



# City Financial Update

## *Overview:*

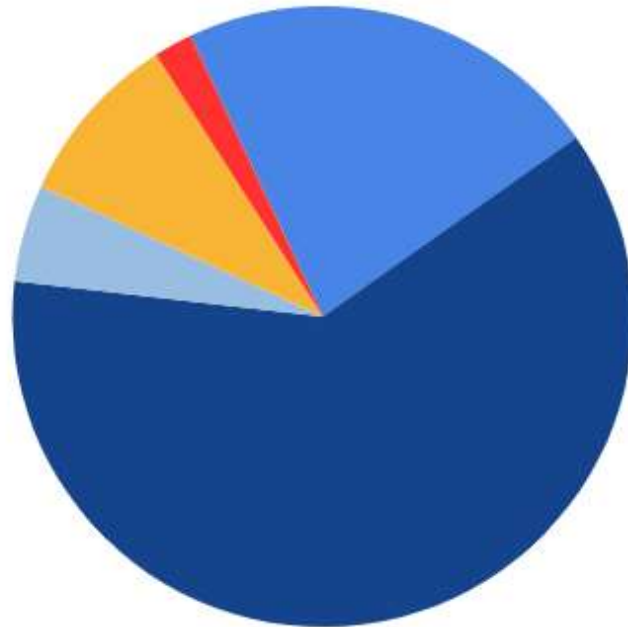
- Review Measure F & Promises Kept
- Explain Financial Forecast
- Discuss Potential Revenue Measure

## Measure F: General Revenue Funds

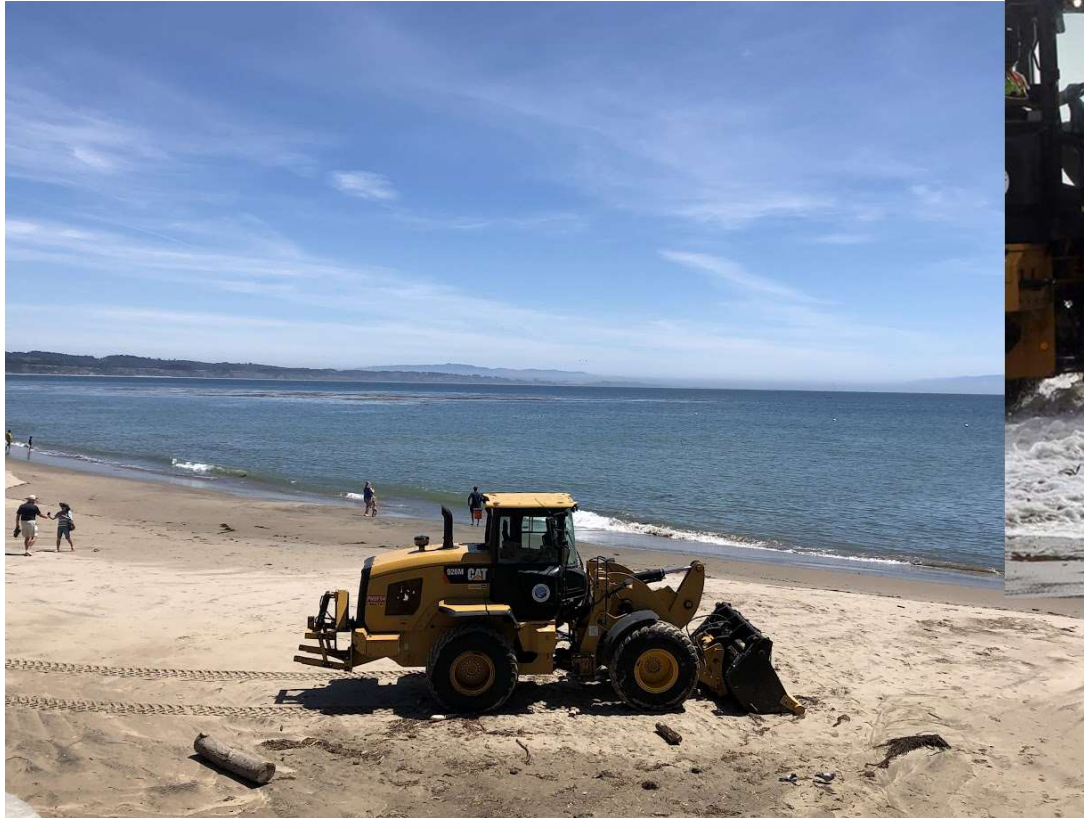
- Voter approved with 81% support in 2016
  - Quarter-cent sales tax for ten years
- Paid for the **Wharf Resiliency and Public Access Project**, and rebuilding of the Wharf after 2023 storm damage
- Repaired both **Flume** and **Jetty**
- Provided essential city services like **Police** and **Public Works**



## How Measure F Funds Were Used

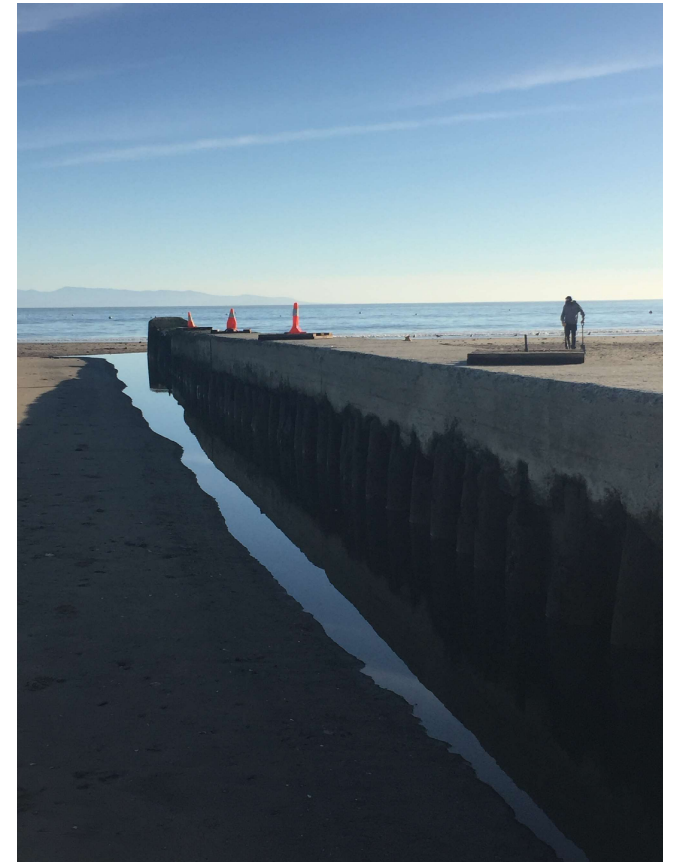


- PUBLIC SAFETY AND EMERGENCY RESPONSE  
22% (\$1,321,601)
- WHARF  
61% (\$3,595,083)
- JETTY  
5% (\$321,381)
- FLUME  
9% (\$512,586)
- BEACH LOADER  
2% (\$237,557)



Beach Loader





Rebuilt Flume



Rebuilt Jetty



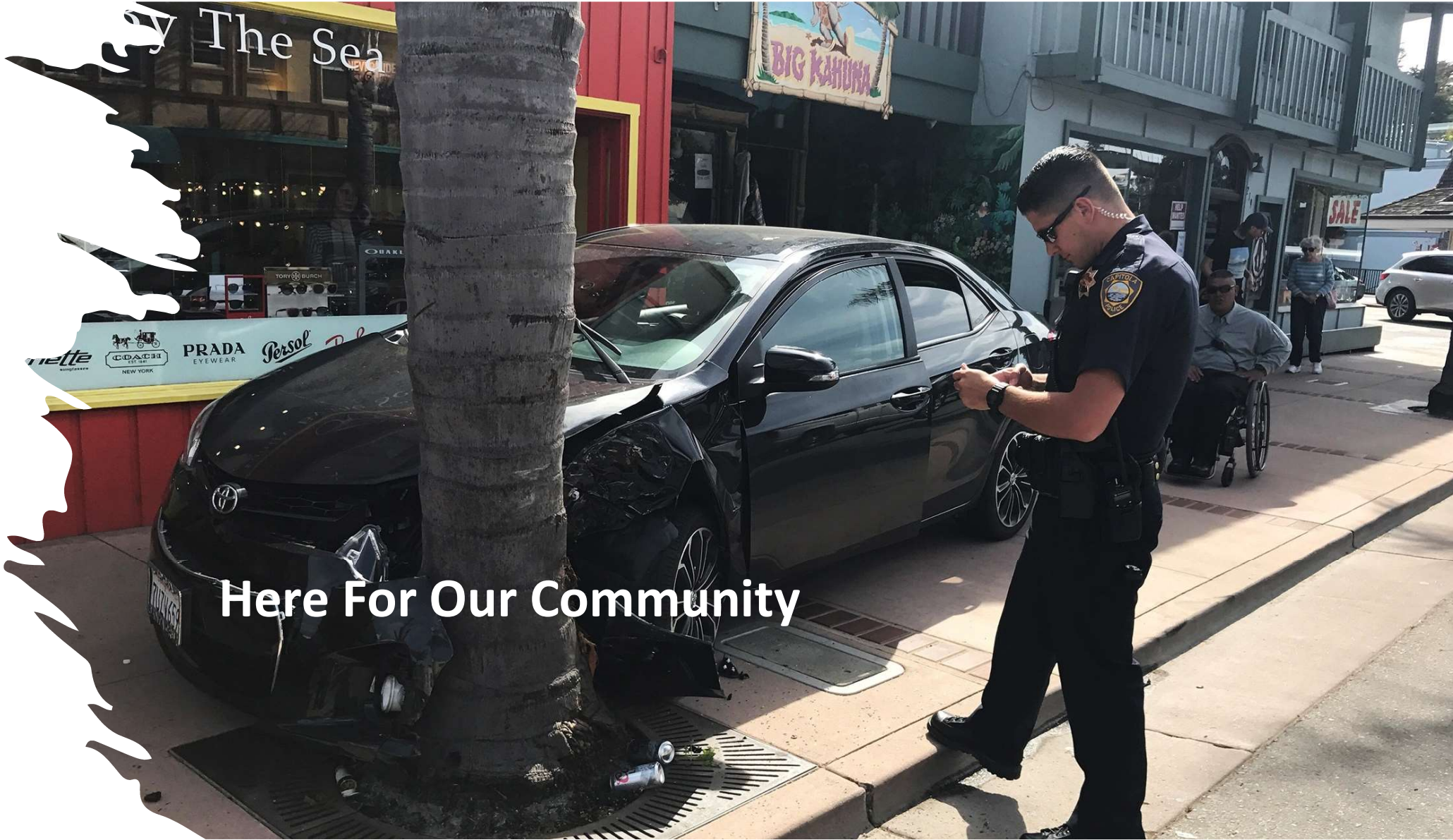


Rebuilt Wharf

A close-up, shallow depth-of-field photograph of a shiny, reflective metal bell, likely a service bell, resting on a desk. The bell is highly polished and reflects the surrounding environment. The background is a blurred office space with warm lighting, suggesting a professional setting. The text "Capitola Police" is overlaid in white, sans-serif font on the right side of the image.

# Capitola Police





Here For Our Community









## TRAFFIC LAWS

- 21200 CVC — Requires all bicyclists must follow the vehicle/rules of the road
- 21208 CVC — Bike lanes
- 22450 CVC — Stop signs
- M.C.C.P. 10.44.030 — Riding on sidewalks
- M.C.C.P. 10.44.060 — Parking rules

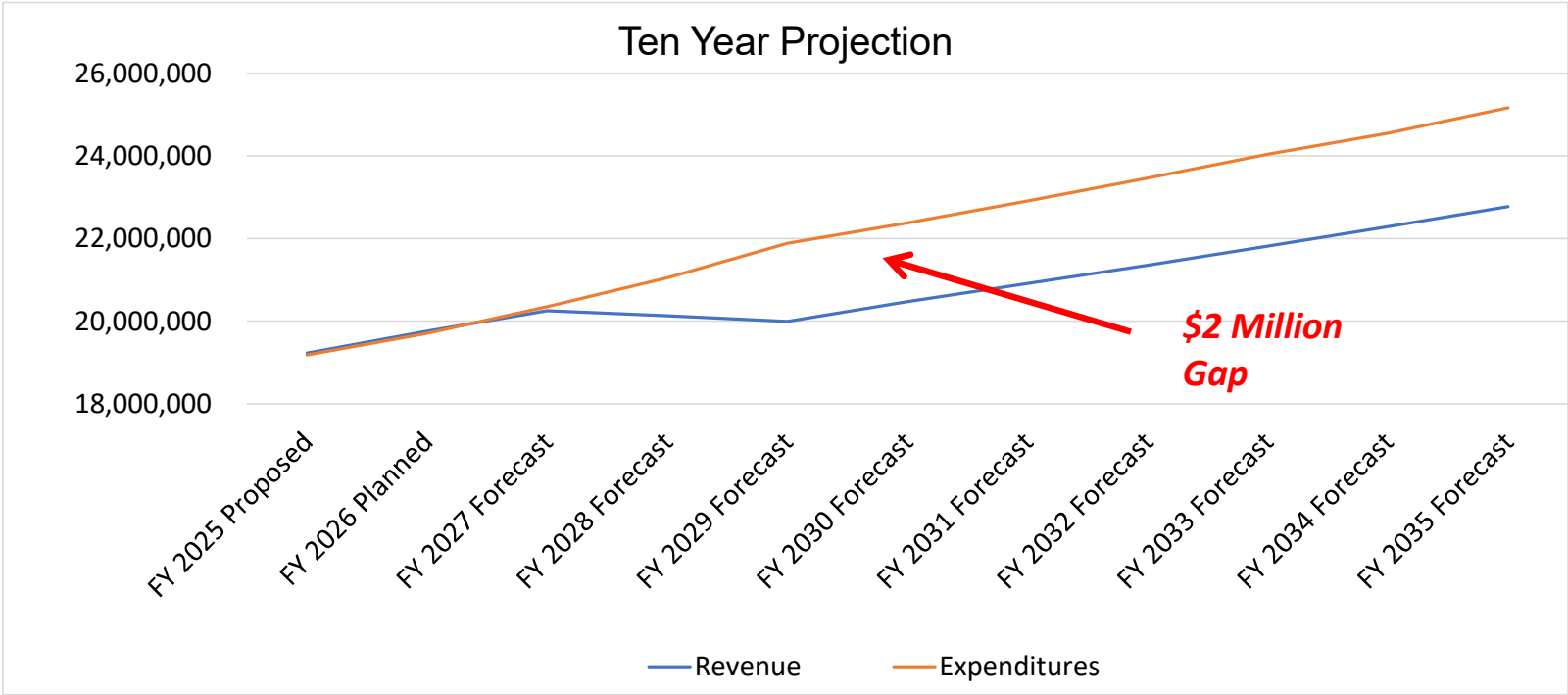






Looking Ahead

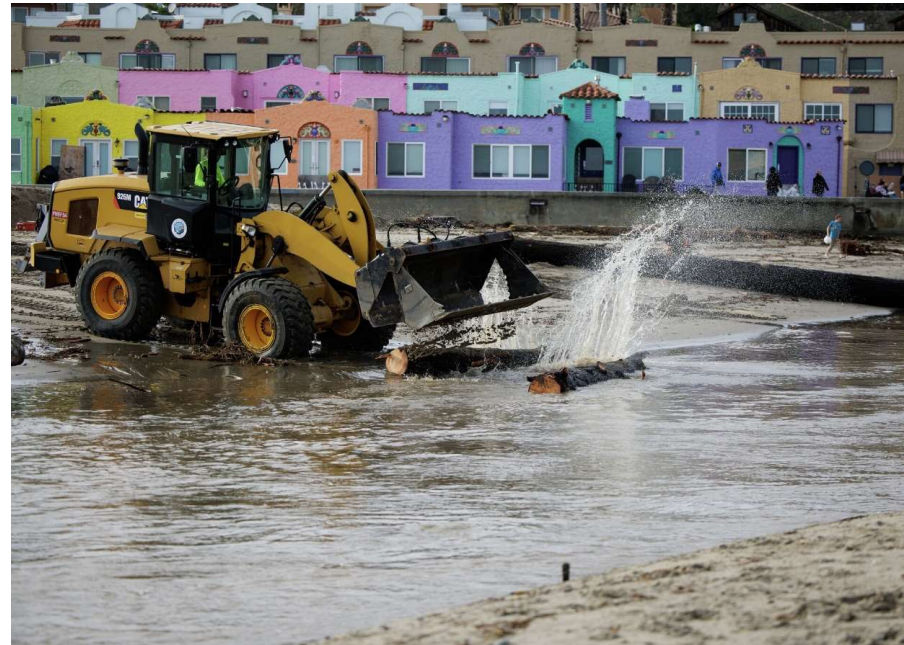
# Budget Forecast



	FY 2025 Proposed	FY 2026 Planned	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Revenue	19,229,066	19,761,838	20,257,304	20,134,596	19,997,928	20,477,768
Expenditures	19,185,566	19,708,435	20,353,218	21,051,107	21,889,456	22,376,566
<b>Net Impact Fund Balance</b>	<b>43,500</b>	<b>53,403</b>	<b>(95,914)</b>	<b>(916,512)</b>	<b>(1,891,528)</b>	<b>(1,898,798)</b>

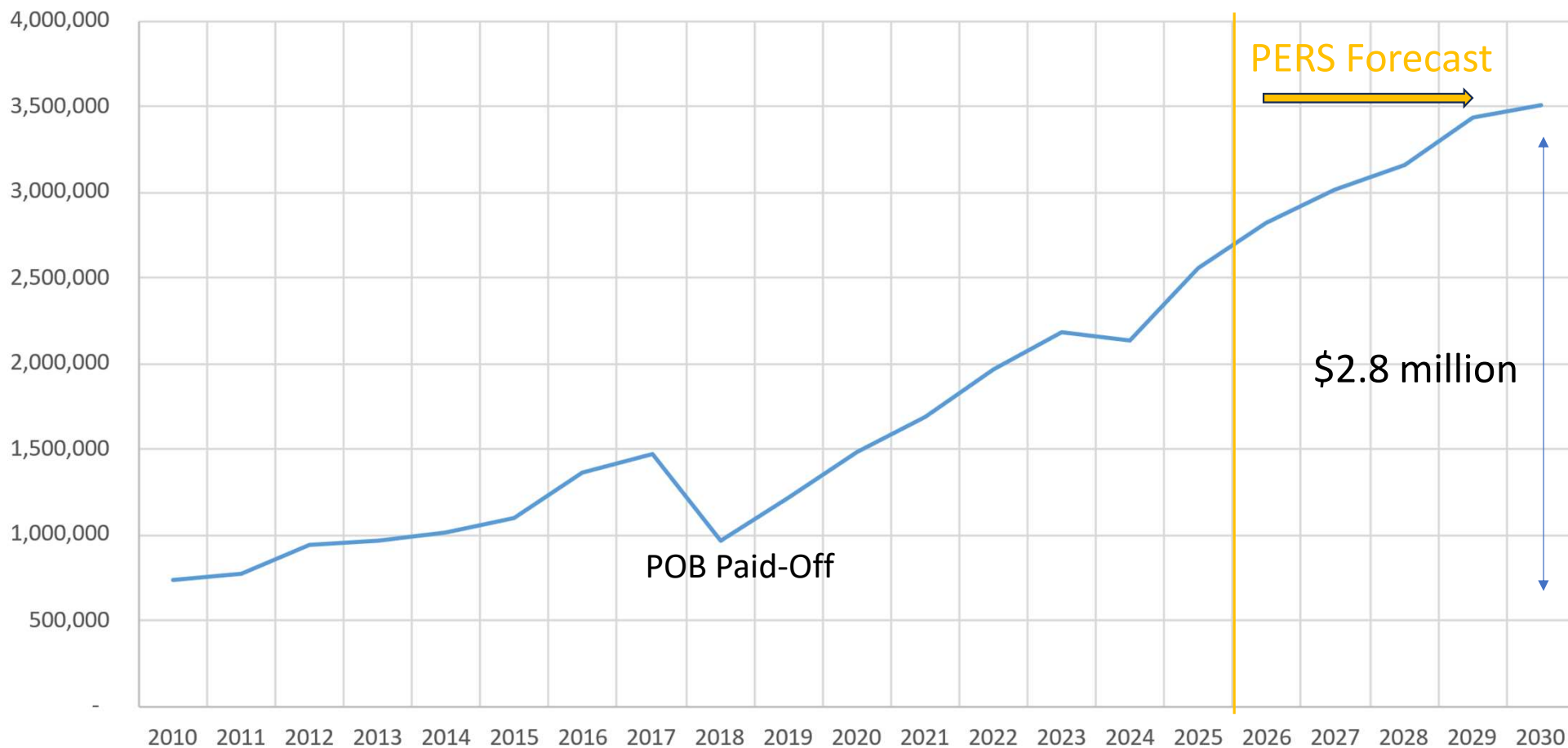
# What is Driving Budget Shortfalls?

- Measure F expiring 2027
- Rising pension costs
- Sales tax not keeping up with inflation

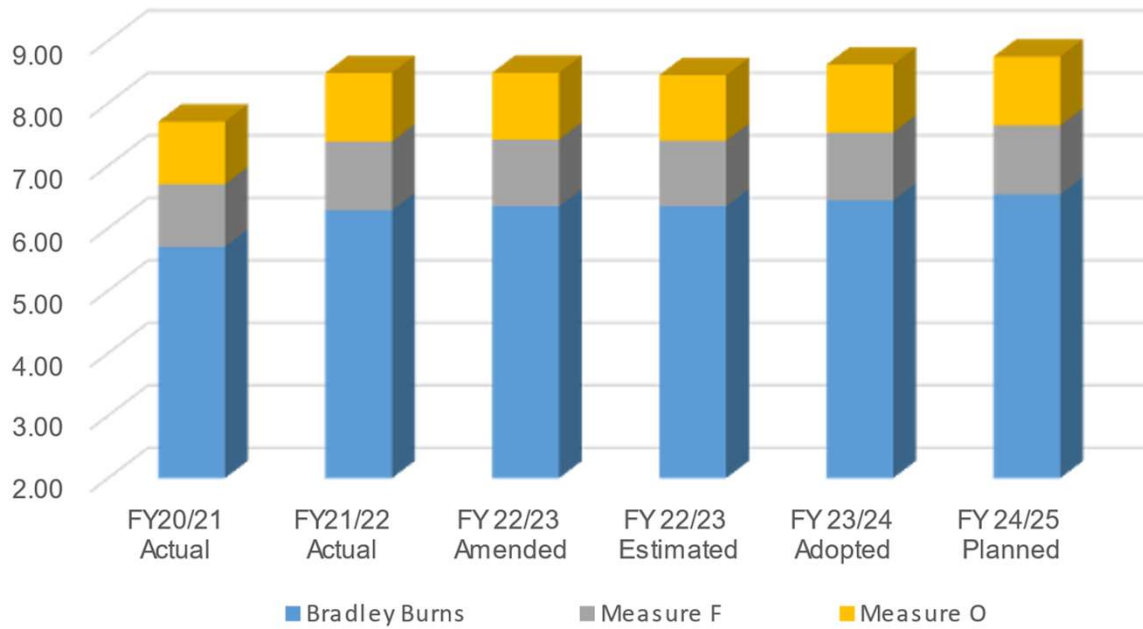




# PERS Retirement Costs

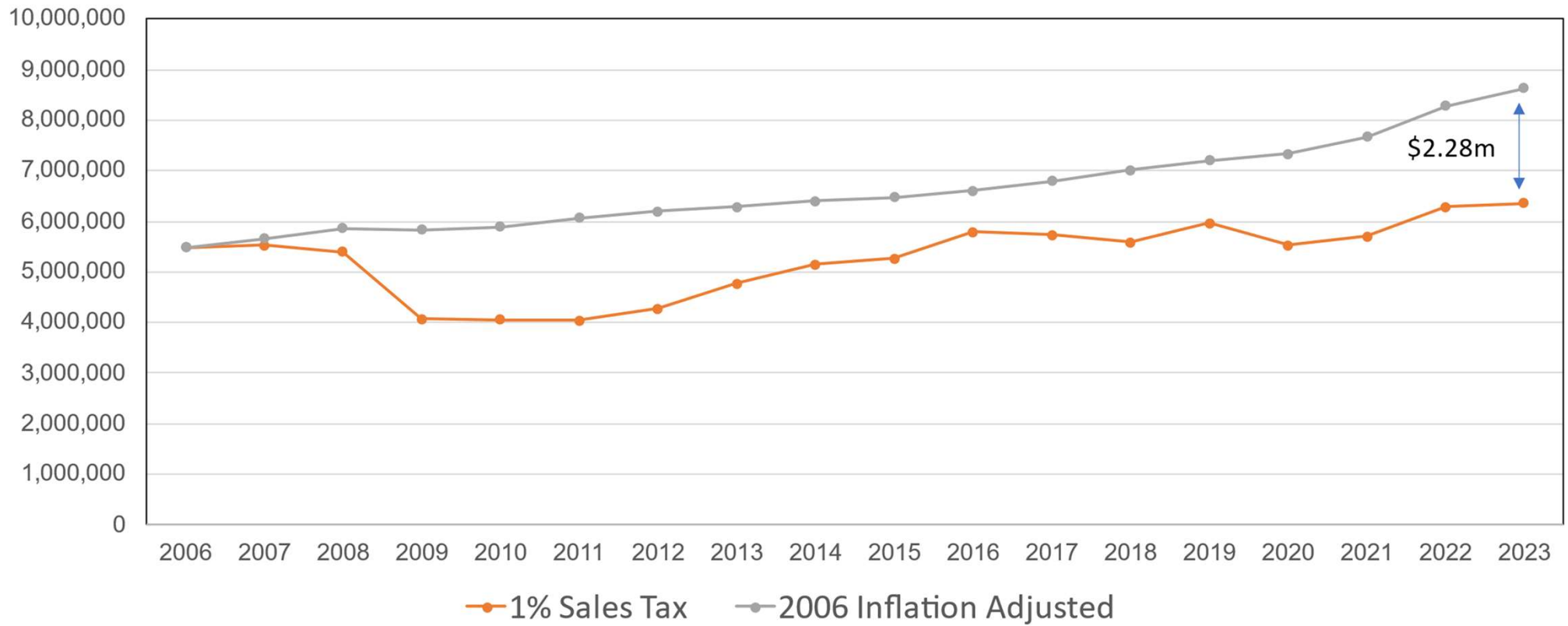


**Sales Tax Trend**  
(in millions)



Sales tax by Geographic Area	
Area:	% of Total:
41st Ave. Corridor	79.1%
Capitola Village	11.2%
Upper Village	6.9%
Light Industrial District	2.8%
	100.0%

## Long Term Sales Tax Trend





# What Does This All Mean?

- Combined effect of inflationary losses in sales tax plus increased pension costs have eroded \$5 million in City purchasing power
- Total 2025 City revenue: \$19.2 million
- Significantly reduced available City funding for priorities:
  - Less funding for roads
  - Less competitive compensation for employees
  - Less maintenance of aging City facilities

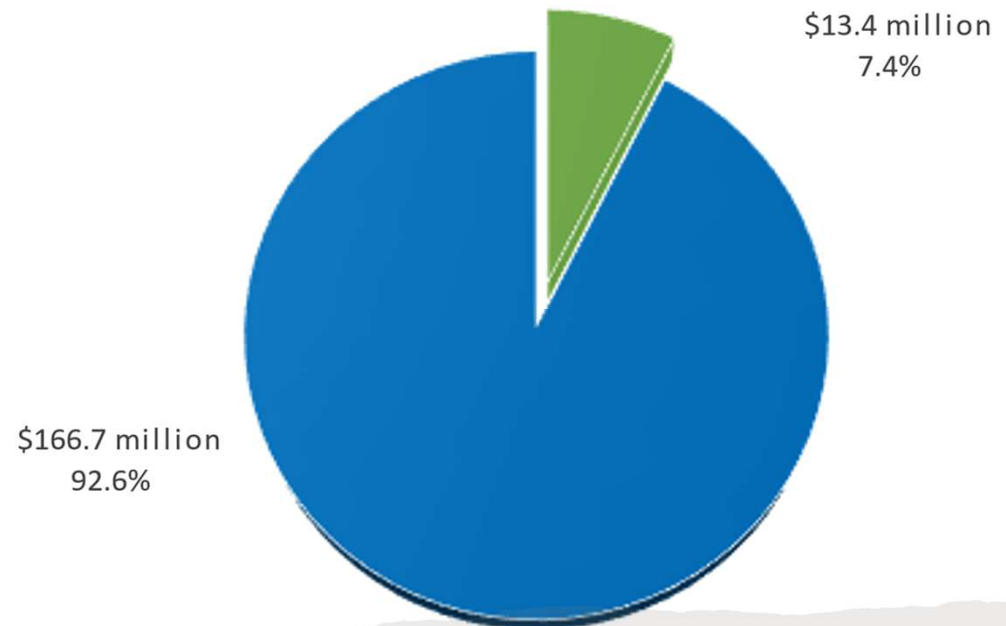
# Don't Taxes Help the City?

- 7.5% of property taxes paid by Capitola residents go to the City's budget. The rest goes to State, County, and outside agencies
- 16.5% of sales tax paid in Capitola goes to the City
- 0% of income tax

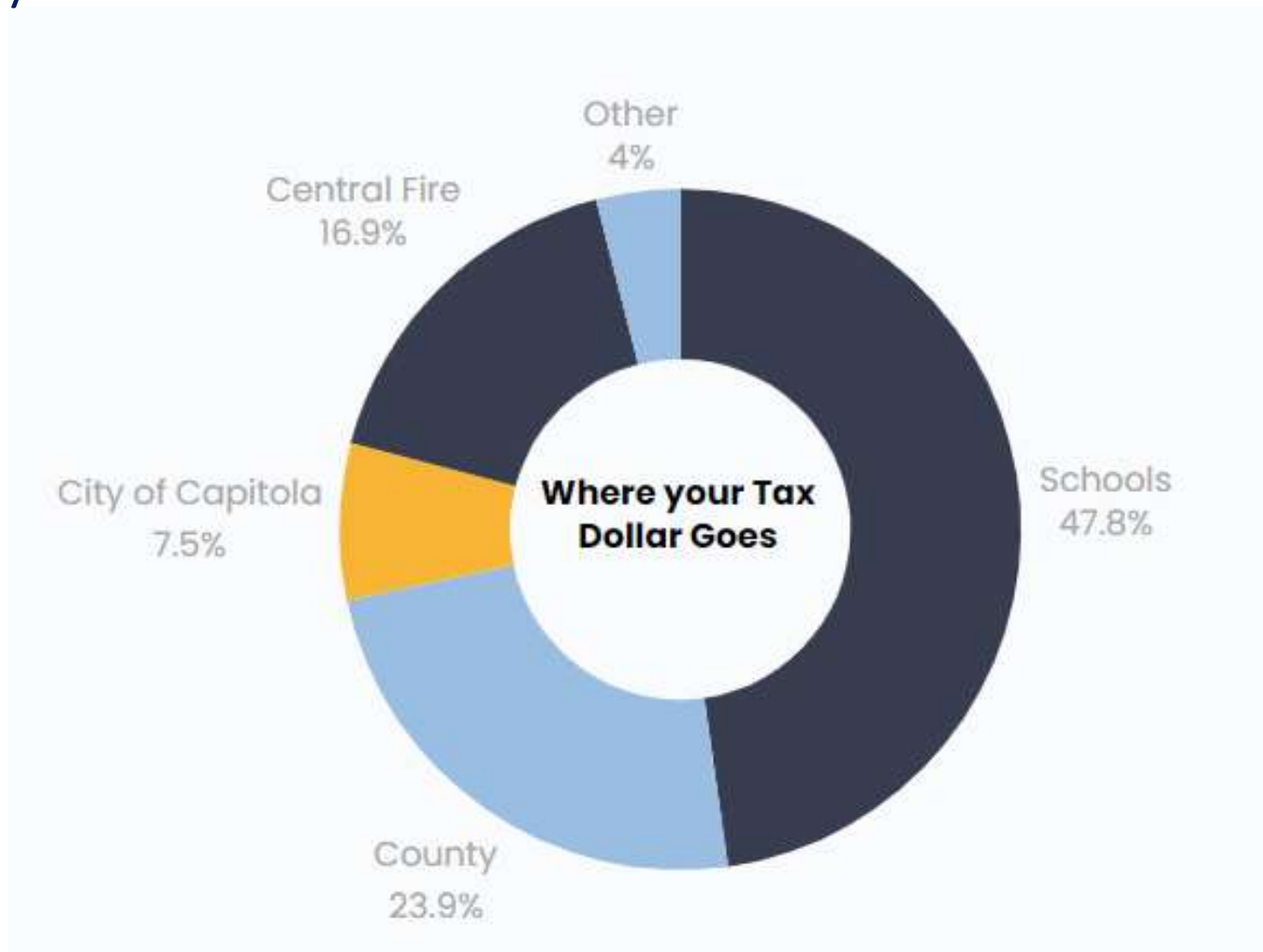
## Total Taxes

- Estimated \$180.1 million of total taxes generated within the City
- **Capitola only receives approximately 7.4%**

Total Taxes \$180.1 million



## Property Tax Breakdown:





# Potential New Tax Measure

- As promised, Measure F paid for:
  - Wharf
  - Flume
  - Jetty
  - Essential services
- Because Measure F projects were completed early, replace Measure F with half-cent tax measure
  - Estimated **\$2.2 million** in revenue

# Based on Polling, New Measure to Support

Majority of voters recognize the City's need for additional funding → willing to maintain services through taxes

## Top priorities for voters:

- Public safety response
- Roads, sidewalks, and bike lanes
- Beach and new Wharf
- Youth recreation programs
- Support for small businesses

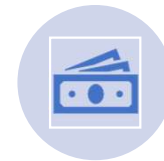
# Why a Sales Tax?



Projected fiscal challenges



**Measure F will expire in 2027**



Previous support for tax measures **high**



Less than **1/3 of all sales tax** paid by City residents



Sales tax is a way to balance tax between **visitors and residents**

# Why a Sales Tax?

Beginning July 1, sales tax rates in the County will be:

- Capitola: 9.00%
- Santa Cruz: 9.75%
- Watsonville: 9.75%
- Scotts Valley: 9.75%
- Unincorporated Santa Cruz County: 9.50%

General fund tax to pay for essential City services and infrastructure needs



## General Revenue = Services for the Community

---

- Public Safety & Community Policing
- Capitola Beach, Roads & Parks
- Newly Rebuilt Capitola Wharf
- Recreation & Youth Programming





## Public Safety





## City Infrastructure & Parks



PCI 28  
From  
this...



PCI 100  
...To  
this!

Improve & Maintain  
City Roads





Maintain Wharf  
& Beach



# How To Help



Help others understand  
fiscal challenges



Talk to Mike



Vote!



Questions?

