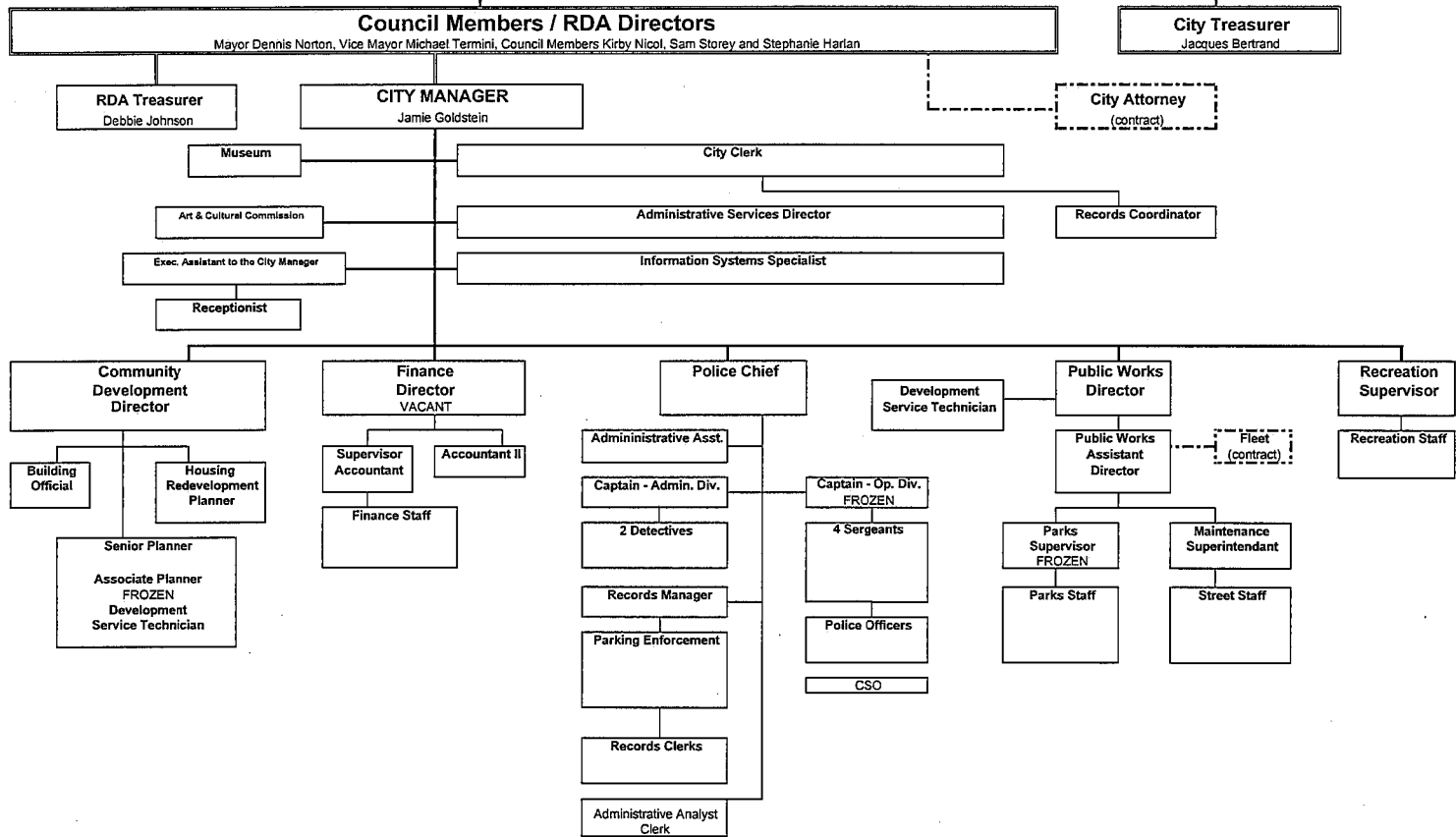


# ATTACHMENT A

## ORGANIZATION CHART

# Citizens of the City of Capitola



# ATTACHMENT B

## FINANCIAL POLICIES



## ADMINISTRATIVE POLICY

Number: III-3

Issued: June 8, 2000

Jurisdiction: City Council

### FINANCIAL MANAGEMENT POLICIES

#### POLICY

The following financial policies (herein, the "Policies") were developed in an effort to assist the City of Capitola with the management of its operating and capital budgeting processes and to standardize and rationalize the issuance of debt by the City. Regular, updated policies are an important tool to 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 therefore guidelines for general use, and allow for exceptions in extraordinary conditions. The Policies will have served 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 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 & reliable 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 use of a general obligation pledge usually eliminates the need for a bond reserve and due to its high credit quality and the ability to levy a tax to repay it, produces borrowing terms and costs unavailable through other methods. Moreover, since 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. Accordingly, the general obligation bond is more properly described as a "unlimited tax" bond.

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 and prudent finance practice require the submission of such a proposed debt to the electorate. Article XIII of the California Constitution requires that general obligation bonds be submitted to the voters for approval and that the issuance of such bonds be approved by a two-thirds vote.

Ad valorem property taxes affect various classes of taxpayers differently. Since the enactment of Proposition 13 in 1978, the increases in assessed value of real property have been limited for established property owners. This has the effect of disproportionately burdening newer property owners, who may have less wealth or taxpaying capacity than older, more established property owners. Moreover, business property owners, whose property turns over less frequently than residential property often benefit as a result of this phenomenon.

Cities in California may issue general obligation bonds only for the purpose of acquiring, improving or constructing real property. Accordingly, it shall be the City's policy to issue general obligation bonds only for such purposes and then only when the acquisition, improvement, or construction of the proposed real property will provide benefits to the community, in significant amounts, to both users and non-users of the facility.

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 may use revenue debt or financing leases for those projects which are not sufficiently popular to obtain a two-thirds vote for the issuance of general obligation bonds or which must be financed at a time, or in a manner which do not permit the use of general obligation bonds. 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 APPROPRIATION.**

For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to ten percent (10%) of General Fund Expenditures. The City shall implement a strategy to reach the required funding level in no more than five fiscal years. 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 five percent (5%) of General Fund budgeted expenditures.

7. 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.

8. 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.

9. 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.

10. DEVELOPMENT FEES

The City's development process costs and related administrative expenses should be offset by development fees to the greatest extent possible. Fees will be reviewed and updated on an on-going 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. Generally, it shall be the City's policy to submit the proposed debt issuance to the City Council in a study session wherever possible prior to submittal to the full City Council as an action item at a regular or special meeting.

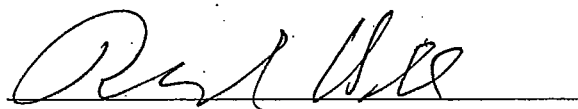
3. INTERNAL BORROWINGS

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:



Richard Hill  
City Manager

# ATTACHMENT C

## CITY INVESTMENT POLICY



## ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 9, 2001

Confirmed: May 26, 2011

Jurisdiction: City Council

### INVESTMENT POLICY

The policy for the investment of public funds shall at all times conform, by law, to Section 53601, et seq., of the California Government Code. In order of importance, the investment policy shall:

1. Provide for the safety of the funds
2. Assure the liquidity of the funds
3. Acquire earnings of the funds

This investment policy, or any modification thereof, shall be formulated by the City Treasurer and approved by the City Council and copies made available upon request.

The Treasurer's investment portfolio contains pooled investments of funds by both the City and of benefit assessment districts within the City. The earnings from pooled investments are shared proportionately with each investor.

City investment funds shall only be invested in the following permitted investments:

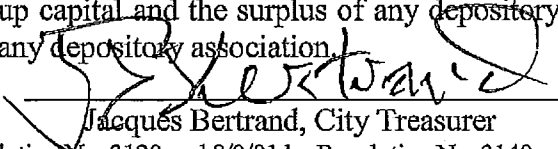
1. State of California Local Agency Investment Fund
2. U.S. Treasury T-Bills
3. Negotiable Certificates of Deposit
4. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months\*

The following limitations shall apply to permitted investments:

T-Bills: Total dollar investment not to exceed 60% of total portfolio at time of investment.

Certificates of Deposit:

- A. Total dollar investment not to exceed 20% of total portfolio at time of investment.
- B. Maturity date of securities shall not be more than 365 days from date of purchase.
- C. Issuer must be one of top 20 national or state chartered banks, one of top 20 state or federal savings associations, or one of top 10 state licensed foreign banks as compiled by American Banker from Merrill Lynch.
- D. CD's may be purchased only from the issuer, a federal or state chartered bank, a federal or state association, or a brokerage firm designated as a primary dealer by the Federal Reserve Bank.
- E. The deposit shall not exceed the total of the paid-up capital and the surplus of any depository bank, nor shall the deposit exceed the net worth of any depository association.

  
Jacques Bertrand, City Treasurer

[City Council Resolution No. 2788, 5/9/96; Amended 3/22/01 by Resolution No. 3120 and 8/9/01 by Resolution No. 3149; Confirmed: 6/12/03; 6/10/04; 6/9/05; 5/25/06; 5/24/07; 6/12/08; 5/28/09; 5/13/10; 5/26/11]

# ATTACHMENT D

## CITY & CIP ADOPTION RESOLUTION

COPY

RESOLUTION NO. 3874

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ADOPTING THE 2011/12 FISCAL YEAR CITY BUDGET AND CAPITAL  
IMPROVEMENT PROGRAM (CIP) BUDGET**

**WHEREAS**, it is necessary to adopt the 2011/12 fiscal year budget for all City funds and Capital Improvement Program; and

**WHEREAS**, the City Council has conducted budget study sessions, has heard and considered public comments, and has modified the proposed budget accordingly, and wishes to adopt such budgets for the fiscal year July 1, 2011 through June 30, 2012; and

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Capitola that the 2011/12 Fiscal Year Budget is hereby adopted as summarized on Exhibit A-1 (Budget Summary by Fund), Exhibit A-2 (General Fund Budget), Exhibit A-3 (Community Grant and Award Detail), Exhibit A-4 (Capital Improvement Projects) to this resolution.

**BE IT FURTHER RESOLVED** that the Finance Director is directed to enter the budget into the City's accounting records in accordance with appropriate accounting practices, and the City Manager, with the Finance Director's assistance, shall assure compliance therewith.

**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the City Council of the City of Capitola at its special meeting held on the 15<sup>th</sup> day of June, 2011, by the following vote:

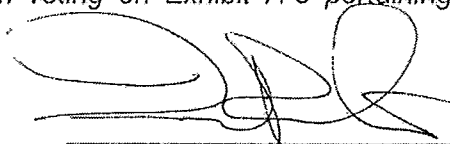
AYES: Council Members Harlan, Termini, Nicol, Storey, and Mayor Norton

NOES: None

ABSENT: None


ABSTAIN: None

*(NOTE: Councilmember Storey abstained from voting on Exhibit A-3 pertaining to Community Grants only.)*



Dennis R. Norton, Mayor

ATTEST:

 MMC  
Pamela Greeninger, City Clerk

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3874 passed and adopted by the Capitola City Council on the 15<sup>th</sup> day of June, 2011.

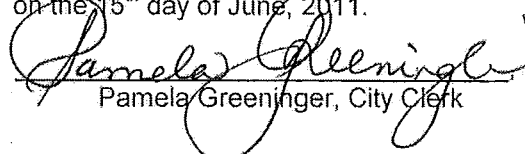
 MMC  
Pamela Greeninger, City Clerk

EXHIBIT A-1 BUDGET SUMMARY BY FUND

City Funds	Estimated Balance 7/1/11	FY11/12 Adopted Revenue	FY11/12 Adopted Expenditures	Estimated Balance 6/30/12
Grand Total - General Fund	\$ (27,300)	\$ 12,358,600	\$ (12,331,300)	\$ -
<u>Designated Reserves</u>				\$ -
Fund Total: ISF - Compensated Absence	\$ 78,857	\$ 110,000	\$ (121,000)	\$ 67,857
Fund Total: Contingency Reserve	\$ 934,844	\$ -	\$ (530,000)	\$ 404,844
Fund Total: Emergency Reserve	\$ -	\$ 867,500	\$ (530,000)	\$ 337,500
				\$ -
Fund Total: Capital Improvement Fund		\$ 50,000	\$ (50,000)	\$ -
				\$ -
<u>Debt Service</u>				\$ -
Fund Total: Pension Obligation Bond	\$ 252,386	\$ 900,500	\$ (673,500)	\$ 479,386
				\$ -
<u>Internal Service Funds</u>				\$ -
Fund Total: ISF - Stores Fund	\$ 25,800	\$ 30,700	\$ (28,500)	\$ 28,000
Fund Total: ISF - Information Technology	\$ 143,025	\$ 117,000	\$ (117,100)	\$ 142,925
Fund Total: ISF - Equipment Replacement	\$ 252,517	\$ 153,000	\$ (128,000)	\$ 277,517
Fund Total: ISF - Self-Insurance Liability	\$ 264,857	\$ 128,400	\$ (128,300)	\$ 264,957
Fund Total: ISF - Workers Comp	\$ 175,000	\$ 467,700	\$ (467,400)	\$ 175,300
Fund Total: ISF - PERS	\$ 432,300	\$ 1,453,100	\$ (1,755,400)	\$ 130,000
				\$ -
<u>Special Revenues</u>				\$ -
Fund Total: SLESF	\$ -	\$ -	\$ -	\$ -
Fund Total: SCCACT - SCC ANTI CRIME	\$ (300)	\$ 71,400	\$ (71,400)	\$ (300)
Fund Total: Gas Tax Fund	\$ 30,991	\$ 263,400	\$ (292,800)	\$ 1,591
Fund Total: Wharf Fund	\$ 848	\$ 80,850	\$ (80,000)	\$ 1,698
Fund Total: Development Fees Fund	\$ (1,378)	\$ 10,000	\$ -	\$ 8,622
Fund Total: General Plan Update and Maint	\$ 405,120	\$ 127,000	\$ (238,300)	\$ 293,820
Fund Total: Green Building Education Fund	\$ 45,373	\$ 10,000	\$ (30,000)	\$ 25,373
Fund Total: Public Arts Fee Fund	\$ 236,812	\$ 120,000	\$ (211,700)	\$ 145,112
Fund Total: Parking Reserve Fund	\$ 12,649	\$ 100,000	\$ (75,000)	\$ 37,649
Fund Total: Technology Fee Fund	\$ 9,802	\$ 5,900	\$ (5,000)	\$ 10,702
Fund Total: PEG - Public Ed and Govern	\$ 80,903	\$ 20,100	\$ (54,500)	\$ 46,503
Fund Total: BIA - Capitola Village-Wharf	\$ 1,040	\$ 70,300	\$ (71,600)	\$ (260)
Fund Total: CDBG Grants	\$ 12,405	\$ 70,000	\$ (7,100)	\$ 75,305
Fund Total: CDBG Programs	\$ 2,300	\$ -	\$ -	\$ 2,300
Fund Total: CDBG Program Inc 07-08 RLF	\$ 5	\$ -	\$ -	\$ 5
Fund Total: HOME ReUse Funds	\$ (9,700)	\$ 12,300	\$ -	\$ 2,600
Fund Total: HOME Grant Fund	\$ (4,721)	\$ -	\$ (10,000)	\$ (14,721)
Fund Total: Housing Trust Fund	\$ 342,886	\$ 18,000	\$ (193,000)	\$ 167,886
Fund Total: BEGIN Grant Fund	\$ 60,000	\$ -	\$ (60,000)	\$ -
<b>TOTAL SPECIAL REVENUES</b>	<b>\$ 1,225,035</b>	<b>\$ 979,250</b>	<b>\$ (1,400,400)</b>	<b>\$ 803,885</b>
				\$ -
<u>Redevelopment Agency</u>				\$ -
Fund Total: RDA Operating Fund	\$ 1,810,071	\$ 2,410,000	\$ (2,997,100)	\$ 1,222,971
Fund Total: RDA Low/Mod Housing Fund	\$ 837,900	\$ 550,000	\$ (1,385,700)	\$ 2,200
<b>TOTAL RDA</b>	<b>\$ 2,647,971</b>	<b>\$ 2,960,000</b>	<b>\$ (4,382,800)</b>	<b>\$ 1,225,171</b>

## EXHIBIT A-2 GENERAL FUND BUDGET

<u>GENERAL FUND SUMMARY</u>	<u>FY11/12 Adopted</u>
TX - Taxes Totals	\$ 8,371,200
LP - Licenses and permits Totals	\$ 229,500
IR - Intergovernmental revenues Totals	\$ 252,700
CFS - Charges for services Totals	\$ 2,276,400
FF - Fines and forfeitures Totals	\$ 814,000
UMP - Use of money & property Totals	\$ 330,300
OR - Other revenues Totals	\$ 59,500
OFS - Other financing sources Totals	\$ 25,000
<b><u>Revenue Totals</u></b>	<b><u>\$ 12,358,600</u></b>
<b>Expenditures</b>	
Personnel Totals	\$ 7,741,400
Contract services Totals	\$ 2,264,950
Supplies Totals	\$ 508,250
Community Grants	\$ 137,500
CAP - Capital outlay Totals	\$ -
Internal service fund charges Totals	\$ 846,700
<u>Sub Total Before Fund Transfers</u>	<u>\$ 11,498,800</u>
<u>Fund Transfers</u>	<u>\$ 832,500</u>
<b>Expenditure Totals:</b>	<b>\$ 12,331,300</b>

<u>GENERAL FUND EXPENDITURES</u>	<u>FY11/12 Budget</u>
<b>DEPARTMENT TOTALS</b>	
City Council	\$ 88,700
City Manager	\$ 785,100
Personnel	\$ 212,800
City Attorney	\$ 183,600
Finance	\$ 678,300
Community Grants	\$ 137,500
Police-Law Enforcement	\$ 5,028,870
Police-Parking Enforcement	\$ 485,300
Police-Lifeguard	\$ 89,700
Police-Animal Services	\$ 16,200
Public Works -Streets	\$ 1,092,195
Public Works - Facilities	\$ 277,000
Public Works-Fleet	\$ 285,320
Public Works-Parks	\$ 436,270
Community Development	\$ 518,900
Building	\$ 203,785
Recreation	\$ 853,760
Museum	\$ 77,300
Arts & Culture	\$ 48,200
<b>Subtotal Before Fund Transfers</b>	<b>\$ 11,498,800</b>
<b>General Fund Transfers</b>	<b>\$ 832,500</b>
<b>Expenditure Totals</b>	<b>\$ 12,331,300</b>

EXHIBIT A-3 COMMUNITY GRANT AWARDS

Community Grants	FY 11-12 Capitola Funding
Advocacy, Inc.	\$4,235
Big Brothers Big Sisters	\$2,762
Cabrillo Stroke and Disability Center	\$6,758
California Grey Bears, Inc.	\$13,941
California Rural Legal Assistance	\$3,626
Campus Kids Connection, Inc.	\$16,565
CASA of Santa Cruz County	\$2,227
Central Coast Center for Independent Living	\$14,697
The Shelter Project - Community Act Bd.	\$1,356
Community Bridges	\$110,528
Conflict Resolution Center of Santa Cruz	\$2,758
Dientes Community Dental Care	\$1,378
Families In Transition	\$2,422
Family Service Agency of the Central Coast	\$8,599
Homeless Services Center of Santa Cruz County	\$2,508
Hospice of Santa Cruz County	\$1,380
Parents Center Santa Cruz	\$7,088
Santa Cruz AIDS Project	\$9,150
Santa Cruz Community Counseling Center	\$6,886
Santa Cruz County Office of Education	\$1,356
Santa Cruz Toddler Care Center	\$1,234
Second Harvest Food Bank of Santa Cruz and San Benito Counties	\$9,825
Senior Citizens Legal Services	\$9,743
Senior Network Services, Inc.	\$2,461
Seniors Council of Santa Cruz and San Benito Counties	\$3,277
Survivors Healing Center	\$528
United Way-Child Abuse Prevention	\$6,107
Vista Center for the Blind and Visually Impaired	\$1,841
Volunteer Center of Santa Cruz County	\$1,356
Women's Crisis Support - Defensa de Mujeres	\$3,613
WomenCARE	\$2,265
Cultural Council of Santa Cruz County	\$4,147
Native Animal Rescue	\$1,188
O'Neill Sea Odyssey	\$5,816
Save our Shores	\$1,379
<b>TOTAL</b>	<b>\$275,000</b>

2011-12 FISCAL YEAR				2011-12 Proposed Funding							Adopted 2010-11 Appropriations	Total Appropriations
Project	Project Number	Location	Prior Budget Appropriations	General Fund	Grants & Other	Gas Tax	TDA	RDA	Wharf			
All figures x1,000												
<b>Completed Projects</b>				<b>Final cost</b>								
Capitola Road Pedestrian Improvements	cs0002	41st Ave to 45th Ave		\$ 362								
41st Avenue Paving UPRR south	cs0013	Payment to County		\$ 10.0								
Beulah House Demolition	cp0001	504 Beulah Ave		\$ 18.7								
<b>On-Going Projects</b>				<b>Estimated Cost to date</b>								
Pacific Cove Parking Structure		Pacific Cove Parking Lot	\$ 42.5	\$ 42.5		\$ 50					\$ 50	\$ 92.5
Clares & Wharf Traffic Calming	ct0001	41st Ave to Wharf Rd	\$356.0	\$ 57.0							\$ -	\$ 356.0
38th Avenue Overlay	cs0008	Brommer St to Capitola Ave	\$ 590.0	\$ 53.0							\$ -	\$ 590.0
Esplanade Park Retaining Wall	cp0003	Esplanade Park	\$ 6.6								\$ -	\$ 6.6
Pavement Management Program	cs0011	Cherry Street	\$ 89.0	\$ 11.0							\$ -	\$ 89.0
Slurry Seal Program	cs0012	43rd,44th, 47th, 48th, & Grace	\$ 142.5								\$ -	\$ 142.5
Police Department HVAC	cf0001	Police Department	\$ 56.0	\$ 56.0							\$ -	\$ 56.0
Soquel Creek Flume Repairs	cc0001	Beach	\$ 10.0	\$ 10.0		\$ 30					\$ 30	\$ 40.0
Electric Vehicle Charging Stations	ct0001	Pacific Cove	\$ 4.5	\$ 4.5							\$ -	\$ 4.5
Rispin Hazard Abatement	cb0001	Rispin	\$ 650	\$ 300				\$250				\$ 900.0
<b>New Projects</b>												
Pavement Management Program		Monterey Ave, Bay Ave, Fanmar			\$50						\$ 50	\$ 50.0
<b>Totals</b>					\$ 50	\$ 80	\$-	\$-	\$ 250	\$-	\$ 130	\$ 2,327.1

# ATTACHMENT E

## RDA ADOPTION RESOLUTION

# ATTACHMENT F

## GANN/ANNUAL APPROPRIATION

# COPY

RESOLUTION NO. 3869

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
SETTING THE 2011-12 FISCAL YEAR APPROPRIATION LIMIT PURSUANT  
TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION**

WHEREAS, before June 30 of each year, the City Council must select the factors to calculate the appropriation limit for the ensuing fiscal year and set the appropriation limit accordingly.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2011-2012 fiscal year appropriation limit shall be \$ 12,662,030, calculated as follows:

Change in Local Non-residential New Construction	1.21911
Population change within the county:	1.00720
2010-2011 Appropriation Limit:	\$ 10,312,043
Adjustment Factor (1.21911 X 1.00720)	x <u>1.22789</u>
2011-2012 Appropriation Limit:	<u>\$ 12,662,030</u>

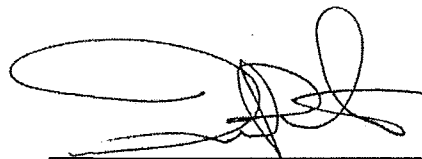
I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 9<sup>th</sup> day of June, 2011, by the following vote:

AYES: Council Members Harlan, Termini, Nicol, Storey, and Mayor Norton

NOES: None

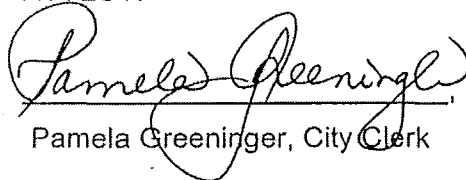
ABSENT: None

ABSTAIN: None

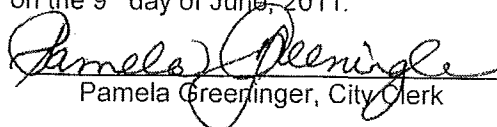


Dennis R. Norton, Mayor

ATTEST:

 MMC  
Pamela Greeninger, City Clerk

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3869 passed and adopted by the Capitola City Council on the 9<sup>th</sup> day of June, 2011.

 MMC  
Pamela Greeninger, City Clerk



## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 9, 2011

FROM: FINANCE DEPARTMENT

DATE: JUNE 1, 2011

SUBJECT: ADOPT RESOLUTION SETTING THE 2011-12 APPROPRIATION LIMIT AS  
REQUIRED BY ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

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**Recommended Action:** By motion and roll call vote, that the City Council adopt the proposed Resolution Setting the 2011-12 Fiscal Year Appropriation Limit Pursuant to Article XIII B of the California Constitution.

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### **BACKGROUND**

On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Initiative, establishing Article XIII B of the State Constitution. This proposition places annual limits on the appropriation of tax proceeds that can be made, based on the 1978-79 base year, and adjusted each year for population growth and cost-of-living factors. It precludes state and local government from retaining "excess" revenues above the appropriation limit, and requires the State to reimburse local government for the cost of certain mandates.

Two subsequent initiatives, Proposition 98 in 1988 and Proposition 111 in 1990, modify the appropriation limit requirements. Proposition 98 amends the methodology for allocation of excess revenues. Proposition 111 changes the population growth and cost-of-living factors to be used in calculating the limit, adds additional exempted items, and further adjusts allocation of excess revenues.

The appropriations limit applies only to tax proceeds. Charges for services, fees, grants, loans, donations, and other non-tax based proceeds are excluded. Exemptions are also made for voter approved debt, debt that existed prior to January 1, 1979, and for the cost of compliance with court or Federal government mandates.

The State Constitution requires that prior to June 30 of each year, Council ratify calculation factors and set the City's appropriations limit for the following fiscal year.

### **DISCUSSION**

The Appropriations Limit for a given fiscal year is established in the months preceding the beginning of that fiscal year. The California Revenue and Taxation Code, Section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population, "Annual Percent Change in Population Minus Exclusions", to local governments. Each local jurisdiction uses this percentage change in population factor for January 1, 2011 in conjunction with the County-issued "Local Nonresidential Property Value Increment By Fund" to calculate the Appropriation Factor used in determining the Limit.

