



Preliminary Findings

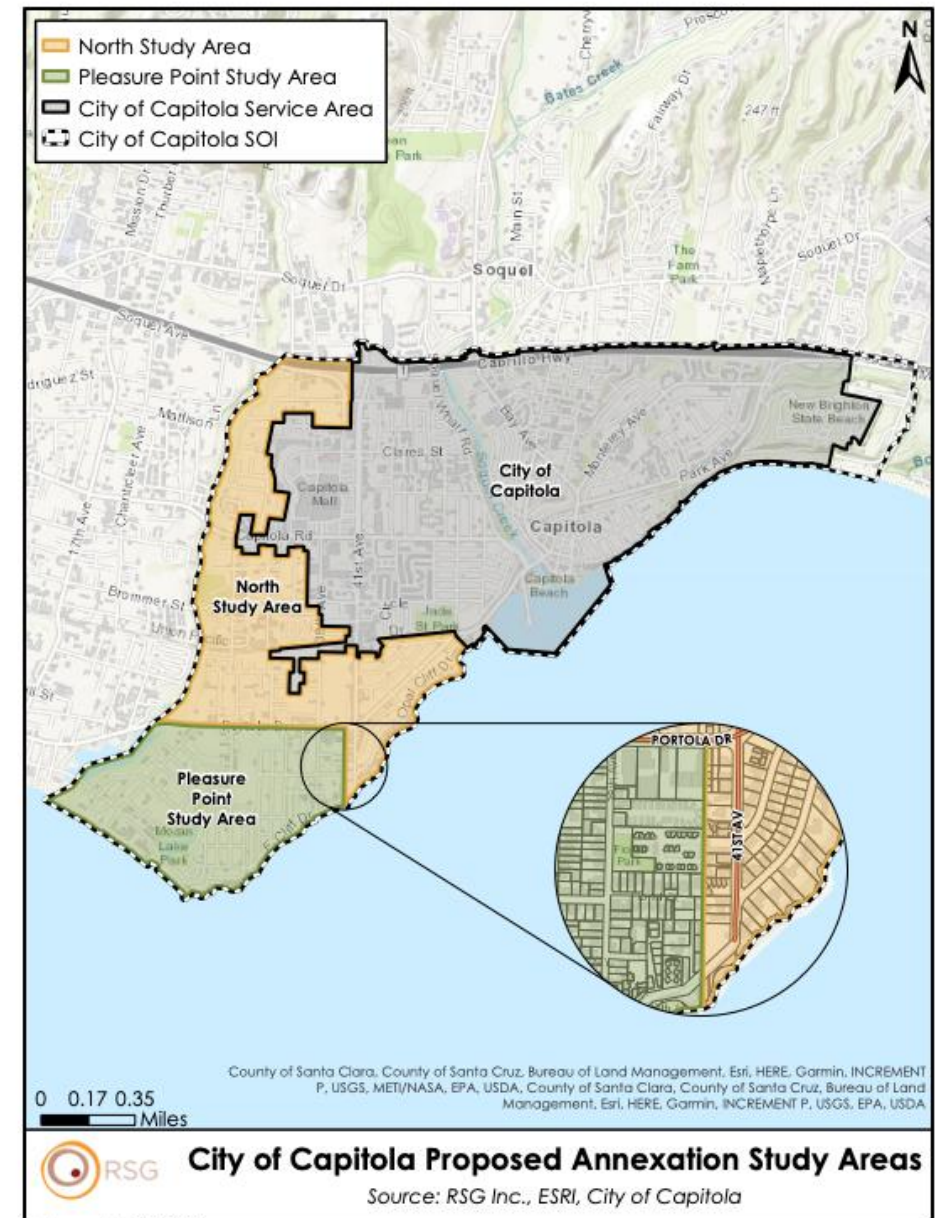
Annexation Plan Development for Capitola

RSG, City of Capitola

November 13, 2025

Study Areas - Updated

Study Area	Size	Parcels	Population
North	0.63	1,526	4,857
Pleasure Point	0.45	1,430	3,342
Combined	1.08	2,956	8,199
City	1.72	4,500	9,598



Service Providers

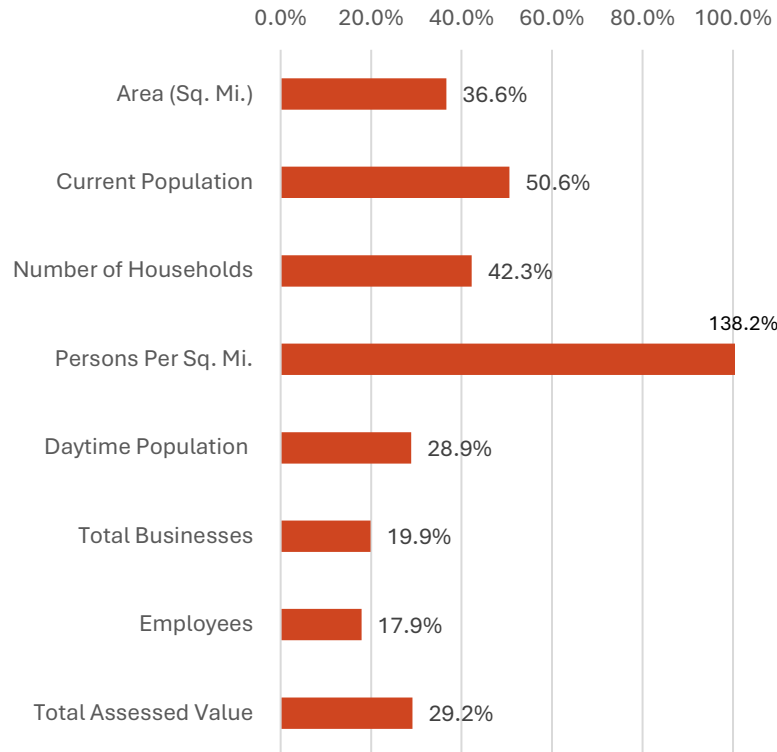
The following service providers will detach from their current providers and annex into the City:

- Law Enforcement
- Parks and Recreation
- Lighting
- Streets/Road Maintenance
- Solid Waste

Service	Current Service Provider to Study Area	Service Provider to Study Area After Annexation	Impact
Law Enforcement	County Sheriff's Office	Capitola Police Department	Annexation
Fire & Emergency Medical	Central Fire District	Central Fire District	No Change
Parks and Recreation	Parks and Recreation CSA-11	Public Works Parks Department/ Community Services and Recreation	Detachment /Annexation
Lighting	Santa Cruz County Residential Lighting CSA-09A	Capitola Public Works Department	Detachment /Annexation
Streets/Road Maintenance	CSA-09D/E	Capitola Public Works Department	Detachment /Annexation
Solid Waste	Refuse Disposal CSA-09C (GreenWaste)	Capitola Public Works Department (GreenWaste)	Detachment /Annexation
Water	Soquel Creek Water District City of Santa Cruz DPW Small Water District	Soquel Creek Water District City of Santa Cruz DPW Small Water District	No Change
Wastewater	Santa Cruz County Sanitation District	Santa Cruz County Sanitation District	No Change
Transportation	Santa Cruz Metropolitan Transit District	Santa Cruz Metropolitan Transit District	No Change

Demographic Data

North Study Area Percent Increase Pre to Post-Annexation



	City	Combined Study Area	North Study Area	Pleasure Point Study Area
Area (Sq. Mi.)	1.72	1.08	0.63	0.45
Current Population	9,598	8,199	4,857	3,342
Number of Households	4,572	3,451	1,932	1,519
Persons Per Sq. Mi.	5,580	7,592	7,710	7,427
Daytime Population	13,127	5,978	3,790	2,188
Total Businesses	846	208	168	40
Employees	7,745	1,792	1,384	408
Total Assessed Value	\$3.5 billion	\$2.2 billion	\$1.0 billion	\$1.2 billion
As of July 1, 2025				
Sources: Esri, Santa Cruz County Assessment Roll 2023-24				

Revenues

Annexation Plan Development for Capitola

Property Tax Revenues

City of Capitola will collect **5.94%** of property taxes in Combined Study Area based on Master Tax Agreement unless renegotiated

Projected Annual Property Tax Revenue (2025-26)

- North Study Area \$ 686,162
- Pleasure Point Study Area \$ 772,622
- Combined Study Area \$ 1,458,788

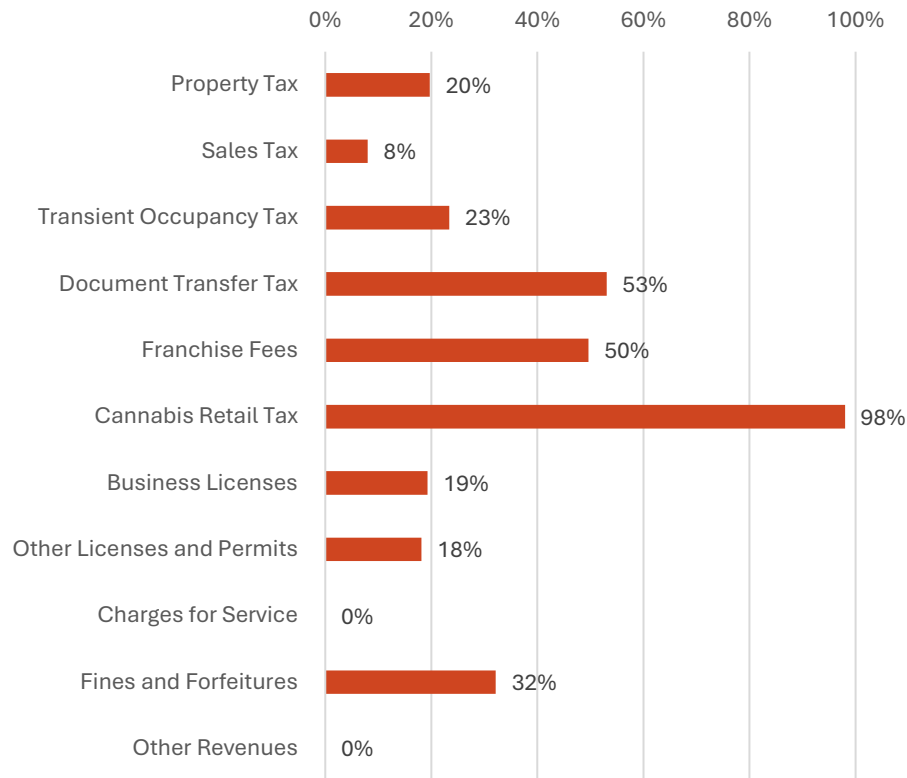
- City \$ 3,277,120

Based on 2024-25 AV with 2% growth

Base Tax	Combined Study Area	North Study Area	Pleasure Point Study Area
A: Co. Base Tax Pre-Tax Share	23.76%	24.08%	23.48%
B: CSA 9	0.21%	0.21%	0.22%
C: CSA 9-A	0.48%	0.76%	0.24%
D: CSA 11	0.30%	0.37%	0.24%
Share of County GF	24.00%	24.00%	24.00%
Co. Base Tax to City	5.70%	5.78%	5.64%
Co. Base Tax to Co.	18.06%	18.30%	17.85%
CSA Shares to City	0.24%	0.32%	0.17%
Total City Share	5.94%	6.10%	5.81%
As of July 1, 2025			
Sources: Esri, Santa Cruz County Assessment Roll 2023-24			

Net New Revenues – North Study Area

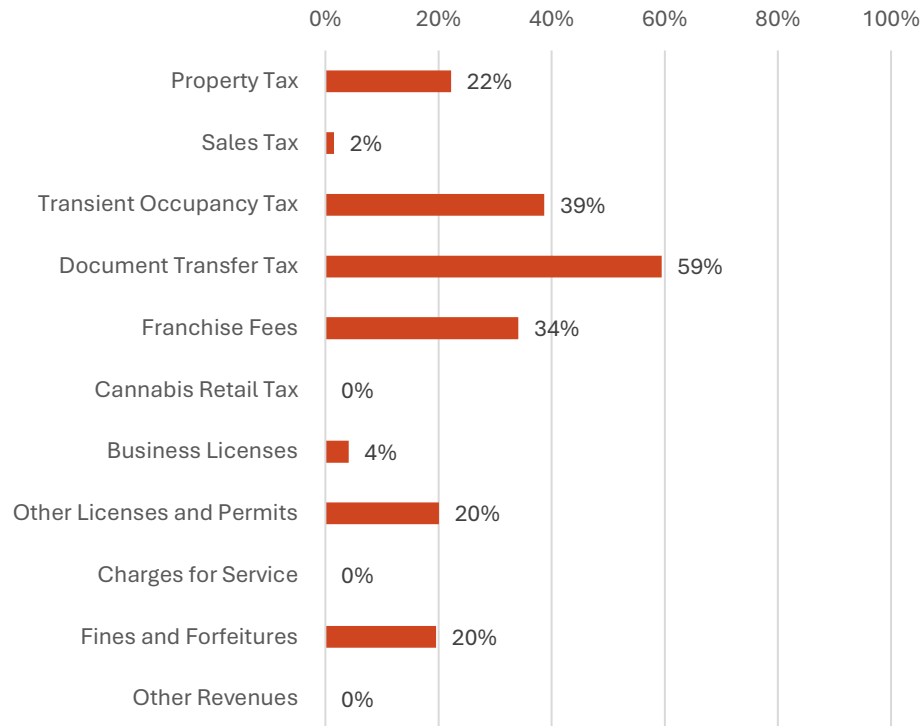
North Study Area Percent Revenue Increase
Pre to Post Annexation
(17% Total)



	City	North Study Area	City + North Study Area
General Fund Revenues			
Property Tax	\$ 3,477,706	\$ 686,162	\$ 4,163,868
Sales Tax	9,029,447	721,732	9,751,179
Transient Occupancy Tax	2,358,004	551,500	2,909,504
Document Transfer Tax	106,121	56,300	162,421
Franchise Fees	741,254	367,800	1,109,054
Cannabis Retail Tax	318,362	312,100	630,462
Business Licenses	338,260	65,257	403,517
Other Licenses and Permits	447,468	81,200	528,668
Charges for Service	Omitted from Analysis		
Fines and Forfeitures	644,684	207,300	851,984
Other Revenues	439,086	-	439,086
Total	\$ 17,900,393	\$ 3,049,351	\$ 20,949,743
* This table excludes charges for services which are off-setting expenses			
As of July 1, 2025. Sources: Esri, Santa Cruz County Assessment Roll 2023-24			

Net New Revenues Pleasure Point Study Area

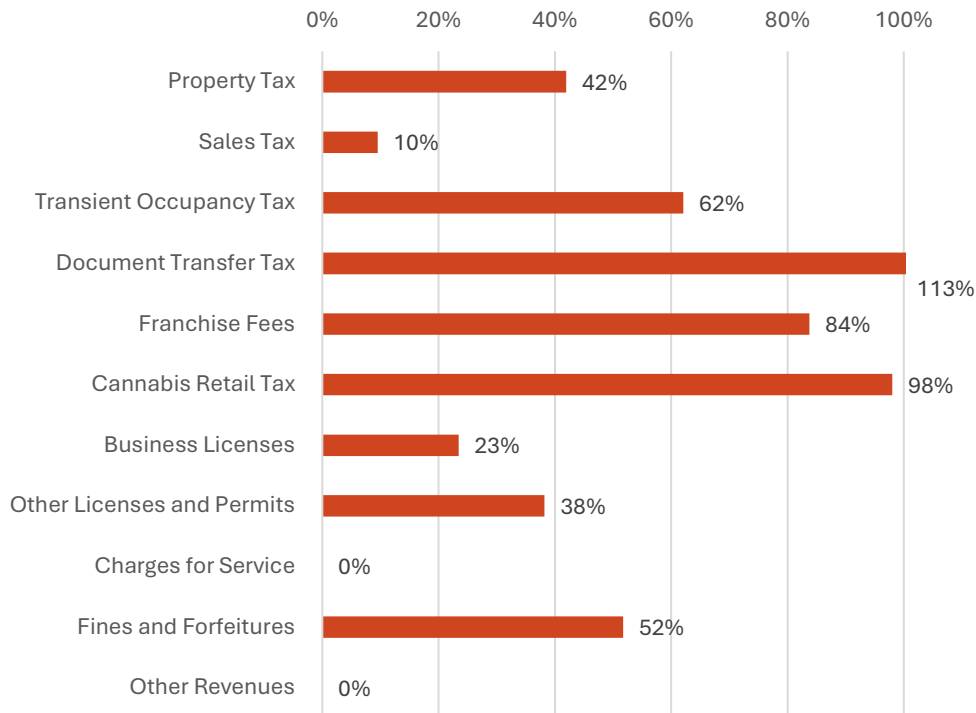
Pleasure Point Study Area Percent Revenue Increase Pre to Post Annexation (13% Total)



	City	Pleasure Point Study Area	City + Pleasure Point Study Area
General Fund Revenues			
Property Tax	\$ 3,477,706	\$ 772,622	\$ 4,250,328
Sales Tax	9,029,447	136,525	9,165,972
Transient Occupancy Tax	2,358,004	912,700	3,270,704
Document Transfer Tax	106,121	63,100	169,221
Franchise Fees	741,254	253,000	994,254
Cannabis Retail Tax	318,362	-	318,362
Business Licenses	338,260	13,977	352,237
Other Licenses and Permits	447,468	89,800	537,268
Charges for Service	Omitted from Analysis		
Fines and Forfeitures	644,684	126,200	770,884
Other Revenues	439,086	-	439,086
Total	\$ 17,900,393	\$ 2,367,924	\$ 20,268,317
* This table excludes charges for services which are off-setting expenses			
As of July 1, 2025. Sources: Esri, Santa Cruz County Assessment Roll 2023-24			

Net New Revenues – Combined Study Area

Combined Study Area Percent Revenue Increase Pre to Post Annexation (30% Total)

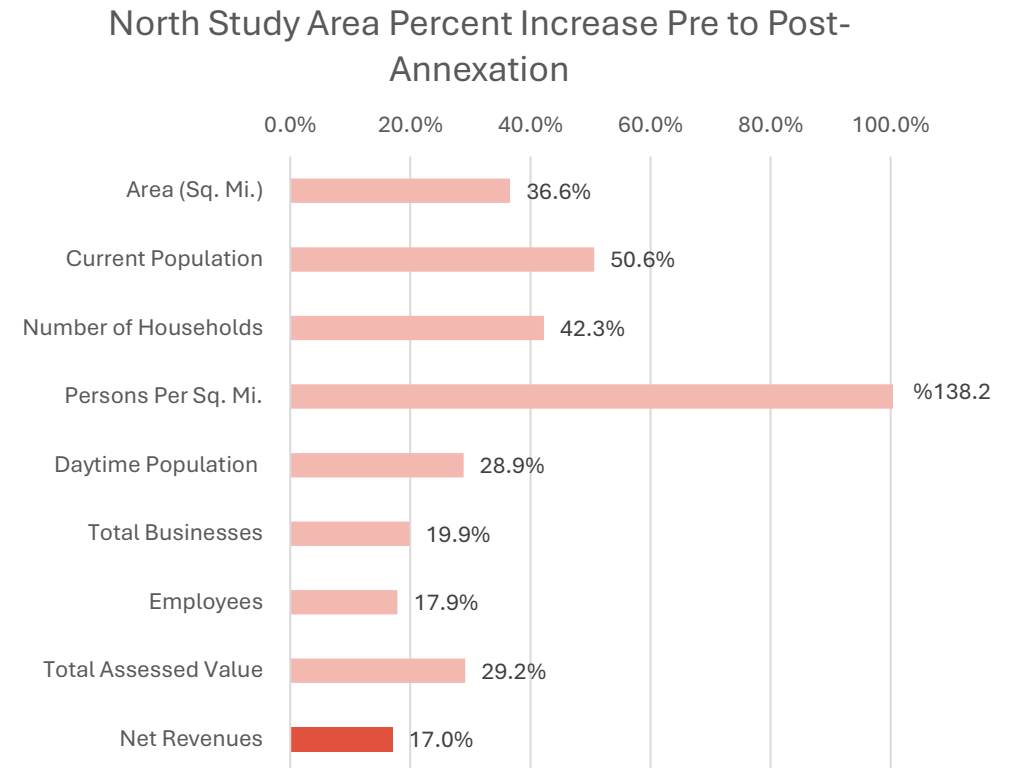


	City	Combined Study Areas	City + Combined Study Areas
General Fund Revenues			
Property Tax	\$ 3,477,706	\$ 1,458,784	\$ 4,936,490
Sales Tax	9,029,447	858,257	9,887,704
Transient Occupancy Tax	2,358,004	1,464,200	3,822,204
Document Transfer Tax	106,121	119,400	225,521
Franchise Fees	741,254	620,800	1,362,054
Cannabis Retail Tax	318,362	312,100	630,462
Business Licenses	338,260	79,234	417,494
Other Licenses and Permits	447,468	171,000	618,468
Charges for Service	Omitted from Analysis		
Fines and Forfeitures	644,684	333,500	978,184
Other Revenues	439,086	-	439,086
Total	\$ 17,900,393	\$ 5,417,275	\$ 23,317,668
* This table excludes charges for services which are off-setting expenses			
As of July 1, 2025. Sources: Esri, Santa Cruz County Assessment Roll 2023-24			

Revenues Takeaways

- Despite increasing population by 51%, the North study area will increase total revenues by 17%.

<u>Percent Increase in</u>	<u>Revenues</u>	<u>vs</u>	<u>Population</u>
Combined SA	30%	vs	85%
North Study Area	17%	vs	51%
Pleasure Point Study Area	13%	vs	35%



Expenditure Considerations

Annexation Plan Development for Capitola

Key Impacts to Expenses

Percentage Increase in Need	<u>Combined Study Area</u>	<u>North Study Area</u>	<u>Pleasure Point Study Area</u>
• Police Department – Calls for Service	22%	12%	11%
• Public Works Department – Streets	58%	36%	22%
• Parks and Recreation – Number of Parks	124%	59%	65%

Further Considerations

- One-time capital public works projects
- Increase in personnel per department



Thank you! Any Questions?

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