

City of Capitola Agenda

Mayor: Sam Storey
Vice Mayor: Dennis Norton
Council Members: Ed Bottorff
Stephanie Harlan
Michael Termini
Treasurer: Christine McBroom



REVISED

**SPECIAL JOINT BUDGET STUDY SESSION
CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY
TO THE FORMER REDEVELOPMENT AGENCY**

WEDNESDAY, JUNE 4, 2014

6:00 PM

**CITY HALL COUNCIL CHAMBERS
420 CAPITOLA AVENUE, CAPITOLA, CA 95010**

All matters listed on the Special Joint Budget Study Session of the Capitola City Council/Successor Agency Agenda shall be considered as Public Hearings.

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Members Stephanie Harlan, Dennis Norton, Ed Bottorff, Michael Termini and Mayor Sam Storey

2. ADDITIONAL MATERIALS

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

A. 5.A.

DETAILS:

Communications received.

3. PUBLIC COMMENT

Oral Communications allows time for members of the Public to address the City Council on any item not on the Agenda. Presentations will be limited to three minutes per speaker. 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. All speakers are requested to print their name on the sign-in sheet located at the podium so that their name may be accurately recorded in the minutes. A MAXIMUM of 30 MINUTES is set aside for Oral Communications at this time.

SPECIAL JOINT BUDGET STUDY SESSION OF THE CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY - Wednesday, June 4, 2014

4. CITY COUNCIL / CITY TREASURER / STAFF COMMENTS

City Council Members/City Treasurer/Staff may comment on matters of a general nature or identify issues for staff response or future council consideration.

5. GENERAL GOVERNMENT / PUBLIC HEARINGS

General Government items are intended to provide an opportunity for public discussion of each item listed. The following procedure is followed for each General Government item: 1) Staff explanation; 2) Council questions; 3) Public comment; 4) Council deliberation; 5) Decision.

- A. Continued Budget Study Session on the proposed 2014/2015 Fiscal Year Budget for the City of Capitola General Fund, the Capitola Successor Agency, and the Capital Improvement Program.

RECOMMENDED ACTION:

Continue City Council/Successor Agency Budget deliberations and provide direction to staff for preparation of the Budget Resolutions for adoption.

6. ADJOURNMENT

Adjourn to the next Regular Meeting of the City Council on Thursday, June 12, 2014, at 7:00 PM, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

Note: Any person seeking to challenge a City Council decision made as a result of a proceeding in which, by law, a hearing is required to be given, evidence is required to be taken, and the discretion in the determination of facts is vested in the City Council, shall be required to commence that court action within ninety (90) days following the date on which the decision becomes final as provided in Code of Civil Procedure §1094.6. Please refer to code of Civil Procedure §1094.6 to determine how to calculate when a decision becomes "final." Please be advised that in most instances the decision become "final" upon the City Council's announcement of its decision at the completion of the public hearing. Failure to comply with this 90-day rule will preclude any person from challenging the City Council decision in court.

Notice regarding City Council: The Capitola City Council meets on the 2nd and 4th Thursday of each month at 7:00 p.m. (or in no event earlier than 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 and at Capitola City Hall and at the Capitola Branch Library, 2005 Wharf Road, Capitola, on the Monday prior to the Thursday 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.

SPECIAL JOINT BUDGET STUDY SESSION OF THE CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY - Wednesday, June 4, 2014

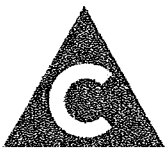
Televised Meetings: City Council meetings are cablecast “Live” on Charter Communications Cable TV Channel 8 and are recorded to be rebroadcasted at 8:00 a.m. on the Wednesday following the meetings and at 1:00 p.m. on Saturday following the first rebroadcast on Community Television of Santa Cruz County (Charter Channel 71 and Comcast Channel 25). Meetings are streamed “Live” on the City’s website at www.cityofcapitola.org by clicking on the Home Page link “**Meeting Video**”. Archived meetings can be viewed from the website at anytime.

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MAY 30 2014

CITY OF CAPITOLA



**ARTS
COUNCIL
SANTA
CRUZ
COUNTY**

President
Linda Charman

May 30th, 2014

Vice President
Patrick Mulhearn

Lisa Murphy
Administrative Services Director
City of Capitola

Secretary
Pearl Vickers

420 Capitola Ave.
Capitola CA 95010

Treasurer
Colleen Martin-Garcia

Dear Ms. Murphy,

Executive Director
Michelle Williams

The artists, staff, and supporters of Arts Council Santa Cruz County are grateful for our partnership with the staff and leadership of the City of Capitola, and are proud of what we've accomplished together over the past 35 years.

Members
Crystal Birns
Laurie Brooks
Olga de Santa Anna
John Grauly
Terry Green
Martha Miller
Mark Sachau
Brian Spector
Michael Turpin

The Arts Council represents more than 50 arts and culture organizations throughout the county, and funds the majority of those organizations through our Grants Program. Dozens of these organizations – including the Japanese Cultural Fair, Cabrillo Festival of Contemporary Music, Santa Cruz County Symphony, Poetry Santa Cruz, Santa Cruz Ballet Theater, KUSP, and many more – directly serve the residents of Capitola through their excellent events and programs. The staff of the Arts Council provides support and guidance for events in Capitola, such as the Art & Wine Festival, Capitola Open Streets, and the Begonia Festival. And we serve Capitola schoolchildren, such as this past year's SPECTRA classes taught by Linda Cover at Main Street Elementary.

Government Representatives
City of Capitola
Dennis Norton, Councilmember

City of Santa Cruz
David Terrazas, Councilmember

City of Scotts Valley
Donna Lind, Councilmember

City of Watsonville
Felipe Hernandez,
Councilmember

County of Santa Cruz
Neal Coonerty, Supervisor
3rd District

I am writing to ask the City Council to consider a stronger investment in the work of the Arts Council this year. Prior to 2013-14, funding for the Arts Council was set at over \$4000; last fiscal year that funding was reduced to \$930. We would be grateful if the members of the City Council would consider restoring our funding to this previous level.

The funds from the City of Capitola are re-invested into our creative community through our grants program, generating not just artistically excellent events that bring our community together and lift our spirits, but that also drive \$38.4 million annually in economic activity. These funds would go directly toward supporting the many creative organizations that enrich the lives of Capitola citizens.

The Arts Council is a thoughtful steward of the City's investment. The artists and organizations we serve are elemental to what makes the City of Capitola a unique destination for residents and visitors alike. Our request for increased funding is directly tied to the arts' measurable and profound impact on the City's creative and economic vibrancy.

- **We make wise investments in the City's creative economy.** We leverage the City's support to garner additional grants from foundations, as well as from the National Endowment for the Arts and California Arts Council. However, requests for support continue to far exceed the funds available.

Arts Council Santa Cruz County
1070 River Street // Santa Cruz, CA 95060 // p: 831.475.9600 // f: 831.475.9700
e: info@artscouncilsc.org // www.artscouncilsc.org

Item #: 2.A. Additional Materials.pdf

- **The arts are good business.** The Open Studios Art Tour generates more than \$775,000 in taxable art sales for the county annually. In its 29th year, Open Studios is a key driver of arts tourism in our community.
- **The arts stimulate the economy.** According to our recently-completed Arts & Economic Prosperity Study, nonprofit arts in Santa Cruz County generate \$38.4 million *annually* in economic activity - \$21.8 million is spending by the organizations themselves, and arts audiences spend \$16.5 million beyond the cost of admission (on dinner, lodging, shopping, etc.). The funds provided to our Grants Program by the City of Capitola are the seed money that inspires this economic activity by supporting arts events and driving cultural patrons to local businesses. The study also shows that the arts support 877 full-time equivalent jobs, generate \$22.36 million in household income to local residents, and deliver \$5.26 million in local and state government revenue.

Finally, the study revealed that 74% of all non-local arts event attendees came to Santa Cruz specifically for the arts. Without our lively arts community, visitors would go elsewhere to spend their discretionary dollars.

Councilmembers, staff, and the people of Capitola are visionary in their understanding of the importance of the arts, and their appreciation for what the arts do to make Santa Cruz County the creative and innovative capitol of California. We at the Arts Council look forward to continuing our vital partnership with the City to make Capitola an even more incredible place to live, work, and play.

Investing in the Arts Council's Grants Program is investing in the health and vibrancy of our community. Thank you for considering our request.

All my best,



Michelle Williams
Executive Director

Sneddon, Su

From: Molly Ording [molly.ording@icloud.com]
Sent: Sunday, June 01, 2014 10:55 AM
To: City Council; chief of police
Cc: capitolacvra@gmail.com
Subject: Budget Options Meeting 6/4 - Adding Speed Monitors (a la Park Ave.) Into Budget!

Good Morning Council Members and Chief Escalante!

I read with interest this morning about your upcoming budget meeting this Wednesday which, unfortunately, I will not be able to attend!

I am writing to ask you to *very seriously* consider the addition of “Speed Monitors” (or whatever the name of these effective devices are?) to Monterey Avenue, Wharf Road and Cliff Drive. As you well know, Capitola Village, its residents and visitors have, **for so long**, been victimized by speeding motorcycles and vehicles, and the resultant horrific noise levels they create, which reverberate throughout the whole village. Also, as you know, many, many meetings have been held where participants have learned about all the legal limitations that the Police face when trying to rein in noise and excessive speed...especially during the busy summer afternoons on our 3 main exit streets.

At a recent meeting when Chief Escalante was brainstorming with several residents about solutions, he spoke of the efficacy of these monitors and how they have demonstrably slowed traffic on Park Avenue. Although expensive, he was asked to consider adding one or more of these devices to Monterey Ave., Wharf Road and Cliff Drive. There would only be a need for one in the exit direction, as traffic is generally so congested upon entering the village by any of those streets, there is little opportunity for speeding and noise pollution, other than their music players blasting and revving their engines...UGH to ALL!!!

As you all well know, this has been long, long and on-going problem for Capitola Village. It affects us **all** and this request comes by, no means, from just residents who happened to live close to these streets! I cannot tell you how many friends and visitors to Capitola have questioned me why this City cannot do something to get this offensive & predictable nuisance under control? Pedestrians, pets, children, other motorists simply cannot believe what they see or hear when these bikers speed up our exit streets, creating ear-splitting noise throughout the village! I know you are all aware of this! I know you are all also aware of how the Police Department’s hands are somewhat tied, as well due to many legalities pushing in place by motorcycle lobbies, etc. etc.

These monitors do work at slowing down motorcycles and cars. Please consider adding them...or **even one**, into your budget and let’s step forward together to begin to solve such an old and degrading problem for our special village, its residents and visitors.

Please let me know if it would be effective to gather some residents for Wednesday night’s meeting or what we can do to advance this solution? As always, thanks for all you do and I will look forward to hearing back from you! Cheers!

Molly Ording
831/475-7284

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CITY COUNCIL/SUCCESSOR AGENCY TO THE FORMER RDA AGENDA REPORT

SPECIAL MEETING OF JUNE 4, 2014

FROM: CITY MANAGER / FINANCE DEPARTMENT

SUBJECT: CONTINUED BUDGET STUDY SESSION ON THE PROPOSED FISCAL YEAR 2014/2015 BUDGET FOR THE CITY OF CAPITOLA GENERAL FUND, CAPITOLA SUCCESSOR AGENCY, AND CAPITAL IMPROVEMENT PROGRAM

RECOMMENDED ACTION: Continue City Council/Successor Agency Budget deliberations and provide direction to staff for preparation of the Budget Resolutions for adoption.

DISCUSSION: On May 22, 2014, City Council was presented the Proposed Fiscal Year 2014/2015 and Planned Fiscal Year 2015/2016 Budget; and received the Finance Advisory Committee's (FAC) recommendation to fund \$475,000 in transfers with the projected Fiscal Year 2013/2014 General Fund surplus. The May 29, 2014, Budget Study Session primarily focused on presentations by the Community Health and Human Service Providers.

This third Budget Study Session is intended to provide responses to Council's information requests and evaluate potential budget adjustments. The following are responses to issues raised during the first Budget Study Session.

Explain Charges for Services: Fiscal Year 2011/2012 – Fiscal Year 2015/2016

In Fiscal Year 2011/2012, *Charges for Services* generated \$2.34 million in General Fund revenues. This amount has been reduced to \$1.77 million in Fiscal Year 2015/2016. A significant portion of the reduction was related to the dissolution of the City's former Redevelopment Agency (RDA). In Fiscal Year 2011/2012, the City received approximately \$358,000 in RDA Administration revenues, and \$100,000 to administer affordable housing programs. In Fiscal Year 2015/2016 this amount was removed from the budget. Additional reductions include \$69,000 in General Plan billing and \$45,000 related to discontinued street sweeper charges to the Gas Tax Fund.

Provide Staffing Levels and Positions by Function

Over an eight year period, the City has reduced staffing levels from 69.5 to 65.3. The number of Police Department sworn officers has decreased from a high of 22 to 21, while Police Department non-sworn positions have decreased from 10.75 to 10.65. One of the non-sworn positions is a Measure O funded Community Service Officer. The overall police department staffing levels have decreased from 32.75 to 31.65. A complete chart detailing this information is provided in Attachment 1.

Outline General Fund Cash Flow for Fiscal Year 2014/2015

In Fiscal Year 2014/2015, preliminary estimates based on the Proposed Budget indicate the combined General Fund and Contingency Reserve Fund should have sufficient balances to pay for General Fund expenditures through November and December. A complete chart detailing the City's projected cash flow will be presented at the meeting.

Item #: 5.A. Staff Report.pdf

JUNE 4, 2014 AGENDA 5 TAFF REPORT
PROPOSED FISCAL YEAR 2014/2015 BUDGET STUDY SESSION

List of Current Debt Obligations and Terms

The following chart provides information on the City and Successor Agency's obligations as of June 30, 2014.

Obligation	Term Expires	Principal Balance	Interest Rate	Prepayment Option
Pension Obligation Bond	08/01/2017	\$2,375,000	6.09%	None
Village & Beach Lot II – Santa Cruz County Bank ¹	03/27/2027	\$1,751,467	3.25%, 10 YR reset	5% Declining penalty through 03/02/2018
Village & Beach Lot II – IBank	08/01/2033	\$1,372,500	2.26%	Negotiable

Options for reducing debt include using all or a portion of the projected \$475,000 surplus fund to pay down the obligations. The City's pension obligation bond, which has the highest interest rate, unfortunately does not include a prepayment option. In addition, all prepayments on the Santa Cruz County Bank loan will include a 5% declining penalty through March 2, 2018.

Establish Funding Targets for the Facilities Fund

City facilities are currently insured at a value of \$17.5 million. The values of individual facilities are presented in Attachment 2.

Nationally recommended maintenance and repair budgets for facilities are in the range of 2% - 4% of the aggregate replacement. This range does not include funding for any backlog of needed repairs, but does provide a starting point for the establishment of the City's facilities fund. A 2% allocation would require \$350,000 in annual funding. Based on existing budget constraints staff is recommending a 50% funding level in Fiscal Year 2014/2015 which then can be reviewed annually as part of the budget process.

Establish Council ADA Committee

An ad-hoc sub-committee of the City Council could review reports when available concerning ADA compliance issues throughout the City. The sub-committee would assist staff in prioritizing projects and establishing necessary funding levels. The sub-committee could be comprised of two council members, the City Building Official, and the Public Works Director. The ADA sub-committee could meet annually or more and as needed.

TOT Rates at Other Local Jurisdictions

Information related to regional TOT rates is provided for reference.

Rate	Jurisdictions
12%	Half Moon Bay, Marina, Seaside
11%	Santa Cruz County, Santa Cruz City
10.5%	Monterey County
10%	Capitola, Monterey, Carmel, Scotts Valley, Pacific Grove, Watsonville, Los Gatos

¹ Assumes City pays the higher negotiated monthly payment of \$165,066 without penalties. If the City chose to reduce the annual payment to \$130,566, the loan would mature in 2032.

JUNE 4, 2014 AGENDA STAFF REPORT
PROPOSED FISCAL YEAR 2014/2015 BUDGET STUDY SESSION

Prioritize Disaster Awareness Training

The Police Department continues to be engaged with the County Office of Emergency Services for its disaster awareness training and has a Department representative assigned as coordinator. The Office of Emergency Services is responsible for emergency planning and preparation for Santa Cruz County. The County Office of Emergency Services assesses major emergency threats to our community such as wild-land fires, floods, earthquakes, tsunami and civil disturbances. All of these planning activities require coordinated efforts with our emergency partners in order to logistically and efficiently allocate the necessary resources and obtain other support services to safeguard lives and property.

Our Police Department conducts annual active shooter training in coordination with Capitola Mall security, school representatives, and our law and fire response partners to maintain a consistent response should a major disaster occur. The Department is currently updating its Emergency Operations Manual and anticipates conducting a table-top disaster preparedness exercise in the near future.

AB 1620 is current proposed legislation that would establish the California Emergency Management and Disaster Preparedness Commission as a statewide executive-level commission to assess and improve the condition of the state's emergency preparedness, management, and disaster recovery capabilities. This bill would require the commission to review and make recommendations on emergency management and disaster preparedness, including, but not limited to, the availability of adequate equipment, fuel, food, water, and other emergency supplies.

Funding Considerations

In addition to the preceding questions, Council also identified several items for consideration on the Fiscal Year 2014/2015 Budget. A complete list, along with potential funding sources is identified in Attachment 3.

ATTACHMENTS

1. City Staffing Level Chart
2. City Facility Listing
3. Funding Considerations

Report Prepared By: Jamie Goldstein, City Manager
Tori Hannah, Finance Director

Reviewed and Forwarded
By City Manager: 

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City Staffing Levels

GENERAL FUND	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
Finance	5.25	5.38	4.38	4.38	3.95	4.38	4.50	4.50
<i>Director</i>	1.00	1.00	0.00	0.00	0.41	1.00	1.00	1.00
<i>Staff</i>	4.25	4.38	4.38	4.38	3.54	3.38	3.50	3.50
City Manager	6.75	6.75	6.75	6.75	7.00	6.90	6.90	6.90
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Arts Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	32.75	32.75	30.25	30.75	29.59	30.25	31.65	31.65
<i>Police - Administration</i>	4.75	4.75	3.75	3.75	3.59	4.25	4.65	4.65
<i>Police - Sworn</i>	22.00	22.00	20.50	21.00	21.00	21.00	21.00	21.00
<i>Police - Sworn (Grant)</i>			1.00	1.00	1.00			
<i>Police - Parking Enf.</i>	3.00	3.00	3.00	3.00	2.00	2.00	3.00	3.00
<i>Police - CSO</i>	2.50	2.50	1.50	1.50	2.00	3.00	3.00	3.00
<i>Police - Lifeguards</i>	0.50	0.50	0.50	0.50				
CDD	4.67	4.67	4.67	3.67	2.37	1.92	2.50	2.50
<i>Director</i>	1.00	1.00	1.00	1.67	0.67	0.92	1.00	1.00
<i>Staff</i>	3.67	3.67	3.67	2.00	1.70	1.00	1.50	1.50
Building	2.00	2.00	1.50	1.00	1.75	2.00	2.00	2.00
Public Works	14.33	14.33	14.33	12.33	11.83	12.33	13.00	14.00
Recreations	3.00	3.00	3.00	3.00	3.00	2.75	3.00	3.00
Dept - Total FTEs	69.50	69.63	65.63	62.63	60.24	61.28	64.30	65.30
Change from prior year		0.13	(4.00)	(3.00)	(2.39)	1.04	3.02	1.00

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City Facility List	
Site	Estimated Replacement Value ⁽¹⁾
New Brighton Gym	\$1,656,561
Museum	172,931
Museum Cabin	57,491
City Hall	3,049,580
Corporation Yard	858,401
Community Center	1,671,368
Jade Street Restrooms	108,513
Wharf	5,405,133
Wharf Bait Shop	507,966
Wharf Restaurant	517,424
Esplanade Restaurants	1,131,792
Bandstand	228,056
Rispin Mansion	1,637,551
Library	519,400
Total Improvement Value	17,522,167

(1) The estimated replacement value is based on the insured value of the facilities

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Expenditure Considerations and Potential Resources

Potential Expenditure Increases	Amount	Notes
Increase funding for Community Groups		
Increase ADA Funding		Currently budgeted at \$15k plus \$200,000 in Rispin project
Increase budget for Wharf Maintenance in Facilities Fund or Wharf Fund		
Increase Funding in Parking Fund		
Provide funding for Library Birthday		
Cameras on 41st - Near Public Art Project	10,000	Each site, plus \$600 annually
Prospect Pedestrian Path	3,000	Annually
Increase Museum Funding	10,000	
	<u>23,000</u>	
	<u>23,000</u>	
Potential Funding Sources	Amount	Notes
Use Parking Fund for debt service	15,200	Ongoing
PEG Funding for Community Room remodel	20,000	One time
Defund Laserfiche Project - General Fund	5,000	One time
Credit from Workers Compensation Fund Balance	20,000	One time
Defund Measure O Maint. Worker and Fund Alternate Measure O Priority	58,300	Ongoing
Options to reduce funding to CIP (Excludes Measure O Funds)		
Stockton Avenue Bridge Assessment	45,900	One time
Village Sidewalk Cooperative Program	19,000	One time
Esplanade Showers	30,000	One time
Options to reduce funding in Facilities Fund		
Cut funding from \$175,000 to \$100,000	75,000	One time
Options to reduce funding to Reserves (Excludes Measure O Funds)		
Cut "non Measure O" funding to Reserves from \$175,000 to \$0	175,000	One time
Total Potential Resources	<u>463,400</u>	

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