



AGENDA
FINANCE ADVISORY COMMITTEE
REGULAR MEETING
TUESDAY NOVEMBER 19, 2024
6:00 PM
CITY HALL COMMUNITY ROOM
420 CAPITOLA AVENUE, CAPITOLA, CA 95010

CALL TO ORDER AND ROLL CALL

Committee Members: Mayor Kristen Brown, Vice Mayor Yvette Brooks, Chairperson Michelle Coffman, Vice Chairperson Anthony Rovai, Laura Alioto, Matt Aurther, Anthony Guajardo

ORAL COMMUNICATIONS *(No action may be taken)*

The Chair may announce and set time limits at the beginning of each agenda item.

The Committee Members may not discuss Oral Communications to any significant degree but may request issues raised be placed on a future agenda.

OTHER BUSINESS *The Chair may announce and set time limits for speakers at the beginning of each agenda item.*

Topic	Who	Min.
A. Approval of Minutes – Meetings of May 21 and Sept. 17, 2024	All	5
B. 2025 FAC Meeting Calendar	All	10
C. Measure Y Update	Fin Dir	15
D. Quarterly Investment Report	Fin Dir	15
E. Discussion of Items for Next Agenda	All	5

ADJOURNMENT

Notice: The Finance Advisory Committee meets on the Tuesday every other month at 6:00 PM in the Community Room in City Hall located at 420 Capitola Avenue, Capitola.

Agenda and Agenda Packet Materials: The Finance Advisory Committee Agenda is available on the City's website: www.cityofcapitola.org/ on Friday prior to the Tuesday meeting. If you need additional information, please contact the Finance Department at (831) 475-7300.

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 accommodation 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.

Appeals: Any person who believes that a final action of this advisory body has been taken in error may appeal that decision to the City Council. Appeals must be in writing and delivered to the City Clerk's Office within ten (10) working days from the time of the boards' decision. The notice of appeal shall set forth appellant's name, phone number, address to which notices may be sent to the appellant, and the grounds upon which the appeal is made.



MINUTES
FINANCE ADVISORY COMMITTEE
REGULAR MEETING
TUESDAY MAY 21, 2024
6:00 PM
CITY HALL COMMUNITY ROOM
420 CAPITOLA AVENUE, CAPITOLA, CA 95010

CALL TO ORDER AND ROLL CALL

Committee Members Present: Vice Mayor Yvette Brooks, Chairperson Michelle Coffman, Vice Chairperson Anthony Rovai, Laura Alioto

Committee Members Absent: Mayor Kristen Brown

ORAL COMMUNICATIONS

None

OTHER BUSINESS

None

Topic
<p>A. FY 2024-25 Proposed Budget Follow-Up</p> <p>Staff provided updates to the proposed budget related to the completion of negotiations with a few of the labor bargaining groups as well as the requested information for McGregor Pump Track and the Eviction Defense Collaborative. The FAC made a recommendation to City Council to allocate an additional \$30,000 to McGregor Pump Track while staff continues to seek additional matching donations and to designate \$5,000 for the Eviction Defense Collaborative pending further follow-up by staff.</p>
<p>B. Discussion on annual update, if any, to City Investment Policy</p> <p>Staff provided an overview of the City investment policy. After a brief discussion, the committee recommended adopting the FY 2024-25 City Investment Policy without any changes. However, the FAC requested a review of the policy during the fiscal year to consider Multilateral Investment Guarantee Agency (MIGA) products.</p>
<p>C. City Council Compensation</p> <p>Staff provided an overview of Senate Bill (SB) 329 related to City Council compensation with an effective date of Jan. 1, 2024, as well as a history of City Council compensation in Capitola. SB329 increased the maximum compensation for cities with a population up to and including 35,000 to \$950 per month with the intent of allowing individuals across different income levels to serve & support their families. Following the discussion, the FAC unanimously recommended to the City Council to increase City Council compensation to \$950 per month as allowed by State law. Vice Mayor Brooks abstained from voting.</p>
<p>D. Discussion of Items for Next Agenda</p> <p>quarterly investment report, potential fee schedule, banking rfp and TOT ordinance updates.</p>

ADJOURNMENT: Chairperson Coffman adjourned the meeting at 7:03 PM.



MINUTES
FINANCE ADVISORY COMMITTEE
REGULAR MEETING
TUESDAY SEPTEMBER 17, 2024
6:00 PM
CITY HALL COMMUNITY ROOM
420 CAPITOLA AVENUE, CAPITOLA, CA 95010

CALL TO ORDER AND ROLL CALL

Committee Members Present: Vice Mayor Yvette Brooks, Chairperson Michelle Coffman, Vice Chairperson Anthony Rovai, Laura Alioto, , Anthony Guajardo

Committee Members Absent: Mayor Kristen Brown, Matt Aurther

ORAL COMMUNICATIONS

None

OTHER BUSINESS

None

Topic
<p>A. Approval of Minutes – Meetings of May 14 and May 21, 2024 Meeting minutes of May 14th moved by Vicechair Rovai, seconded by Mayor Brown. Minutes unanimously approved. The Committee requested staff bring back the meeting minutes of May 21st to the next meeting.</p>
<p>B. Quarterly Investment Report Staff provided a report on the 4th quarter investment activity as well as a summary of investment activity during FY 2023-24.</p>
<p>C. Fee Study Update Staff provided an overview of the progress on the fee study including key findings, next steps, and a timeline for City Council approval.</p>
<p>D. TOT Ordinance Update Staff provided a summary of proposed changes to the Transient Occupancy Tax (TOT) Ordinance which included expanded definitions and new reporting requirements for property manages. Staff also provided an update on outreach efforts to date.</p>
<p>E. Banking Services Update Staff provided a summary of the banking services Request for Proposals (RFP) that were received as well as the interviews and reference checks that were conducted determining that Santa Cruz County Bank offered the highest value to the City.</p>

ADJOURNMENT: Chairperson Coffman adjourned the meeting at 7:03.

Finance Advisory Committee Agenda Report



Meeting: November 19, 2024

From: Finance Department, Jim Malberg

Subject: 2025 Finance Advisory Committee Meeting Schedule

Recommended Action: Set the 2025 calendar year Finance Advisory Committee meeting schedule.

Background: The Finance Advisory Committee advises the City Council on financial matters pertaining to the governing of the City, as well as on the use of fiscal resources. Three of the seven members are appointed by individual Council Members on the basis of their knowledge, experience, and qualifications in financial management and related areas. These appointees must be City residents.

Discussion: The Finance Advisory Committee meets on the third Tuesday of every other month at 6 p.m. at Capitola City Hall and additional meetings may be scheduled during budget preparation. At the end of each calendar year the committee members set their schedule for the following calendar year with meetings beginning in either January or February. Due to the November 2024 election and to allow time for the new City Council to appoint new committee members, staff is recommending the following schedule for 2025:

- Feb. 18th
- April 15th
- June 17th
- Aug. 19th
- Oct. 21st
- Dec. 16th
 - *Additional special budget meeting in May/June if necessary*

All meetings will be in-person in the City Hall Community Room located at 420 Capitola Ave and are scheduled to begin at 6:00 PM.

Fiscal Impact: None

Report Prepared By: Report Prepared By: Jim Malberg, Finance Director

Finance Advisory Committee

Agenda Report



Meeting: November 19, 2024

From: Finance Department

Subject: Measure Y Update

Recommended Action: Receive report from staff

Background: On June 27, 2024, the City Council approved the submission of a ballot measure to Capitola voters replacing a one-quarter (0.25%) cent Transactions and Use Tax (“Sales Tax”) with a one-half (0.50%) cent Sales Tax for a ten year period to protect essential city services, including public safety and emergency services; repair potholes, maintain streets, sidewalks, bike lanes, beaches, the new wharf, and recreation programs for youth; improve traffic safety; and support local businesses (the “Measure”).

Discussion: The 2024 General Municipal Election was held in Capitola on November 5, 2024. At the 2024 General Election, voters elected two members of the City Council and voted on a City-sponsored ballot measure to repeal an existing 0.25% transactions and use (“Sales Tax”) and replace it with a 0.5% Sales Tax through December 2034.

Capitola has 6,973 registered voters and Measure Y requires a simple majority of yes votes to be approved. As of Nov. 12th, Measure Y had received 3,409 (67%) yes votes vs. 1,659 (33%) no votes as well as 526 under/over votes out of a total of about 5,594 counted ballots. With only a potential of 1,379 remaining ballots to be counted, Measure Y has unofficially been approved by voters.

Fiscal Impact: Staff estimates that the Measure Y half-cent Sales Tax will generate \$2.2 million annually. This revenue will be replacing the \$1.1 million of Measure F that was scheduled to expire in Dec. 2027. The increase is projected to generate an estimated \$22 million in revenues over the ten-year life of the measure (assuming an average increase in sales tax revenues of 2.5% per year); with actual revenues determined by economic conditions.

Report Prepared By: Report Prepared By: Jim Malberg, Finance Director

Finance Advisory Committee

Agenda Report



Meeting: November 19, 2024
From: Finance Department
Subject: FY 2024-25 1st Quarter Investment Report

Recommended Action: Receive report from staff.

Background: California Government Code §53630 et seq. contains State requirements for the deposit of City funds. Government Code §53635 requires that all money belonging to, or in the custody of, a local agency be deposited in certain allowable instruments. The current Investment Policy was approved by the City Council on August 9, 2001, by adoption of Resolution No. 3149, affirming the City's Investment Policy. This resolution was then incorporated into the City's Administrative Policies. California Government Code requires a city to annually review its investment policy.

Discussion: The California Debt and Investment Advisory Committee annually updates the Local Agency Investment Guidelines which lists the allowable investment options for local public agencies. The City's current investment policy is considered conservative, permitting the City to invest in seven of the twenty-five investment instruments allowable by the California Government Code. Understanding the 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

The City's FY 2024-25 Investment Policy was confirmed by the City Council on June 13, 2024. City investment funds shall only be invested in the following permitted investments:

1. State of California Local Agency Investment Fund
2. U.S. Treasury Obligations
3. U.S. Agency Obligations
4. Negotiable Certificates of Deposit
5. Placement Service Deposits
6. Placement Service Certificates of Deposit
7. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months*

As of Sept. 30, 2024, the City had approximately \$7.1 million of cash and investments as follows:

Wells Fargo - \$2.3 million

Santa Cruz County Bank - \$526,000

LAIF - \$1.4 million

Investments - \$3.0 million

Additionally, the City had the following amounts in Retirement Trust accounts:

CalPERS Section 115 Pension Trust - \$1.6 million

Other Post Employment Benefit (OPEB) Trust - \$847,000

During the 1st quarter of FY 2024-25 the City earned approximately \$47,300 in interest earnings vs. \$113,900 during the same period in the prior year.

Fiscal Impact: None

Report Prepared By: Report Prepared By: Jim Malberg, Finance Director