,317,419	882,275	308,246	522,828	969,935	1,351,000	2,216,852	2,654,527
F Extention Revenue 1/4%				614,918	1,260,582	1,292,097	1,324,399	1,357,509	1,391,447	1,426,233
<b>Net Impact Fund Balance</b>				<b>1,497,193</b>	<b>1,568,828</b>	<b>1,814,925</b>	<b>2,294,334</b>	<b>2,708,509</b>	<b>3,608,298</b>	<b>4,080,760</b>

# 10-Year Forecast

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

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F Extention Revenue 1/4%				614,918	1,260,582	1,292,097	1,324,399	1,357,509	1,391,447	1,426,233
<b>Net Impact Fund Balance</b>				1,497,193	1,568,828	1,814,925	2,294,334	2,708,509	3,608,298	4,080,760

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

# New Format for Budget Goals

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



# New Format for Budget Goals

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Required	CM	Continue to provide risk management, administrative support, customer service, community outreach, personnel, information technology, election, and legislative services for staff, elected, and appointed officials				Ongoing	
Council	CM	5-Year Strategic Plan Project management	Very High	Funded		In Progress	Project kicked off, public process expected to begin in April
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Council	CM	Revenue Tax Measure - Polling Research Project management and public information	Medium	Funded		In Progress	Polling completed, presentation on 3/14
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Council & Community	CM	Memorial plaque program update	High	Unfunded		Not Started	
		<b>Total Potential FY 24/25 Dept Budget Allocation</b>		<b>\$27,000</b>	<b>\$2,000</b>		

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

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# Public Works Department

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





# Ongoing and Upcoming Potential Projects Item 6 A.

## Public Works

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

# Ongoing and Upcoming Projects

## Public Works

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

# Ongoing and Upcoming Projects

## Public Works

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

# Ongoing and Upcoming Projects

## Public Works

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

# Excluded Projects

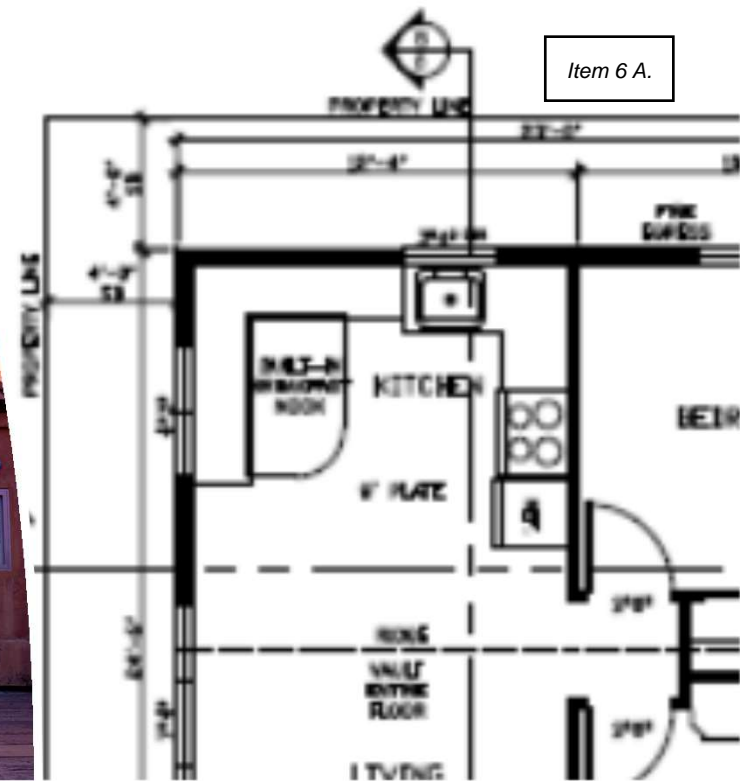
## Public Works

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

# Community Development Department

Building & Planning

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





# Ongoing and Upcoming Projects

## Community Development

Item 6 A.

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

# Wharf Re-Envisioning Plan

Item 6 A.

## Public Outreach & Temporary Use/Structures



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

# Excluded Projects

## Community Development

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





## City Manager Department

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



# Ongoing and Upcoming Projects

## City Manager Department

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

# Ongoing and Upcoming Projects

## City Manager Department

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

# Excluded Projects

## City Manager Department

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





Item 6 A.





# Ongoing and Upcoming Projects

## Recreation Division

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

# Ongoing and Upcoming Projects

## Recreation Division – Art & Cultural

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



## Police Department

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



# Ongoing and Upcoming Projects

## Police Department

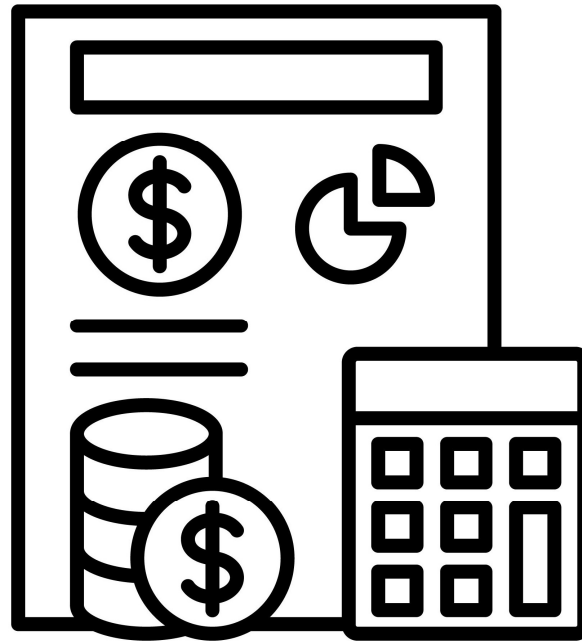
Project	Staff Requirement	FY 24-25 General Fund	Notes
FLOCK Cameras	High	\$35,000	Special Revenue Fund (SLESF)
High Surf Thresholds/Response Checklist	Medium		Coordination with NOAA, Potential grant funding
Electronic/online Police reporting	Medium	\$25,00	Special Revenue Fund (SLESF)
E-Citations	Medium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





## Finance Department

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



# Ongoing and Upcoming Projects

## Finance Department

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

# Potential Fund Totals

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

# Recommended Action

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