

# City of Capitola Agenda

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



## **CAPITOLA CITY COUNCIL REGULAR MEETING THURSDAY, JANUARY 24, 2013**

### **CLOSED SESSION – 5:30 PM CITY MANAGER’S OFFICE**

*An announcement regarding the items to be discussed in Closed Session will be made in the City Hall Council Chambers prior to the Closed Session. Members of the public may, at this time, address the City Council on closed session items only.*

#### **CONFERENCE WITH LABOR NEGOTIATOR (Govt. Code §54957.6)**

Negotiator: Jamie Goldstein, City Manager

Employee Organizations: Capitola Police Officers Association and Capitola Police Captains.

#### **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Govt. Code §54956.9)**

1. City of Capitola, et al. vs. Lexington Insurance Company [United States District Court, Northern District of California, Case No. 5:12-cv-03428-LHK];
2. Kevin Calvert, D.D.S. and Pamela Calvert vs. the City of Capitola, et al. [Superior Court of the State of California for County of Santa Cruz, Case No. CV 172804];
3. Katie Saldana vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case No. CV 172324];
4. Truck Insurance vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case No. CV173071];
5. David Ross; Carousel Taffy Morro Bay, Inc.; Village Mouse dba; The Thomas Kinkade Gallery Capitola; Judith Ferro vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case No. CV 173642];
6. American Alternative Insurance Corporation; Central Fire Protection District of Santa Cruz County vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case No. CV173926];
7. California Capital Insurance Company vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case No. CV173552];

8. Trustees of the John T. Kawahara and Barbara J. Kawahara Revocable Trust vs City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case No. CV175216];
9. Schroedel et al. vs. the City of Capitola, et al. [Santa Cruz Superior Court Case No. CV 175684];
10. Foremost Insurance Company vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case No. CV 173228].

#### **CONFERENCE WITH LEGAL COUNSEL – INITIATION LITIGATION**

##### **Significant Exposure to litigation pursuant to subdivision (b) of Govt. Code §549569.9**

1. County of Santa Cruz regarding the Noble Gulch pipe failure;
2. County of Santa Cruz - Property Tax Administrative Fee Dispute;
3. State of California – California State Department of Finance regarding pro-rated share of interest on City/Redevelopment Agency loans.

#### **LIABILITY CLAIMS (Govt. Code §54956.95)**

Claimant: Joseph Hughes

Claimant: Liberty Mutual; subrogee of Elizabeth Boyens

Agency claimed against: City of Capitola

#### **REGULAR MEETING OF THE CAPITOLA CITY COUNCIL – 7:00 PM**

*All matters listed on the Regular Meeting of the Capitola City Council Agenda shall be considered as Public Hearings.*

#### **1. ROLL CALL AND PLEDGE OF ALLEGIANCE**

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

#### **2. PRESENTATIONS**

A. Presentation by Monica Martinez, Homeless Services Center Executive Director.

#### **3. REPORT ON CLOSED SESSION**

#### **4. ADDITIONS AND DELETIONS TO AGENDA**

#### **5. PUBLIC COMMENTS**

*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.*

#### **6. COUNCIL/STAFF ANNOUNCEMENTS**

#### **7. BOARDS, COMMISSIONS AND COMMITTEES APPOINTMENTS**

*Note: Appointments will be made under General Government/Public Hearings **Item 9.E.** for City Council Representation on City and County/Multi-County Boards, Commissions, and Committees.*

**8. CONSENT CALENDAR**

*All items listed in the “Consent Calendar” will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Council votes on the action unless members of the public or the City Council request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Government.*

*Note that all Ordinances which appear on the public agenda shall be determined to have been read by title and further reading waived.*

- A. Receive Planning Commission Action Minutes for the Regular Meeting of January 17, 2013.  
RECOMMENDED ACTION:  
Receive Minutes.
  
- B. Approval of City Check Register Reports dated December 7, 2012; December 14, 2012; December 21, 2012; January 4, 2013 and January 11, 2013.  
RECOMMENDED ACTION:  
Approve the City Check Register Reports.
  
- C. Consideration of denying liability claims and forward to the City’s liability insurance carrier:
  - 1. Joseph Hughes for an undetermined amount.
  - 2. Liberty Mutual; subrogee of Elizabeth Boyens in the amount of \$965.54.RECOMMENDED ACTION:  
Deny Liability Claims.
  
- D. Receive the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2012.  
RECOMMENDED ACTION:  
Accept Report.
  
- E. Consideration of authorizing the City Manager to recruit and hire a Maintenance Worker I/II position in the Public Works Department.  
RECOMMENDED ACTION:  
Authorize the City Manager to recruit and hire for the position of Maintenance Worker I/II.

**9. 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. 1575 38th Avenue #12-028 (APN: 034-181-17)  
Planned Development Rezoning, Conditional Use Permit, and Design Permit to demolish a commercial salvage yard (Capitola Freight and Salvage) and construct a three-story, 23-unit residential senior housing project in the CN (Neighborhood Commercial) Zoning District. Environmental Determination: Mitigated Negative Declaration. Property Owner: Maureen A. Romac, filed 3/2/12. Representative: Steve Thomas.  
RECOMMENDED ACTION:  
On September 6, 2012, the Capitola Planning Commission recommended to the City Council denial of the project.

- B. Community Based Health and Human Services Providers Program Fiscal Year 2013/2014 application acceptance.  
RECOMMENDED ACTION:  
Determine whether or not to allow a new agency or organization to apply for the existing Community Based Health and Human Services Providers Program for Fiscal Year 2013/2014.
- C. Consideration of authorizing the City Manager to enter into a contract with Aha Consulting to update the City's website.  
RECOMMENDED ACTION:  
Approve contract.
- D. Consideration of a recommendation by the Capitola Art & Culture Commission regarding whether or not to accept the proposed public art donation from Troy "TJ" Welch for additional sea wall tiles.  
RECOMMENDED ACTION:  
Council to make a determination for acceptance.
- E. Consideration of appointments to the Advisory Council on the Area on Aging, Traffic and Parking Commission, and the General Plan Advisory Committee; and discussion regarding the Commission on the Environment (COE) organizational structure.  
RECOMMENDED ACTION:  
Council determination regarding various appointments; Council discretion to determine if the COE should continue as a City Committee, or transition to a non-City Blue Ribbon Environmental Task Force by adopting a Resolution rescinding the COE.

## 10. COUNCIL/STAFF COMMUNICATIONS

- A. Staff Comments
- B. City Council/Treasurer Comments/Committee Reports  
*City Council Members /City Treasurer may comment on matters of a general nature or identify issues for staff response or future council consideration. Council Members/Committee Representatives may present oral updates from standing committees at this time.*

## 11. ADDITIONAL MATERIALS

<i>Additional information submitted to the City Council after distribution of the agenda packet.</i>
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## 12. ADJOURNMENT

Adjourn to the next Regular Meeting of the City Council on Thursday, February 14, 2013 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 on the Internet at the City's website: [www.ci.capitola.ca.us](http://www.ci.capitola.ca.us). Agendas are also available at the Capitola Post Office located at 826 Bay Avenue, Capitola.

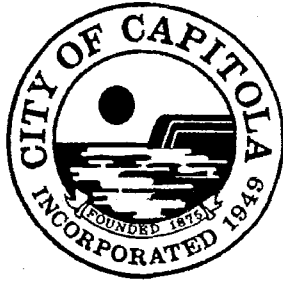
**Agenda Document Review:** The complete agenda packet is available at City Hall and at the Capitola Branch Library, 2005 Wharf Road, Capitola, on the Monday prior to the Thursday meeting. Need more information? Contact the City Clerk's office at 831-475-7300.

**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.

**Televised Meetings:** City Council meetings are cablecast "Live" on Charter Communications Cable TV Channel 8 and are recorded to be replayed at 12:00 Noon on the Saturday following the meetings 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.ci.capitola.ca.us](http://www.ci.capitola.ca.us) by clicking on the Home Page link "View Capitola Meeting Live On-Line." Archived meetings can be viewed from the website at anytime.

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## CITY COUNCIL AGENDA REPORT

MEETING OF JANURAY 24, 2013

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: PLANNING COMMISSION ACTION SUMMARY OF JANUARY 17, 2013

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**1. ROLL CALL AND PLEDGE OF ALLEGIANCE**

Commissioners: Gayle Ortiz, Mick Routh, Linda Smith, TJ Welch and  
Chairperson Ron Graves

**2. NEW BUSINESS**

A. Oath of Office – Newly Appointed Commissioner

B. Election of Chair and Vice-Chair

Chairperson Mick Routh

Vice-Chairperson Gayle Ortiz

**C. Committee Appointments**

General Plan Advisory Committee – Commissioner Ortiz  
Traffic and Parking Commission – Chairperson Routh  
Commission on the Environment – Commissioner Welch  
Arts and Cultural Commission – Linda Smith

**3. ORAL COMMUNICATIONS**

A. Additions and Deletions to Agenda - NONE

B. Public Comments - NONE

C. Commission Comments - NONE

D. Staff Comments - NONE

**4. APPROVAL OF MINUTES**

A. December 6, 2012 Regular Planning Commission Meeting

**APPROVED 4-1, COMMISSIONER WELCH ABSTAINED.**

**5. CONSENT CALENDAR**

- A. 723 EL SALTO DRIVE #10-092TX APN: 036-143-35**  
Request for a one-year extension to a previously approved Minor Land Division to convert four apartment units to condominiums in the VS/R-1 (Visitor Serving/Single-Family Residence) Zoning District.  
Environmental Determination: Categorical Exemption

**APPROVED 4-1, COMMISSIONER GRAVES DISSENTING**

**6. PUBLIC HEARINGS**

- A. 1900 41<sup>ST</sup> AVENUE #12-155 APN 034-201-10**  
Amendment to an existing restaurant Conditional Use Permit (Capitola Diner) to incorporate a bar use and allow live entertainment in the CC (Community Commercial) Zoning District.  
Environmental Determination: Categorical Exemption  
Property Owner: R. Deane, filed: 11/21/12  
Representative: Pedro Salazar

**CONTINUED TO THE SEPTEMBER 5, 2013 MEETING. 5-0**

- B. 3555 CLARES STREET, SUITE G #12-159 APN 034-261-56**  
Amendment to an existing restaurant Conditional Use Permit (Crown Cafe) to allow an outdoor barbeque in the CC (Community Commercial) Zoning District.  
Environmental Determination: Categorical Exemption  
Property Owner: Bob Rivers, Brown Ranch Properties, filed: 12/13/12  
Representative: Ron Clements, Jr.

**APPROVED 5-0**

- 7. DIRECTOR'S REPORT**
- 8. COMMISSION COMMUNICATIONS**
- 9. ADJOURNMENT**

The Planning Commission adjourned the meeting at 8:20 p.m. to a Regular Meeting of the Planning Commission to be held on Thursday, February 7, 2013 at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.



## CITY COUNCIL AGENDA REPORT

### MEETING OF JANUARY 24, 2013

FROM: FINANCE DEPARTMENT  
SUBJECT: CITY CHECK REGISTER REPORT

**RECOMMENDED ACTION:** Approve the attached Check Register Reports for Dec 7, Dec 14, Dec 21, 2012; and Jan 4 and Jan 11, 2013

**DISCUSSION:** Check Registers are attached for:

Date	Starting Check #	Ending Check #	Total Checks/EFT	Amount
12/7/12	71574	71646	73	\$70,447.70
12/14/12	71647	71696	50	\$90,917.38
12/21/2012	71697	71792	96	\$178,286.69
1/4/2013	71793	71851	60	\$321,951.51
1/11/2013	71852	71917	66	\$137,301.77

The check register of Nov 30, 2012 ended with check #71573.

Following is a list of checks issued for more than \$10,000.00, and a brief description of the expenditure:

Check	Issued to:	Dept.	Purpose	Amount
71626	Rogers, Anderson, et al	Fin	Progress Billing, FY11/12 Audit	\$10,000.00
71673	PG&E	PW	LED Streetlight Project	\$38,249.00
71678	SCC Auditor Controller	PD	Nov 2012 Citation Surcharges	\$10,392.00
71701	Atchison, Barisone, et al	CM	Nov 2012 Legal Services	\$11,333.76
71706	Bowman & Williams	PW	Nov 2012 Prof Services	\$17,616.50
71723	Community Bridges	CM	Qtrly Community Grant	\$26,437.00
71728	Troy Corliss	CM	41 <sup>st</sup> Ave Median Art	\$12,500.00
71821	Montano Plumbing	PW	Emergency Gas Pipe Relocation	\$13,998.35
71843	Wells Fargo Bank	CM	Interest Payment, POB Note	\$86,844.48
71844	Susan Westman	CDD	Oct, Nov, Dec Prof Services	\$21,120.00
71847	First American Title	CM	Sp 42, Pac Cove	\$91,290.76
201301	CalPERS Health	CM	Jan Health Ins, Employee funded	\$56,604.14
71869	Design, Comm, & Environ	CDD	Nov Gen Plan Services	\$11,585.74
71877	ICMA Retirement Contr.	CM	Retirement Plan, Employee funded	\$19,313.22
71879	J W Ebert Corp	PW	Noble Gulch Pipe Repair	\$31,500.00

**ATTACHMENTS:**

1. Check Register for Dec 7, 2012
2. Check Register for Dec 14, 2012
3. Check Register for Dec 21, 2012
4. Check Register for Jan 4, 2013
5. Check Register for Jan 11, 2013

**Report Prepared By: Linda Benko  
AP Clerk**

**Reviewed and Forwarded  
by City Manager:** 

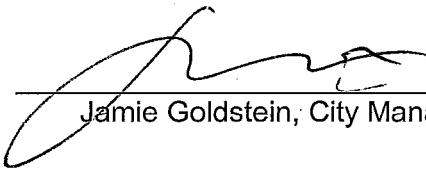
Checks dated 12/7/12 numbered 71574 to 71646 for a total of \$70,447.70 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 12/7/12 the unaudited cash balance is \$1,654,418

**CASH POSITION - CITY OF CAPITOLA 12/7/12**

	<u>Net Balance</u>
General Fund	(269,472)
Contingency Reserve Fund	671,646
Worker's Comp. Ins. Fund	207,160
Self Insurance Liability Fund	182,635
Stores Fund	(3,521)
Information Technology Fund	65,248
Equipment Replacement	119,706
Compensated Absences Fund	20,098
Public Employee Retirement - PERS	206,254
Open Space Fund	256
Capital Improvement Projects	502,079
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>1,702,091</u></u>

The Emergency Reserve Fund balance is \$289,295.54 and is not included above.

  
 \_\_\_\_\_  
 Jamie Goldstein, City Manager

12/7/12  
 \_\_\_\_\_  
 Date

\_\_\_\_\_  
 Kimberly V. DeWitt, City Treasurer

\_\_\_\_\_  
 Date

## City Checks Issued 12/7/12

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71574	12/07/2012 Invoice 1112-01	Open	Date 12/03/2012	Description FY 12/13 Soquel Lagoon Monitoring	ALLEY, DONALD	\$3,193.20
71575	12/07/2012 Invoice 44246	Open	Date 11/19/2012	Description Keys-PD	ALLSAFE LOCK COMPANY	\$19.44
71576	12/07/2012 Invoice 20121031	Open	Date 10/31/2012	Description Oct 2012Pac Cove MHP Relocation Servic Fund 1420, Pac Cove Bond	AUTOTEMP INC.	\$1,725.00
71577	12/07/2012 Invoice 2013-00000368	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	BARRETT, SHARON	\$263.25
71578	12/07/2012 Invoice 2013-00000369	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	BETZ, SHERRI	\$5,228.60
71579	12/07/2012 Invoice 2335	Open	Date 11/20/2012	Description Free Parking Banners, BIA Funded Fund 1321, BIA	CADILLAC DESIGNS	\$764.48
71580	12/07/2012 Invoice 1800	Open	Date 11/29/2012	Description Museum Storage Space	CAPITOLA SELF STORAGE	\$164.00
71581	12/07/2012 Invoice 2013-00000375	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	CHARLEBOIS, FREDERIC	\$5,283.95
71582	12/07/2012 Invoice Nov-Dec12	Open	Date 11/11/2012	Description Internet Access, Nov-Dec12 Fund 2211, Info Technology	Charter Communications	\$129.99
71583	12/07/2012 Invoice 1295503-01	Open	Date 11/26/2012	Description Doggie bags	CLEAN SOURCE	\$243.56
71584	12/07/2012 Invoice 11199	Open	Date 11/19/2012	Description Tree services, Cliff Drive	COMMUNITY TREE SERVICE	\$2,050.00
71585	12/07/2012 Invoice 2013-00000371	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	CROOK, DANIELLE	\$273.00
71586	12/07/2012 Invoice 200127	Open	Date 11/30/2012	Description PCMHP fence rental	D & G SANITATION	\$77.76



# City Checks Issued 12/7/12

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71587	12/07/2012 Invoice 92564365	Open	Date 10/24/2012	Description Annual Subscription, ArcGIS Fund 2211, Info Technology	ENVIRONMENTAL SYSTEMS RESEAR	\$1,157.75
71588	12/07/2012 Invoice B120-Dec12	Open	Date 11/23/2012	Description Evidence storage, PD #2522221	EXTRA SPACE STORAGE OF SC INC -	\$303.00
71589	12/07/2012 Invoice 2013-00000372	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	EYMANN, DANIEL	\$195.00
71590	12/07/2012 Invoice 2013-00000367	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	FAIA ARTWORKS	\$500.50
71591	12/07/2012 Invoice CASAT18299	Open	Date 11/21/2012	Description auto parts	FASTENAL COMPANY	\$12.48
71592	12/07/2012 Invoice 2-083-59548	Open	Date 11/26/2012	Description Weekly Shipping Exp Fund 1000, Gen Fund=\$39.91 Fund 1420, Pac Cove Bond=\$78.85	FEDERAL EXPRESS	\$118.76
71593	12/07/2012 Invoice 2013-00000373	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	FITZGERALD, AIMEE	\$287.30
71594	12/07/2012 Invoice 12-794707	Open	Date 11/20/2012	Description 481 Gal Ethanol	FLYERS ENERGY, LLC	\$1,730.39
71595	12/07/2012 Invoice CBF-11-2012	Open	Date 12/04/2012	Description Professional Services Nov 1-30, 2012 Fund 1313, Gen Plan Update=\$160.00 Fund 1350, CDBG Grants=\$750.00 Fund 1351, CDBG Program Income=\$100.00	FLYNN, CAROLYN	\$1,010.00
71596	12/07/2012 Invoice 2013-00000374	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	FRANCA, CLAUDIO	\$351.00
71597	12/07/2012 Invoice 2013-00000370	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	HO KUK MU SUL CORPORATION	\$243.75

## City Checks Issued 12/7/12

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71598	12/07/2012 Invoice N216799	Open	Date 11/25/2012	Description Maint Agreement, Nov-Dec12, PD Fund 2211, Info Technology	IBM Corporation	\$152.17
71599	12/07/2012 Invoice 24033-2013	Open	Date 09/20/2012	Description Membership fee, Deiter	INTERNAT'L INST. OF MUNICIPAL CLERKS	\$110.00
71600	12/07/2012 Invoice 2013-00000377	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	KAPLAN, PHIL	\$698.75
71601	12/07/2012 Invoice 2013-00000378	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	KINNAMON, LORRAINE	\$202.80
71602	12/07/2012 Invoice LIUNA-Nov12	Open	Date 11/26/2012	Description Union Pension Dues, Employee Funded	LIUNA PENSION FUND	\$864.00
71603	12/07/2012 Invoice 237893	Open	Date 11/27/2012	Description Wheel Alignment, 2009 Crown Vic, PD	LLOYD'S TIRE SERVICE INC.	\$99.50
71604	12/07/2012 Invoice 2013-00000379	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	LUCAS, SAMANTHA	\$314.60
71605	12/07/2012 Invoice 2013-00000380	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	MAC LAUGHLIN, DAWN	\$692.90
71606	12/07/2012 Invoice 24909824	Open	Date 11/25/2012	Description Temp Receptionist	MANPOWER	\$375.13
71607	12/07/2012 Invoice 2013-00000381	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	MARRUJO, SANDY	\$345.80
71608	12/07/2012 Invoice 2013-00000382	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	MARTEL, RAJIV	\$195.00
71609	12/07/2012 Invoice 2013-00000383	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	MATTERN, MARK	\$715.00
71610	12/07/2012 Invoice 2013-00000384	Open	Date 12/03/2012	Description Late Fall 2012 Instructor Payments	MCCUTCHEN, SUELLEN	\$143.00

## City Checks Issued 12/7/12

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71611	12/07/2012	Open			MCLAUGHLIN, MARY	\$852.80
	Invoice		Date	Description		Amount
	2013-00000385		12/03/2012	Late Fall 2012 Instructor Payments		\$852.80
71612	12/07/2012	Open			MID-COUNTY AUTO SUPPLY	\$311.38
	Invoice		Date	Description		Amount
	322613		11/16/2012	Auto parts, Street Sweeper		\$157.16
	322835		11/19/2012	Auto parts, Street Sweeper		\$84.12
	322814		11/19/2012	Auto parts, Street Sweeper		\$70.10
				Fund 1310, Gas Tax Fund		
71613	12/07/2012	Open			MILES, MITCHELL A.	\$1,066.00
	Invoice		Date	Description		Amount
	2013-00000386		12/03/2012	Late Fall 2012 Instructor Payments		\$1,066.00
71614	12/07/2012	Open			MITCHELL, JEANI	\$772.85
	Invoice		Date	Description		Amount
	2013-00000387		12/03/2012	Late Fall 2012 Instructor Payments		\$772.85
71615	12/07/2012	Open			MONIZ, CHARMAINE	\$201.50
	Invoice		Date	Description		Amount
	2013-00000388		12/03/2012	Late Fall 2012 Instructor Payments		\$201.50
71616	12/07/2012	Open			MORRISSEY, YOSHIE	\$104.00
	Invoice		Date	Description		Amount
	2013-00000389		12/03/2012	Late Fall 2012 Instructor Payments		\$104.00
71617	12/07/2012	Open			NORTH BAY FORD	\$65.00
	Invoice		Date	Description		Amount
	FOCS279044		11/28/2012	auto parts		\$65.00
71618	12/07/2012	Open			OFFUTT, MELISSA	\$390.00
	Invoice		Date	Description		Amount
	2013-00000390		12/03/2012	Late Fall 2012 Instructor Payments		\$390.00
71619	12/07/2012	Open			ORCHARD SUPPLY HARDWARE	\$14.06
	Invoice		Date	Description		Amount
	10312012		10/31/2012	Cable ties		\$14.06
71620	12/07/2012	Open			PALACE ART & OFFICE SUPPLIES	\$716.33
	Invoice		Date	Description		Amount
	985834		11/16/2012	Paper-PD		\$46.44
	985876		11/16/2012	Office supplies-PD		\$132.24
	986099		11/19/2012	Office supplies-Rec		\$106.06
	985876-1		11/19/2012	office supplies-PD		\$56.16
	985846		11/16/2012	Office Supplies, City Hall		\$185.37
	8838990		11/30/2012	Proclamation framing, departing council m		\$17.17
	8836940		11/21/2012	Museum Display Supplies		\$100.49
	8834019		11/14/2012	Museum Display Supplies		\$50.75
	986909		11/29/2012	Name plates for new council member, trea		\$21.65
				Fund 1000, Gen Fund=\$492.14		
				Fund 2210, Stores=\$224.19		

## City Checks Issued 12/7/12

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71621	12/07/2012	Open			PHOENIX GROUP INFORMATION SYS	\$1,933.75
	Invoice		Date	Description		Amount
	102012070		11/09/2012	Citation charges, Oct 2012		\$1,933.75
71622	12/07/2012	Open			PITNEY BOWES INC.	\$2,019.99
	Invoice		Date	Description		Amount
	PB20121031		11/19/2012	Postage Refill, City Hall Meter Fund 2210, Stores Fund		\$2,019.99
71623	12/07/2012	Open			POT, TRENISE	\$1,084.85
	Invoice		Date	Description		Amount
	2013-00000391		12/03/2012	Late Fall 2012 Instructor Payments		\$1,084.85
71624	12/07/2012	Open			PRINTWORX	\$1,437.56
	Invoice		Date	Description		Amount
	14088		11/08/2012	CVWBIA Brochure Printing Fund 1321, BIA		\$1,437.56
71625	12/07/2012	Open			ProBUILD COMPANY LLC	\$54.20
	Invoice		Date	Description		Amount
	5677247		11/29/2012	Tree stakes		\$43.09
	5677490		11/30/2012	Wood		\$11.11
71626	12/07/2012	Open			ROGERS, ANDERSON, MALODY & SCOTT, LLP	\$10,000.00
	Invoice		Date	Description		Amount
	36894		10/31/2012	Progress Billing, FY11/12 Audit		\$10,000.00
71627	12/07/2012	Open			SCC INFORMATION SERVICES	\$517.24
	Invoice		Date	Description		Amount
	SCAN-Dec 2012		11/26/2012	Open query SCAN charges Dec 2012		\$517.24
71628	12/07/2012	Open			SANTA CRUZ DANCE & PERFORMING	\$187.20
	Invoice		Date	Description		Amount
	2013-00000394		12/03/2012	Late Fall 2012 Instructor Payments		\$187.20
71629	12/07/2012	Open			SANTA CRUZ MUNICIPAL UTILITIES	\$826.10
	Invoice		Date	Description		Amount
	2013-00000365		11/26/2012	Oct-Nov12 Street Median Water Bills		\$826.10
71630	12/07/2012	Open			SEE-CABARGA, DIANE	\$856.05
	Invoice		Date	Description		Amount
	2013-00000392		12/03/2012	Late Fall 2012 Instructor Payments		\$856.05
71631	12/07/2012	Open			SENDEJAS, LINDA M.	\$637.00
	Invoice		Date	Description		Amount
	2013-00000393		12/03/2012	Late Fall 2012 Instructor Payments		\$637.00
71632	12/07/2012	Open			SENTINEL PRINTERS, INC.	\$349.37
	Invoice		Date	Description		Amount
	294115		11/09/2012	Business Cards, City Mgr & Public Works Fund 1000, Gen Fund=\$241.37 Fund 2210, Stores=\$108.00		\$349.37

## City Checks Issued 12/7/12

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71633	12/07/2012	Open			SHERWIN-WILLIAMS	\$320.08
	Invoice		Date	Description		Amount
	8967-3		11/14/2012	Street Paint		\$320.08
				Fund 1310, Gas Tax		
71634	12/07/2012	Open			SOQUEL CREEK WATER DISTRICT	\$4,384.23
	Invoice		Date	Description		Amount
	2013-00000364		11/19/2012	Semi-monthly irrigation water use		\$4,384.23
71635	12/07/2012	Open			THILL, WENDY	\$160.00
	Invoice		Date	Description		Amount
	2013-00000366		12/03/2012	volleyball Official Nov 10 to Dec 3		\$160.00
71636	12/07/2012	Open			TLC ADMINISTRATORS, INC.	\$5,216.29
	Invoice		Date	Description		Amount
	93030-Dec12		12/01/2012	Dental & Vision Ins, Employee Funded		\$5,216.29
71637	12/07/2012	Open			UNITED PARCEL SERVICE	\$37.20
	Invoice		Date	Description		Amount
	954791482		11/01/2012	Shipping-PD		\$37.20
71638	12/07/2012	Open			US BANCORP EQUIPMENT FINANCE	\$54.77
	Invoice		Date	Description		Amount
	216529958		11/20/2012	Copier Lease, Canon IR1750, Rec		\$54.77
71639	12/07/2012	Open			WEINSTEIN, JOHANNA	\$479.70
	Invoice		Date	Description		Amount
	2013-00000376		12/03/2012	Late Fall 2012 Instructor Payments		\$479.70
71640	12/07/2012	Open			ZUMAR INDUSTRIES INC.	\$142.72
	Invoice		Date	Description		Amount
	141947		11/16/2012	Signs		\$142.72
				Fund 1310, Gas Tax		
71641	12/07/2012	Open			Behavior Analysis Training Institute	\$596.00
	Invoice		Date	Description		Amount
	2013-00000397		12/04/2012	Behavior Analysis Training Evans/Moreno		\$596.00
				POST reimbursable		
71642	12/07/2012	Open			Chipman Relocations	\$3,270.87
	Invoice		Date	Description		Amount
	2013-00000399		08/30/2012	Pac Cove MHP Relocation-Roth #63		\$3,270.87
71643	12/07/2012	Open			Flamingo Hotel and Resort	\$478.80
	Invoice		Date	Description		Amount
	2013-00000396		11/27/2012	Hotel, Evans-PD, POST Reimbursable		\$478.80
71644	12/07/2012	Open			Photography by Elyse Destout	\$550.00
	Invoice		Date	Description		Amount
	145		11/27/2012	Individual photos for CPD		\$550.00
71645	12/07/2012	Open			Schuster, Frank	\$86.00
	Invoice		Date	Description		Amount
	11139444		12/07/2012	refund cite 11139444		\$86.00

# City Checks Issued 12/7/12

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount	
71646	12/07/2012	Open			Venn, James, Randall	\$39.00	
	Invoice		Date	Description		Amount	
	2013-00000357		11/27/2012	refund cite 13132963		\$39.00	
Check Totals:				Count	73	Total	\$70,447.70

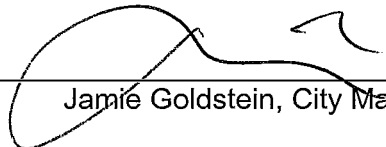
Checks dated 12/14/12 numbered 71647 to 71696 for a total of \$90,917.38 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 12/14/12 the unaudited cash balance is \$1,539,751

**CASH POSITION - CITY OF CAPITOLA 12/14/12**

	<u>Net Balance</u>
General Fund	(423,003)
Contingency Reserve Fund	671,646
Worker's Comp. Ins. Fund	207,160
Self Insurance Liability Fund	182,338
Stores Fund	(3,855)
Information Technology Fund	57,693
Equipment Replacement	119,706
Compensated Absences Fund	19,476
Public Employee Retirement - PERS	206,254
Open Space Fund	256
Capital Improvement Projects	502,079
<b>TOTAL GENERAL FUND &amp; COUNCIL DESIGNATED FUNDS</b>	<u><u>1,539,751</u></u>

The Emergency Reserve Fund balance is \$289,295.54 and is not included above.

  
 \_\_\_\_\_  
 Jamie Goldstein, City Manager

12/14/12  
 \_\_\_\_\_  
 Date

\_\_\_\_\_  
 Kimberly V. DeWitt, City Treasurer

\_\_\_\_\_  
 Date

## City Checks Issued 12/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71647	12/14/2012 Invoice 4774	Open	Date 12/05/2012	Description Sweeper Brooms Fund 1310, Gas Tax	ACME ROTARY BROOM SERVICE	\$2,037.26
71648	12/14/2012 Invoice 186580	Open	Date 11/30/2012	Description Background Investigation, new employees	ADVANTAGE CREDIT INC.	\$20.00
71649	12/14/2012 Invoice 2620	Open	Date 12/31/2012	Description Pac Cove Asbestos Survey Fund 1420, Pac Cove Bond	AERO-ENVIRONMENTAL CONSULTING	\$1,600.00
71650	12/14/2012 Invoice 255122	Open	Date 12/01/2012	Description Supple Health Ins, Employee Funded	AFLAC	\$700.14
71651	12/14/2012 Invoice 3862607	Open	Date 11/13/2012	Description City Phone Service, Internet Access Fund 1000, Gen Fund=\$1698.60 Fund 2211, IT=\$260.41	AT&T/CALNET 2	\$1,959.01
71652	12/14/2012 Invoice 942864	Open	Date 12/06/2012	Description Fingerprint Appt, Background check	CA DEPARTMENT OF JUSTICE	\$32.00
71653	12/14/2012 Invoice 127974	Open	Date 11/20/2012	Description Pay station repair	CALE AMERICA INC.	\$1,375.61
71654	12/14/2012 Invoice POA12-14-12	Open	Date 12/13/2012	Description POA Dues, Employee Funded	CAPITOLA PEACE OFFICERS ASSOC.	\$769.00
71655	12/14/2012 Invoice Nov 2012	Open	Date 12/02/2012	Description Animal Control Exp, Nov2012	CHANTICLEER VET HOSPITAL	\$1,056.30
71656	12/14/2012 Invoice 2013	Open	Date 11/06/2012	Description Membership, Sneddon	CITY CLERKS ASSOC. OF CALIFORNIA	\$110.00
71657	12/14/2012 Invoice 1295503	Open	Date 11/20/2012	Description Cleaning Supplies	CLEAN SOURCE	\$992.87
71658	12/14/2012 Invoice 9892	Open	Date 12/07/2012	Description Supplies for the photo board-PD	CVS PHARMACY INC.	\$4.06



# City Checks Issued 12/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71659	12/14/2012 Invoice 16021081	Open	Date 11/24/2012	Description City Hall Copier Lease Agreement Fund 2210, Stores Fund	DE LAGE LANDEN FINANCIAL SVCS	\$334.07
71660	12/14/2012 Invoice 4DT4763-13	Open	Date 10/17/2012	Description Registration on Shore carrier	DEPARTMENT OF MOTOR VEHICLES	\$10.00
71661	12/14/2012 Invoice 20121106	Open	Date 11/30/2012	Description Reimb Training travel expenses, PD	EVANS, KRAIG	\$129.06
71662	12/14/2012 Invoice casat18348	Open	Date 11/28/2012	Description auto parts	FASTENAL COMPANY	\$6.78
71663	12/14/2012 Invoice 12795914A 12-795915A	Open	Date 11/29/2012 11/29/2012	Description 502 Gal Ethanol 150 Gal Diesel	FLYERS ENERGY, LLC	\$2,408.34
71664	12/14/2012 Invoice 106657	Open	Date 11/20/2012	Description Successor Agency Legal Services, Oct2011	GOLDFARB & LIPMAN, LLP	\$1,296.00
71665	12/14/2012 Invoice S144498	Open	Date 08/31/2012	Description Jul1-Sep7, Litter Abatement & Street Clean	HOPE REHABILITATION SERVICES	\$1,925.00
71666	12/14/2012 Invoice Howard-Nov5 Howard-Dec1	Open	Date 12/10/2012 12/10/2012	Description FY 12/13 Mechanic FY 12/13 Mechanic	HOWARD, CHARLIE	\$1,470.00
71667	12/14/2012 Invoice ICMA12-14-12	Open	Date 12/13/2012	Description Retirement Plan Contribution, Employee Fu	ICMA RETIREMENT TRUST 457	\$4,093.76
71668	12/14/2012 Invoice 20120222	Open	Date 02/22/2012	Description Reimburse Education Exp, Sep-Nov 2010 Replacement Check	KEANE, CHAD	\$267.00
71669	12/14/2012 Invoice 323665 323684 323756 323733 323811 323504 323448	Open	Date 11/29/2012 11/29/2012 11/29/2012 11/29/2012 11/30/2012 11/27/2012 11/27/2012	Description Auto Parts, PW Parks 1999 F-150 Auto parts, PW Parks 1999 F-150 Auto parts, PW Parks 1999 F-150 Auto parts, PW Parks 1999 F-150 Auto parts, PW Parks 1999 F-150 Auto parts-fleet Auto parts, KZ-1000 Motorcycle, PD	MID-COUNTY AUTO SUPPLY	\$133.76

## City Checks Issued 12/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71670	12/14/2012	Open			MISSION LINEN SUPPLY	\$1,018.74
	Invoice		Date	Description		Amount
	Nov 2012		12/03/2012	Nov 2012 Laundry Service and Mat Cleanir		\$1,018.74
71671	12/14/2012	Open			MURPHY, LISA	\$91.70
	Invoice		Date	Description		Amount
	Dec12		12/07/2012	Reimb travel exp, conf attendance, CalPelr.		\$91.70
71672	12/14/2012	Open			ORCHARD SUPPLY HARDWARE	\$273.99
	Invoice		Date	Description		Amount
	6010-4765316		11/26/2012	Misc.		\$22.27
	6013-524621		11/27/2012	Christmas lights		\$3.22
	6012-1020485		11/29/2012	Door stop, PD		\$7.57
	6014-2436839		11/28/2012	Nails		\$19.44
	6012-1020517		11/29/2012	Misc. Maint Items		\$4.96
	6012-1020598		11/29/2012	Wharf supplies		\$69.22
	6013-1234944		11/30/2012	Misc.		\$11.89
	6007-3527853		11/30/2012	Council chambers		\$41.82
	6011-4790610		12/05/2012	Smoke Detectors, City Hall		\$93.60
71673	12/14/2012	Open			PACIFIC GAS & ELECTRIC	\$38,249.00
	Invoice		Date	Description		Amount
	0007222955-2		10/30/2012	LED Streetlights Project		\$38,249.00
				Fund 1310, Gas Tax Fund		
71674	12/14/2012	Open			PACIFIC PRODUCTS AND SERVICES	\$1,862.37
	Invoice		Date	Description		Amount
	15722		11/20/2012	Steel posts		\$1,862.37
				Fund 1310, Gas Tax Fund		
71675	12/14/2012	Open			PACIFIC VET SPECIALISTS INC.	\$50.95
	Invoice		Date	Description		Amount
	243581		11/28/2012	Animal Control Exp, PD		\$50.95
71676	12/14/2012	Open			PALACE ART & OFFICE SUPPLIES	\$138.14
	Invoice		Date	Description		Amount
	986663		11/26/2012	office supplies-PD		\$27.33
	987095		11/28/2012	Office supplies-PD		\$52.24
	986663-1		11/26/2012	Office supplies-PD		\$14.04
	987546		11/30/2012	paper-PD		\$46.44
	C-987930		12/05/2012	Return Office Supplies, PD		(\$1.91)
71677	12/14/2012	Open			PRINTWORX	\$1,929.02
	Invoice		Date	Description		Amount
	14181		11/14/2012	CVWBIA Brochure Printing		\$1,929.02
				Fund 1321, BIA		
71678	12/14/2012	Open			SCC AUDITOR-CONTROLLER	\$10,392.00
	Invoice		Date	Description		Amount
	SurCh-Nov12		12/07/2012	Citation Surcharges, Nov 2012		\$10,392.00
71679	12/14/2012	Open			SC OCCUPATIONAL MEDICAL CTR	\$471.00
	Invoice		Date	Description		Amount
	1-7246		10/31/2012	Physical, Garrett-Frias		\$471.00

# City Checks Issued 12/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71680	12/14/2012 Invoice 200833	Open	Date 11/15/2012	Description Agenda Basic Services Bundle Fund 2211, IT	SIRE Technologies	\$6,880.00
71681	12/14/2012 Invoice 974855313-132	Open	Date 11/29/2012	Description City Cell Phone Service	SPRINT	\$2,820.98
71682	12/14/2012 Invoice 49012	Open	Date 11/07/2012	Description Uniform Exp, Evans-PD	SUMMIT UNIFORM CORP	\$119.21
71683	12/14/2012 Invoice 12-7-12	Open	Date 12/07/2012	Description Photographs of new council members	THALER, SHMUEL	\$217.00
71684	12/14/2012 Invoice 3917-16006	Open	Date 12/01/2012	Description Monthly Web Hosting, City Web Site, Dec 2	THE INTERNET CONNECTION INC.	\$150.00
71685	12/14/2012 Invoice 3225	Open	Date 07/26/2012	Description Windshield warning stickers	TIRELOCK.COM	\$31.22
71686	12/14/2012 Invoice 17407	Open	Date 12/04/2012	Description Dec 2012 Admin Fee	TLC ADMINISTRATORS, INC.	\$175.00
71687	12/14/2012 Invoice Dues12-14-12	Open	Date 12/13/2012	Description Union Dues, Employee Funded	UPEC LIUNA LOCAL 792	\$967.75
71688	12/14/2012 Invoice 216656207 217515303	Open	Date 11/23/2012 12/04/2012	Description Copier Lease, Rec IR2525, Nov & Dec 201 Nov and Dec 2012 Copier Lease IR2525 Fund 2211, IT	US BANCORP EQUIPMENT FINANCE	\$335.48
71689	12/14/2012 Invoice PARS12-14-12	Open	Date 12/13/2012	Description Retirement Plan Contribution, Employee Fu	US Bank Institutional Trust-Western Regi	\$224.98
71690	12/14/2012 Invoice Clinton	Open	Date 12/07/2012	Description Liability Claim Settlement Fund 2213, Self-Ins Liability	Clinton, Beau	\$82.94
71691	12/14/2012 Invoice 2013-00000404	Open	Date 12/05/2012	Description FBI Academy Sloma POST	FBINA	\$115.00

**City Checks Issued 12/14/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount	
71692	12/14/2012 Invoice 12-125	Open	Date 12/06/2012	Description Tree Deposit Refund #12-125	Hofacre, John	\$500.00 \$500.00	
71693	12/14/2012 Invoice 2013-00000401	Open	Date 12/04/2012	Description FBI Academy uniform for Sloma	MCCS	\$109.99 \$109.99	
71694	12/14/2012 Invoice 2013-00000402	Open	Date 11/27/2012	Description FBI Academy uniform Slom	MCCS	\$266.50 \$266.50	
71695	12/14/2012 Invoice Murrell	Open	Date 12/07/2012	Description Liability Claim Settlement Fund 2213, Self-Ins Liability	Murrell, Joyce	\$214.40 \$214.40	
71696	12/14/2012 Invoice 12-135	Open	Date 12/06/2012	Description Tree Permit Deposit Refund #12-135	Park Place Home Owners Association	\$500.00 \$500.00	
Type Check Totals:				Count	50	Total	\$90,917.38

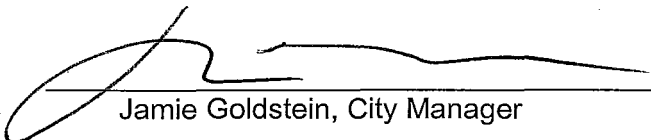
Checks dated 12/21/12 numbered 71697 to 71792 for a total of \$178,286.69 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 12/21/12 the unaudited cash balance is \$2,856,335

**CASH POSITION - CITY OF CAPITOLA 12/21/12**

	<u>Net Balance</u>
General Fund	917,713
Contingency Reserve Fund	671,646
Worker's Comp. Ins. Fund	207,160
Self Insurance Liability Fund	181,853
Stores Fund	(4,621)
Information Technology Fund	54,255
Equipment Replacement	119,706
Compensated Absences Fund	19,476
Public Employee Retirement - PERS	206,254
Open Space Fund	256
Capital Improvement Projects	482,637
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>2,856,335</u></u>

The Emergency Reserve Fund balance is \$289,295.54 and is not included above.

  
 \_\_\_\_\_  
 Jamie Goldstein, City Manager

12/21/12  
 \_\_\_\_\_  
 Date

\_\_\_\_\_  
 Kimberly V. DeWitt, City Treasurer

\_\_\_\_\_  
 Date

## City Checks Issued 12/21/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71697	12/21/2012 Invoice 2013-00000431	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	ADVOCACY INC.	\$1,791.25
71698	12/21/2012 Invoice 2632	Open	Date 12/17/2012	Description Asbestos Survey-Pac Cove Fund 1420, Pac Cove Bond	AERO-ENVIRONMENTAL CONSULTING	\$6,400.00
71699	12/21/2012 Invoice Oct2012	Open	Date 12/18/2012	Description Adj AFLAC premium from Oct2012	AFLAC	\$8.00
71700	12/21/2012 Invoice 624-Dec12	Open	Date 12/01/2012	Description Long Disance Service, Dec12 Fund 2211, Info Technology	AT&T	\$7.88
71701	12/21/2012 Invoice 2012-11	Open	Date 12/18/2012	Description Nov 2012 Legal Services	ATCHISON, BARISONE, & CONDOTTI	\$11,333.76
71702	12/21/2012 Invoice 39372	Open	Date 12/22/2012	Description Dec2012 Wharf Meter Reading Fund 1311, Wharf Fund	AUTOMATED TEST ASSOCIATES	\$25.00
71703	12/21/2012 Invoice Nov12	Open	Date 11/30/2012	Description Pacific Cove MHP Relocation Services Fund 1420, Pac Cove Bond	AUTOTEMP INC.	\$1,200.00
71704	12/21/2012 Invoice Nov-Dec2012	Open	Date 12/18/2012	Description Nov-Dec Credit card charges Fund 1000, Gen Fund=\$1791.13 Fund 1315, Public Art=\$700.00 Fund 2210, Stores=\$17.81 Fund 2211, Info Technology=\$1319.96 Fund 2213, Self-Ins Liability=\$395.00	BANK OF AMERICA	\$4,223.90
71705	12/21/2012 Invoice 2013-00000415	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	BIG BROTHERS BIG SISTERS OF SCC	\$673.00
71706	12/21/2012 Invoice 7354 7363	Open	Date 12/05/2012 12/04/2012	Description Professional Services 11/1-11/30/12 Professional Services 11/1-11/30/12 Fund 1200, CIP=\$10236.50 Fund 1310, Gas Tax=\$3690.00 Fund 1315, Public Art=\$3690.00	BOWMAN & WILLIAMS, INC.	\$17,616.50

# City Checks Issued 12/21/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71707	12/21/2012 Invoice 2013-00000424	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	CABRILLO COLLEGE STROKE CTR	\$1,672.00
71708	12/21/2012 Invoice 128083	Open	Date 11/29/2012	Description Parking Meter Maint., Nov 2012	CALE AMERICA INC.	\$770.00
71709	12/21/2012 Invoice 942 933	Open	Date 11/30/2012 11/28/2012	Description Uniform Expense, Sandretti-PD Uniform Exp, Escalante-PD	CALIFORNIA COAST UNIFORM CO	\$43.25
71710	12/21/2012 Invoice 2013-00000409	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	CALIFORNIA GREY BEARS INC.	\$3,467.75
71711	12/21/2012 Invoice 2013-00000425	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	CAMPUS KIDS CONNECTION INC.	\$4,123.75
71712	12/21/2012 Invoice 2013-00000441	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	CASA OF SANTA CRUZ COUNTY	\$539.25
71713	12/21/2012 Invoice 22372011	Open	Date 12/12/2012	Description Winter 2013 brochure printing	CASEY PRINTING	\$4,885.16
71714	12/21/2012 Invoice Q458288	Open	Date 09/11/2012	Description Computer Components Fund 2211, Info Technology	CDW GOVERNMENT INC.	\$113.35
71715	12/21/2012 Invoice 2013-00000429	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	CENTRAL COAST CTR FOR IND. LIVING	\$3,674.25
71716	12/21/2012 Invoice 2013-00000408	Open	Date 12/14/2012	Description Late Fall 2012 INST. LAST PAYMENTS	CHARLEBOIS, FREDERIC	\$37.50
71717	12/21/2012 Invoice 0198562-Jan13	Open	Date 12/11/2012	Description Internet Access Fund 2211, Info Technology	Charter Communications	\$129.99
71718	12/21/2012 Invoice 29177	Open	Date 12/20/2012	Description 2012 Team building-PD	CHRISTANDO HOUSE INC.	\$5,500.00

## City Checks Issued 12/21/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71719	12/21/2012 Invoice 2013-00000406	Open	Date 12/14/2012	Description Late Fall 2012 INST. PAYMENTS	CLARK, DAVE	\$220.35
71720	12/21/2012 Invoice 10499	Open	Date 11/30/2012	Description Nov 2012 Cleaning Service Fund 1000, Gen Fund=\$3764.46 Fund 1311, Wharf Fund=\$217.50	CLEAN BUILDING MAINTENANCE	\$3,981.96
71721	12/21/2012 Invoice 1178 1179	Open	Date 11/30/2012 11/30/2012	Description Stormwater Education & Outreach Service Soquel Creek Monitoring-Water Quality Ur	COASTAL WATERSHED COUNCIL	\$4,913.71
71722	12/21/2012 Invoice 2013-00000428	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	COMMUNITY ACTION BOARD OF SCC	\$321.50
71723	12/21/2012 Invoice 2013-00000412	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	COMMUNITY BRIDGES	\$26,437.00
71724	12/21/2012 Invoice 0703029	Open	Date 11/30/2012	Description Cost Share, FY12/13 HMIS	COMMUNITY TECHNOLOGY ALLIANCE	\$462.00
71725	12/21/2012 Invoice 61598	Open	Date 12/10/2012	Description Mail service, Rec Winter Brochure	COMPLETE MAILING SERVICE INC	\$1,707.04
71726	12/21/2012 Invoice Q2 FY12-13	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	CONFLICT RESOLUTION CENTER OF SC	\$671.50
71727	12/21/2012 Invoice 31307724	Open	Date 11/30/2012	Description After Hours Fuel-PD	CONOCO-PHILLIPS FLEET SERVICES	\$58.22
71728	12/21/2012 Invoice 20121107	Open	Date 11/07/2012	Description Art at 41st Ave Medians Fund 1315, Public Art	CORLISS, TROY	\$12,500.00
71729	12/21/2012 Invoice Nov2012	Open	Date 11/30/2012	Description Nov Drinking Water	CRYSTAL SPRINGS WATER CO.	\$222.47
71730	12/21/2012 Invoice 2013-00000423	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	CULTURAL COUNCIL OF SCC	\$232.50



# City Checks Issued 12/21/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71731	12/21/2012 Invoice AAU2203x	Open	Date 12/18/2012	Description Registration Renewal Sp45 Fund 1420, Pac Cove Bond	DEPT OF HOUSING AND COMMUNITY DEV (HCI)	\$29.00 \$29.00
71732	12/21/2012 Invoice 2013-00000422	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	DIENTES COMMUNITY DENTAL CARE	\$327.00 \$327.00
71733	12/21/2012 Invoice 2013Bike	Open	Date 12/18/2012	Description Sponsor, Bike to school/work 2013	ECOLOGY ACTION OF SANTA CRUZ	\$1,000.00 \$1,000.00
71734	12/21/2012 Invoice E3138	Open	Date 12/01/2012	Description Quarterly lube and inspection	ELEVATOR SERVICE COMPANY, INC.	\$165.00 \$165.00
71735	12/21/2012 Invoice 2013-00000439	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	FAMILIES IN TRANSITION	\$588.00 \$588.00
71736	12/21/2012 Invoice 2013-00000416	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	FAMILY SERVICE AGCY OF THE CENT COAST	\$2,194.25 \$2,194.25
71737	12/21/2012 Invoice 17	Open	Date 12/02/2012	Description Nov2012 Marketing Services, BIA Funded Fund 1321, BIA	FERRASCI-HARP, AMY	\$875.00 \$875.00
71738	12/21/2012 Invoice 12-798299 12-798300	Open	Date 12/06/2012 12/06/2012	Description 501 Gal Ethanol 92 Gal Diesel	FLYERS ENERGY, LLC	\$2,105.85 \$1,750.74 \$355.11
71739	12/21/2012 Invoice 12-180-RET-a 12-180-RET-b	Open	Date 12/05/2012 12/05/2012	Description Retention Release Retention Release Fund 1200, CIP	GRAHAM CONTRACTORS INC.	\$9,206.44 \$8,808.44 \$398.00
71740	12/21/2012 Invoice 11287	Open	Date 12/13/2012	Description Nov2012 Legal Services, Flood Issues	GUMBINER & ESKRIDGE LLP	\$4,275.00 \$4,275.00
71741	12/21/2012 Invoice 20121219	Open	Date 12/20/2012	Description Reimb Training Exp-PD	HELD, THOMAS	\$94.55 \$94.55
71742	12/21/2012 Invoice 20121219	Open	Date 12/20/2012	Description Reimb Travel Exp-PD	HERNANDEZ, TRACIE	\$168.73 \$168.73

## City Checks Issued 12/21/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71743	12/21/2012 Invoice 2013-00000437	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	HOMELESS SERVICE CENTER OF SCC	\$625.00 \$625.00
71744	12/21/2012 Invoice 2013-00000407	Open	Date 12/14/2012	Description Late Fall 2012 INST. LAST PAYMENTS	HOWELLS, NANCY	\$302.90 \$302.90
71745	12/21/2012 Invoice 165316	Open	Date 12/17/2012	Description Contract C12683-01, Canon IR1750, Rec Fund 2211, Info Technology	KBA Docusys	\$43.92 \$43.92
71746	12/21/2012 Invoice 11158668	Open	Date 11/30/2012	Description Armored car service	LOOMIS	\$874.90 \$874.90
71747	12/21/2012 Invoice 24884750	Open	Date 11/18/2012	Description Temp Receptionist	MANPOWER	\$346.59 \$346.59
71748	12/21/2012 Invoice 48255135	Open	Date 11/28/2012	Description Internet Access Fund 2211, Info Technology	MEGAPATH COVAD COMMUNICATION	\$646.51 \$646.51
71749	12/21/2012 Invoice 20121211	Open	Date 12/11/2012	Description Claim MBA10-0501, Surf & Sand Fund 2213, Self-Ins Liability	MONTEREY BAY AREA SELF INS. AUTI	\$90.30 \$90.30
71750	12/21/2012 Invoice 20121213 20121214	Open	Date 12/13/2012 12/20/2012	Description Reimb Hotel Exp, POST Training Reimb meals, POST Training	MORENO, LEO	\$674.90 \$478.80 \$196.10
71751	12/21/2012 Invoice 2013-00000434	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	NATIVE ANIMAL RESCUE	\$279.50 \$279.50
71752	12/21/2012 Invoice 2013-00000405	Open	Date 12/14/2012	Description Late Fall 2012 INST. LAST PAYMENTS	NELSON-SMITH, RACHEL	\$143.00 \$143.00
71753	12/21/2012 Invoice 24527	Open	Date 12/14/2012	Description Time & Travel, System Upgrade Fund 2211, Info Technology	NEW WORLD SYSTEMS	\$1,127.10 \$1,127.10
71754	12/21/2012 Invoice 2013-00000410	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	O'NEILL SEA ODYSSEY	\$686.50 \$686.50

# City Checks Issued 12/21/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71755	12/21/2012	Open			ORCHARD SUPPLY HARDWARE	\$503.37
	Invoice		Date	Description		Amount
	6009-3464330		12/03/2012	DeWalt drill set		\$432.99
	6011-4790255		12/04/2012	Cable ties for tennis courts		\$14.70
	6007-3528393		12/04/2012	Vacuum parts		\$32.45
	6007-3527666		11/29/2012	Center supplies		\$23.23
71756	12/21/2012	Open			PACIFIC VETERINARY SPECIALISTS	\$682.35
	Invoice		Date	Description		Amount
	Nov2012		11/30/2012	Animal Control Exp, Nov2012		\$682.35
71757	12/21/2012	Open			PALACE ART & OFFICE SUPPLIES	\$928.68
	Invoice		Date	Description		Amount
	987930		12/03/2012	Office supplies-PD		\$18.92
	988050		12/04/2012	Office supplies-PD		\$15.54
	988581		12/06/2012	Office supplies-PD		\$65.31
	989004		12/10/2012	Office Supplies, City Hall		\$37.37
	989017		12/10/2012	Office Supplies, City Hall		\$9.73
	988739		12/10/2012	Office Supplies, City Hall		\$10.83
	989218		12/11/2012	Office Supplies, City Hall		\$53.04
	989017-1		12/12/2012	Shredder, City Hall		\$637.58
	990005-0		12/12/2012	Office supplies		\$80.36
				Fund 1000, Gen Fund=\$180.13		
				Fund 2210, Stores=\$748.55		
71758	12/21/2012	Open			PARENTS CENTER OF SANTA CRUZ	\$1,754.50
	Invoice		Date	Description		Amount
	2013-00000417		12/19/2012	FY12/13 Quarterly Grant Payment		\$1,754.50
71759	12/21/2012	Open			SALDANA, LISA	\$475.25
	Invoice		Date	Description		Amount
	20120517		12/18/2012	Reimb Education Exp		\$475.25
71760	12/21/2012	Open			SC COMMUNITY COUNSELING CENTE	\$3,474.00
	Invoice		Date	Description		Amount
	2013-00000436		12/19/2012	FY12/13 Quarterly Grant Payment		\$3,474.00
71761	12/21/2012	Open			SANTA CRUZ ELECTRONICS, INC.	\$48.55
	Invoice		Date	Description		Amount
	395551		12/03/2012	Computer Supplies		\$48.55
				Fund 2211, Info Technology		
71762	12/21/2012	Open			SC OCCUPATIONAL MEDICAL CTR	\$125.00
	Invoice		Date	Description		Amount
	1-7306		11/30/2012	New Employee Physical		\$125.00
71763	12/21/2012	Open			SANTA CRUZ SENTINEL	\$525.28
	Invoice		Date	Description		Amount
	Sentinel-Nov2012		11/30/2012	Nov Advertising		\$525.28

## City Checks Issued 12/21/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71764	12/21/2012	Open			SC TODDLER CARE CENTER	\$291.00
	Invoice		Date	Description		Amount
	2013-00000440		12/19/2012	FY12/13 Quarterly Grant Payment		\$291.00
71765	12/21/2012	Open			SAVE OUR SHORES	\$327.25
	Invoice		Date	Description		Amount
	2013-00000442		12/19/2012	FY12/13 Quarterly Grant Payment		\$327.25
71766	12/21/2012	Open			SECOND HARVEST FOOD BANK	\$2,438.75
	Invoice		Date	Description		Amount
	2013-00000414		12/19/2012	FY12/13 Quarterly Grant Payment		\$2,438.75
71767	12/21/2012	Open			SENIOR CITIZENS LEGAL SERVICES	\$2,418.25
	Invoice		Date	Description		Amount
	2013-00000421		12/19/2012	FY12/13 Quarterly Grant Payment		\$2,418.25
71768	12/21/2012	Open			SENIOR NETWORK SERVICES, INC.	\$597.75
	Invoice		Date	Description		Amount
	2013-00000427		12/19/2012	FY12/13 Quarterly Grant Payment		\$597.75
71769	12/21/2012	Open			SENIORS COUNCIL OF SC COUNTY	\$801.75
	Invoice		Date	Description		Amount
	2013-00000418		12/19/2012	FY12/13 Quarterly Grant Payment		\$801.75
71770	12/21/2012	Voided	Incorrect Amount	12/21/2012	SLOMA, CLIFF	\$0.00
	Invoice		Date	Description		Amount
				VOID		
71771	12/21/2012	Open			STRELOW CONSULTING	\$650.00
	Invoice		Date	Description		Amount
	121202		12/07/2012	Single Use Bag Ordinance Environ. Review		\$650.00
71772	12/21/2012	Open			SUMMIT UNIFORM CORP	\$489.86
	Invoice		Date	Description		Amount
	49255		11/24/2012	Uniform Exp, Garrett-PD		\$479.02
	49333		11/30/2012	Name tag, Hernandez-PD		\$10.84
71773	12/21/2012	Open			SWIFT, CAROLYN	\$100.00
	Invoice		Date	Description		Amount
	20121212		12/18/2012	Reimb Photograph Purchase		\$100.00
71774	12/21/2012	Open			THE HARTFORD -PRIORITY ACCOUNT	\$1,767.85
	Invoice		Date	Description		Amount
	6152857-6		12/18/2012	Jan2013 Disability & Life Ins.		\$1,767.85
				Fund 1000, Gen Fund=\$1734.40		
				Fund 1301, SCCACT=\$33.45		
71775	12/21/2012	Open			THILL, WENDY	\$120.00
	Invoice		Date	Description		Amount
	2013-00000443		12/19/2012	Sports Officials December 2012		\$120.00

# City Checks Issued 12/21/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71776	12/21/2012 Invoice Flex-Dec12	Open	Date 12/18/2012	Description Replenish Flex cash	TLC ADMINISTRATORS, INC.	\$2,000.00 \$2,000.00
71777	12/21/2012 Invoice 954791492	Open	Date 12/08/2012	Description Shipping	UNITED PARCEL SERVICE	\$19.69 \$19.69
71778	12/21/2012 Invoice 20121126 20121129 20121126a 2013-00000432	Open	Date 11/26/2012 11/29/2012 11/26/2012 12/19/2012	Description Biennial Census Funding Continuum of Care Coord Funding 10-Year Plan Implementation Funding FY12/13 Quarterly Grant Payment	UNITED WAY OF SANTA CRUZ COUNT	\$6,083.75 \$1,832.00 \$2,308.00 \$202.00 \$1,741.75
71779	12/21/2012 Invoice 217515485	Open	Date 12/04/2012	Description Copier Lease, PD Konica C452	US BANCORP EQUIPMENT FINANCE	\$258.66 \$258.66
71780	12/21/2012 Invoice 2013-00000420	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	VISTA CENTER FOR THE BLIND	\$460.25 \$460.25
71781	12/21/2012 Invoice 2013-00000413	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant - Q1 and Q2	VOLUNTEER CENTERS OF SCC	\$643.00 \$643.00
71782	12/21/2012 Invoice 22009	Open	Date 11/30/2012	Description Legal Services, Personnel related	WILEY, PRICE & RADULOVICH, LLP	\$108.00 \$108.00
71783	12/21/2012 Invoice 2013-00000426	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant payment	WOMEN'S CRISIS SUPPORT	\$885.75 \$885.75
71784	12/21/2012 Invoice 2013-00000435	Open	Date 12/19/2012	Description FY12/13 Quarterly Grant Payment	WOMENCARE	\$548.75 \$548.75
71785	12/21/2012 Invoice 13133019	Open	Date 12/20/2012	Description Refund cite 13133019	Nguyen, Diane	\$96.00 \$96.00
71786	12/21/2012 Invoice 674-Dec12	Open	Date 12/01/2012	Description Long Distance Service, Dec2012	AT&T	\$7.61 \$7.61
71787	12/21/2012 Invoice 20121115	Open	Date 12/20/2012	Description Reimb Meals Exp, POST training-PD	EVANS, KRAIG	\$90.91 \$90.91

**City Checks Issued 12/21/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount	
71788	12/21/2012 Invoice 146	Open	Date 12/04/2012	Description Ergonomic Eval, L Fridy	GRAHAM-GARCIA, BARBARA	\$250.00 \$250.00	
71789	12/21/2012 Invoice 83949	Open	Date 12/04/2012	Description Dec12 record Storage, Nov12 Handling	MILLER'S TRANSFER & STORAGE CO.	\$278.25 \$278.25	
71790	12/21/2012 Invoice Dec12	Open	Date 12/07/2012	Description Reimburse travel exp, conf attendance, Ca	NICHOLS, LIZ	\$62.01 \$62.01	
71791	12/21/2012 Invoice 13072	Open	Date 12/04/2012	Description Fingerprinting, Fridy	SCC OFFICE OF EDUCATION	\$30.00 \$30.00	
71792	12/21/2012 Invoice 20121209 FBI 2013	Open	Date 12/09/2012 12/20/2012	Description Reimb Education Exp reimbursement for FBI uniform	SLOMA, CLIFF	\$509.99 \$400.00 \$109.99	
Check Totals:				Count	96	Total	\$178,286.69

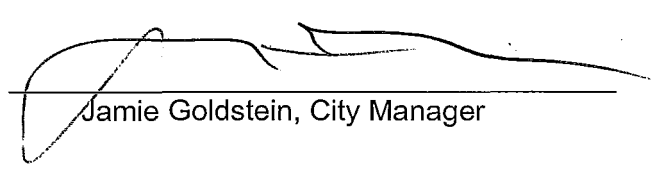
Checks dated 1/4/13 numbered 71793 to 71851 plus 1 EFT for a total of \$321,951.51 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 1/4/13 the unaudited cash balance is \$2,991,781

**CASH POSITION - CITY OF CAPITOLA 1/4/13**

	<u>Net Balance</u>
General Fund	819,758
Contingency Reserve Fund	671,646
Worker's Comp. Ins. Fund	339,185
Self Insurance Liability Fund	218,465
Stores Fund	3,094
Information Technology Fund	88,811
Equipment Replacement	142,200
Compensated Absences Fund	19,476
Public Employee Retirement - PERS	206,254
Open Space Fund	256
Capital Improvement Projects	482,637
<b>TOTAL GENERAL FUND &amp; COUNCIL DESIGNATED FUNDS</b>	<u><u>2,991,781</u></u>

The Emergency Reserve Fund balance is \$289,295.54 and is not included above.

  
 \_\_\_\_\_  
 Jamie Goldstein, City Manager

\_\_\_\_\_  
 1/4/2013  
 Date

\_\_\_\_\_  
 Kimberly V. DeWitt, City Treasurer

\_\_\_\_\_  
 Date

## City Checks Issued 1/4/2013

Check Number	Invoice Number	Status	Invoice date	Description	Payee Name	Transaction Amount
71793	1/4/2013	Voided			None	\$0.00
71794	01/04/2013 Invoice 4118	Open	Date 12/12/2012	Description Rispin fence repair	ABACHERLI FENCE CO.	Amount \$650.00
71795	01/04/2013 Invoice 44322	Open	Date 12/18/2012	Description Esplanade bathroom lock	ALLSAFE LOCK COMPANY	Amount \$54.00
71796	01/04/2013 Invoice 2986232	Open	Date 12/12/2012	Description Grand Ave. memorial plaque	BIG CREEK LUMBER	Amount \$87.78
71797	01/04/2013 Invoice 68454	Open	Date 12/11/2012	Description Damein shadow box	BRINKS AWARDS & SIGNS	Amount \$390.06
71798	01/04/2013 Invoice CY2012-Q4	Open	Date 01/02/2013	Description Seismic Fee Pass Thru	CA DEPARTMENT OF CONSERVATION	Amount \$202.51
71799	01/04/2013 Invoice 942297	Open	Date 12/06/2012	Description Nov 2012 11550 H & S analyses 12c-0106	CA DEPARTMENT OF JUSTICE	Amount \$17.00
71800	01/04/2013 Invoice 10646563	Open	Date 12/18/2012	Description Employee posters Fund 2210, Stores	CALIF. CHAMBER OF COMMERCE	Amount \$183.51
71801	01/04/2013 Invoice Jan2013	Open	Date 12/19/2012	Description Long Term Disability Ins, PD	CALIF. LAW ENFORCEMENT ASSOC.	Amount \$514.50
71802	01/04/2013 Invoice Pearson-2013	Open	Date 12/26/2012	Description Membership, Pearson	CALIF. SOCIETY OF MUNICIPAL FINANCE OFF.	Amount \$110.00
71803	01/04/2013 Invoice POA12-28-12	Open	Date 01/02/2013	Description POA Dues, Employee Funded	CAPITOLA PEACE OFFICERS ASSOC.	Amount \$769.00
71804	01/04/2013 Invoice 119538	Open	Date 12/26/2012	Description Cell phone forensic extraction	CELLEBRITE USA INC.	Amount \$3,085.00
71805	01/04/2013 Invoice 1304512	Open	Date 12/11/2012	Description Cleaning supplies	CLEAN SOURCE	Amount \$52.93



# City Checks Issued 1/4/2013

Check Number	Invoice Number	Status	Invoice date	Description	Payee Name	Transaction Amount
71806	01/04/2013 Invoice 13-83	Open	Date 12/10/2012	Description TRAK 2013 Annual Fee	CRITICAL REACH	\$265.00
71807	01/04/2013 Invoice 28750-57 28750-58	Open	Date 12/29/2012 01/02/2013	Description General Plan webhosting Dec 2012 + late General Plan webhosting 1/23/13-2/22/13 Fund 1313. General Plan Update	CRUZIO THE INTERNET STORE INC.	\$84.90
71808	01/04/2013 Invoice 20121912	Open	Date 01/02/2013	Description Reimb meals, Team Building	DALLY, ANDREW	\$83.69
71809	01/04/2013 Invoice 20121214	Open	Date 01/02/2013	Description Reimb Meals, Training	EVANS, KRAIG	\$201.17
71810	01/04/2013 Invoice 5734987	Open	Date 12/13/2012	Description Leaf rake	EWING IRRIGATION	\$15.51
71811	01/04/2013 Invoice 2522221-Jan2013	Open	Date 12/24/2012	Description evidence storage	EXTRA SPACE STORAGE OF SC INC	\$303.00
71812	01/04/2013 Invoice 2721412	Open	Date 11/29/2012	Description Circulating pump	FERGUSON ENTERPRISES, INC.	\$252.44
71813	01/04/2013 Invoice 595739	Open	Date 12/15/2012	Description 1855 41st Ave Mall, Outreach Site Alarm	FIRST ALARM	\$117.87
71814	01/04/2013 Invoice 20121205	Open	Date 01/02/2013	Description Reimb Meals & Mileage, Property School	GARRETT-FRIAS, BARBARA	\$103.09
71815	01/04/2013 Invoice 7378337	Open	Date 12/14/2012	Description Computer Components Fund 2211, IT	IBM Corporation	\$649.50
71816	01/04/2013 Invoice ICMA12-28-12	Open	Date 01/02/2013	Description Retirement Plan Contr, Employee Funded	ICMA RETIREMENT TRUST 457	\$3,844.01
71817	01/04/2013 Invoice 435189	Open	Date 11/28/2012	Description Misc.	KELLY-MOORE PAINTS	\$10.57

## City Checks Issued 1/4/2013

Check Number	Invoice Number	Status	Invoice date	Description	Payee Name	Transaction Amount
71818	01/04/2013	Open			KING'S CLEANERS	\$580.00
	Invoice		Date	Description		Amount
	Dec2012		12/13/2012	Uniform cleaning, PD		\$580.00
71819	01/04/2013	Open			LEAGUE OF CALIFORNIA CITIES	\$4,562.00
	Invoice		Date	Description		Amount
	126057		12/07/2012	CY 2013 Dues		\$4,562.00
71820	01/04/2013	Open			MID-COUNTY AUTO SUPPLY	\$372.41
	Invoice		Date	Description		Amount
	324048		12/03/2012	PW Parks, 1999 F-150 PU		\$3.30
	324005		12/03/2012	Sweeper parts		\$15.11
	324119		12/04/2012	Shop Supplies		\$11.15
	324107		12/04/2012	Parks 1999 F-150 PU		\$52.84
	324332		12/06/2012	Auto parts-fleet		\$19.17
	324953		12/12/2012	auto parts-PD vehicles		\$59.25
	324825		12/11/2012	auto parts-PD061		\$211.59
71821	01/04/2013	Open			Montano Plumbing, Inc.	\$13,998.35
	Invoice		Date	Description		Amount
	23234		12/16/2012	Emergency Gas Piping Relocation Fund 1311, Wharf Fund		\$13,998.35
71822	01/04/2013	Open			MORRISON, EDWARD LAWRENCE	\$2,500.00
	Invoice		Date	Description		Amount
	2012-6		01/02/2013	FY 12/13 Inspections		\$2,500.00
71823	01/04/2013	Open			NORTH BAY FORD	\$100.91
	Invoice		Date	Description		Amount
	231980		12/04/2012	auto parts-PD081		\$100.91
71824	01/04/2013	Open			ORCHARD SUPPLY HARDWARE	\$607.52
	Invoice		Date	Description		Amount
	6007-3528612		12/05/2012	Light bulbs		\$43.19
	6013-525803		12/06/2012	Misc.		\$34.07
	6012-1231803		12/07/2012	Hose		\$42.20
	6007-3528983		12/07/2012	Plumbing		\$24.52
	6013-526240		12/10/2012	Batteries		\$25.96
	6007-1199585		12/10/2012	Misc.		\$10.80
	6010-3467541		12/11/2012	Misc.		\$10.36
	6011-3032633		12/13/2012	Flume parts		\$74.17
	6013-1236717		12/14/2012	Lights		\$11.31
	6013-527226		12/17/2012	Misc.		\$168.72
	6012-4763463		12/17/2012	Misc.		\$23.79
	6014-1190434		12/17/2012	Misc.		\$26.37
	6013-527360		12/18/2012	Metal		\$21.09
	6011-4793852		12/18/2012	Paint		\$36.95
	6011-4793982		12/18/2012	Paint		\$12.95
	6014-1110703		12/19/2012	Misc.		\$18.36
	2861		12/05/2012	Return Plumbing Supply Items		(\$19.47)
	6010-5596847		12/06/2012	Shop Vac Hose		\$23.80
	6013-1235254		12/03/2012	Shop Supplies		\$18.38

# City Checks Issued 1/4/2013

Check Number	Invoice Number	Status	Invoice date	Description	Payee Name	Transaction Amount
71825	01/04/2013 Invoice 30635	Open	Date 11/28/2012	Description Uniforms-PW	OUTDOOR WORLD	\$1,870.04
71826	01/04/2013 Invoice 247344	Open	Date 12/24/2012	Description Animal Control Expense, PD	PACIFIC VETERINARY SPECIALISTS	\$185.95
71827	01/04/2013 Invoice 990248 989919 989885 989138 991205 18617	Open	Date 12/17/2012 12/18/2012 12/14/2012 12/11/2012 12/28/2012 12/20/2012	Description Paper, City Hall Council Name Plate paper-PD Office supplies-PD Paper-PD Keyboard tray	PALACE ART & OFFICE SUPPLIES	\$889.83
				Fund 1000, Gen Fund=\$176.67 Fund 2210, Stores=\$713.16		
71828	01/04/2013 Invoice 20121220	Open	Date 12/20/2012	Description Remodel Design of Pac Cove Public Restr	PHANTON, FRANK	\$2,773.00
71829	01/04/2013 Invoice 16803	Open	Date 12/01/2012	Description CY2013, Q1 Subscription	PUBLIC ENGINES, INC./CRIME REPOR	\$597.00
71830	01/04/2013 Invoice 49234	Open	Date 10/19/2012	Description Safety Shoes, Public Works (9 pr)	QUENVOLD'S SAFETY SHOEMOBILES	\$1,293.62
71831	01/04/2013 Invoice 1547303 1547304	Open	Date 12/01/2012 12/01/2012	Description Dec 2012 DSL, Acct 34284 Dec 2012 DSL, Acct 34284	RED SHIFT INTERNET SERVICES	\$115.11
				Fund 1000, Gen Fund=\$49.94 Fund 2211, IT=\$65.17		
71832	01/04/2013 Invoice 37078	Open	Date 11/30/2012	Description Professional Services	ROGERS, ANDERSON, MALODY & SCOTT, LLP	\$6,380.00
71833	01/04/2013 Invoice 7719-566082	Open	Date 11/26/2012	Description Lamps	ROYAL WHOLESALE ELECTRIC	\$38.97
71834	01/04/2013 Invoice 14508-116132	Open	Date 12/03/2012	Description Parks 1999 F-150	SANTA CRUZ AUTO PARTS INC.	\$30.68

## City Checks Issued 1/4/2013

Check Number	Invoice Number	Status	Invoice date	Description	Payee Name	Transaction Amount
71835	01/04/2013 Invoice 20121219	Open	Date 01/02/2013	Description Reimb Meals, Team Building	SLOMA, CLIFF	\$86.99
71836	01/04/2013 Invoice 4729 4742	Open	Date 12/07/2012 12/13/2012	Description Shirts-PW Hats-PW	SPORT ABOUT	\$628.78
71837	01/04/2013 Invoice 6007-3521105 Staples-20121220	Open	Date 12/18/2012 12/20/2012	Description Reimb Museum Heater Purchase Reimb Purch of Flash Drives for Museum	SWIFT, CAROLYN	\$49.72
71838	01/04/2013 Invoice UW-Dec 2012	Open	Date 12/28/2012	Description Dec 2012 United Way Employee Contribut	UNITED WAY OF SCC	\$20.00
71839	01/04/2013 Invoice UPEC12-28-12	Open	Date 01/02/2013	Description Union Dues, Employee Funded	UPEC LIUNA LOCAL 792	\$967.75
71840	01/04/2013 Invoice 5364954	Open	Date 12/18/2012	Description Video Inspection, Noble Gulch Pipeline	URS Corporation	\$9,445.70
71841	01/04/2013 Invoice 214573941	Open	Date 10/24/2012	Description Canon IR2525, Rental Contract 500-0296€ Fund 2211, IT	US BANCORP EQUIPMENT FINANCE	\$80.12
71842	01/04/2013 Invoice PARS12-28-12	Open	Date 01/02/2013	Description Retirement Plan Contribution, Employee F	US Bank Institutional Trust-Western Reg	\$159.46
71843	01/04/2013 Invoice POB-2013	Open	Date 01/02/2013	Description Interest Payment, POB Note Fund 1410, Pension Obl Bond	WELLS FARGO BANK	\$86,844.48
71844	01/04/2013 Invoice 5 6 7	Open	Date 11/01/2012 12/06/2012 01/02/2013	Description Oct 2012 Interim CDD Nov 2012 Interim CDD Dec 2012 Interim CDD	WESTMAN, SUSAN	\$21,120.00
71845	01/04/2013 Invoice 6815	Open	Date 12/20/2012	Description Tree removal Soquel Creek @ bridge	WILLIAMS TREE SERVICE, INC.	\$2,730.00
71846	01/04/2013 Invoice 11139800	Open	Date 12/26/2012	Description Refund cite 11139800	Brummer, Gerhard	\$96.00

**City Checks Issued 1/4/2013**

Check Number	Invoice Number	Status	Invoice date	Description	Payee Name	Transaction Amount	
71847	01/04/2013 Invoice 2013-00000451	Open	Date 01/02/2013	Description Pacific Cove MHP #42-Parashis Fund 1420, Pac Cove Bond	First American Title Company	\$91,290.76	
71848	01/04/2013 Invoice CAPD122812	Open	Date 12/26/2012	Description Team building POST	Portola Hotel & Spa	\$2,535.18	
71849	01/04/2013 Invoice 14495	Voided	Incorrect Amount Date 12/19/2012	01/04/2013 Description Helmet kit	Setcom	\$0.00	
71850	01/04/2013 Licensee Type Business	Open	Date 12/24/2012	Licensee Numbe 1114	PARADISE BEACH GRILLE Transaction Date 12/20/2012 Transaction Type Pre-Payment	\$250.00	
71851	01/04/2013 Licensee Type Business	Open	Date 12/24/2012	Licensee Numbe 973	VERUTTI LIQUORS Transaction Date 12/20/2012 Transaction Type Pre-Payment	\$100.00	
201301	01/04/2013 Invoice Jan2013	Open	Date 01/02/2013	Description Employee Health Ins, Employee Funded	CalPERS Health Insurance	\$56,604.14	
Check Totals:				Count	60	Total	\$321,951.51

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Checks dated 1/11/13 numbered 71852 to 71917 for a total of \$137,301.77 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 1/11/13 the unaudited cash balance is \$3,176,926

**CASH POSITION - CITY OF CAPITOLA 1/11/13**

	<u>Net Balance</u>
General Fund	1,058,663
Contingency Reserve Fund	671,646
Worker's Comp. Ins. Fund	339,185
Self Insurance Liability Fund	218,465
Stores Fund	2,732
Information Technology Fund	87,398
Equipment Replacement	142,200
Compensated Absences Fund	(1,010)
Public Employee Retirement - PERS	206,254
Open Space Fund	256
Capital Improvement Projects	451,137
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>3,176,926</u></u>

The Emergency Reserve Fund balance is \$289,295.54 and is not included above.

  
 \_\_\_\_\_  
 Jamie Goldstein, City Manager

1/11/2013  
 \_\_\_\_\_  
 Date

\_\_\_\_\_  
 Kymberly V. DeWitt, City Treasurer

\_\_\_\_\_  
 Date

## City Checks Issued 1/11/2013

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71852	01/11/2013	Open			A TOOL SHED	\$184.00
	Invoice		Date	Description		Amount
	874599-5		12/18/2012	Ladder		\$24.00
	874598-5		12/28/2012	Scissor lift		\$160.00
71853	01/11/2013	Open			ALLEY, DONALD	\$9,729.00
	Invoice		Date	Description		Amount
	0113-01		01/03/2013	FY 12/13 Soquel Creek Fish Monitoring		\$9,729.00
71854	01/11/2013	Open			ALLSAFE LOCK COMPANY	\$18.68
	Invoice		Date	Description		Amount
	44341		01/02/2013	Keys for NB gym		\$6.50
	44345		01/03/2013	Keys		\$12.18
71855	01/11/2013	Open			ASCAP	\$327.00
	Invoice		Date	Description		Amount
	100003640397		12/20/2012	Licensing Fee, Acct No 500579655, 2013		\$327.00
71856	01/11/2013	Open			B & B SMALL ENGINE REPAIR	\$24.79
	Invoice		Date	Description		Amount
	276532		12/20/2012	Carburetor		\$24.79
71857	01/11/2013	Open			CALIFORNIA BUILDING OFFICIALS	\$425.00
	Invoice		Date	Description		Amount
	8512		01/03/2013	ABM Full Program Registration		\$425.00
71858	01/11/2013	Open			CALIFORNIA COAST UNIFORM CO	\$397.94
	Invoice		Date	Description		Amount
	964		12/13/2012	Uniform Exp - Minium		\$23.82
	955		12/12/2012	Uniform Exp - Blankenship		\$333.09
	971		12/15/2012	Uniform Exp - Evans		\$23.82
	878		12/13/2012	Uniform Exp - Moreno		\$17.21
71859	01/11/2013	Open			CAPITOLA PEACE OFFICERS ASSOC.	\$756.50
	Invoice		Date	Description		Amount
	POA1-11-13		01/04/2013	POA Dues, Employee Funded		\$756.50
71860	01/11/2013	Open			CAPITOLA SELF STORAGE	\$6,584.00
	Invoice		Date	Description		Amount
	2810-30803		01/03/2013	Museum Storage, 1 Year		\$4,140.00
	2829-30803		01/03/2013	Museum Storage, 1 Year		\$2,280.00
	1224-40281		12/29/2012	Monthly Storage Exp, Museum		\$164.00
71861	01/11/2013	Open			CITY OF SAN JOSE	\$4,196.80
	Invoice		Date	Description		Amount
	20121217		12/17/2012	Project Mgmt, Public Art Fund 1315, Public Art		\$4,196.80
71862	01/11/2013	Open			CLEAN SOURCE	\$1,793.16
	Invoice		Date	Description		Amount
	1305972		12/17/2012	Closed signs		\$132.10
	1307589		12/21/2012	Cleaning Supplies		\$1,661.06



# City Checks Issued 1/11/2013

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71863	01/11/2013 Invoice 2013	Open	Date 12/20/2012	Description Membership, Marchese, 2013	CMRTA	\$75.00
71864	01/11/2013 Invoice 397858	Open	Date 01/04/2013	Description brown bags for evidence	COAST PAPER & SUPPLY INC.	\$100.34
71865	01/11/2013 Invoice 1187 1188	Open	Date 12/31/2012 12/31/2012	Description Stormwater Education & Outreach Service Soquel Creek Monitoring-Water Quality	COASTAL WATERSHED COUNCIL	\$3,000.73
71866	01/11/2013 Invoice 112074	Open	Date 11/20/2012	Description Trim 15 Palm trees at end of Monterey Ave	COMMUNITY TREE SERVICE & DUMPS	\$1,430.00
71867	01/11/2013 Invoice 200765	Open	Date 12/31/2012	Description PCMHP fencing	D & G SANITATION	\$77.76
71868	01/11/2013 Invoice 16317926	Open	Date 12/22/2012	Description Copier Lease, Sharp MX70001N, Contract Fund 2210, Stores Fund	DE LAGE LANDEN FINANCIAL SVC	\$334.07
71869	01/11/2013 Invoice 50160	Open	Date 11/30/2012	Description Professional Services from Nov 1-30, 2012 Fund 1313, Gen Plan Update	DESIGN, COMMUNITY & ENVIRONMEN	\$11,585.74
71870	01/11/2013 Invoice 452	Open	Date 12/20/2012	Description clean, tack, pave 3 areas Fund 1310, Gas Tax	EARTHWORKS PAVING	\$900.00
71871	01/11/2013 Invoice 92585956	Open	Date 12/13/2012	Description GIS License Renewal-Planning Fund 2211, Info Technology	ENVIRONMENTAL SYS RESEARCH INS	\$1,500.00
71872	01/11/2013 Invoice 5713234 5768533	Open	Date 12/06/2012 12/31/2012	Description Loppers Scoop shovel	EWING IRRIGATION	\$91.30
71873	01/11/2013 Invoice 12-803166 12-803167 12-801385 12-801384 12-805182	Open	Date 12/20/2012 12/20/2012 12/14/2012 12/14/2012 12/27/2012	Description 441 Gal Ethanol 40 Gal Diesel 200 Gal Diesel 492 Gal Ethanol 426 Gal Ethanol	FLYERS ENERGY, LLC	\$5,895.26

## City Checks Issued 1/11/2013

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71874	01/11/2013 Invoice 106923	Open	Date 12/13/2012	Description Nov2012 Legal Services, Successor Agcy	GOLDFARB & LIPMAN, LLP	\$3,144.00
71875	01/11/2013 Invoice 20121219	Open	Date 01/04/2013	Description Reimb Meals, Team Building retreat-PD	GONZALEZ, MARK	\$80.12
71876	01/11/2013 Invoice 12/10-12/14/12 12/17-12/22/12 12/24-12/28/12 12/31-1/4/13	Open	Date 01/07/2013 01/07/2013 01/07/2013 01/07/2013	Description FY 12/13 Mechanic FY 12/13 Mechanic FY 12/13 Mechanic FY 12/13 Mechanic	HOWARD, CHARLIE	\$1,790.00
71877	01/11/2013 Invoice ICMA-1-11-13	Open	Date 01/04/2013	Description Retirement Plan Contribution, Employee F	ICMA RETIREMENT TRUST 457	\$19,313.22
71878	01/11/2013 Invoice 13604	Open	Date 12/04/2012	Description Plan Review-1100 41st Avenue	INTERWEST CONSULTING GROUP INC	\$212.88
71879	01/11/2013 Invoice 12159-01	Open	Date 01/07/2013	Description Noble Gulch Pipeline Repair Project Fund 1200, CIP	J W EBERT CORP	\$31,500.00
71880	01/11/2013 Invoice 167925	Open	Date 01/08/2013	Description Jan2013 Copier Lease, Rec Fund 2211, Info Technology	KBA Docusys	\$25.90
71881	01/11/2013 Invoice Dec2012	Open	Date 01/02/2013	Description Pension Dues, Employee Funded	LIUNA PENSION FUND	\$576.00
71882	01/11/2013 Invoice 11174014	Open	Date 12/31/2012	Description Armored car service	LOOMIS	\$894.21
71883	01/11/2013 Invoice R-9	Open	Date 01/09/2013	Description Riparian Restoration	McMENAMIN, GEORGE	\$762.50

# City Checks Issued 1/11/2013

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71884	01/11/2013	Open			MID-COUNTY AUTO SUPPLY	\$1,041.95
	Invoice		Date	Description		Amount
	326461		12/27/2012	PD Mazda Pick Up		\$27.07
	326413		12/27/2012	PD Mazda Pick-Up		\$366.94
	326563		12/28/2012	PD Mazda Pick Up		\$13.96
	326528		12/28/2012	Auto parts-fleet		\$8.11
	326435		12/27/2012	auto parts-PD Vehicles		\$17.22
	326534		12/28/2012	Faulty Part return		(\$27.91)
	326313		12/26/2012	Auto parts-fleet		\$121.27
	326329		12/26/2012	Sweeper parts		\$56.10
	326367		12/26/2012	Sweeper parts		\$55.33
	326067		12/21/2012	Auto parts-fleet		\$91.37
	325006		12/12/2012	Shop Supplies		\$123.69
	325099		12/13/2012	auto parts-PD041		\$15.74
	325818		12/19/2012	auto parts-PW 1999 F-250		\$49.06
	325833		12/19/2012	auto parts-PW 1999 F-250		\$39.93
	325920		12/20/2012	auto parts-fleet		\$53.86
	325951		12/20/2012	PD DUI Trailer		\$30.21
71885	01/11/2013	Open			MONTEREY BAY SYSTEMS	\$349.17
	Invoice		Date	Description		Amount
	159252		12/21/2012	Copier Maint Contract, PD		\$349.17
71886	01/11/2013	Open			MUNISERVICES, LLC	\$250.00
	Invoice		Date	Description		Amount
	29503		12/14/2012	CAFR Report		\$250.00
71887	01/11/2013	Open			NATIONAL NOTARY ASSOCIATION	\$83.31
	Invoice		Date	Description		Amount
	015027722-2013		12/14/2012	Notary registration, Sneddon		\$83.31
71888	01/11/2013	Open			NEW PIG	\$1,270.44
	Invoice		Date	Description		Amount
	21027398		01/03/2013	Emergency spill response supplies		\$1,270.44
71889	01/11/2013	Open			NORTH BAY FORD	\$490.11
	Invoice		Date	Description		Amount
	232285		12/19/2012	auto parts-PD061		\$103.19
	232374		12/26/2012	auto parts-PD091		\$378.28
	232400		12/27/2012	auto parts-PD072		\$8.64
71890	01/11/2013	Open			ORCHARD SUPPLY HARDWARE	\$118.53
	Invoice		Date	Description		Amount
	6013-1238385		12/26/2012	Auto parts-Fleet		\$25.05
	6011-4792371a		12/12/2012	Shop Supplies		\$8.96
	6013-7827686		12/20/2012	Misc.		\$16.23
	6005-2430486		12/20/2012	Misc.		\$2.15
	6013-1438420		12/27/2012	Batteries		\$17.31
	6011-4796679		12/31/2012	Memorial bench supplies		\$20.64
	6011-4797425		01/04/2013	Batteries		\$28.19

## City Checks Issued 1/11/2013

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71891	01/11/2013	Open			PACIFIC VETERINARY SPECIALISTS IN	\$647.75
	Invoice		Date	Description		Amount
	248549		01/02/2013	Animal Control Expense, PD		\$82.65
	248550		01/02/2013	Animal Control Expense, PD		\$53.25
	244221		12/05/2012	Animal Control Expense, PD		\$347.35
	245296		12/09/2012	Animal Control Expense, PD		\$164.50
71892	01/11/2013	Open			PALACE ART & OFFICE SUPPLIES	\$171.12
	Invoice		Date	Description		Amount
	991002		12/26/2012	Office supplies-PD		\$33.40
	991325		12/31/2012	Office supplies		\$21.43
	991413		01/02/2013	Office supplies-PD		\$21.48
	991685		01/03/2013	Office supplies-PD		\$130.32
	991685-1		01/03/2013	Office supplies-PD		\$12.88
	C985846		12/19/2012	Return Copier Paper		(\$54.02)
	C981414		12/15/2012	Return Copier Paper		(\$108.03)
	990898		12/21/2012	Office supplies-PD		\$33.30
	990005		12/14/2012	Office Supplies, Rec		\$80.36
71893	01/11/2013	Open			PHIL ALLEGRI ELECTRIC, INC.	\$464.18
	Invoice		Date	Description		Amount
	17460		12/27/2012	Electrical repair - PCMHP		\$464.18
71894	01/11/2013	Open			PHOENIX GROUP INFORMATION SYS	\$1,171.20
	Invoice		Date	Description		Amount
	112012070		12/12/2012	Nov 2012		\$1,171.20
71895	01/11/2013	Open			PITNEY BOWES INC.	\$198.72
	Invoice		Date	Description		Amount
	683787		12/16/2012	Postage meter cartridges		\$198.72
71896	01/11/2013	Open			POM INCORPORATED	\$506.76
	Invoice		Date	Description		Amount
	24860		12/12/2012	Meter parts, twin door assy w/ lock		\$506.76
71897	01/11/2013	Open			PRAXAIR DISTRIBUTION INC.	\$62.25
	Invoice		Date	Description		Amount
	44845911		12/20/2012	Gases, Corp Yd		\$62.25
71898	01/11/2013	Open			ProBUILD COMPANY LLC	\$349.92
	Invoice		Date	Description		Amount
	5683658		12/27/2012	Ladder		\$349.92
71899	01/11/2013	Open			REPUBLIC ITS INC.	\$2,478.12
	Invoice		Date	Description		Amount
	400090335		12/07/2012	FY 12/13 Signal Maintenance-Oct12		\$698.24
	400090336		12/07/2012	FY 12/13 Signal Maintenance-Nov12		\$698.24
	400091537		12/20/2012	FY 12/13 Signal Maintenance-Oct12		\$345.78
	400091539		12/21/2012	FY 12/13 Signal Maintenance-Nov12		\$735.86
				Fund 1310, Gas Tax		

## City Checks Issued 1/11/2013

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71900	01/11/2013	Open			ROBERT SEELEY & ASSOCIATES	\$175.00
	Invoice		Date	Description		Amount
	20130105		01/05/2013	Oct, Nov, Dec 2012 outside hearings		\$175.00
71901	01/11/2013	Open			ROYAL WHOLESALE ELECTRIC	\$214.23
	Invoice		Date	Description		Amount
	7719-566579		12/11/2012	Bulbs		\$12.99
	7719-566757		12/17/2012	Lamps/bulbs		\$103.92
	7719-566769		12/17/2012	Lamps/bulbs		\$27.06
	7719-566825		12/18/2012	Electrical supplies		\$58.35
	7719-566890		12/19/2012	Electrical supplies		\$11.91
71902	01/11/2013	Open			SCC INFORMATION SERVICES	\$517.24
	Invoice		Date	Description		Amount
	Jan 2013		01/01/2013	Open query (scan) Jan 2013		\$517.24
71903	01/11/2013	Open			SANTA CRUZ FIRE EQUIPMENT CO.	\$523.64
	Invoice		Date	Description		Amount
	92487		10/22/2012	Fire service-NB Gym		\$46.00
	92555		10/22/2012	Fire service-PD		\$38.00
	92554		10/19/2012	Fire service-Corp Yd		\$176.25
	92484		10/19/2012	Fire service-Museum		\$19.00
	92488		10/22/2012	Fire service-City Hall		\$80.00
	92703		11/16/2012	Fire service-Wharf (Fund 1311)		\$164.39
71904	01/11/2013	Open			SANTA CRUZ MUNICIPAL UTILITIES	\$678.20
	Invoice		Date	Description		Amount
	2013-00000454		12/20/2012	WATER BILLS FOR STREET MEDIANS		\$678.20
71905	01/11/2013	Open			SHERMAN, LEONIE	\$300.00
	Invoice		Date	Description		Amount
	Dec2012		01/03/2013	Self Defense Class, Dec 2012, Grant Func		\$300.00
71906	01/11/2013	Open			SPRINT	\$2,708.85
	Invoice		Date	Description		Amount
	974855313-133		12/29/2012	City Cell Phone Service. Dec2012		\$2,708.85
71907	01/11/2013	Open			SUMMIT UNIFORM CORP	\$280.69
	Invoice		Date	Description		Amount
	49368		12/01/2012	Uniform Expense, Vazquez-PD		\$227.59
	49450		12/07/2012	Uniform Expense, Valdez-PD		\$53.10
71908	01/11/2013	Open			SWIFT, CAROLYN	\$24.95
	Invoice		Date	Description		Amount
	frankensly		01/04/2013	Reimb for photo purchased on ebay		\$24.95
71909	01/11/2013	Open			TLC ADMINISTRATORS, INC.	\$6,363.30
	Invoice		Date	Description		Amount
	93030-Jan2013		01/04/2013	Jan 2013 Dental & Vision Ins, Employee F		\$6,363.30

## City Checks Issued 1/11/2013

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
71910	01/11/2013 Invoice 6484S	Open	Date 01/07/2013	Description Rec Brochure mailing Spring 2013	UNITED STATES POSTAL SERVICE	\$4,640.00
71911	01/11/2013 Invoice Permit #13	Open	Date 12/20/2012	Description Standard Mail Mailing Permit Fund 2210, Stores	UNITED STATES POSTAL SERVICE	\$190.00
71912	01/11/2013 Invoice UPEC1-11-13	Open	Date 01/04/2013	Description Union Dues, Employee Funded	UPEC LIUNA LOCAL 792	\$992.25
71913	01/11/2013 Invoice 218629756 218629541	Open	Date 12/24/2012 12/21/2012	Description Canon IR2525, Contract 500-0296803-000 Rec Center Copier, Less credit	US BANCORP EQUIPMENT FINANCE	\$157.25
71914	01/11/2013 Invoice 142569	Open	Date 12/18/2012	Description Street signs Fund 1310, Gas Tax	ZUMAR INDUSTRIES INC.	\$1,517.74
71915	01/11/2013 Invoice 2013-00000452	Open	Date 01/07/2013	Description Refund from account	Campagna, Jeanne	\$67.00
71916	01/11/2013 Invoice 12-153	Open	Date 01/07/2013	Description Tree Permit #12-153 deposit refund	Cook, Richard	\$500.00
71917	01/11/2013 Invoice 13131831	Open	Date 01/08/2013	Description cite 13131831	Jones, Evangeline, Schwartz	\$72.00
Check Totals:				Count	66	TOTAL \$137,301.77



## CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 24, 2013

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: LIABILITY CLAIMS

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**RECOMMENDED ACTION:** Deny liability claims and forward to the City's liability insurance carrier.

**DISCUSSION:**

The following claimants have filed liability claims against the City of Capitola:

1. Joseph Hughes: undetermined amount
2. Liberty Mutual; subrogee of Elizabeth Boyens: \$965.54

**ATTACHMENTS:** None

Report Prepared By: Liz Nichols  
Executive Assistant to the City Manager

Reviewed and Forwarded  
by City Manager:

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# CITY COUNCIL AGENDA REPORT

## MEETING OF JANUARY 24, 2012

**FROM:** FINANCE DEPARTMENT

**SUBJECT:** COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED  
JUNE 30, 2012

**RECOMMENDED ACTION:** Receive the Comprehensive Annual Financial Report for the City of Capitola for June 30, 2012.

**BACKGROUND:** State law requires the City to retain an independent audit firm to audit the City's financial statements and issue an opinion. For Fiscal Year 2011/2012, the City has again received an "unqualified" opinion, which indicates the auditor believes the financial statements are presented fairly. The Comprehensive Annual Financial Report (CAFR) for the City of Capitola for the year ended June 30, 2012 is attached for reference.

In prior years, separate financial statements were prepared for the former Redevelopment Agency (RDA); however due to the RDA dissolution, separate reports are not required for Fiscal Year 2011/2012.

**DISCUSSION:** The financial report presents the financial condition, results of operations, and current economic condition for the fiscal year ended June 30, 2012 for the City of Capitola and its component units. Financial information for the former Redevelopment Agency of the City of Capitola and the RDA Low Income Housing Fund are presented through January 31, 2012. From February 1, 2012 through June 30, 2012, the Successor Agency to the former RDA and the Housing Successor are presented as a separate Private Purpose Trust Fund within the CAFR.

The financial statements are audited "in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States." The independent audit firm of Rogers, Anderson, Malody, and Scott, Certified Public Accountants, has issued the following opinion on the City's financial records, found on page 1 of the CAFR: "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Capitola, California, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America...In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole."

The Fiscal Year 2011/2012 CAFR will be submitted to the California Society of Municipal Finance Officers (CSMFO) for the Outstanding Financial Reporting Award. The City has received this award every year since 2000.

The next opportunity to review the City's financial picture, including updated revenue and expenditure forecasts, will be at the Midyear Budget Review on February 21, 2012 at 6:00 pm.

### ATTACHMENTS

1. City of Capitola Comprehensive Annual Financial Report, June 30, 2012
2. City of Capitola Management Representation Letter, January 16, 2013
3. Professional Standards Letter, January 16, 2013

**Report Prepared By: Tori Hannah**  
Finance Director

**Reviewed and Forwarded by City**  
Manager/Executive Director 

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# Comprehensive Annual Financial Report



City of Capitola, California  
For Fiscal Year Ended June 30, 2012



# **CITY OF CAPITOLA, CALIFORNIA**

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**City Of Capitola  
Comprehensive Annual Financial Report  
Year Ended June 30, 2012**

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**City Of Capitola  
Comprehensive Annual Financial Report  
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**INTRODUCTORY SECTION**



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420 CAPITOLA AVENUE  
CAPITOLA, CALIFORNIA 95010  
TELEPHONE (831) 475-7300  
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January 16, 2013

Honorable Mayor,  
Members of the City Council, and  
Citizens of the City of Capitola

SUBJECT: Comprehensive Annual. Financial Report - June 30, 2012

The Comprehensive Annual Financial Report (CAFR) for the City of Capitola for the fiscal year ended June 30, 2012 is hereby submitted.

#### **REPORT PURPOSE AND ORGANIZATION**

State law requires that the accounts and fiscal affairs of all municipal entities be examined annually by an independent certified public accountant. The City's independent auditor, Rogers, Anderson, Malody, and Scott has audited the City's financial statements and issued an unqualified opinion that financial statements for fiscal year ended June 30, 2012 are fairly presented in conformity with generally accepted accounting principles. This opinion, along with the basic financial statements of the City, are hereby submitted as the CAFR for the City of Capitola for the fiscal year ended June 30, 2012 and included in the financial section of this report in fulfillment of the above requirement.

The independent audit of the financial statements was also part of the federally mandated Single Audit designed to meet the needs of federal granting agencies. The standards governing the Single Audit require the independent auditor to report on items beyond fair presentation of the financial statements, including internal controls and compliance with legal requirements involving the administration of federal awards.

These reports are available from the City of Capitola in the separately issued Single Audit Report. Single Audit Report on Federal Award Programs for Year Ended June 30, 2011 is currently available and the Single Audit Report on Federal Award Programs for Year Ended June 30, 2012 will be available after March 31, 2013, the official due date for the Report.

This report consists of City management's representations concerning the finances of the City of Capitola. Consequently, management assumes full responsibility for completeness, accuracy of data, and fairness of presentation, including all footnotes and disclosures. Management believes the data presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City.

To provide a reasonable basis for making these representations, City management has established a comprehensive framework of internal controls designed both to protect the City's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements. The audit provides users with reasonable assurance that the information presented is free from material misstatements. As management, I assert that to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found in the Financial Section of this document, immediately following the report of the independent auditor.

The City of Capitola Comprehensive Annual Financial Report is organized as follows:

- I. Introductory section – Letter of Transmittal, Directory of Officials, Organization Chart, and Awards for Financial Reporting
- II. Financial Section – Independent Auditors' Report, Management Discussion & Analysis, Government-wide Financial Statements, Fund Financial Statements, Notes to Financial Statements, Required Supplementary Information, and Supplementary Information
- III. Statistical Section – Historical trends for Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information

## **CITY OF CAPITOLA PROFILE**

The City of Capitola is a small coastal community located in Santa Cruz County that occupies approximately two square miles and serves a population 9,981. Located on the northern edge of Monterey Bay, approximately 35 miles north of Monterey and 75 miles south of San Francisco, Capitola enjoys a rich history and offers residents diverse recreational opportunities. Capitola Village is located along a wide beach with expansive views of Monterey Bay and is home to numerous craft galleries, boutiques, and restaurants. The City is host to numerous events, including the Begonia Festival, Capitola Art and Wine Festival, and the annual Wharf to Wharf race.

Voted as one of the best beach locations on the California Coast by Sunset Magazine, Capitola offers fishing and boating services in addition to its beachfront restaurants, shops, and entertainment. Other visitor attractions include the Capitola Historical Museum and Capitola Wharf.



Although Capitola is considered a central coast beach destination, it is also one of two major retail centers in the County. The Capitola Mall combined with Brown's Ranch and 41st Avenue businesses are the retail hub of the central county. With major retailers such as Macy's, Sears, Kohl's, CVS, Orchard Supply, Ross, Target, and Bed Bath and Beyond, Capitola is a "net regional retail provider" bringing in five to six times the City household retail demand of Capitola city residents.

Capitola is also fortunate to have outstanding educational opportunities. In addition, to having the New Brighton Middle School within its City limits, both Cabrillo Community College and the University of California Santa Cruz are within eight miles of the City. According to the U.S. Census Bureau's 2010 data, 92.4% of Capitola residents are high school graduates and 37% possess a Bachelor's Degree or higher level degree.

### **Form of Government**

Capitola is a General Law City which was incorporated in January 11, 1949. The City is subject to the framework and procedures established by State Law and operates under the Council – City Manager form of government. The Council is comprised of four Council Members and a Mayor, all of whom are directly elected by the citizens. The Council Members serve four-year staggered terms; and the Mayor and Vice-Mayor are elected annually by the Council. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject only to the limitations of the City Municipal Code and the State legislation.

The City Council appoints a City Manager to serve as the City's chief administrative officer. The City Manager provides direction and leadership to all City departments; and ensures that all City Council policies are implemented.

### **City Services**

The City provides police protection, street, park and facilities maintenance; recreation, building, planning, zoning, administrative, and financial services for Capitola. Independent special districts provide fire protection, water, sewer, and drainage services.

The Comprehensive Annual Financial Report includes all financial activities of the City and the Successor Agency to the former Redevelopment Agency of the City of Capitola, two separate legal entities. City Council members also serve as the governing board members of the Successor Agency and the City Manager serves as its Executive Director.

Financial data for all funds through which services are provided by the City have been included in this report based on the criteria adopted by the Government Accounting Standards Board (GASB), which is the authoritative body in establishing U.S. Generally Accepted Accounting Procedures (GAAP) for local governments.

## Budgetary Policy and Control

The City's budgetary records are maintained on a modified accrual basis. Revenues are recorded when measurable and available and expenditures are recorded when goods or services are received and the liability incurred. The City produces a two-year annual budget which serves as the foundation for the City of Capitola's financial planning and control. Based on the City's Financial Management Policies, the City is required to maintain a balanced operating budget; along with using one-time revenues to fund non-recurring expenditures. In the budget development process, the City references the following Budgeting Principles to identify key projects and goals: Fiscal Policy, Public Service, Public Improvement, and Public Improvement Possibilities.

In accordance with the City's Municipal Code, the budget is adopted by resolution on or before June 30th for the ensuing fiscal year. Expenditures authorized in the final budget resolution are appropriated at the budget unit. Capital projects are budgeted at the individual project level. City Council may appropriate, amend, or transfer funds by an affirmative vote of three Council members at any regular or special Council meeting.

The Successor Agency's two-year budget is incorporated into the City's budget process; however it is subject to biannual approval by the Oversight Board and the Department of Finance.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment in which the City operates.

### Local Economy

The City of Capitola, like many local governments, has been challenged due to the economic downturn, recent State take-aways, and reduced reserves. The local economy was also affected by a March 2011 pipe failure which caused considerable damage to the Capitola Police Department, Village businesses, and surrounding residences. During the cleanup and reconstruction period, there was limited visitor access to Village businesses. This resulted in reduced sales and transient occupancy taxes; and decreased parking meter and parking citation revenues. In FY11/12, the increased performance of core revenues, when combined with salary and contract savings, resulted in a net General Fund operating surplus of \$812,557. While this reflects a better-than anticipated recovery, the City has taken a conservative approach in projecting a balanced FY 12/13 budget.

The local unemployment rate provides a good indication of the area's economic stability. In Santa Cruz County, the unemployment rate declined from a three-year high of 12.7% in 2010 to 9.9% in 2012. This reduction was consistent with an overall decline in the State's unemployment rate. In the City of Capitola, unemployment rates were moderately more



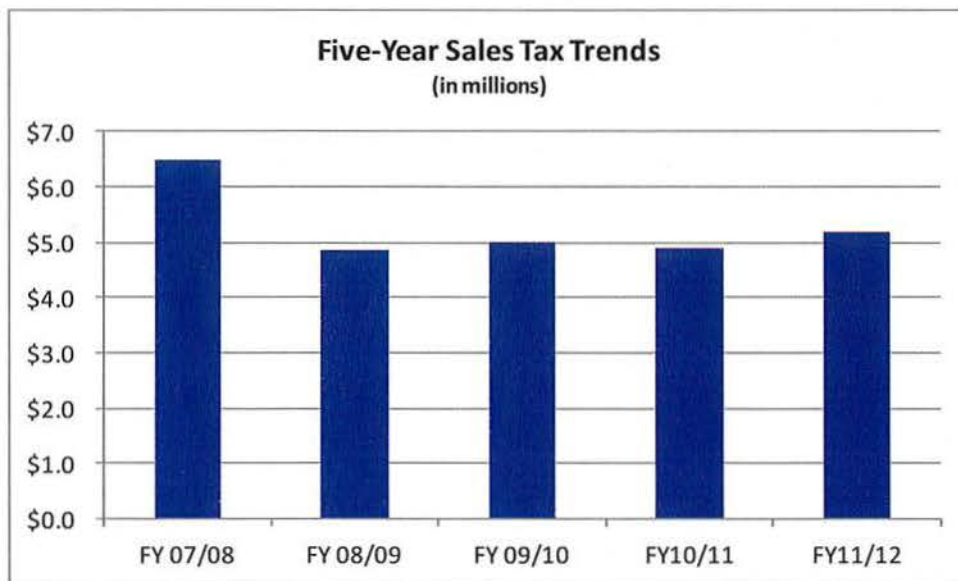
## Item #: 8.D. Attach 1.pdf

favorable with a three-year high of 7.2% in 2010, and a June 2012 rate of 5.5%. This is reflected in increased sales and hotel occupancy rates.

The three major sources of General Fund revenue include Sales Tax, Property Tax, and Transient Occupancy Tax (TOT). These three revenues account for over 58% of all General Fund operating revenues.

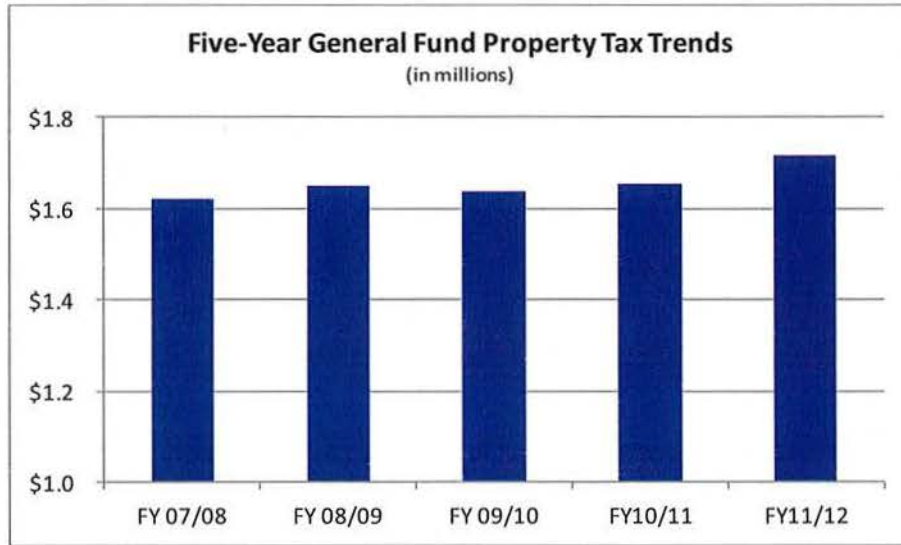
Sales tax is the City's largest source of revenue, accounting for over 40% of the General Fund Revenues. The City sales tax consists of 1% Bradley Burnes and 1/4% Capitola District Tax (Measure D). In FY 11/12, the combined sales tax receipts of \$5.2 million were 4% higher than budgetary estimates, and approximately 6% higher than the prior year. The City anticipates the July, 2012 opening of a 100,000 square foot major retailer in Capitola Mall will increase sales tax revenue by \$350,000.

Sales tax receipts typically respond quickly to economic conditions. As displayed in the following chart, sales tax revenues responded to the weakening economy in FY 08/09 after the closure of two auto dealerships and two major department stores. In FY 09/10, the economy began to slowly show signs of recovery, with the existing auto dealership expanding their product line and increasing sales; and a new department store opening in the Capitola Mall. These factors, along with a general increase in spending are reflected in the FY11/12 sales tax revenues.

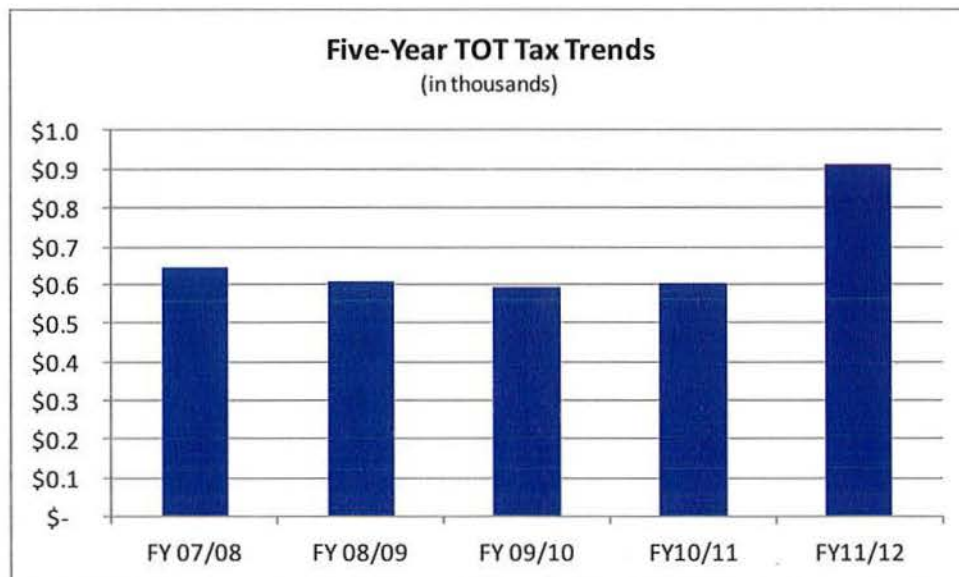


Capitola's second major source of revenue is property tax. In 2010-11, the General Fund and the RDA received property tax revenues of \$1.66 million and \$2.4 million, respectively. Due to the dissolution of the RDA, the Successor Agency is now only eligible to receive property tax or Redevelopment Property Tax Trust Fund (RPPTF) revenues sufficient to fund approved obligations. In FY11/12 the General Fund received \$1.72 million in property tax receipts. This was 4% above the budgeted amount and 1.2% over the prior year. This 1.2% increase primarily resulted from a one-time residual RPPTF distribution of \$52,500.

The City's property tax revenues do not respond to economic conditions as quickly as sales tax revenues. This delayed response, along with less volatility, assists the City in adjusting to economic downturns by lessening the immediacy of revenue loss. The following chart includes Property Tax Revenue, as well as Property Tax In-Lieu of Vehicle License Fees. Based on the historical data, property tax revenues have remained relatively consistent. It is anticipated this trend will continue in the next fiscal year.



Transient occupancy tax (TOT) represents over 6.5% of General Fund revenues. In FY 11/12, this represented an increase of \$310,000, which is 4% over the budgeted amount. This increase was primarily due to the addition of a new 84-room major hotel. The City is continuing to project a conservative growth rate of 2% in the next fiscal year; along with reviewing appropriate locations for new hotel developments.



Long-term Financial Planning

In the past, the City has made strategic decisions to help maintain resiliency in difficult economic times. As a continuation of this practice, the City is focusing on the following planning measures:

*Replenishing Reserves*

In March of 2011, an underground storm drain failed sending water through the Pacific Cove Mobile Home Park, City Hall, and portions of the Capitola Village. As a result of the damages, the City paid over \$1.4 million in flood related costs over the last two fiscal years; with an additional \$200,000 of anticipated repair expenses in FY 12/13. This incident reduced the City emergency reserve accounts from \$1.87 million in FY 09/10 to \$561,000 in FY 11/12. To assist in achieving the FY 12/13 recommended funding level of \$1.8 million, \$400,000 that was initially set aside for equipment and technology purposes was transferred to the reserve accounts. The City is in the process of developing a five-year plan to replenish the reserves with Measure O sales tax revenues.

*Controlling Payroll Costs*

In 2007, all bargaining units agreed to cap the City's share of retirement costs. The maximum contribution to the Public Employee Retirement System (PERS) costs was set at 28.291% for Safety employees and 16.488% for Miscellaneous employees. These caps extended through FY11/12 and were renegotiated into new contracts with all bargaining units. Consistent with other local agencies, the City implemented additional retirement reforms by capping the City's share of retirement costs for new Public Safety and Miscellaneous employees at 23.291% and 11.488%, respectively. These caps combined with cost-savings measures outlined in the California Public Employees' Retirement Pension Reform Act of 2013 (PEPRA) will assist in controlling future payroll costs.

*Planning for Local Sales Tax Revenues*

The City currently has a 1/4% sales tax (Measure D) which is scheduled to sunset on December 31, 2017. This tax was responsible for over \$900,000 in General Fund revenues in FY11/12. An additional permanent 1/4% sales tax initiative (Measure O) was placed on the November 2012 ballot to assist with replenishing reserves, fund CIP projects, and support much needed public safety initiatives. The final November 2012 election results confirmed that Measure O passed with 50.75% of the votes.

Measure D is scheduled to expire in 2017. The loss of Measure D revenue could be offset by the retirement of 2007 Pension Obligation Bonds, with annual debt service payments of approximately \$670,000; and an estimated \$350,000 in new sales tax revenues from a major retail store that opened in July of 2012.



*Closing Pacific Cove Mobile Home Park and Determining New Site Use*

The City-owned Pacific Cove Mobile Home Park suffered considerable water damage as a result of the March 2011 storm drain failure. Engineers estimated that it would cost \$1.9 million to bring the park up to code and repair the damaged pipe. Due to the Park's location in a flood plain zone, the repairs would not be sufficient to insulate the Park from probable future flood damage. Due to the high costs and the potential future liability, City Council approved the park closure after evaluating a Relocation Impact Report (RIR). In addition to the estimated closure costs of \$2.39 million; the City will also realize a \$130,000 loss in annual space rental revenues.

To finance the closure, the City initiated a \$2.39 million lease/sublease agreement, with the City Hall and adjacent parking lot, as the subject property. It is anticipated the debt will be funded primarily by the General Fund, with qualifying assistance from the Parking Reserve and Housing Trust Funds. The General Fund is anticipated to contribute \$46,400 towards the FY12/13 annual debt service payment of \$181,200. The City plans to use resources generated from increased sales tax receipts to assist with the new payments and accommodate for the loss of space rental revenues.

In FY 12/13, the City will continue evaluating uses for the site, including a proposal for a short-term parking lot. This lot is anticipated to provide additional parking for Village businesses and Capitol Beach, while providing a supplementary source of revenue. The availability of parking spaces may also assist in fostering hotel development in the Village area.

Major Initiatives*Managing the Dissolution of the Redevelopment Agency (RDA)*

On June 29, 2011, the Governor of the State of California signed Assembly Bill X1 26 which required the dissolution of all California Redevelopment Agencies. Based on this legislation, Communities could elect to assume Successor Agency responsibilities for the RDA and the RDA's Low/Moderate Income Housing Fund. On January 12, 2012, City Council adopted a resolution to serve as the Successor Agency to the RDA and the Housing Successor to the Low/Moderate Income Fund.

The Successor Agency's primary responsibility is to unwind the affairs of the former RDA, while the Housing Successor can continue to provide low to moderate income housing support. In accordance with the legislation, the Successor Agency is only eligible to receive Redevelopment Property Tax Trust Fund (RPTTF) revenues sufficient to fund payments listed on an approved Recognized Obligation Payment Schedule (ROPS). Payments listed on the Successor Agency's ROPS are subject to the initial certification by the County Auditor-Controller; and bi-annual approval from the Successor Agency, the Oversight Board to the Successor Agency, and the Department of Finance. The Housing Successor is anticipated to receive funding from the former Low Income Housing assets, along with potential support from the General Fund.

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All obligations listed on the first ROPS were approved by the Successor Agency and Oversight Board; and certified by the County Auditor-Controller's Office. This included ten recognized obligations, with six month payments totaling \$874,652. While the Successor Agency was successful in receiving the local ROPS approval, the Department of Finance (DOF) denied RPPTF funding for two City/RDA loans. This denial would result in a reduction of \$152,520 in annual interest payments to the General Fund; as well as the potential loss of \$1.97 million in General Fund assets. This amount includes a \$618,028 Loan and Cooperative Agreement which was used to establish the RDA; and a \$1.35 million loan to acquire the Rispin Mansion, a designated historical property. Based on DOF's response, the City, Successor Agency, and the Oversight Board approved returning the Rispin Mansion to the City in exchange for termination of the loan. This action would provide Capitola residents and visitors with additional park space, as well as relieve the taxing agencies of the debt. While the Successor Agency and the Oversight Board felt this met the intent of ABX1 26, the DOF denied this transaction and requested the Oversight Board to reconsider their decision.

On August 29, 2012, the Oversight Board submitted a second resolution which unanimously reaffirmed the property transfer decision; however as of the date of this transmittal, no response has been received from the DOF. Because the statutory timelines to contest the property transfer have expired, the City believes the transfer is complete; however it is difficult to predict whether the DOF may still try to contest this action.

The City also requested seven months of interest payments on the City/RDA loans for the period from July 1, 2011 to January 31, 2012, which represents the seven month period prior to the effective date of the RDA dissolution. The prorated payments of \$88,970 were approved at the local level on the Third ROPS; however they were denied by the Department of Finance. The City met with the Department of Finance on November 15, 2012 to contest this action as part of the formal "Meet and Confer" process; however the DOF chose to reaffirm their decision on December 18, 2012.

Due to the denial of this obligation, the City's General Fund will be required to return to the Successor Agency the full annual interest payment of \$152,520. These returned funds will be used by the Successor Agency to pay approved ROPS III obligations. While this transfer represents an additional appropriation to the FY12/13 budget, there is sufficient fund balance available to meet this obligation.

On January 10, 2012, AB 1484 was amended to provide additional clarification on the RDA dissolution process. The legislation also defined a process where City/RDA loans could be reinstated, subsequent to a Due Diligence Review by a CPA firm, a Finding of Completion by the DOF, and approval of the Oversight Board. A separate Due Diligence Review is required for both the RDA and Low Income Housing Funds to determine if unobligated balances are available for distribution to the taxing entities. The Low Income Housing Fund's Due Diligence Review was successfully completed on September 28, 2012; and approved by Department of Finance on November 8, 2012. This audit confirmed there were no residual assets available for distribution. The Successor Agency is currently in the process of completing the Due Diligence Review for the non-housing RDA funds. The City and Successor Agency plan to pursue reinstating the Cooperative Agreement obligation after a Finding of Completion is received.

*Securing Former RDA Programs/Funding*

The following obligations have been Certified by the County Auditor-Controller and have received initial approval by all local authorities and the Department of Finance. These balances represent the amounts listed on the Certified Recognized Obligation Payment Schedule as of December 31, 2011.

*Mall Economic Development - \$1 Million*

An agreement to provide frontage improvements on 41st Avenue and update architectural features of the Capitola Mall. These funds would be used for sidewalk widening, landscaping, improved bicycle and public access, and assisting with the reconstruction of the existing public transit center located at the mall.

*Library Development – \$2.1 Million*

This approved obligation will provide \$2.6 million in funding to construct a 12,500 square foot library branch.

*Housing Rental Subsidies - \$2 Million*

The RDA previously provided rental subsidies to eligible mobile home park residents as part of the homeowner's acquisition of the park or as assistance to low income residents who were affected by the repeal of rent control. In FY11/12, this program provided subsidies to over 60 recipients.

*Tax Allocation Note - \$1.1 Million*

Funding for this note was approved and paid in FY11/12 with Redevelopment Reserve funds. Final payment of this debt relieves the General Fund from assuming this third party obligation.

Relevant Financial Policies*Financial Management Policies*

The City has developed comprehensive Financial Management Policies to assist with the management of the operating and capital budgeting process; and to standardize and rationalize the issuance of debt. This document focuses on Capital Budgeting and Reserves – Issuance of Debt, Operating Budgeting and Reserves; and Other Policies, which addresses conformance with Generally Accepted Accounting Principles (GAAP), and Internal Borrowings. This policy requires the City to maintain a balanced operating budget; along with the use of one-time revenues to fund non-recurring expenditures.

A key component of this policy focuses on reserve requirements. Each fiscal year, the final adopted General Fund budget is required to have a Contingency Reserve appropriation equal to 10% of the General Fund operating expenditures; and an Emergency Reserve appropriation equal to 5% of the General Fund Operating Expenditures. The purpose of the Contingency Reserve is to provide a prudent level of financial resources to protect against temporary revenue shortfalls; unanticipated operating costs; and/or to meet short-term cash flow



requirements. The purpose of the Emergency Reserve Fund is to protect against one-time significant costs that may arise from major unpredictable emergency events. These funds were nearly depleted due to the March 2011 heavy rainstorm and subsequent pipe failure. The emergency recovery costs in the amount of \$795,300 were recognized as an extraordinary item in the FY10/11 financial statements and \$622,631 in the FY11/12 financial statements. Replenishment strategies are discussed in the Long-Term Financial Planning section of this document. This City is also considering amending the policy to increase the reserve thresholds.

#### *Investment Policy*

The City's Investment Policy governs the investment of temporary cash excesses. Investments are prioritized based on the following order of importance: Safety of principal, liquidity, and earnings. Various low risk investments, such as U.S. Treasury bills are permitted. During the year, all excess cash balances, which were not held by a fiscal agent, were invested in the California Local Agency Investment Fund (LAIF). At no time during the year was City cash invested in a manner that violates this policy.

#### **AWARD FOR EXCELLENCE IN FINANCIAL REPORTING**

The Certificate for Outstanding Financial Reporting was awarded to the City of Capitola for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011 by the California Society of Municipal Finance Officers (CSMFO). The City has received this award every year since FY 99/00. The City believes the current CAFR meets the Certificate for Outstanding Financial Reporting requirements and it will be submitted to the CSMFO Award program.

For Fiscal Year ended June 30, 2012, the City will also be submitting the CAFR to the Government Finance Officers Association of the United States and Canada to determine its eligibility for the Certificate of Achievement for Excellence in Financial Reporting. This Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The City believes the current CAFR meets the Certificate of Achievement for Excellence in Financial Reporting.

#### **ACKNOWLEDGEMENTS**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire Finance Department staff. I would like to also express our appreciation to the partners and staff of our auditors for their assistance and support.

I wish to express my thanks and appreciation to the Mayor, members of the City Council, and the City Treasurer for their leadership and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Jamie Goldstein  
City Manager

**CITY OF CAPITOLA**  
**LIST OF PRINCIPAL OFFICIALS**  
**FOR**  
**FISCAL YEAR ENDED JUNE 30, 2012**

**ELECTED OFFICIALS**

Mayor - Mike Termini  
Vice Mayor - Stephanie Harlan  
Council Member - Kirby Nicol  
Council Member - Dennis Norton  
Council Member - Sam Storey  
City Treasurer - Jacques Bertrand

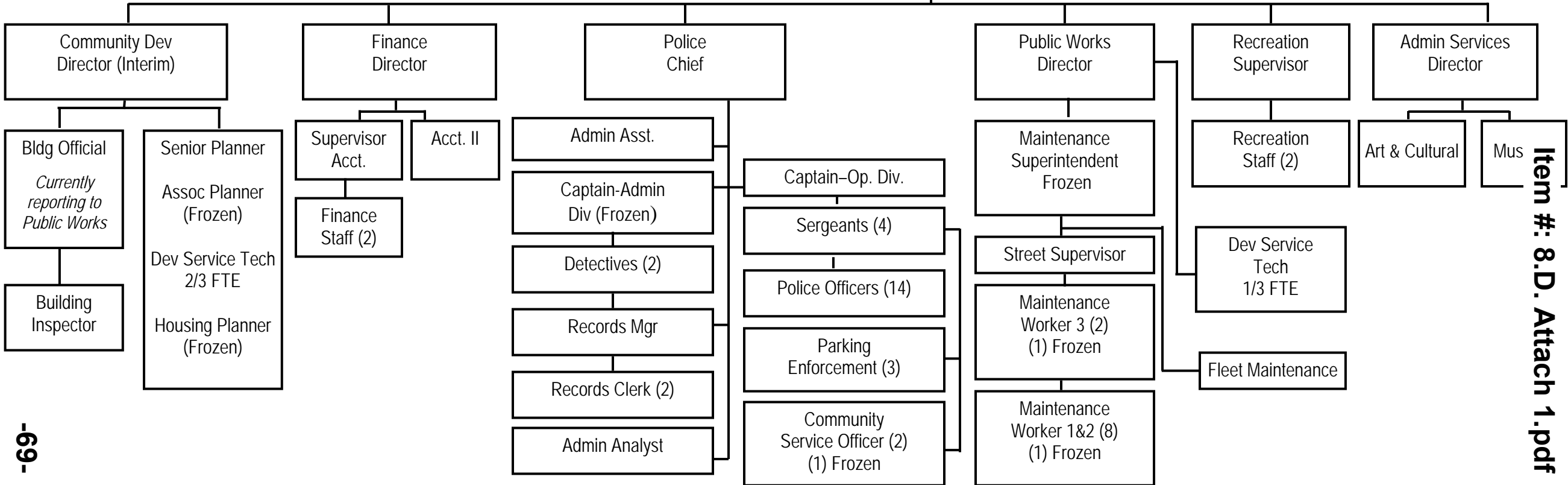
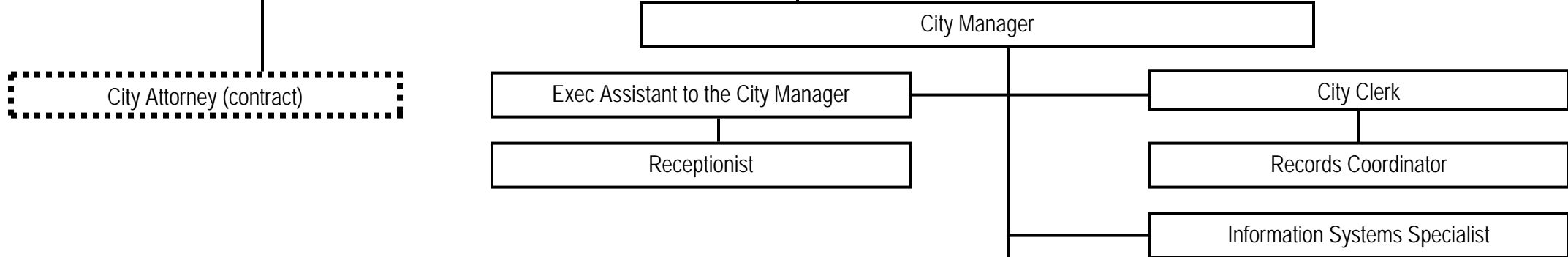
**APPOINTED OFFICIALS**

City Manager - Jamie Goldstein  
City Attorney - Atchison, Barisone, Condotti & Kovacevich

**DEPARTMENT HEADS/ADMINISTRATORS**

Administrative Services Director - Lisa Murphy  
Chief of Police - Rudy Escalante  
City Clerk - Su Sneedon  
Community Development Director - Susan Westman  
Finance Director - Tori Hannah  
Public Works Director - Steve Jesberg

Citizens of the City of Capitola





# California Society of Municipal Finance Officers

*Certificate of Award*

***Outstanding Financial Reporting  
for the Fiscal Year Ending June 30, 2011***


*Presented to the*

***City of Capitola***

This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting systems from which reports were prepared.

*February 29, 2012*



  
\_\_\_\_\_  
Scott Johnson  
CSMFO President

  
\_\_\_\_\_  
Chu Thai, Chair  
Professional Standards and  
Recognition Committee

*Dedicated Excellence in Municipal Financial Reporting*



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**FINANCIAL SECTION**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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## INDEPENDENT AUDITOR'S REPORT

### PARTNERS

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Scott W. Manno, CPA  
Leena Shanbhag, CPA, MST  
Jay H. Zercher, CPA (Retired)  
Phillip H. Waller, CPA (Retired)

### MANAGERS / STAFF

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Jenny Liu, CPA, MST  
Katie L. Millsom, CPA  
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Maya S. Ivanova, CPA, MBA  
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Peter E. Murray, CPA  
Genivive Schwarzkopf, CPA  
Megan Hackney, CPA  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA

### The Honorable City Council City of Capitola, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Capitola, California (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position of the City for the year then ended in conformity with accounting principles generally accepted in the United States of America.

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Therefore, as of February 1, 2012, the Capitola Redevelopment Agency (a component unit of the City) ceased to exist. All functions of the former redevelopment agency either passed to the City or to the Successor Agency to the Capitola Redevelopment Agency.

### MEMBERS

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining nonmajor fund financial statements, nonmajor individual budgetary comparison information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and the nonmajor individual budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Rogers Anderson Maloney & Scott, LLP*

January 16, 2013

## Management's Discussion and Analysis

As management of the City of Capitola, California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal and the basic financial statements.

### FINANCIAL HIGHLIGHTS

#### *Government-Wide Highlights*

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$19.8 million (*net assets*). Of this amount, \$4.1 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net assets decreased by \$160,156 from FY 10/11. This included a prior period adjustment of \$123,292 and a \$36,864 reduction in net assets from governmental activities.
- The City's net capital assets decreased by \$1.8 million from the prior year.
- The City's long-term liabilities decreased by \$688,265 from the prior year.
- An extraordinary gain was recognized of \$379,963 on the government wide financial statement. This included a \$1,002,594 gain on the dissolution of the RDA and a \$622,631 loss related to the storm drain failure.

#### *Fund Highlights*

- The City's governmental funds reported combined fund balances of \$7.9 million, a decrease of \$76,226 from the prior year. Of this amount, \$2.6 million is reported as nonspendable, \$1 million is assigned, and \$2.5 million is available for spending at the City's discretion. An additional \$1.9 million is restricted for specific purposes by their providers through constitutional provisions or by enabling legislation. This is in compliance with Governmental Accounting Standard Board's (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions, which is further described in Note 1, Section D10.
- The \$76,226 decrease in the City's governmental funds reported combined fund balances was primarily the net effect of increased revenues, reduced spending, and an extraordinary loss of \$812,908. This extraordinary loss includes \$622,631 due to a storm drain failure and a \$190,277 loss due to the dissolution of the Redevelopment Agency.
- The Unassigned fund balance for the General Fund was \$2.6 million or 23% of the total General Fund operating expenditures.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the City's basic financial statements. The City's basic financial statements are comprised of the following three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. This report also contains supplementary information in addition to the basic financial statements.

### Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported, as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Capitola that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through users fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, community development, and culture and recreation. The City does not have any business-type activities.

The government-wide financial statements include not only the primary government activities, but also one legally separate entity: The City of Capitola Redevelopment Agency (RDA). Due to the dissolution of the RDA, activities in the government-wide statements are reported up to January 31, 2012. These activities are blended with those of the primary government because the City Council serves as the governing board for each of these component units and the component units function as part of the City's government.

The Government-Wide Financial Statements can be found on pages 17-18 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, however governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as



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well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five major governmental funds: General Fund, Federal Home Loan Reuse, RDA Low (Moderate) Income Housing, Pacific Cove Debt Financing, and RDA Debt Service. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the other governmental funds are combined into a single, aggregated presentation. The City maintains seven internal service funds that provide goods and services solely for governmental activities. The activities are eliminated at the end of the fiscal year and any residual fund balances are combined with the General Fund.

The City adopts an annual appropriated budget for all funds. A budgetary comparison statement is provided for each of the City's governmental funds to demonstrate compliance with this budget. This comparison for the General Fund, Federal Home Reuse Fund, and the RDA Low (Moderate) Income Housing Fund are presented in the Required Supplementary Information section of this document. The budgetary comparison statements for the Budgeted Major Funds, Non-Major Governmental Funds, and Fiduciary Funds are presented in the Supplementary Information Section of this report.

The basic governmental fund financial statements can be found on pages 19-24 of this report.

*Fiduciary Funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because these resources are not available to support the City's programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets are presented in the Basic Financial Statement section of this document. The City's agency funds include: Brookvale Assessment District and Auto Center Assessment District. The Private Purpose Trust Fund includes the Successor Agency to the Capitola Redevelopment Agency and the Capitola Housing Successor.

### **Notes to the Financial Statements**

The Notes to the basic financial statements provide additional information that is not essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28-62 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the City of Capitola's progress in funding the Capitola Retiree Health Plan, budget to actual comparisons, and statistics. This information can be found beginning on page 63 of this report.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City of Capitola, assets exceeded liabilities by \$19.8 million at the close of the most recent fiscal year.

	Governmental Activities	
	2012	2011
Current and other assets	\$ 13,643,385	\$ 14,583,748
Capital assets	14,308,355	16,088,996
<b>Total Assets</b>	<b>\$ 27,951,740</b>	<b>\$ 30,672,744</b>
Other liabilities	1,489,248	3,361,831
Long term liabilities		
Due in one year	621,475	804,208
Due in more than one year	6,063,530	6,569,062
<b>Total Liabilities</b>	<b>8,174,253</b>	<b>10,735,101</b>
Net Assets:		
Invested in Capital Assets, net of accumulated depreciation and related debt	11,918,355	15,053,786
Restricted	3,724,947	1,511,250
Unrestricted	4,134,185	3,249,315
<b>Total Net Assets, as restated</b>	<b>\$ 19,777,487</b>	<b>\$ 19,814,351</b>

The largest portion of the City's net assets, \$11.9 million or 60%, is reflected in its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets were not available for future spending. Although the City of Capitola's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$3.7 million or 19%, represented resources that were subject to external restrictions on how they may be used. The remaining \$4.1 million or 21%, of the City's net assets, were "unrestricted," and may be used to meet the government's ongoing obligations to citizens and creditors.

Further analysis is provided in the governmental activities section of this report.

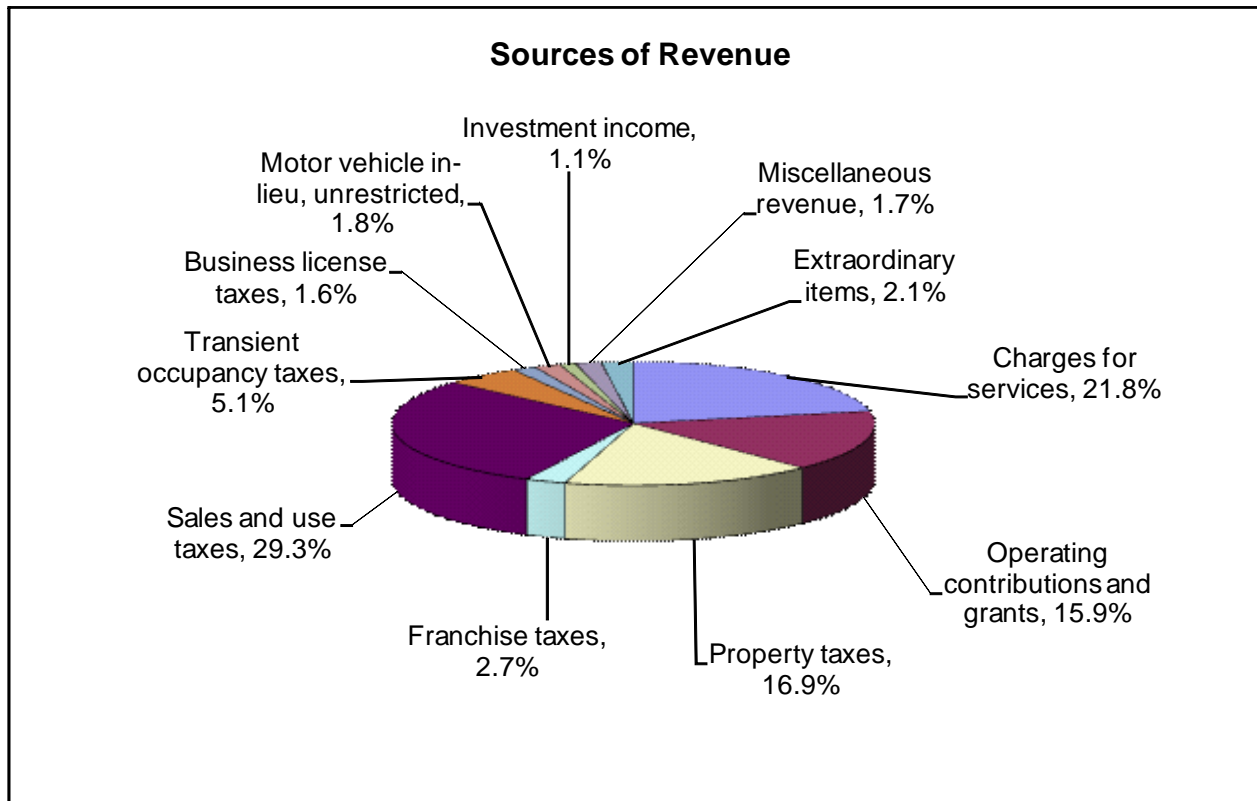
**Governmental Activities**

Governmental activities decreased the City of Capitola's net assets by \$36,864; thereby retaining a relatively consistent balance over the prior year. The FY 11/12 beginning net assets were restated to \$19.8 million due to a prior period adjustment of \$123,292. The Statement of Changes in Net Assets is provided below, followed by an explanation of key changes in FY 11/12:

	Governmental Activities	
	2012	2011
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,880,665	\$ 3,446,410
Operating contributions and grants	2,815,151	1,040,129
Capital contributions and grants	-	421,219
General revenues:		
Taxes:		
Property taxes	2,993,125	4,107,291
Franchise taxes	482,782	477,084
Sales and use taxes	5,200,303	4,890,518
Transient occupancy taxes	912,851	601,726
Business license taxes	281,336	266,948
Motor vehicle in-lieu, unrestricted	315,480	283,955
Investment income	190,390	185,346
Miscellaneous revenue	309,110	289,481
Extraordinary items:		
Flood disaster loss	(622,631)	(795,304)
Gain on dissolution of Redevelopment Agency	1,002,594	-
<b>Total revenues</b>	<b>17,761,156</b>	<b>15,214,803</b>
<b>Expenses</b>		
General government	4,850,957	5,452,712
Public safety	5,490,993	5,422,504
Community development	3,471,434	2,067,847
Culture and recreation	1,009,568	994,906
Transportation	2,556,293	2,444,924
Interest and other charges	418,775	448,182
<b>Total expenses</b>	<b>17,798,020</b>	<b>16,831,075</b>
<b>Change in Net Assets</b>	<b>\$ (36,864)</b>	<b>\$ (1,616,272)</b>
<b>Ending Net Assets, as restated</b>	<b>\$ 19,777,487</b>	<b>\$ 19,814,351</b>

### Revenues

As shown in the in the Statement of Changes in Net Assets, revenues for FY 11/12 were \$17.8 million. The following graph includes program and general revenues and shows the percentage of governmental revenues by source:



These revenues represent an increase of approximately of \$2.5 million over the prior year. This was primarily the result of the following factors:

- Charges for Services – As a result of the RDA dissolution act, the Oversight Board to the Successor Agency approved funding for an Administrative Allowance of \$250,000 to assist in winding down the affairs of the former RDA.
- Grants and Contributions – Recognition of \$1.2 million in grant funding related to the Bay Avenue Senior Housing Project, a 109 unit senior low income housing rehabilitation project.
- Property Taxes – Reduction of approximately \$1 million in property tax revenues due to the dissolution of the RDA.
- Sales Tax Revenues – Increased by approximately \$300,000 due to general economic recovery.
- Transient Occupancy Taxes - Increased by \$311,125 due to the opening of a major new hotel and general economic improvement.

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- Extraordinary Items – In FY 10/11, the City recognized an extraordinary loss of \$795,304. In FY 11/12, this loss continued with an additional \$622,631 spent on storm drain recovery efforts. When this loss was netted with the gain on the RDA dissolution of \$1,002,594, this resulted in a \$1 million increase over the prior year. Specific information related to the RDA gain calculation is presented below:

Gain on RDA Dissolutions – Transfers to the Successor Agency	
Long-Term Liabilities	\$2,543,565
Capital Assets – Rispin	(1,350,694)
Remaining Fund Balance	(190,277)
<b>Gain Recognized:</b>	<b>\$1,002,594</b>

*Cost of Services*

Under GASB 34, program revenues are derived directly from programs or from parties outside the reporting government’s taxpayers or citizenry. They reduce the net cost of the function to be financed from the government’s general revenues. General revenues are all other revenues not categorized as program revenues, and include taxes, unrestricted grants, contributions, investment earnings, and miscellaneous revenues. Total program revenues from governmental activities were \$7 million. The table below presents the costs of each of the following City’s programs:

	Total Cost of Services	Program Revenues	Net Cost of Services
General government	\$ 4,850,957	\$ 2,390,199	\$ 2,460,758
Public safety	5,490,993	983,047	4,507,946
Community development	3,471,434	2,387,372	1,084,062
Culture and recreation	1,009,568	751,356	258,212
Transportation	2,556,293	183,842	2,372,451
Interest and other charges	418,775	-	418,775
<b>Totals</b>	<b>\$ 17,798,020</b>	<b>\$ 6,695,816</b>	<b>\$ 11,102,204</b>

A description of each program is listed below:

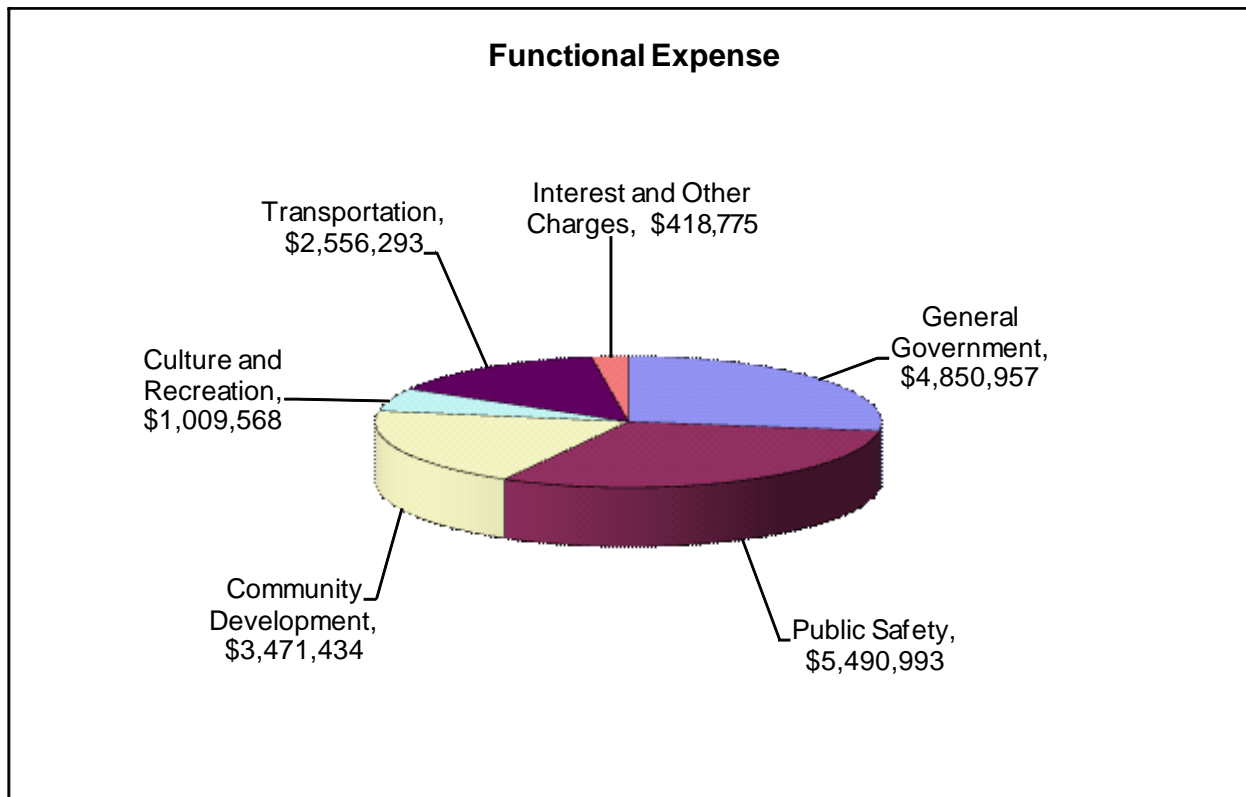
- General Government expenses comprise approximately 27% of all government expenses. This includes City Council, City Manager, City Clerk, City Attorney, Finance, Administrative Services, and Risk Management. These programs are offset by parking meter collections, grants, and administrative support fees.
- Public safety expenses comprise 31% of the governmental expenses. Revenues from fines, citations, grants, and animal services partially offset the cost of this program.
- Community Development expenses comprise approximately 20% of all governmental expenses. Various building and planning fees, along with grant revenues assist in funding these program costs.
- Culture and Recreation expenses comprise over 6% of all governmental expenses. These programs are primarily funded through recreational class and sports fees.

- Transportation/Public Works comprise 14% of all governmental expenses. This includes the street, facility, park, and fleet maintenance; and oversight of the Pacific Cove Mobile Home Relocation Plan. Costs are partially offset by motor vehicle fuel taxes and various fees.
- Interest expense comprises 2% of the governmental expenses. This interest expense is used to pay long-term debt obligations.

*Expenses*

As shown in the Statement of Changes in Net Assets, expenditures increased by approximately \$1 million. This was primarily the result of increased Community Development spending of \$1.4 million related to grant funded activities; net of reductions in General Government spending of \$601,755. In FY 10/11, over \$600,000 of General Government spending was attributed to additional costs incurred in the City Attorney’s Office. These costs included approximately \$520,000 related to several significant mobile home rent control cases; and a Council approved write-off of approximately \$80,000 in bad debt related to mobile home administrative fees. In FY 11/12, the City Attorney’s expenses returned to levels relatively consistent with prior years.

A distribution of expenses by Function is provided below:



### **Financial Analysis of the City's Funds**

As noted earlier, the City of Capitola uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the City of Capitola's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Capitola's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Capitola's governmental funds reported a combined ending fund balance of \$7.9 million, a decrease of \$76,226 in comparison with the prior fiscal year. Approximately \$2.6 million is reported as nonspendable, \$1 million is assigned to the Capital Projects Fund, and \$2.5 million is available for spending at the City's discretion. An additional \$1.8 is restricted for specific purposes, which includes \$1.4 million in debt proceeds to be used to fund the costs of closing the Pacific Cove Mobile Home Park.

#### *General Fund*

The General Fund is the chief operating fund of the City of Capitola. At the end of the current fiscal year, the total fund balance was \$4.6 million. Approximately 57% was unassigned fund balance, which was available for spending at the government's discretion. The majority of the nonspendable balance relates to loans due from the Successor Agency. This includes a Purchase Agreement for the Rispin Property in the amount of \$1.35 million and a \$618,028 Loan and Cooperative Agreement that was used to establish the Redevelopment Agency. Additional information regarding these two agreements can be found in Notes 6 and 18.

It should be noted that the presentation of the General Fund in the City's budget document is different than its presentation in the Governmental Fund Financial Statements. This is primarily due the consolidation of the following funds for financial statement reporting purposes: General Fund, Contingency Reserve, Emergency Reserve, Open Spaces, General Plan Update and Maintenance; Stores, Information Technology, Equipment Replacement, Self-Insurance Liability, Workers Compensation, PERS, and Compensated Absences.

A reconciliation between the operating activities of the City budget documents to the Governmental General Fund Financial Statements is presented below:

	City Budget Documents	General Plan / Open Space	Emergency / Contingency Reserve	Internal Service Funds	Financial Statements
<b>Beginning Fund Balance, as Restated</b>	<b>\$ 1,721,526</b>	<b>\$ 303,594</b>	<b>\$ 1,069,573</b>	<b>\$ 1,484,041</b>	<b>\$ 4,578,734</b>
Revenues	\$ 12,714,485	\$ 181,924		\$ -	\$ 12,896,409
Expenditures	11,322,126	225,411	-	(264,676)	11,282,861
<b>Net Operating Difference</b>	<b>\$ 1,392,359</b>	<b>\$ (43,487)</b>	<b>\$ -</b>	<b>\$ 264,676</b>	<b>\$ 1,613,548</b>
Financing Sources/Uses	\$ (579,802)	\$ -	\$ 114,000	\$ (525,500)	\$ (991,302)
Extraordinary Item	-	-	(622,631)	-	(622,631)
<b>Net Change in Fund Balance</b>	<b>812,557</b>	<b>(43,487)</b>	<b>(508,631)</b>	<b>(260,824)</b>	<b>(385)</b>
<b>Ending Fund Balance</b>	<b>\$ 2,534,083</b>	<b>\$ 260,107</b>	<b>\$ 560,942</b>	<b>\$ 1,223,217</b>	<b>\$ 4,578,349</b>

#### *Federal Home Loan Reuse*

The Federal Home Loan Reuse fund receives loan payments from recipients of HOME Program loans; and uses these revenues to fund additional affordable housing activities. All housing funded activities must be within the City and be in accordance with the Federal Home Reuse Guidelines. The FY11/12 revenues represent the receipt of principle and interest payments related to the Wharf Road Manor Homeowner's Association Loan Program, while expenses represent funding for additional grants and subsidies. Deferred interest revenue of \$12,011 was also recorded in FY11/12.

#### *RDA Low Income Housing Fund*

This fund receives 20% of the Redevelopment Agency tax increment revenues that are required to be set aside by state law, and their related expenses. The \$1.3 million in expenditures represent payments of approved recognized obligations. The activity shown in the financial statements represent activity for the period of July 1, 2011 through January 31, 2012. As of February 1, 2012, this fund ceased to exist. The remaining fund balance and obligations were transferred to the Capitola Housing Successor. Additional information regarding this transition can be found in Note 15.

#### *Pacific Cove Debt Financing*

The Pacific Cove Debt Financing Fund is used to account for the debt proceeds and the corresponding expenditures for the Pacific Cove Mobile Home Park Relocation Plan. This fund is also used for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the City's long term debt. In FY 11/12, the City received debt proceeds of \$2.39 million and expended approximately \$917,000 on park closure costs including the purchase of coaches, professional services, and maintenance. It is anticipated that the remaining \$1.4 million in fund balance will be used in FY12/13 to complete the park closure.

*RDA Debt Service*

This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest for the RDA. This fund also receives tax increment and processes payments related to RDA activity and pass-through agreements. In FY11/12, the RDA Debt Service Fund received a partial payment of property tax increment of \$1.2 million. This was used to fund obligations listed on the approved Enforceable Obligation Payment Schedule. The activity shown in the financial statements represents the activity from July 1, 2011 to January 31, 2012. As of February 1, 2012, the Agency ceased to exist; and the financial accounting for the Successor Agency was transitioned to a Private Purpose Trust Fund. Additional information can be found in Note 15.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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A detailed budgetary comparison schedule for the year ended June 30, 2012 is presented as Required Supplementary Information following the notes to the financial statements. This information can be found on page 64. Key budgetary differences are provided below.

*Revenues:*

Revenues exceeded the Final Budget by approximately \$448,000. Key factors relating to the increase include: Sales tax receipts of approximately \$153,000 in the Fourth Quarter; and \$163,000 in combined increased TOT tax revenues, a prior year sales tax true-up; and an additional one-time property tax revenues related to the RDA dissolution. Planning and building fees also increased due to activity associated with a major new retailer.

*Expenses:*

Expenses prior to transfers and the extraordinary loss were approximately \$586,000 below the Amended budget. This was primarily the result of the following factors:

- Public Safety savings of approximately \$500,000: This savings was achieved primarily through a reduction in police overtime, a partial police officer vacancy, a vacant .50 FTE Police Records Clerk; and the carry-forward of grants and contracts.
- General Government and Community Development savings of approximately \$80,000: This was primarily the result of salary savings from a partial Finance Director vacancy; and position transitions in the Community Development and City Clerk's Office.

*Appropriations:*

Variances between the Original and Final budgets are primarily due to the inclusion of continuing appropriations for special projects from the prior year.



*Fund Balance:*

The General Fund Ending Fund Balance was \$4,578,349 as of June 30, 2012. This amount was approximately \$1 million greater than the final budget projection based on the revenue and expenditure information noted above. The Unassigned amounts identified as Contingency and Emergency reserves are provided for reference. An additional discussion of the City's Contingency and Emergency reserves can be found in the Financial Management Policies section of the Transmittal letter.

Fund balance:		
Nonspendable:		
Prepaid items	\$	2,408
Due from successor agency		1,968,028
Unassigned:		
Emergency reserve		156,046
Contingencies		404,896
Unassigned		<u>2,046,971</u>
Total fund balance	\$	<u><u>4,578,349</u></u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

The City's value of governmental assets (net of accumulated depreciation) at the end of FY 11/12 was \$14,308,355. This investment in capital assets includes land, building, equipment, vehicles, and infrastructure. The infrastructure classification typically includes roads, streets, sidewalks, medians, and bridges. The total decrease in the City of Capitola's investment in capital assets for the current fiscal year was 11.1% or \$1.78 million. Approximately \$1.35 million of this reduction can be attributed to the transfer of the Rispin Mansion and land from the former RDA to the Successor Agency. The accounting transfer was consistent with the RDA dissolution requirements.

Additional information on the City of Capitola's capital assets can be found in Note 4 to the financial statements.

Governmental Activities

Land	\$	3,844,909
Buildings and improvements		3,100,207
Equipment		3,000,750
Infrastructure		24,250,498
Construction in progress		588,903
Depreciation		<u>(20,476,912)</u>
Total fixed assets	\$	<u><u>14,308,355</u></u>

**Long-Term Debt**

The City's long-term debt at the end of FY11/12 was \$6,685,005. This represents a reduction of \$688,265 or 9.3% when compare to the FY 10/11. Significant changes include the transfer of \$2.5 million in long-term obligations to the Successor Agency and the addition of \$2.39 million in capital lease financing for the Pacific Cove Relocation Project. Additional contributing factors include the retirement of a capital lease agreement for a street sweeper, RDA pass-through payments of \$179,502; and a \$455,000 pension obligation bond payment.

An overview of all long-term obligations is presented below; while comprehensive information can be found in Notes 5 and 6.

Governmental Activities

Bonds Payable:	
2007 POB Bonds	\$ 3,375,000
Loans Payable:	
Capital Lease Payable - Pacific Cove	2,390,000
Notes Payable	38,249
Compensated absences	590,625
Net OPEB Obligation	<u>291,131</u>
Total	<u>\$ 6,685,005</u>

**ECONOMIC FACTORS, NEXT YEAR'S BUDGETS, AND RATES**

On June 14, 2012, the Council adopted the FY 12/13 Budget, with a total appropriation of \$18.5 million, and a General Fund appropriation of \$12.2 million. Adequate resources were projected to be available to fund the proposed expenditures. The General Fund budget reflects a conservative estimate of growth; with sales tax revenues anticipated to increase by 2% and an additional \$350,000 in projected receipts from a new major retail store. A similar projection of growth was forecasted for TOT taxes; while property taxes were estimated to be relatively stable. While the projected \$500,000 increase from sale tax revenues represent a positive impact to the General Fund, it is anticipated to be offset by the loss of regular recurring revenues, including interest payments on City/RDA loans of \$152,520, rental revenues of \$130,000 from the closure of the Pacific Cove Mobile Home Park; and the expiration of grant revenues.

Additional cost-control measures included negotiating new contracts with all bargaining units, which retain a cap on the City's share of pension payments. This strategy has proven to assist the City in maintaining relatively flat payroll expenses over the last couple of years; while also insulating the City from future projected rising pension costs.

*Prospects for the Future*

At the time this document was prepared, Capitola voters approved an additional 1/4 cent sales tax (Measure O). This measure is anticipated to generate close to \$1.1 million annually in additional revenues. This additional source of revenue was not included in the FY 12/13 budget; however, a draft five-year plan has been prepared which includes proposed funding for much-needed CIP projects, and replenishing the Emergency and Contingency reserves.

The City completed the Meet and Confer process with the California Department of Finance (DOF) to dispute a prorated share of \$152,520 in interest payments on City/RDA loans. These payments were made in accordance with the approved Enforceable Obligation Payment Schedule (EOPS). Recently, the DOF reaffirmed their denial of the prorated payment. This final determination will impact the City's General Fund; however there should be sufficient fund balance available to cover the payment.

*Local, State, and National Economy*

Over the last few years, events in the local, state, and national economies have led to a significant downturn in financial markets; however, there are now beginning signs of an economic recovery. This has been reflected in increased sales tax, TOT tax, and the increasing demand for building/planning services. The Santa Cruz County Auditor-Controller has also indicated that while some cities within the area are still seeing a slight decrease in property tax values, properties in Capitola were retaining or actually seeing small valuation increases. These factors combined with recovery from the storm drain failure, make the City of Capitola's prospects for the future cautiously optimistic.

*Requests for Information*

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for its fiscal activities to citizens, taxpayers, investors, creditors, and any other interested parties. If you have questions about this report or need additional information, contact the City Manager, City of Capitola at 420 Capitola Avenue, Capitola, California 95010.

**BASIC FINANCIAL STATEMENTS**

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**CITY OF CAPITOLA**  
**Statement of Net Assets**  
**June 30, 2012**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 5,481,893
Accounts receivable, net of allowance for uncollectibles	107,195
Due from other governments	1,396,190
Due from successor agency	1,968,028
Loans receivable	3,995,768
Debt issuance costs	105,451
Prepays	588,860
Capital assets:	
Non-depreciable:	
Land	3,844,909
Construction in progress	588,903
Depreciable:	
Equipment	3,000,750
Buildings and improvements	3,100,207
Infrastructure	24,250,498
Accumulated depreciation	<u>(20,476,912)</u>
 Total Assets	 <u>27,951,740</u>
<b>LIABILITIES</b>	
Accounts payable	652,046
Accrued liabilities	258,571
Interest payable	120,459
Deposits payable	292,977
Unearned revenue	165,195
Noncurrent liabilities:	
Due within one year	621,475
Due in more than one year	<u>6,063,530</u>
 Total Liabilities	 <u>8,174,253</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	11,918,355
Restricted for:	
Public safety	50,757
Transportation	2,445,232
Community development	1,140,751
Culture and recreation	88,207
Unrestricted	<u>4,134,185</u>
 Total Net Assets	 <u><u>\$ 19,777,487</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Statement of Activities**  
**Year Ended June 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 4,850,957	\$ 1,058,698	\$ 1,331,501	\$ -
Public safety	5,490,993	759,403	223,644	-
Community development	3,471,434	1,144,816	1,242,556	-
Culture and recreation	1,009,568	751,356	-	-
Transportation	2,556,293	166,392	17,450	-
Interest and other charges	418,775	-	-	-
	<u>\$ 17,798,020</u>	<u>\$ 3,880,665</u>	<u>\$ 2,815,151</u>	<u>\$ -</u>
Total Governmental Activities				(11,102,204)
General Revenues:				
Taxes:				
Property taxes				2,993,125
Franchise taxes				482,782
Sales and use taxes				5,200,303
Transient occupancy taxes				912,851
Business license taxes				281,336
Motor vehicle in-lieu, unrestricted				315,480
Investment income				190,390
Miscellaneous revenue				309,110
Extraordinary Items:				
Flood disaster loss				(622,631)
Gain on dissolution of Redevelopment Agency				1,002,594
				<u>11,065,340</u>
Total General Revenues and Extraordinary Items				(36,864)
Change in Net Assets				19,814,351
Net Assets, Beginning of Year, as Restated				\$ 19,777,487
Net Assets, End of Year				<u>\$ 19,777,487</u>

The accompanying notes are an integral part of these financial statements.

## GOVERNMENTAL FUNDS

### Major Governmental Funds

#### GENERAL FUND

The General Fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund for the City.

#### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects. The following funds have been classified as major funds:

Federal Home Loan Reuse Fund - This fund accounts for housing loan principal and interest payments that will be available for a similar future federal program.

RDA Low Income Housing Fund - This fund accounts for 20% of the Redevelopment Agency tax increment revenues that are set aside by state law, and the use of those revenues. As of February 1, 2012, the Agency ceased to exist (See note 15). The activity shown is for the period of July 1, 2011 through January 31, 2012.

#### DEBT SERVICE FUNDS

Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditure for principal, interest and related costs. The following funds have been classified as major funds:

Pacific Cove Debt Financing Fund - This fund is used to account for the debt proceeds and the corresponding expenditures for the Pacific Cove Mobile Home Park Relocation Plan. This fund is also used for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the long-term debt issued by the City.

RDA Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs in the RDA. As of February 1, 2012, the Agency ceased to exist (See note 15). The activity shown is for the period of July 1, 2011 through January 31, 2012.

#### NON-MAJOR GOVERNMENTAL FUNDS

Other Governmental Funds - These funds constitute all other governmental funds that do not meet the GASB Statement No. 34 major fund test of assets, liabilities, revenues or expenditures for the governmental funds. These funds consist of other Special Revenue Funds, a Debt Service Fund and a Capital Projects Fund of the City for the year ended.



**CITY OF CAPITOLA**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2012**

	General	Special Revenue Fund Federal Home Loan Reuse
<b>ASSETS</b>		
Cash and investments	\$ 2,230,509	\$ 8,201
Accounts receivable	82,740	-
Due from other governments	1,301,949	6
Due from other funds (note 3)	198,498	-
Due from successor agency	1,968,028	-
Loans receivable	-	3,646,526
Prepays	2,408	-
	<b>\$ 5,784,132</b>	<b>\$ 3,654,733</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 282,899	\$ -
Accrued liabilities	256,545	-
Deferred revenue	418,196	3,646,526
Due to other funds	-	-
Deposits payable	248,143	-
	<b>1,205,783</b>	<b>3,646,526</b>
Fund balances:		
Nonspendable	1,970,436	-
Restricted	-	8,207
Assigned	-	-
Unassigned	2,607,913	-
	<b>4,578,349</b>	<b>8,207</b>
Total Fund Balances	<b>\$ 4,578,349</b>	<b>\$ 8,207</b>
Total Liabilities and Fund Balances	<b>\$ 5,784,132</b>	<b>\$ 3,654,733</b>

The accompanying notes are an integral part of these financial statements.

Item #: 8.D. Attach 1.pdf

Special Revenue Fund	Debt Service Funds		Non-Major Governmental Funds	Totals
RDA Low Income Housing	Pacific Cove Debt Financing	RDA Debt Service		
\$ -	\$ 1,735,872	\$ -	\$ 1,507,311	\$ 5,481,893
-	-	-	24,455	107,195
-	1,849	-	92,386	1,396,190
-	-	-	-	198,498
-	-	-	-	1,968,028
-	-	-	349,242	3,995,768
-	-	-	586,452	588,860
<u>\$ -</u>	<u>\$ 1,737,721</u>	<u>\$ -</u>	<u>\$ 2,559,846</u>	<u>\$ 13,736,432</u>
\$ -	\$ 305,120	\$ -	\$ 64,027	\$ 652,046
-	-	-	2,026	258,571
-	-	-	350,657	4,415,379
-	-	-	198,498	198,498
-	-	-	44,834	292,977
-	305,120	-	660,042	5,817,471
-	-	-	586,452	2,556,888
-	1,432,601	-	416,938	1,857,746
-	-	-	1,045,241	1,045,241
-	-	-	(148,827)	2,459,086
-	1,432,601	-	1,899,804	7,918,961
<u>\$ -</u>	<u>\$ 1,737,721</u>	<u>\$ -</u>	<u>\$ 2,559,846</u>	<u>\$ 13,736,432</u>

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CITY OF CAPITOLA  
 Governmental Funds  
 Reconciliation of the Balance Sheet of  
 Governmental Funds to the Statement of Net Assets  
 June 30, 2012

Fund balances of governmental funds	\$	7,918,961
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets net of depreciation have not been included in governmental fund activity:</p>		
Capital assets		34,785,267
Accumulated depreciation		(20,476,912)
<p>Long term debt has not been included in the governmental fund activity:</p>		
Notes payable		(38,249)
Bonds payable		(3,375,000)
Capital leases payable		(2,390,000)
Compensated absences		(590,625)
Net OPEB Obligation		(291,131)
Accrued interest payable		(120,459)
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
Long-term receivables		4,250,184
Deferred charges		105,451
		105,451
Net assets of governmental activities	\$	19,777,487

The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Governmental Fund Types**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2012**

	General	Special Revenue
		Fund
		Federal Home Loan Reuse
<b>REVENUES</b>		
Taxes	\$ 8,370,134	\$ -
Licenses & permits	610,940	-
Fines & forfeitures	724,407	-
Intergovernmental	1,343,011	-
Charges for services	1,472,504	-
Use of money and property	289,519	24,316
Other revenue	85,894	-
<b>Total Revenues</b>	<b>12,896,409</b>	<b>24,316</b>
<b>EXPENDITURES</b>		
Current:		
General government	2,450,483	-
Public safety	5,306,870	-
Community development	662,692	21,238
Culture and recreation	910,719	-
Transportation	1,952,097	-
Capital outlay	-	-
Debt service:		
Debt issuance costs	-	-
Principal	-	-
Interest	-	-
<b>Total Expenditures</b>	<b>11,282,861</b>	<b>21,238</b>
Excess (Deficiency) of Revenues over (Under) Expenditures	1,613,548	3,078
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from capital lease	-	-
Transfers in	50,000	-
Transfers out	(1,041,302)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(991,302)</b>	<b>-</b>
<b>EXTRAORDINARY ITEMS</b>		
Flood disaster loss	(622,631)	-
Gain (loss) on dissolution of redevelopment agency	-	-
<b>Total Extraordinary Items</b>	<b>(622,631)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(385)</b>	<b>3,078</b>
Fund Balances, Beginning of Year, as Restated	4,578,734	5,129
Fund Balances, End of Year	\$ 4,578,349	\$ 8,207

Item #: 8.D. Attach 1.pdf

Special Revenue Fund	Debt Service Funds		Non-Major Governmental Funds	Totals
RDA Low Income Housing	Pacific Cove Debt Financing	RDA Debt Service		
\$ -	\$ -	\$ 1,218,926	\$ 288,947	\$ 9,878,007
-	-	-	18,958	629,898
-	-	-	-	724,407
-	-	-	1,412,457	2,755,468
-	-	-	434,507	1,907,011
3	2,976	1,390	84,673	402,877
-	-	-	3,731	89,625
<u>3</u>	<u>2,976</u>	<u>1,220,316</u>	<u>2,243,273</u>	<u>16,387,293</u>
-	916,981	616,175	50,710	4,034,349
-	-	-	129,181	5,436,051
1,263,518	-	-	1,510,923	3,458,371
-	-	-	129,844	1,040,563
-	-	-	251,430	2,203,527
-	-	-	756,948	756,948
-	43,394	-	-	43,394
-	-	179,502	493,680	673,182
-	-	176,270	217,956	394,226
<u>1,263,518</u>	<u>960,375</u>	<u>971,947</u>	<u>3,540,672</u>	<u>18,040,611</u>
<u>(1,263,515)</u>	<u>(957,399)</u>	<u>248,369</u>	<u>(1,297,399)</u>	<u>(1,653,318)</u>
-	2,390,000	-	-	2,390,000
376,982	-	-	1,066,302	1,493,284
-	-	(376,982)	(75,000)	(1,493,284)
<u>376,982</u>	<u>2,390,000</u>	<u>(376,982)</u>	<u>991,302</u>	<u>2,390,000</u>
-	-	-	-	(622,631)
<u>696</u>	<u>-</u>	<u>(190,973)</u>	<u>-</u>	<u>(190,277)</u>
<u>696</u>	<u>-</u>	<u>(190,973)</u>	<u>-</u>	<u>(812,908)</u>
(885,837)	1,432,601	(319,586)	(306,097)	(76,226)
<u>885,837</u>	<u>-</u>	<u>319,586</u>	<u>2,205,901</u>	<u>7,995,187</u>
<u>\$ -</u>	<u>\$ 1,432,601</u>	<u>\$ -</u>	<u>\$ 1,899,804</u>	<u>\$ 7,918,961</u>

**CITY OF CAPITOLA**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended June 30, 2012**

Net change in fund balances - total governmental funds \$ (76,226)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	823,513
Depreciation	(1,059,930)
Loss on disposal of assets	(193,530)

Repayment of debt service principal and capital lease liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets. 673,182

The issuance of long-term debt provides current financial resources to governmental funds. This transaction, however, does not have an effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds from Capital lease	(2,390,000)
Other long-term debt issuance	(132,056)
Long-term debt issuance costs	43,394

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of issuance costs	(13,063)
Change in compensated absences payable	60,382
Change in OPEB	(66,808)
Change in accrued interest expense	(24,549)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grant revenues	1,125,956
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Net gain in closing of RDA recognized on Government Wide Statements	1,192,871
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Change in net assets of governmental activities	\$ (36,864)
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The accompanying notes are an integral part of these financial statements.

**CITY OF CAPITOLA**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2012**

	Private Purpose Trust Fund	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments	\$ 1,830,873	\$ 36,098
Accounts receivable	3,285,176	32
Capital assets:		
Land	1,038,880	-
Building and improvements	<u>311,814</u>	<u>-</u>
 Total Assets	 <u>6,466,743</u>	 <u>\$ 36,130</u>
<b>LIABILITIES</b>		
Deferred revenue	3,283,806	\$ -
Deposits	-	36,130
Long-term liabilities (note 6):		
Due within one year	1,211,720	-
Due in more than one year	<u>3,233,845</u>	<u>-</u>
 Total Liabilities	 <u>7,729,371</u>	 <u>\$ 36,130</u>
<b>NET ASSETS (DEFICIT)</b>		
Held in trust for successor agency and other purposes	<u>(1,262,628)</u>	
 Total Net Assets (Deficit)	 <u>\$ (1,262,628)</u>	

The accompanying notes are an integral part of these financial statements.



**CITY OF CAPITOLA**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the period from inception (February 1, 2012) to June 30, 2012**

	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS</b>	
Tax revenue:	
Property	\$ 15,831
Investment earnings	825
Other revenue	<u>2,123</u>
Total additions	<u>18,779</u>
 <b>DEDUCTIONS</b>	
Administrative allowance	255,062
Debt service:	
Interest	<u>23,750</u>
Total deductions	<u>278,812</u>
 <b>EXTRAORDINARY ITEM</b>	
Extraordinary gain (loss) on Redevelopment Agency dissolution	<u>(1,002,595)</u>
Change in net assets	(1,262,628)
Net assets, beginning of the period	<u>-</u>
Net assets (deficit), end of the period	<u><u>\$ (1,262,628)</u></u>

The accompanying notes are an integral part of these financial statements.

**City of Capitola**  
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**For Year Ended June 30, 2012**

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**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The accompanying financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's basic financial statements. The City's component units which are described below are all blended.

The City Council served in separate session as the governing body of the Capitola Redevelopment Agency, although this agency is a legal entity separate from the City.

The Capitola Redevelopment Agency is included as a component unit in the accompanying financial statements. The financial activities of the foregoing entity have been aggregated and merged (termed "blending") with those of the City in the accompanying financial statements, as it meets the criteria for inclusion as set forth in Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB Statement No. 39.

The Capitola Redevelopment Agency was established in 1980 by the City Council to eliminate blight within the defined project areas by encouraging and assisting planned development of low income housing and commercial projects. The Redevelopment Agency exists for the purpose of facilitating the City's capital financing program. On December 29, 2011, a Supreme Court ruling directed that all redevelopment agencies be dissolved as of February 1, 2012; therefore, these funds account for activities of the Redevelopment Agency through January 31, 2012. See note 15 for additional information on the redevelopment dissolution.

B) Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B) Basis of Presentation, (continued)

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All City activities are governmental; no business-type activities are reported in the statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements: Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers the majority of revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City's only exception to this timeline is Sales Tax receipts. Sales Tax is recorded in the period it is earned, which results in a 90 day accrual on this revenue.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, transient occupancy taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund

The General Fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund for the City.

Federal Home Loan Reuse Fund

The Federal Home Loan Reuse Fund accounts for housing loan principal and interest payments that will be available for a similar future federal program.

RDA Low Income Housing Fund

The RDA Low Income Housing Fund accounts for 20% of the Redevelopment Agency tax increment revenues that are set aside by state law, and the use of those revenues. As of February 1, 2012, the Agency ceased to exist (See note 15). The activity shown is for the period of July 1, 2011 through January 31, 2012.

Pacific Cove Debt Financing Fund

The Pacific Cove Debt Financing Fund is used to account for the debt proceeds and the corresponding expenditures for the Pacific Cove Mobile Home Park Relocation Plan. This fund is also used for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the long-term debt issued by the City.

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (continued)

RDA Debt Service Fund

The RDA Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs in the RDA. As of February 1, 2012, the Agency ceased to exist (See note 15). The activity shown is for the period of July 1, 2011 through January 31, 2012.

The City also reports the following Fiduciary fund types:

Agency Funds

These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains two Agency funds – Brookvale Assessment District and Auto Center Assessment District - as an agent for bondholders.

Private Purpose Trust Funds

These funds account for the activities of the City of Capitola as Successor Agency to the Capitola Redevelopment Agency and the Capitola Housing Successor. The Successor Agency's primary purpose is to expedite the dissolution of the former Redevelopment Agency's assets in accordance with AB X1 26 and AB 1484, while the Capitola Housing Successor provides housing assistance through the use of assets transferred from the RDA Low Income Housing Fund.

D) Assets, Liabilities, and Net Assets or Equity

**1) Cash and Investments**

Investments are reported in the accompanying balance sheet at fair market value, except for nonparticipating certificates of deposit and investment contracts that would be reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair market value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair market value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Assets, Liabilities, and Net Assets or Equity, (continued)

**1) Cash and Investments (continued)**

The City pools idle cash from all funds in order to increase income earned through its investment program. Investment income from pooled investments is allocated to those funds that are required by law or administrative action to receive interest. Investment income is allocated on a monthly basis based on the cash balance in each fund.

**2) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and such amounts are offset equally by a fund balance reserve account that indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

**3) Property Taxes**

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property’s assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property’s fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied, and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Date(s)	January 1	January 1
Levy Date(s)	July 1	July 1
Due Date(s)	November 1 (50%) February 1 (50%)	August 1
Delinquency Date(s)	December 10 (Nov.) April 10 (Feb.)	August 31

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Assets, Liabilities, and Net Assets or Equity, (continued)

**3) Property Taxes (continued)**

The City adopted an alternative method of property tax distribution (the "Teeter Plan"). Under this method, the City receives 100% of its secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The City receives payments as a series of advances made by the County throughout the fiscal year. The secured property tax levy is recognized as revenue upon receipt including the final payment, which generally is received within 60 days after the fiscal year.

**4) Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. City policy is to capitalize all tangible property with a useful life of two or more years and a cost or assigned value exceeding \$5,000, with the exception of infrastructure valued at \$50,000 or more.

With the implementation of GASB Statement No. 34, the City recorded all its public domain (infrastructure) capital assets placed in service after June 30, 1980, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over the estimated useful lives. Depreciation is provided using the straight line method which means the cost of the assets is divided by its expected useful life in years and the result is charged to expense each fiscal year until the assets are fully depreciated. The City has assigned the useful lives listed below to capital assets.

Structures and Improvements	50 years
Equipment	5 – 25 years
Infrastructure	15 – 50 years

**5) Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements. The City accounts for such items using the consumption method.



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Assets, Liabilities, and Net Assets or Equity, (continued)

**6) Deferred Revenue**

Revenues received, but not yet earned, are deferred until such time as those monies meet the revenue recognition criteria. In the case of intergovernmental revenues in the fund financial statements, e.g., grants, entitlements and shared revenue, the basis of accounting for such revenue is determined according to the procedures common to each fund type in which the grant, entitlement, or shared revenue is recorded. Grants, entitlements, and shared revenues received earlier than the time established by the revenue recognition criteria are reported as deferred revenues.

Revenues earned, but not yet received, may not be available in a timely manner to pay current expenditures or obligations. Such receivables, not meeting the availability criteria necessary for accrual under the modified accrual basis accounting principles, are classified as deferred revenues for that period in the fund financial statements. In the government-wide financial statements, however, availability criteria are not considered. Instead, revenues are recognized at the point in time when revenue is earned through performance or similar recognition standards.

**7) Compensated Absences**

In compliance with Governmental Accounting Standards Board Statement No. 16, the City has established a liability for accrued vacation in relevant funds. Based on prior MOU language, a sick leave liability is also accrued for one remaining employee. For governmental fund types, the current liability appears in the respective funds and the long-term liability appears in the government-wide financial statements.

This liability is set up for the current employees at the current rates of pay. If vacation and the sick leave balances are not used by employees during the term of employment, compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

**8) Reclassifications and Eliminations**

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that the expenses are reported only once - in the function in which they are allocated.

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Assets, Liabilities, and Net Assets or Equity, (continued)

**9) Use of Estimates**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

**10) Fund Equity**

The City has implemented GASBS No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council has the authority to establish, modify, or rescind fund balance commitments by resolution.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Assets, Liabilities, and Net Assets or Equity, (continued)

**10) Fund Equity, (continued)**

When an expenditure is incurred for which both restricted and unrestricted (committed, assigned, or unassigned) are available, it is the City's policy to consider restricted amounts first, then unrestricted resources. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance appropriations could be used, it is the City's Policy that committed amounts would be used first, followed by assigned, and then unassigned fund balance classifications.

2) CASH AND INVESTMENTS

Cash and investments held by the City at June 30, 2012 are classified in the accompanying financial statement as follows:

Statement of Net Assets:	
Cash and investments	\$ 5,481,893
Statement of Fiduciary Net Assets:	
Cash and investments	<u>1,866,971</u>
Total cash and investments	<u><u>\$ 7,348,864</u></u>

Cash and investments held by the City consisted of the following:

Petty cash	\$ 1,450
Demand deposits	2,471,970
Investments	<u>4,875,444</u>
Total cash and investments	<u><u>\$ 7,348,864</u></u>

Investments Authorized by the California Government Code and the City of Capitola's Investment Policy

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase.

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2012**

2) CASH AND INVESTMENTS, (continued)

The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code (or the City's investment policy, if more restrictive). The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
U. S. Treasury Bills	5 years	60%	None
Negotiable Certificates of Deposit	1 year	None	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$50 million
Guaranteed Investment Contracts	15 months	None	None

\*Based on state law requirements or investment policy requirements, whichever is more restrictive.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity				Total
	12 months or less	13 to 24 months	25 to 60 months	More than 60 months	
Local Agency Investment Fund	\$ 4,875,444	\$ -	\$ -	\$ -	\$ 4,875,444
Total	<u>\$ 4,875,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,875,444</u>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

2) CASH AND INVESTMENTS, (continued)

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

During the fiscal year ended June 30, 2012, the City did not hold any investments that were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
				AAA	Aa	Not Rated
Local Agency Investment Fund	\$ 4,875,444	N/A	N/A	\$ -	\$ -	\$ 4,875,444 *

\* The State investment pool does not offer an investment rating.

Concentration of Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total City investments.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

2) CASH AND INVESTMENTS, (continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., brokerdealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2012 the City had no deposits with financial institutions in excess of federal depository insurance limits that were held in collateralized accounts.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's prorate share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Advances from Other Funds

The Redevelopment Agency has incurred substantial costs for a proposed expansion of the redevelopment area and amendment of the redevelopment plan. The City has been providing staff and administrative services without compensation to the Agency since the fiscal year 1997/1998. The City and the Agency entered into an agreement to identify the staff and administrative costs due to the City since the fiscal year 1997/1998. The parties agreed that the Agency will pay the City for its past administrative services, plus interest calculated at 5%. In June 2006, the City and Agency agreed to amend the interest rate to the greater of the following: a) the interest rate charged by the Public Employees Retirement System for the City's unfunded liability; b) the true interest cost of any obligation bond sold by the City; c) the State of California LAIF rate, or d) 5%. The parties further agreed that the amount owed has been calculated at an overhead rate of fifteen percent of net tax increment, with simple interest. The principal amount of this reimbursement shall be paid as Agency funds become available, but in no event later than twenty-five years. As of June 30, 2012, the Agency owes the City \$618,028.

In July 2003, the City of Capitola sold the Rispin Mansion property to the Redevelopment Agency of Capitola in exchange for a \$1,350,000 note. The parties agreed to calculate interest on the advance at 5% per annum. In June 2006, the City and Agency agreed to amend the interest rate to the greater of the following: a) the interest rate charged by the Public Employees Retirement System for the City's unfunded liability; b) the true interest cost of any pension obligation bond sold by the City; c) the State of California LAIF rate; or d) 5%. The outstanding principal sum of this Note shall be due and payable in full on June 24, 2017 ("Maturity Date"), provided, however, that if the Redevelopment Plan for the Capitola Redevelopment Project is amended to extend the time limit on receipt of tax increment revenues, then the Maturity Date shall automatically be extended until the last date on which the Agency may receive tax increment under the Redevelopment Plan, as amended. Payment of interest is due on a quarterly basis. In April 2007, the RDA Board of Directors passed a resolution that credited the RDA cap with \$629,059 as a result of state legislation regarding previous Educational Relief Augmentation Fund (ERAF) payments made by the Capitola Redevelopment Agency.

Due to the Dissolution of the Agency in the current year, the balance of the loans previously made to the redevelopment agency were transferred to the Successor Agency to the former redevelopment agency, pursuant to AB X1 26 and AB 1484. Therefore, the balance was moved in the current fiscal year from an Advance to Other Funds to a Due from Successor Agency. See Successor Agency Long Term Debt note 6.

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2012**

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, (continued)

Due To/From Other Funds

Due to/from other funds at June 30, 2012 is as follows:

Due from other funds	Due to other funds	Amount
General Fund	Non-Major governmental funds	\$ 198,498

The interfund payable balances represent routine and temporary cash flow assistance from and to the General Fund until the amounts receivable from other agencies are collected to reimburse eligible expenditures.

Interfund Transfers

Interfund transfers for the year ended June 30, 2012 are as follows:

		Transfers In			Total
		General Fund	RDA Low Income Fund	Non-Major Governmental Funds	
Transfers Out	General Fund	\$ -	\$ -	\$ 1,041,302	\$ 1,041,302
	RDA Debt Service Fund	-	376,982	-	376,982
	Non-Major Governmental Funds	50,000	-	25,000	75,000
	Total	\$ 50,000	\$ 376,982	\$ 1,066,302	\$ 1,493,284

Transfers to the RDA Low Income Housing Fund totaled \$376,982 and were made from the RDA Debt Service Fund. Through February 1, 2012, the California Health and Safety Code required the Agency project area to deposit 20% of allocated incremental property tax revenues into a Low Income Housing Fund. This money is restricted for the purpose of increasing and improving the community's supply of low income housing. Effective February 1, 2012, the Redevelopment Agency Low Income Housing Fund (LMIHF) became the Capitola Housing Successor, a Private Purpose Trust Fund under the direction of the Capitola City Council.

Transfers to the Non-Major Funds of \$1,041,302 were made from the General Fund. These transfers were for capital projects \$50,000, 2007 Pension Obligation Bond Payments \$900,500, and \$90,802 which represents 16% of the Village Parking Meter revenues.



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, (continued)

Housing and Community Development Loan Program

The City uses Federal HOME Loan Reuse, Affordable Housing and CDBG Program Income funds to provide housing loans to eligible applicants. Such loans are made to low and moderate income households to improve or rehabilitate residences. The City accounts for this program in the Special Revenue Funds. Total loans receivable of \$4.0 million at June 30, 2012 are listed below:

	CDBG Program Income	Federal Home Loan Reuse	Affordable Housing	Total
Individual Loans	\$ 169,345	\$ 533,342	\$ 19,897	\$ 722,584
Bay Avenue Senior Apartments	-	2,900,000	-	2,900,000
Castle Mobile Home Park	-	-	160,000	160,000
Wharf Road Manor	-	213,184	-	213,184
	<u>\$ 169,345</u>	<u>\$ 3,646,526</u>	<u>\$ 179,897</u>	<u>\$ 3,995,768</u>

They have been reflected in the accompanying financial statements as loans receivable with an offsetting deferred revenue in the fund financial statements.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

## 4) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 is as follows:

	Beginning balance	Additions	Deletions	Transfers to Successor Agency	Ending balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,883,789	\$ -	\$ -	\$ (1,038,880)	\$ 3,844,909
Construction in progress	501,916	130,197	(43,210)	-	588,903
<b>Total capital assets, not being depreciated</b>	<b>5,385,705</b>	<b>130,197</b>	<b>(43,210)</b>	<b>(1,038,880)</b>	<b>4,433,812</b>
Capital assets, being depreciated:					
Building and improvements	3,256,481	365,040	(209,500)	(311,814)	3,100,207
Equipment	2,960,247	266,353	(225,850)	-	3,000,750
Infrastructure	24,145,365	105,133	-	-	24,250,498
<b>Total capital assets, being depreciated</b>	<b>30,362,093</b>	<b>736,526</b>	<b>(435,350)</b>	<b>(311,814)</b>	<b>30,351,455</b>
Less accumulated depreciation	(19,658,802)	(1,059,930)	241,820	-	(20,476,912)
<b>Total capital assets, being depreciated, net</b>	<b>10,703,291</b>	<b>(323,404)</b>	<b>(193,530)</b>	<b>(311,814)</b>	<b>9,874,543</b>
<b>Total governmental activities capital assets, net of accumulated depreciation</b>	<b>\$ 16,088,996</b>	<b>\$ (193,207)</b>	<b>\$ (236,740)</b>	<b>\$ (1,350,694)</b>	<b>\$ 14,308,355</b>

**Depreciation Allocations**

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental Activities:	
General government	\$ 644,822
Public safety	54,942
Cultural and Recreation	35,570
Transportation	324,596
	<hr/>
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,059,930</b>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

## 5) LONG TERM DEBT

A summary of changes in long-term debt for the fiscal year ended June 30, 2012 was as follows:

	Beginning balance	Additions	Reductions	Transfer to Successor Agency	Ending balance	Due Within One Year
2007 POB Bonds	\$ 3,830,000	\$ -	\$ (455,000)	\$ -	\$ 3,375,000	\$ 485,000
Capital Lease - Cove Financing	-	2,390,000	-	-	2,390,000	66,664
Capital Leases Payable	35,210	-	(35,210)	-	-	-
Notes Payable	1,003,470	38,249	(3,470)	(1,000,000)	38,249	4,710
Compensated Absences	651,007	97,166	(157,548)	-	590,625	65,101
Net OPEB Obligation	224,323	66,808	-	-	291,131	-
RDA Pass-Throughs	1,629,260	93,807	(179,502)	(1,543,565)	-	-
Totals	\$ 7,373,270	\$ 2,686,030	\$ (830,730)	\$ (2,543,565)	\$ 6,685,005	\$ 621,475

2007 Pension Obligation Bonds

In July of 2007, the City issued \$5,040,000 of Pension Obligation Bonds in order to pre-fund a portion of the PERS Side Fund liability as determined by PERS for the City's Safety and Miscellaneous Plans. Payments of interest are payable semi-annually on August 1 and February 1 of each year with a stated interest rate of 6.010%. The Bonds mature through August 1, 2017. The bonds are payable from any source of legally available funds of the City, including amounts on deposit in the General Fund.

The debt-service maturity schedule for the Pension Obligation Bonds is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 485,000	\$ 188,263	\$ 673,263
2014	515,000	158,213	673,213
2015	545,000	126,360	671,360
2016	575,000	92,704	667,704
2017	610,000	57,095	667,095
2018	645,000	19,382	664,382
Total	\$ 3,375,000	\$ 642,017	\$ 4,017,017

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

## 5) LONG TERM DEBT, (continued)

Capital Leases Payable - Pacific Cove Debt Financing

On March 23, 2012, the City leased the real property on which the existing City Hall is located, together with adjacent real property which is used for public parking purposes to a nonprofit public benefit corporation for an up-front rental payment of \$2,390,000, which is sufficient to enable the City to finance the Pacific Cove Mobile Home Park Project. The Corporation then leased the Leased property back to the City, all under a Lease and Sublease Agreement between the Corporation as lessee and sublessor, and the City as lessor and sublessee. Under the Lease, the City is obligated to pay semiannual lease payments in consideration of the lease. The lease has a 20 year term, with a 5.14% fixed interest rate for the first 10 years, then resets to a 10 year T-Bill plus 3%.

Future lease payments under the capital lease as of June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 66,664	\$ 114,547	\$ 181,211
2014	74,532	118,474	193,006
2015	78,412	114,594	193,006
2016	82,494	110,512	193,006
2017	86,789	106,217	193,006
2018-2022	506,610	458,418	965,028
2023-2027	652,946	312,082	965,028
2028-2032	841,553	123,476	965,029
	<u>\$ 2,390,000</u>	<u>\$ 1,458,320</u>	<u>\$ 3,848,320</u>

Capital Leases Payable

In Fiscal Year 2007-08, the City entered into a four-year Lease Purchase Agreement to lease a Street Sweeper from First Municipal Leasing Corporation for \$165,450. The equipment did not have a net book value included in the statement of net assets at June 30, 2012. The purchase financing was completed in Fiscal Year 2011-2012.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

5) LONG TERM DEBT, (continued)

Notes Payable

On September 29, 2000, the Capitola Redevelopment Agency borrowed \$1,000,000 to provide temporary, short-term financing for various capital projects included in the five year plan. The loan allowed for the principal to be fully prepaid without premium by the Agency upon 30 day written notice to the lender at any time after September 29, 2001. On March 30, 2006, Chase NYC took over the WestAmerica note and established a new expiration date of September 29, 2014. Interest is 4.75% (\$47,500/year) payable semiannually on March 29 and September 29. As of February 1, 2012, notes payable were transferred to the Successor Agency of the Capitola Redevelopment Agency due to AB X1 26, which dissolved redevelopment agencies in the State of California as of February 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the principal and interest of the outstanding notes payable. Additions to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the notes payable). Since the Redevelopment Agency no longer exists, the bonds have been removed from the City's government-wide financial statements.

On January 26, 2012 the City Council approved the City's participation in a financing program and retrofit project with PG&E to place LED fixtures in City-owned streetlights. The City has executed a loan document with PG&E in the amount of \$38,249. The terms of the loan are at 0% interest and will be paid off over 86 months. The monthly payment will be \$444.76 per month.

Compensated Absences

Governmental Accounting Standards Board Statement No. 16 identifies certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.

City employees accumulate earned but unused benefits that can be converted to cash at termination of employment. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, totals \$590,625 as of June 30, 2012.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

5) LONG TERM DEBT, (continued)

Redevelopment Agency Pass-Through Agreements

Previous California redevelopment law permitted redevelopment agencies to negotiate agreements with overlapping taxing jurisdictions, whereby the Agency pays a portion of its tax increment revenues to other jurisdictions whose revenue and function(s) may be adversely impacted by the Agency. The terms of such agreements were negotiable in accordance with the needs of the Agency and the jurisdictions. Accordingly, the Agency negotiated agreements with certain overlapping jurisdictions, which called for deferred payment of portions of the Agency's tax increment revenues. A summary of these deferred liabilities is as follows:

County Library Fund and County Special District Funds

The Agency entered into an agreement in 1984 with the County of Santa Cruz, which provided that the Agency would not be required to pass through to the County Library Fund or Special District Funds any tax increments during years one through twenty of the Capitola Redevelopment Project. Instead, the Agency is required to pay these funds over a ten-year period beginning in year twenty-one (fiscal year ended June 30, 2002). The deferred pass-through payments are \$45,910/year for the County Library Fund and \$20,116/year for the County Special District Funds, for ten years ending June 30, 2012. There is no provision for interest in the agreement.

This note was fully paid at June 30, 2012.

County Library Building Fund

In August 2004, the Agency entered into an Implementation Agreement with the County of Santa Cruz to clarify and confirm provisions in the original Pass-Through Agreement, and First and Second Library Agreements. The Implementation Agreement requires that the Agency design and commence construction of a library building and related on-site improvements no later than June 30, 2018. The Agency's maximum obligation for this project, beginning with the 2004-05 fiscal year, is \$1,400,000, which is increased 5% per annum (compounded annually) until the fiscal year in which the library construction is completed or the full amount of the Agency portion has been paid to the County.

Beginning February 1, 2005, and February 1st of each fiscal year thereafter through February 1, 2018, or until the total amount of the Agency is funded or the Library construction is completed, the Agency is required to pay minimum scheduled payments into a County trust account, which earns interest at a rate equivalent to the County's pooled investment fund rate.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

5) LONG TERM DEBT, (continued)

The Agency may prefund any portion of the obligation at any time. "Prefund" means to provide the total amount of funding needed in a particular year to achieve the total Agency obligation as of that fiscal year. Prefunding in the amount of the maximum obligation of the Agency through the fiscal year ending June 30, 2018 is \$2,640,000. The Agency has recorded the initial debt of \$1,400,000 as of the 2004-05 fiscal year, which is increased by 5% each year and reduced by the minimum scheduled payment each year.

County Library Building Fund

As of February 1, 2012, the Redevelopment Agency Pass-Through Agreements were transferred to the Successor Agency to the Capitola Redevelopment Agency due to AB X1 26, which dissolved redevelopment agencies in the State of California as of February 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the principal and interest of the outstanding bonds. Additions to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the Redevelopment Agency Pass-Through Agreements). Since the Redevelopment Agency no longer exists, the Redevelopment Agency Pass-Through Agreements have been removed from the City's government-wide financial statements.

6) SUCCESSOR AGENCY LONG TERM DEBT

In accordance with the provisions of AB X1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The debt of the Successor Agency as of June 30, 2012 is as follows:

	Balance at transfer from Redevelopment Agency	Additions	Reductions	Ending balance	Due Within One Year
Advances Payable	\$ 1,968,028	\$ -	\$ -	\$ 1,968,028	\$ -
Notes Payable	1,000,000	-	-	1,000,000	1,000,000
RDA Pass-Throughs	1,543,565	-	(66,028)	1,477,537	211,720
Totals	<u>\$ 4,511,593</u>	<u>\$ -</u>	<u>\$ (66,028)</u>	<u>\$ 4,445,565</u>	<u>\$ 1,211,720</u>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

## 6) SUCCESSOR AGENCY LONG TERM DEBT, (continued)

Debt Service Requirements to MaturityNotes Payable

Fiscal Year Ending June 30,	Principal	Interest
2013	\$ -	\$ 47,500
2014	1,000,000	47,500
Total	<u>\$ 1,000,000</u>	<u>\$ 95,000</u>

County Library Building Fund

A schedule of the Agency assistance obligation (increased by 5% per year) and the minimum scheduled payments is as follows:

Fiscal Year	Total Amount of Agency Assistance Obligation	Minimum Scheduled Payment Amount
2004-05	\$ 1,400,000	\$ 25,000
2005-06	1,470,000	25,000
2006-07	1,543,000	25,000
2007-08	1,620,675	25,000
2008-09	1,701,709	25,000
2009-10	1,786,794	25,000
2010-11	1,876,134	162,900
2011-12	1,969,941	179,502
2012-13	2,068,438	211,720
2013-14	2,171,860	250,243
2014-15	2,280,452	287,116
2015-16	2,394,475	325,579
2016-17	2,514,199	366,577
2017-18	2,639,909	417,640



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

## 7) FUND BALANCE CLASSIFICATIONS

The details of the fund balances as of June 30, 2012 are presented below:

	General Fund	Federal Home Loan Reuse	RDA Low Income Housing	Pacific Cove Debt Financing	RDA Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays	\$ 2,408	\$ -	\$ -	\$ -	\$ -	\$ 586,452	\$ 588,860
Due from Successor Agency	1,968,028	-	-	-	-	-	1,968,028
Restricted for:							
Transportation	-	-	-	1,432,601	-	5,639	1,438,240
Public Safety	-	-	-	-	-	50,724	50,724
Community Development	-	8,207	-	-	-	272,368	280,575
Culture and Recreation	-	-	-	-	-	88,207	88,207
Assigned to:							
Other Capital Projects	-	-	-	-	-	1,045,241	1,045,241
Unassigned:							
Emergency Reserve	156,046	-	-	-	-	-	156,046
Contingencies	404,896	-	-	-	-	-	404,896
Unassigned	2,046,971	-	-	-	-	(148,827)	1,898,144
<b>Total</b>	<b>\$ 4,578,349</b>	<b>\$ 8,207</b>	<b>\$ -</b>	<b>\$ 1,432,601</b>	<b>\$ -</b>	<b>\$ 1,899,804</b>	<b>\$ 7,918,961</b>

## 8) OTHER REQUIRED DISCLOSURES

Deficit Fund Balances

The following funds reported deficit fund balances at June 30, 2012:

Parking Reserve	\$ (2,902)
CDBG	(21,554)
CDBG Program Income	(18,379)

These deficits are expected to be reduced by future revenues or transfers from other funds.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

9) RISK MANAGEMENT

The City participates in the Monterey Bay Area Self-Insurance Agency (Authority), a joint powers agency comprising the City and nine other local jurisdictions, created pursuant to California law for liability and workers compensation insurance services. The Monterey Bay Area Self-Insurance Authority's Board of Directors is elected from representatives of the member governments, and controls operations of the fund, including selection of management and approval of operating budgets. It is independent of the individual member influence, except for their representation on the board, and is therefore not a component unit of the City for reporting purposes.

The City is exposed to various risks including worker injuries, tort liability, theft, damage or destruction of assets, errors and omissions, and natural disasters. With respect to risks other than workers' compensation, the City and other pool participants pay an annual premium estimated by the pool administrator to be sufficient to cover all liability claims for which the pool is obligated. If a covered entity's losses exceed its premiums, there is no individual supplemental assessment, and if a covered entity's losses are lower than its assessment, it does not receive a refund. However, annual budget appropriations are experience-based. The pool views its activities in the aggregate and makes overall adjustments to the premiums charged, and is therefore intended to be self-sustaining through member contributions (premiums). Risk of loss is retained by the City for general liability claims up to \$10,000 per occurrence. The fund carries excess loss coverage for general liability claims between \$990,000 and \$20,000,000 per insured event, and is uninsured for losses in excess of \$20,000,000 per event. Unpaid claims at fiscal year end, as reported by the fund, were not material. There was no reduction in the City's insurance coverage as compared to the previous fiscal year, nor have there been any losses exceeding coverage during any of the three previous years.

Premium payment amounts are determined by the fund's Board, and are charged to the City's general fund as expenditures when paid.

In the proper course of operation, the Authority issued debt in the aggregate principal amount of \$5,150,000 on October 1, 2004. The Authority is required to collect and disburse the loan premiums in accordance with the loan agreement, Article VI, Section 6.03. The Member agencies are required by the Amended and Restated Joint Powers Agreement Relating to the Monterey Bay Area Self-Insurance Authority, Article 20 to pay to the Authority their individual debt service amount and associated expenses, as determined by the Authority. Furthermore, the Member Agencies contribution will be payable from any source of available funds of the Member, including amounts on deposit in the general fund of the Member. Audited financial statements of the Authority can be obtained at 1 Civic Center Drive, Scotts Valley, CA 90566.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

10) JOINT VENTURES

**Santa Cruz Consolidated Emergency Communications Center**

The City is a member of the Santa Cruz Consolidated Emergency Communications Center, a Joint Powers Authority created to establish and operate a consolidated communications center which provides emergency call receiving and dispatching services. Other members of the Authority include the Cities of Santa Cruz and Watsonville, and the County of Santa Cruz. The members, including the City of Capitola, are responsible for funding the operations of the Authority through annual assessments. The annual assessments are based on percentages calculated for each member. Audited financial statements of the Authority can be obtained at 495 Upper Park Rd, Santa Cruz, CA 95065.

In addition, the Authority and member agencies have entered into a Use Agreement relating to the issuance of the Authority's Santa Cruz County Public Financing Authority 2002 Lease Revenue Refunding Bonds, Series A, in the aggregate principal amount of \$5,760,000. These bonds were refunded in May as 2012 Lease Revenue Bonds, Series A with a principle of \$3,965,000. The proceeds were used to refinance the existing debt that was used for building costs; purchase additional equipment, and make a lease termination payment to the County to acquire space that is currently being used for the Emergency Operations Center (EOC). The term bonds are due on June 15, 2034.

The following represents the City of Capitola's obligation for future use payments:

<u>Fiscal Year Ending June 30,</u>	<u>Annual Use Payment</u>
2013	\$ 34,366
2014	34,299
2015	33,988
2016	34,256
2017	34,450
2018-2022	170,476
2023-2027	170,926
2028-2034	<u>239,640</u>
Total	<u>\$ 752,401</u>

**Other Activities**

The City participates in other joint activities for the provisions of law enforcement activities, including the Santa Cruz County Narcotics Enforcement Team (SCCNET) and the Criminal Justice Council. None of these activities are conducted as a separate legal entity; therefore, they are not joint ventures, but are cost-sharing arrangements only. No separate financial statements are prepared for these activities, nor is the City exposed to risk of additional costs beyond reimbursement of its share of on-going operating costs.

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2012**

11) CITY'S EMPLOYEES' RETIREMENT PLAN

Plan Description

The City of Capitola contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The contract offers a "2.5% at 55" plan for Miscellaneous Plan members and "3% at 50" plan for Safety Plan Members. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814. The City of Capitola Miscellaneous Plan converted to 2.5% at 55, effective December 30, 2007.

Funding Policy

Active plan members are required to contribute a percentage of their annual covered salary. The City of Capitola actuarially determined FY11/12 member contribution rates for both the Miscellaneous Plan and the Safety Plan: 8% and 9% respectively. The required employer contribution rates for the fiscal year 2011-12 were 14.221% for the Miscellaneous Plan members and 24.112% for Safety Plan members. In 2007, all memoranda of understanding (MODS) contained caps on the City's share of retirement contributions. The rates for the Miscellaneous and Safety PERS retirements plans were set at 16.488% and 28.291%, respectively. These caps were in effect in FY 11/12 and were extended in FY12/13.

The actuarially determined contribution requirements for plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**Three Year Trend Information for the City of Capitola Miscellaneous Employees' Retirement Plan**

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
2010	\$ 384,507	100%
2011	430,383	100%
2012	542,125	100%

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

11) CITY'S EMPLOYEES' RETIREMENT PLAN, (continued)

**Three Year Trend Information for the City of Capitola Safety Employees' Retirement Plan**

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
2010	\$ 383,836	100%
2011	405,773	100%
2012	478,776	100%

12) PUBLIC AGENCY RETIREMENT SYSTEM

Overview

The Federal Omnibus Budget Reconciliation Act of 1990 (FOBRA 90), mandated that all public sector employees not covered by their employers' existing retirement system(s) as of January 1, 1992, be covered by Social Security or an alternate plan. The City has provided these employees with a plan called The Public Agency Retirement System, which qualifies under Internal Revenue Code Sections 401(a) and 501.

Plan Description

The Public Agency Retirement System (PARS) is a defined contribution plan covering part-time, temporary or seasonal employees and all employees not covered by another retirement plan. The Plan is sponsored and paid for by employees and employer contributions. Members are 100% vested. Benefits are paid to the members in lump sum payments at termination, or if payment is in excess of \$3,500, the employee has the option of a lump sum payment at termination or at normal retirement age (60).

The City has the right to terminate or amend the Plan at any time.

Contributions

A total annual contribution of 7.5% of covered earnings is contributed to the PARS account for each eligible employee. The City of Capitola contributes 1.3% and the employee contributes 6.2%. During the fiscal year ending, contributions totaled \$19,052: \$3,476 by the City and \$15,576 by employees. The City acts as administrator with a trustee managing the investments and accounts. Fees are charged by the trustee and are paid from member earnings. Employer liabilities under the Plan are limited to the amount of the current contributions.

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2012**

12) PUBLIC AGENCY RETIREMENT SYSTEM, (continued)

Contributions, (continued)

The City's contribution for fiscal year 2011-12 differs from the contribution totals provided by PARS in the following table because PARS reports on a calendar year, rather than a fiscal year basis.

Plan Net Assets and Changes in Net Assets

Balance 1/1/11	\$	70,964
Contributions		22,129
Earnings		470
Subtotal		93,563
Less: Expenses		(4,692)
Disbursements		(23,556)
Balance 12/31/11	\$	65,315

13) OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City's defined benefit postemployment healthcare plan, (City of Capitola Retiree Healthcare Plan, CRHP), provides medical benefits to eligible retired City employees and spouses. CRHP is an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statute within the Public Employees' Retirement Law. CRHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City currently contributes the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

13) OTHER POST EMPLOYMENT BENEFITS, (continued)

Funding Policy, (continued)

The City is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 2.1% of the annual covered payroll. On May 14, 2009, the City Council adopted a resolution indicating that contributions will be made on the "pay-as-you-go." This method requires making contributions to the plan at about the same time and in about the same amount as benefit payments and expenses become due.

Annual OPEB Cost

The City's annual OPEB cost, net OPEB obligation (asset) and the related information for 2012 were as follows:

	<b>Total</b>
Annual required contribution	\$ 88,344
Interest on net OPEB obligation	10,095
Adjustments to annual required contribution	(9,253)
Annual OPEB cost (expense)	89,186
Contributions made	(22,378)
Increase in net OPEB obligation	66,808
Net OPEB obligation - beginning of year	224,323
Net OPEB obligation - end of year	\$ 291,131

For 2012, the City's annual OPEB cost (expense) of \$89,186 for CRHP was greater than the ARC by \$842. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

THREE YEAR TREND INFORMATION FOR CRHP			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 89,186	25.1%	\$ 291,131
6/30/2011	99,690	24.5%	224,323
6/30/2010	93,339	18.5%	149,108

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2012**

13) OTHER POST EMPLOYMENT BENEFITS, (continued)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,006,369
Actuarial Value Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,006,369
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 4,686,029
UAAL as a Percentage of Covered Payroll	21.48%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	July 1, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years as of the Valuation Date, Open Period
Actuarial Assumptions:	
Investment Rate of Return	4.50%
Projected Salary Increase	3.25%
Health Care Trend Rate	10.00%



**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

14) COMMITMENTS AND CONTINGENT LIABILITIES

Claims and lawsuits have been filed against the City in the normal course of business. The outcome of these matters is not presently determinable. However, in the opinion of management, the resolution of these matters is not expected to have a significant impact on the financial condition of the City.

15) DISSOLUTION OF CALIFORNIA REDEVELOPMENT AGENCIES

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Most cities in California had established a redevelopment agency that was included in the reporting entity of the city as a blended component unit (since the city council, in many cases, also served as the governing board for those agencies).

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. If the city declines to accept the role of successor agency, other local agencies may elect to perform this role. If no local agency accepts the role of successor agency the Governor is empowered by the Bill to establish a local "designated local authority" to perform this role. On January 12, 2012, the City Council met and created a Successor Agency in accordance with the Bill as part of City resolution number 3906.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated tax revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

15) DISSOLUTION OF CALIFORNIA REDEVELOPMENT AGENCIES, (continued)

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

This includes a City / former RDA Loan and Repayment Agreement in the amount of \$618,028; and a Rispin Purchase Loan in the amount of \$1,350,000. Annual interest for both loans in the amount of \$152,520 was paid in January 2012. Due to the Department of Finance's denial of this obligation, the General Fund will have to return these funds to the Successor Agency.

The Successor Agency, City, and the Oversight Board has also approved a resolution to terminate the Rispin Property Purchase Loan in exchange for the return of the property. This would result in the reduction of \$1,350,000 of the Amount Due from the Successor Agency in exchange for the related asset. The Department of Finance requested the Oversight Board reconsider this decision; and the Oversight Board unanimously reaffirmed their property transfer decision in August. The City did not receive a response from the Department of Finance in relation to this action, and the statutory time to deny the action has elapsed. The City's RDA attorney believes this action is effective due timing; however, it could still be contested at a later date by the Department of Finance.

The City intends to try to reinstate the Loan and Repayment and any contested Rispin Purchase Loan obligations after receiving a Finding of Completion.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, activities of the dissolved redevelopment agency are reported in a fiduciary trust fund (private purpose trust fund) in the financial statements of the City.

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

15) DISSOLUTION OF CALIFORNIA REDEVELOPMENT AGENCIES, (continued)

The movement of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of the assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss recognized in the governmental funds will not be the same amount as the extraordinary gain that will be recognized in the fiduciary fund financial statements.

16) RISKS AND UNCERTAINTIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2012 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time as to be immaterial or not. Furthermore, as of June 30, 2012, the Successor Agency to the former Redevelopment Agency is subject to several reviews and agreed-upon procedures to be performed on the appropriateness of the dissolution and transfer of asset and liabilities to the Successor Agency as well as a review of any transfers made to the City, County, and/or private parties for the period from January 1, 2011 through June 30, 2012. The result of the reviews and procedures could impact the City and its finances if an unfavorable outcome results from them. The amount, materiality, or need for a possible contingency cannot be determined at this time.

**CITY OF CAPITOLA  
Notes to Financial Statements  
Year Ended June 30, 2012**

17) EXTRAORDINARY ITEM

In March 2011, flooding in the City caused failure of a major storm drain; the village, businesses, and residents, as well as the Capitola Police Department in the City Hall complex, suffered major damage as a result. The Flood Disaster Loss in the amount of \$795,304 was recognized as an extraordinary item in the FY 2010-11 Statement of Revenues, Expenditures, and Changes in Fund Balances in the General Fund and the Statement of Activities. An additional amount of \$622,631 was recognized in FY11-12 Financial Statements for additional repairs related to the flood damage.

18) PRIOR PERIOD RESTATEMENT

FUND STATEMENTS

General Fund

Fund balance - beginning, as previously reported	\$ 4,759,453
Prior period adjustment	<u>(180,719)</u>
 Fund balance - beginning, as restated	 <u><u>\$ 4,578,734</u></u>

Fund balance was restated from prior year by \$(180,719). This restatement is due to the City choosing to present the Parking Reserve Fund as a separate fund. The Parking Reserve Fund was combined and presented with the General Fund in prior years.

Parking Reserve Fund

Fund balance - beginning, as previously reported	\$ -
Prior period adjustment	<u>180,719</u>
 Fund balance - beginning, as restated	 <u><u>\$ 180,719</u></u>

Fund balance was restated from prior year by \$180,719. This restatement is due to the City choosing to present the Parking Reserve Fund as a separate fund. The Parking Reserve Fund was combined and presented with the General Fund in prior years.

RDA Debt Service Fund

Fund balance - beginning, as previously reported	\$ 442,878
Prior period adjustment	<u>(123,292)</u>
 Fund balance - beginning, as restated	 <u><u>\$ 319,586</u></u>

**CITY OF CAPITOLA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2012**

18) PRIOR PERIOD RESTATEMENT, (continued)

Fund balance was restated from prior year by \$(123,292). This restatement is due to items that should have been reversed in prior year related to a pass-thru payment in the amount of \$108,700, and interest earnings Due from Other Governments of \$14,592.

GOVERNMENT WIDE STATEMENTS

Net assets - beginning, as previously reported	\$ 19,937,643
Prior period adjustment	<u>(123,292)</u>
Net assets - beginning, as restated	<u>\$ 19,814,351</u>

Net Assets was restated from prior year by \$(123,292). This restatement is due to items that should have been reversed in prior year related to a pass-thru payment in the amount of \$108,700, and interest earnings Due from Other Governments of \$14,592.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CAPITOLA**  
**Schedule of Funding Progress for CRHP**  
**Year Ended June 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B - A) / C]
7/1/2008	\$ -	\$ 1,043,809	\$ 1,043,809	\$ -	\$ 3,125,748	33.39%
7/1/2011	\$ -	\$ 1,006,309	\$ 1,006,309	\$ -	\$ 4,686,029	21.48%

GASB 45 was implemented prospectively in fiscal year 2009. There were no previous actuarial valuations.

**GENERAL FUND**

The General Fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund for the City.



**CITY OF CAPITOLA**  
**Required Supplementary Information**  
**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 8,091,200	\$ 8,008,875	\$ 8,370,134	\$ 361,259
Licenses and permits	509,500	525,200	610,940	85,740
Fines and forfeitures	814,000	704,000	724,407	20,407
Intergovernmental	1,092,600	1,285,036	1,343,011	57,975
Charges for services	1,561,500	1,546,400	1,472,504	(73,896)
Use of money and property	332,300	281,800	289,519	7,719
Other revenue	59,500	96,500	85,894	(10,606)
Total revenues	<u>12,460,600</u>	<u>12,447,811</u>	<u>12,896,409</u>	<u>448,598</u>
Expenditures:				
Current:				
General government	2,324,300	2,477,031	2,450,483	26,548
Public safety	5,620,070	5,804,889	5,306,870	498,019
Community development	722,685	717,660	662,692	54,968
Culture and recreation	979,260	929,040	910,719	18,321
Transportation	2,090,785	1,940,670	1,952,097	(11,427)
Total expenditures	<u>11,737,100</u>	<u>11,869,290</u>	<u>11,282,861</u>	<u>586,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>723,500</u>	<u>578,521</u>	<u>1,613,548</u>	<u>1,035,027</u>
Other financing sources (uses):				
Transfers in	25,000	50,000	50,000	-
Transfers out	(832,500)	(1,045,500)	(1,041,302)	4,198
Total Other Financing Sources (Uses)	<u>(807,500)</u>	<u>(995,500)</u>	<u>(991,302)</u>	<u>4,198</u>
Extraordinary item:				
Flood disaster loss	-	(530,000)	(622,631)	(92,631)
Net change in fund balance	(84,000)	(946,979)	(385)	946,594
Fund balance, beginning, restated	<u>4,578,734</u>	<u>4,578,734</u>	<u>4,578,734</u>	<u>-</u>
Fund balance, ending	<u>\$ 4,494,734</u>	<u>\$ 3,631,755</u>	<u>\$ 4,578,349</u>	<u>\$ 946,594</u>

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects. The following funds have been classified as major funds:

Federal Home Loan Reuse Fund - This fund accounts for housing loan principal and interest payments that will be available for a similar future federal program.

RDA Low Income Housing Fund - This fund accounts for 20% of the Redevelopment Agency tax increment revenues that are set aside by state law, and the use of those revenues. As of February 1, 2012, the Agency ceased to exist (See note 15). The activity shown is for the period of July 1, 2011 through January 31, 2012.

**CITY OF CAPITOLA**  
**Federal Home Loan Reuse Fund**  
**Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 12,300	12,300	\$ 24,316	\$ 12,016
Total revenues	12,300	12,300	24,316	12,016
Expenditures:				
Community development	-	9,228	21,238	(12,010)
Total expenditures	-	9,228	21,238	(12,010)
Excess (deficiency) of revenues over (under) expenditures	12,300	3,072	3,078	6
Net change in fund balance	12,300	3,072	3,078	6
Fund balance, beginning	5,129	5,129	5,129	-
Fund balance, ending	\$ 17,429	\$ 8,201	\$ 8,207	\$ 6

**CITY OF CAPITOLA**  
**RDA Low Income Housing Fund**  
**Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 3	\$ 3
Total revenues	-	-	3	3
Expenditures:				
Community development	1,455,700	1,455,700	1,263,518	192,182
Total expenditures	1,455,700	1,455,700	1,263,518	192,182
Excess (deficiency) of revenues over (under) expenditures	(1,455,700)	(1,455,700)	(1,263,515)	192,185
Other financing sources:				
Transfers in	550,000	550,000	376,982	(173,018)
Total other financing sources	550,000	550,000	376,982	(173,018)
Extraordinary item:				
Gain on dissolution of redevelopment agency	-	-	696	696
Net change in fund balance	\$ (905,700)	\$ (905,700)	(885,837)	\$ 19,863
Fund balance, beginning			885,837	
Fund balance, ending			\$ -	

**CITY OF CAPITOLA**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2012**

**BUDGETS AND BUDGETARY ACCOUNTING**

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The City's budget ordinance requires that in April of each fiscal year, the City Manager must submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council in June of the following fiscal year. After adoption of the final budget, transfers of appropriations within a general fund department, or within each fund can be made by the City Manager. Budget modifications between funds, increases or decreases to a fund's overall budget, transfers between general fund departments or transfers that affect capital projects must be approved by the City Council or Agency Board. Numerous properly authorized amendments are made during the fiscal year. Appropriations lapse at fiscal year end.

Budgets were adopted for all governmental funds with the exception of the following Special Revenue Fund: CDBG Program Income Fund.

Budgetary control is enhanced by integrating the budget into the general ledger. Encumbrance accounting is employed (e.g., purchase orders) to avoid over-expenditure. Encumbrances outstanding at fiscal year end are automatically rebudgeted in the following fiscal year, unless specifically cancelled by Council action. Per Capitola Municipal Code 3.20.060.C: "The appropriation for the uncompleted balance of executory contracts should not lapse at year-end, but is automatically appropriated for the succeeding fiscal year unless specifically cancelled by council action."

Excess of expenditures over appropriations in individual funds are as follows:

<u>DEPARTMENTS</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund Department:			
Community Services:			
Transportation	\$ 1,940,670	\$ 1,952,097	\$ (11,427)
 <u>FUNDS</u>			
Major Fund:			
Federal Home Loan Reuse	\$ 9,228	\$ 21,238	\$ (12,010)
Non-Major Governmental:			
Wharf Fund	104,934	118,155	(13,221)
Parking Reserve Fund	125,000	224,423	(99,423)

**SUPPLEMENTARY INFORMATION**

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## DEBT SERVICE FUNDS

Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditure for principal, interest and related costs. The following funds have been classified as a major fund:

Pacific Cove Debt Financing Fund - This fund is used to account for the debt proceeds and the corresponding expenditures for the Pacific Cove Mobile Home Park Relocation Plan. This fund is also used for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the long-term debt issued by the City.

RDA Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs in the RDA. As of February 1, 2012, the Agency ceased to exist (See note 15). The activity shown is for the period of July 1, 2011 through January 31, 2012.



**CITY OF CAPITOLA**  
**Pacific Cove Debt Financing Fund**  
**Major Debt Service Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 2,976	\$ 2,976
Total revenues	-	-	2,976	2,976
Expenditures:				
General government	-	2,330,000	916,981	1,413,019
Debt service:				
Debt issuance costs	-	45,500	43,394	2,106
Total expenditures	-	2,375,500	960,375	1,415,125
Excess (deficiency) of revenues over (under) expenditures	-	(2,375,500)	(957,399)	1,418,101
Other financing sources:				
Proceeds from capital lease	-	2,375,500	2,390,000	14,500
Total other financing sources	-	2,375,500	2,390,000	14,500
Net change in fund balance	-	-	1,432,601	1,432,601
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ 1,432,601	\$ 1,432,601

**CITY OF CAPITOLA**  
**RDA Debt Service Fund**  
**Major Debt Service Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 2,400,000	\$ 2,400,000	\$ 1,218,926	\$ (1,181,074)
Use of money and property	10,000	10,000	1,390	(8,610)
Total revenues	<u>2,410,000</u>	<u>2,410,000</u>	<u>1,220,316</u>	<u>(1,189,684)</u>
Expenditures:				
General government	1,447,600	1,403,396	616,175	787,221
Capital outlay	550,000	-	-	-
Debt service:				
Principal	245,500	245,500	179,502	65,998
Interest	230,000	230,000	176,270	53,730
Total expenditures	<u>2,473,100</u>	<u>1,878,896</u>	<u>971,947</u>	<u>906,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,100)</u>	<u>531,104</u>	<u>248,369</u>	<u>(282,735)</u>
Other financing uses:				
Transfers out	<u>(550,000)</u>	<u>(550,000)</u>	<u>(376,982)</u>	<u>173,018</u>
Total other financing uses	<u>(550,000)</u>	<u>(550,000)</u>	<u>(376,982)</u>	<u>173,018</u>
Extraordinary item:				
Loss on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>(190,973)</u>	<u>(190,973)</u>
Net change in fund balance	<u>\$ (613,100)</u>	<u>\$ (18,896)</u>	<u>(319,586)</u>	<u>\$ (300,690)</u>
Fund balance, beginning, restated			<u>319,586</u>	
Fund balance, ending			<u>\$ -</u>	

**NON-MAJOR SPECIAL REVENUE FUNDS,  
NON-MAJOR DEBT SERVICE FUND AND  
NON-MAJOR CAPITAL PROJECT FUND**

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Supplemental Law Enforcement Fund - This fund accounts for the receipt and expenditure of Supplemental Law Enforcement revenues provided by the State of California.

Gas Tax Fund - This fund accounts for receipts and expenditures of gasoline tax revenues as provided by State law.

Wharf Fund - In accordance with the State law and contractual commitments, this fund accounts for wharf operating revenues and expenditures.

Development Fees Fund - This fund accounts for receipts and expenditures of fees assessed on development to alleviate the impact of traffic problems due to that development.

Parking Reserve Fund - This fund accounts for 16% of parking meter revenue from the village area (Parking Meter Zone A1). The fund was established to fund parking improvement projects throughout the village.

Technology Fees Fund - This fund accounts for revenues received from technology fees to be used for new permit processing program.

PEG Cable TV Access Fee Fund - This fund accounts for Public Education and Government (PEG) Cable TV access fees.

Capitola Village and Wharf BIA Fund - This fund accounts for the receipt and expenditure of assessments for the Business Improvement Area.

Community Development Block Grants (CDBG) Fund - This fund accounts for grant revenue applied for and received from the Federal Department of Housing and Urban Development (HUD) through the California Small Cities Grant Program administered by California Department of Housing and Community Development (HCD) to address local community development needs.

CDBG Program Income - This fund accounts for housing loan principal and interest repayments for the Community Development Block Grant (CDBG) Program.

HOME Grant Fund - This fund accounts for the revenues and expenditures for the CalHOME grant to assist with affordable housing within the City.

**NON-MAJOR SPECIAL REVENUE FUNDS,  
NON-MAJOR DEBT SERVICE FUND AND  
NON-MAJOR CAPITAL PROJECT FUND, (continued)**

**SPECIAL REVENUE FUNDS (continued)**

Affordable Housing Fund - This fund accounts for the creation of new affordable housing and rehabilitation of existing affordable housing.

BEGIN Grant Fund - This fund accounts for receipts and expenditures of the Building Equity and Growth in Neighborhoods (BEGIN) grant.

**DEBT SERVICE FUNDS**

2007 POB Debt Service Fund - Accounts for the accumulation of resources for, and payment of long-term debt principal and interest related to the 2007 Pension Obligation Bonds.

**CAPITAL PROJECTS FUNDS**

Capital Projects Fund - Accounts for financial resources segregated for the acquisition of major capital facilities and equipment by the City.

**CITY OF CAPITOLA**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2012**

SPECIAL REVENUE FUNDS			
	Supplemental Law Enforcement	Gas Tax	Wharf
<b>Assets</b>			
Cash and investments	\$ 50,939	\$ -	\$ 41,365
Accounts receivable	9,964	-	-
Due from other governments	52	30,701	56
Loans receivable	-	-	-
Prepaid items	33	-	-
<b>Total Assets</b>	<b>\$ 60,988</b>	<b>\$ 30,701</b>	<b>\$ 41,421</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 254	\$ 23,487	\$ 3,776
Accrued liabilities	2,026	-	-
Deferred revenue	-	-	-
Due to other funds	7,951	3,601	-
Deposits payable	-	-	1,000
<b>Total Liabilities</b>	<b>10,231</b>	<b>27,088</b>	<b>4,776</b>
<b>Fund balances:</b>			
Nonspendable	33	-	-
Restricted	50,724	3,613	36,645
Assigned	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>50,757</b>	<b>3,613</b>	<b>36,645</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 60,988</b>	<b>\$ 30,701</b>	<b>\$ 41,421</b>

SPECIAL REVENUE FUNDS

Development Fees	Parking Reserve	Technology Fees	PEG Cable TV Access	Capitola Village and Wharf BIA
\$ 3,441	\$ -	\$ 25,194	\$ 51,511	\$ 3,617
-	-	-	51	2,640
-	-	-	4,806	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 3,441</u>	<u>\$ -</u>	<u>\$ 25,194</u>	<u>\$ 56,368</u>	<u>\$ 6,257</u>
\$ -	\$ -	\$ -	\$ 4,806	\$ 825
-	-	-	-	-
1,415	-	-	-	-
-	2,902	-	-	-
-	-	-	-	-
<u>1,415</u>	<u>2,902</u>	<u>-</u>	<u>4,806</u>	<u>825</u>
-	-	-	-	-
2,026	-	25,194	51,562	5,432
-	-	-	-	-
-	(2,902)	-	-	-
<u>2,026</u>	<u>(2,902)</u>	<u>25,194</u>	<u>51,562</u>	<u>5,432</u>
<u>\$ 3,441</u>	<u>\$ -</u>	<u>\$ 25,194</u>	<u>\$ 56,368</u>	<u>\$ 6,257</u>

**CITY OF CAPITOLA**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2012**

SPECIAL REVENUE FUNDS			
	CDBG	CDBG Program Income	HOME Grant
<b>Assets</b>			
Cash and investments	\$ -	\$ -	\$ 5,230
Accounts receivable	11,800	-	-
Due from other governments	56,771	-	-
Loans receivable	-	169,345	-
Prepaid items	-	-	-
Total Assets	\$ 68,571	\$ 169,345	\$ 5,230
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 30,452	\$ -	\$ -
Accrued liabilities	-	-	-
Deferred revenue	-	169,345	-
Due to other funds	59,673	18,379	-
Deposits payable	-	-	-
Total Liabilities	90,125	187,724	-
Fund balances:			
Nonspendable	-	-	-
Restricted	-	-	5,230
Assigned	-	-	-
Unassigned	(21,554)	(18,379)	-
Total Fund Balances (Deficit)	(21,554)	(18,379)	5,230
Total Liabilities and Fund Balances	\$ 68,571	\$ 169,345	\$ 5,230

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SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUND	Total Non-Major Governmental Funds
Affordable Housing	BEGIN Grant	2007 POB Debt Service	Capital Projects	
\$ 176,341	\$ 60,171	\$ -	\$ 1,089,502	\$ 1,507,311
-	-	-	-	24,455
-	-	-	-	92,386
179,897	-	-	-	349,242
-	-	586,419	-	586,452
<u>\$ 356,238</u>	<u>\$ 60,171</u>	<u>\$ 586,419</u>	<u>\$ 1,089,502</u>	<u>\$ 2,559,846</u>
\$ -	\$ -	\$ -	\$ 427	\$ 64,027
-	-	-	-	2,026
179,897	-	-	-	350,657
-	-	105,992	-	198,498
-	-	-	43,834	44,834
<u>179,897</u>	<u>-</u>	<u>105,992</u>	<u>44,261</u>	<u>660,042</u>
-	-	586,419	-	586,452
176,341	60,171	-	-	416,938
-	-	-	1,045,241	1,045,241
-	-	(105,992)	-	(148,827)
<u>176,341</u>	<u>60,171</u>	<u>480,427</u>	<u>1,045,241</u>	<u>1,899,804</u>
<u>\$ 356,238</u>	<u>\$ 60,171</u>	<u>\$ 586,419</u>	<u>\$ 1,089,502</u>	<u>\$ 2,559,846</u>



**CITY OF CAPITOLA**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**June 30, 2012**

	SPECIAL REVENUE FUNDS		
	Supplemental Law Enforcement	Gas Tax	Wharf
Revenues:			
Taxes	\$ -	\$ 288,947	\$ -
Licenses & permits	-	-	-
Intergovernmental	169,901	-	-
Charges for services	-	-	-
Use of money and property	105	30	83,386
Other revenue	-	-	-
	<u>170,006</u>	<u>288,977</u>	<u>83,386</u>
Total Revenues			
Expenditures:			
Current:			
General government	-	-	-
Public safety	129,181	-	-
Community development	-	-	-
Culture and recreation	-	-	105,351
Transportation	-	245,286	-
Capital outlay	-	-	12,804
Debt service:			
Principal	-	38,680	-
Interest and fiscal charges	-	1,451	-
	<u>129,181</u>	<u>285,417</u>	<u>118,155</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40,825</u>	<u>3,560</u>	<u>(34,769)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	25,000
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>25,000</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	40,825	3,560	(9,769)
Fund Balances (Deficit), Beginning of Year, as Restated	<u>9,932</u>	<u>53</u>	<u>46,414</u>
Fund Balances (Deficit), End of Year	<u>\$ 50,757</u>	<u>\$ 3,613</u>	<u>\$ 36,645</u>

SPECIAL REVENUE FUNDS				
Development Fees	Parking Reserve	Technology Fees	PEG Cable TV Access	Capitola Village and Wharf BIA
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	18,958	-
-	-	-	-	-
-	-	13,906	-	67,049
-	-	-	258	121
-	-	-	-	-
-	-	13,906	19,216	67,170
-	-	-	45,590	-
-	-	-	-	-
-	-	-	-	67,193
-	6,144	-	-	-
-	218,279	-	-	-
-	-	-	-	-
-	-	-	-	-
-	224,423	-	45,590	67,193
-	(224,423)	13,906	(26,374)	(23)
-	90,802	-	-	-
-	(50,000)	-	-	-
-	40,802	-	-	-
-	(183,621)	13,906	(26,374)	(23)
2,026	180,719	11,288	77,936	5,455
<u>\$ 2,026</u>	<u>\$ (2,902)</u>	<u>\$ 25,194</u>	<u>\$ 51,562</u>	<u>\$ 5,432</u>

**CITY OF CAPITOLA**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**June 30, 2012**

	SPECIAL REVENUE FUNDS		
	CDBG	CDBG Program Income	HOME Grant
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses & permits	-	-	-
Intergovernmental	151,280	-	1,091,276
Charges for services	-	-	-
Use of money and property	-	10	-
Other revenue	-	3,731	-
<b>Total Revenues</b>	<b>151,280</b>	<b>3,741</b>	<b>1,091,276</b>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	168,767	6,680	1,091,276
Culture and recreation	-	-	-
Transportation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>168,767</b>	<b>6,680</b>	<b>1,091,276</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,487)	(2,939)	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(17,487)</b>	<b>(2,939)</b>	<b>-</b>
Fund Balances (Deficit), Beginning of Year, as Restated	(4,067)	(15,440)	5,230
<b>Fund Balances (Deficit), End of Year</b>	<b>\$ (21,554)</b>	<b>\$ (18,379)</b>	<b>\$ 5,230</b>

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SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUND	Total Non-Major Governmental Funds
Affordable Housing	BEGIN Grant	2007 POB Debt Service	Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ 288,947
-	-	-	-	18,958
-	-	-	-	1,412,457
9,647	-	-	343,905	434,507
569	194	-	-	84,673
-	-	-	-	3,731
<u>10,216</u>	<u>194</u>	<u>-</u>	<u>343,905</u>	<u>2,243,273</u>
-	-	1,500	3,620	50,710
-	-	-	-	129,181
177,007	-	-	-	1,510,923
-	-	-	24,493	129,844
-	-	-	-	251,430
-	-	-	525,865	756,948
-	-	455,000	-	493,680
-	-	216,505	-	217,956
<u>177,007</u>	<u>-</u>	<u>673,005</u>	<u>553,978</u>	<u>3,540,672</u>
<u>(166,791)</u>	<u>194</u>	<u>(673,005)</u>	<u>(210,073)</u>	<u>(1,297,399)</u>
-	-	900,500	50,000	1,066,302
-	-	-	(25,000)	(75,000)
-	-	900,500	25,000	991,302
<u>(166,791)</u>	<u>194</u>	<u>227,495</u>	<u>(185,073)</u>	<u>(306,097)</u>
<u>343,132</u>	<u>59,977</u>	<u>252,932</u>	<u>1,230,314</u>	<u>2,205,901</u>
<u>\$ 176,341</u>	<u>\$ 60,171</u>	<u>\$ 480,427</u>	<u>\$ 1,045,241</u>	<u>\$ 1,899,804</u>

**CITY OF CAPITOLA**  
**Supplemental Law Enforcement Fund**  
**Non-Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 71,400	171,400	\$ 169,901	\$ (1,499)
Use of money and property	-	-	105	105
Total revenues	71,400	171,400	170,006	(1,394)
Expenditures:				
Public safety	71,400	176,400	129,181	47,219
Total expenditures	71,400	176,400	129,181	47,219
Net change in fund balance	-	(5,000)	40,825	45,825
Fund balance, beginning	9,932	9,932	9,932	-
Fund balance, ending	\$ 9,932	\$ 4,932	\$ 50,757	\$ 45,825

**CITY OF CAPITOLA**  
**Gas Tax Fund**  
**Non-Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 263,000	263,000	\$ 288,947	\$ 25,947
Investment income	400	400	30	(370)
Total revenues	<u>263,400</u>	<u>263,400</u>	<u>288,977</u>	<u>25,577</u>
Expenditures:				
Transportation	252,600	252,600	245,286	7,314
Debt service:				
Principal	37,100	37,100	38,680	(1,580)
Interest and fiscal charges	3,100	3,100	1,451	1,649
Total expenditures	<u>292,800</u>	<u>292,800</u>	<u>285,417</u>	<u>7,383</u>
Net change in fund balance	(29,400)	(29,400)	3,560	32,960
Fund balance, beginning	<u>53</u>	<u>53</u>	<u>53</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (29,347)</u>	<u>\$ (29,347)</u>	<u>\$ 3,613</u>	<u>\$ 32,960</u>

**CITY OF CAPITOLA**  
**Wharf Fund**  
**Non-Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 80,850	\$ 80,850	\$ 83,386	\$ 2,536
Total revenues	80,850	80,850	83,386	2,536
Expenditures:				
Culture and recreation	80,000	104,934	105,351	(417)
Capital outlay	-	-	12,804	(12,804)
Total expenditures	80,000	104,934	118,155	(13,221)
Other financing sources:				
Transfers in	-	25,000	25,000	-
Net change in fund balance	850	916	(9,769)	(10,685)
Fund balance, beginning	46,414	46,414	46,414	-
Fund balance, ending	\$ 47,264	\$ 47,330	\$ 36,645	\$ (10,685)

**CITY OF CAPITOLA  
Development Fees Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenues	10,000	10,000	-	(10,000)
Expenditures	-	-	-	-
Net change in fund balance	10,000	10,000	-	(10,000)
Fund balance, beginning	2,026	2,026	2,026	-
Fund balance, ending	<u>\$ 12,026</u>	<u>\$ 12,026</u>	<u>\$ 2,026</u>	<u>\$ (10,000)</u>



**CITY OF CAPITOLA**  
**Parking Reserve fund**  
**Non-Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Transportation	-	-	6,144	(6,144)
Capital outlay	25,000	125,000	218,279	(93,279)
Total expenditures	25,000	125,000	224,423	(99,423)
Other financing sources (uses):				
Transfers in	100,000	100,000	90,802	(9,198)
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	50,000	50,000	40,802	(9,198)
Net change in fund balance	25,000	(75,000)	(183,621)	(108,621)
Fund balance, beginning	180,719	180,719	180,719	-
Fund balance (deficit), ending	<u>\$ 205,719</u>	<u>\$ 105,719</u>	<u>\$ (2,902)</u>	<u>\$ (108,621)</u>

**CITY OF CAPITOLA  
Technology Fees Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 5,900	\$ 5,900	\$ 13,906	\$ 8,006
Total revenues	5,900	5,900	13,906	8,006
Expenditures:				
Capital outlay	5,000	-	-	-
Total expenditures	5,000	-	-	-
Net change in fund balance	900	5,900	13,906	8,006
Fund balance, beginning	11,288	11,288	11,288	-
Fund balance, ending	<u>\$ 12,188</u>	<u>\$ 17,188</u>	<u>\$ 25,194</u>	<u>\$ 8,006</u>

**CITY OF CAPITOLA**  
**PEG Cable TV Access Fund**  
**Non-Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses & permits	\$ 19,500	\$ 19,500	\$ 18,958	\$ (542)
Use of money and property	600	600	258	(342)
Total revenues	<u>20,100</u>	<u>20,100</u>	<u>19,216</u>	<u>(884)</u>
Expenditures:				
General government	<u>54,500</u>	<u>54,500</u>	<u>45,590</u>	<u>8,910</u>
Total expenditures	<u>54,500</u>	<u>54,500</u>	<u>45,590</u>	<u>8,910</u>
Net change in fund balance	(34,400)	(34,400)	(26,374)	8,026
Fund balance, beginning	<u>77,936</u>	<u>77,936</u>	<u>77,936</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 43,536</u></u>	<u><u>\$ 43,536</u></u>	<u><u>\$ 51,562</u></u>	<u><u>\$ 8,026</u></u>

**CITY OF CAPITOLA**  
**Capitola Village and Wharf BIA Fund**  
**Non-Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 70,200	\$ 70,200	\$ 67,049	\$ (3,151)
Use of money and property	100	100	121	21
Total revenues	<u>70,300</u>	<u>70,300</u>	<u>67,170</u>	<u>(3,130)</u>
Expenditures:				
Community development	<u>71,600</u>	<u>71,600</u>	<u>67,193</u>	<u>4,407</u>
Total expenditures	<u>71,600</u>	<u>71,600</u>	<u>67,193</u>	<u>4,407</u>
Net change in fund balance	(1,300)	(1,300)	(23)	1,277
Fund balance, beginning	<u>5,455</u>	<u>5,455</u>	<u>5,455</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 4,155</u></u>	<u><u>\$ 4,155</u></u>	<u><u>\$ 5,432</u></u>	<u><u>\$ 1,277</u></u>

**CITY OF CAPITOLA**  
**CDBG Fund**  
**Non-Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 70,000	70,000	\$ 151,280	\$ 81,280
Total revenues	70,000	70,000	151,280	81,280
Expenditures:				
Community development	7,100	187,047	168,767	18,280
Total expenditures	7,100	187,047	168,767	18,280
Net change in fund balance	62,900	(117,047)	(17,487)	99,560
Fund balance (deficit), beginning	(4,067)	(4,067)	(4,067)	-
Fund balance (deficit), ending	<u>\$ 58,833</u>	<u>\$ (121,114)</u>	<u>\$ (21,554)</u>	<u>\$ 99,560</u>

**CITY OF CAPITOLA  
HOME Grant Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	1,200,000	\$ 1,091,276	\$ (108,724)
Total revenues	-	1,200,000	1,091,276	(108,724)
Expenditures:				
Community development	10	1,215,000	1,091,276	123,724
Total expenditures	10	1,215,000	1,091,276	123,724
Net change in fund balance	(10)	(15,000)	-	15,000
Fund balance, beginning	5,230	5,230	5,230	-
Fund balance (deficit), ending	\$ 5,220	\$ (9,770)	\$ 5,230	\$ 15,000

**CITY OF CAPITOLA**  
**Affordable Housing Fund**  
**Non-Major Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 18,000	18,000	\$ 9,647	\$ (8,353)
Use of money and property	-	-	569	569
Total revenues	18,000	18,000	10,216	(7,784)
Expenditures:				
Community development	193,000	195,250	177,007	18,243
Total expenditures	193,000	195,250	177,007	18,243
Net change in fund balance	(175,000)	(177,250)	(166,791)	10,459
Fund balance, beginning	343,132	343,132	343,132	-
Fund balance, ending	\$ 168,132	\$ 165,882	\$ 176,341	\$ 10,459

**CITY OF CAPITOLA  
 BEGIN Grant Fund  
 Non-Major Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 194	\$ 194
Total revenues	-	-	194	194
Expenditures:				
General government	60,000	60,000	-	60,000
Total expenditures	60,000	60,000	-	60,000
Net change in fund balance	(60,000)	(60,000)	194	60,194
Fund balance (deficit), beginning	59,977	59,977	59,977	-
Fund balance, ending	\$ (23)	\$ (23)	\$ 60,171	\$ 60,194



**CITY OF CAPITOLA**  
**2007 POB Debt Service Fund**  
**Non-Major Debt Service Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
General government	2,000	2,000	1,500	500
Debt service:				
Principal	455,000	455,000	455,000	-
Interest and fiscal charges	216,500	216,500	216,505	(5)
Total expenditures	673,500	673,500	673,005	495
Other financing sources:				
Transfers in	900,500	900,500	900,500	-
Net change in fund balance	227,000	227,000	227,495	495
Fund balance, beginning	252,932	252,932	252,932	-
Fund balance, ending	\$ 479,932	\$ 479,932	\$ 480,427	\$ 495

**CITY OF CAPITOLA**  
**Capital Projects Fund**  
**Non-Major Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 130,000	130,000	\$ 343,905	\$ 213,905
Total revenues	130,000	130,000	343,905	213,905
Expenditures:				
General government	241,700	49,200	3,620	45,580
Culture and recreation	205,000	25,000	24,493	507
Capital outlay	50,000	522,862	525,865	(3,003)
Total expenditures	496,700	597,062	553,978	43,084
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Transfers out	-	(25,000)	(25,000)	-
Total other financing sources (uses)	50,000	25,000	25,000	-
Net change in fund balance	(316,700)	(442,062)	(185,073)	256,989
Fund balance, beginning	1,230,314	1,230,314	1,230,314	-
Fund balance, ending	\$ 913,614	\$ 788,252	\$ 1,045,241	\$ 256,989

**CITY OF CAPITOLA**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Fiduciary Funds - Agency Funds**  
**Year ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>BROOKVALE ASSESSMENT DISTRICT</u></b>				
<b>Assets</b>				
Cash and investments	\$ 15,819	\$ 64	\$ -	\$ 15,883
Accounts receivable	19	14	19	14
Total assets	<u>\$ 15,838</u>	<u>\$ 78</u>	<u>\$ 19</u>	<u>\$ 15,897</u>
<b>Liabilities</b>				
Due to bond holders	\$ 15,838	\$ 78	\$ 19	\$ 15,897
Total liabilities	<u>\$ 15,838</u>	<u>\$ 78</u>	<u>\$ 19</u>	<u>\$ 15,897</u>
<b><u>AUTO CENTER ASSESSMENT DISTRICT</u></b>				
<b>Assets</b>				
Cash and investments	\$ 20,133	\$ 82	\$ -	\$ 20,215
Accounts receivable	24	18	24	18
Total assets	<u>\$ 20,157</u>	<u>\$ 100</u>	<u>\$ 24</u>	<u>\$ 20,233</u>
<b>Liabilities</b>				
Due to bond holders	\$ 20,157	\$ 100	\$ 24	\$ 20,233
Total liabilities	<u>\$ 20,157</u>	<u>\$ 100</u>	<u>\$ 24</u>	<u>\$ 20,233</u>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash and investments	\$ 35,952	\$ 146	\$ -	\$ 36,098
Accounts receivable	43	32	43	32
Total assets	<u>\$ 35,995</u>	<u>\$ 178</u>	<u>\$ 43</u>	<u>\$ 36,130</u>
<b>Liabilities</b>				
Due to bond holders	\$ 35,995	\$ 178	\$ 43	\$ 36,130
Total liabilities	<u>\$ 35,995</u>	<u>\$ 178</u>	<u>\$ 43</u>	<u>\$ 36,130</u>

## Item #: 8.D. Attach 1.pdf

CITY OF CAPITOLA  
Comprehensive Annual Financial Report  
Statistical Section  
Table of Contents  
Fiscal year ended June 30, 2012

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### **Financial Trends**

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### **Revenue Capacity**

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### **Debt Capacity**

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### **Demographic and Economic Information**

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### **Operating Information**

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CITY OF CAPITOLA, CALIFORNIA  
 Net Assets by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary government activities										
Invested in Capital Assets, Net of related debt	\$ 14,533	\$ 15,551	\$ 15,006	\$ 14,572	\$ 15,650	\$ 15,636	\$ 15,659	\$ 15,598	\$ 15,054	\$ 11,918
Restricted for										
Debt Service	1,380	437	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	14	4	-	-	10	51
Transportation	-	-	-	42	602	464	73	63	184	2,445
Community Development	1,590	1,742	2,157	3,310	3,633	1,717	1,107	1,317	1,256	1,141
Culture and Recreation	-	-	-	-	-	-	-	-	185	88
Total Restricted	\$ 2,970	\$ 2,179	\$ 2,157	\$ 3,352	\$ 4,249	\$ 2,185	\$ 1,180	\$ 1,380	\$ 1,635	\$ 3,725
Unrestricted	3,227	3,547	1,944	4,732	5,135	3,191	3,435	4,575	3,249	4,134
Total Primary govt net assets	<u>\$ 20,730</u>	<u>\$ 21,277</u>	<u>\$ 19,107</u>	<u>\$ 22,656</u>	<u>\$ 25,034</u>	<u>\$ 21,012</u>	<u>\$ 20,274</u>	<u>\$ 21,553</u>	<u>\$ 19,938</u>	<u>\$ 19,777</u>

NOTES: The City of Capitola has no business-type activities; governmental and primary government figures are the same. The City of Capitola implemented GASB 34 for the fiscal year ended June 30, 2003.

Source: City of Capitola Finance Department

2012-1

CITY OF CAPITOLA, CALIFORNIA  
 Changes in Net Assets  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

<b>EXPENSES:</b>	Fiscal Year			
	2003	2004	2005	2006
Primary government activities				
General government	\$ 4,567	\$ 4,654	\$ 4,206	\$ 3,963
Public safety	4,298	4,254	4,542	5,350
Community development	958	1,052	4,177	1,227
Culture and recreation	1,518	1,385	1,476	1,511
Transportation	1,495	1,432	1,397	1,501
Interest and other charges	184	171	171	152
Total primary government expenses	\$ 13,020	\$ 12,948	\$ 15,969	\$ 13,704
<b>PROGRAM REVENUES:</b>				
Primary government activities				
Charges for services:				
General government	\$ 699	\$ 1,218	\$ 1,046	\$ 724
Public safety	569	617	609	556
Community development	353	429	510	1,478
Culture and recreation	700	705	769	685
Transportation	41	32	34	11
Operating grants and contributions	339	301	291	812
Capital grants and contributions	583	496	324	161
Total primary govt program revenues	\$ 3,284	\$ 3,798	\$ 3,583	\$ 4,427
NET PRIMARY GOVT REV/(EXP)	\$ (9,736)	\$ (9,150)	\$ (12,386)	\$ (9,277)
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET ASSETS:</b>				
Primary government activities				
Taxes:				
Property Taxes	\$ 2,397	\$ 2,657	\$ 2,903	\$ 3,465
Transaction and Use Tax (.25%)	-	-	209	975
Sales and Use tax	5,300	5,395	5,235	4,132
Transient occupancy taxes	492	493	516	543
Franchise taxes	321	364	391	418
Business license tax	275	-	-	303
Other taxes	61	-	-	-
Intergovernmental	594	502	261	1,415
Investment income	365	281	510	226
Other general revenues	12	24	191	109
Transfers	-	-	-	-
Extraordinary Item	-	-	-	-
Total primary government activities	\$ 9,817	\$ 9,716	\$ 10,216	\$ 11,586
<b>CHANGES IN NET ASSETS:</b>				
Total primary government activities	\$ 81	\$ 566	\$ (2,170)	\$ 2,309

NOTES: The City of Capitola implemented GASB 34 for the fiscal year ended June 30, 2003.

Source: City of Capitola Finance Department

Item #: 8.D. Attach 1.pdf

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 4,343	\$ 4,398	\$ 4,482	\$ 5,103	\$ 5,453	\$ 4,851	
5,733	5,298	5,927	5,533	5,422	5,491	
1,550	2,193	2,218	2,428	2,068	3,471	
1,596	1,658	1,035	1,025	995	1,010	
1,697	1,522	2,530	1,932	2,445	2,556	
190	589	533	509	448	419	
<u>\$ 15,109</u>	<u>\$ 15,658</u>	<u>\$ 16,725</u>	<u>\$ 16,530</u>	<u>\$ 16,831</u>	<u>\$ 17,798</u>	
\$ 705	\$ 794	\$ 658	\$ 806	\$ 759	\$ 1,059	
688	736	905	1,009	902	759	
1,469	1,153	1,617	2,266	1,077	1,145	
749	726	709	696	655	751	
18	13	34	53	54	166	
1,010	1,420	286	1,469	1,040	3,131	
514	-	527	388	421	-	
<u>\$ 5,153</u>	<u>\$ 4,842</u>	<u>\$ 4,736</u>	<u>\$ 6,687</u>	<u>\$ 4,908</u>	<u>\$ 7,011</u>	
<u>\$ (9,956)</u>	<u>\$ (10,816)</u>	<u>\$ (11,989)</u>	<u>\$ (9,843)</u>	<u>\$ (11,923)</u>	<u>\$ (10,787)</u>	
\$ 3,916	\$ 4,034	\$ 4,147	\$ 4,066	\$ 4,107	\$ 2,993	
1,048	1,016	788	928	850	932	
4,174	3,939	2,858	3,289	3,002	3,322	
604	644	605	592	602	913	
438	437	459	462	477	483	
326	299	278	282	267	281	
-	-	-	-	-	-	
1,421	1,507	1,417	979	1,323	947	
287	379	394	238	185	190	
120	452	305	287	289	309	
-	-	-	-	-	-	
-	-	-	-	(795)	380	
<u>\$ 12,334</u>	<u>\$ 12,707</u>	<u>\$ 11,251</u>	<u>\$ 11,123</u>	<u>\$ 10,307</u>	<u>\$ 10,750</u>	
<u>\$ 2,378</u>	<u>\$ 1,891</u>	<u>\$ (738)</u>	<u>\$ 1,280</u>	<u>\$ (1,616)</u>	<u>\$ (37)</u>	

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CITY OF CAPITOLA, CALIFORNIA  
 Fund Balances of Government Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (amounts expressed in thousands)

	Fiscal Year																	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012								
<b>GENERAL FUND</b>																		
Reserved																		
Prepaid	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 21	\$ 116	Represented below per GASB 54									
Advances	618	1,968	1,968	1,968	1,968	1,968	1,968	1,968										
Total Reserved	\$ 618	\$ 1,968	\$ 1,969	\$ 1,968	\$ 1,968	\$ 1,968	\$ 1,989	\$ 2,084										
Unreserved																		
Designated	\$ 955	\$ 1,421	\$ 2,060	\$ 3,175	\$ 3,467	\$ 3,185	\$ 2,659	\$ 2,928	Represented below per GASB 54									
Unrestricted	578	683	886	1,340	1,342	1,350	1,350	1,350										
Total Unreserved	\$ 1,533	\$ 2,104	\$ 2,946	\$ 4,515	\$ 4,809	\$ 4,535	\$ 4,009	\$ 4,278										
Fund Balance GASB 54																		
Nonspendable	Pre-GASB 54 balances stated above								\$ 1,973	\$ 1,970								
Restricted									-	-								
Committed									-	-								
Assigned									-	-								
Unassigned	Pre-GASB 54 balances stated above								2,786	2,608								
Total General Fund									\$ 2,151	\$ 4,072	\$ 4,915	\$ 6,483	\$ 6,777	\$ 6,503	\$ 5,998	\$ 6,362	\$ 4,759	\$ 4,578
<b>ALL OTHER GOVERNMENT FUNDS</b>																		
Reserved																		
Low income housing	\$ 1,590	\$ 1,742	\$ 1,655	\$ 1,790	\$ 1,808	\$ -	\$ -	\$ -	Represented below per GASB 54									
Debt service	1,380	458	7	38	608	-	-	-										
Total Reserved	\$ 2,970	\$ 2,200	\$ 1,662	\$ 1,828	\$ 2,416	\$ -	\$ -	\$ -										
Unreserved, reported in:																		
Unrestricted	\$ 1,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Represented below per GASB 54									
Special revenue funds	-	612	612	714	938	3,423	2,976	1,643										
Capital project funds	-	840	194	475	440	1,874	1,322	627										
Debt service funds	-	(397)	(302)	-	-	-	-	1,458										
Total Unreserved	\$ 1,820	\$ 1,055	\$ 504	\$ 1,189	\$ 1,378	\$ 5,297	\$ 4,298	\$ 3,728										
Fund Balance GASB 54																		
Nonspendable	Pre-GASB 54 balances stated above								\$ 109	\$ 586								
Restricted									1,705	1,858								
Committed									-	-								
Assigned									1,564	1,045								
Unassigned	Pre-GASB 54 balances stated above								(19)	(148)								
Total All Other Govt Funds									\$ 4,790	\$ 3,255	\$ 2,166	\$ 3,017	\$ 3,794	\$ 5,297	\$ 4,298	\$ 3,728	\$ 3,359	\$ 3,341
<b>TOTAL</b>																		
									\$ 6,941	\$ 7,327	\$ 7,081	\$ 9,500	\$ 10,571	\$ 11,800	\$ 10,296	\$ 10,090	\$ 8,118	\$ 7,919

NOTE: The City of Capitola implemented GASB 34 for the fiscal year ended June 30, 2003.

Source: City of Capitola Finance Department

2012-3

CITY OF CAPITOLA  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (amounts expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>REVENUES:</b>					
Taxes	\$ 8,846	\$ 8,909	\$ 9,253	\$ 11,375	\$ 12,047
Licenses & permits	199	746	835	357	255
Intergovernmental	1,532	1,206	918	750	1,225
Fines and forfeitures	534	575	571	512	639
Charges for services	1,503	1,405	1,578	2,092	2,263
Use of money and property	366	440	510	778	971
Other	208	193	299	86	89
Total revenues	<u>\$ 13,188</u>	<u>\$ 13,474</u>	<u>\$ 13,964</u>	<u>\$ 15,950</u>	<u>\$ 17,489</u>
<b>EXPENSES:</b>					
Current:					
General government	\$ 3,712	\$ 3,699	\$ 3,437	\$ 3,266	\$ 3,583
Public safety	4,080	4,087	4,726	5,261	5,631
Community development	949	1,075	1,547	1,358	1,831
Culture and recreation	1,477	1,346	1,446	1,478	1,564
Transportation	1,312	1,325	1,436	1,493	1,690
Capital outlay	631	1,640	885	413	1,858
Subtotal	<u>\$ 12,161</u>	<u>\$ 13,172</u>	<u>\$ 13,477</u>	<u>\$ 13,269</u>	<u>\$ 16,157</u>
Debt service:					
Cost of Issuance	\$ -	\$ -	\$ -	\$ -	\$ -
Principal retirement	1,020	959	559	91	91
Interest and agent fees	193	196	174	171	170
Subtotal	<u>\$ 1,213</u>	<u>\$ 1,155</u>	<u>\$ 733</u>	<u>\$ 262</u>	<u>\$ 261</u>
Total expenditures	<u>\$ 13,374</u>	<u>\$ 14,327</u>	<u>\$ 14,210</u>	<u>\$ 13,531</u>	<u>\$ 16,418</u>
<b>Excess/(deficiency) of revenues over/(under) expenditures</b>	<u>\$ (186)</u>	<u>\$ (853)</u>	<u>\$ (246)</u>	<u>\$ 2,419</u>	<u>\$ 1,071</u>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Sale of capital assets	\$ -	\$ 1,239	\$ -	\$ -	\$ -
Transfers in	1,980	1,624	469	1,053	1,764
Transfers out	(1,980)	(1,624)	(469)	(1,053)	(1,764)
Issuance of bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources/(uses)	<u>\$ -</u>	<u>\$ 1,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Special Items</b>					
Flood Disaster loss	\$ -	\$ -	\$ -	\$ -	\$ -
Prefunding of PERS liability	-	-	-	-	-
Gain/Loss on RDA dissolution	-	-	-	-	-
<b>Net change in fund balances</b>	<u>\$ (186)</u>	<u>\$ 386</u>	<u>\$ (246)</u>	<u>\$ 2,419</u>	<u>\$ 1,071</u>
Beginning fund balance, as restated	\$ 7,127	\$ 6,941	\$ 7,327	\$ 7,081	\$ 9,500
Changes in fund balance	(186)	386	(246)	2,419	1,071
Ending fund balance	<u>\$ 6,941</u>	<u>\$ 7,327</u>	<u>\$ 7,081</u>	<u>\$ 9,500</u>	<u>\$ 10,571</u>
Debt service as a percentage of noncapital expenditures	9.97%	8.77%	5.44%	1.97%	1.62%

NOTE: The City of Capitola implemented GASB 34 for the fiscal year ended June 30, 2003.  
 Source: City of Capitola Finance Department

Item #: 8.D. Attach 1.pdf

Fiscal Year				
2008	2009	2010	2011	2012
\$ 12,008	\$ 10,239	\$ 10,285	\$ 10,335	\$ 9,878
270	664	609	474	630
1,121	1,745	2,932	2,426	2,755
672	702	803	702	724
2,467	1,744	1,380	1,278	1,907
1,046	812	595	492	403
434	178	163	173	90
<u>\$ 18,018</u>	<u>\$ 16,084</u>	<u>\$ 16,767</u>	<u>\$ 15,880</u>	<u>\$ 16,387</u>
\$ 3,672	\$ 3,591	\$ 4,232	\$ 4,483	\$ 4,034
5,246	5,869	5,441	5,468	5,436
2,324	2,362	2,338	1,986	3,458
1,630	1,009	986	1,009	1,041
1,476	2,575	2,017	2,294	2,204
1,015	1,224	847	665	757
<u>\$ 15,363</u>	<u>\$ 16,630</u>	<u>\$ 15,861</u>	<u>\$ 15,905</u>	<u>\$ 16,930</u>
\$ 125	\$ -	\$ -	\$ -	\$ 43
123	499	535	704	673
471	529	507	447	394
<u>\$ 719</u>	<u>\$ 1,028</u>	<u>\$ 1,042</u>	<u>\$ 1,151</u>	<u>\$ 1,110</u>
<u>\$ 16,082</u>	<u>\$ 17,658</u>	<u>\$ 16,903</u>	<u>\$ 17,056</u>	<u>\$ 18,040</u>
<u>\$ 1,936</u>	<u>\$ (1,574)</u>	<u>\$ (136)</u>	<u>\$ (1,176)</u>	<u>\$ (1,653)</u>
\$ 166	\$ -	\$ -	\$ -	\$ 2,390
2,754	1,775	1,337	1,945	2,272
(2,754)	(1,775)	(1,337)	(1,945)	(2,272)
5,040	-	-	-	-
-	-	-	-	-
<u>\$ 5,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,390</u>
\$ -	\$ -	\$ -	\$ (795)	\$ (623)
(5,913)	-	-	-	-
-	-	-	-	(190)
<u>\$ 1,229</u>	<u>\$ (1,574)</u>	<u>\$ (136)</u>	<u>\$ (1,971)</u>	<u>\$ (76)</u>
\$ 10,571	\$ 11,800	\$ 10,226	\$ 10,090	\$ 7,995
1,229	(1,574)	(136)	(1,971)	(76)
<u>\$ 11,800</u>	<u>\$ 10,226</u>	<u>\$ 10,090</u>	<u>\$ 8,119</u>	<u>\$ 7,919</u>
4.68%	6.18%	6.57%	7.24%	6.56%

2012-4

CITY OF CAPITOLA, CALIFORNIA  
 General Revenues By Source  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

General Revenue By Source

Fiscal Year	Sales Tax Revenue	Property Taxes	Transient Occupancy Tax	Franchise Taxes	Business Licenses	Investment Income	Miscellaneous, Intergovernmental, and Other Revenues	Total General Revenues
2003	\$ 5,300,068	\$ 2,396,806	\$ 492,539	\$ 321,027	\$ 274,871	\$ 365,690	\$ 666,378	\$ 9,817,379
2004	5,394,876	2,656,740	493,364	363,655	272,200	281,245	253,478	9,715,558
2005	5,234,955	3,111,857	515,578	390,908	319,000	509,839	133,918	10,216,055
2006	6,460,002	3,464,933	543,438	417,451	302,890	225,995	171,041	11,585,750
2007	6,579,908	3,915,955	603,997	438,412	325,946	287,069	183,019	12,334,306
2008	6,417,075	4,033,686	643,541	437,065	299,394	379,439	497,094	12,707,294
2009	4,859,096	4,147,459	605,365	459,042	277,959	394,135	507,957	11,251,013
2010	4,993,844	4,065,897	591,925	461,937	281,739	237,926	489,162	11,122,430
2011	4,890,518	4,107,291	601,726	477,084	266,948	185,346	573,436	11,102,349
2012	5,200,303	2,993,125	912,851	482,782	281,336	190,390	309,110	10,369,897

Source: City of Capitola Finance Department

2012-5

CITY OF CAPITOLA, CALIFORNIA  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

Fiscal Year	City of Capitola					City of Capitola Redevelopment Agency				
	Secured	Unsecured	Less Exemptions	Plus Reimbursed Home-owners Exemption	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Plus Reimbursed Home-owners Exemption	Taxable Assessed Value
2003	\$ 1,136,170	\$ 63,858	\$ 32,853	\$ 12,279	\$ 1,179,454	Separate RDA figures are not available				
2004	1,222,957	63,534	24,504	11,691	1,273,678	\$ 207,571	\$ 32,157	\$ 3,850	\$ 448	\$ 236,326
2005	1,409,131	62,603	32,012	10,878	1,450,600	216,849	35,131	3,917	447	248,510
2006	1,531,428	68,903	29,922	10,725	1,581,134	228,497	35,405	3,994	448	260,356
2007	1,643,540	71,369	30,385	10,728	1,695,252	235,447	36,450	4,087	476	268,286
2008	1,708,219	73,545	36,208	10,710	1,756,266	245,860	33,375	4,412	482	275,305
2009	1,706,927	68,288	28,067	10,500	1,757,648	245,533	35,458	4,161	487	277,317
2010	1,722,042	71,726	32,453	10,279	1,771,594	243,089	33,390	4,434	489	272,534
2011	1,741,005	69,324	36,040	10,049	1,784,338	RDA was dissolved 2/1/2012 by the State of CA				
2012	2,000,212	106,037	47,069	10,759	2,069,939	RDA was dissolved 2/1/2012 by the State of CA				

**NOTES:**

*RDA figures were included in City figures for the years 2003-2004.*

*The RDA was dissolved 2/1/2012 by the State of California and property is now recognized only as City of Capitola taxable property.*

*California Constitution Article 13A establishes a county assessor "full cash value" property valuation formulated on varying base years and not at current fair market value. As a result, there is not a reasonable basis available for estimating actual value of taxable property for the City of Capitola for comparative purposes.*

Source: Santa Cruz County Assessor's District Valuation by Fund

2012-6

CITY OF CAPITOLA, CALIFORNIA  
 Assessed Value of Taxable Property  
 Last Eight Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property <sup>(1)</sup>	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	2011 CAFR - Taxable Assessed Value (\$000)	Total Direct Tax Rate <sup>(2)</sup>
2003	N/A								
2004	N/A								
2005	\$ 918,254,843	\$ 273,905,181	\$ 1,646,123	\$ 107,581,419	\$ 63,673,612	\$ 28,553,261	\$ 1,336,507,917	\$ 1,273,678	0.075337
2006	1,004,314,702	281,101,027	1,679,046	123,493,355	62,603,554	32,011,696	1,441,179,988	1,450,600	0.075337
2007	1,108,582,803	296,608,931	1,712,628	125,364,805	73,764,846	30,376,557	1,575,657,456	1,581,134	0.075337
2008	1,209,782,056	308,069,194	2,146,882	124,289,341	71,369,352	30,385,429	1,685,271,396	1,695,252	0.075337
2009	1,252,723,082	313,207,738	2,189,820	140,845,833	73,545,346	36,213,515	1,746,298,304	1,756,266	0.075337
2010	1,241,919,122	325,932,471	2,233,616	128,690,679	68,288,364	18,279,394	1,748,784,858	1,757,648	0.075337
2011	1,260,433,122	328,469,254	2,228,324	132,238,098	71,725,723	32,452,572	1,762,641,949	1,771,594	0.075337
2012	1,280,024,829	329,772,835	2,245,103	130,282,093	69,323,734	36,032,657	1,775,615,937	1,784,338	0.075337

Source: Santa Cruz County Assessor data, MuniServices, LLC

(1) Includes Public Unitary

(2) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 03-108

2012-7

Item #: 8.D. Attach 1.pdf

CITY OF CAPITOLA, CALIFORNIA  
 Direct and Overlapping Property Tax Rates  
 Last Seven Fiscal Years  
 (Rate per \$100 of assessed value)

City Direct Rates	Fiscal Year						
	2006	2007	2008	2009	2010	2011	2012
City basic rate	0.2500%	0.2500%	0.2500%	0.2500%	0.2500%	0.2500%	0.2500%
Redevelopment Agency	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
<b>Total City Direct Rate</b>	<b>0.2500%</b>	<b>0.2500%</b>	<b>0.2500%</b>	<b>0.2500%</b>	<b>0.2500%</b>	<b>0.2500%</b>	<b>0.2500%</b>
<b>Overlapping Rates</b>							
<u>General Fund</u>							
Santa Cruz County General Fund	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
<u>Board Governed Districts</u>							
<u>Autonomous Districts</u>							
<u>City</u>							
<u>School Districts</u>							
Soquel Elementary School GO DS 2002 Series A	0.0119%	0.0114%	0.0114%	0.0112%	0.0116%	0.0117%	0.0116%
Soquel Elementary School GO DS 2002 Series B	0.0092%	0.0092%	0.0092%	0.0089%	0.0090%	0.0095%	0.0093%
Soquel Elementary School GO DS 2002 Series C	n/a	0.0071%	0.0071%	0.0031%	0.0030%	0.0032%	0.0032%
Santa Cruz High School GO DS 1998 A&B/2005REF	0.0052%	0.0163%	0.0163%	0.0174%	0.0169%	0.0208%	0.0206%
Santa Cruz High School GO DS 1998 Series C	0.0085%	0.0029%	0.0029%	0.0053%	0.0111%	0.0025%	0.0054%
Cabrillo College GO DS 1998 Series A	0.0002%	0.0011%	0.0011%	n/a	n/a	n/a	n/a
Cabrillo College GO DS 1998 Series B	0.0061%	0.0063%	0.0063%	0.0065%	0.0071%	0.0070%	0.0075%
Cabrillo College GO DS 1998 Series C	0.0019%	0.0023%	0.0023%	0.0025%	0.0030%	0.0013%	0.0015%
Cabrillo College GO DS 1998 Series D	0.0007%	0.0013%	0.0013%	0.0015%	0.0018%	0.0015%	0.0015%
Cabrillo College GO DS 2004 Series A	0.0124%	0.0082%	0.0082%	0.0092%	0.0099%	0.0102%	0.0110%
Cabrillo College GO DS 2004 Series B	n/a	0.0040%	0.0040%	0.0052%	0.0055%	0.0054%	0.0057%
Cabrillo College GO DS 1998A REF 2004	0.0054%	0.0068%	0.0068%	0.0083%	0.0087%	0.0108%	0.0118%
Total overlapping debt repaid with property taxes	0.0615%	0.0770%	0.0770%	0.0792%	0.0876%	0.0838%	0.0890%
<b>Total Direct Rate</b>	<b>1.0615%</b>	<b>1.0770%</b>	<b>1.0770%</b>	<b>1.0792%</b>	<b>1.0876%</b>	<b>1.0838%</b>	<b>1.0890%</b>

NOTES: *Overlapping rates are those of the local and county governments that apply to property owners within the City of Capitola. Not all overlapping rates apply to all City of Capitola property owners, (e.g. the rates for school districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the school district).*

*The June, 1978 passage of Proposition 13, an amendment to the California State Constitution, limits the property tax rate to a base of \$1.00 per \$100.00 collected. The \$1.00 rate is levied by the County and apportioned to local agencies according to a formula prescribed by the California Legislature. Data for Capitola is not available prior to 2006. Additional years will be added until ten fiscal years of information is available.*

SOURCE: Santa Cruz County Assessor's Office



CITY OF CAPITOLA, CALIFORNIA  
 Principal Property Taxpayers  
 Current Year and Nine Years Ago

Taxpayer	2012		2003	
	2012 Gross Assessed Valuation	Percent of Total City Gross Assessed Valuation	2003 Gross Assessed Valuation	Percent of Total City Gross Assessed Valuation
Macerich Partnership LP	\$ 88,433,999	4.17%	\$ 58,952,781	4.91%
Aspromonte Hotels LLC	17,849,664	0.84%		
Ow George Jr Trustees Et al	12,230,160	0.58%	9,968,981	0.83%
Bay Avenue Senior Housing LP	10,105,591	0.48%		
Target Corporation	8,667,960	0.41%		
Wirtanen Melanie Kett Trustee	8,271,180	0.39%		
850 Rosedale LLC	7,813,404	0.37%		
1100 41st Avenue LLC	7,578,743	0.36%		
Loma Vista Estates Owners Assoc	7,030,099	0.33%		
Brown Ranch Properties	6,649,609	0.31%	5,499,547	0.46%
Baskin Properties LLC			13,453,243	1.12%
Bochner, Dan Zw/m Jt Et al			11,011,927	0.92%
Salvation Army Corporation, The			8,515,780	0.71%
Leavesly Ocean Inn-Vestors			5,763,459	0.48%
Sears Roebuck & Company			5,530,859	0.46%
	<u>\$ 174,630,409</u>	<u>8.24%</u>	<u>\$ 118,696,577</u>	<u>9.89%</u>
Memo: Gross Assessed Value	\$ 2,118,314,482	100.00	\$ 1,200,028,000	100.00%

NOTES: Only eight taxpayers are identified for 2003 because Macerich Partnership was listed separately for each of three separate parcels for the 2003 CAFR. Macerich Partnership for 2012 reflects four separate parcels combined under one identifier.

Gross Assessed Value excludes the RDA property areas for 2003. The State of California dissolved RDAs as of 2/1/2012 and that property value is included in the Gross for 2012 and beyond.

Source: Santa Cruz County Assessor's Office *Recapitulation of Assessment Rolls and Parcels with Gross Value over \$2,000,000; Rresidential over \$4,000,000 (2002,2011).*

2012-9

**Item #: 8.D. Attach 1.pdf**

CITY OF CAPITOLA, CALIFORNIA  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Property Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	\$ 2,039,535	\$ 2,039,535	100%	-	\$ 2,039,535	100%
2004	2,200,889	2,200,889	100%	-	2,200,889	100%
2005	2,268,012	2,268,012	100%	-	2,268,012	100%
2006	2,412,712	2,412,712	100%	-	2,412,712	100%
2007	2,605,158	2,605,158	100%	-	2,605,158	100%
2008	2,715,388	2,715,388	100%	-	2,715,388	100%
2009	2,851,724	2,851,724	100%	-	2,851,724	100%
2010	2,783,546	2,783,546	100%	-	2,783,546	100%
2011	2,813,554	2,813,554	100%	-	2,813,554	100%
2012	1,900,533	1,900,533	100%	-	1,900,533	100%

*NOTES: Figures presented include City property taxes and Redevelopment Agency tax increment, as well as amounts collected by the City and Redevelopment Agency that are pass throughs for other agencies. In fiscal year 1993-94, Santa Cruz County adopted the Teeter Plan under which the City of Capitola receives its entire tax levy, regardless of delinquencies as long as it qualifies for the Teeter Plan. Reduction in property taxes levied from 2011 to 2012 reflects the 2/1/2012 State of California dissolution of Redevelopment Agencies and the associated elimination of tax increment received by the City of Capitola.*

Source: Santa Cruz County Auditor-Controller Summary of Revenues and City of Capitola Finance Department.

**2012-10**

CITY OF CAPITOLA, CALIFORNIA  
 Top 25 Sales Tax Taxpayers  
 Alphabetical, as of June 30, 2012

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**TOP 25 SALES TAX TAXPAYERS**

Bed Bath & Beyond	Clares Street
Beverages & More	41st Avenue
Big 5 Sporting Goods	41st Avenue
Chevron Service Station (AJ's Fuel Market of Capitola) - Bay Ave.	Bay Avenue
Chevron Service Station (Chevron USA) - 41st Ave.	41st Avenue
CVS - combined 41st and Bay Ave.	41st and Bay Avenues
Gayles Bakery & Rosticceria	Bay Avenue
Kohls	41st Avenue
Macy's Department Store	41st Avenue
Nob Hill General Stores	Bay Avenue
O'Neill Surf Shop	41st Avenue
Orchard Supply Hardware	41st Avenue
Ross Stores	41st Avenue
Santa Cruz Mazda	Auto Plaza Drive
Save Mart Supermarkets	41st Avenue
Sears Roebuck & Company	Capitola Road
Shadowbrook Restaurant	Wharf Road
Shell Service Stations	41st Avenue
Sierra Utility Sales	41st Avenue
Toyota of Santa Cruz	Auto Plaza Drive
Trader Joe's	Clares Street
Union 76 Service Station (Capitola 76) - 41st Ave.	41st Avenue
Union 76 Service Station (Gawfco Enterprises) - 41st Ave.	41st Avenue
Verizon Wireless	41st Avenue
Whole Foods	41st Avenue

*NOTE: Information presented is as of June, 2012. It is alphabetical and is not indicative of relative nor total sales volume.*

Source: California State Board of Equalization

2012-11

**Item #: 8.D. Attach 1.pdf**

CITY OF CAPITOLA, CALIFORNIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(amounts expressed in dollars unless otherwise noted)

Fiscal Year Ended June 30	Government/Total Primary Government Activities			Tot. Gov't./ Primary Gov't. Activities	Total Outstanding Debt to Personal Income	Debt per capita personal income	Debt per Capita
	General Obligation Bonds	Lease Revenue Bonds	Other debt				
2003	\$ -	\$ 1,280,000	\$ 1,738,856	\$ 3,018,856	0.80%	\$ 81	\$ 299
2004	-	440,000	1,703,322	2,143,322	0.54%	54	214
2005	-	-	2,928,408	2,928,408	0.70%	70	295
2006	-	-	2,886,924	2,886,924	0.63%	63	292
2007	-	-	2,845,020	2,845,020	0.56%	55	287
2008	5,040,000	-	2,807,848	7,847,848	1.54%	153	786
2009	4,670,000	-	2,775,079	7,445,079	1.45%	146	739
2010	4,265,000	-	2,768,854	7,033,854	1.35%	138	690
2011	3,830,000	-	2,629,226	6,459,226	1.78%	178	648
2012	3,375,000	-	1,432,600	4,807,600	1.36%	136	482

*The City of Capitola has no business-type activities; governmental and total primary government figures are the same. Details regarding the City's outstanding debt can be found in the notes to the financial statements.*

*In July, 2007, the City of Capitola issued a \$5,040,000 Pension Obligation Bond (POB) which was used to pay off the City's CalPERS unfunded pension liability as of that point in time.*

*Other debt has included a tax anticipation note, county library long term debt balance, and RDA deferred pass throughs. It currently is a Lease/Sublease Financing Agreement for Pacific Cove resident relocation.*

Source: City of Capitola Financial Statements

**2012-12**

CITY OF CAPITOLA, CALIFORNIA  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	<u>Government/Total Primary Government Activities</u>		Total Governmental / Primary Government Activities	Total Outstanding Debt to Personal Income	Debt per capita personal income	Debt per Capita
	General Obligation Bonds	Lease Revenue Bonds				
2003	\$ -	\$ 1,280,000	\$ 1,280,000	0.34%	\$ 34	\$ 127
2004	-	440,000	440,000	0.11%	11	44
2005	-	-	-	0.00%	-	0
2006	-	-	-	0.00%	-	0
2007	-	-	-	0.00%	-	0
2008	5,040,000	-	5,040,000	0.99%	99	505
2009	4,670,000	-	4,670,000	0.91%	91	464
2010	4,265,000	-	4,265,000	0.82%	83	418
2011	3,830,000	-	3,830,000	1.06%	105	384
2012	3,375,000	-	3,375,000	0.96%	95	338

*The City of Capitola has no business-type activities; governmental and total primary government figures are the same.*

*In July, 2008, the City of Capitola issued a \$5,040,000 Pension Obligation Bond which was used to pay down the CalPERS pension liability.*

Source: City of Capitola Financial Statements

**2012-13**

# Item #: 8.D. Attach 1.pdf

CITY OF CAPITOLA, CALIFORNIA  
 Direct & Overlapping Debt  
 Fiscal Year end  
 June 30, 2012

2011-12 Assessed Valuation		\$ 1,784,916,806	
Redevelopment Incremental Valuation		238,630,551	
Adjusted Assessed Valuation		\$ 1,546,286,255	
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
	<u>% Applicable <sup>(1)</sup></u>	<u>Total Debt</u>	<u>City's Share of</u>
		<u>6/30/2012</u>	<u>Debt 6/30/2012</u>
Cabrillo Joint Community College District	5.713%	\$ 156,041,516	\$ 8,914,652
Santa Cruz City High School District	15.041%	43,589,845	6,556,349
Live Oak School District	9.672%	17,363,789	1,679,426
Soquel Union School District	56.489%	11,950,000	6,750,436
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 228,945,150</u>	<u>\$ 23,900,863</u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Santa Cruz County Certificates of Participation	5.764%	\$ 70,818,063	\$ 4,081,953
Santa Cruz County Office of Education Certificates of Participation	5.764%	10,930,000	630,005
Cabrillo Joint Community College District Certificates of Participation	5.713%	1,735,000	99,121
Live Oak School District Certificates of Participation	9.672%	15,127,892	1,463,170
Soquel Union School District	56.489%	2,155,000	1,217,338
Santa Cruz City Schools Certificates of Participation	15.041%	6,306,000	948,485
City of Capitola General Fund Obligations	100.000%	324,116	324,116
City of Capitola Lease Financing	100.000%	2,390,000	2,390,000
City of Capitola Pension Obligation Bond	100.000%	3,375,000	3,375,000
Monterey Bay Unified Air Pollution Control Authority Certificates of Participation	2.040%	1,755,000	35,802
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 114,916,071</u>	<u>\$ 14,564,990</u>
TOTAL DIRECT DEBT		<u>\$ 6,089,116</u>	<u>\$ 6,089,116</u>
COMBINED TOTAL DEBT		<u>\$ 343,861,221</u>	<u>\$ 38,465,853 <sup>(2)</sup></u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2011-12 Assessed Valuation	
Total Overlapping Tax and Assessment Debt	1.34%
Ratios to Adjusted Assessed Valuation	
Combined Direct Debt (\$6,089,116)	0.39%
Combined Total Debt	2.49%
STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12	\$0

Source: MuniServices, LLC

2012-14

CITY OF CAPITOLA  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed Valuation	\$ 1,200,028	\$ 1,286,491	\$ 1,471,735	\$ 1,600,330	\$ 1,714,909	\$ 1,781,764	\$ 1,775,215	\$ 1,793,768	\$ 1,810,329	\$ 2,118,314
RDA Base Valuation	188,349	194,534	202,415	214,599	226,445	234,306	241,324	243,336	238,631	238,800
Adj. assessed valuation	\$ 1,011,679	\$ 1,091,957	\$ 1,269,320	\$ 1,385,731	\$ 1,488,464	\$ 1,547,458	\$ 1,533,891	\$ 1,550,432	\$ 1,571,698	\$ 1,879,514
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	151,752	163,794	190,398	207,860	223,270	232,119	230,084	232,565	235,755	281,927
Total net applicable debt										
Gen. obligation bonds	1,280	440	-	-	-	5,040	4,670	4,265	3,830	3,375
Legal debt margin	<u>\$ 150,472</u>	<u>\$ 163,354</u>	<u>\$ 190,398</u>	<u>\$ 207,860</u>	<u>\$ 223,270</u>	<u>\$ 227,079</u>	<u>\$ 225,414</u>	<u>\$ 228,300</u>	<u>\$ 231,925</u>	<u>\$ 278,552</u>
Ratio of Total Net Applicable Debt to Debt Limit	0.85%	0.27%	0.00%	0.00%	0.00%	2.22%	2.07%	1.87%	1.65%	1.21%

NOTES: The bonded indebtedness of the City may not in the aggregate exceed the sum of fifteen (15%) of the total assessed valuation of property within the City, exclusive of any indebtedness that has been or may hereafter be incurred for the purposes of acquiring, constructing, extending, or maintaining municipally owned assets for which purposes a further indebtedness may be incurred by the issuance of bonds, subject only to the provisions of the City of Capitola bylaws and the State Constitution.

2008 addition to General Obligation bonds represents the July, 2007 Pension Obligation Bond issued by the City of Capitola.

Source: Santa Cruz County Auditor-Controller's Office District Valuation by Fund, Santa Cruz County Assessor's Office Recapitulation of Assessment Roll, and City of Capitola Comprehensive Annual Financial Statements.

2012-15

**Item #: 8.D. Attach 1.pdf**

CITY OF CAPITOLA  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Other Revenue Bonds				Tax Allocation Bonds			
	Available Revenue	Debt Service			Tax Increment	Debt Service		
		Principal	Interest	Coverage		Principal	Interest	Coverage
2003	\$ -	\$ -	\$ -	n/a	\$ -	\$ -	\$ -	n/a
2004	-	-	-	n/a	-	-	-	n/a
2005	-	-	-	n/a	-	-	-	n/a
2006	-	-	-	n/a	-	-	-	n/a
2007	-	-	-	n/a	-	-	-	n/a
2008	-	-	-	n/a	-	-	-	n/a
2009	-	-	-	n/a	-	-	-	n/a
2010	-	-	-	n/a	-	-	-	n/a
2011	-	-	-	n/a	-	-	-	n/a
2012	-	-	-	n/a	-	-	-	n/a

*Note: The City of Capitola has no tax allocation bonds or other revenue bonds.*

SOURCE: City of Capitola financial statements

**2012-16**



CITY OF CAPITOLA  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

Calendar Year	Population (1)	Per Capita Personal Income (2)	Median Age (3)	Unemployment Rate (4)
2003	\$ 10,084	\$ 37,500	38.0	3.8%
2004	10,011	39,800	38.0	3.4%
2005	9,914	41,917	37.0	3.1%
2006	9,901	45,925	37.0	4.9%
2007	9,921	51,669	37.0	5.3%
2008	9,988	51,140	38.0	7.1%
2009	10,073	51,140	38.0	11.6%
2010	10,198	51,140	39.4	11.4%
2011	9,974	36,330	38.3	5.7%
2012	9,981	35,405	42.9	5.5%

Sources:

(1) California Department of Finance Projections

(2) U.S. Census Bureau, 2010 American Community Survey, U.S. Department of Commerce, Bureau of Economic Analysis

(3) MuniServices, LLC, U.S. Census Bureau, 2010 American Community Survey. The California Department of Finance demographic estimates now incorporate 2010 Census counts as the benchmark. Therefore, estimates for 2010 - 2012 published in this report might be noticeably different from the previous year estimates.

(4) Employment Data is provided by the EDD's Bureau of Labor Statistics Department.

**2012-17**

# Item #: 8.D. Attach 1.pdf

CITY OF CAPITOLA  
Principal Employers - Top Ten  
Current year and 2006

Employer	Fiscal year ended June 30,					
	2012			2006		
	Ranking	Number of Employees	% of Total Employment	Ranking	Number of Employees	% of Total Employment
Subaru, Toyota, Kia of Santa Cruz	1	180	2.61%			0.00%
Macy's	2	150	2.17%	1	250	3.73%
Gayle's Bakery & Rosticceria	3	141	2.04%			0.00%
Sears	4	135	1.96%	5	150	2.24%
Whole Foods Market	5	126	1.83%			0.00%
Shadowbrook Restaurant <sup>(1)</sup>	6	119	1.72%	6	135	2.01%
Trader Joe's	7	101	1.46%			0.00%
Nob Hill	8	96	1.39%			0.00%
Kohls	9	95	1.38%			0.00%
Pacific Coast Manor	10	90	1.30%			0.00%
Mervyn's LLC <sup>(2)</sup>				2	230	3.43%
Santa Cruz County Office of Education <sup>(3)</sup>				3	220	3.28%
Gottschalks Inc. <sup>(4)</sup>				4	188	2.81%
Orchard Supply Hardware <sup>(5)</sup>				7	125	1.87%
Spa Fitness Centers, Inc. <sup>(6)</sup>				8	125	1.87%
Longs Drug Stores <sup>(7)</sup>				9	100	1.49%
JC Penney <sup>(8)</sup>				10	100	1.49%
		1233	17.87%		1623	24.22%
Total City Labor Force <sup>(9)</sup>		6900	100.00%		6701	100.00%

SOURCE: MuniService, LLC and Capitola Finance Department  
The 2006 results are based on direct communication with city's local businesses.

- (1) Shadowbrook Restaurant is also listed as Culinary Enterprises, Inc. in previous documents
- (2) Mervyn's LLC closed the Capitola store at the end of calendar 2008.
- (3) The County Office of Education moved to a new facility outside of the City in August, 2011.
- (4) Gottschalks Inc. closed the Capitola store at the end of fiscal year 2009.
- (5) Orchard Supply Hardware remains in business in Capitola but is not currently one of the top ten employers in the City.
- (6) Spa Fitness Centers, Inc. was sold and now does business as In-Shape Capitola. They are not currently one of the top ten employers in the City.
- (7) Longs Drug Stores had two locations in the City of Capitola that were bought and now operate as CVS/Pharmacy.
- (8) JC Penney closed their Capitola store which was a Capitola Mall anchor store. It was replaced by Macy's.
- (9) Total City Labor Force provided by EDD Labor Force Data

2012-18

CITY OF CAPITOLA  
 Full-time and Part-time City Employees by Function  
 Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
City Manager	7.25	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.75
Finance	5.25	5.25	5.25	5.25	5.25	5.38	4.38	4.38	4.38	4.38
City Attorney	0.30	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	<u>12.80</u>	<u>12.75</u>	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>13.88</u>	<u>12.88</u>	<u>12.88</u>	<u>12.88</u>	<u>13.13</u>
Police										
Chief, Captain, Sgts.	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00
Officers	12.00	13.00	13.00	14.00	15.00	15.00	15.00	15.00	15.50	15.00
CSOs	2.00	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Parking Enforcement	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00
Administrative	3.30	3.25	5.50	5.75	6.50	6.50	6.50	4.75	4.75	3.75
	<u>27.30</u>	<u>28.25</u>	<u>31.50</u>	<u>32.75</u>	<u>34.50</u>	<u>34.50</u>	<u>33.50</u>	<u>30.75</u>	<u>30.25</u>	<u>29.75</u>
Public Works										
Streets	8.33	8.33	8.33	8.33	8.00	8.33	8.33	7.33	7.33	7.33
Parks	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	3.00
Fleet Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	<u>14.33</u>	<u>14.33</u>	<u>14.33</u>	<u>14.33</u>	<u>14.00</u>	<u>14.33</u>	<u>14.33</u>	<u>12.33</u>	<u>12.33</u>	<u>11.33</u>
Recreation										
Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other - full year	3.50	2.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50	1.50
	<u>4.50</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
Community Development	3.67	3.67	4.67	4.67	4.00	4.67	4.67	3.67	3.67	1.67
Building	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.50	2.00
Total City Employees	<u>64.60</u>	<u>64.00</u>	<u>69.25</u>	<u>70.50</u>	<u>71.25</u>	<u>72.38</u>	<u>69.88</u>	<u>63.13</u>	<u>63.13</u>	<u>60.38</u>

NOTE: Full time equivalents (FTE); does not include temporary or seasonal employees

SOURCE: City of Capitola Finance Department

2012-19

CITY OF CAPITOLA  
 Operating Indicators by Function  
 Last Ten Fiscal Years (except as noted)

INDICATOR	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Police department</u> (calendar years)										
Adult arrests	791	852	877	879	1,069	1,000	908	850	731	766
Calls for service (in thousands)	19	22	18	21	22	21	20	20	19	20
<u>Public works</u>										
Miles paved	26	26	26	26	26	26	26	26	26	26
<u>New construction</u>										
Commercial units	1	2	-	2	3	1	1	1	-	-
Valuation (in millions)	\$ 1	\$ 1	-	\$ 4	\$ 5	\$ 1	\$ 1	\$ 13	-	-
Residential units <sup>(1)</sup>	9	7	10	17	18	69	122	8	3	7
Valuation (in millions)	\$ 2	\$ 3	\$ 4	\$ 6	\$ 6	\$ 11	\$ 20	\$ 2	\$ 1	\$ 3
<u>Recreation Revenue</u>										
(in thousands)										
Classes	\$ 296	\$ 330	\$ 321	\$ 335	\$ 356	\$ 378	\$ 336	\$ 319	\$ 325	\$ 329
Sports fees	87	79	61	72	82	70	71	59	61	60
Junior Guard	152	142	171	169	184	175	194	214	220	241
Camp Capitola	62	54	71	67	76	80	80	79	102	121
Aquatics	29	24	27	27	23	19	-	-	-	-
Net Class Revenue	\$ 626	\$ 629	\$ 651	\$ 670	\$ 721	\$ 722	\$ 681	\$ 671	\$ 708	\$ 751
Jade St. Rental	n/a	7	16	16	8	7	4	5	5	6
Net Recreation Rev	\$ 626	\$ 636	\$ 667	\$ 686	\$ 729	\$ 729	\$ 685	\$ 676	\$ 713	\$ 757

(1) Residential units and associated valuations are total additional, new or substantially new (by code definition) units.

Source: City of Capitola Police Department, Public Works Director, Building Official, and City financial records.

2012-20

CITY OF CAPITOLA  
 Captial Asset Statistics by Function  
 Last Ten Fiscal Years

Indicator	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	26	26	26	26	26	26	26	26	26	26
Streetlights	71	71	71	71	71	71	71	71	71	71
Traffic signals	8	8	8	8	8	8	8	8	8	8
Parks and recreation										
Parks	7	7	7	7	7	7	7	7	7	7
Community centers	1	1	1	1	1	1	1	1	1	1
General										
Commercial buildings	2	2	2	2	2	2	2	2	2	2

Source: City of Capitola Public Works Director

2012-21

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420 CAPITOLA AVENUE  
CAPITOLA, CALIFORNIA 95010  
TELEPHONE (831) 475-7300  
FAX (831) 479-8879

January 16, 2013

Rogers, Anderson, Malody & Scott, LLP  
735 E. Carnegie Drive, Suite 100  
San Bernardino, CA 92408

We are providing this letter in connection with your audit of the financial statements of the City of Capitola (the City) as of June 30, 2012 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of January 16, 2013, the following representations made to you during your audit.


- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units, if applicable, required by generally accepted accounting principles to be included in the financial reporting entity.
- 2) We have made available to you all—
  - a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Minutes of the meetings of the City or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 6) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a) Management,
  - b) Employees who have significant roles in internal control, or

- c) Others where the fraud could have a material effect on the financial statements.
- 7) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 8) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 9) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 10) The following, if any, have been properly recorded or disclosed in the financial statements:
  - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b) Guarantees, whether written or oral, under which the City is contingently liable.
  - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 11) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 12) There are no—
  - a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
  - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
- 13) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 14) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 15) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



- 16) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 17) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if applicable.
- 18) The financial statements properly classify all funds and activities.
- 19) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 20) Components of net assets (invested in capital assets, net of related debt; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 21) Investments are properly valued.
- 22) Provisions for uncollectible receivables have been properly identified and recorded.
- 23) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 24) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 25) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 26) Extraordinary items are appropriately classified and reported.
- 27) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 28) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 29) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
- 30) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 31) With respect to the City's supplementary information:
  - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 32) We have evaluated the City's ability to continue as a going concern and have included appropriate disclosures, as necessary, in the financial statements.
- 33) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: 

Signed: \_\_\_\_\_

Title: Finance Director

Title: \_\_\_\_\_



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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January 16, 2013

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To the honorable City Council  
City of Capitola  
Capitola, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Capitola (the City) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 11, 2012. Professional standards also require that we communicate to you the following information related to our audit.

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year ended June 30, 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

MEMBERS

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liability for pensions and other post-employment benefits is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the enforceable obligations of the successor agency to the former redevelopment agency are based on correspondence with the State of California. We evaluated the key factor and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of fair value of cash and investments in the notes to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net, in the notes to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the City's retirement plan in the notes to the basic financial statements indicates the pension retirement benefit commitment of the City and the annual pension cost.

The disclosure of the City's other post-employment benefits (OPEB) in the notes to the basic financial statements identifies the annual OPEB cost and the funded status of the actuarial accrued liability. The information disclosed is based on actuarial assumptions which could differ from actual costs.

The disclosure of the restatement of net assets and fund balances in the notes to the basic financial statements identifies the reasons for two restatements.

The disclosure of the dissolution of the former redevelopment agency and the formation of the successor agency trust for the assets of the former redevelopment agency are sensitive due to the significant, unusual and infrequent affect on the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

The honorable City Council  
City of Capitola

January 16, 2013  
Page 3

*Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We noted no uncorrected misstatements that would be material to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 16, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The honorable City Council  
City of Capitola

January 16, 2013  
Page 4

On December 29, 2011, California Supreme Court upheld Assembly Bill X1 26 that provides for the dissolution of all redevelopment agencies in the State of California. Therefore, as of February 1, 2012, the Capitola Redevelopment Agency, a component unit of the City, ceased to exist. All functions of the former redevelopment agency either passed to the City, or to the Successor Agency of the Capitola Redevelopment Agency. The gain (loss) resulting from the dissolution is reported in the financial statements as an extraordinary item.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City Council and management of the City of Capitola and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Rogers Anderson Malooly & Scott, LLP*



## CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 24, 2013

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: AUTHORIZATION TO RECRUIT & HIRE FOR A MAINTENANCE WORKER I/II POSITION

**RECOMMENDED ACTION:** Authorize the City Manager to recruit and hire for the position of Maintenance Worker I/II.

**BACKGROUND:** Since the 2008/2009 Fiscal Year, the City has implemented a limited hiring freeze, requiring Council permission to fill any vacancy other than a vacancy in the Police Department.

**DISCUSSION:** A Maintenance Worker II in the Public Works Department will be retiring effective February 9, 2013. Maintenance Workers perform construction, maintenance and repair work in the upkeep of City streets, parks, beaches, and facilities. Typical work includes asphalt patching, pothole repair, and dumping trash cans throughout the City. Also included is cleaning the following: Storm drains, streets, creeks, parks, and sidewalks. Maintenance Workers maintain all street islands and other City right-of-ways and landscaped areas. They also maintain City buildings, bathrooms, and the wharf. In addition they respond to after-hours service requests and emergencies.

It is essential that this position be filled. During the economic downturn the City reduced the staffing in the Public Works Department by three individuals without any change to the work load. The salary for the Maintenance Worker I is \$32,000 - \$39,000 annually, and a Maintenance Worker II is \$42,700 - \$52,000 annually. The position is budgeted full-time in the Public Works Department and is a member of the Association of Capitola Employees Bargaining Unit.

**FISCAL IMPACT:** The position is currently fully funded in the adopted Fiscal Year 2012/2013 Budget.

Report Prepared By: Lisa G. Murphy  
Administrative Services Director

Reviewed and Forwarded  
by City Manager:

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## CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 24, 2013

**FROM:** COMMUNITY DEVELOPMENT DEPARTMENT

**SUBJECT:** 1575 38<sup>th</sup> AVENUE #12-028 APN: 034-181-17  
 Planned Development Rezoning, Conditional Use Permit, and Design Permit to demolish a commercial salvage yard (Capitola Freight and Salvage) and construct a three-story, 23-unit residential senior housing project in the CN (Neighborhood Commercial) Zoning District.  
 Environmental Determination: Mitigated Negative Declaration  
 Property Owner: Maureen A. Romac, filed 3/2/12  
 Representative: Steve Thomas

**RECOMMENDED ACTION:** By motion, it is recommended that the City Council hold the public hearing, review and consider the staff report, the recommendation of the Planning Commission, and:

- 1) Adopt the Negative Declaration (Attachment );
- 2) Adopt the first reading of the ordinance rezoning the property to "Planned Development"; and
- 3) Adopt the attached resolution, thereby taking the following actions on Application #12-028:
  - a) Approving a Planned Development to become effective upon the effective date of the Rezoning Ordinance; and
  - b) Approving a Design Permit for the Planned Development, to become effective upon the effective date of the Rezoning Ordinance.
  - c) Approving a Conditional Use Permit for the Planned Development, to become effective upon the effective date of the Rezoning Ordinance.

**BACKGROUND:** A preliminary proposal for a four-story, 67-unit senior housing planned development was reviewed by the Planning Commission and City Council in the fall of 2011. Based on the comments and direction received from both the Planning Commission and City Council, the applicant redesigned the project and submitted a formal Planned Development application. The new proposal is a three-story, 23-unit senior housing planned development.

On September 6, 2012, the formal application was reviewed by the Planning Commission. After hearing from the public and discussion amongst the Commissioners, the Commission made a recommendation to the City Council to deny the project. The following are some of the issues and concerns that were raised:

- The project is not complimentary nor consistent with the scale of adjacent commercial and residential uses;
- Pursuant to the Planned Development (PD) ordinance, it was expressed that the benefits of the project to the community through the design, use, or special amenities did not justify the proposed exceptions to the underlying CN district standards;
- The findings to approve a PD under four acres could not be made;
- Concern with the second floor decks as they eliminate privacy to the adjacent properties;

## Item #: 9.A. Staff Report.pdf

1-24-13 AGENDA ITEM

SUBJECT: 1575 38<sup>th</sup> AVENUE #12-028 APN 034-181-17

- Lack of landscaping; and
- Concern with the mass, scale and density of the project.

The Planning Commission staff report and minutes from the September 6, 2012 meeting are attached (Attachments 5 & 6) for your information.

Following the Planning Commission meeting, the applicant met with city staff and prepared revised plans to address some of the issues raised by the Planning Commission (Attachments 3 & 4). Changes to the design included the following:

- Reducing the average height from 42' to 39'.
- Redesign of the front of the building, eliminating the front porte-cochere and a driveway, improving the street appeal of the project by setting the structure back further, increasing the landscaping, and providing an outdoor patio for residents off of the private eating area.
- Eliminating the outdoor deck areas on the rear (west) elevation to address privacy concerns of the residents behind the project.
- Redesign of the rear portion of the structure to reduce the height, scale, and mass adjacent to the residential neighbors. The new design relocates the elevator tower toward the center of the building and steps the structure away from the rear property line.

The plans presented to the Planning Commission on September 6, 2012 are included as part of the attached Planning Commission staff report (Attachment 5). The revised plans are being presented for approval by the City Council and are presented as attachments 3 and 4. In addition, a diagram that demonstrates the progression of the design of the building since the original preliminary PD design has been provided by the applicant (Attachment 7).

**DISCUSSION:** The 31,365 square foot (.72 acre) project site is located on 38<sup>th</sup> Avenue between Capitola Road and Brommer Street. The relatively flat site currently contains a commercial salvage yard which is proposed to be removed as part of the project. Abutting the west property line are single-family homes located in the County, while to the south of the property is a self storage facility. Across the street is the King's Plaza shopping center, while to the north is a combination of office and commercial properties.

The project consists of demolition of the existing salvage yard and its accessory buildings and construction of a 23-unit rental (market rate), "unassisted" senior housing development. The project applications to be considered by the City include: Planned Development Rezoning, Conditional Use Permit, and Design Permit for the demolition and construction.

The proposed project will be contained within an approximately 65,000 square foot, three-story building. The contemporary Mediterranean architecture incorporates a mix of smooth stucco finish, cast stone balustrades, wrought iron railings, and barrel tile roof. The proposed housing units will be located on the second and third floors. The planned units include 14 studio units and nine one-bedroom units.

The ground level includes an enclosed 35-space enclosed parking garage, a main entry lobby, a commercial kitchen, and a private restaurant with an outdoor dining area for residents. The restaurant area (with an approximately 600 square foot kitchen) is intended for residents only, where meals will be served three times a day. There is shared common area throughout the development, with a 480-square foot pool with spa and cabana proposed on the third floor. A community rooftop deck has also been incorporated.

In addition to serving meals, a number of amenities will be provided for senior residents, including a swimming pool, bocci ball, hobbies, exercise, yoga, massage, book club, classes, educational

1-24-13 AGENDA ITEM

SUBJECT: 1575 38<sup>th</sup> AVENUE #12-028 APN 034-181-17

speakers, wifi, and a shuttle service that will provide supplemental transportation for residents.

Staff is supportive of the senior housing use. The site's central location adjacent to a mix of commercial uses is convenient for seniors, including a movie theatre, several restaurants, drug store, and grocery store, as well as the Capitola Mall. The applicant has addressed many of the issues raised during the preliminary review process by significantly reducing the density, height, mass, and scale of the building, as well as addressing parking, privacy and architectural concerns.

**FISCAL IMPACT:** None

**ATTACHMENT:**

1. Draft Ordinance rezoning the property from CN to PD
2. Draft Resolution proposed for City council adoption, containing findings and conditions of the project
3. Project Plans (Revised) dated 1/7/13
4. Project Renderings dated 1/7/13
5. September 6, 2012 Planning Commission Staff Report, including the Initial Study and Negative Declaration
6. September 6, 2012 Planning Commission Minutes
7. Project Design Progression Diagram
8. Letter from George Ow Jr. dated January 14, 2013
9. Letter from Kim Frey, dated January 15, 2013

**Report Prepared By:** Ryan Bane  
Senior Planner

**Reviewed and Forwarded  
by City Manager:**

*TH for  
JG*

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**DRAFT**

**ORDINANCE NO.**

**AN ORDINANCE OF THE CITY OF CAPITOLA AMENDING THE ZONING MAP OF THE ZONING ORDINANCE OF THE CAPITOLA MUNICIPAL CODE FOR A .72 ACRE SITE LOCATED AT 1575 38<sup>th</sup> AVENUE, ASSESSOR'S PARCEL NUMBER 034-181-17 BY WAY OF REZONING THIS PROPERTY FROM THE CN "NEIGHBORHOOD COMMERCIAL" DISTRICT TO THE PD-"PLANNED DEVELOPMENT" DISTRICT**

**APPLICATION #12-028**

WHEREAS, the City of Capitola reviews land use designations and zoning in order to regulate appropriate use of land and to protect the public health, safety and welfare; and

WHEREAS, Zoning Districts specifying allowable uses, permit requirements, and development standards are applied to lands in order to implement General Plan land use designations and the City of Capitola has determined that rezoning the .72 acre site at 1575 38<sup>th</sup> Avenue is necessary so that the zoning district applied to the property is consistent with and implements the General Plan land use designation; and

WHEREAS, the Planning Commission held a public hearing on September 6, 2012 and recommended denial of the application; and

WHEREAS, the City Council considered the Planning Commission's recommendation along with the documentary record and oral testimony, and determined that a 23-unit senior housing use was appropriate for the site in conjunction with a Planned Development District zoning designation; and

WHEREAS, the City Council, following the public hearing determined to adopt the ordinance rezoning the subject parcel, and hereby finds that the public necessity, convenience, general welfare and good zoning practice, support and require amendment of the Zoning Map to provide "Planned Development District" zoning designation on the subject property.

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Capitola, as follows:

**SECTION 1.** The real property located on the west side of 38<sup>th</sup> Avenue between Capitola Road and Brommer Street, known as 1575 38<sup>th</sup> Avenue, Assessor's Parcel Number 034-181-17, and more particularly described in Exhibit "A", attached hereto and made a part hereof, is hereby rezoned to the PD "Planned Development" district, and the zoning Map of the Zoning Ordinance of the Capitola Municipal Code is hereby amended to reflect this reclassification.

SECTION 2. This ordinance shall be in full force and take effect thirty (30) days after its final adoption.

This ordinance was introduced on the 24<sup>th</sup> day of January 2013, and was passed and adopted by the City Council of the City of Capitola on the \_\_\_ day of \_\_\_\_\_, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

\_\_\_\_\_

Stephanie Harlan, Mayor

ATTEST:

\_\_\_\_\_, CMC

Su Sneddon, City Clerk

**DRAFT**

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
APPROVING A CONDITIONAL USE PERMIT AND DESIGN PERMIT FOR A  
RESIDENTIAL SENIOR HOUSING PROJECT ON A .72 ACRE SITE AT 1575 38<sup>TH</sup>  
AVENUE (LOCATED ON THE WEST SIDE OF 38<sup>TH</sup> AVENUE BETWEEN CAPITOLA  
ROAD AND BROMMER STREET), BEING REZONED FROM CN (NEIGHBORHOOD  
COMMERCIAL) TO PD (PLANNED DEVELOPMENT) DISTRICT AS PART OF THE  
PROPOSED PROJECT**

Project: Application #12-028:  
1575 38<sup>TH</sup> Avenue, Conditional Use Permit, Design Permit, and Rezoning to  
Planned Development District  
APN: 034-181-17

WHEREAS, an application for a Conditional Use Permit, Design Permit and Planned Development zoning designation on a .72 acre site located on the west side of 38<sup>th</sup> Avenue between Capitola Road and Brommer Street in the City of Capitola, was submitted by Steve Thomas; and

WHEREAS, the above noted Conditional Use Permit and Design Permit proposes to create twenty three (23) residential senior units, utilizing the Planned Development District provisions of Chapter 17.39 of the Municipal Code for exceptions to various development standards as noted in the staff report to the City Council; and

WHEREAS, the City Council has considered, at a duly noticed public hearing, the proposed Conditional Use Permit, Design Permit, and Planned Development District Rezoning for the project; and

WHEREAS, the Planning Commission at its September 6, 2012 meeting recommended denial of the project; and

WHEREAS, the City Council is the final decision-making body on this application and can approve, deny, or direct continuance for redesign; and

WHEREAS, the City Council has considered the documentary record for the project, including the Planning Commission Staff Report and appropriate minutes of the Planning Commission meeting, and oral and written communications at the January 24, 2013 public hearing of the Council prior to taking action.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the City Council of the City of Capitola, makes the following findings regarding the proposed application:

1. **FINDING:** The parcel is suitable for, and of sufficient size to be planned and developed in a manner consistent with the purposes and objectives of Municipal Code

Section 17.39 PD Planned Development District. Being that the subject parcel is less than four acres of contiguous land, the Planning Commission and City Council find that the parcel is suitable as a PD district by virtue of its unique land use. The site is bounded by properties zoned CC (Community Commercial) and CN (Neighborhood Commercial). As a result, to provide a suitable transition between these various land uses while accommodating the existing density allowed by the General Plan and Zoning Ordinance, it is concluded that the use of the Planned Development mechanism is appropriate for the site.

2. FINDING: The proposed project's design and improvement, as conditioned by the attached conditions of approval, is substantially in conformance with the City of Capitola's General Plan and Zoning Ordinance and other Municipal Code requirements and standards as modified through the Planned Development provisions of the Zoning Ordinance for exceptions from certain zoning development standards.

(a) The proposed housing project, including its design and improvements, is consistent with the City's General Plan goals to create a variety of housing types and styles throughout the City, in that it results in the creation of senior housing in a central location adjacent to a mix of commercial uses that is convenient for seniors, including a movie theatre, several restaurants, drug store, and grocery store, as well as the Capitola Mall.

(b) Deviation from the CN district standards which govern the current zoning of the site has been minimized as required by Section 17.39.020(C) of the Planned Development District Standards and Requirements. Such deviations to setbacks and height will not have undesirable effects which outweigh the benefits of twenty three (23) senior housing units in a central location convenient for seniors to access commercial uses.

(c) The project site is not within a specific plan area nor within the Coastal Zone.

3. FINDING: That the site is physically suitable for the type and density of development proposed.

(a) The developable area of the site is flat, is located outside the floodplain, in close proximity to existing residential and commercial development where infrastructure already exists to serve the twenty three additional residential units, and capacity is available in public water and sanitary sewer facilities to serve the site.

(b) The proposed development of the site with attached senior housing will be consistent with the General Plan goals.

(c) The .72 acre site is large enough to ensure adequate open space and parking for each of the units proposed.

4. FINDING: The establishment, maintenance and operation of the residential senior housing, as conditioned, will not, under the circumstances, be detrimental to health,



RESOLUTION NO.

3

safety, peace, morals, comfort and general welfare of the persons residing or working in the neighborhood of the proposed development, or to its future residents, or to the general welfare of the City. The application, subject to the conditions imposed, will secure the purposes of the Zoning Ordinance and General Plan, and will maintain the character and integrity of the neighborhood.

- (a) Community Development Department Staff, the Architectural and Site Review Committee, the Planning Commission, and the City Council have reviewed the project and determined that the project, subject to the attached conditions and with the Planned Development Zoning designation in place, is generally consistent with the development standards of the CN (Neighborhood Commercial) zoning district. Conditions of approval have been included to carry out the objectives of the Subdivision and Zoning Ordinance, as well as the General Plan.
- (b) This project has been or will be, reviewed by all responsible City, County, and Regional agencies, and conditions of approval have been applied as deemed necessary by the Planning, Public Works, and Building Department Staff to ensure the continuing public health, safety and orderly development of the surrounding area.
- (c) Proposed connections to existing infrastructure have been reviewed and a determination has been made that the site can and will be served by nearby municipal services and utilities.

BE IT FURTHER RESOLVED that the City Council approves the proposed Conditional Use Permit and Design Permit subject to, and contingent upon, the rezoning of the site to "Planned Development" as per the ordinance rezoning the property and further subject to the conditions of approval attached as Exhibit "A".

I HEREBY CERTIFY that the above and foregoing resolution was passed and adopted by the City Council of the City of Capitola at its regular meeting held on the 24<sup>th</sup> day of January, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

---

Stephanie Harlan, Mayor

\_\_\_\_\_, CMC  
Su Sneddon, City Clerk

## Exhibit "A"

**1575 38<sup>th</sup> Avenue  
Application #12-028**

### CONDITIONS OF APPROVAL

1. The project approval consists of a planned development at 1575 38<sup>th</sup> Avenue in the CN (Neighborhood Commercial) zoning district. Approval includes demolition of the commercial salvage yard and related structures, and construction of a three-story, 23-unit market rate senior housing development.
2. Any significant modifications to the size or exterior appearance of the approved design must be approved by the Planning Commission. Similarly, any significant change to the use itself, or the site, must be approved by the Planning Commission.
3. Prior to granting of final occupancy, compliance with all conditions of approval shall be demonstrated to the satisfaction of the Zoning Administrator or Community Development Director.
4. Hours of construction shall be Monday to Friday 7:30 a.m. – 8:00 p.m., and Saturday 9:00 a.m. – 4:00 p.m., per city ordinance.
5. Air-conditioning equipment and other roof top equipment shall be screened from view and fall within the allowable city permitted decibel levels.
6. Affordable housing in-lieu fees shall be paid as required to assure compliance with the City of Capitola Affordable (Inclusionary) Housing Ordinance. Any appropriate fees shall be paid prior to building permit issuance.
7. A drainage plan or design shall be submitted with the final building plans, to the satisfaction of the Public Works Director and approved by Santa Cruz County's Zone 5 Drainage District.
8. The final landscape plan shall be submitted with the building permit application and will include the specific number of plants of each type and their size, as well as the irrigation system to be utilized. Landscaping shall be installed prior to final building occupancy.
9. An erosion control plan shall be approved and in place prior to grading and construction on site.
10. Prior to Certificates of Occupancy being issued, the project Developer shall be responsible for installing all required frontage improvements including curb, gutter, and sidewalk, along 38<sup>th</sup> Avenue for the length of the property frontage. All sidewalks are to meet the standards for ADA accessibility.
11. All lighting shall be shielded and directed on to subject property, away from adjacent residential properties. Lighting intensity shall be reviewed and approved by staff prior to final occupancy and shall be reviewed by the Planning Commission upon receipt of a complaint.

12. No roof equipment is to be visible to the general public. Any necessary roof screening is to match the color of the building as closely as possible. Plans for any necessary screening shall be submitted to the Community Development Department prior to, or in conjunction with, building permit submittal.
13. A 6'-8" high concrete block wall (measured from project finished grade) will be constructed along the western property line adjacent to residential properties.
14. Prior to issuance of a building permit, any necessary encroachment permit shall be obtained from the Public Works Director.
15. The utilities shall be underground to the nearest utility pole in accordance with PG&E and Public Works Department requirements. A note shall be placed on the final building plans indicating this requirement. Underground utility vaults shall be located in a paved surface area outside of the landscaped area.
16. The applicant shall comply with all requirements of the Santa Cruz City Water District regarding landscape irrigation and/or water fixture requirements, as well as any infrastructure improvements. Final building plans shall be reviewed and approved by the District prior to issuance of building permits.
17. Require implementation of "Best Management" construction practices to control dust and PM<sub>10</sub> emissions during grading and site development. The MBUAPCD identifies the following construction practices to control dust:
  - o Water all active construction areas at least twice daily;
  - o Prohibit all grading activities during periods of high winds (over 15 mph);
  - o Cover all trucks hauling dirt, sand or loose materials.
  - o Cover or water stockpiles of debris, soil and other materials which can become windblown;
  - o Install wheel washers at the entrance to construction sites for all existing trucks;
  - o Sweep streets if visible soil material is carried out from the construction site;
  - o Apply chemical soil stabilizers on inactive construction sites;
  - o Plant vegetative ground cover in disturbed areas as soon as possible.
18. The applicant shall submit a construction plan for approval prior to building permit issuance. The plan shall include, but not be limited to, identifying construction hours, access to the site, contractor parking locations, office trailer locations, material storage, etc.
19. If archaeological resources or human remains are accidentally discovered during construction, work shall be halted within 50 meters (150 feet) of the find until it can be evaluated by a qualified professional archaeologist. If the find is determined to be significant, appropriate mitigation measures shall be formulated and implemented. Disturbance shall not resume until the significance of the archaeological resources is determined and appropriate mitigations to preserve the resource on the site are established. If human remains are encountered during construction or any other phase of development, work in the area of discovery must be halted, the Santa Cruz County coroner notified, and the provisions of Public Resources Code 5097.98-99, Health and Safety Code 7050.5 carried out. If the remains are determined to be

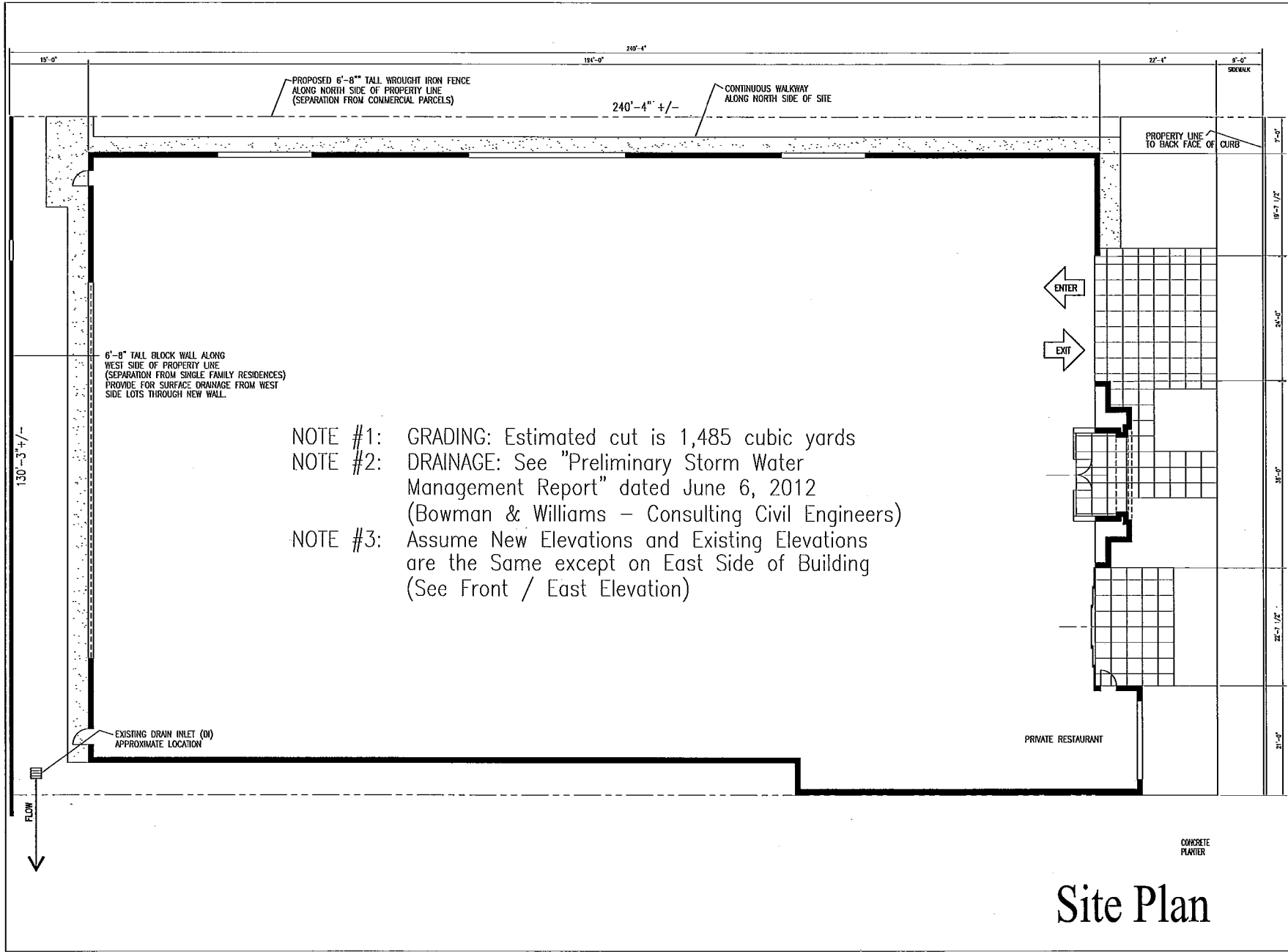
RESOLUTION NO.

Native American, the Native American Heritage Commission (NAHC) shall be notified within 24 hours as required by Public Resources Code 5097.

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- NOTE #1: GRADING: Estimated cut is 1,485 cubic yards
- NOTE #2: DRAINAGE: See "Preliminary Storm Water Management Report" dated June 6, 2012 (Bowman & Williams – Consulting Civil Engineers)
- NOTE #3: Assume New Elevations and Existing Elevations are the Same except on East Side of Building (See Front / East Elevation)

**HUYCK ARCHITECTS**

9200 SOQUEL DRIVE  
 APTOS, CA 95003  
 PHONE (831)685-1206  
 FAX (831)688-3205

*Progress*  
 01-07-13

no.	date	description

REVISIONS

PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APN: 034-181-17

SHEET TITLE  
 SITE PLAN

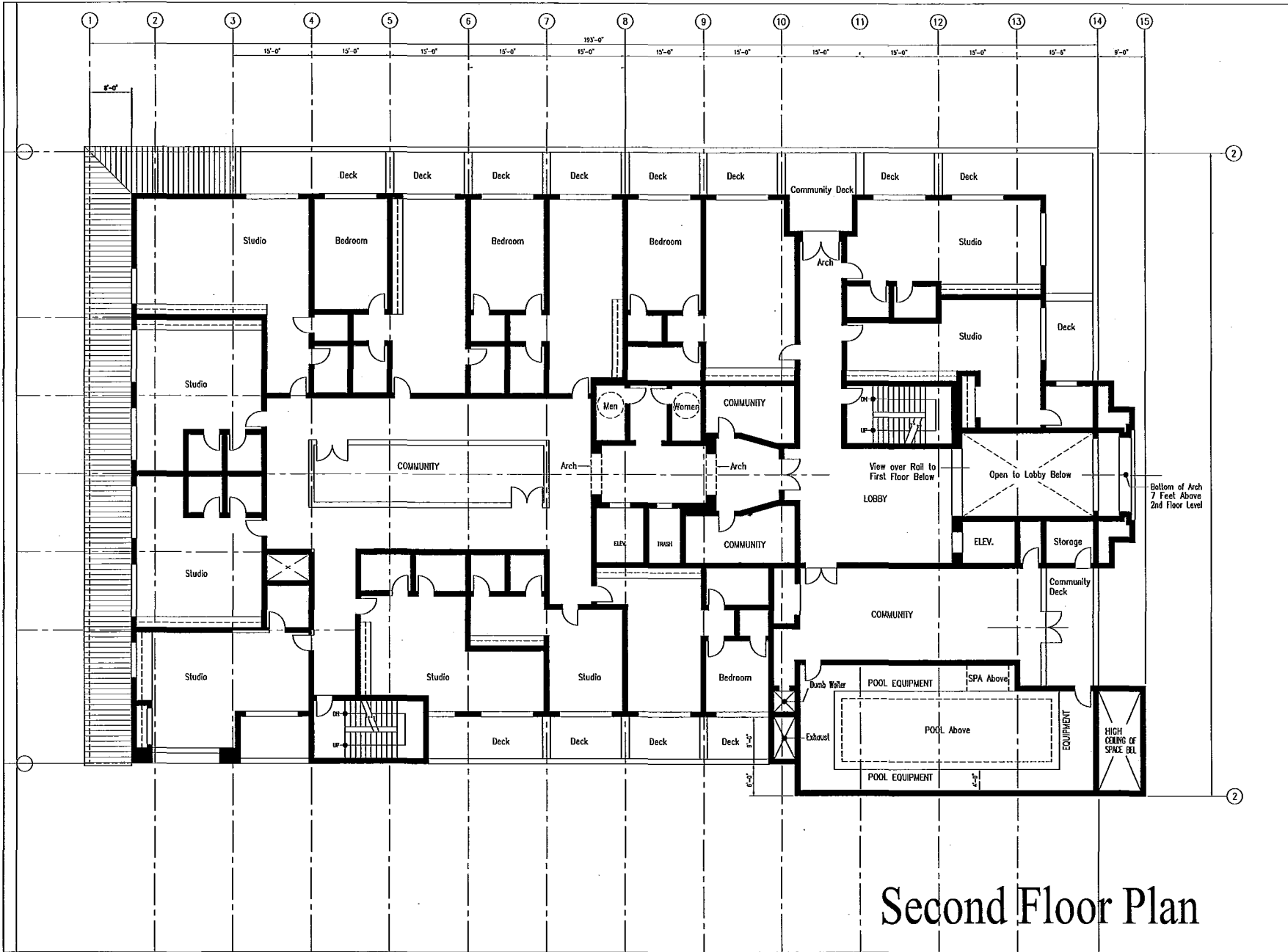
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 DWG. NO.: N1140-A-2

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Site Plan





# Second Floor Plan

**HUYCK**  
ARCHITECTS

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APTOS, CA 95003  
PHONE (831)685-1206  
FAX (831)688-3205

Progress  
01-07-13

no.	date	description

REVISIONS

PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

SHEET TITLE  
SECOND FLOOR  
PLAN

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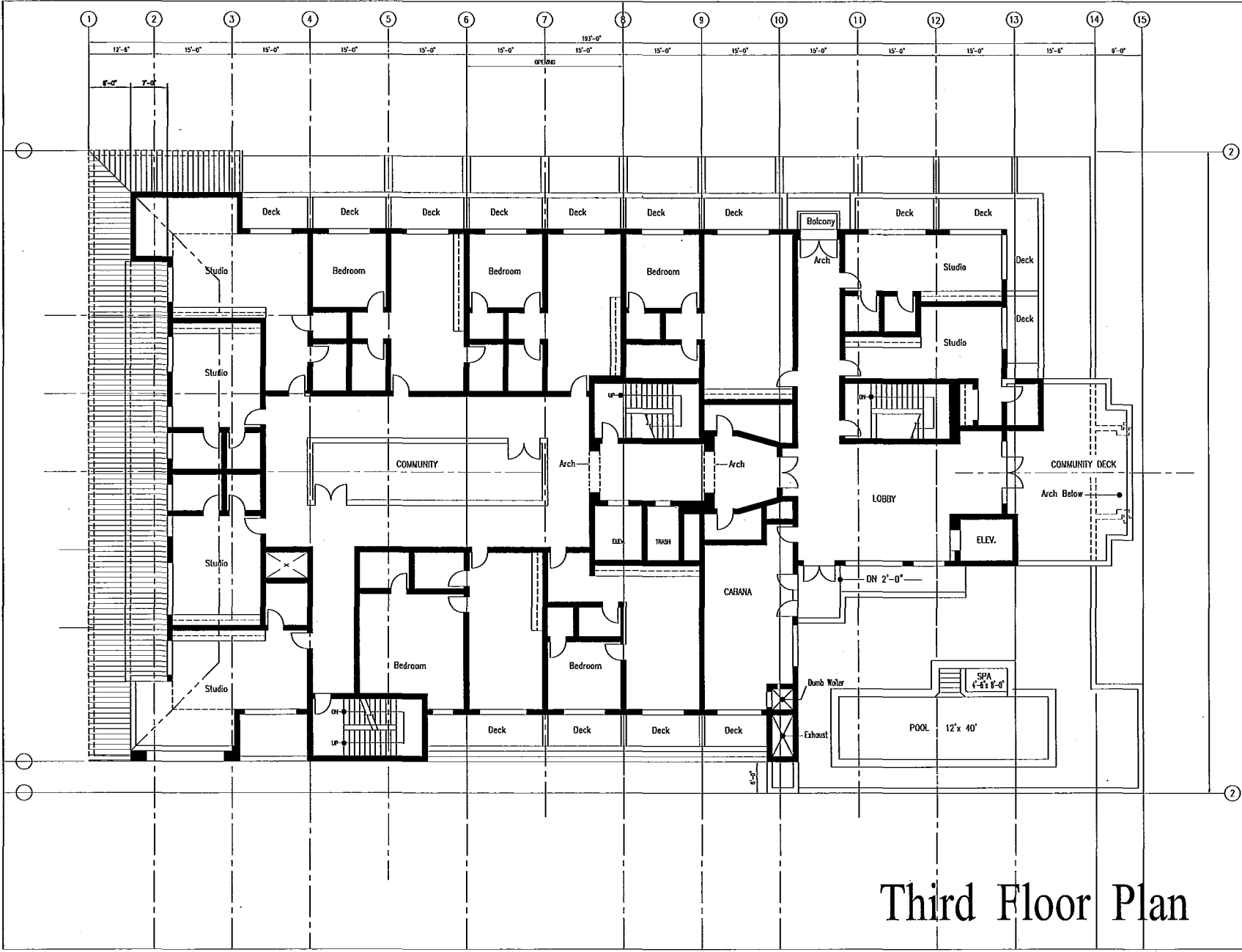
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ARCHITECTS

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APTOS, CA 95003  
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FAX (831)688-3205

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01-07-13



# Third Floor Plan

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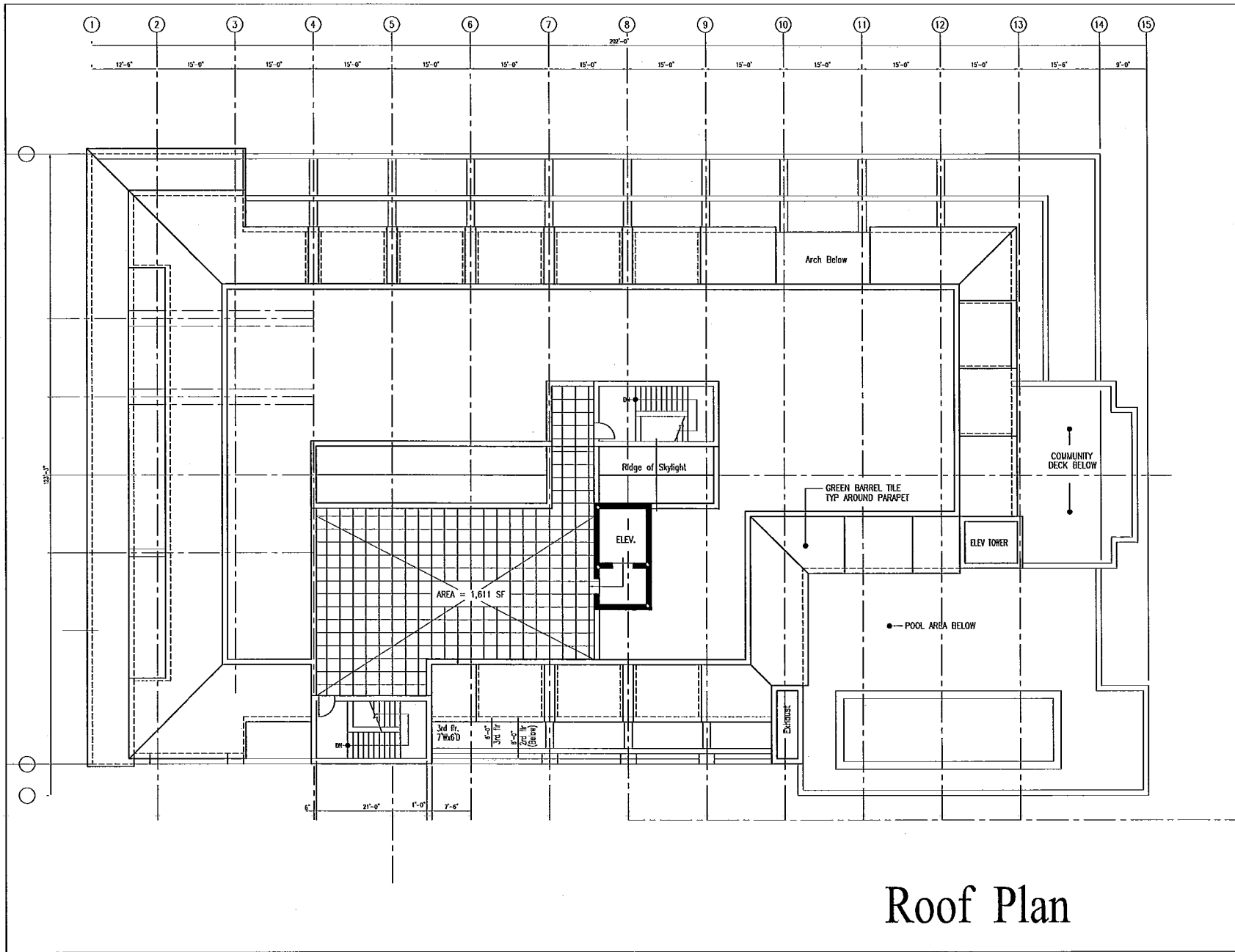
REVISIONS

PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

SHEET TITLE  
THIRD FLOOR  
PLAN

SCALE: 1/8" = 1'-0"  
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ARCHITECTS

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APTOS, CA 95003  
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FAX (831)688-3205

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REVISIONS

PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

SHEET TITLE  
ROOF  
PLAN

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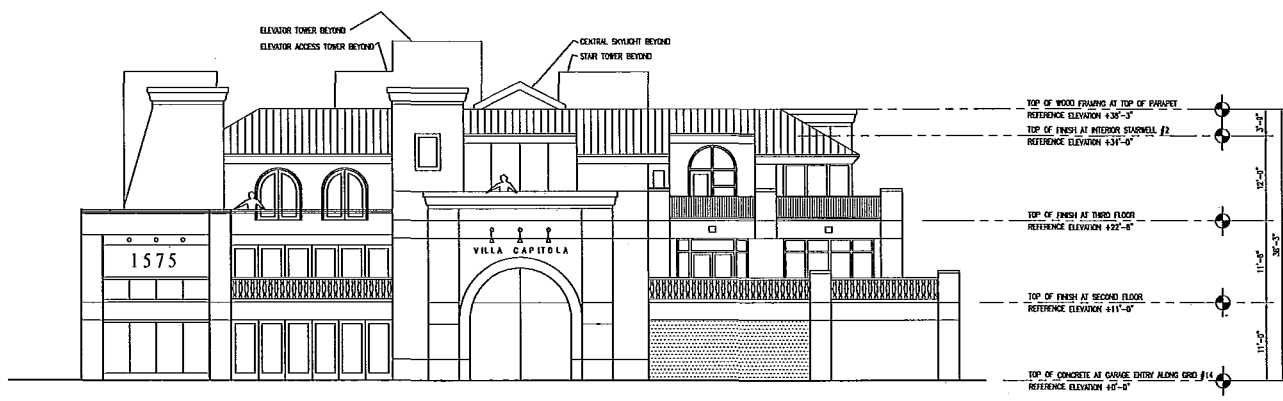
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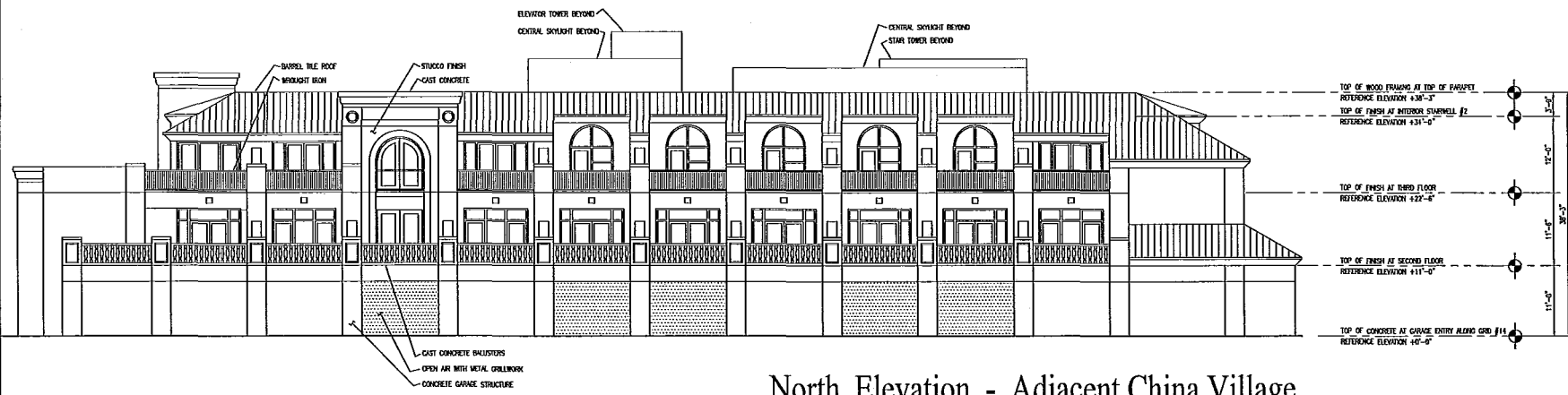
# Roof Plan

Item #: 9.A. Attach 3.pdf





East Elevation - Front



North Elevation - Adjacent China Village

See 3D  
Renderings

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APTOS, CA 95003  
PHONE (831)688-1206  
FAX (831)688-3205

Progress  
01-07-13

no.	date	description

REVISIONS

PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

SHEET TITLE  
EXTERIOR  
ELEVATIONS

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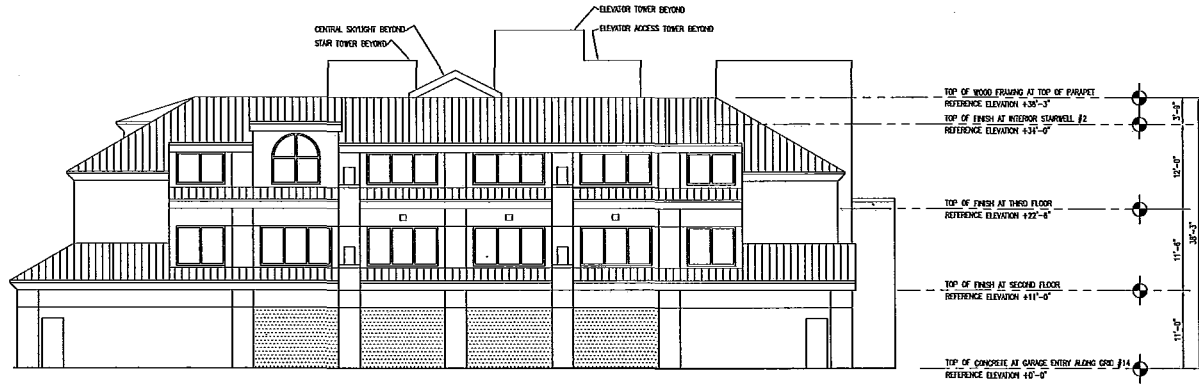
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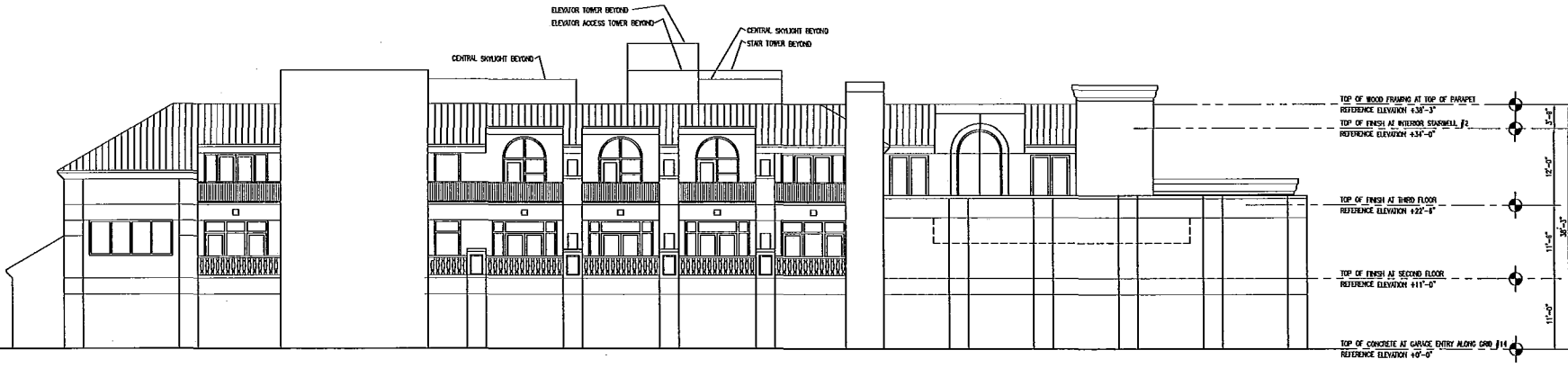
**HUYCK**  
ARCHITECTS

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West Elevation - Rear



South Elevation - Adjacent Storage

See 3D  
Renderings

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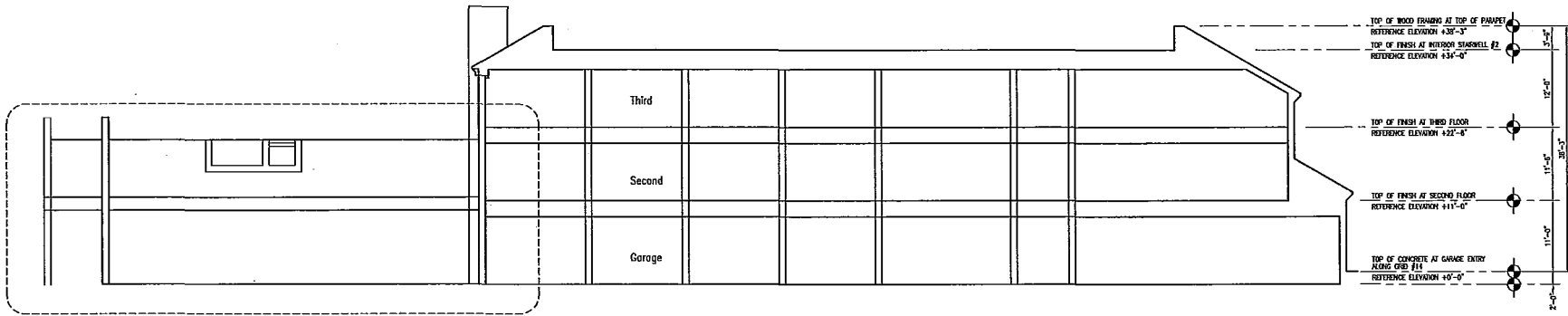
REVISIONS

PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

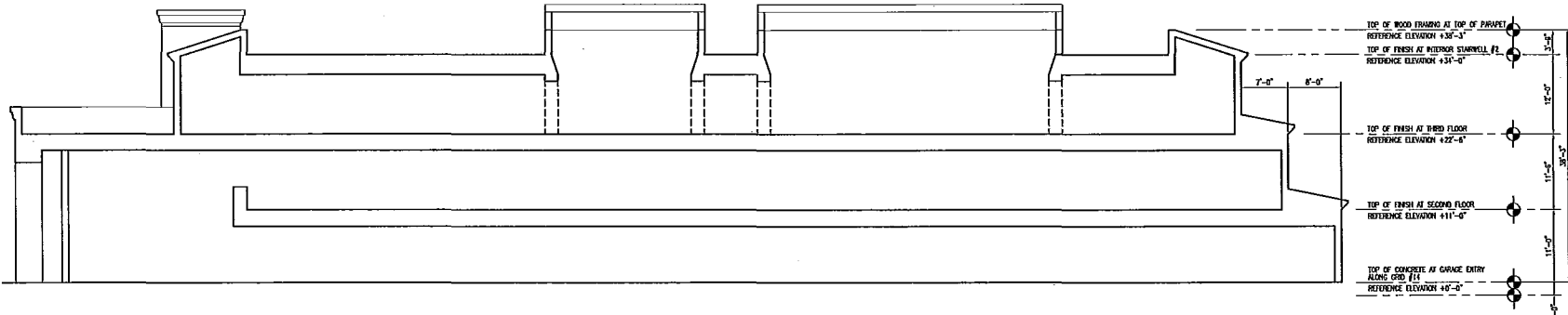
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ELEVATIONS

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Longitudinal Section



Longitudinal Section through Community/Skylight

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APTOS, CA 95003  
PHONE (831)685-1206  
FAX (831)688-3205

Progress  
01-07-13

date	description
XX-XX-XX	XXX

REVISIONS

PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

SHEET TITLE  
BUILDING  
SECTIONS

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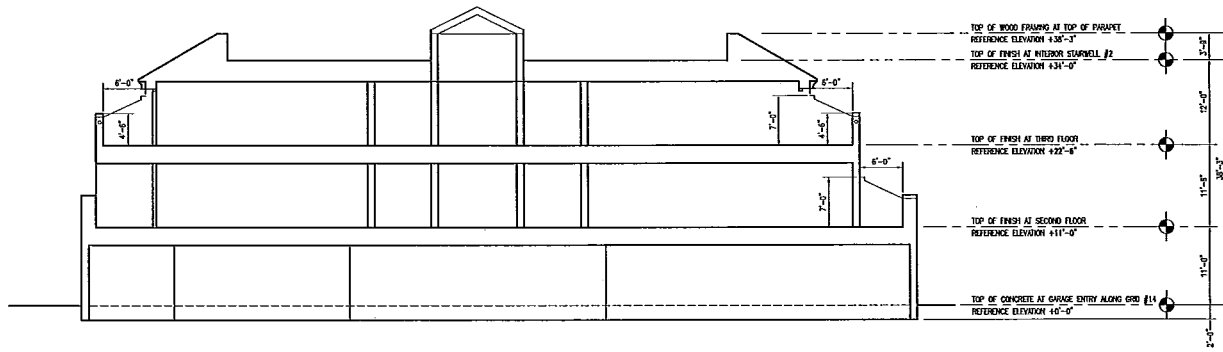
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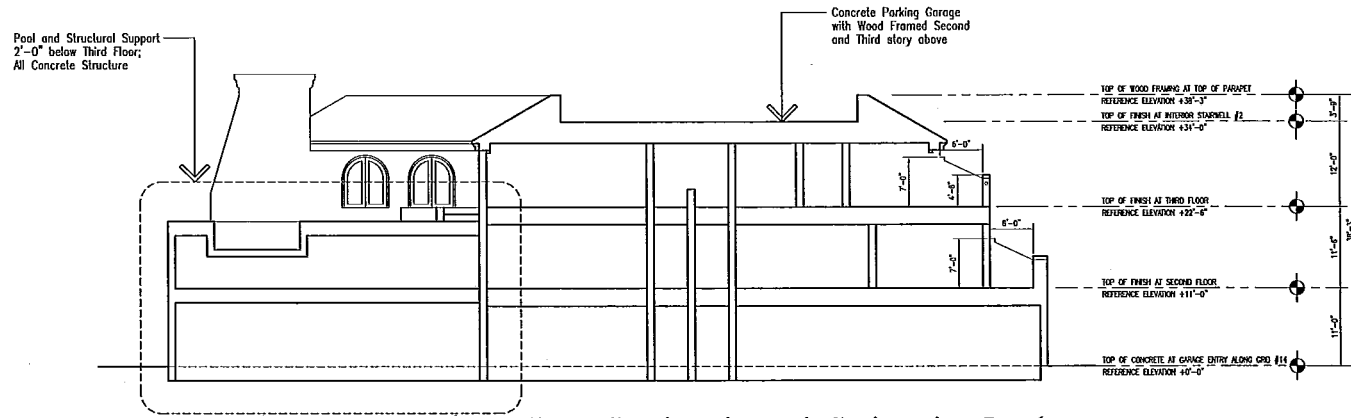
**HUYCK**  
ARCHITECTS

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APTOS, CA 95003  
PHONE (831)685-1206  
FAX (831)688-3205

Progress  
01-07-13



Cross Section through Community Lightwell



Cross Section through Swimming Pool

no.	date	description

REVISIONS

PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

SHEET TITLE  
BUILDING  
SECTIONS

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## STAFF REPORT

TO: PLANNING COMMISSION

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

DATE: SEPTEMBER 6, 2012

SUBJECT: **1575 38<sup>th</sup> AVENUE**                      **#12-028**                      **APN: 034-181-17**  
 Planned Development Rezoning, Conditional Use Permit, and Design Permit to demolish a commercial salvage yard (Capitola Freight and Salvage) and construct a three-story, 23-unit residential senior housing project in the CN (Neighborhood Commercial) Zoning District.  
 Environmental Determination: Mitigated Negative Declaration  
 Property Owner: Maureen A. Romac, filed 3/2/12  
 Representative: Steve Thomas

### APPLICANT'S PROPOSAL

The applicant is proposing a planned development rezoning at 1575 38th Avenue in the CN (Neighborhood Commercial) zoning district. The project site currently contains a commercial salvage yard which is proposed to be removed as part of the project. The proposal is a three-story, 23-unit market rate senior housing development on the 31,365 square foot (.72 acre).

### BACKGROUND

A preliminary proposal for a four-story, 67-unit senior housing planned development was reviewed by the Planning Commission and City Council in the fall of 2011. On September 1, 2011, the Planning Commission considered the preliminary development plan and commented on the project. The following are some of the issues that were raised, but it should be noted that not all of the commissioners shared the same concerns:

- Concern with the mass, scale and height of the building, and its relationship to the surrounding neighborhood;
- Lack of articulation on all four sides of the structure;
- Insufficient parking provided on site; and
- Lack of landscaping and outdoor space.

The Planning Commission minutes from the September 1, 2011 meeting are attached (Attachment E) for your information.

On October 13, 2011 the City Council considered the same preliminary application. The following is a summary of the recommendations and concerns expressed by the City Council. It should be noted that not all of the council members shared the same concerns and recommendations:

- The use was supported as there is a need for active senior housing in the community.

- Concern with the mass, scale and height of the building. Also a concern with the minimal setbacks provided and the building's relationship to the surrounding neighborhood.
- A three story design could be supported with the right design, suggest increased setbacks for the second and third stories.
- Concern with the density and potential for additional traffic and parking congestion. A parking study will be required, and sufficient parking will be essential.
- Architectural design will be important, detail and interest will be needed. Would want a design that would look nice a 100 years from now. A Mediterranean design was suggested.
- It is important that the applicant meet and work with the neighbors.
- It was stressed that landscaping would be very important.
- Good location for this type of use, as it is close to many amenities.
- Suggest using stepping back of building to create decks for open space, use open interior for common space.
- Recommend partial undergrounding of the garage in order to reduce overall height of the building.
- Important to have sidewalks to connect to nearby commercial uses.
- Important to have recreational activities for seniors, such as bocce ball, etc.

The City Council minutes from the October 13, 2011 meeting are attached (Attachment F) for you information. Based on comments and direction, the applicant has redesigned the project and submitted a formal Planned Development application.

### **ARCHITECTURAL AND SITE REVIEW**

The Architectural and Site Review Committee considered this project on March 14, 2012. The following issues were raised by various members of the Committee:

#### **Ryan Bane, Senior Planner**

- Provide a colors and material board, as well as indicated materials on the plan elevations.
- Provide section drawings that show existing grade, proposed grades, and building heights.
- Provide a letter that describes the project in detail.
- Light will need to be directed down and shielded from adjacent properties. The guidelines also require light to be contained on the property.
- A minimum 6' high concrete block wall (measured from project finished grade) will be required along the western property line adjacent to residential properties.
- Provide a detailed sign plan for any proposed signage.
- For a project of this size, it is recommended that you contact the Santa Cruz County Public Works Drainage Department in order to identify any drainage improvements that will be required as part of the development.
- Staff recommends that you begin work with the Santa Cruz City Water District to determine what will be required to create new water meters for the proposed units.

#### **Derek Van Alstine, City Architect**

- Expressed that he liked the overall design, and pointed out that the break in the roof line really helps break up the massing of the structure.
- Complimented the roof color.
- Recommended using color variation in the stucco in order to create depth.
- Suggested that additional handicap spaces be included for a senior housing use.



Steve Jesberg, Public Works Director

- He recommended working with the County Zone 5 Drainage Dept., County Sanitation Dept., and Santa Cruz City Water early on in the process.
- He indicated that a traffic study would be required, and that the impacts to the Capitola Road/38<sup>th</sup> Avenue intersection would need to be studied.
- Installation of public sidewalk would be required along 38<sup>th</sup> Avenue.

Susan Suddjian, City Landscape Architect

- Expressed that she like the project and the plant selection.
- She stated that the olive trees go well with the Mediterranean architecture.

The applicant has submitted revised plans as well as the requested materials to address these issues.

**DISCUSSION**

The 31,365 square foot (.72 acre) project site is located on 38<sup>th</sup> Avenue between Capitola Road and Brommer Street. The relatively flat site currently contains a commercial salvage yard which is proposed to be removed as part of the project. Abutting the west property line are single-family homes located in the County, while to the south of the property is a self storage facility. Across the street is the King's Plaza shopping center, while to the north is a combination of office and commercial properties.



**1575 38<sup>th</sup> Avenue – APN 034-181-17**

The project consists of demolition of the existing salvage yard and its accessory buildings and construction of a 23-unit rental (market rate), “unassisted” senior housing development. The project applications to be considered by the City include: Planned Development Rezoning, Conditional Use Permit, and Design Permit for the demolition and construction.

The proposed project will be contained within an approximate 70,000 square foot, three-story building. The somewhat contemporary Mediterranean architecture incorporates a mix of smooth stucco finish, cast stone balustrades, wrought iron railings, and barrel tile roof. A color and materials board will be available for review at the Planning Commission meeting. The proposed housing units will be located on the second and third floors. The planned units include 11 studio units, nine one-bedroom units, two one-bedroom with study units, and one two-bedroom with study unit.

The ground level includes an enclosed 36-space enclosed parking garage with a porte cochere for pick-up and drop-off of residents and guests. An approximate 520 square foot “private coffee bar” also is located on the ground floor adjacent to the parking area, which will serve meals in a dining room, coffee bar or poolside cabana. The restaurant area (with an approximate 520 square foot kitchen) is intended for residents only, where meals will be served three times a day. A lobby area is located on the second, and a 480-square foot pool with spa and cabana is proposed on the third floor. A community rooftop deck has also been incorporated.

In addition to serving meals throughout the day, a number of amenities will be provided for senior residents, including a swimming pool, bocci ball, hobbies, exercise, yoga, massage, book club, classes, educational speakers, wifi, and a shuttle service that will provide supplemental transportation for residents.

#### General Plan

The General Plan Designation for the site is C-LC (Commercial – Shopping Local). The designation is described as “Commercial areas that serve local neighborhoods.” The Housing Element lists the site as a Mixed-Use Residential/Commercial opportunity site. The following is an excerpt from the Housing Element:

*The current use of this parcel (APN # 034-181-17) (not in the coastal zone) is the “Capitola Freight and Salvage”, a used building materials operation. The site is approximately 0.7 acres in size and is in the Neighborhood Commercial (CN) zoning district and is close to public transit, shopping and other amenities. The CN zone allows residential-commercial mixed-use development as a principally permitted or “by-right” use. The current use of the site is not seen as a barrier to future development as it significantly underutilizes the site, and will not be continued when redeveloped. Currently there are several dilapidated buildings on the site that are used for the Capitola Freight and Salvage business. The buildings do not contain residential units and cover approximately 20% of the site.*

*It is anticipated that due to the age and poor condition of the existing structures, that the site will be redeveloped in the current planning period. Given current zoning and proximity to public services the site is appropriate for a future mixed residential/commercial development project. Taking into consideration the setbacks, parking, and other design requirements of the CN district, it is possible to build 17 residential units above commercial on this site or 25 dwelling units per acre. Going by the standards set by the California State Department of Housing and Community Development, a density of 20 dwelling units/acre equates to low and very low income affordability. Although this site qualifies under State Housing Element requirements for the development of low-income housing units, the City of Capitola is choosing to show this site as being developed for moderate and above moderate income households. While a net of 17 units are possible on this site, the City has anticipated development at about 50% of the net new units, for a total of eight units.*

Though it is stated that a net of 17 units are possible on the site, it is certainly possible to develop more. The CN zoning district does not have a specific maximum lot coverage or

minimum lot area per unit. Therefore, density is indirectly controlled by the need to meet parking requirements.

#### Zoning District

The parcel is currently zoned CN (Neighborhood Commercial). The purpose of the existing CN districts is “to accommodate, at convenient locations, those limited commercial uses which are necessary to meet frequently occurring basic shopping and service needs of persons residing in adjacent areas and to implement the harmonious intermingling of pedestrian, commercial and residential activities. The style and scale of development should be consistent with the foregoing and the intensity of uses should have low impact on the neighborhood.”

This is a neighborhood commercial district that permits single family residential and residential/commercial mixed use development as principal permitted uses. Multifamily residential is permitted with a conditional use permit. This district has permissive development standards: there is no specific maximum lot coverage or minimum lot area per unit, density is indirectly controlled by the need to meet parking requirements. Required setbacks are 15 feet at the front, 10% of lot width for the first floor side, and 15% of the lot width for the second floor side yards. The rear set back requirement is 10 feet for commercial developments and 20% of lot depth for residential projects.

#### PD Rezoning Process

As proposed, it is clear to see that the development does not meet the current CN zoning district development standards. Thus a Planned Development (PD) application has been submitted. Section 17.39.010 of the Zoning Ordinance states that the purpose of the Planned Development District is “to encourage and provide a means for effectuating desirable development, redevelopment, rehabilitation, and conservation in the city, which features variation in siting, mixed land uses, and/or varied dwelling types. The amenities and compatibility of PD districts is to be insured through adoption of a general development plan, showing proper orientation, desirable design character and compatible land uses.” This would allow some flexibility to the development standards in order to achieve the desired result.

#### Requested Exceptions

The PD district provides that standards for area, coverage, density, yard requirements, parking and screening for PD district uses shall be governed by the standards of the zoning district most similar in nature and function to the proposed PD district use as determined by the Planning Commission. In this case, we are looking at the CN zoning. Per the PD ordinance, exceptions to standards are allowed when it is found that the exceptions “encourage a desirable living environment and are warranted in terms of the total proposed development or unit thereof.” The following is a summary of the CN exceptions requested as part of the PD rezoning.

<b><u>Development Standard</u></b>	<b><u>CN Minimum Requirement</u></b>	<b><u>Proposed</u></b>
Front Yard Setback	15'	0'
Rear Yard Setback(Residential)	48'	15'
Rear Yard Setback (Commercial)	10'	15'
First Floor Side Yard Setback	13'	0' & 6'-10"
Second Floor Side Yard Setback	19'-7"	0' & 6'-10"
Maximum Height	27'	42'

Traffic/Circulation

A Forecast Trip Generation, On-Site Parking Analysis and Pedestrian Warrant Analysis report was prepared by RBF consulting (Attachment D) to evaluate the potential impacts of the project in accordance with the standards set forth by the City of Capitola. The proposed project is estimated to result in a net increase of 39 daily weekday trips based on trip generation rates for senior housing and warehouse uses published by the Institute of Transportation Engineers. Traffic from the existing salvage yard was deducted from the total trips generated by the proposed senior housing project. The proposed project is estimated to result in a slight decrease in AM and PM peak trips compared to the existing use. The addition of approximately 40 project trips to study intersections throughout the day would not have a noticeable effect. Thus, the project's traffic would result in a less-than-significant impact, and no mitigation measures are required.

For vehicular circulation, site access for the proposed project is planned via one inbound driveway and one outbound driveway located along 38th Avenue. Due to the site location, the proposed driveways are planned to be offset from the two existing driveways serving the existing retail center located across the project site on 38th Avenue. The project design would not result in increased hazards or inadequate emergency access.

In regards to pedestrian circulation, a 9' sidewalk is proposed along the street frontage of the property. While not currently proposed as part of the project, the RBF report evaluated the potential for the installation of an unsignalized mid-block pedestrian crossing to connect the project to the King's Plaza commercial property. The analysis presents that the pedestrian volume does not warrant a crossing, however, installation would be at the discretion of the City.

Parking

The Forecast Trip Generation, On-Site Parking Analysis and Pedestrian Warrant Analysis report prepared by RBF consulting (Attachment D) also looked at parking for the proposed use. The City of Capitola Municipal Code does not specifically include a parking requirement for a senior housing type use. The closest comparison would likely be our requirement for multiple-family residential, such as apartments and condominiums, which are 2.5 spaces per unit. Based on this requirement, a total of 58 spaces would be required.

Considering the fact that this is a senior complex, it is anticipated that the parking demand will be far less than a standard market rate apartment complex. In RBF's analysis they provide an evaluation of the number of on-site parking spaces required for the proposed project utilizing guidelines specifically designed for senior housing land use as set forth by jurisdictions in the vicinity as well as information contained in other published guidelines used as industry standard.

Guideline Source	Senior Housing Parking Requirement Per Guideline	Project Size	On-Site Parking Spaces Required	On-Site Parking Spaces Planned	Adequate Parking Spaces Planned
City of Live Oak Municipal Code	0.6 Parking Spaces Per Unit	23 du	14	36 <sup>2</sup>	Yes
City of Santa Cruz Municipal Code	1 Parking Space for each 3 Dwelling Units		8		Yes
City of Seaside Municipal Code	1 Parking Space for Each Unit With Half the Spaces Covered Plus 1 Guest Parking Space for Each 10 Units		26		Yes
ITE Parking Generation, 3rd Edition	1.4 Parking Spaces per dwelling unit <sup>1</sup>		33		Yes

**Notes:** du = Dwelling Unit

1 = Observed peak parking demand of 50%.

2 = Parking supply is based on *Villa Capitola Unassisted Senior Housing Site Plan (Nancy Huyck, 05/17/2012)*

Based on the above table, the range of parking requirements for a similar project would vary from 8 to 33 parking spaces. With a total of 36 spaces provided, the project will provide an adequate number of parking spaces to serve the proposed senior housing use.

### Landscaping

With the proposed structure covering the majority of the site, there are limited opportunities for landscaping. Along the rear property line, a row of 15 24" box English Laurel trees will be planted to provide screening. On the north side of the building, a mix of Olive trees and Camellia plants are proposed, in addition to a continuous walkway that wraps around to the rear of the property. The front elevation also incorporates a mix of olive trees, star jasmine and a water fountain that go well with the Mediterranean architecture. Potted plants will also be introduced throughout the project on the multiple decks and pool area.

### Lighting

Overall lighting will need to be directed down and shielded from adjacent properties. The guidelines also require light to be contained on the property. An exterior lighting plan which delineates the type, height and location of the proposed lighting will be required as part of the building submittal.

### Walls/Fencing

A 6'-8" high concrete block wall (measured from project finished grade) will be required along the western property line adjacent to residential properties. In addition, a 6'-8" wrought iron fence is proposed along the north property line.

### Public Improvements

New curb, gutter and sidewalk will be installed along the 38<sup>th</sup> Avenue frontage. The sidewalk will have a 9' width, with tree wells incorporated for Olive trees. All utilities will be required to be undergrounded.

### Environmental Review

The Initial Study (Attachment C) was prepared and circulated per CEQA requirements, and a Mitigated Negative Declaration (Attachment C) prepared for adoption based on the determination that the project will not have a significant effect on the environment. Only one mitigation measure has been included regarding noise, requiring preparation of an acoustical study with building permit submittal and requires building plans to incorporate any recommended building or window design measures, if needed to achieve required indoor noise levels. All other potentially significant impacts were deemed less than significant based on the project design, preliminary studies, or standard conditions of approval relating to the building code and city regulations. The City Council will be making the final decision on both the application and the environmental review but the Planning Commission must make a recommendation on the environmental review as well as the proposed project.

### **RECOMMENDATION**

Staff is supportive of the senior housing use. The site's central location adjacent to a mix of commercial uses is convenient for seniors, including a movie theatre, several restaurants, drug store, and grocery store, as well as the Capitola Mall. The applicant has addressed many of the issues raised during the preliminary review process, including:

- Reducing the project from 64 units to 23 units.

- Reducing the height of the project from 4 stories to 3 stories, effectively decreasing the height from 51' to 42'.
- Increasing the rear setback from 10' to 15', as well as the side setback from 5' to 6'-10".
- Significantly stepping back the 2<sup>nd</sup> and 3<sup>rd</sup> stories, creating outdoor deck space and providing articulation.
- Preparing a parking study to ensure adequate parking on-site.
- Designing a structure with architectural interest, articulation, and detailing on all four sides of the building.

Staff recommends that the Planning Commission recommend adoption of the Negative Declaration, and recommend **approval** of application #12-028 to the City Council, subject to the following conditions and based on the following findings:

### **CONDITIONS**

1. The project approval consists of a planned development at 1575 38<sup>th</sup> Avenue in the CN (Neighborhood Commercial) zoning district. Approval includes demolition of the commercial salvage yard and related structures, and construction of a three-story, 23-unit market rate senior housing development.
2. Any significant modifications to the size or exterior appearance of the approved design must be approved by the Planning Commission. Similarly, any significant change to the use itself, or the site, must be approved by the Planning Commission.
3. Prior to granting of final occupancy, compliance with all conditions of approval shall be demonstrated to the satisfaction of the Zoning Administrator or Community Development Director.
4. Hours of construction shall be Monday to Friday 7:30 a.m. – 9:00 p.m., and Saturday 9:00 a.m. – 4:00 p.m., per city ordinance.
5. Air-conditioning equipment and other roof top equipment shall be screened from view and fall within the allowable city permitted decibel levels.
6. Affordable housing in-lieu fees shall be paid as required to assure compliance with the City of Capitola Affordable (Inclusionary) Housing Ordinance. Any appropriate fees shall be paid prior to building permit issuance.
7. A drainage plan or design shall be submitted with the final building plans, to the satisfaction of the Public Works Director and approved by Santa Cruz County's Zone 5 Drainage District.
8. The final landscape plan shall be submitted with the building permit application and will include the specific number of plants of each type and their size, as well as the irrigation system to be utilized. Landscaping shall be installed prior to final building occupancy.
9. An erosion control plan shall be approved and in place prior to grading and construction on site.
10. Prior to Certificates of Occupancy being issued, the project Developer shall be responsible for installing all required frontage improvements including curb, gutter, and sidewalk, along 38<sup>th</sup> Avenue for the length of the property frontage. All sidewalks are to meet the standards for ADA accessibility.

11. All lighting shall be shielded and directed on to subject property, away from adjacent residential properties. Lighting intensity shall be reviewed and approved by staff prior to final occupancy and shall be reviewed by the Planning Commission upon receipt of a complaint.
12. No roof equipment is to be visible to the general public. Any necessary roof screening is to match the color of the building as closely as possible. Plans for any necessary screening shall be submitted to the Community Development Department prior to, or in conjunction with, building permit submittal.
13. A 6'-8" high concrete block wall (measured from project finished grade) will be constructed along the western property line adjacent to residential properties.
14. Prior to issuance of a building permit, any necessary encroachment permit shall be obtained from the Public Works Director.
15. The utilities shall be underground to the nearest utility pole in accordance with PG&E and Public Works Department requirements. A note shall be placed on the final building plans indicating this requirement. Underground utility vaults shall be located in a paved surface area outside of the landscaped area.
16. The applicant shall comply with all requirements of the Santa Cruz City Water District regarding landscape irrigation and/or water fixture requirements, as well as any infrastructure improvements. Final building plans shall be reviewed and approved by the District prior to issuance of building permits.
17. Require implementation of "Best Management" construction practices to control dust and PM<sub>10</sub> emissions during grading and site development. The MBUAPCD identifies the following construction practices to control dust:
  - Water all active construction areas at least twice daily;
  - Prohibit all grading activities during periods of high winds (over 15 mph);
  - Cover all trucks hauling dirt, sand or loose materials.
  - Cover or water stockpiles of debris, soil and other materials which can become windblown;
  - Install wheel washers at the entrance to construction sites for all existing trucks;
  - Sweep streets if visible soil material is carried out from the construction site;
  - Apply chemical soil stabilizers on inactive construction sites;
  - Plant vegetative ground cover in disturbed areas as soon as possible.
18. The applicant shall submit a construction plan for approval prior to building permit issuance. The plan shall include, but not be limited to, identifying construction hours, access to the site, contractor parking locations, office trailer locations, material storage, etc.
19. If archaeological resources or human remains are accidentally discovered during construction, work shall be halted within 50 meters (150 feet) of the find until it can be evaluated by a qualified professional archaeologist. If the find is determined to be significant, appropriate mitigation measures shall be formulated and implemented. Disturbance shall not resume until the significance of the archaeological resources is determined and appropriate mitigations to preserve the resource on the site are established. If human remains are encountered during construction or any other phase of development, work in the area of discovery must be halted, the Santa Cruz County coroner notified, and the provisions of

Public Resources Code 5097.98-99, Health and Safety Code 7050.5 carried out. If the remains are determined to be Native American, the Native American Heritage Commission (NAHC) shall be notified within 24 hours as required by Public Resources Code 5097.

### **FINDINGS**

**A. The application, subject to the conditions imposed, will secure the purposes of the Zoning Ordinance and General Plan.**

Community Development Staff, the Architectural and Site Review Committee, and the Planning Commission have all reviewed the project and determined that the project, subject to the conditions with the Planned Development Zoning designation, are consistent with the purposes of the Planned Development District. Conditions of approval have been included to carry out the objectives of the PD district and General Plan.

**B. The application will maintain the character and integrity of the neighborhood.**

Community Development Staff, the Architectural and Site Review Committee, and the Planning Commission have all reviewed the project and determined that the proposed senior housing use will maintain the character and integrity of the area, implementing the harmonious intermingling of pedestrian, commercial and residential activities. Conditions of approval have been included to ensure that the project maintains the character and integrity of the neighborhood.

**C. A Negative Declaration has been prepared for this project based upon the completion of an Initial Study which identified that the project will not have a significant effect on the environment.**

The Initial Study was prepared and circulated per CEQA requirements, and a Mitigated Negative Declaration prepared for adoption based on the determination that the project will not have a significant effect on the environment.

**D. Planned Development Findings (Section 17.39.050)**

- The proposed PD district, and the development associated with it, can be substantially completed within two years of the establishment of the district. The plans for the development and environmental review have been completed, demonstrating a readiness to move forward with the project.
- The proposed market rate senior housing development will not be detrimental to present and potential surrounding uses, but will have a beneficial effect which could not be achieved under other zoning districts by providing much needed housing to a growing population of seniors in a central location adjacent to a mix of commercial uses, including a movie theatre, several restaurants, drug store, and grocery store, as well as the Capitola Mall.
- The requested exceptions to development standards are warranted by the design and amenities incorporated into the development which focuses on providing an independent senior living experience for a growing population of seniors, maximizing the use of this relatively unconstrained and centrally located site, already identified for infill development.



- The PD district and general development plan are compatible with the general plan and the most recently adopted Housing Element.
  - 1) The site is located in a central location close to all services, and alternative transportation.
  - 2) The site is unconstrained with regard to biotic or other natural resources and therefore could be developed in the manner proposed without having significant impacts on trees, streams, wildlife, archaeological or historic resources, etc.
  - 3) The proposed development plan is located adjacent to commercial uses along 41<sup>st</sup> Avenue, and is consistent with economic and housing goals for the City which seeks to provide a range of housing types.

### **ATTACHMENTS**

- A. Project Plans
- B. Project Description provided by the Applicant
- C. Initial Study and Mitigated Negative Declaration
- D. Forecast Trip Generation, On-Site Parking Analysis and Pedestrian Warrant Analysis prepared by RBF Consulting, dated June 8, 2012
- E. Planning Commission Minutes from September 1, 2011
- F. City Council Minutes from October 13, 2011

**Report Prepared By: Ryan Bane  
Senior Planner**





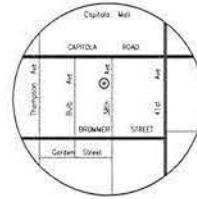


# VILLA CAPITOLA

## Unassisted Senior Housing

### 1575 38th Avenue

### Santa Cruz, CA 95062



VICINITY MAP  
NO SCALE



#### PROJECT DATA

OWNER: Steve Thomas and Maureen Romoc  
 OWNER'S AGENT: Nancy Huyck  
 ASSESSOR PARCEL NUMBER: 034-181-17  
 PARCEL AREA: Approximately 31,000 sf (130'-3" +/- x 240'-4" +/-)  
 ZONED: PD (Planned Development)  
 SETBACKS: Front (east) 5'-0" (to allow for a 9'-0" sidewalk)  
 Side (north) 6'-10"; Side (south) 6'-2"  
 Rear (west) 15'-0"  
 AREAS: Garage and Associated functions on Ground Floor: 24,315sf  
 Second Floor (including all decks): 24,157sf  
 Third Floor (including all decks + pool area): 21,463sf  
 UNIT COUNT: 23 Units Total  
 Studio: 11  
 One Bedroom: 9  
 One Bedroom w/ Study: 2  
 Two Bedroom w/ Study: 1  
 PARKING COUNT: 36 Stalls Total  
 BUILDING HEIGHT: 42' +/- Average  
 (43'-4" Maximum Height @ Southwest  
 Corner of Site - Facing Storage Facility)  
 (Does not include Stair or Elevator Towers)

#### CODE + CONSTRUCTION DATA

NUMBER OF STORES: 3 (Garage + Second and Third Story Apartments)  
 BUILDING OCCUPANCY CLASSIFICATION: R-2 Residential  
 OCCUPANT LOAD FOR EACH FLOOR:  
 Garage: (xxxx)  
 Second Story: (xxxx)  
 Third Story: (xxxx)  
 TYPE OF CONSTRUCTION: SA  
 FIRE PROTECTION: Automatic Fire Sprinkler System Throughout

#### SCHEDULE OF DRAWINGS:

GENERAL	G-1	GENERAL INFORMATION
	G-2	RENDERINGS
	G-3	RENDERINGS
CIVIL	C-1	SURVEYORS MAP
ARCHITECTURAL	A-1	DEMOLITION PLAN (Aerial Photo)
	A-2	SITE PLAN
	A-3	FIRST FLOOR GARAGE PLAN
	A-4	SECOND FLOOR PLAN
	A-5	THIRD FLOOR PLAN
	A-6	ROOF PLAN
	A-7	EXTERIOR ELEVATIONS
	A-8	EXTERIOR ELEVATIONS
	A-9	BUILDING SECTIONS
	A-10	BUILDING SECTIONS
	A-11	LANDSCAPE + SITE LIGHTING
	A-12	SIDEWALK and STREETSCAPE

NANCY HUYCK  
 ARCHITECT  
 8200 SOQUEL DRIVE  
 APTOS, CA 95003  
 PHONE: (831)685-1206  
 FAX: (831)688-3205

Progress  
 08-22-12

no.	date	description

REVISIONS

PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA 95062  
 APN: 034-181-17

SHEET TITLE  
 GENERAL  
 INFORMATION

SCALE: N/A  
 DATE: 08-22-12  
 DRAWN BY: NLH  
 JOB NO.: N1140  
 DWG. NO.: N1140-G-1

G-1  
 sheet of sheets

Item #: 9.A. Attach 5.pdf

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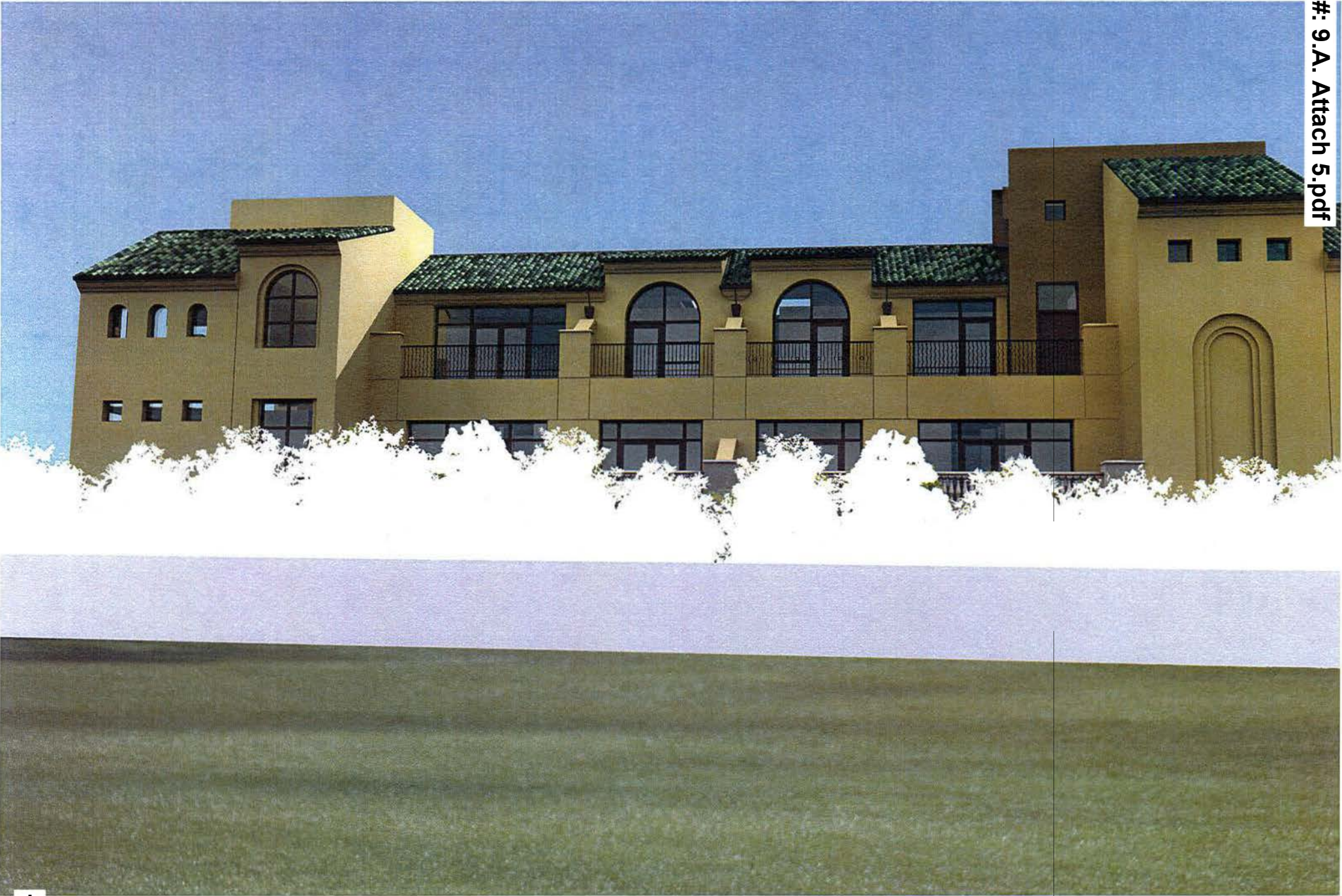






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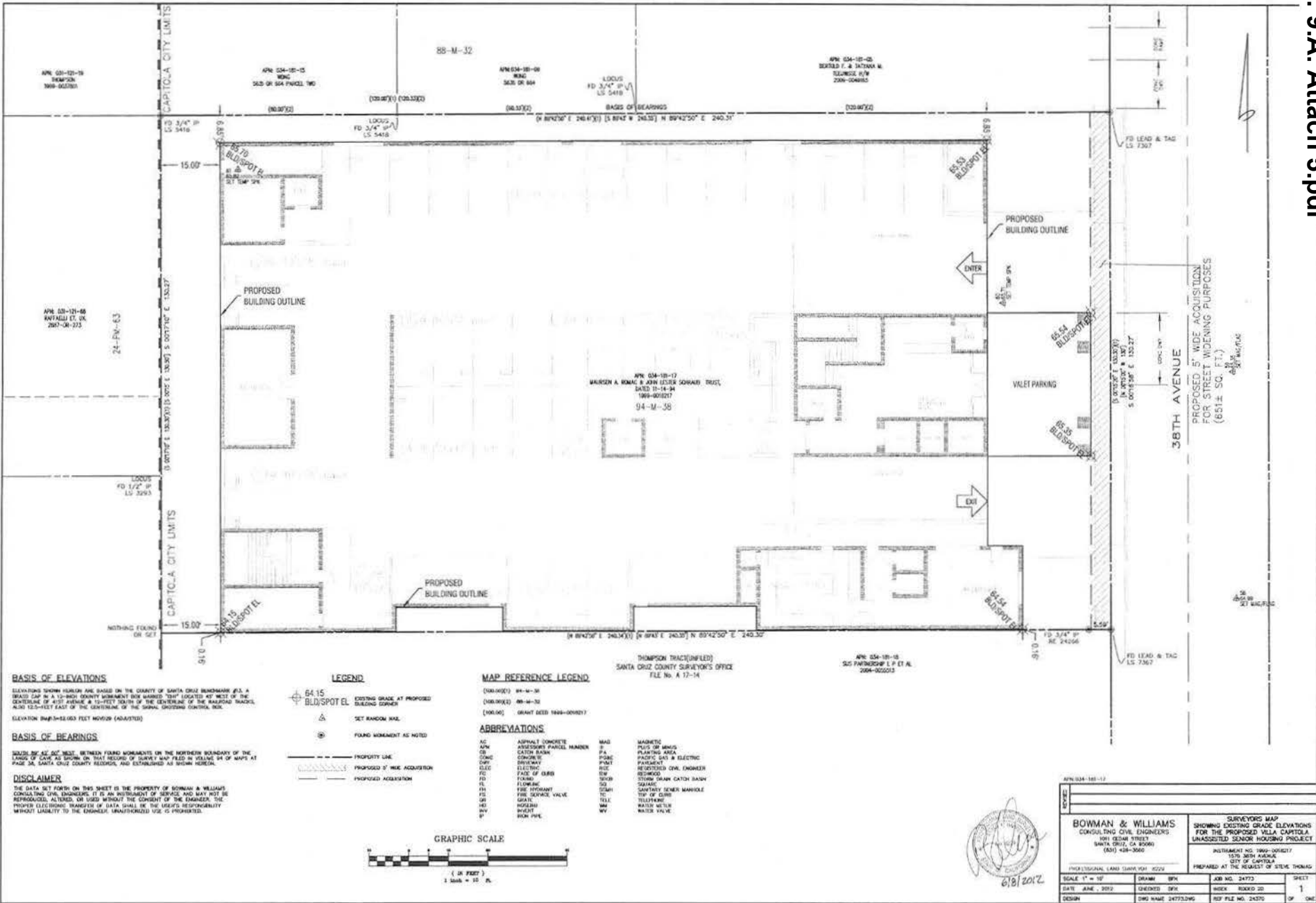






Item #: 9.A. Attach 5.pdf





**BASIS OF ELEVATIONS**

ELEVATIONS SHOWN HEREON ARE BASED ON THE COUNTY OF SANTA CRUZ BENCHMARK #11, A GRADED CAP IN A 12-1800 COUNTY SURVEY BOUND MARKED "BM" LOCATED 40' WEST OF THE CENTERLINE OF 40TH AVENUE, A 12-1800 COUNTY SURVEY BOUND MARKED "BM", ALSO 12.5-FEET EAST OF THE CENTERLINE OF THE SIGNAL CIRCULAR CONTROL BOX. ELEVATION BM#3=82.03 FEET MVD/26 (ADJUSTED)

**BASIS OF BEARINGS**

BOUNDARY SET POINTS BETWEEN FOUND MONUMENTS ON THE NORTHERN BOUNDARY OF THE LOTS OF LAND AS SHOWN ON THAT RECORD OF SURVEY MAP FILED IN VOLUME 84 OF MAPS AT PAGE 24, SANTA CRUZ COUNTY RECORDS, AND ESTABLISHED AS SHOWN HEREON.

**DISCLAIMER**

THE DATA SET FORTH ON THIS SHEET IS THE PROPERTY OF BOWMAN & WILLIAMS CONSULTING CIVIL ENGINEERS. IT IS AN INSTRUMENT OF SERVICE AND MAY NOT BE REPRODUCED, ALTERED, OR USED WITHOUT THE CONSENT OF THE ENGINEER. THE PROPER ELECTRONIC TRANSFER OF DATA SHALL BE THE USER'S RESPONSIBILITY WITHOUT LIABILITY TO THE ENGINEER UNAUTHORIZED USE IS PROHIBITED.

**LEGEND**

- 64.15 BLD/SPOT EL. EXISTING GRADE AT PROPOSED BUILDING CORNER
- SET RANDOM NAIL
- FOUND MONUMENT AS NOTED
- PROPERTY LINE
- PROPOSED 5' WIDE ACQUISITION
- PROPOSED ACQUISITION

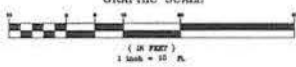
**MAP REFERENCE LEGEND**

- (100.00) 84-M-38
- (100.00) 88-M-32
- (100.00) GRANT DEED 1988-000217

**ABBREVIATIONS**

- |                           |                               |
|---------------------------|-------------------------------|
| AC ASPHALT CONCRETE       | MAG MAGNETIC                  |
| AWN AWWARDER PANEL HANDED | PA PLANTING AREA              |
| CB CATCH BASIN            | P&E PAVING & ELECTRIC         |
| CON CONCRETE              | PAINT PAINTMENT               |
| DWP DRAINAGE              | REG REGISTERED CIVIL ENGINEER |
| ELEC ELECTRIC             | REIN REINFORCEMENT            |
| FD FACE OF CURB           | STW STORM WATER CATCH BASIN   |
| FL FLOORING               | T&E TYPING                    |
| FL FLOORING               | TS TYPING                     |
| FR FIRE RESISTANT         | TS TYPING                     |
| FS FIRE SERVICE VALVE     | TELE TELEPHONE                |
| GR GRAVEL                 | WV WATER VALVE                |
| HS HOSING                 |                               |
| INCH INCH                 |                               |
| IR IRON PIPE              |                               |

**GRAPHIC SCALE**



APR 034-181-12

**BOWMAN & WILLIAMS**  
CONSULTING CIVIL ENGINEERS  
1811 BEAR STREET  
SANTA CRUZ, CA 95060  
(831) 428-3540

PROFESSIONAL LAND SURVEYOR 0222

SCALE 1" = 10'

DATE APR. 2012

DESIGN

DRAWN BY

CHECKED BY

DMG NAME 24773.DWG

JOB NO. 24773

INDEX

REVISION NO.

REF FILE NO. 24370

SHEET 1

OF 04

6/8/2012

SHOWING EXISTING GRADE ELEVATIONS FOR THE PROPOSED VILLA CAPITOLA UNASSISTED SENIOR HOUSING PROJECT

INSTRUMENT NO. 1999-000217

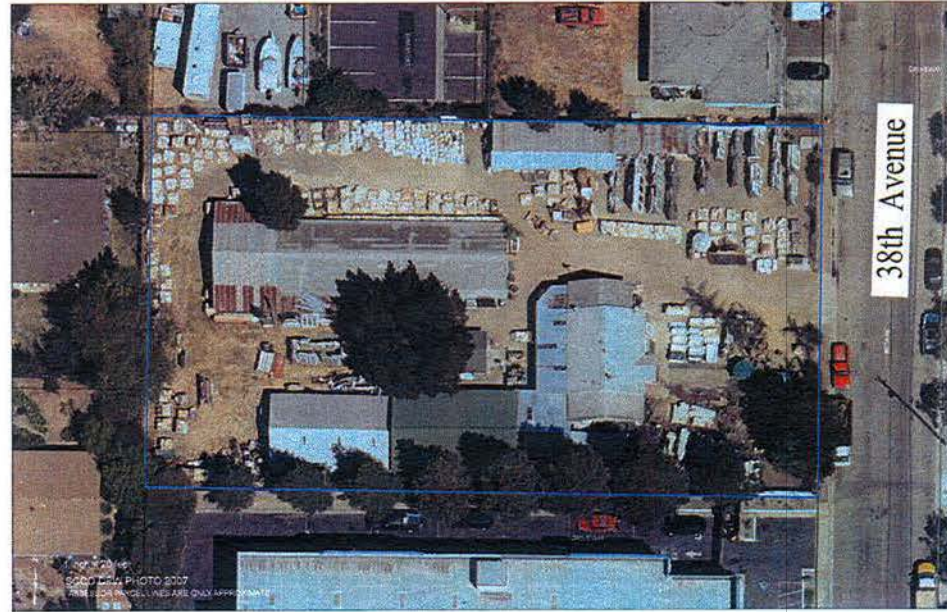
1575 36TH AVENUE  
CITY OF CAPITOLA

PREPARED AT THE REQUEST OF STEVE THOMAS





Existing Vicinity Parcels / Drainage Lines



Existing Site Conditions

NANCY HUYCK

ARCHITECT

9200 SOQUEL DRIVE

APTOS, CA 95003

PHONE: (831)685-1206

FAX: (831)688-3205

Progress  
08-22-12

no.	date	description
1	08-22-12	XXX

REVISIONS

PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APN: 034-181-17

SHEET TITLE  
 EXISTING  
 CONDITIONS for  
 DEMOLITION

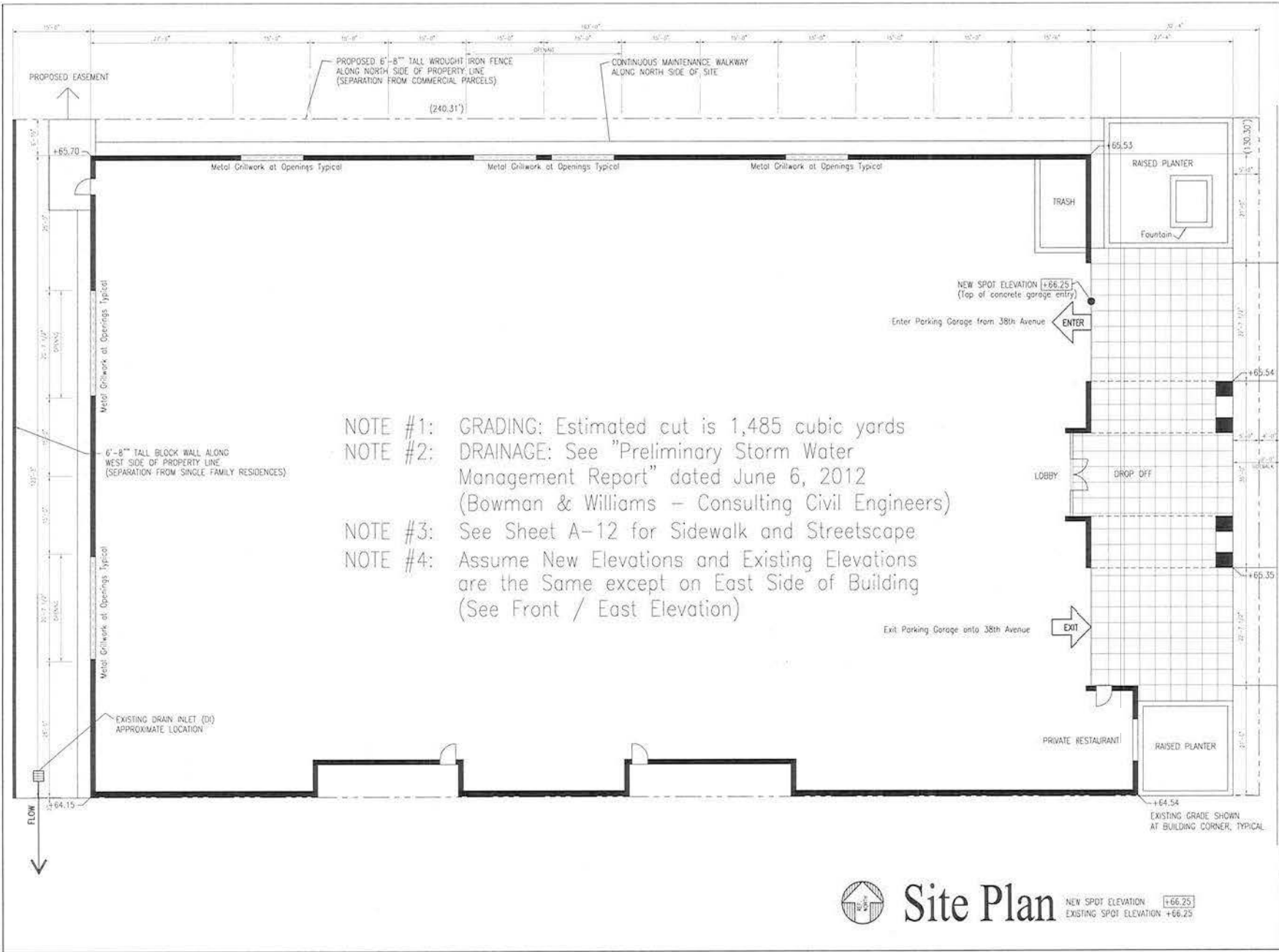
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 DATE: 08-22-12  
 DRAWN BY: HA  
 JOB NO.: N1140  
 DWG. NO.: N1140-4-1

A-1  
 sheet of sheets



# Existing Conditions for Demolition

Item #: 9.A. Attach 5.pdf



- NOTE #1: GRADING: Estimated cut is 1,485 cubic yards  
 NOTE #2: DRAINAGE: See "Preliminary Storm Water Management Report" dated June 6, 2012 (Bowman & Williams – Consulting Civil Engineers)  
 NOTE #3: See Sheet A-12 for Sidewalk and Streetscape  
 NOTE #4: Assume New Elevations and Existing Elevations are the Same except on East Side of Building (See Front / East Elevation)

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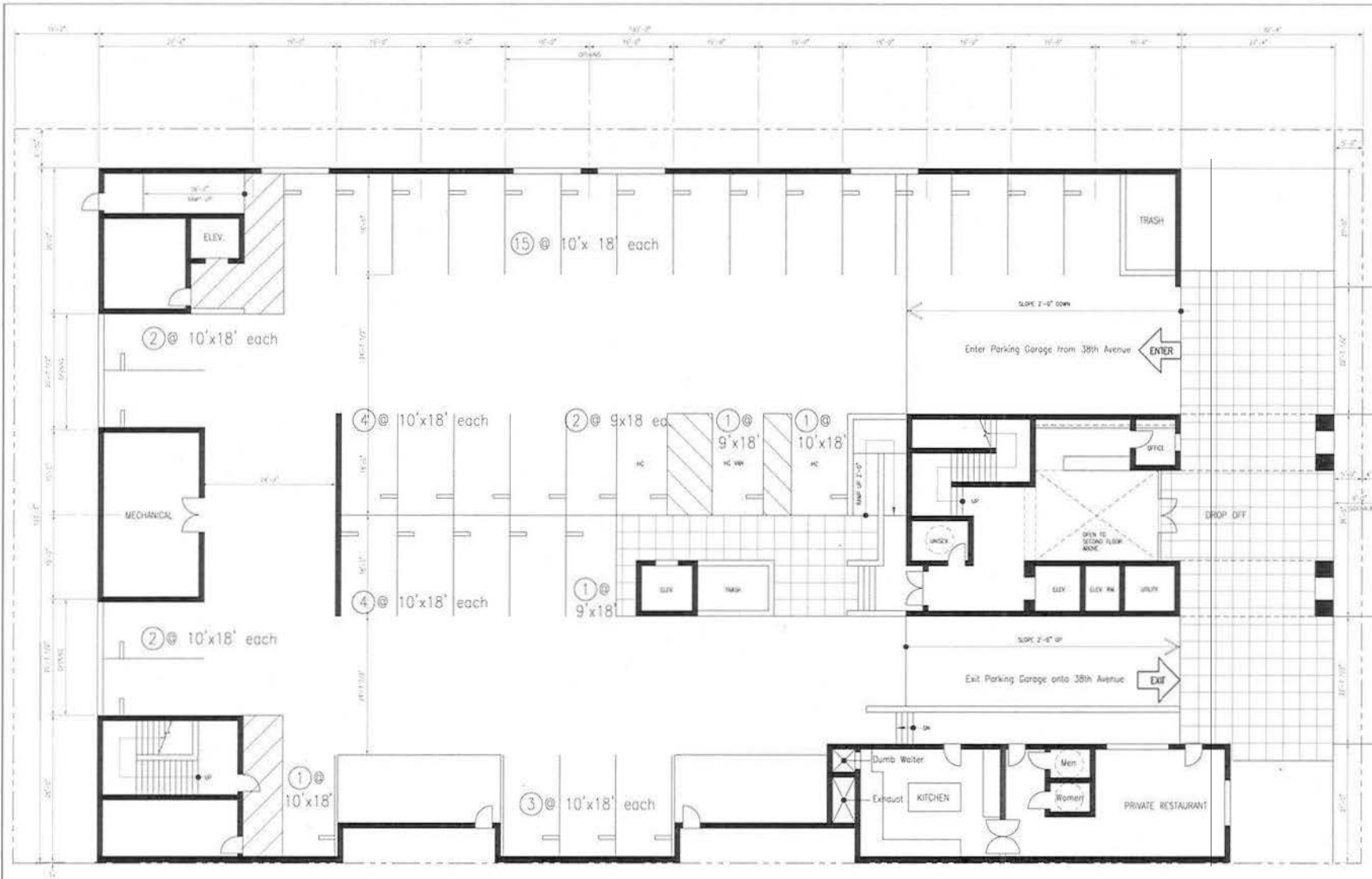
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no.	date	description
REVISIONS		
PROJECT TITLE		
VILLA CAPITOLA UNASSISTED SENIOR HOUSING		
1575 38th AVENUE		
SANTA CRUZ, CA		
APN: 034-181-17		

SHEET TITLE	
SITE PLAN	
SCALE: 1/8" = 1'-0"	
DATE: 08-22-12	
DRAWN BY: NLH	
JOB NO.: N1140	
DWG. NO.: N1140-A-2	

A-2  
 sheet of sheets

 Site Plan  
 NEW SPOT ELEVATION +66.25  
 EXISTING SPOT ELEVATION +66.25



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Progress  
08-22-12

no.	date	description
1	08-22-12	REV

REVISIONS


PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

SHEET TITLE  
FIRST FLOOR  
GARAGE PLAN

SCALE: 1/8" = 1'-0"  
DATE: 08-22-12  
DRAWN BY: NH  
JOB NO.: N1140  
DWG. NO.: N1140-A-3

A-3  
sheet of sheets

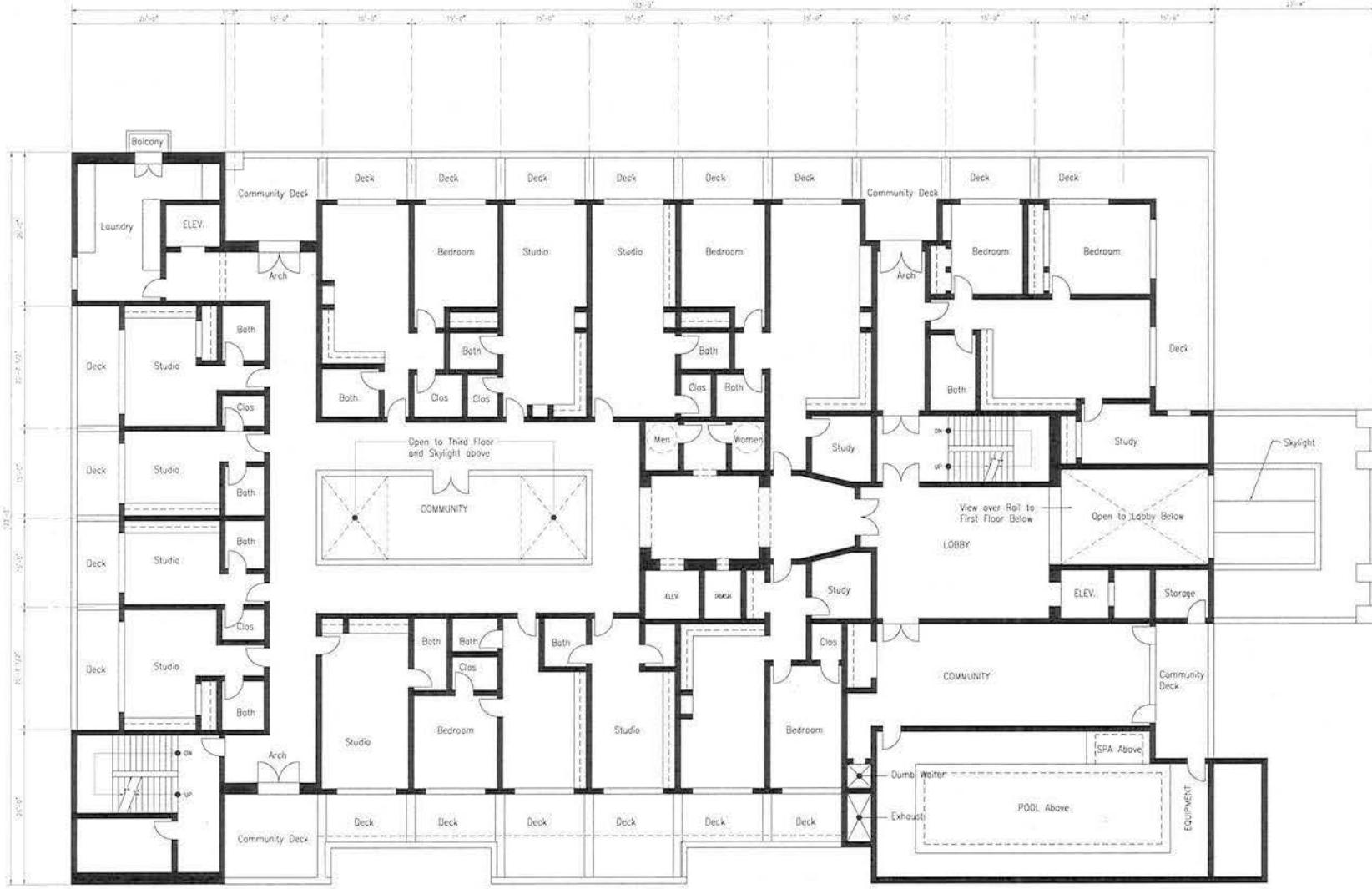
(36 total parking stalls)

 First Floor Garage Plan

Item #: 9.A. Attach 5.pdf

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Progress  
 08-22-12



no.	date	description

PROJECT TITLE:  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APN: 034-181-17

SHEET TITLE:  
 SECOND FLOOR  
 PLAN

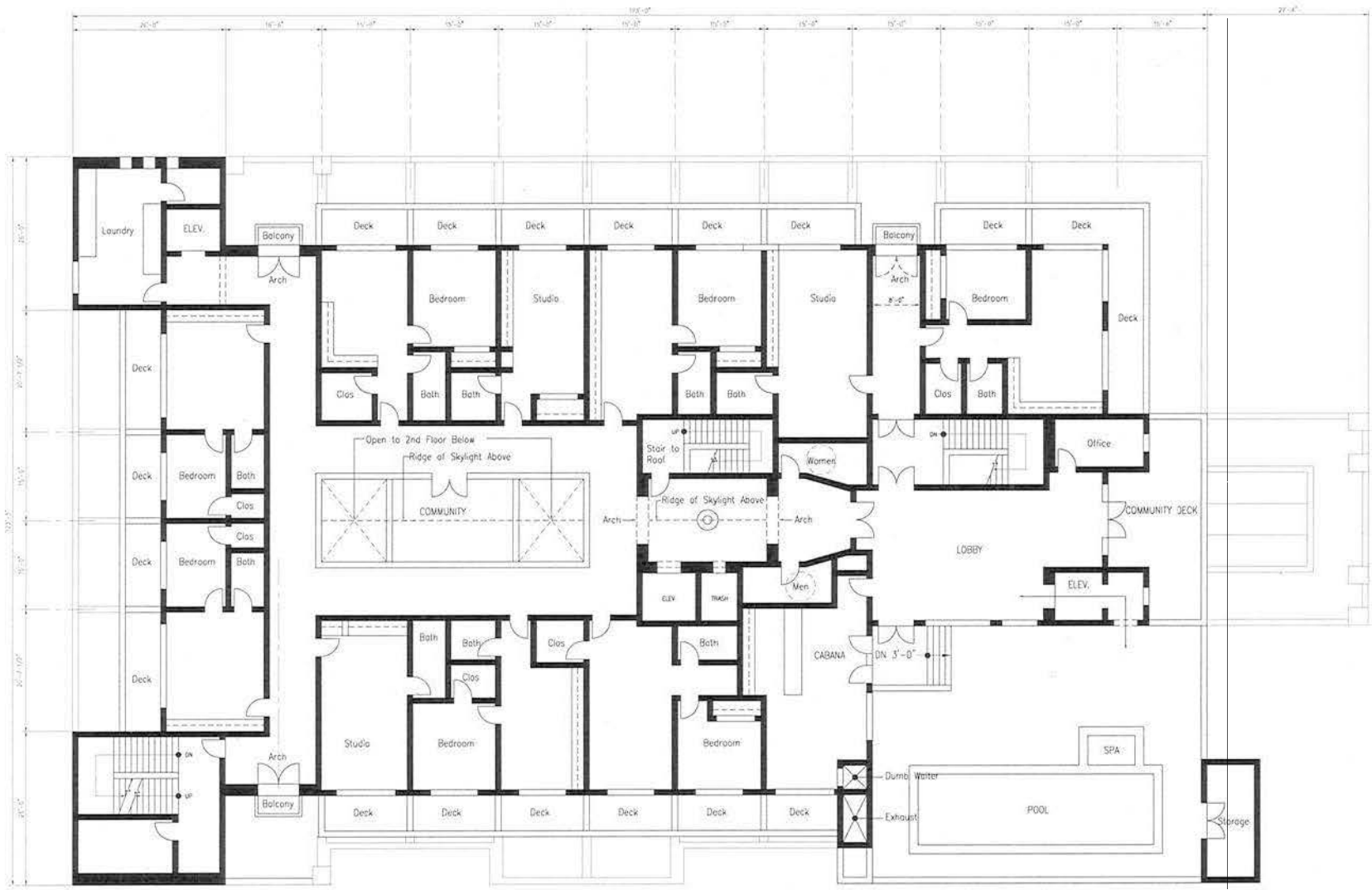
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 DATE: 08-22-12  
 DRAWN BY: NLH  
 JOB NO.: N1140  
 DWG. NO.: N1140-A-4

 Second Floor Plan

A-4  
 sheet of sheets

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 PHONE (831)685-1206  
 FAX (831)688-3205

Progress  
 08-22-12



no.	date	description

REVISIONS

PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APN: 034-181-17

SHEET TITLE  
 THIRD FLOOR  
 PLAN

SCALE: 1/8" = 1'-0"  
 DATE: 08-22-12  
 DRAWN BY: NLH  
 JOB NO.: N1140  
 DWG. NO.: N1140-A-5

A-5  
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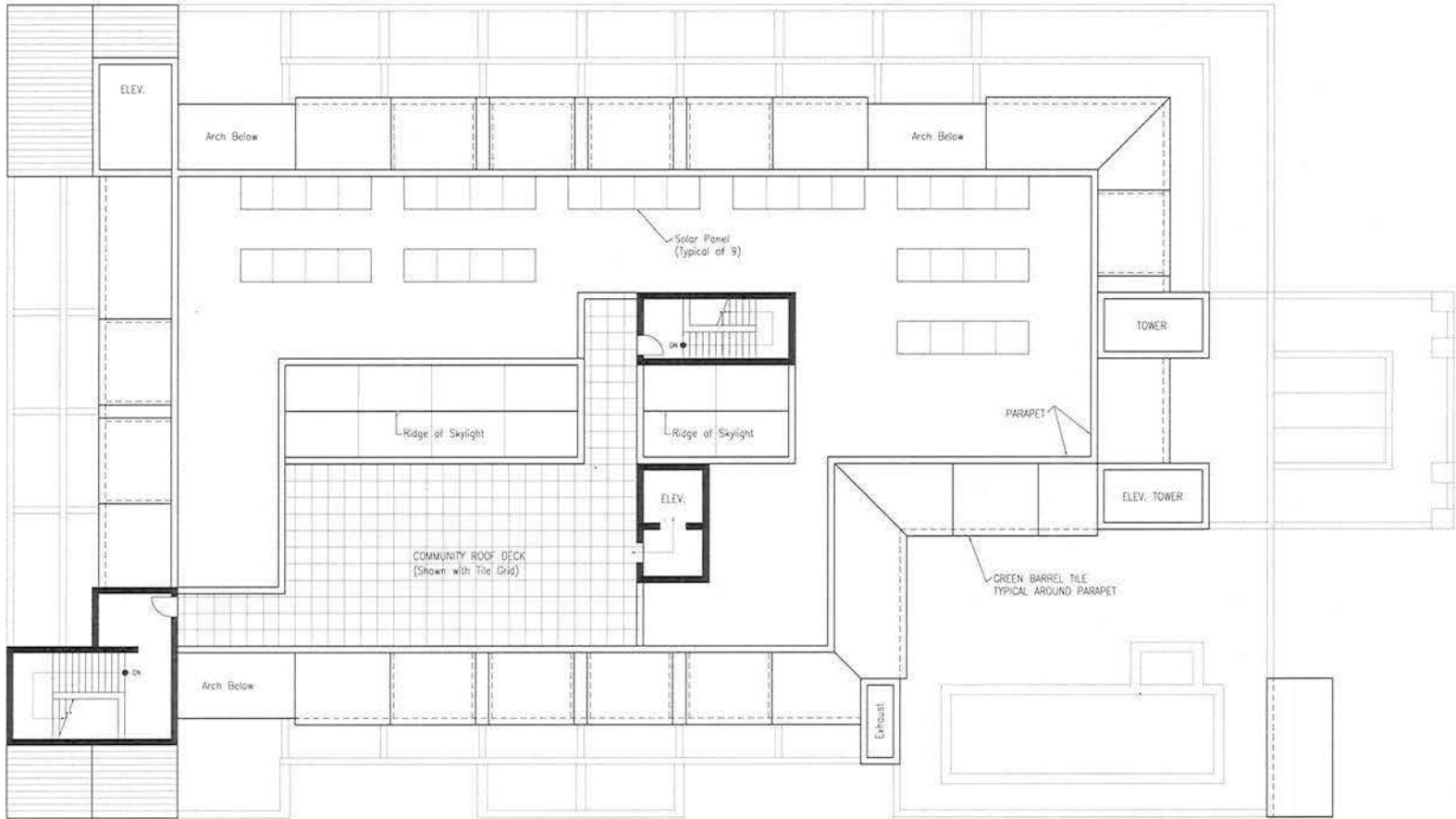
 Third Floor Plan

Item #: 9.A. Attach 5.pdf



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 ARCHITECT  
 9200 SOQUEL DRIVE  
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Progress  
 08-22-12




no.	date	description

REVISIONS

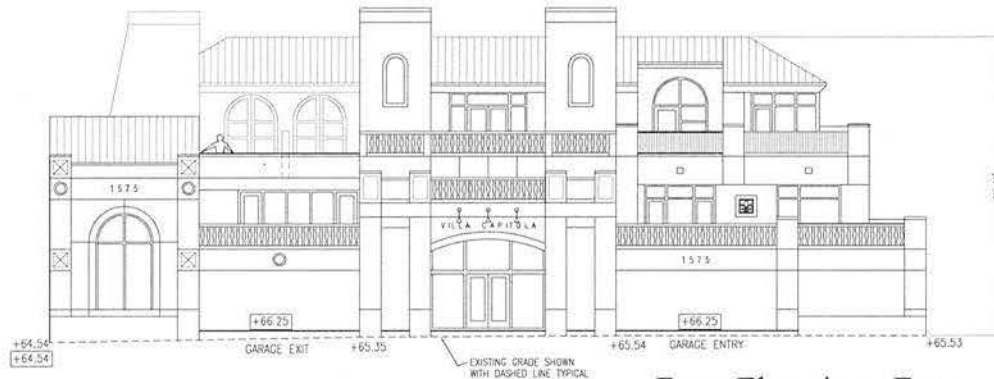
PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APN: 034-181-17

SHEET TITLE  
 ROOF  
 PLAN

SCALE: 1/8" = 1'-0"  
 DATE: 08-22-12  
 DRAWN BY: NCH  
 JOB NO.: N1140  
 DWG. NO.: N1140-A-6

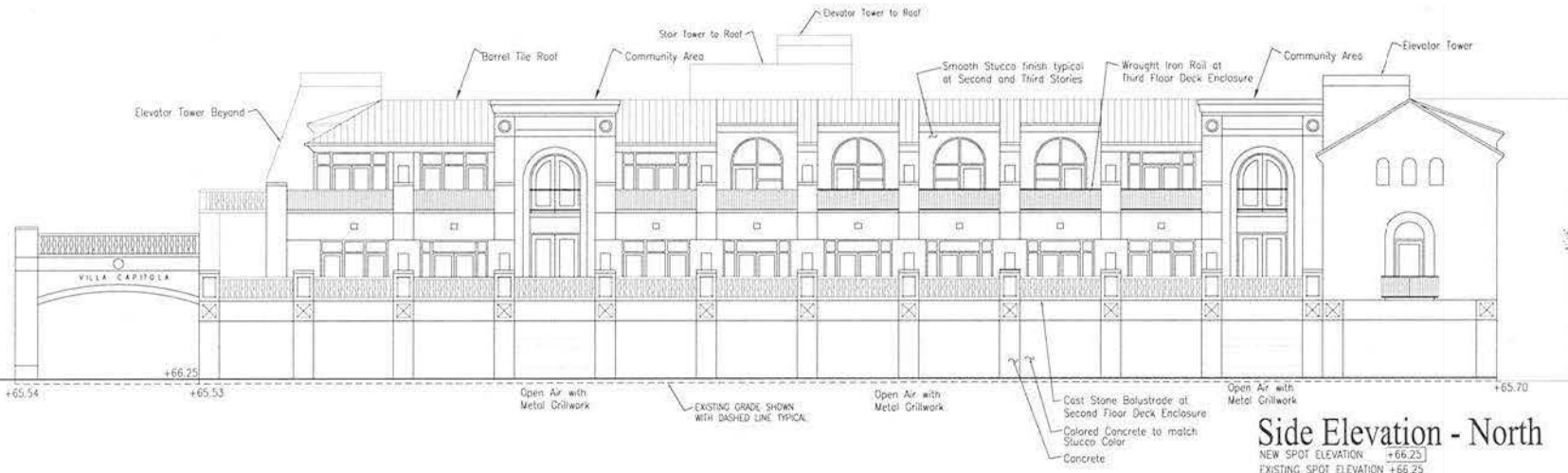
 Roof Plan

A-6  
 sheet of sheets



**Front Elevation - East**

NEW SPOT ELEVATION +66.25  
EXISTING SPOT ELEVATION +66.25



**Side Elevation - North**

NEW SPOT ELEVATION +66.25  
EXISTING SPOT ELEVATION +66.25

NANCY HUYCK  
ARCHITECT

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FAX (831)688-3205

Progress  
08-22-12

no.	date	description

REVISIONS

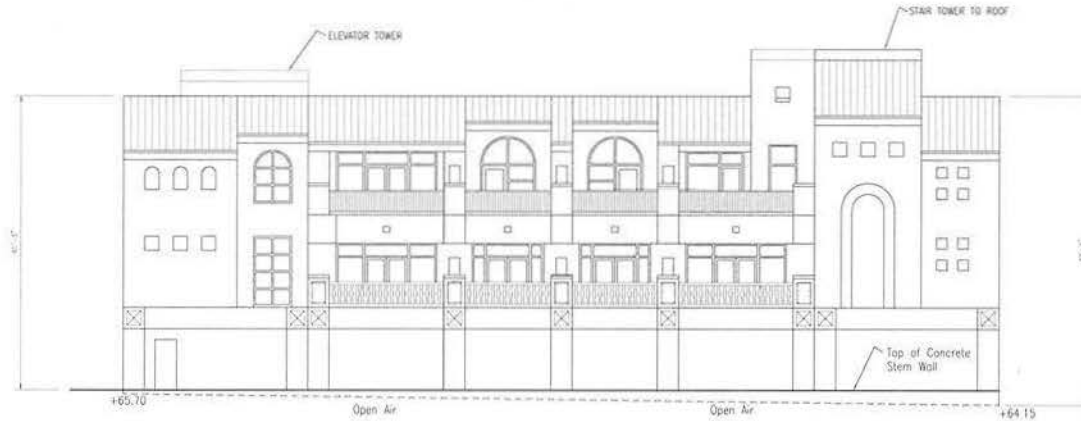
PROJECT TITLE  
VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 034-181-17

SHEET TITLE  
EXTERIOR  
ELEVATIONS

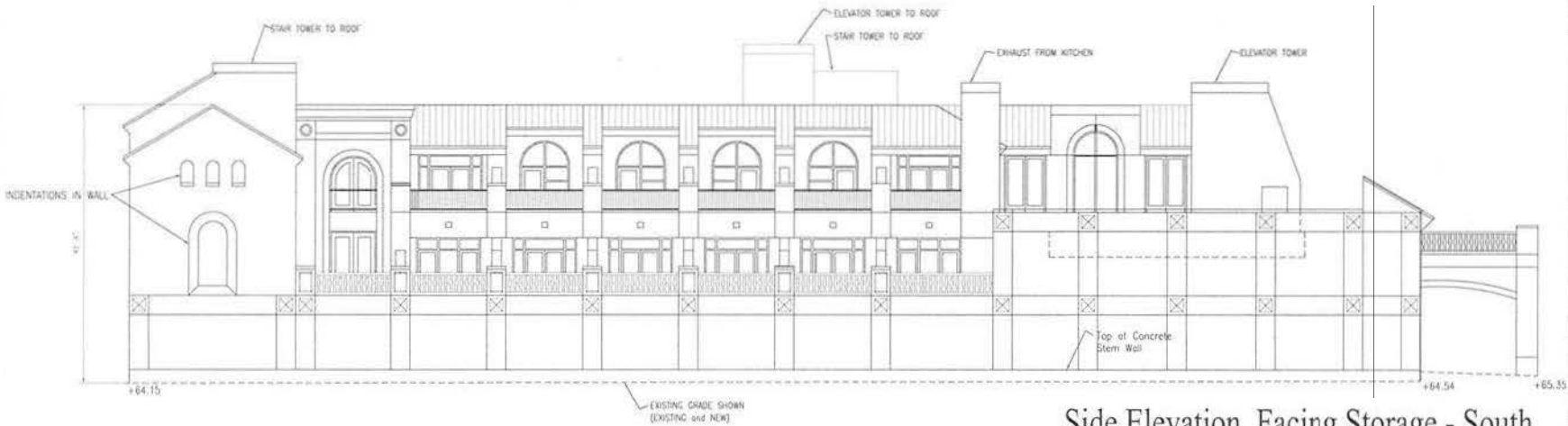
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DATE: 08-22-12  
DRAWN BY: NLH  
JOB NO.: N1140  
DWG. NO.: N1140-A-7

A-7  
sheet of sheets

Item #: 9.A. Attach 5.pdf



Rear Elevation - West



Side Elevation Facing Storage - South

NANCY HUYCK  
 ARCHITECT  
 9200 SOQUEL DRIVE  
 APTOS, CA 95003  
 PHONE (831)685-1206  
 FAX (831)688-3200

Progress  
 08-22-12

no.	date	description

REVISIONS

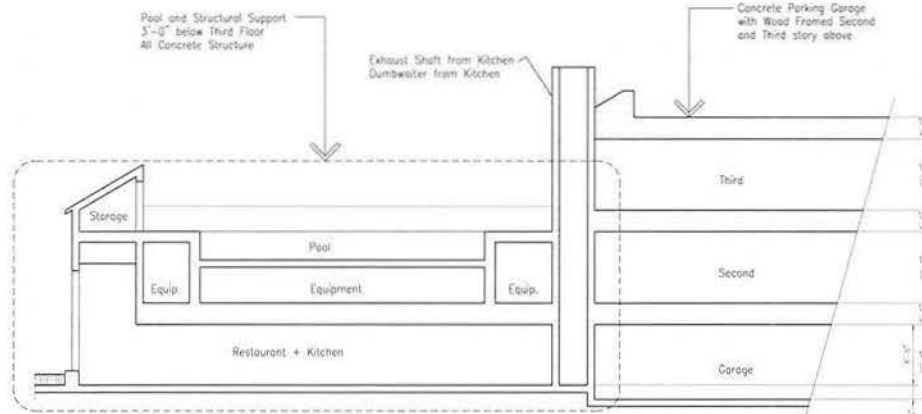
PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APR. 034-181-17

SHEET TITLE  
 EXTERIOR  
 ELEVATIONS

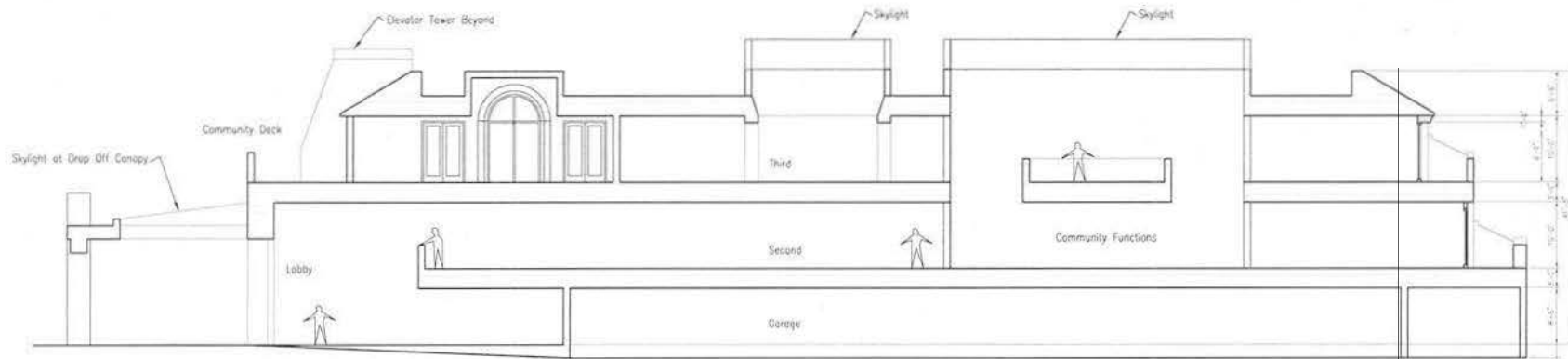
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 DATE: 08-22-12  
 DRAWN BY: NLH  
 JOB NO.: N1140  
 DWG NO.: N1140-A-8

A-8  
 sheet of sheets





Longitudinal Section through Swimming Pool - (facing south)



Longitudinal Section through Middle of Building - (facing south)

NANCY HUYCK  
ARCHITECT

9200 SOQUEL DRIVE  
APTOS, CA 95003  
PHONE (831)685-1206  
FAX (831)688-3205

Progress  
08-22-12

no.	date	description
1	08-22-12	xxx

REVISIONS

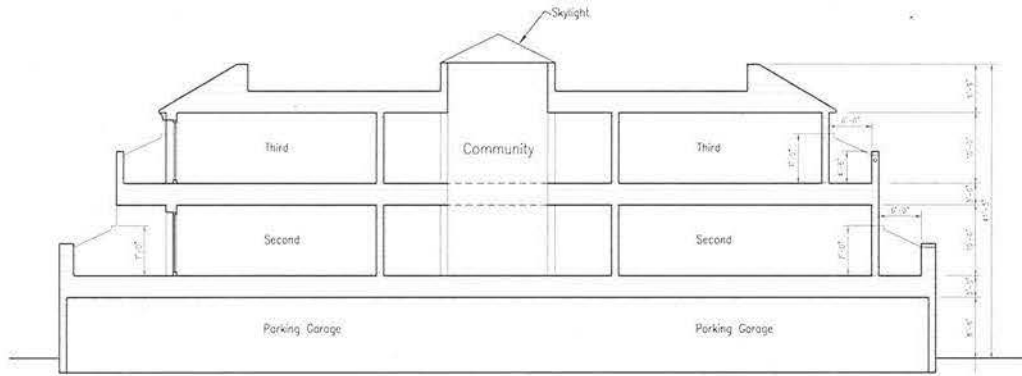
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VILLA CAPITOLA  
UNASSISTED  
SENIOR HOUSING  
1575 38th AVENUE  
SANTA CRUZ, CA  
APN: 054-181-17

SHEET TITLE  
BUILDING  
SECTIONS

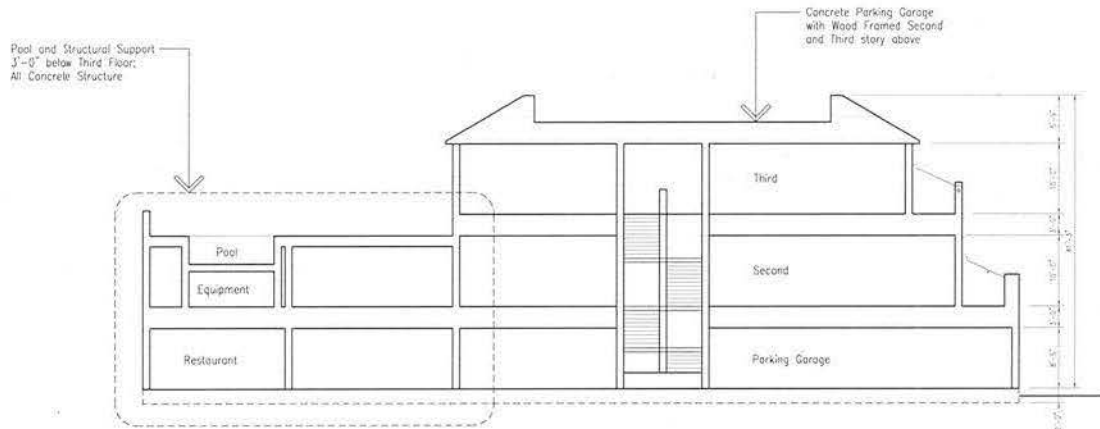
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DATE: 08-22-12  
DRAWN BY: NH  
JOB NO.: N1140  
DWG NO.: N1140-A-9

A-9  
sheet of sheets

Item #: 9.A. Attach 5.pdf



Cross Section through middle Community Lightwell - Facing West



Cross Section through Swimming Pool - Facing West

NANCY HUYCK  
 ARCHITECT  
 9200 SOQUEL DRIVE  
 APTOS, CA 95003  
 PHONE (831)685-1206  
 FAX (831)688-3205

Progress  
 08-22-12

no.	date	description

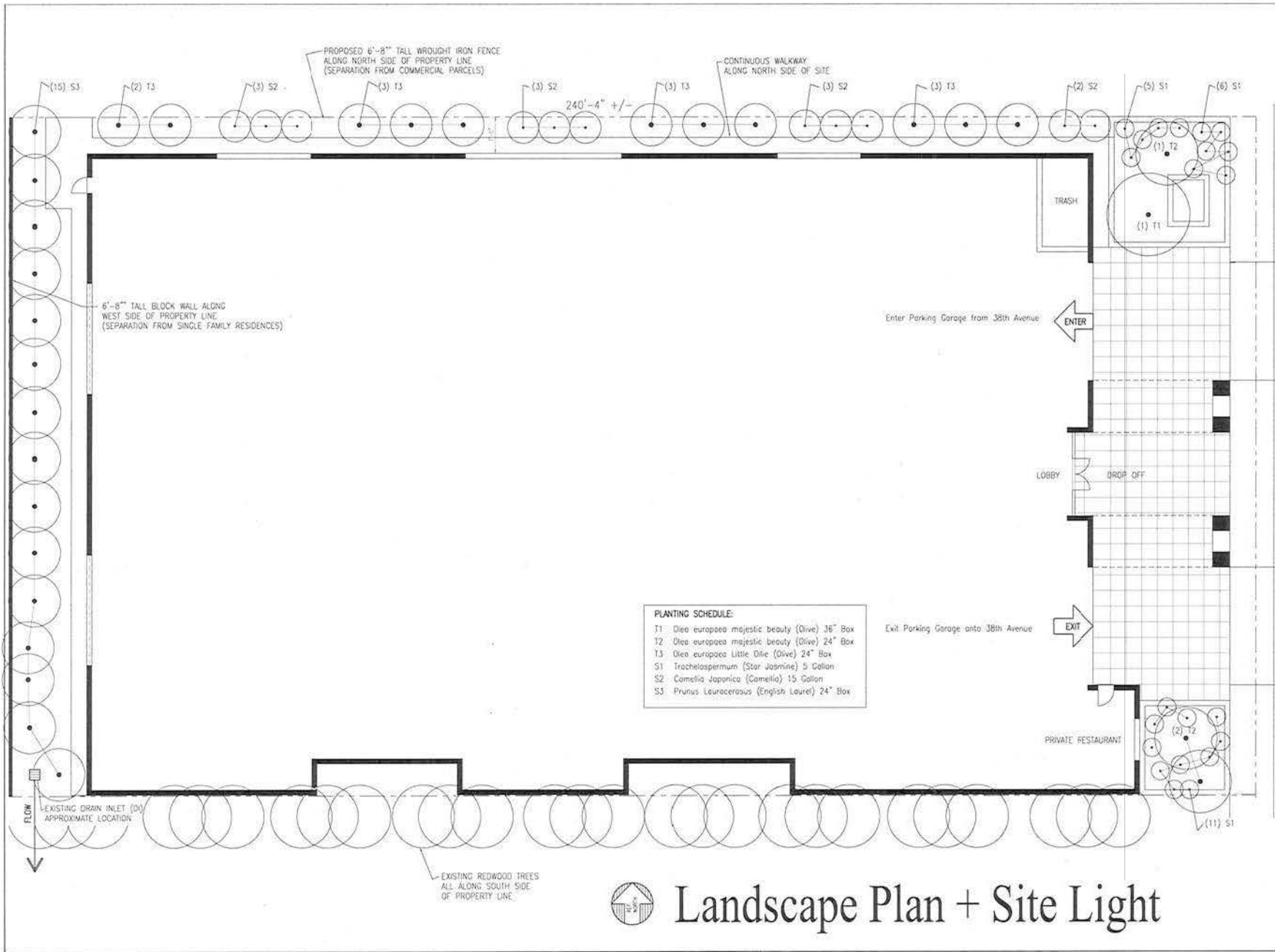
REVISIONS

PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APN: 034-181-17

SHEET TITLE  
 BUILDING  
 SECTIONS

SCALE: 1/8" = 1'-0"  
 DATE: 08-22-12  
 DRAWN BY: NLH  
 JOB NO.: N1140  
 DWG. NO.: N1140-A-10

A-10  
 sheet of sheets



NANCY HUYCK  
 ARCHITECT  
 9200 SOQUEL DRIVE  
 APTOS, CA 95003  
 PHONE (831)685-1206  
 FAX (831)688-3205

Progress  
 08-22-12

no.	date	description
REVISIONS		

PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APR: 034-181-17

SHEET TITLE  
 LANDSCAPE PLAN  
 and  
 SITE LIGHTING

SCALE: 1/8" = 1'-0"

DATE: 08-22-12

DRAWN BY: NLH

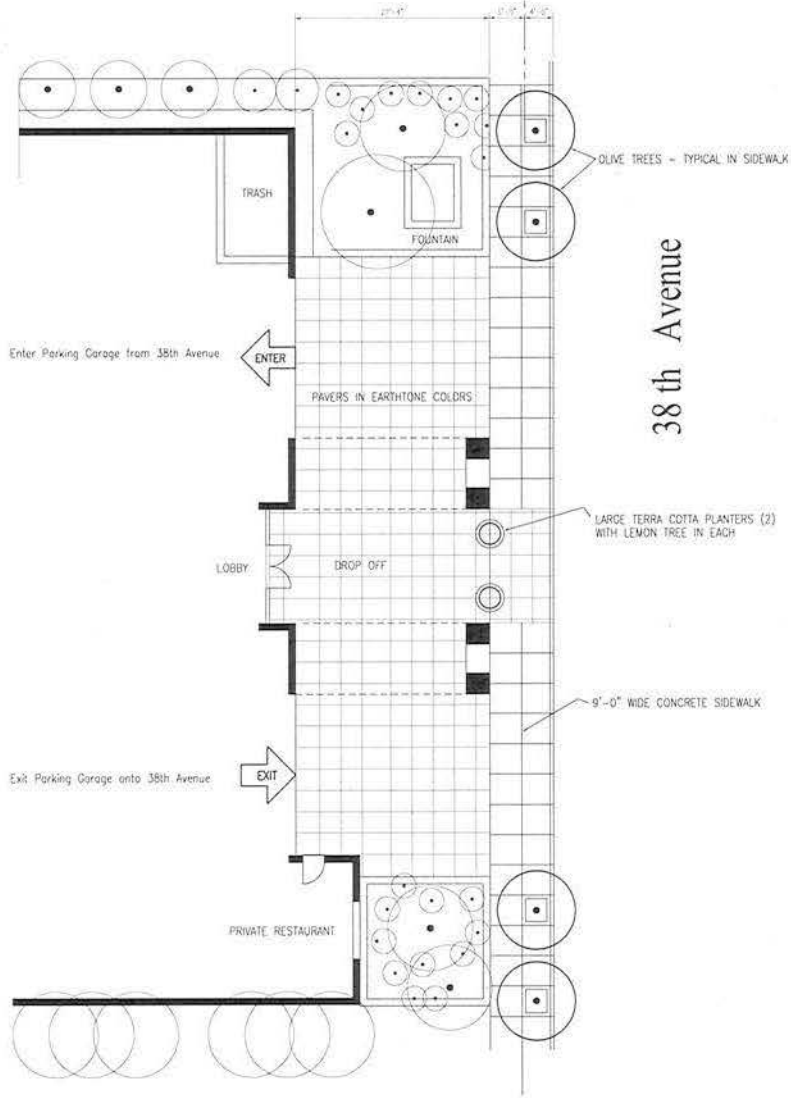
JOB NO.: N1140

DWG. NO.: N1140-A-11

 Landscape Plan + Site Light

A-11  
 sheet of sheets

Item #: 9.A. Attach 5.pdf



NANCY HUYCK  
 ARCHITECT  
 5200 SOQUEL DRIVE  
 APTOS, CA 95003  
 PHONE (831)685-1206  
 FAX (831)688-3205

Progress  
 08-22-12

no.	date	description
REVISIONS		

PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APN: 034-161-17

SHEET TITLE  
 SIDEWALK  
 and  
 STREETSCAPE

SCALE: 1/8" = 1'-0"  
 DATE: 08-22-12  
 DRAWN BY: NLH  
 JOB NO.: N1140  
 DWG. NO.: N1140-A-12

 Sidewalk and Streetscape (Schematic)

A-12  
 sheet of sheets

VILLA CAPITOLA  
1575 38<sup>th</sup> Avenue  
Capitola, CA 95010

August 24, 2012

Ryan Bane, Senior Planner  
Steve Jesberg, P. E. Public Works Director  
City of Capitola  
420 Capitola Avenue  
Capitola, CA 95010

Dear Ryan and Steve,

Villa Capitola offers retirement living at its best, in a small town environment with big city benefits. It draws its inspiration from the Mediterranean style of Italy. This independent senior living complex consists of 23 units of high quality architecture with a variety of floor plans including studios, one-bedroom and two bedroom residences. Villa Capitola is a new kind of retirement village for a new kind of retiree. In this ideal location residents can stay within the complex and enjoy many activities such as swimming, bocci ball, hobbies, exercise, yoga, massage, book club, classes, educational speakers, wifi, and dining. In addition, residents can walk to nearby book stores, theaters, restaurants, and numerous retail outlets and services. Shuttle service will provide supplemental transportation for residents to a variety of popular locations and destinations along our beautiful coast. The on-site restaurant will serve meals in a dining room, coffee bar, or poolside cabana. Residents will be surrounded with an invigorating sense of community in the heart of Capitola.

Significant changes in this senior living complex have been made since our submittal last October. These revisions were made in response to feedback from the City Council, the Planning Commission and our neighbors on 38<sup>th</sup> Avenue. With assistance from Capitola Planning Department and Public Works the following changes have been made:

- A Significant reduction in scope of project.
- Increased setbacks on side, front, and rear.
- Height reduction from 4 stories with 67 units to 3 stories with 23 units.
- Completed traffic study indicating little measurable impact.
- Completed parking study finding 36 spaces more than sufficient.
- A Mitigated Negative Environmental Declaration.

The building has been totally redesigned to be consistent with the existing neighborhood while taking into consideration future development in the area. We have discussed with the Capitola Public Works Department how a combined effort can make our portion of 38<sup>th</sup> Avenue roadway a snapshot of what future redevelopment could be.

**Item #: 9.A. Attach 5.pdf**

Villa Capitola has been designed, engineered, and will be constructed by Santa Cruz county's most reputable professionals. In keeping with world class standards in green building, our energy source will be supplemented by a comprehensive solar system. Recirculation of rain water from an on- site reservoir will decrease use of public water sources.

We look forward to working with the City of Capitola to make this senior living complex an asset to the community.

Regards,

Stephen Mathew Thomas

Maureen Romac-Thomas

**ATTACHMENTS:**

Drawings: (7) sets dated 08-22-12

Materials Board: (submitted previously)

Cardboard Massing Model: (1)

Prelim. Storm Water Management Report (Bowman & Williams): (2) booklets (submitted previously)

**PROJECT DATA:**

Villa Capitola: Unassisted Senior Rental Units for ages 55 and older

Location: 1575 38<sup>th</sup> Avenue, Capitola, CA (mailing address is Santa Cruz, CA 95062)

APN: 034-181-17

Parcel Size: Approximately 31,300 sf (130' x 240' approximately)

Zoning: PD

Number of Stories: Three

Number of Residential Units: 23

Number of Parking Stalls: 36

Building Height: 42 feet average height

**PROPOSED PROJECT TEAM:**

Developer: Steve Thomas and Maureen Romac-Thomas

Land Surveyor: Bowman and Williams

3D Rendering: Alan Hymes (Animatehouse)

Architect: Huyck Architects

Civil Engineer: Bowman & Williams

Structural Engineer: McLucas Engineers

Mechanical Engineer: Axiom Engineers

Electrical Engineer: Prime Design

Landscape Design: Huyck Architects

Construction Consultant: Tewolde Berhane

General Contractor: Slatter Construction

CITY OF CAPITOLA  
Notice of Intent to  
Adopt a Mitigated Negative Declaration



PROJECT: Villa Capitola Senior Housing APPLICATION #: 12-028

PROJECT LOCATION: 1575 38<sup>th</sup> Avenue, Capitola, CA 95010

APPLICANT: Nancy Huyck

**PROJECT DESCRIPTION:** The project consists of demolition of an existing commercial salvage yard and accessory buildings and construction of a 23-unit market-rate rental, "unassisted" senior housing development within a new three-story building. The project applications to be considered by the City include: Planned Development Rezoning, Conditional Use Permit, and Design Permit for the demolition and construction in a Neighborhood Commercial zone district.

**Significant Effects on the Environment:** Exposure to Noise.

The City of Capitola has reviewed the proposed project and has determined that the project will not have a significant effect on the environment with mitigation measures included as conditions of project approval. A copy of the Mitigated Negative Declaration and Initial Study document may be reviewed or obtained at the address below or is available on the City of Capitola website at [www.ci.capitola.ca.us](http://www.ci.capitola.ca.us):

City of Capitola  
420 Capitola Avenue  
Capitola, Ca 95010

Comments on the Mitigated Negative Declaration should be submitted in writing to Ryan Bane at the address listed above from August 15, 2012 through September 3, 2012. The Mitigated Negative Declaration and project will be considered at a public hearing before the City of Capitola Planning Commission on September 6, 2012 at 7 PM at the Capitola City Hall at the address above.

If you have any questions or comments, please contact Ryan Bane in the Community Development Department at (831) 475-7300 or email at: [rbane@ci.capitola.ca.us](mailto:rbane@ci.capitola.ca.us).

THIS NOTICE HAS BEEN POSTED AT THE CLERK  
OF THE BOARD OF SUPERVISORS OFFICE FOR A  
PERIOD COMMENCING 8/15 2012  
AND ENDING 9/15 2012



**CITY OF CAPITOLA  
Notice of Intent to  
Adopt a Mitigated Negative Declaration**

**PROJECT:** Villa Capitola Senior Housing   **APPLICATION #:** 12-028

**PROJECT LOCATION:** 1575 38<sup>th</sup> Avenue, Capitola, CA 95010

**APPLICANT:** Nancy Huyck

**PROJECT DESCRIPTION:** The project consists of demolition of an existing commercial salvage yard and accessory buildings and construction of a 23-unit market-rate rental, “unassisted” senior housing development within a new three-story building. The project applications to be considered by the City include: Planned Development Rezoning, Conditional Use Permit, and Design Permit for the demolition and construction in a Neighborhood Commercial zone district.

**Significant Effects on the Environment:** Exposure to Noise.

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Villa Capitola  
MND-Initial Study  
DISTRIBUTION LIST

Association of Monterey Bay Area  
Governments--AMBAG  
P.O. Box 809  
Marina, CA 93933-0809

County Clerk  
c/o Clerk of the Board  
701 Ocean Street  
Santa Cruz, CA 95060

Santa Cruz County  
Public Works Department, Room 410  
701 Ocean St.  
Santa Cruz, CA 95060

Santa Cruz County Planning Dept.  
Kathy Previsich, Director  
701 Ocean Street, 4<sup>th</sup> Floor  
Santa Cruz, CA 95060

City of Santa Cruz Water Department  
212 Locust Street  
Santa Cruz, CA 95060

**CITY OF CAPITOLA  
MITIGATED NEGATIVE DECLARATION**

The City of Capitola has prepared this Mitigated Negative Declaration for the following described project:

**PROJECT:** Villa Capitola Senior Housing    **APPLICATION #:** 12-028

**PROJECT LOCATION:** 1575 38<sup>th</sup> Avenue, CA 95010

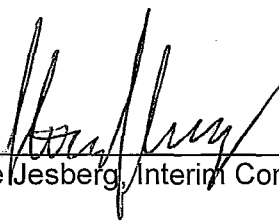
**APPLICANT:** Nancy Huyck

**PROJECT DESCRIPTION:** The project consists of demolition of an existing commercial salvage yard and accessory buildings and construction of a 23-unit market-rate rental, "unassisted" senior housing development within a new three-story building. The project applications to be considered by the City include: Planned Development Rezoning, Conditional Use Permit, and Design Permit for the demolition and construction in a Neighborhood Commercial zone district.

**FINDINGS:** The City of Capitola Community Development Department has reviewed the proposed project and has determined, based on the attached Initial Study, that the project will not have a significant effect on the environment with implementation of mitigation measures. Consequently, adoption of a Mitigated Negative Declaration is appropriate. An Environmental Impact Report is not required pursuant to the *California Environmental Quality Act of 1970 (CEQA)*. This environmental review process and completion of the Initial Study and Mitigated Negative Declaration were conducted in accordance with the State *CEQA Guidelines*.

The following mitigation measures will be incorporated into the project design or as conditions of approval, to ensure that any potential environmental impacts will not be significant.

Impact	Mitigation
Exposure to Noise.	<b>MITIGATION MEASURE 1:</b> Require preparation of an acoustical study with building permit submittal and require building plans to incorporate any recommended building or window design measures, if needed to achieve required indoor noise levels.

  
 By: Steve Jesberg, Interim Community Development Director

Date 7-31-12

# **CITY OF CAPITOLA**

420 CAPITOLA AVENUE  
CAPITOLA, CA 95010  
PHONE: (831) 475-7300 FAX: (831) 479-8879

## ***INITIAL STUDY***

### **I. BACKGROUND INFORMATION**

<b>Project Title:</b>	Villa Capitola Unassisted Senior Housing
<b>Application No.:</b>	#12-028
<b>Project Location:</b>	1575 38 <sup>th</sup> Avenue
<b>Name of Property Owner:</b>	Steve Thomas and Maureen Romac
<b>Name of Applicant:</b>	Nancy Huyck
<b>Assessor's Parcel Number(s):</b>	034-181-17
<b>Acreage of Property:</b>	31,365 square feet (0.72± acres)
<b>General Plan Designation:</b>	C-LC (Shopping - Local)
<b>Zoning District:</b>	CN (Neighborhood Commercial)
<b>Lead Agency:</b>	City of Capitola
<b>Prepared By:</b>	Stephanie Strelow, Strelow Consulting
<b>Date Prepared:</b>	July 30, 2012
<b>Contact Person:</b>	Ryan Bane, Senior Planner
<b>Phone Number:</b>	(831) 475-7300

## II. DESCRIPTION OF PROJECT AND ENVIRONMENTAL SETTING

### A. Environmental Setting and Surrounding Land Uses

This project site is located within the western portion of the City of Capitola, south of Capitola Road on the west side of 38<sup>th</sup> Avenue. The site is located at 1575 38<sup>th</sup> Avenue, just south of the Capitola Mall (see Figure 1). The site is bordered by 38<sup>th</sup> Avenue and the Kings Plaza Shopping Center on the east, commercial uses on the north and south, and residential uses on the west. The properties to the west are located within the unincorporated area of Santa Cruz County.

The project site is flat and currently is developed with a commercial salvage yard (Capitola Freight and Salvage) that consists of areas of stockpiled building elements (windows, doors, cabinets) and appliances, several older structures and an unpaved parking area. Approximately seven trees are located on the property, primarily at the edges.

The surrounding neighborhood is primarily characterized as commercial, except for residential uses that are located to the west of the site. A storage facility with parking is located immediately south of the project site; a row of redwood trees on this adjacent property borders the property line. Two older single-family homes are located adjacent to the project site on the north, which appear to be used for commercial purposes and are located within a commercial zone. A parking lot serving commercial uses along Capitola Road also borders the project site on the north. Older single-family homes are located to the west of the project site. An aerial photo with the existing site conditions is presented on Figure 2.

### B. Project Description

**Background.** A preliminary proposal for the project site consisted of a four-story, 67-unit senior housing planned developed that was reviewed by Capitola's Architectural and Site Review Committee, Planning Commission and City Council in the fall of 2011. Based on comments and direction given at that time, the applicant redesigned the project and submitted a formal Planned Development application. The current proposal has been reduced in size to a three-story, 23-unit project as further described below.

**Project Description.** The project consists of demolition of the existing salvage yard and its accessory buildings and construction of a 23-unit rental (market rate), "unassisted" senior housing development. The project applications to be considered by the City include: Planned Development Rezoning, Conditional Use Permit, and Design Permit for the demolition and construction.

The proposed project will be contained within an approximate 70,000 square foot, three-story building. The proposed housing units will be located on the second and third floors. The planned units include 11 studio units, nine one-bedroom units, two one-bedroom with study units, and one two-bedroom with study unit.

The ground level includes an enclosed 36-space enclosed parking garage. An approximate 520 square foot "private restaurant" also is located on the ground floor adjacent to the parking area, which would serve meals in a dining room, coffee bar or poolside cabana. The restaurant area (with an approximate 520 square foot kitchen) is intended for residents only, where meals will be

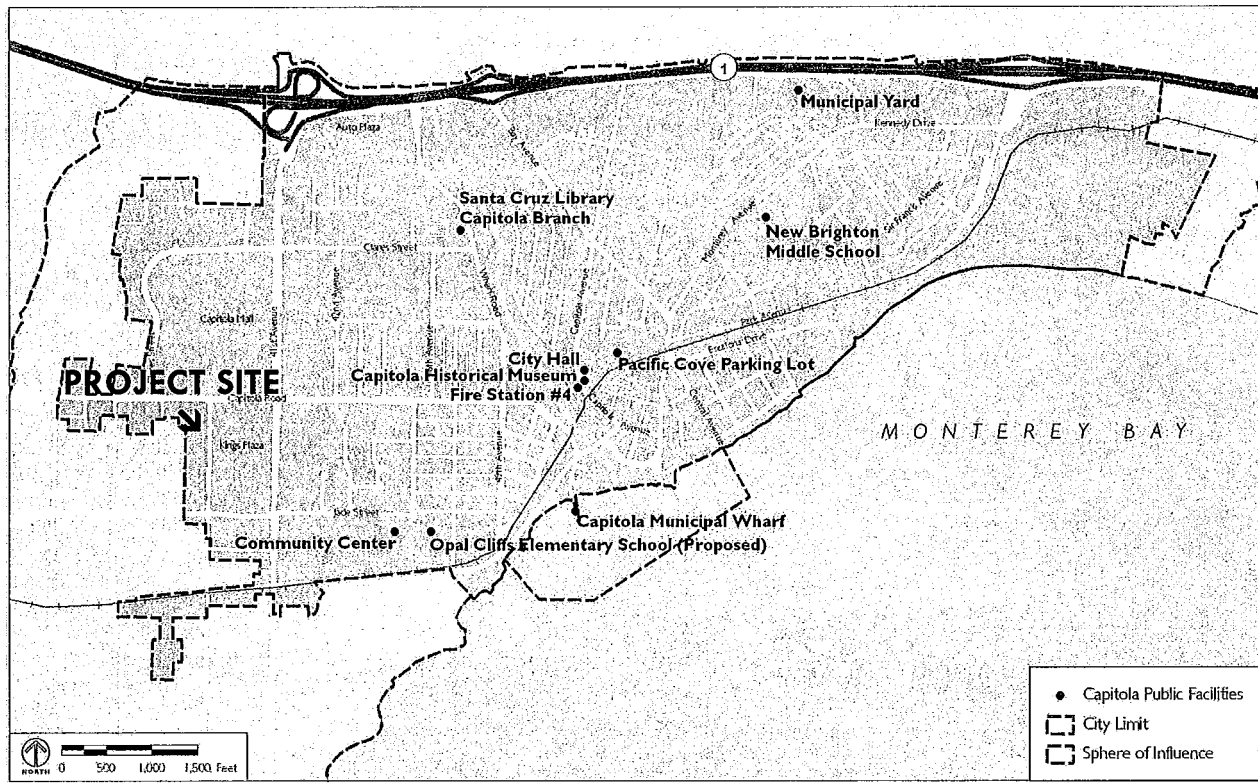
served three times a day. A lobby area is located on the second, and a 480-square foot pool with spa and cabana is proposed on the third floor. The site plan with the first two floors is shown on Figure 3.

Access will provided via 38<sup>th</sup> Avenue with a separate entrance and exit. Information provided by the applicant indicates that shuttle service will be provided for supplemental transportation for residents.

**C. Agencies whose approval is required (and permits needed)**

None are known other than the City of Capitola.

**FIGURE 1: Vicinity Location**



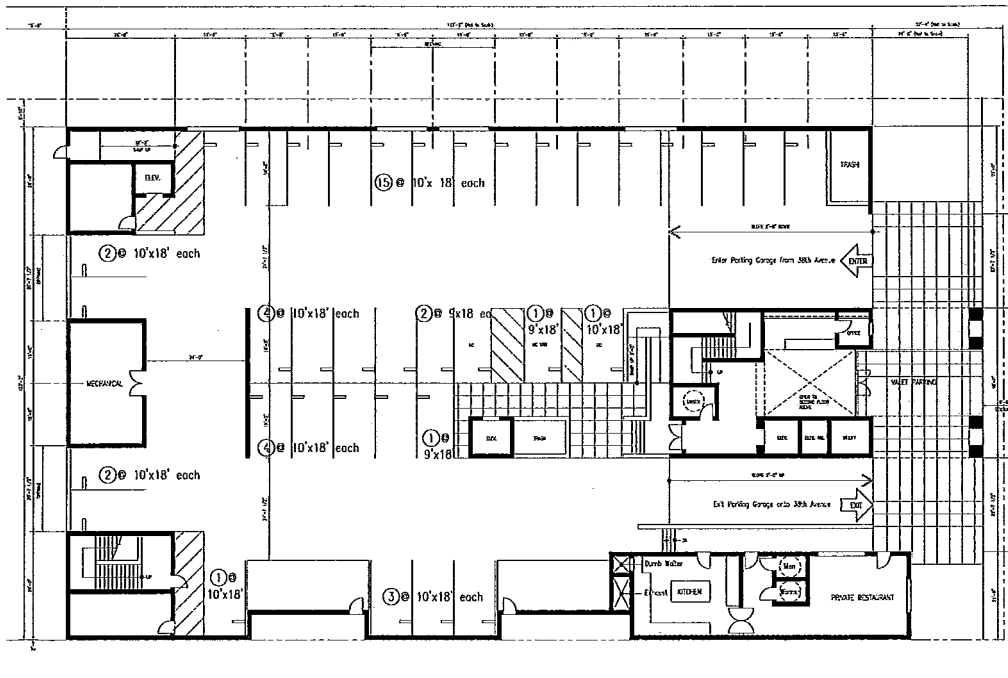
**SOURCE:** Imagine Capitola – City of Capitola General Plan Update

**FIGURE 2: Existing Site Conditions**

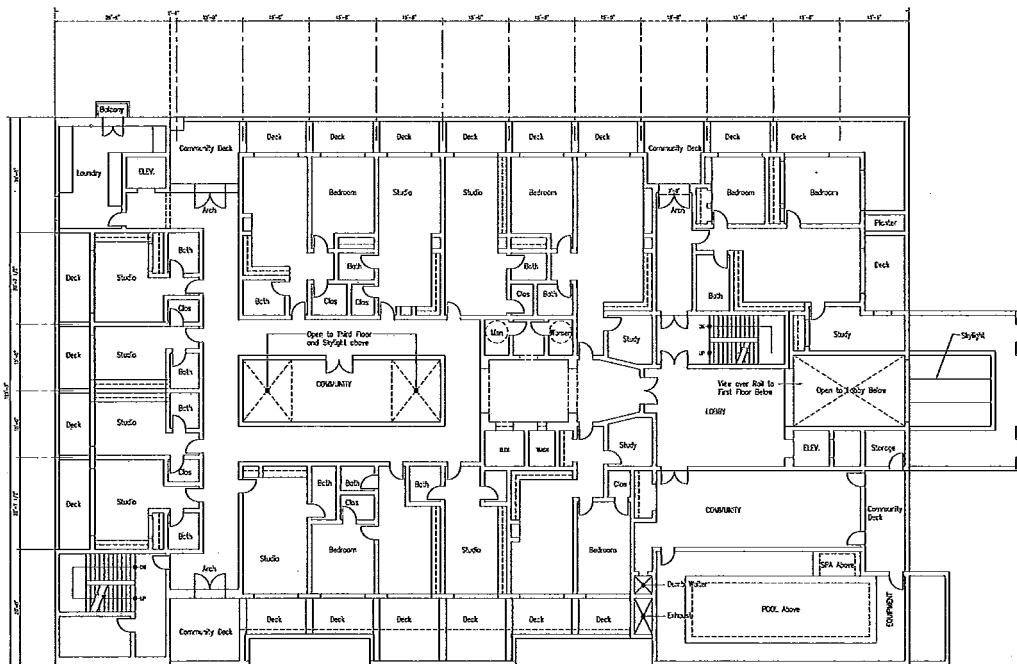


Existing Site Conditions

FIGURE 3: Site Plan - First & Second Floor Plans



(36 total parking stalls)  First Floor Garage Plan



 Second Floor Plan



### III. ENVIRONMENTAL CHECKLIST

**Environmental Factors Potentially Affected by the Project:** The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

✓	Aesthetics		Agriculture & Forest Resources	✓	Air Quality
✓	Biological Resources		Cultural Resources	✓	Geology / Soils
✓	Greenhouse Gas Emissions	✓	Hazards & Hazardous Materials	✓	Hydrology / Water Quality
	Land Use / Planning		Mineral Resources	✓	Noise
✓	Population / Housing	✓	Public Services		Recreation
✓	Transportation / Traffic	✓	Utilities / Service Systems	✓	Mandatory Findings of Significance

#### A. Instructions to Environmental Checklist

1. A brief explanation is required (see VI. "Explanation of Environmental Checklist Responses") for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question (see V. Source List, attached). A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
2. All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
3. Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that any effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
4. "Negative Declaration: Less Than Significant With Mitigation Incorporated: applies where incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level.
5. Earlier Analysis may be used where, pursuant to the tiering, program EIR, or other CEQA process, one or more effects have been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case a discussion should identify the following on attached sheets:
  - a) *Earlier analysis used.* Identify earlier analyses and state where they are available for review.

## Item #: 9.A. Attach 5.pdf

- b) *Impacts adequately addressed.* Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
  - c) *Mitigation measures.* For effects that are "Less than Significant with Mitigation Incorporated," describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
6. Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
7. Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
8. The explanation of each issue should identify:
- a) The significance criteria or threshold, if any, used to evaluate each question; and
  - b) The mitigation measure identified, if any, to reduce the impact to less than significance.

### **B. Use of Earlier Analyses**

The project site is located within the service area of the City of Santa Cruz Water Department. In December 2011, the Santa Cruz City Council adopted the *2010 Urban Water Management Plan (UWMP)*, which evaluates water supply and demand within the City's service area over the next 20 years. Additionally, the City of Santa Cruz updated its General Plan, which was adopted by the City Council in June 2012 and certified an EIR for the *General Plan 2030* at the same time. The EIR provides a comprehensive analysis of impacts of water demand within the City's service area. Both the UWMP and General Plan EIR assess future water demand within the City's water service area that is located outside Santa Cruz city limits.

The preparation of this Initial Study has drawn from data and analyses contained in both the City of Santa Cruz adopted 2010 UWMP and certified General Plan 2030 EIR. These documents are hereby "incorporated by reference" pursuant to the State CEQA Guidelines section 15150. Where an EIR or Negative Declaration uses incorporation by reference, the incorporated part of the referenced document shall be briefly summarized where possible or briefly described if the data or information cannot be summarized. The EIR analyses and conclusions and relevant findings of the 2010 UWMP are summarized in subsections 17(b,d) and 18(b) of this Initial Study. The documents are on file and may be reviewed at the City of Capitola during business hours (Monday through Friday, 8 AM to 12 PM and 1-5 PM), located at 420 Capitola Avenue, Capitola, CA. The documents are also available on the City of Santa Cruz website.<sup>1</sup>

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<sup>1</sup> City of Santa Cruz Planning Department: <http://www.cityofsantacruz.com/index.aspx?page=348> and City of Santa Cruz Water Department: <http://www.cityofsantacruz.com/Modules/ShowDocument.aspx?documentid=24687>.

ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>1. AESTHETICS. Would the project:</b>				
a) Have a substantial adverse effect on a scenic vista?				✓
b) Substantially damage scenic resources, including but not limited to trees, rock outcroppings, and historic buildings within a state scenic highway?				✓
c) Substantially degrade the existing visual character or quality of the site and its surroundings?			✓	
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?			✓	
<b>2. AGRICULTURE RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:</b>				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use? (V.4)				✓
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				✓
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?				✓
d) Result in the loss of forest land or conversion of forest land to non-forest use?				✓
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural use or conversion of forest land to non-forest use?				✓

ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>3. AIR QUALITY. Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:</b>				
a) Conflict with or obstruct implementation of the applicable air quality plan?				✓
b) Violate any air quality standard or contribute to an existing or projected air quality violation?			✓	
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?			✓	
d) Expose sensitive receptors to substantial pollutant concentrations?			✓	
e) Create objectionable odors affecting a substantial number of people?				✓
<b>4. BIOLOGICAL RESOURCES. Would the project:</b>				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				✓
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				✓
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				✓
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				✓

ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?			✓	
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				✓
<b>5. CULTURAL RESOURCES. Would the project:</b>				
a) Cause a substantial adverse change in the significance of a historical resource as defined in CEQA Guidelines section 15064.5?				✓
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to section 15064.5?				✓
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				✓
d) Disturb any human remains, including those interred outside of formal cemeteries?				✓
<b>6. GEOLOGY AND SOILS. Would the project expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:</b>				
a) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42?				✓
b) Strong seismic ground shaking?			✓	
c) Seismic-related ground failure, including liquefaction?				✓
d) Landslides?				✓
e) Would the project result in substantial soil erosion or the loss of topsoil?			✓	
f) Would the project be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?				✓

ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
g) Would the project be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?			✓	
h) Would the project have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water.				✓
<b>7. GREENHOUSE GAS EMISSIONS. Would the project:</b>				
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?			✓	
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?				✓
<b>8. HAZARDS AND HAZARDOUS MATERIALS. Would the project:</b>				
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?				✓
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?			✓	
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within ¼ mile of an existing or proposed school?				✓
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				✓
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				✓
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				✓
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				✓

<b>ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):</b>	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				✓
<b>9. HYDROLOGY AND WATER QUALITY. Would the project:</b>				
a) Violate any water quality standards or waste discharge requirements?				✓
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local ground water table level (for example, the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?				✓
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site.				✓
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site.				✓
e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?			✓	
f) Otherwise substantially degrade water quality?			✓	
g) Place housing within a 100-year flood-hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map? (V.1α)				✓
h) Place within a 100-year flood-hazard area structures which would impede or redirect flood flows? (V.1α)				✓
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam? (V.1)				✓
j) Inundation by seiche, tsunamis, or mudflow? (V.1α)				✓

ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>10. LAND USE AND PLANNING. Would the project:</b>				
a) Physically divide an established community?				✓
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				✓
c) Conflict with any applicable Habitat Conservation Plan or Natural Community Conservation Plan?				✓
<b>11. MINERAL RESOURCES. Would the project:</b>				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state? (V.1 a)				✓
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan? (V.1 a)				✓
<b>12. NOISE. Would the project result in:</b>				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance or applicable standards of other agencies?		✓		
b) Exposure of persons to or generation of excessive ground borne vibration or ground borne noise levels?				✓
c) Substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?			✓	
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?			✓	
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				✓



ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?				✓
<b>13. POPULATION AND HOUSING. Would the project:</b>				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?			✓	
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				✓
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				✓
<b>14. PUBLIC SERVICES. Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities or need for new or physical altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services:</b>				
a) Fire protection?			✓	
b) Police protection?			✓	
c) Schools?				✓
d) Parks?			✓	
e) Other public facilities?				✓
<b>15. RECREATION. Would the project:</b>				
a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?			✓	
b) Include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?				✓

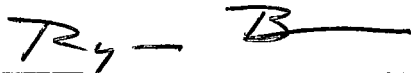
ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>16. TRANSPORTATION/TRAFFIC. Would the project:</b>				
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?			✓	
b) Conflict with an applicable congestion management program, including, but not limited to level of service standard and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?				✓
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location, that results in substantial safety risks?				✓
d) Substantially increase hazards due to a design feature (for example, sharp curves or dangerous intersections) or incompatible uses (for example, farm equipment)?				✓
e) Result in inadequate emergency access?				✓
f) Conflict with adopted policies, plans, or programs supporting alternative transportation (for example, bus turnouts, bicycle racks.)				✓
<b>17. UTILITIES AND SERVICE SYSTEMS. Would the project:</b>				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				✓
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				✓
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				✓
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?			✓	

ENVIRONMENTAL IMPACTS Issues (and Supporting Information Sources):	Potentially Significant Issues	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				✓
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				✓
g) Comply with federal, state, and local statutes and regulations related to solid waste?				✓
<b>18. MANDATORY FINDINGS OF SIGNIFICANCE. Does the project:</b>				
a) Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?				✓
b) Have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of the past projects, the effects of other current projects, and the effects of probable future projects.)			✓	
c) Have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?				✓

**IV. DETERMINATION:**

On the basis of this initial evaluation:

I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.	
I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.	✓
I find that the proposed project MAY have a significant effect on the environment and an ENVIRONMENTAL IMPACT REPORT is required.	
I find that the proposed project MAY have a potentially significant or a potentially significant unless mitigated impact on the environment, but at least one effect (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.	
I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.	

  
 \_\_\_\_\_  
 Ryan Bane, Senior Planner

8/7/12  
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 Date

## V. SOURCE LIST

1. City of Capitola.
  - a) Adopted September 28, 1989. *General Plan City of Capitola*. Prepared by Freitas + Freitas.
  - b) Adopted February 11, 2010. "City of Capitola Housing Element of the General Plan 2007-2014."
2. "Imagine Capitola" – City of Capitola General Plan Update.
  - a) "General Plan Update Existing Conditions White Paper #1. March 2011. Prepared by Design, Community & Environment for the City of Capitola.
  - b) "White Paper #3 – Transportation & Parking". April 2011. Prepared by RBF Consulting and Kimley-Horn and Associates.
  - c) "White Paper #4 – Environmental Resources & Hazards". April 2011. Prepared by RBF Consulting.
  - d) "White Paper #5 – Environmental Resources & Hazards". April 2011. Prepared by RBF Consulting.
3. City of Santa Cruz.
  - a) June 26, 2012. Adopted. *General Plan 2030*.
  - b) April 2012. "City of Santa Cruz General Plan 2030 Final EIR."
  - c) September 2011. "City of Santa Cruz General Plan 2030 Draft EIR."
  - d) December 2011. Adopted. "City of Santa Cruz Urban Water Management Plan 2010."
4. California Department of Conservation. 2007. "Farmland Mapping and Monitoring Program."
5. Monterey Bay Unified Air Pollution Control District.
  - a) August 2008. *2008 Air Quality Management Plan for the Monterey Bay Region*.
  - b) February 2008. "CEQA Air Quality Guidelines."
  - c) May 18, 2011. Staff Report regarding "Presentation on Thresholds of Significance for Greenhouse Gases and Provide Suggestions to Staff for the Recommendation to be Presented at the June 2011 Board Meeting."
  - d) July 12, 2011. Staff Agenda Item for Board Meeting on June 15, 2011 regarding "Consider Adoption of a Resolution Approving Proposed Revisions to the District Consistency Procedure."
6. Donald Ballanti, Certified Consulting Meteorologist. June 22, 2012. "Greenhouse Gas Analysis for the Villa Capitola Project, Capitola, California."
7. Bowman & Williams. June 6, 2012. "Preliminary Storm Water Management Report for Senior Housing, APN: 034-181-17, 1575 38<sup>th</sup> Avenue, Santa Cruz, California."

8. RBF Consulting. June 8, 2012. "Forecast Trip Generation, On-site Parking Analysis and Pedestrian Warrant Analysis for the Proposed Villa Capitola Senior Housing Project."
9. Global Climate Change References:
  - a) California Air Resources Board. September 22, 2010 (Last Updated). "Greenhouse Gas Inventory Data – 2000 to 2008." Online at: <http://www.arb.ca.gov/cc/inventory/data/data.htm>
    - MAY 12, 2010. "California Greenhouse Gas Inventory for 2000-2008 – By — by Category as Defined in the Scoping Plan"
    - May 28, 2010. "Trends in California Greenhouse Gas Emissions for 2000 to 2008 – by Category as Defined in the Scoping Plan."
  - b) California Air Resources Board. December 2008. *Climate Change Proposed Scoping Plan – A Framework for Change.* December 2008. Online at: [http://www.arb.ca.gov/cc/scopingplan/document/adopted\\_scoping\\_plan.pdf](http://www.arb.ca.gov/cc/scopingplan/document/adopted_scoping_plan.pdf)
  - c) California Climate Action Team. December 2010. "Climate Action Team Report to governor Schwarzenegger and the California Legislature." California Environmental Protection Agency.
  - d) California Governor's Office of Planning and Research. June 19, 2008. "CEQA and Climate Change: Addressing Climate Change Through California Environmental Quality Act (CEQA) Review."
  - e) California Natural Resources Agency. "2009 California Climate Adaptation Strategy." A Report to the Governor of the State of California in Response to Executive Order S-13-2008.
  - f) Bay Area Air Quality Management District. June 2010. "California Environmental Quality Act Guidelines." Online at: <http://www.baaqmd.gov/Divisions/Planning-and-Research/CEQA-GUIDELINES/Updated-CEQA-Guidelines.aspx>

## VI. EXPLANATION OF ENVIRONMENTAL CHECKLIST RESPONSES

### 1. Aesthetics.

(a) Scenic Views. The proposed project is located within a developed commercial area within the City of Capitola. The City's General Plan does not identify any "vista points" in the project vicinity. The project site is not visible from a designated vista point nor is it within an identified or observed scenic view. There are no scenic views across or from the project site. The project would not obstruct or remove scenic coastal views as none exist in the area.

(b) Scenic Resources. The site contains seven trees, including two large pine trees, one redwood and four smaller ornamental trees. The two large pines are taller than other onsite trees and are visible in the immediate vicinity of the project site. Generally, trees are planted along 38<sup>th</sup> Avenue.

*Impact Analysis.* All onsite trees will be removed for project development. None of the trees are visually prominent or distinctive, and they do not represent a significant visual element of the surrounding area, which is characterized by existing commercial development with landscaping. The pine tree in the southeast corner of the site is the most visible and is prominent in the immediate vicinity of the project site, but it does not possess unique or unusual aesthetic features for this type of tree. Trees are planted along 38<sup>th</sup> Avenue, including redwood trees further south of the site, and as a result, the street appears lined with trees that partially screen some existing buildings. While any tree may be considered to possess aesthetic attributes, the trees on the project site do not possess qualities under which they would be considered scenic, such as being visually prominent from a wide area, visually distinctive and/or being an exceptional specimen of a particular species. Thus, the onsite trees are not considered a scenic resource, and the project would not have an adverse effect on scenic resources. Tree removal in relation to City tree removal regulations is reviewed below under subsection 4(e).

(c) Visual Effects upon Surrounding Area. The visual quality of the project vicinity is characterized primarily by a mix of developed commercial uses. Commercial uses are prominent along the segment of 38<sup>th</sup> Avenue in which the project site is located, including the Kings Plaza Shopping Center to the east and the Capitola Mall to the north. Commercial development dominates the visual character in the area, although some older homes of mixed styles and age are located further south of the project site along 38<sup>th</sup> Avenue. Trees are planted along 38<sup>th</sup> Avenue.

*Impact Analysis.* The proposed project would result in construction of a new three-story building within a predominantly commercial area. The building will occupy nearly the entire site. It will be of similar scale and mass as the storage facility to the south and other larger commercial buildings in the area, including those at the Kings Plaza Shopping Center to the east and at the Capitola Mall to the north. The proposed building would be one taller than existing buildings, and would be more massive than residential properties to the west.

Building elevations provided as part of the site plan are shown on Figure 4. The overall building mass is broken up by architectural recesses and windows along each side. Additionally, the upper floors are slightly set back from the ground floor on the front and partially on the rear, which also reduces the overall building mass.

The building height of 42 feet exceeds the height limit of 27 feet for the CN zone in which the site is located. However, the proposal includes a rezoning to Planned Development in which building heights can vary. The project site is located at the edge of the Community Commercial district in which heights of 40 feet are permitted. Given this proximity, the proposed building height would not be substantially different than permitted heights in the adjacent district or some structures in the area and along 41<sup>st</sup> Avenue. The building height likely would be

most noticeable from residential properties to the west, although landscaping would be provided along this boundary.

Overall, the project building mass and scale is similar to other commercial buildings in the vicinity, and the project would not substantially degrade the visual character of the surrounding area. The building height would be greater than other nearby buildings, but is not likely to appear out of scale with vicinity commercial buildings. With the planned architectural and building design features, materials, and colors, the proposed building would not substantially degrade the existing visual character of the surrounding area. Removal of the onsite trees (as discussed above in subsection 1b) would not be highly noticeable given the commercial character of the area and other tree cover that is present along 38<sup>th</sup> Avenue. Therefore, the project would have a less-than-significant impact on the visual character of the surrounding area. Further review of design details will be made by the City Planning Commission as part of the Architectural and Site approval that is required for permitted or conditional uses in a CN district as provided in Chapter 17.63 of the City's Municipal Code.

(d) Light and Glare. The project will not result in introduction of a major new source of light and glare, although there will be exterior building lighting typically associated with residential and planned development buildings. This is not expected to create significant visual impacts on the surrounding neighborhood. Further review of design details will be made as part of the Architectural and Site review process. Additionally, standard conditions of approval require that all lighting shall be shielded and directed on to the property, away from adjacent residential properties. Lighting intensity shall be reviewed and approved by staff prior to final occupancy and shall be reviewed by the Planning Commission upon receipt of a complaint.

2. **Agricultural and Forest Resources.** The project site is located in a developed urban area. The project site is not in agricultural production or located adjacent to or near agricultural uses. The project site, as all of Capitola, is designated "Urban and Built-Up" by the California Department of Conservation Farmland Mapping and Monitoring Program (SOURCE V.4). Similarly, the project site is located within a developed commercial area and is not designated for timber resource production. The proposed project would have no effects on agricultural or forest resources.

3. **Air Quality.**

(a) Consistency with Air Quality Management Plan. The proposed project will result in construction of 23 senior residential units. On June 15, 2011 the Monterey Bay Unified Air Pollution Control District (MBUAPCD) Board approved a new procedure for determining consistency with the *Air Quality Management Plan* (AQMP), effective September 1, 2011. In the past, the Association of Monterey Bay Area Governments (AMBAG) determined whether population increases would remain within AMBAG's population forecasts used in the AQMP. The new procedure uses AMBAG's adopted housing unit forecast instead of population (SOURCE V.5d).





The Air District's adopted procedure was used to determine project consistency with the AQMP. The city of Capitola had 5,537 existing dwelling units as of January 1, 2012.<sup>2</sup> According to Capitola City staff, there are four residential units that are under construction or have been approved. With these four units and the project (23 units), there would be a total of 5,564 residential units within the City which is below the AMBAG forecast of 5,601 units projected in 2015. Therefore, the proposed project is consistent with the AQMP, and would not conflict with or obstruct implementation of the AQMP.

(b) Project Emissions. To protect public health, both the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) have established ambient air quality standards (AAQS) that are the maximum levels of ambient (background) air pollutants considered safe, with an adequate margin of safety to protect public health and welfare. The national standards address six criteria pollutants, including ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, fine particulate matter (both PM<sub>10</sub> and PM<sub>2.5</sub>, which refer to particles less than 10 microns and 2.5 microns, respectively), and lead. The state standards, which are generally more stringent than the federal standards, apply to the same pollutants as the federal standards do, but also include sulfate, hydrogen sulfide, and vinyl chloride.

The North Central Coast Air Basin (NCCAB), in which the project site is located, is under the jurisdiction of the Monterey Bay Air Pollution Control District (MBUAPCD) and includes Santa Cruz, Monterey and San Benito Counties. The NCCAB is currently in attainment for the federal PM<sub>10</sub> (particulate less than 10 microns in diameter), ozone, nitrogen dioxide, sulfur dioxide, and carbon monoxide standards and is unclassified or attainment for the federal PM<sub>25</sub> and lead standards. The basin is designated non-attainment for the state ozone and PM<sub>10</sub> standards, and is in attainment for all other state standards, except for carbon monoxide for which it is unclassified (SOURCE V.5a).

*Impact Analysis.* The proposed project consists of construction of 23 senior housing units. There would be vehicular traffic increases associated with the proposed project, but emissions would not exceed MBUAPCD's criteria for significance. According to the MBUAPCD's CEQA Guidelines (February 2008), the proposed number of new residential units is below the District's screening level for potential significant ozone impacts for apartments and condominiums (SOURCE V.5b). Furthermore, the project does not include operations that would result in stationary emissions. Thus, the project would not violate current air quality standards, and would result in a less-than-significant impact related to air emissions.

Demolition, excavation and construction could result in generation of dust and PM<sub>10</sub> emissions. According to MBUAPCD's "CEQA Air Quality Guidelines" (as

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<sup>2</sup> Per California Department of Finance, "E-5 Population and Housing Estimates for Cities, Counties, and the State, 2011 and 2012" (May 2012). Online at: <http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php>.

updated in June 2008), 8.1 acres could be graded per day with minimal earthmoving or 2.2 acres per day with grading and excavation without exceeding the MBUAPCD's PM<sub>10</sub> threshold of 82 lbs/day. The project site area is approximately 0.72 acres, which would be below the 2.2 acre grading threshold. Thus, potential construction-related PM<sub>10</sub> emissions would be less-than-significant.

(c) Cumulative Pollutant Increases. According to the MBUAPCD CEQA Guidelines, projects that are consistent with the "Air Quality Management Plan" (AQMP) would not result in cumulative impacts as regional emissions have been factored into the Plan. The MBUAPCD prepares air quality plans, which address attainment of the state and federal emission standards, and which, incorporate growth forecasts developed by AMBAG. As indicated in subsection 3(a) above, the proposed project is consistent with the AQMP, which takes into account cumulative development within the City, and thus, cumulative emissions have been accounted for in the Plan.

(d) Sensitive Receptors. The project site is located within a developed area of the City of Capitola and is surrounded primarily by commercial development, except for residential development on the west. As indicated above, the proposed project would not result in stationary emissions. Thus, the proposed project will not expose sensitive receptors to substantial pollutant concentrations.

Diesel particulate matter was identified as a toxic air contaminant (TAC) by the State of California in 1998. Following the identification of diesel as a TAC, the California Air Resources Board (CARB) developed a comprehensive strategy to control diesel PM emissions. The "Risk Reduction Plan to Reduce Particulate Matter Emissions from Diesel-Fueled Engines and Vehicles"—a document approved by CARB in September 2000—set goals to reduce diesel PM emissions in California by 75% by 2010 and 85% by 2020. This objective would be achieved by a combination of approaches (including emission regulations for new diesel engines and low sulfur fuel program). An important part of the Diesel Risk Reduction Plan is a series of measures for various categories of in-use on- and off-road diesel engines, which are generally based on the following types of controls:

- Retrofitting engines with emission control systems, such as diesel particulate filters or oxidation catalysts,
- Replacement of existing engines with new technology diesel engines or natural gas engines, and
- Restrictions placed on the operation of existing equipment.

Once the Diesel Risk Reduction Plan was adopted, the ARB started developing emission regulations for a number of categories of in-use diesel vehicles and equipment. In July 2007, the ARB adopted regulations for in-use, off-road diesel vehicles that will significantly reduce particulate matter emissions by requiring fleet owners to accelerate turnover to cleaner engines and install exhaust retrofits.

*Impact Analysis.* Demolition, excavation, grading and project construction could involve the use of diesel trucks and equipment that will emit diesel exhaust,

including diesel particulate matter, which is classified as a toxic air contaminant. Adjacent residents and businesses would be exposed to construction-related diesel emissions, but activities that would use diesel equipment would be of temporary and of short-term duration. Thus, potential exposure to adjacent residents is considered a less-than-significant impact.

There are existing residential units adjacent to the site on the west. Construction-related diesel emissions would be of limited duration (i.e., primarily during grading) and would be temporary. CARB has identified diesel exhaust particulate matter as a toxic air contaminant, and assessment of toxic air contaminant cancer risks is typically based upon a 70-year exposure period. Project excavation and construction activities that would utilize diesel-powered equipment would expose receptors to possible diesel exhaust for a very limited number of days out of a 70-year (365 day per year, 24-hour per day) period. Because exposure to diesel exhaust will be well below the 70-year exposure period, and given the limited and short-term duration of activities that would use diesel equipment, construction-related diesel emissions are not considered significant. Furthermore, the State is implementing emission standards for different classes of on- and off-road diesel vehicles and equipment that applies to off-road diesel fleets and includes measures such as retrofits. Additionally, Title 13 of the California Code of Regulations (section 2485(c)(1)) prohibits idling of a diesel engine for more than five minutes in any location. Thus, the project would not expose sensitive receptors to substantial pollutant concentrations, and potential exposure of sensitive receptors to diesel emissions and associated risks is considered a less-than-significant impact.

(e) Odors. The planned residential use will not create objectionable odors.

#### **4. Biological Resources.**

The project site is located along 38<sup>th</sup> Avenue, west of 41<sup>st</sup> Avenue, which is a major transportation and commercial arterial. The site is developed with a commercial salvage materials business, and is located within a developed commercial area. There are no known biological resources on the project site or in the vicinity. The site is not mapped in the City's General Plan as being located in a riparian corridor or monarch butterfly grove (SOURCE V.1a).

(e) Tree Removal. There are seven existing trees on the project property, including two large pine trees, one redwood and four smaller ornamental trees. The majority of the trees are located on the perimeter of the site. The trees on the project site are not considered "heritage" trees under City of Capitola regulations (Chapter 12.12 – Community Tree and Forest Management). However, removal of non-heritage trees requires a permit pursuant to section 12.12.160 of the City's Municipal Code with the following findings:

1. The tree removal is in the public interest based on one of the following:
  - a. Because of the health or condition of the tree, with respect to disease infestation, or danger of falling;
  - b. Safety considerations; or
  - c. In situations where a tree has caused, or has the potential to cause, unreasonable property damage and/or interference with existing utility services.
2. All possible and feasible alternatives to tree removal have been evaluated, including, but not limited to undergrounding of utilities, selective root cutting, trimming and relocation.
3. The type, size and schedule for planting replacement trees are specified and shall be concurrent with the tree removal or prior to it.
4. The removal of the tree would not be contrary to the purposes of Chapter 12.12 – “Community Tree and Forest Management” and Chapter 17.95 – Environmental Sensitive Habitats.
5. Replacement trees in a ratio of two to one as needed to ensure that with replacement trees, a canopy coverage of at least fifteen percent will result, and location(s) for tree replanting are selected, and/or as a last resort, in-lieu fees have been paid as a condition of the permit in accordance with Section 12.12.190. Replacement trees and/or in-lieu fees are not required if post-removal tree canopy coverage on the site or parcel will be thirty percent or more.

*Impact Analysis.* The proposed project will result in removal of seven trees, but none are considered heritage trees under City regulations. Removal would not conflict with City regulations with approval of a permit and replanting replacement trees. Thus, the impact is considered less-than-significant.

None of the existing onsite trees will be retained. An arborist report has not been prepared, and thus, the condition of the trees is unknown. The trees are on the edge of the property, except for four smaller trees within the site. The trees located at the edges of the property may ultimately damage sidewalks or utilities. The proposed landscaping plan shows planting of 15 olive trees along the eastern and northern property boundaries. This represents one tree over the a 2-to-1 replacement ratio required under City regulations, and thus, exceeds the City’s replanting ratio requirement. Thus, it appears that planned tree removal would not conflict with City regulations, but City staff will provide further review as part of the tree removal permit process.

Existing redwood trees located on adjacent property to the south would be retained. These could be inadvertently damaged during grading and construction. Grading and soil compaction and inadvertent damage due to construction equipment could damage the root zones unless the trees and root zones are adequately protected during construction. Although no mitigation measures are required, the following Condition of Approval is recommended to ensure protection of adjacent trees.

**RECOMMENDED CONDITION OF APPROVAL:** Implement measures to protect existing redwood trees along the property boundary in order to minimize damage to the trees and their root zones during construction as recommended by a certified arborist review.

(f) Conflicts with Plans. There are no adopted Habitat Conservation Plans in the vicinity.

**5. Cultural Resources.** There are no historical resources on the project site.

(b) Archaeological Resources. According to the City maps, the project site is not located within an archaeologically sensitive area. The project site has been previously graded and disturbed. Thus, there would be no impacts to cultural resources. However, the following Condition of Approval is recommended in the event that unknown resources are discovered during project grading and excavation.

**RECOMMENDED CONDITION OF APPROVAL:** If archaeological resources or human remains are accidentally discovered during construction, work shall be halted within 50 meters (150 feet) of the find until it can be evaluated by a qualified professional archaeologist. If the find is determined to be significant, appropriate mitigation measures shall be formulated and implemented. Disturbance shall not resume until the significance of the archaeological resources is determined and appropriate mitigations to preserve the resource on the site are established. If human remains are encountered during construction or any other phase of development, work in the area of discovery must be halted, the Santa Cruz County coroner notified, and the provisions of Public Resources Code 5097.98-99, Health and Safety Code 7050.5 carried out. If the remains are determined to be Native American, the Native American Heritage Commission (NAHC) shall be notified within 24 hours as required by Public Resources Code 5097.

(c) Paleontological/Unique Geological Resources. No unique geologic features have been identified. The proposed demolition and construction of the proposed senior housing project will have no effect on any unanticipated paleontological resources.

**6. Geology and Soils.**

(a-c) Seismic Hazards. The project site is located in a seismically active region of California. There are no active faults which underlie the City of Capitola, but active faults are located nearby in the Santa Cruz Mountains and offshore in Monterey Bay (SOURCE V.1a). The regional faults of significance potentially affecting Capitola include the San Andreas, the Zayante, and the Palo Colorado-San Gregorio.

The most probable seismic hazards to Capitola are from the San Andreas Fault (in the Santa Cruz Mountains) and, further south, the Palo Colorado-San Gregorio fault. Seismic historical records of the area show that earthquakes of 6.5 – 7.0 magnitude occur periodically on the San Andreas Fault. The main trace of the San Andreas Fault is approximately nine miles northeast of Capitola. One of the largest earthquakes in the Santa Cruz area occurred on October 17, 1989 due to movement

on this fault and measured 7.1 on the Richter scale. The epicenter of the Loma Prieta earthquake was approximately five (5) miles southeast of Capitola (SOURCE V.2c).

The Zayante fault is located approximately five miles northeast of Capitola, and the Palo Colorado-San Gregorio is located approximately 14 miles southwest of Capitola. The California Division of Mines and Geology considers the Zayante fault active (SOURCE V.2c). The Palo Colorado-San Gregorio fault is not well understood, but is considered potentially active with an estimates maximum credible magnitude of 7.7 and a recurrence level of 800+ years (Ibid.).

The primary seismic hazard that could affect the project is seismic shaking. The site is located in an area subject to high seismic shaking hazards according to maps in the City's General Plan (SOURCE V.1a). Liquefaction, differential compaction of near surface soils, and lateral spreading can present seismic hazards during earthquakes. The potential for these hazards to occur are dependent on soil conditions and geologic patterns (SOURCE V.2c). Soil liquefaction occurs when loose, saturated sandy soil deposits lose internal strength and transform from a solid to a liquefied state due to reduced stresses within the soils mass. The site is in a low liquefaction potential zone (Ibid.).

The California Building Standards Code (CBC) design standards have a primary objective of ensuring public safety and a secondary goal of minimizing property damage and maintaining function during and following a seismic event. The CBC prescribes seismic design criteria for different types of structures, and provides methods to obtain ground motion inputs. The CBC also requires analysis of liquefaction potential, slope instability, differential settlement, and surface displacement due to faulting or lateral spreading for various categories of construction. Recognizing that the risk of severe seismic ground motion varies from place to place, the CBC provisions vary depending on location within the state.

*Impact Analysis.* The project site is located in an area of high seismic activity and will be subject to strong seismic shaking during an earthquake. Preparation of a geotechnical report will be required prior to issuance of a building permit per California Building Code requirements, and the building will be required to be designed in accordance with the latest edition of the California Building Code, which sets forth structural design parameters for buildings to withstand seismic shaking without substantial structural damage. Structures built in accordance with the latest edition of the California Building Code and recommendations in the required geotechnical report have an increased potential for experiencing relatively minor damage which should be repairable. Thus, this is considered a less-than-significant impact.

(e,g) Soils and Erosion. According to the Soil Conservation Service *Soil Survey of Santa Cruz* (August 1980), onsite soils are classified as Pinto loam and Elkhorn sandy loam. These soils are classified as having a low to moderate shrink-swell potential depending on soil depth, and erosion hazard is slight to moderate.

*Impact Analysis.* Soils with potential shrink-swell conditions could result in structural damage if not properly designed. The required geotechnical report will set forth site preparation and foundation requirements that will be address onsite soil constraints determined through soil borings and testing. Thus, impacts related to soils constraints are considered less-than-significant.

The onsite project soils are classified as having a slight to moderate erosion hazard. Project development will include excavation and grading, although the project site is relatively flat and located within a developed urban area. Approximately 1,485 cubic yards of material will be excavated, which will require submittal of a grading plan with erosion control measures in accordance with City regulations. The project site is not located adjacent to existing water bodies. With implementation of required erosion control measures as part of the required grading plan, the potential for offsite erosion and inadvertent transport of soils into the municipal storm drain system is considered less-than-significant. Although mitigation measures are not required, the following Condition of Approval is recommended.

**RECOMMENDED CONDITION OF APPROVAL:** Implement erosion control measures, including, but not limited to: conduct grading prior to the rainy season if possible; protect disturbed areas during the rainy season; implement other Best Management Practices (BMPs) during construction to protect water quality; and immediately revegetate disturbed areas.

(h) Soil Suitability for Septic Systems. The site is currently served by sewer as is the balance of the City, therefore there are no impacts associated with new septic systems.

## 7. Greenhouse Gas Emissions.

(a) Greenhouse Gas Emissions. Climate change refers to any significant change in measures of climate, such as average temperature, precipitation, or wind patterns over a period of time. Climate change may result from natural factors, natural processes, and human activities that change the composition of the atmosphere and alter the surface and features of the land. Significant changes in global climate patterns have recently been associated with global warming, an average increase in the temperature of the atmosphere near the Earth's surface, attributed to accumulation of greenhouse house gas (GHG) emissions in the atmosphere. Greenhouse gases trap heat in the atmosphere, which in turn heats the surface of the Earth. Some GHGs occur naturally and are emitted to the atmosphere through natural processes, while others are created and emitted solely through human activities (SOURCE V.9d).

Climate change models predict changes in temperature, precipitation patterns, water availability, and rising sea levels, and these altered conditions can have impacts on natural and human systems in California (SOURCE V.9c). Changes in temperature,



precipitation, and sea levels can affect California's public health, habitats, ocean and coastal resources, water supplies, agriculture, forestry, and energy use (Ibid.), as well as result in increased droughts and flooding. Potential global warming impacts in California may include, but are not limited to, loss in snow pack, sea level rise, more extreme heat days per year, more high ozone days, more large forest fires, and more drought years. Secondary effects are likely to include a global rise in sea level, impacts to agriculture, changes in disease vectors, and changes in habitat and biodiversity (SOURCE V.6).

The most common GHG that results from human activity is carbon dioxide, followed by methane and nitrous oxide (SOURCE V.9d). The primary contributors to GHG emissions in California (as of 2008) are transportation (about 37%), electric power production (24%), industry (20%), agriculture and forestry (6%), and other sources, including commercial and residential uses (13%). Approximately 81% of California's emissions are carbon dioxide produced from fossil fuel combustion (SOURCE V.9a).

The State of California passed the Global Warming Solutions Act of 2006 (AB 32), which seeks to reduce GHG emissions generated by California. The Governor's Executive Order S-3-05 and AB 32 (Health & Safety Code, § 38501 et seq.) both seek to achieve 1990 emissions levels by the year 2020. Executive Order S-3-05 further requires that California's GHG emissions be 80 percent below 1990 levels by the year 2050. AB 32 defines GHGs to include carbon dioxide, methane, nitrous oxide, hydrocarbons, perfluorocarbons and sulfur hexafluoride.

The California Air Resources Board (CARB) is the lead agency for implementing AB32. In accordance with provisions of AB 32, CARB has completed a statewide Greenhouse Gas (GHG) Inventory that provides estimates of the amount of GHGs emitted to, and removed from, the atmosphere by human activities within California. Based on review of this inventory, in December 2007 CARB approved a 2020 emissions limit of 427 CO<sub>2</sub> equivalent million metric tons (MMT CO<sub>2</sub>e)<sup>3</sup>, which is equivalent to the 1990 emissions level. In accordance with requirements of AB32, a Scoping Plan was released in October 2008 and adopted by CARB in December 2008. Key elements for reducing the state's greenhouse emissions to 1990 levels by 2020 include:

- Expanding and strengthening existing energy efficiency programs as well as building and appliance standards;
- Achieving a statewide renewables energy mix of 33 percent;
- Developing a California cap-and-trade program that links with other Western Climate Initiative partner programs to create a regional market system;

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<sup>3</sup> The CO<sub>2</sub> equivalent emissions are commonly expressed as "million metric tons of carbon dioxide equivalent (MMT CO<sub>2</sub>e)". The carbon dioxide equivalent for a gas is derived by multiplying the tons of the gas by the associated Global Warming Potential (GWP).

- Establishing targets for transportation-related greenhouse gas emissions for regions throughout California, and pursuing policies and incentives to achieve those targets;
- Adopting and implementing measures pursuant to existing State laws and policies, including California's clean car standards, goods movement measures, and the Low Carbon fuel Standard; and
- Creating targeted fees, including a public goods charge on water use, fees on high global warming potential gases, and a fee to fund the administrative costs of the State's long-term commitment to AB 32 implementation (SOURCE V.9b).

The Scoping Plan identifies 18 emissions reduction measures that address cap-and-trade programs, vehicle gas standards, energy efficiency, low carbon fuel standards, renewable energy, regional transportation-related greenhouse gas targets, vehicle efficiency measures, goods movement, solar roofs program, industrial emissions, high speed rail, green building strategy, recycling, sustainable forests, water and air (SOURCE V.9b).

Senate Bill 375, signed in 2008, aims to reduce greenhouse gas emissions by discouraging urban sprawl and reducing vehicle miles traveled. Among other things, SB 375 requires regional transportation plans to include a "sustainable community strategy" (SCS) to meet greenhouse gas reduction targets set by the California Air Resources Board. AMBAG is currently developing such a plan in cooperation with local jurisdictions. To encourage smart growth development, SB 375 also provides streamlined review under CEQA for certain projects consistent with the SCS: transit priority projects (projects comprising at least 50 percent residential use, a residential density of at least 20 units per net acre and located within one half mile of a regional transit corridor) and residential or mixed use projects with a residential component requiring at least 75 percent of the total square footage.

Senate Bill 375 established a basis for identifying regional reduction targets related to transportation and land use. It is one of the CARB's Scoping Plan strategies to reduce greenhouse gas emissions from the transportation sector, and the Scoping Plan estimates a reduction of statewide GHG emissions by 5 million metric tons (SOURCE V.9b), approximately 3% of the total statewide GHG emissions reduction identified in the strategies outlined in the *Scoping Plan*. In order to achieve these reductions, SB 375 requires metropolitan transportation plans to include a "Sustainable Communities Strategy" (SCS) to meet GHG reduction targets for vehicle travel. In September of 2010, the CARB adopted regional per capita greenhouse gas targets for each of California's eighteen metropolitan planning regions as required under SB 375. The Monterey Bay area's specific mandate is to reduce per capita greenhouse gas emissions from cars and light trucks to 2005 levels by 2020 and to reduce per capita levels to 5% below 2005 levels by 2035. This results in a regional per capita GHG emissions target of 14.1 pounds per day per capita for 2020 and 13.4 pounds per day per capita for 2035.

The City of Capitola is in the process of updating its General Plan, which will include preparation of a Climate Action Plan. The Association of Monterey Bay Area Governments (AMBAG) completed GHG emissions inventories for all member jurisdictions, including the City of Capitola. The City of Capitola inventory identifies citywide GHG emissions as well as emissions produced solely from City government operations occurring in the year 2005. In 2005, approximately 76,020 metric tons of CO<sub>2</sub> were emitted within the community of Capitola (SOURCE V.2c).

*Impact Analysis.* The proposed project will result in the construction of 23 senior housing units. The project site currently is developed with a materials salvage yard that will be demolished. The project will result in an increase in GHG emissions, primarily due to project-related traffic, energy use, and construction-related traffic and energy use.

The project is estimated to result in a net increase of GHG emissions of approximately 296 metric tons CO<sub>2</sub>e annually due to project operation (i.e., traffic, energy use, etc.), and approximately 772 metric tons due to construction (SOURCE V.6). To date, no state agency has adopted significance criteria for GHG emissions. In June 2010, the Bay Area Air Quality Management District (BAAQMD) in the San Francisco Bay area revised and adopted its CEQA Guidelines, which include thresholds of significance for greenhouse gas emissions. The BAAQMD was the first regional air district to adopt numeric thresholds for greenhouse gas emissions from residential and commercial projects. The guidelines identified 1,100 MT CO<sub>2</sub>e/yr or 4.6 MT/year per service population (residents/employees) as a numeric emissions level below which a project's contribution to global climate change would be less than "cumulatively considerable" (SOURCE V.9f).

The project site is located within the jurisdiction of the Monterey Bay Unified Air Pollution Control District (MBUAPCD), which to date, has not adopted significance criteria or thresholds. However, in June 2011, the MBUAPCD initiated a process to develop GHG emission thresholds for project and plan level impact analyses. At that time, District staff recommended a threshold of 4.6 MT/year per service population (residents/employees) for land use projects, which is similar to the threshold adopted by the BAAQMD. This approach is based on the total emissions estimated for the land use sector for the state of California divided by the state's projected service population. This reflects the total number of jobs and residents provided by a project, such that the project would ensure consistency with the goals of AB 32 (i.e., 1990 GHG emissions levels by 2020) (Ibid.). GHG thresholds are under review by the MBUAPCD, but have not yet been adopted.

Although, neither the city of Capitola nor the MBUAPCD has adopted GHG emission significance thresholds, the project's estimated GHG emissions (about 296 MT/year CO<sub>2</sub>e) are below significance thresholds proposed in the San Francisco Bay area (1,100 MT/yr). While this threshold is adopted for the San Francisco Bay area, the area is adjacent to the MBUAPCD region, and it does support the conclusion that the project-level emissions are less

than significant and less than cumulatively considerable. The estimated increase in residential population resulting from the project would represent 8.5 MT/year. This is below the AMBAG target of 14.1 MT/year. (See discussion below under section 13 regarding estimated project population.)

The project's estimated GHG emissions are below targets adopted by AMBAG and significance thresholds adopted by the BAAQMD. The GHG emissions calculated by the project would be partially offset by emissions related to the existing onsite use. It is also expected that GHG emissions resulting from the proposed project would be partially offset by the incorporation of energy and water conserving features and "green" building designs that would be required under State building regulations. The applicant has indicated that the project will be a "LEED" certified development. Furthermore, the project site is within walking distance to commercial and shopping facilities, and it is located within an area served by transit, bicycle and pedestrian facilities. Bus stops are located near the site on Capitola Road and 38<sup>th</sup> Avenue within walking distance to the project site. The project represents infill development with a density of approximately 22 units per acre. The proposed residential use and proximity to a transit corridor are consistent with SB375 priority projects. Therefore, greenhouse gas emissions resulting from development of the project is considered a less-than-significant impact, and the project's incremental effect is less-than-cumulatively considerable.

(b) Conflict with Applicable Plans. The project would not conflict with implementation of state plans adopted for the purpose of reducing greenhouse gas emissions. The City of Capitola is in the process of updating its General Plan and preparing a Climate Action Plan to address citywide greenhouse emissions, but a plan has not been completed or adopted.

## 8. Hazards.

(a,c-d) Hazardous Materials/Wastes. The proposed project does not involve the transport, use, or disposal of hazardous materials or wastes and would not result in creation of a public health hazard. The project consists of a 23-unit senior housing project. As such, the proposed use will not result in creation of risks associated with hazardous material use, exposure to health hazards, or creation of a health hazard.

(b) Hazardous Materials Release. The project site is currently used as a commercial salvage yard that sells used windows, doors, cabinets, appliances, and tiles and other building components. Several older structures are present on the site. The existing onsite buildings will be demolished. It is not known whether existing buildings may contain asbestos or lead-based paint. Any demolition of buildings containing asbestos would be required to comply with the Monterey Bay Unified Air Pollution Control District's Rule 306 that requires reporting and investigation of certain buildings with asbestos as established under federal law. The National Emissions Standards for Hazardous Air Pollutants (NESHAPS) as set forth in the

Code of Federal Regulations—40CFR61—is designed to prevent “visible emissions” of asbestos when buildings are renovated or demolished. Under federal law, a building must be inspected for asbestos prior to demolition or renovation, and federal and state agencies must be notified prior to demolition. According to the State Air Resources Control board, removal and disposal of asbestos procedures and controls must be specified in the notification form.

*Impact Analysis.* Construction workers may be exposed to asbestos during demolition of existing buildings if found. However, demolition would need to comply with local and federal standards and permit requirements if asbestos is found. Therefore, this is considered a less-than-significant impact. Although mitigation measures are not required, the following Conditions of Approval are recommended.

**RECOMMENDED CONDITION OF APPROVAL:** All demolition activities to be undertaken according to MBUAPCD Rule 306 requirements and OSHA standards to protect workers from asbestos and lead based paint, if found within buildings to be demolished. Specific measures include air monitoring during demolition/construction activities, which include existing buildings.

**RECOMMENDED CONDITION OF APPROVAL:** Any building materials classified as hazardous materials will be disposed of in conformance with Federal, State, and local laws.

(e-f) Airport Safety. The project site is not located near a public airport or private airstrip.

(g) Emergency Response. The site location and scale have no impact on emergency response or emergency evacuation.

## 9. Hydrology.

(a-b) Water Quality Standards and Groundwater. The project is located on a developed site within a developed urban area and will not affect groundwater recharge.

(c-e) Drainage. The City of Capitola maintains its street drainage systems and relies on the County to provide major storm drain services through the Santa Cruz County Flood Control & Water Conservation District Zone 5. The infrastructure associated with flood protection and stormwater drainage includes underground systems; above ground drainage ditches and water courses; pump stations, catch basins and outfalls. Storm drainage from most of the 41st Avenue area flows to a Santa Cruz County flood control drainage basin near 38th Avenue/Brommer Street, and then flows into Moran Lake, north and west of Capitola (SOURCE V.2d). Capitola prepared a Draft Stormwater Management Plan in 2008 that contains policies and measures to

implement best management practices related to its drainage infrastructure, including outfall inspection and cleaning, annual storm drain cleaning in the fall, and zero discharge sidewalk cleaning (Ibid.).

*Impact Analysis.* The proposed project will result in an increase of impervious surfacing, although the site currently contains impervious surfacing due to the presence of buildings and sheds. The proposed project would result in approximately 26,600 square feet of impervious surfacing, including replacement of approximately 50% of the existing impervious surfacing on the site (SOURCE v.7). Runoff flows from the site will increase from 0.37 cubic feet per second (cfs) to 1.18 cfs for a 10-year storm event and from 0.48 cfs to 1.56 cfs for a 25-year storm event (Ibid.). The project will not alter existing drainage patterns. All site runoff from roof and hardscape areas will be routed to an underground detention system, consisting of a chamber that will provide detention storage (Ibid.). Detained runoff will be released at pre-development rates to an offsite storm drain system that ultimately discharges to the County-maintained detention basin located at the southeast corner of the Brommer and 39<sup>th</sup> Avenue intersection. Thus, project runoff and drainage is considered a less-than-significant impact. Drainage improvements will be required to be designed in accordance with City standards and Public Works requirements.

(f) Water Quality. Within urbanized areas such as the City of Capitola, pollutants frequently associated with storm water include sediment, nutrients, oil and grease, heavy metals, and litter. The primary sources of storm water pollution in urban areas include automobiles, parking lots, landscape maintenance, construction, illegal connections to the storm water system, accidental spills and illegal dumping.

Urban runoff and other “non-point source” discharges are regulated by the 1972 Federal Clean Water Act (CWA), through the National Pollutant Discharge Elimination System (NPDES) permit program that has been implemented in two phases through the California Regional Water Quality Control Boards (RWQCB). Phase I regulations, effective since 1990, require NPDES permits for storm water discharges for certain specific industrial facilities and construction activities, and for municipalities with a population size greater than 100,000. Phase II regulations expand the NPDES program to include all municipalities with urbanized areas and municipalities with a population size greater than 10,000 and a population density greater than 1,000 persons per square mile. Phase II regulations also expand the NPDES program to include construction sites of one to five acres.

Cities and districts maintaining stormwater systems must obtain coverage under a NPDES stormwater permit and implement stormwater pollution prevention plans or stormwater management programs (both using best management practices) that effectively reduce or prevent the discharge of pollutants into receiving waters. For most jurisdictions, the best management practices have resulted in higher operations and maintenance costs for their stormwater systems. The City of Capitola is working on a joint effort with other jurisdictions to develop guidelines to implement

the state's requirement for storm water retention on new construction sites (SOURCE V.2d).

*Impact Analysis.* Project runoff would not result in significant water quality degradation as the proposed parking area will be an enclosed parking garage as part of the first floor, which would limit urban pollutants from vehicles from entering storm drainage facilities. Additionally, the project stormwater management plan calls for use of Best Management Practices (BMPs) to treat runoff prior to discharge into the underground detention basin, which may consist of treating runoff through vegetated areas or by utilizing a mechanical treatment unit (SOURCE V.7). Thus, no impacts to water quality are anticipated as a result of project stormwater runoff.

Project excavation and grading could result in potential off-site transport of sediments into the municipal storm drain system. An erosion control plan has not yet been prepared. However, as discussed in subsection 6(e,g) above, project grading is regulated by the City, which requires submittal of a grading plan with erosion control measures. Implementation of erosion control measures would prevent sediments from inadvertently entering storm drains.

- 10. Land Use and Planning.** The project is located within a developed area of the city of Capitola, and is located on a site that is currently developed. The proposed demolition of the existing salvage yard and development of the proposed senior housing project would not divide an established community. There are no known Habitat Conservation or Natural Community Conservation Plans that would be applicable to the site.

(b-c) Consistency with Local Policies/ Plans. The project site is designated for commercial uses in the City's General Plan and Zoning Ordinance. The CN (Neighborhood Commercial) zone district allows multiple residential with the issuance of a Conditional Use Permit. However, the project includes a proposed rezoning to a PD (Planned Development) district. As indicated in the City's current Housing Element (SOURCE V.1b), development standards in the PD zone are flexible, tailored to the constraints of the site and needs of the development. The Housing Element identifies the PD zone as a way to allow site-specific density increases. Additionally, the project site is identified as a housing opportunity site in the Housing Element. The project does not conflict with any policies or regulations adopted for the purpose of avoiding or mitigating an environmental impact.

- 11. Mineral Resources.** The General Plan determined that no known mineral resources were located within the General Plan Area which would be of value to the region or state, and the site is already developed with a residential use.

## 12. Noise.

(a-b) Noise Exposure. The project site is not located near an airport or private airstrip. However, the site is located within a commercial area that is affected by traffic noise, primarily along Capitola Road and 41<sup>st</sup> Avenue. According to information developed as part of the City's General Plan update, the project site is located with an area that could experience very high noise intensity levels, although specific ambient noise levels are not identified (SOURCE V.2c).

The City General Plan identifies land use compatibility standards for noise levels. For multi-family residential uses, normally acceptable exterior noise levels 60-65 decibels and conditionally acceptable levels are identified as 60-70 decibels. These standards indicated that new development in a conditionally acceptable noise range should be undertaken only after a detailed analysis of noise reduction requirements is made. Interior noise levels are limited to 45 decibels pursuant to state regulations.

*Impact Analysis.* The proposal consists of construction of 23 senior housing units. Project interior and outdoor areas may be exposed to noise levels that exceed City standards due to traffic noise along 38<sup>th</sup> Avenue and nearby Capitola Road. This is considered a potentially significant impact.

The City of Capitola General Plan sets forth noise and land use compatibility standards. Noise levels of 60 to 70 CNEL are considered conditionally acceptable for multi-family residential uses, and may need additional noise insulation or attenuation in building designs. City and State standards require interior noise levels of 45 decibels (dB) or less. Closed windows, building materials and design features, such as insulation and noise-attenuating windows, can reduce interior noise levels. Preparation of an acoustical study as recommended in the City's General Plan (Policy 8) with Implementation of recommendations in the study will reduce the impact to a less-than-significant level.

**MITIGATION MEASURE 1:** Require preparation of an acoustical study with building permit submittal and require building plans to incorporate any recommended building or window design measures, if needed to achieve required indoor noise levels.

**Monitoring:** *Include measure as Condition of Project Approval. Require applicant to submit acoustical study to Planning Department staff prior to construction for approval. City Planning and Building staff are responsible for reviewing building plans to ensure recommended measures are incorporated into the building design.*

(c) Permanent Noise Increases. The immediate project vicinity is characterized by commercial uses, except for residential uses to the west. The proposed residential uses would not result in significant increases in ambient noise levels, especially with regards to existing commercial business activity and traffic. A swimming pool is



proposed on the third floor along the 38<sup>th</sup> Avenue frontage, and would be located away from existing residences. There is no planned exterior mechanical equipment that would generate increased sound levels or noise.

(d) Temporary Noise. There will be a temporary increase in existing noise levels during demolition, grading and construction. Adjacent residential uses to the west are considered sensitive receptors. Anticipated equipment includes, but is not limited to equipment that would be used for excavation, grading, and building construction, as well as trucks.

*Impact Analysis.* Construction activities could cause temporary annoyance and activity interference at adjacent residences. Construction-related noise levels would vary throughout the day, depending on the type of equipment in use at any one time. Conventional construction activities are expected to generate noise levels in the range of 75 to 85 decibels at a distance of 50 feet. Noise levels would decrease with distance from the site. Noise levels associated with construction will vary throughout the construction period and throughout any given day, depending on the type of equipment in use. Noise levels associated with use of heavy equipment would be intermittent throughout a given day. Because construction-related impacts are temporary and noise levels are variable, construction-related noise impacts are considered less-than-significant. Although mitigation measures are not required, Best Management Practices are recommended as a Condition of Approval to be included in the project construction specifications.

**RECOMMENDED CONDITION OF APPROVAL:** Require implementation of the following measures during construction:

- Prohibit construction on weekends and limit construction to weekdays between 8 AM and 5 PM.
- Require proper maintenance of construction equipment.
- Require all stockpiling and vehicle staging areas and stationary noise-generating construction equipment to be located as far as possible from nearby residences as practicable.
- As part of construction specifications, require all equipment to be kept in good repair and fitted with superior quality mufflers. All equipment shall be properly maintained to assure that no additional noise, due to worn or improperly maintained parts, would be generated.
- Require the contractor to assure that mobile noise-generating equipment and machinery are shut off when not in use.

### 13. Population and Housing.

(a) Population Growth. The city of Capitola had 5,537 existing dwelling units as of January 1, 2012 with a total population of 9,981 residents.<sup>4</sup> The proposed project will result in construction of 23 senior housing units. The resulting population increases is estimated at approximately 35 new residents assuming one person per studio unit and up to two persons per one- and two-bedroom units. The City's overall average household size is 2.124 residents per dwelling unit. The City's population would total 10,016 residents with the proposed project, which would not AMBAG's population forecast of 10,222 residents by the year 2015. Thus, the population expected with the proposed project is within population growth projections for the City, and the project would not result in a substantial increase in population growth.

(b-c) Removal of Housing/Displacement of People. The project site currently is in commercial use, and the project will not result in removal of existing housing or displacement of people.

### 14. Public Services.

(a-b) Fire and Police Protection Services. The proposed project will be served by existing services and utilities. The project will have no measurable effect on existing public services in that the incremental increase in demand will not require expansion of any services to serve the project. Construction of new fire or police facilities to serve the project would not be warranted. New development will be required to install automatic fire sprinklers and alarms in accordance with City requirements and comply with other Fire Department recommendations regarding access. Thus, the proposed project would not result in significant impacts to fire and police protection services.

(c) Schools. The proposed project would result in construction of 23 senior housing rental units. As a senior housing project, there would be no increase in study enrollments or impacts to existing school facilities.

(d) Parks. See discussion below under subsection 15 – Recreation.

### 15. Recreation.

The proposed project's net increase of 23 senior residential units and the associated population of 35 estimated residents will result in an incremental increased demand for recreational facilities, but is not expected to result in a significant increased use to existing parks and facilities to the extent that a substantial physical deterioration would occur. The project does provide onsite swimming pool and spa.

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<sup>4</sup> Per California Department of Finance, "E-5 Population and Housing Estimates for Cities, Counties, and the State, 2011 and 2012" (May 2012). Online at: <http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php>.

## 16. Transportation/Traffic.

(a-b,f) Traffic and Circulation. The project site is located on 38<sup>th</sup> Avenue, just south of Capitola Road and west of 41<sup>st</sup> Avenue. 38<sup>th</sup> Avenue is identified as a collector street in the City's existing General Plan, but is identified as a "minor" arterial in the background reports prepared for the General Plan Update that is in progress (SOURCE V.2b). The Capitola Road/38<sup>th</sup> Avenue intersection is signalized. There are no congestion management programs in effect in Capitola or county of Santa Cruz. The proposed project would not conflict with adopted policies or plans supporting alternative transportation.

*Impact Analysis.* The proposed project is estimated to result in an increase in daily traffic, but would result in reduced trips during peak hours. Thus, increased traffic as a result of the project is considered a less-than-significant impact.

The proposed project is estimated to result in a net increase of 39 daily weekday trips based on trip generation rates for senior housing and warehouse uses published by the Institute of Transportation Engineers (SOURCE V.8). Traffic from the existing salvage yard was deducted from the total trips generated by the proposed senior housing project. The proposed project is estimated to result in a slight decrease in AM and PM peak trips compared to the existing use. The addition of approximately 40 project trips to study intersections throughout the day would not have a noticeable effect. Thus, the project's traffic would result in a less-than-significant impact, and no mitigation measures are required.

(d-e) Access. Site access for the proposed project is planned via one inbound driveway and one outbound driveway located along 38th Avenue. Due to the site location, the proposed driveways are planned to be offset from the two existing driveways serving the existing retail center located across the project site on 38th Avenue. The project design would not result in increased hazards or inadequate emergency access.

## 17. Utilities and Service Systems.

The proposed project will be served by existing utilities and will have no measurable effect on existing sewer, water, or storm drainage utilities in that the incremental increased demand will not require expansion of any of those services or construction of new facilities to serve the project.

(a-b, e) Wastewater Collection and Treatment. Sanitary sewer service for the City of Capitola is provided under contract through the Santa Cruz County Sanitation District, which provides sewage collection and disposal services to the Live Oak, Capitola, Soquel, and Aptos areas. The City of Capitola is not responsible for nor has the authority to maintain the sanitary sewers. The District's customers generate approximately 5-6 million gallons a day (mgd) of wastewater that flows to the Lode Street treatment facility and is then pumped to the City of Santa Cruz wastewater treatment plant at Neary Lagoon (SOURCE V.2d).

Wastewater treatment is provided by the City's wastewater treatment plant that has an average dry weather flow capacity of 17 million gallons per day (mgd) and currently operates at approximately 62 percent of its capacity with a remaining capacity of approximately 10.5 mgd. As part of the total capacity, the Santa Cruz County Sanitation District has treatment capacity rights of 8 million gallons per day. The Sanitation District contributes 5.5 mgd with a remaining capacity of 2.5 mgd (SOURCE V.3b). The treatment plant has adequate capacity to serve the project, which is estimated to generate approximately 0.001 mgd of wastewater based on a conservative estimate that 90 percent of the estimated project water use would result in wastewater generation.

(b,d) Water Supply. The project site is located within the service area of the City of Santa Cruz Water Department. The City of Santa Cruz Water Department serves approximately 22,000 connections in an approximate 20 square mile area that includes lands within existing City limits, a portion of UCSC, a portion of Live Oak in the unincorporated area of Santa Cruz County, a small part of the City of Capitola and coastal agricultural lands outside City limits.

In December 2011, the Santa Cruz City Council adopted the *2010 Urban Water Management Plan (UWMP)* in accordance with State law, which evaluates water supply and demand within the City's service area over the next 20 years. Additionally, the City of Santa Cruz updated its General Plan, which was adopted by the City Council in June 2012. The City of Santa Cruz *General Plan 2030 EIR* was certified at the same time. The EIR provides a comprehensive analysis of impacts of water demand within the City's service area. Both the UWMP and General Plan EIR assess future water demand within the City's water service area that is located outside Santa Cruz city limits based on population growth projections developed by the Association of Monterey Bay Area Governments (AMBAG). The following section summarizes background information contained in these documents, which are incorporated by reference as indicated in section III.B of this Initial Study. A summary of existing conditions is presented; the full water supply review and analysis is provided on pages 4.5-1 to 4.5-44 of the Draft EIR volume and pages 3-2 to 3-19 of the Final EIR volume.)

*Water Supplies.* The City's water system is comprised of four main sources of supply: North Coast sources; San Lorenzo River diversions; Loch Lomond Reservoir; and Live Oak wells. On average, about 84 percent of the City's annual water supply needs are met by surface diversions from the coastal streams and San Lorenzo River, while approximately 12 percent is supplied by Loch Lomond Reservoir and four percent of the supply is derived from the Live Oak Well system (SOURCE V.3d). Major facilities include two water treatment plants, several pump stations and 16 distribution reservoirs storing almost 15 million gallons of treated water. There are also about 300 miles of water pipelines throughout the service area (Ibid.).

Water production has fluctuated over the past ten years; annual production has ranged from a high of nearly 4,500 MGY in 2000 to a low of approximately 3,200

MGY in 2009 (SOURCE V.3d). Average water production between 1985 and 2010 was approximately 3,900 MGY, while average water production between 2006 and 2010 averaged approximately 3,500 MGY (Ibid.).

The 2010 UWMP estimates future water supplies in the year 2030 as 4,160 MGY, depending on the outcome of negotiations between the City and regulatory agencies regarding releases for fish habitat. Continued access to the same amount of North Coast supply sources will depend on the outcome of a Section 10 "incidental take" permit application and accompanying Habitat Conservation Plan (HCP) that are being prepared by the City pursuant to the federal Endangered Species Act for City activities designed to prevent take of a listed federal species. The permit and plan must be approved by the U.S. Fish and Wildlife Service and NOAA National Marine Fisheries Service (NMFS). The City entered into the HCP process in 2001, and over the past 6 years, the City has coordinated and met with U.S. Fish and Wildlife Service and NMFS on HCP-related issues and has conducted a number of studies. A draft HCP has not yet been completed, but the City has prepared and submitted a Draft Conservation Strategy that identifies minimum in-stream flows at City diversions to minimize the effect of diversions on habitat conditions for steelhead and coho salmon.

The water supply estimates in the 2010 UWMP were developed using the City's water supply operations model and incorporates the best available information about future operations beginning in 2015 under a yet to be approved Habitat Conservation Plan (HCP). The final outcome is not known as the City of Santa Cruz is currently negotiations with the federal agencies on flow requirements.

*Water Demand.* The adopted 2010 UWMP estimates a water demand of between 4,046 and 4,537 MGY in the year 2030 within the entire water service area. This is based on two scenarios; the higher demand reflects water use trends experienced between 1999 and 2004, while the lower demand reflects more recent water use trends experienced in 2007-08. The 2010 UWMP indicates that the lower demand scenario is more reasonable given recent trends and state mandates for water conservation (SOURCE V.3d).

In 2009, the state of California enacted SB7, which sets a goal of reducing urban per capita water use by 20% by December 31, 2020. Under the law, each urban retail water supplier must include a base daily water use, a 2020 urban water use target and an interim (2015) water use target in its UWMP. The baseline water use value for California as a whole is 192 gallons per capita per day (gpcd); the value for the Central Coast Region, which encompasses the area from Santa Cruz to Santa Barbara, is 154 gpcd (SOURCE V.3d). Over the last 10-year period, per capita water use within the City of Santa Cruz water service area has declined from about 126 gpcd in 2001 to 93 gpcd in 2010 (SOURCE V.3d). The City's 10-year baseline (ending 2010), determined in accordance with the state's technical methodologies, is 113 gpcd. In accordance with state methodologies, the UWMP includes a 2020 target of 110 gpcd, and the City would be in compliance with state law if it maintains its per capita demand at or below this level.

*Water Supply Reliability.* The primary water reliability issue currently facing the City of Santa Cruz is the lack of adequate water supply during droughts due to the wide range in the yield of surface water sources from year to year and limited storage capacity. Updated modeling conducted for the 2010 UWMP found that the worst-year peak season shortage could range between 23 and 37% and between 42 and 51% with additional flow releases for fish habitat. Historically, one dry or critically dry year has not created a water shortage due to sufficient storage in Loch Lomond Reservoir. Based on past experience, however, a shortage is likely to occur when the central coast region experiences two or more dry or critically dry years in a row (SOURCE V.3d). The total water supply estimated to be available to the City in single dry years (i.e., 1994) is 3,900 MG (Ibid.). However, during an extreme two-year drought similar to the 1976-77 event, the estimated water supply available to the City in the second year of that event is 2,800 MG with a resulting deficit of approximately 1,200 MG (Ibid.). The peak season is between April and October since this is the period that would be most affected by a supply shortage due to peak water demand.

The City faces a series of ongoing challenges that potentially could lead to some loss of existing supply in the future, although it is uncertain at this time to what extent and which supplies might be affected. These considerations include: potential flow releases associated with the HCP as described above, the outcome of water rights petitions, groundwater availability and climate change issues. These considerations are described in section 4.5 of the City of Santa Cruz General Plan 2030 Draft EIR as updated by the Final EIR document.

The City of Santa Cruz has been actively considering possible new water supplies for nearly 20 years. In 2005, the City adopted an Integrated Water Plan (IWP), which identifies a water management strategy. The purpose of the IWP is to help the City reduce drought year water shortages and provide a reliable supply that meets long-term needs while ensuring protection of public health and safety. The adopted IWP water management strategy consists of the following three major components:

- Water conservation programs.
- Customer use curtailment (water use cutback) in times of shortage.
- Supplemental water supply for drought protection provided by a 2.5 million-gallon-per-day (mgd) desalination plant with potential for expansion up to 4.5 mgd in increments of one mgd.

The City is actively implementing water conservation programs. Additionally, the City and Soquel Creek Water District are pursuing regulatory approvals for a permanent, 2.5 mgd (with potential for expansion to 4.5 mgd) desalination plant. The facility would provide a backup water supply to the City in times of drought and would provide water to the District at other times to reduce its reliance on well water and avert the threat of seawater intrusion in local groundwater aquifers.

A one year of testing at a pilot desalination plant has been completed, and environmental review is underway for a permanent facility, which is expected to be constructed and in operation by the year 2016, pending completion of project-level

environmental review and regulatory permit approvals, e.g., approval of a coastal development permit from the California Coastal Commission.<sup>5</sup> The design and environmental review phases are currently underway. There is some uncertainty related to the approval and timing of the permanent desalination plant construction and operation. The likelihood of construction of a permanent plant is currently uncertain as design plans have not been completed, and it cannot be predicted at this time whether the Coastal Commission and other agencies would issue the necessary approvals.

*Impact Analysis.* The proposed project is estimated to result in a net increase in water demand of approximately 0.53 MGY based on water use rates developed by the City Water Department for the residential uses, landscaping and swimming pools as summarized on Table 1. This estimate deducts estimated existing water demand at the site based on City of Santa Cruz rates. Additionally, the proposed project includes a restaurant-dining facility for residents only. Thus, project water use may be a slightly higher, i.e. 0.6 MGY. Discussions with staff of the City Water Department indicate that the estimate project water demand is consistent with water use at a nearby 25-unit senior housing project.

**Table 1: Estimated Project Water Demand**

Type of Use	Size	Water Demand Rate	Water Use (Million Gallons Per Year)
Multi-Family Residential Units	23 units	70 gpd / room	0.60
Landscaping	2,000 sq. ft.	0.02 x sq. ft. = billing units (100 cf) x 100 x 7.48 gallons	0.03
Swimming Pool	480 sq. ft	Area x 4 x 7.48 gallons	0.02
<b>Total Project Water Use:</b>			<b>0.65</b>
Existing Consumption Salvage Materials Yard	10,000 sq. ft.	12 gallons/sf/yr	0.12
<b>Net Water Use</b>			<b>0.53</b>

<sup>5</sup> Other potential permits, approvals and/or consultations for a permanent desalination plant and supporting infrastructure (i.e., intake facility and distribution pipeline) may be required from various agencies, including, but not limited to U.S. Fish and Wildlife Service, State Lands Commission, and California Department of Health Services.

The estimated project water demand is within the 20-year estimated water demand for areas outside Santa Cruz city limits. The 2010 UWMP predicts that water supplies will be adequate in normal years to serve estimated growth within the City of Santa Cruz water service area. Therefore, increased water demand under normal conditions is a less-than-significant project impact.

During periods of drought, water customers would be subject to water curtailment as enacted by the City. The minimal increased water demand associated with the proposed project would not cause any noticeable effects on the level of curtailment that would be required of all water customers in a single dry year scenario. The proposed project's increased demand is considered minimal and would not have significant effects on the levels of curtailment that would be required throughout the service area. As indicated above, the City of Santa Cruz in partnership with the Soquel Creek Water District is pursuing development of a desalination facility that would serve the City during periods of drought.

(c) Storm Drainage Facilities. See discussion above under subsection 9 (c-e) regarding drainage.

(f) Solid Waste Disposal. Since 2007, the City of Capitola has a franchise agreement with Green Waste Recovery (GWR) for the collection of refuse, recycling, and yard waste. Solid waste collected in Capitola is transferred to the Monterey Peninsula Class III Landfill located in the City of Marina, which is operated by the Monterey Regional Waste Management District. It is a regional disposal facility that serves an 853 square mile area with a population of approximately 170,000. This landfill covers 475 acres and is comprised of both unlined and lined disposal areas. Waste types accepted and permitted at this facility include: agricultural, construction/demolition, sludge (biosolids), and mixed municipal. The landfill has a remaining waste capacity of approximately 40 million tons (74 million cubic yards) and has an anticipated life capacity of 100 years (SOURCE V2.d). Thus, there is adequate existing capacity to serve the proposed project.

## **18. Mandatory Findings of Significance.**

(a) Quality of the Environment. The proposed project would have no effect on biological or cultural resources and would not result in elimination of important examples of major period of California history or prehistory. The project would not degrade the quality of the environmental or otherwise affect fish and wildlife habitat. No significant impacts were identified related to cultural historical resources.

(b) Cumulative Impacts. There are no cumulative projects pending in the city of Capitola, except for the opening of a Target store at the Capitola Mall to replace a former department store that closed within the last few years. The proposed project would contribute to cumulative water supply and global climate change impacts as



discussed below. There are no other known significant cumulative impacts to which the project would contribute.

*Water Supply.* The proposed project will contribute to cumulative water demand under normal and under drought conditions in which there are existing water shortages. Cumulative development and growth within the City's water service area could result in a cumulative increase in water demand of approximately 520 MGY by the year 2030 (SOURCE V.3b), which includes projected population growth outside city limits but within the City's water service area. This cumulative water demand estimate is based on population projections for areas outside city of Santa Cruz city limits, but does not include any additional growth that may be anticipated in the City of Capitola General Plan, which is being updated.

The City of Santa Cruz adopted 2010 UWMP indicates that there would be adequate supplies during a normal year to serve cumulative development within the service area based on expected water demand trends and usage. However, as indicated above in subsection 17(b-d), existing supplies may be reduced in the future with implementation of a Habitat Conservation Plan and resolution of petitions before the State Water Resources Control Board, although whether or not this may occur is uncertain at this time, and if so, to what extent and which supplies might be affected also are not known. If water demand in the City's water service area is higher than what was experienced in the last five years (instead of more recent lower water demand levels), cumulative development could result in a significant cumulative impact on water supply during normal years (SOURCE V3.c).

Additionally, cumulative water demand would also increase during drought periods in which City supplies cannot meet water demand under existing conditions. The 2010 UWMP estimates an annual shortfall of approximately 1,200 MGY in 2030 during a multiple-year drought. Thus, cumulative development and growth would result in a significant cumulative water impact as it results in additional demand in a system that does not currently have adequate water supplies during a drought condition.

As previously indicated in section 17 above, the City has been actively considering possible new water supplies for nearly 20 years, and its adopted *Integrated Water Plan* (IWP) identifies potential approaches to drought-year water supply options. The adopted IWP water management strategy includes three components: water conservation, water use curtailment during droughts, and a supplemental desalination water supply. The City is actively implementing water conservation programs. The City currently imposes a "System Development Charge" on all new connections based on meter size that is used to fund conservation programs and partially offset the desalination plant's costs.

The certified IWP EIR evaluates impacts of the construction of a desalination facility and associated pipelines on a programmatic level, which are summarized in the City of Santa Cruz General Plan 2030 EIR. Construction could have physical environmental effects, and the IWP EIR identified potentially significant impacts that could be mitigated to a less-than-significant level, except for temporary construction noise. The EIR also includes further review of population projections and City/County

land use planning documents prior to any expansion of a plant in ensure that development of an additional water supply is consistent with planned growth projections (SOURCE V.3c).

The City has completed a one-year operation of the pilot desalination plant, and design and environmental review for a permanent facility are currently underway. A permanent desalination plant is expected to be constructed and in operation by the year 2016, pending completion of project-level environmental review and acquisition of necessary regulatory approvals (e.g., from the California Coastal Commission). The desalination facility would provide a supplemental water supply during periods of drought and could be expanded at a future time to provide additional supply after additional environmental review and permitting. The City acknowledges some uncertainty related to the approval of and timing for construction of the permanent desalination facility as the project is subject to completion of environmental review and permit approvals, including a coastal permit from the California Coastal Commission.

The City's adopted IWP and 2010 UWMP identified seawater desalination as the only feasible alternative for a backup supply of drinking water during a drought. Recycled wastewater was determined to be potentially feasible for landscape irrigation, but is not the City's preferred water supply strategy, although the City's General Plan 2030 policy remains open to pursuing this option (SOURCE V.3d).

*Cumulative Impact Analysis.* Cumulative development and growth would result in a significant cumulative water impact as it results in additional future demand in a system that does not have adequate existing or long-term water supplies during drought conditions and may not have adequate future supplies in normal years. The project's incremental contribution to this situation would be less than one hundredth of one percent of the total cumulative demand.

The project will be required to include water conserving fixtures and landscaping in accordance with building code and City requirements. In addition, the project will pay the required "System Development Charge," which is used in part to implement conservation and desalination plant costs planned under the IWP. Under drought conditions, the project, like other City customers, would be required to curtail water use by varying amounts, depending on the severity of the drought. The minor increase in project water demand would not substantially exacerbate water supply reliability during a drought or in the future due to cumulative growth because, as explained above (in section 17[b,d]), and would not be expected to result in any noticeable increase in the curtailment in customer use that would be implemented during drought conditions. Thus, the incremental effects of the proposed project would not be cumulatively considerable.

Additionally, the City's adopted Integrated Water Plan includes a supplemental future supply of 2.5 MG/year from the proposed, but not yet approved or constructed desalination plant. The facility would provide a

supplemental water supply during periods of drought and could be expanded in the future to provide additional water to accommodate growth planned within the City's water service area. As indicated above (in section 17[b,d]), the City is in the process of completing design plans and preparing an EIR for the project. The City also regularly monitors water demand and water supply options via preparation of annual water demand reports to the City Council and five-year updates of the UWMP, which includes a 20-year planning horizon for water supply management.

*Global Climate Change.* See discussion above under subsection 7 above regarding global climate change.

(c) Substantial Adverse Effects on Human Beings. No environmental effects have been identified that would have direct or indirect adverse effects on human beings, except for potential exposure to noise, which can be mitigated to a less-than-significant level.



**MEMORANDUM**

**To:** Mr. Steve Jesberg – City of Capitola JN 70-100436  
**From:** Frederik Venter, PE – RBF Consulting  
**Date:** June 8, 2012  
**Subject:** Forecast Trip Generation, On-Site Parking Analysis and Pedestrian Warrant Analysis for the Proposed Villa Capitola Senior Housing Project

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This memorandum summarizes analysis of the following traffic and parking elements related to the proposed Villa Capitola Senior Housing Project:

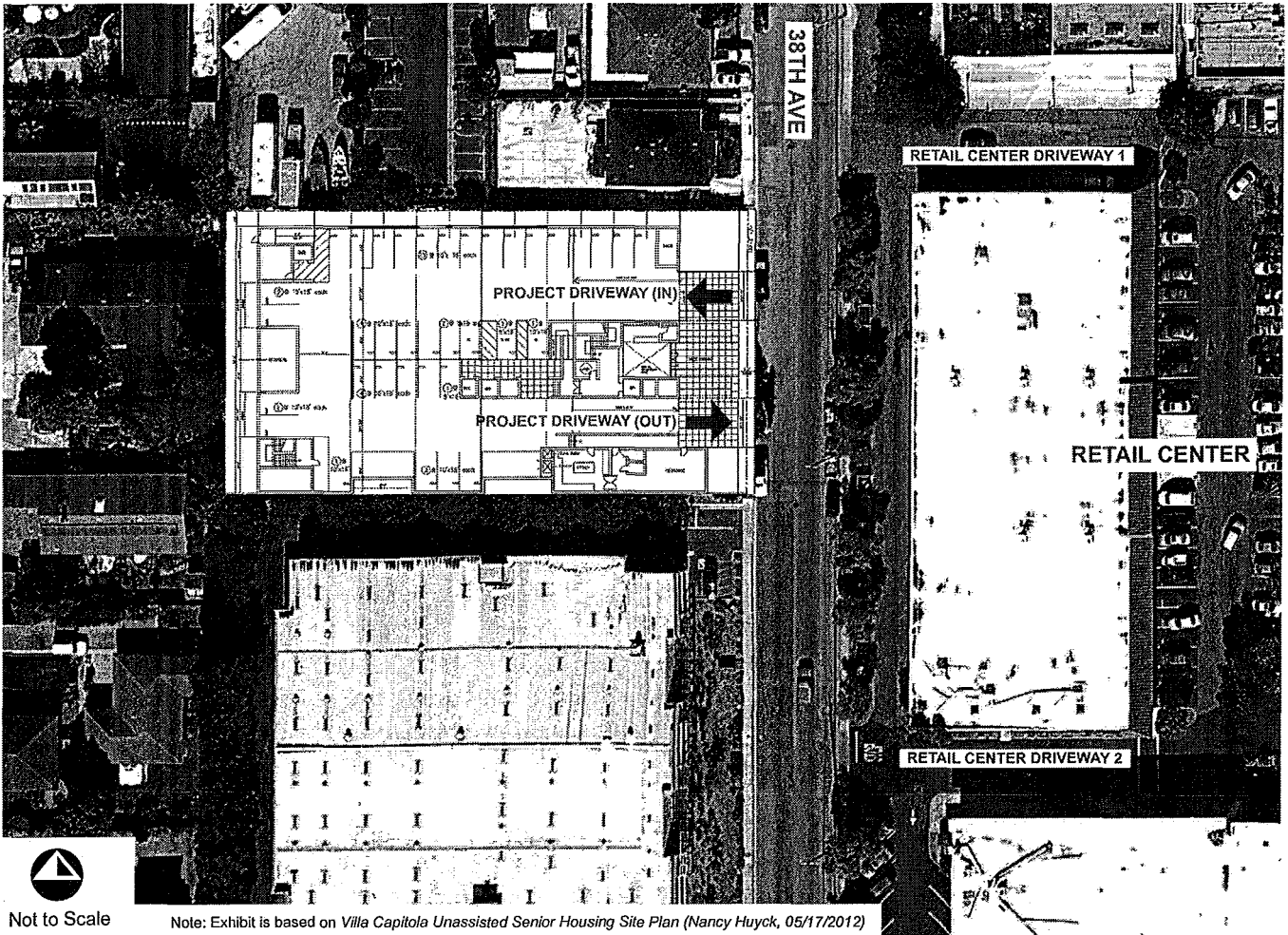
- Forecast net trip generation of the proposed project;
- Evaluation of on-site parking for the proposed project;
- Evaluation for the potential installation of an unsignalized mid-block pedestrian crossing between the project site and the retail center located across 38<sup>th</sup> Avenue; and
- Evaluation for the potential installation of a mid-block pedestrian crossing between the project site and the retail center located across 38<sup>th</sup> Avenue.

**PROPOSED PROJECT**

The proposed Villa Capitola Senior Housing project located at 1575 38<sup>th</sup> Avenue in the City of Capitola consists of construction of a three-story 23-unit attached senior housing. The proposed project is planned to displace the existing 0.72-acre commercial salvage yard and storage land use on the project site.

Site access for the proposed project is planned via one inbound driveway and one outbound driveway located along 38<sup>th</sup> Avenue. Due to the site location, the proposed driveways are planned to be offset from the two existing driveways serving the existing retail center located across the project site on 38<sup>th</sup> Avenue. Exhibit 1 shows the location of the project site and the planned driveways in relation to the existing retail center located across the project site on 38<sup>th</sup> Avenue.

Table 1 summarizes the dwelling unit types for the 23 proposed dwelling units.



Not to Scale

Note: Exhibit is based on Villa Capitola Unassisted Senior Housing Site Plan (Nancy Huyck, 05/17/2012)



### Proposed Project Driveways In Relation to Driveways Across 38th Avenue

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MAY/2012

Exhibit 1

**Table 1  
Proposed Project Unit Types**

Unit Type	Count
Studio	11
One Bedroom	10
One Bedroom with Study	1
Two Bedroom	1
<b>Total</b>	<b>23</b>

**FORECAST PROJECT TRIP GENERATION**

To calculate trips forecast to be generated by the proposed project and the existing commercial salvage yard and storage, *Institute of Transportation Engineers (ITE)* trip generation rates were utilized. It should be noted that *ITE* does not have a specific land use category that defines the existing land use. As such, a comparable land use category was selected. The category selected is warehousing. Warehouses store materials and also have limited sales, per the *ITE* land use definition. A retail land use was not selected since the trip rate would have been unreasonably high and present unrealistic trip generation results. Table 2 summarizes the *ITE* trip generation rates used to calculate the number of trips forecast to be generated by the proposed project as well as the existing commercial salvage yard.

**Table 2  
ITE Trip Generation Rates Per Unit of Land Use for Proposed Project & Existing Land Uses**

Land Use ( <i>ITE</i> Code)	Units	AM Peak Hour Trip Generation Rate			PM Peak Hour Trip Generation Rate			Daily Trip Generation Rate
		In	Out	Total	In	Out	Total	
<b>Proposed Project</b>								
Senior Adult Housing - Attached (252) - Trips per dwelling unit	dwelling unit	0.05	0.08	0.13	0.10	0.06	0.16	3.48
<b>Existing Land Use to be Displaced</b>								
Warehousing (150) - Trips per acre	acres	7.22	2.81	10.03	3.04	5.65	8.69	57.23

Source: 2008 *ITE Trip Generation Manual, 8<sup>th</sup> Edition.*

Utilizing the trip rates shown in Table 2, Table 3 summarizes the net trips forecast to be generated by the proposed project accounting for the displaced land use on the project site.

**Table 3  
Forecast Net Trip Generation of Proposed Project**

Land Use	AM Peak Hour Trips			PM Peak Hour Trips			Daily Trips
	In	Out	Total	In	Out	Total	
<b>Proposed Project Trip Generation</b>							
23 Attached Senior Adult Housing Dwelling Units	1	2	3	2	2	4	80
<b>Existing Land Use to be Displaced</b>							
0.72 Acres of Warehousing/Storage	5	2	7	2	4	6	41
<b>Total Forecast Net Trip Generation of Project (Proposed minus existing)</b>	<b>-4</b>	<b>0</b>	<b>-4</b>	<b>0</b>	<b>-2</b>	<b>-2</b>	<b>39</b>

As shown in Table 3, when compared to the existing commercial salvage yard and storage, the proposed project is forecast to generate fewer trips during the a.m. and p.m. peak hours, but approximately 39 more trips during the day (the daily trips present a combination of non-peak hour and peak hour trips).

### **PARKING ANALYSIS**

This section provides a summary of analysis for the following items related to the on-site parking for the proposed project:

- Number of on-site parking spaces required for the proposed project per the City of Capitola Municipal Code;
- Number of on-site parking spaces required for the proposed project utilizing guidelines for senior housing land use per other jurisdictions and standards;
- Parking space dimension requirements for the proposed project per the City of Capitola Municipal Code;
- Number of accessible parking spaces required for the proposed project per the *2010 ADA Standards for Accessible Design (Department of Justice, September 15, 2010)*;
- Accessible parking space width requirements for the proposed project per the *2010 ADA Standards for Accessible Design (Department of Justice, September 15, 2010)*; and
- Evaluation of vehicle maneuvers within the parking structure of the proposed project.

**Number of On-Site Parking Spaces Required Per City of Capitola Municipal Code**

The City of Capitola Municipal Code does not specifically include number of on-site parking space requirements for the senior housing land use category. Therefore, this analysis is based on the land use category which best fits the proposed project description and is covered in the City of Capitola Municipal Code which is the land use described as dwellings, apartments, and condominiums.

Hence, using the on-site parking requirements for Land Use C (dwellings, apartments, and condominiums) in Section 17.51.130 of the City of Capitola Municipal Code contained in Attachment A, the proposed project would be required to meet the following parking requirements:

- *Dwellings, apartments, and condominiums (townhouse) of more than four units, one covered space for each unit, plus one and one-half additional spaces on the site for each dwelling units. Each regular space must be a minimum of nine feet by eighteen feet. Forty percent of the spaces may be compact spaces of eight feet by sixteen feet.*

Table 4 summarizes the number of on-site parking spaces required according to City of Capitola Municipal Code utilizing guidelines established for dwellings, apartments, and condominiums land uses in comparison to the number of on-site parking spaces planned to be provided for the proposed project.

**Table 4  
On-Site Parking Spaces Required Per City of Capitola Municipal Code  
(Utilizing Dwellings, Apartments, & Condominiums Land Use Category)  
and On-Site Parking Spaces Planned for Proposed Project**

Project Size and Land Use	City Parking Requirements <sup>1</sup>	On-Site Parking Spaces Required	On-Site Parking Spaces Planned	Adequate Parking Spaces Planned
23 du of attached senior adult housing	1 covered space per unit plus 1.5 space per unit <sup>2</sup>	58	36 <sup>3</sup>	<b>No</b>

**Notes:** du = Dwelling Unit

1 = Based on City of Capitola Municipal Code

2 = One of the spaces for each unit must be covered

3 = Parking supply is based on *Villa Capitola Unassisted Senior Housing Site Plan (Nancy Huyck, 05/17/2012)*

As shown in Table 4, based on the City of Capitola Municipal Code and utilizing the guidelines established for dwellings, apartments, and condominiums land uses, the proposed project is required to provide a total 58 parking spaces.

Based on the proposed project site plan dated May 17, 2012, the proposed project is planned to provide a total of 36 parking spaces. Hence, the proposed project is 22 parking spaces short of the parking requirements for the City of Capitola when utilizing guidelines established for dwellings, apartments and condominiums land use.



**Number of On-Site Parking Spaces Required for Proposed Project Utilizing Guidelines for Senior Housing Land Use Per Other Jurisdictions and Guidelines**

This section provides an evaluation and analysis of the number of on-site parking spaces required for the proposed project utilizing guidelines specifically designed for senior housing land use as set forth by other jurisdictions in the vicinity of the project site as well as information contained in other published guidelines used as industry standard.

The following standards and published guidelines were used in providing a comparative evaluation for the number of on-site parking spaces required for the proposed project:

- Number of on-site parking spaces required for senior housing land use per Section 17.25.030 of the City of Live Oak, California Municipal Code contained in Attachment B;
- Number of on-site parking spaces required for senior housing land use per Section 24.12.240 of the City of Santa Cruz, California Municipal Code contained in Attachment C;
- Number of on-site parking spaces required for senior housing land use per Section 17.34.040 of the City of Seaside, California Municipal Code contained in Attachment D; and
- Number of on-site parking spaces required for attached senior housing land use based on actual site surveys conducted and published in *Parking Generation, 3<sup>rd</sup> Edition* (Institute of Transportation Engineers, 2004) contained in Attachment E.

Table 5 summarizes the number of on-site parking spaces required for the proposed project utilizing guidelines specifically designed for senior housing land use as set forth by other jurisdictions in the vicinity of the project site as well as information contained in other published guidelines used as industry standard.

**Table 5  
On-Site Parking Spaces Required For Senior Housing Utilizing Guidelines Set  
Forth by Other Jurisdictions or Published in Other Industry Standard Documents**

Guideline Source	Senior Housing Parking Requirement Per Guideline	Project Size	On-Site Parking Spaces Required	On-Site Parking Spaces Planned	Adequate Parking Spaces Planned
City of Live Oak Municipal Code	0.6 Parking Spaces Per Unit	23 du	14	36 <sup>2</sup>	Yes
City of Santa Cruz Municipal Code	1 Parking Space for each 3 Dwelling Units		8		Yes
City of Seaside Municipal Code	1 Parking Space for Each Unit With Half the Spaces Covered Plus 1 Guest Parking Space for Each 10 Units		26		Yes
ITE Parking Generation, 3 <sup>rd</sup> Edition	1.4 Parking Spaces per dwelling unit <sup>1</sup>		33		Yes

**Notes:** du = Dwelling Unit

1 = Observed peak parking demand of 50%.

2 = Parking supply is based on *Villa Capitola Unassisted Senior Housing Site Plan (Nancy Huyck, 05/17/2012)*

As shown in Table 5, utilizing guidelines specifically designed for senior housing land use as set forth by other jurisdictions in the vicinity of the project site as well as information contained in other published guidelines used as industry standard, the proposed project is required to provide a total of between 8 and 33 parking spaces.

Based on the proposed project site plan dated May 17, 2012, the proposed project is planned to provide a total of 36 parking spaces. Hence, based on guidelines for senior housing land use as set forth by City of Live Oak, City of Santa Cruz, City of Seaside and ITE, the proposed project is planned to provide adequate number of parking spaces.

**Parking Space Dimension Requirements Per City of Capitola Municipal Code**

As identified earlier, based on the City of Capitola Municipal Code, the minimum parking space width for the proposed project is 9 feet wide and 18 feet long. Additionally, based on the City of Capitola Municipal Code, forty percent of the parking spaces can be compact spaces of eight feet wide by sixteen feet long.

Based on the project site plan dated May 17, 2012, all of the 36 parking spaces planned to be provided by the proposed project are 18 feet long and range between 9 and 10 feet in width.

Therefore, based on the project site plan dated May 17, 2012, all of the planned parking spaces would meet the parking space dimension requirements per the City of Capitola Municipal Code and none of the parking spaces are planned to be compact size.

**Number of On-Site Accessible Parking Spaces Required Per Americans with Disabilities Act**

Table 6 summarizes the number of on-site parking spaces required for the proposed project per the *2010 ADA Standards for Accessible Design (Department of Justice, September 15, 2010)* in comparison to the number of on-site ADA parking spaces planned to be provided for the proposed project.

**Table 6**  
**On-Site Accessible Parking Spaces Required**  
**and On-Site Accessible Parking Spaces Planned for Proposed Project**

Total Number of Parking Spaces Provided	Minimum Number of Required Accessible Parking Spaces <sup>1</sup>	Number of On-Site Accessible Spaces Planned	Adequate Accessible Parking Spaces Planned
36 <sup>2</sup>	2	3	Yes

**Notes:**

1 = Source: Table 208.2 of the *2010 ADA Standards for Accessible Design* (Department of Justice, September 15, 2010)

2 = Parking supply is based on *Villa Capitola Unassisted Senior Housing Site Plan* (Nancy Huyck, 05/17/2012).

As shown in Table 6, based on the *2010 ADA Standards for Accessible Design* (Department of Justice, September 15, 2010), the proposed project is required to provide a total 2 accessible parking spaces. Based on the project site plan dated May 17, 2012 and contained in Attachment F, the proposed project is planned to provide a total of 3 accessible parking spaces which include one a van accessible parking space. Hence, the proposed project is planned to provide adequate accessible parking spaces per the *2010 ADA Standards for Accessible Design* (Department of Justice, September 15, 2010).

**Accessible Parking Space Width Requirements Per Americans with Disabilities Act**

Table 7 summarizes the width requirements for the accessible parking spaces planned to be provided by the proposed project per the *2010 ADA Standards for Accessible Design* (Department of Justice, September 15, 2010) in comparison to the accessible parking space widths planned to be provided for the proposed project.

**Table 7**  
**On-Site Accessible Parking Spaces Width Requirements**  
**and On-Site Accessible Parking Space Widths Planned for Proposed Project**

Type of Accessible Parking Space	Minimum Width for Accessible Parking Space <sup>1</sup>	Minimum Width for Adjacent Access Aisle <sup>2</sup>	Width of Accessible Parking Space Provided by Proposed Project <sup>3</sup>	Width of Adjacent Access Aisle Provided by Proposed Project <sup>3</sup>	ADA Width Requirements Met?
Van	8 feet	8 feet	9 feet	8 feet <sup>4</sup>	Yes
Passenger Car	8 feet	5 feet	9 feet	8 feet <sup>5</sup>	Yes
Passenger Car	8 feet	5 feet	10 feet	5 feet	Yes

**Notes:**

1 = Source: Section 502.2 of the *2010 ADA Standards for Accessible Design* (Department of Justice, September 15, 2010).

2 = Source: Section 502.3 of the *2010 ADA Standards for Accessible Design* (Department of Justice, September 15, 2010).

3 = Based on *Villa Capitola Unassisted Senior Housing Site Plan* (Nancy Huyck, 05/17/2012).

4 = Access aisle shared with the adjacent passenger car accessible parking space (see Exhibit 2).

5 = Access aisle shared with the adjacent van accessible parking space (see Exhibit 2).

As shown in Table 7, based on the project site plan dated May 17, 2012 and contained in Attachment F, the planned accessible parking spaces for the proposed project are planned to meet the width requirements identified in the *2010 ADA Standards for Accessible Design (Department of Justice, September 15, 2010)*.

#### **Evaluation of Vehicle Maneuvers Within The Parking Structure**

An evaluation of passenger car parking and turning maneuvers has been performed to determine potential maneuverability issues for passenger cars when utilizing the proposed parking structure.

Based on the performed evaluation, passenger vehicles are anticipated to have the ability to turn the corners within the proposed parking structure. However, access to a few of the planned parking spaces located by the walls might require wide turning radiuses and the drivers would need to plan ahead when entering these parking spaces so that they can approach the parking stall with a wider turning radius. Additionally, access to one of the planned parking spaces might require the driver to backup into the parking space.

Exhibit 2 shows the site plan for the proposed project and the graphic evaluation of the turning movements within the proposed parking structure.

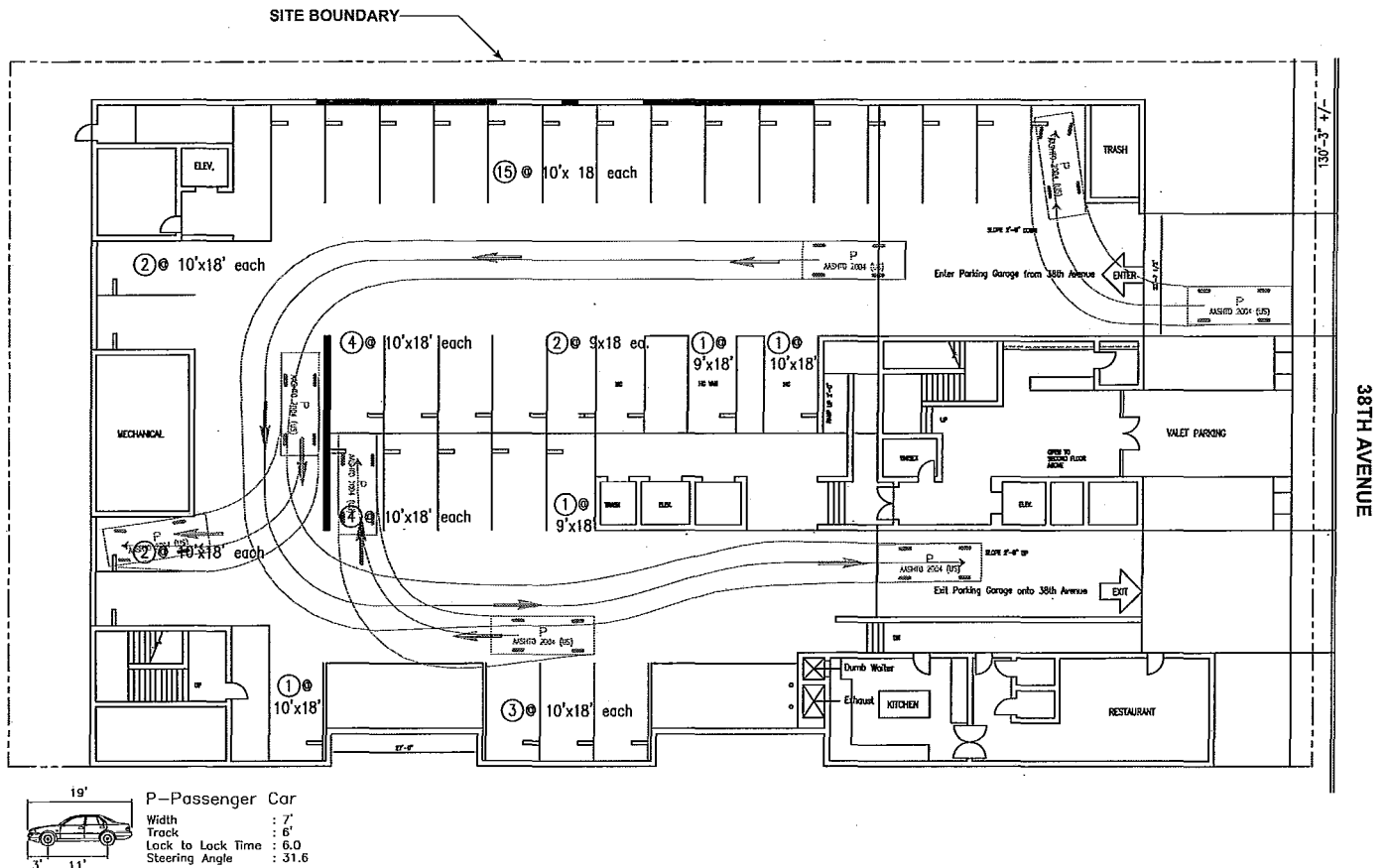
#### **EVALAUATION FOR THE POTENTIAL INSTALLATION OF AN UNSIGNALIZED MID-BLOCK PEDESTRIAN CROSSING**

The *California Manual on Uniform Traffic Control Devices for Streets and Highways (MUTCD) (Federal Highway Administration, 2009 Edition as amended for use in California)* does not specify any guidelines for determination of the need to install an unsignalized pedestrian crossing at a mid-block location. However, Section 3B.18 of the *MUTCD* states:

*"Mid-block pedestrian crossings are generally unexpected by the motorist and should be discouraged unless, in the opinion of the engineer, there is a strong justification in favor of such installation. Particular attention should be given to roadways with two or more traffic lanes in one direction as a pedestrian may be hidden from view by a vehicle yielding the right-of-way to a pedestrian."*

Installation of a mid-block pedestrian crossing in front of the project site crossing 38<sup>th</sup> Avenue would be at the discretion of the City. However, it is recommended that the following issues be considered when planning and constructing an unsignalized mid-block pedestrian crossing:

- Provide adequate lighting to enhance the visibility of pedestrians to vehicular traffic;
- Provide a raised pedestrian crossing to enhance pedestrian visibility to vehicular traffic;
- Evaluate sight distance in the vicinity of the pedestrian crossing location and restrict parking adjacent to the pedestrian crossing location to provide better pedestrian visibility;
- Provide clear marking and advance warning signs per the *MUTCD* guidelines for vehicles approaching the pedestrian crossing location;



Note: Exhibit is based on Villa Capicola Unassisted Senior Housing Site Plan (Nancy Huyck, 05/17/2012)

Not to Scale



**Site Plan for Proposed Project & Passenger Vehicle Turning Manuevers**

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MAY/2012

Exhibit 2

- Narrow the street cross section at the pedestrian crossing location by means such as installation of a bulb out;
- Provide cross-walk markings per the *MUTCD* guidelines; and
- Provide In-Roadway Warning Lights at the crosswalk as permitted and instructed in section 4N.02 and other related sections of the *MUTCD* .

Exhibit 5 shows a conceptual layout of the pedestrian crossing on 38<sup>th</sup> Avenue.

### **EVALUATION FOR POTENTIAL INSTALLATION OF SIGNALIZED MID-BLOCK PEDESTRIAN CROSSING**

To evaluate the need for installation of a signalized pedestrian crossing on 38<sup>th</sup> Avenue between the project site and the existing retail center across the project site, a peak hour pedestrian volume traffic signal warrant analysis (Warrant 4) has been prepared in accordance with the *California Manual on Uniform Traffic Control Devices for Streets and Highways (MUTCD) (Federal Highway Administration, 2009 Edition as amended for use in California)*.

#### **Pedestrian Volume Warrant (MUTCD Warrant 4)**

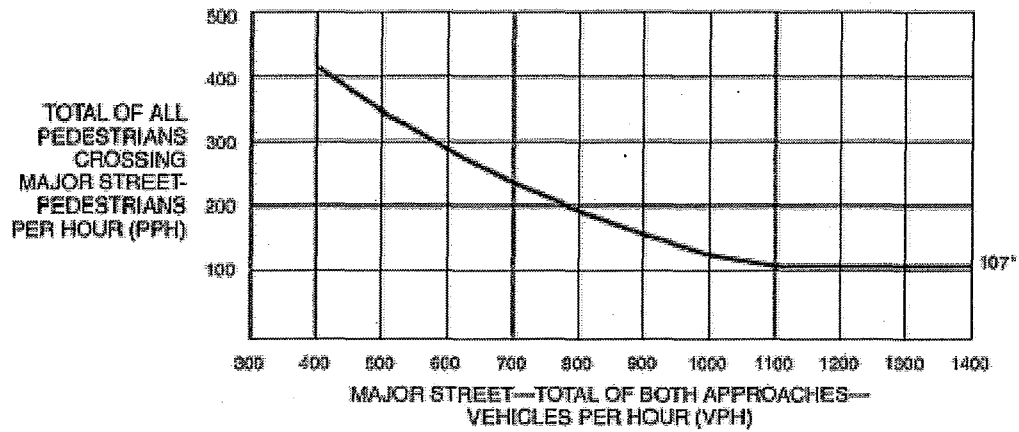
In accordance with the *MUTCD* guidelines, the need for a traffic control signal at an intersection or mid-block shall be considered if an engineering study finds that one of the following criteria is met:

- A. For each of any 4 hours of an average day, the plotted points representing the vehicles per hour on the major street (total of both approaches) and the corresponding pedestrians per hour crossing the major street (total of all crossings) all fall above the curve in Figure 4C-5 of the *MUTCD*; or
- B. For 1 hour (any four consecutive 15-minute periods) of an average day, the plotted point representing the vehicles per hour on the major street (total of both approaches) and the corresponding pedestrians per hour crossing the major street (total of all crossings) falls above the curve in Figure 4C-7 of the *MUTCD*.

If the posted statutory speed limit or the 85<sup>th</sup>-percentile speed on the major street exceeds 35 mph, or if the intersection lies within the built-up area of an isolated community having a population of less than 10,000, *MUTCD* Figure 4C-6 may be used in place of *MUTCD* Figure 4C-5 to evaluate Criterion A, and *MUTCD* Figure 4C-8 may be used in place of *MUTCD* Figure 4C-7 to evaluate Criterion B.

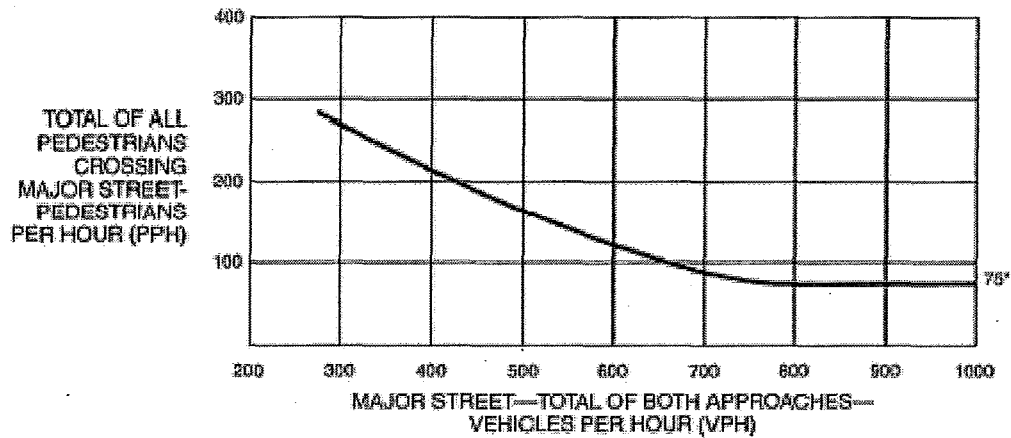
The Criterion for pedestrian volume crossing the major street may be reduced as much as 50 percent if the 15<sup>th</sup>-percentile crossing speed of pedestrians is less than 3.5 feet per second.

Figure 4C-5. Warrant 4, Pedestrian Four-Hour Volume



\*Note: 107 pph applies as the lower threshold volume.

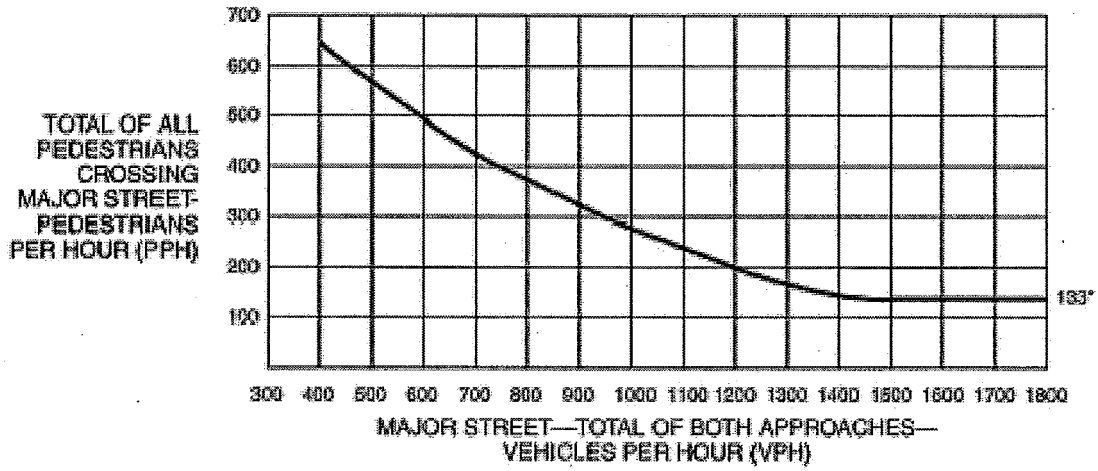
Figure 4C-6. Warrant 4, Pedestrian Four-Hour Volume (70% Factor)



\*Note: 75 pph applies as the lower threshold volume.

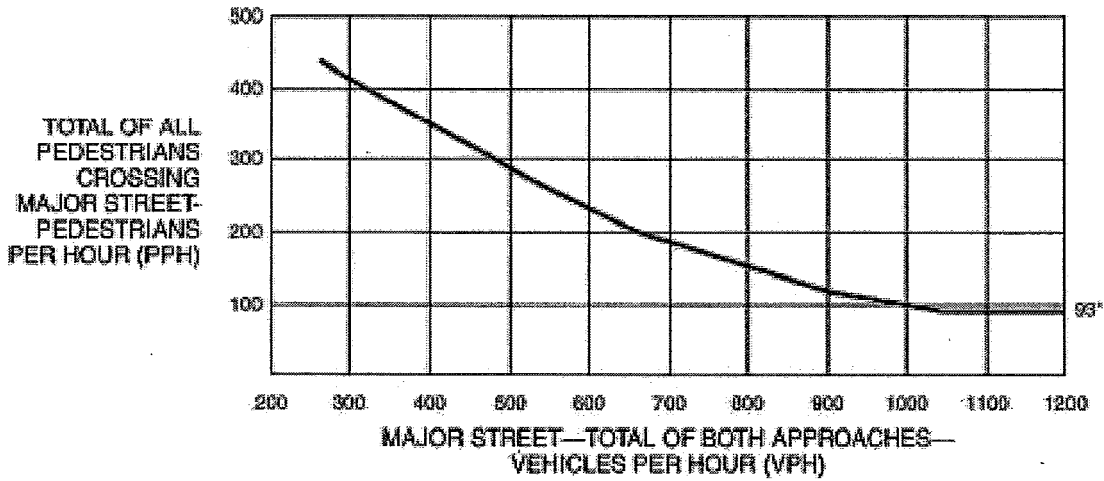
Source: 2012 MUTCD

Figure 4C-7. Warrant 4, Pedestrian Peak Hour



\*Note: 133 pph applies as the lower threshold volume.

Figure 4C-8. Warrant 4, Pedestrian Peak Hour (70% Factor)



\*Note: 93 pph applies as the lower threshold volume.



**Pedestrian Volume Warrant (MUTCD Warrant 4) Calculations**

Since the posted speed limit on the 38<sup>th</sup> Avenue is 25 miles per hour and the 15<sup>th</sup>-percentile crossing speed of pedestrians utilizing the crosswalk is forecast to be less than 3.5 feet per second, based on MUTCD guidelines, Figure 4C-7 with a 50-percent reduction for the required number of pedestrians crossing per hour is used to for the peak hour warrant calculations.

Based on information provided by the project applicant a maximum total of 92 persons associated with the project site are forecast to cross 38<sup>th</sup> Avenue to access the existing retail center and other land uses in the project site vicinity.

Existing peak hour vehicular traffic volumes utilized in this analysis are based on information contained in the Reposa Avenue Traffic Study recently prepared by RBF Consulting.

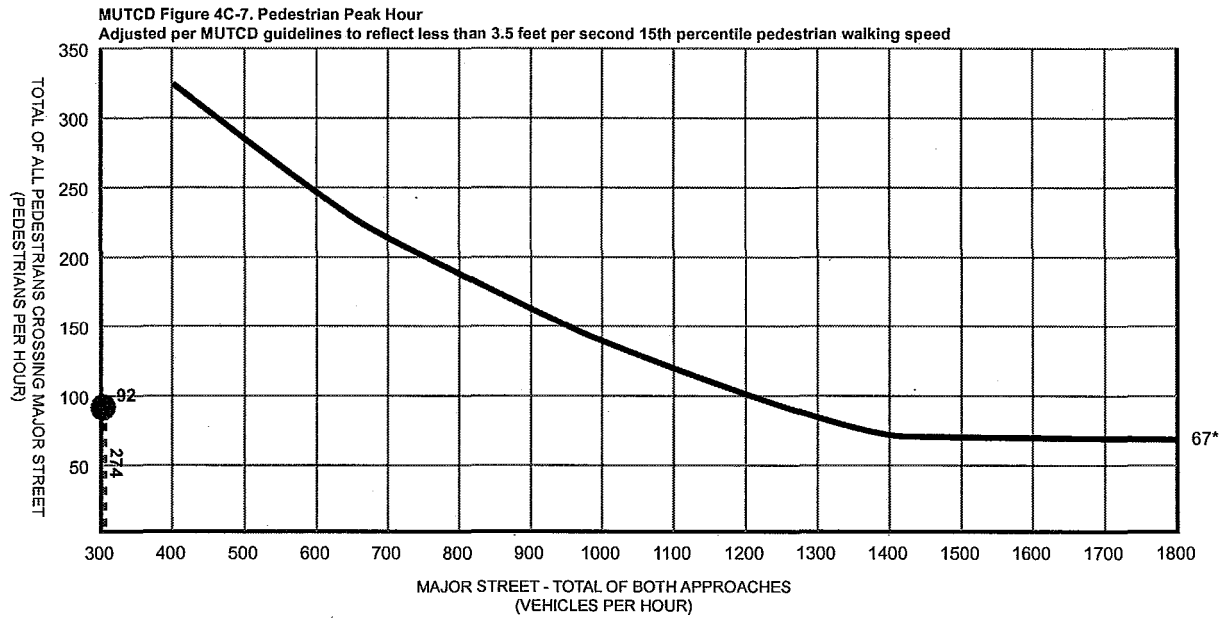
Table 8 summarizes the results of the Warrant 4 (Pedestrian Volume Warrant) analysis during the a.m. peak hour and the p.m. peak hour. Exhibit 3 shows the forecast pedestrian volume warrant analysis chart for the a.m. peak hour conditions. Exhibit 4 shows the forecast pedestrian volume warrant analysis chart for the p.m. peak hour conditions.

**Table 8  
Summary of Warrant 4 – Pedestrian Volume Warrant Analysis**

Study Location	Warrant Satisfied?	
	AM Peak Hour	PM Peak Hour
Project Site Location at 38 <sup>th</sup> Avenue	No	No

As shown in Table 8, the *MUTCD* Pedestrian Volume Warrant is not satisfied for the study location. However, vehicular and pedestrian volumes at this location should be monitored and a signalized pedestrian crossing could be installed when the pedestrian and vehicular volumes become high enough to satisfy the warrant.

Meanwhile, installation of a signalized pedestrian crossing is at the discretion of the City. Exhibit 5 shows a conceptual layout of the pedestrian crossing on 38<sup>th</sup> Avenue.



Source: 2012 MUTCD

Notes: Vehicular volumes are based on data contained in the Reposa Avenue Traffic Analysis prepared by RBF Consulting  
Pedestrian crossing volumes are based on data provided by project applicant

\* 67 pedestrians per hour applies as the lower threshold volume adjusted per MUTCD guidelines to reflect less than 3.5 feet per second 15th percentile pedestrian walking speed

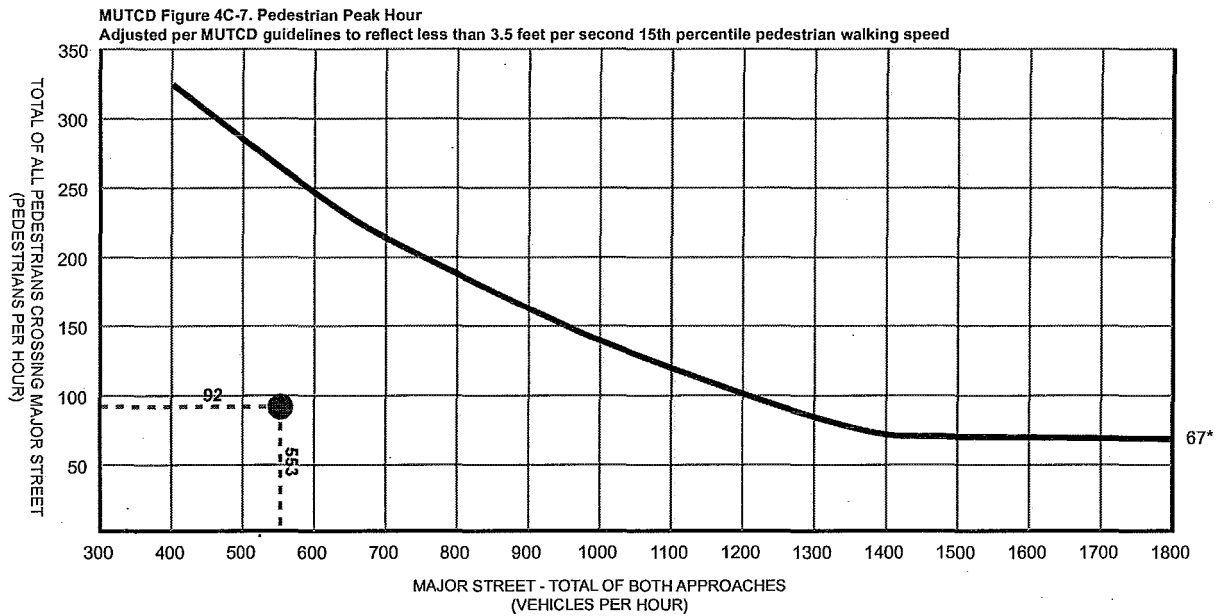
## Forecast Existing AM Peak Hour Pedestrian Crossing Warrant Analysis for 38th Avenue



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MAY/2012

Exhibit 3



Source: 2012 MUTCD

Notes: Vehicular volumes are based on data contained in the Reposa Avenue Traffic Analysis prepared by RBF Consulting  
Pedestrian crossing volumes are based on data provided by project applicant

\* 67 pedestrians per hour applies as the lower threshold volume adjusted per MUTCD guidelines to reflect less than 3.5 feet per second 15th percentile pedestrian walking speed

## Forecast Existing PM Peak Hour Pedestrian Crossing Warrant Analysis for 38th Avenue



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MAY/2012

Exhibit 4



SCALE: 1" = 20'



NORTH

H:\PROJECTS\70100436\RBF CAD\70100436\_STREET HARRONING EXHIBIT.DWG DGLAAGHER 5/18/12 10:07 am

Exhibit 5 - Villa Capicola Senior Housing Project  
38th Street Pedestrian Crossing Conceptual Design

**ATTACHMENT A**  
**City of Capitola Municipal Code**  
**Parking Space Requirements**

**Capitola Municipal Code**

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Title 17 ZONING

Chapter 17.51 PARKING AND LOADING

**17.51.130 Number of parking spaces required.**

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The number of off-street parking spaces required for each use shall be as follows:

Residential.

A. Residential Structures, Single-Family Detached.

1. The minimum parking requirement for single-family residential units up to one thousand five hundred square feet shall be two uncovered spaces.

2. For single-family residential units one thousand five hundred one square feet to two thousand square feet, the minimum requirement shall be two spaces, one of which must be covered.

3. For single-family residential units two thousand one square feet to two thousand six hundred square feet, the minimum parking requirement shall be three spaces, one of which must be covered.

4. For single-family residential units two thousand six hundred one square feet to four thousand square feet, the minimum parking requirement shall be four spaces, one of which must be covered.

5. For single-family residential units four thousand one square feet and larger, the minimum parking requirement shall be one covered space and three uncovered spaces unless the planning commission determines that additional parking is needed based on house size, location, and/or conditions in the neighborhood.

6. Interior (covered) parking spaces shall be a minimum of ten feet by twenty feet clear, as measured from the interior finished wall surfaces. An additional one hundred square feet of ancillary activity area, e.g., laundry, workshop, or storage, which is not included in the area subject to additional parking requirements, is permitted in conjunction with the first required covered space provided in a detached garage.

7. The planning commission may require additional uncovered parking spaces beyond the minimum requirement for residential units over four thousand square feet, or if a finding can be made that there is a parking problem in the neighborhood.

8. No additional square footage exceeding ten percent of the existing gross floor area may be added to an existing single-family residential unit, unless minimum parking requirements are met.

9. Uncovered parking spaces for single-family residential units shall be ten feet by twenty feet in the front setback (or eighteen feet minimum for lots located in sidewalk exempt areas), i.e., on the driveway apron, with two feet of landscaping provided along the side property line, except that for existing homes and remodels, uncovered parking spaces may be nine feet wide. Uncovered spaces provided in tandem on a single-width driveway beyond the front setback shall also be located within an eleven-foot (for remodels and additions) or twelve-foot (for new units) area that includes two feet of required landscaping adjacent to the side property line. Tandem spaces outside the front setback may be eighteen feet in length.

10. Two feet of landscape planting is required in the front yard setback between the parking area and the side property line.

11. Maximum width of driveways serving attached or detached garages is twenty feet, not including the landscaped area.

12. A twelve-foot driveway is required to access attached or detached single garages beyond the front setback for new homes; an eleven-foot driveway may be permitted for remodels and additions. Two cars may be parked in tandem in the driveway in front of a garage or carport.

13. Permeable driveway materials other than gravel are encouraged, as well as paved wheel strips for driveways, to increase extent of pervious surfaces on site.

B. Dwellings duplex or triplex, two for each unit, one space for each unit must be covered, tandem parking is permitted if the tandem parking is for an individual unit, each space must be a minimum of nine feet by eighteen feet.

C. Dwellings, apartments and condominiums (townhouse) of more than four units, one covered space for each unit, plus one and one-half additional spaces on the site for each dwelling unit. Each regular space must be a minimum of nine feet by eighteen feet. Forty percent of the spaces may be compact spaces of eight feet by sixteen feet.

D. Hotels and motels, one space for each guest room. Such additional spaces as the planning commission determines are necessary for the owners and employees. Each regular space must be a minimum of nine feet by eighteen feet. Thirty percent of the spaces may be compact spaces of eight feet by sixteen feet.

E. Bed-and-breakfast, one space for each bedroom rented, in addition to the spaces required for the single-family residence, each regular space must be a minimum of nine feet by eighteen feet. Fifty percent of the spaces may be compact spaces of eight feet by sixteen feet.

Quasi-public.

F. Churches, clubs, lodges, theaters,  
one space for each forty square feet of floor area usable for seating or one for each three seats each regular space must be a minimum of nine feet by eighteen feet. Thirty percent of the spaces may be compact spaces of eight feet by sixteen feet.

G. Schools, one space for each employee, including teachers and administrators, plus additional spaces as determined by the planning commission to be adequate for student and visitor parking. Each regular space must be a minimum of nine feet by eighteen feet. Forty percent of the spaces may be compact spaces of eight feet by sixteen feet.

H. Sanitariums and nursing homes, one space for each six beds plus one space for each three employees, all nine feet by eighteen feet.

I. Medical office and clinics, one space for each three hundred square feet of gross floor area or five spaces per doctor, whichever is greater, all nine feet by eighteen feet.

Commercial.

J. Retail use and restaurants/take-out food establishments with six or fewer seats, one space for every two hundred forty square feet of gross floor area, each regular space must be a minimum of nine feet by eighteen feet. Thirty percent of the spaces may be compact spaces of eight feet by sixteen feet.

K. Wholesale establishments or warehouses, including mini-storage, one space per each five thousand square feet. Each space must be a minimum of nine feet by eighteen feet. No compact spaces are allowed.

L. Restaurants, one space per sixty square feet of gross floor area, each regular space must be a minimum of nine feet by eighteen feet. Fifty percent of the spaces may be compact spaces of eight feet by sixteen feet.

M. Bakeries, one space per two hundred forty square feet of gross floor area, each regular space must be a minimum of nine feet by eighteen feet. Thirty percent of the spaces may be compact spaces of eight feet by sixteen feet.

N. Bowling alleys, one space per five lanes, plus parking required for restaurant or retail uses associated with the facility, each regular space must be a minimum of nine by eighteen feet. Thirty percent of the spaces may be compact spaces of eight feet by sixteen feet.

O. Offices, corporate, administrative, real estate, one space per two hundred forty square feet of gross

building space. Each regular space must be a minimum of nine feet by eighteen feet. Thirty percent of the spaces may be compact spaces of eight feet by sixteen feet.

P. Large community care residential facility or large family day care house, one for each employee not permanently residing at the facility or house. Parking requirements not specifically mentioned shall be determined by the planning commission. (Ord. 873 § 15, 2004; Ord. 718 § 1 (part), 1991; Ord. 700, 1990; Ord. 695, 1990; Ord. 623 (part), 1987; Ord. 608 § 10, 1986; Ord. 388 § 17.09, 1975)



**ATTACHMENT B**  
**City of Live Oak, CA Municipal Code Pages**

17.25.110 Landscaping and Lighting

17.25.130 Maintenance

**17.25.010 Purpose**

The following requirements are intended to ensure that sufficient but not excessive off-street parking facilities are provided for all uses, and that parking facilities are designed to be attractive and unobtrusive.

**17.25.020 Applicability**

At the time of the installation, erection, enlargement or increase in capacity of any building, or at the time there is a change in the nature of occupancy or expansion of use of property, any of which would require increased parking, the following minimum off-street parking and loading spaces shall be provided, as well as adequate ingress and egress, in accordance with this Chapter.

**17.25.030 Required Parking**

- A. **Number of required spaces:** The following number of spaces are required for each listed use, unless provided for elsewhere in this Chapter. The spaces shall be located on the same building site as the building or use, unless otherwise provided in this Chapter.

**Table 17.25.030: Required Parking by Land Use**

Residential Land Uses	Number of Required Parking Spaces
Single family residence	2 spaces.
Two family residence or half-plex	2 spaces per residence.
Multiple family residence	1 space per studio apartment or one-bedroom unit. 1.5 spaces per two-bedroom unit. 2 spaces per three-bedrooms or more. - Plus 1 guest space per 10 residences.
Second residence	1 space in addition to the 2 spaces for the primary residence.
Manufactured home park	2 spaces per residence (may be tandem) plus 1 guest space per 5 residences.
Bed and breakfast, boarding house	2 spaces plus 1 space per room for rent.
Residential care home, senior housing	.6 space per unit, or prepare a parking study based on type of residents, proximity to services (shopping, medical, etc.) and transit.

**ATTACHMENT C**  
**City of Santa Cruz, CA Municipal Code Pages**

v.	Physical therapy	1 space per 200 square feet of floor area. In addition, 1 space per 50 square feet of pool (water) area				
w.	<b>Residential Uses</b>					
		<b>Number of Bedrooms</b>				
	<b>Type</b>	<b>Efficiency</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4 or more</b>
	Single-family *(including townhouses)	1.0	1.0	2.0	2.0	3 + 1 for ea. addl. bedroom
	Houseboat, duplex, triplex, multiple mobilehome	1.0	1.5	2.0	2.0	3 + 0.5 for ea. addl. bedroom
	Lodging, rooming houses and bed-and-breakfast inns		2 spaces, plus 1 for each bedroom			
	Residence halls, dormitories		0.75 space for each guest or occupant			
	Senior housing development		1 for each 3 dwelling units or rooms intended for separate occupancy, plus an area of land equal to the required off-street parking for apartments, not including required open space, which could be converted to parking should the retirement center change to a multifamily residential use			
	Small ownership unit (SOU)		1 space for each dwelling unit			
	Single-room occupancy dwelling unit, less than 300 square feet**		0.75 for each dwelling unit			
	Single-room occupancy dwelling unit, 300 square feet or more**		1 for each dwelling unit			
	Accessory dwelling unit***		1 parking space, covered or uncovered, shall be provided on site for each bedroom in addition to the required parking for the primary residence			
	Community housing projects		In addition to meeting above residential parking requirements, 1 additional parking space for each 4 dwelling units shall be provided			
<p><b>Covered Parking.</b> At least 1 of the required parking spaces for each dwelling unit shall be covered, within a carport or a garage unless otherwise specified within Title 24. Each standard-size parking space required to be located in a garage or carport for a residential unit shall be not less than nineteen feet in length by eight and one-half feet in width (19 ft. x 8 1/2 feet)</p>						
<p><b>Covered Parking Exception.</b> Exceptions to parking requirements may be granted to</p>						

**ATTACHMENT D**  
**City of Seaside, CA Municipal Code Pages**

**17.34.040 - Number of parking spaces required.**

Each land use shall be provided the number of off-street parking spaces required by this section. See Sections [17.34.060](#) and [17.34.070](#) for off-street parking requirements for bicycles and motorcycles, respectively.

- A. Parking requirements by Land Use.
1. Each land use shall provide the number of off-street parking spaces required by Table 3-7, except where a greater number of spaces is authorized through minor use permit or use permit approval in compliance with Section [17.52.070](#)
  2. A land use not specifically listed in Table 3-7 shall provide parking as required by the zoning administrator. The zoning administrator shall use the requirements in Table 3-7 as a guide in determining the appropriate number of off-street parking spaces required for the use.
  3. In any case where Table 3-7 expresses a parking requirement based on floor area in square feet (for example: one space for each one thousand sf), "sf" means square feet of gross interior leaseable floor area, unless stated otherwise (e.g., ground area).
  4. A single use with accessory components shall provide parking for each component. For example, a hotel with a gift shop shall provide the parking spaces required by Table 3-7 for a hotel (e.g., the guest rooms), and for a gift shop.
- B. Expansion of Structure, Change in Use. When a structure is enlarged, or when a change in its use requires more off-street parking than the previous use, additional parking spaces shall be provided in compliance with this chapter. See also [Chapter 17.62](#) (Nonconforming Uses, Structures and Parcels).
- C. Multi-Tenant Sites.
1. A site with multiple tenants (e.g., two or more) shall provide the aggregate number of parking spaces required for each separate use (e.g., sum of the separate requirements for each use), except where the site is developed as an integrated shopping center with shared parking and no spaces reserved for a particular use. In this instance, the parking shall be provided as required by Table 3-7 for a shopping center.
  2. When a multi-tenant center includes one or more uses that will need more parking than retail uses (e.g., a health/fitness facility, restaurant, or theater) additional parking shall be required for the non-retail use unless a parking reduction is approved in compliance with Section [17.34.080](#) (Reduction of Parking Requirements), below.
- D. Alternate Use of Parking Areas Prohibited. Off-street parking areas shall not be used for the repair, servicing, or storage of vehicles or materials, the sale of any goods or services, or any other work area.
- E. No Reduction of Parking Facility Allowed. No off-street parking facility shall be reduced in capacity or in area without sufficient additional capacity or additional area being provided in order to comply with the parking regulations of this chapter.
- F. Recreational Vehicle (RV) Parking Spaces. Off-street recreational vehicle (RV) parking spaces shall be provided as follows for retail uses, shopping centers, and visitor attractions that are required by this chapter to provide forty or more off-street parking spaces.
1. Number of RV Spaces Required. RV parking spaces shall provided at a minimum ratio of one RV space for each forty off-street vehicle parking spaces, or fraction thereof, required by this chapter.
  2. RV Stall Dimensions. Each RV parking space shall be designed as a pull-through space

with a minimum width of twelve feet and a minimum length of forty feet, with fourteen feet of vertical clearance.

3. Modifications by Zoning Administrator. The zoning administrator may modify the provisions of this subsection through a minor use permit granted in compliance with Section 17.52.070
- G. Excessive Parking.
1. The city discourages a land use being provided more off-street parking spaces than required by this chapter in order to avoid the inefficient use of land, unnecessary pavement, and excessive stormwater runoff from paved surfaces.
  2. The provision of off-street parking spaces in excess of the requirements in Table 3-7 is allowed only with minor use permit approval in compliance with Section 17.62.070, and only when additional landscaping, pedestrian amenities, and necessary storm drain improvements are provided to the satisfaction of the review authority.
- H. Rounding of Calculations. If a fractional number is obtained in calculations performed in compliance with this chapter, one additional parking space shall be required for a fractional unit of one-half or above, and no additional space shall be required for a fractional unit of less than one-half.
- I. Bench or Bleacher Seating. Where fixed seating is provided as benches, bleachers, pews, or similar seating, a seat shall be defined as twenty-four inches of bench space for the purpose of calculating the number of parking spaces required by Table 3-7.
- J. Parking Based on Employees. Whenever parking requirements are based on the number of employees, calculations shall be based on the largest number of employees on duty at any one time.
- K. Use of On-Street Parking—Exception. Available on-street parking spaces cannot be used to meet the parking requirements identified in this chapter. An exception to this provision may be granted for a licensed day care facility or a pre-school, subject to minor use permit approval in compliance with Section 17.52.070
1. The minor use permit may be issued if it meets all of the following criteria, in addition to the findings identified in Section 17.52.070
    - a. The exception shall be granted only for uses in an existing structure. It shall not be granted for any expansion of gross floor area to a structure, for new construction, or where the use of an existing building has been intensified by subletting portions of the building for additional uses.
    - b. The maximum amount of parking which is feasible shall be provided on-site.
    - c. The exception shall only be granted in situations where the city engineer has determined that the exception will not result in potentially unsafe conditions for vehicles or pedestrians.
  2. Each minor use permit that grants an exception to off-street parking requirements shall be reviewed on an annual basis and, if it is found that the use of on-street parking spaces by the facility is creating a nuisance, the city may initiate proceedings to revoke the minor use permit in compliance with Section 17.69.080 (Revocation of Permits).
- L. Nonconforming Parking. A use or structure with nonconforming off-street parking may be physically changed or undergo a change in use in compliance with the following provisions.
1. Residential Uses. No additional parking spaces shall be required; provided, the change does not increase the number of dwelling units, nor eliminate the only portion of the site that can be used for the required or existing parking or access.
  2. Nonresidential Uses.
    - a. The number of existing parking spaces shall be maintained on the site and additional parking shall be provided in compliance with this chapter for any

- additional floor area.
  - b. If the use of the structure is changed to one that requires more parking than the previous use, only the difference between the number of parking spaces required for the previous use and those required for the new use shall be added.
  - c. The change shall not eliminate the only portion of the site that can be used for the required or existing parking or access.
- 3. Waiver of Requirements. The parking requirements of this chapter may be waived by the commission through use permit approval when a nonconforming structure is proposed for rehabilitation if the commission first finds that the existing structure location, parcel size, or topography renders the requirement unreasonable.

**Table 3-7 Parking Requirements By Land Use**

Land Use Type: Manufacturing Processing and Warehousing	Vehicle Spaces Required
All manufacturing, industrial, and processing uses, except the following	1 space for each 200 sf of office area;
	1 space for each 500 sf of floor and/or ground area devoted to other than office use;
	1 space for each 5,000 sf of open storage.
Media production	1 space for each 300 sf.
Recycling facilities	
Heavy or light processing facilities	Determined by use permit.
Large collection facilities	Determined by use permit.
Scrap/dismantling yards	1 space for each 300 sf, plus 1 space for each 10,000 sf of gross yard area.
Small collection facilities	Determined by minor use permit.
Wholesaling and distribution	1 space for each 500 sf.

Land Use Type: Recreation, Education, and Public Assembly	Vehicle Spaces Required
Clubs, community centers, lodges, and meeting halls	1 space for each 4 fixed seats or 1 space for each 100 sf where there are no fixed seats.
Commercial recreation facilities - Indoor, except for the following:	1 space for each 400 sf.
Arcades	1 space for each 200 sf.
Bowling alleys	4 spaces for each alley.
Pool and billiard rooms	2 spaces for each table.
Commercial recreation facilities - Outdoor	Determined by use permit.
Conference/convention and sports/entertainment facilities	1 space for each 200 sf.
Equestrian facilities	1 space for each 5 horses boarded.
Golf	
Golf courses and country clubs	4 spaces per hole, plus as required by this table for accessory uses (e.g., banquet room, bar, pro shop, restaurant, etc.)
Golf driving range	1 space for each tee.
Health/fitness facilities	1 space for each 200 sf.
Library, gallery, and museum	1 space for each 300 sf.
Schools (private or public)	
Kindergarten and nursery schools	1 space per employee plus 1 space for each 10 children.



(Middle) Elementary/junior highs	1 space per employee plus 1 space for each 10 students.
(Secondary) High schools	1 space per employee plus 1 space for each 10 students.
Colleges and universities (including trade, business, and art/music/dancing schools)	1 space per employee plus 1 space for each 5 students.
Studios (art, dance, martial arts, music, etc.)	1 space for each 200 sf.
Theaters, auditoriums, and places of assembly	1 space for each 4 seats or 1 space for each 100 sf, whichever would yield more spaces.

Land Use Type: Residential Uses	Vehicle Spaces Required
Condominiums and condominium conversions	2 covered spaces for each unit, plus 1 space for each unit for guest parking.
Duplex, triplex, or fourplex unit	1 covered space for each unit, plus 1 space for each 2 units for guest parking.
Live/work unit	2 spaces for each unit.
Mobilehome	
Outside of mobilehome park	1 covered space for each unit.
Within a mobilehome park	2 covered spaces for each mobilehome (tandem parking allowed in an attached carport), plus 1 guest parking spaces for each 4 units. Recreational vehicle parking shall be provided at the rate of 1 space for every 5 units.
Multi-family housing	
0 - 1,800 sf	1 covered space for each unit, plus 1 space for each 2 units for guest parking.
1,801+ sf	2 covered spaces for each unit, plus 1 space for each 2 units for guest parking.
Residential care facility	1 space for each 2 residential units, plus 1 space for each 4 units for guests and employees.
Residential second unit	1 additional parking space (Parking in the front or street side setback shall not count toward this parking requirement.
Senior housing	1 space for each unit with half the spaces covered, plus 1 guest parking space for each 10 units.
Single dwelling with additions	
0 - 1,200 sf	No additional parking requirement.
1,201 - 1,800 sf	2 spaces, at east one covered.
1,801+ sf	2 covered spaces.
Single dwelling, attached	2 spaces within a garage for each unit, plus 1 space for each unit for guest parking.
Single dwelling, detached	2 spaces within a garage.

Land Use Type: Retail and Service Commercial	Vehicle Spaces Required
<p>Parking Requirements. In an effort to simplify the calculation of parking demand and to anticipate future tenants, the list of nonresidential (e.g., retail and service commercial) off-street parking requirements shall be broken down into the following four distinct categories based on the anticipated level of parking demands. See also the parking requirements for other specific retail and service uses on the following page.</p>	
<p>Group One: Uses with "low parking demand." Examples include appliance, carpet, fabric, furniture, and tile stores; book, card, and stationary stores; camera, dry cleaning and laundry, flower, gift, glass, hardware,</p>	1 space for each 500 sf or less, with a minimum requirement of 4 spaces.

**Item #: 9.A. Attach 5.pdf**

4/26/12

Municode

heating and electrical, jewelry, paint, pet, plumbing, wallpaper stores; home improvement stores; photography studios, print shops; supermarkets; and other retail and light industrial uses determined to be similar by the zoning administrator.	
Group Two: Uses with "medium parking demand." Examples include bakeries, banks, barber shops, beauty shops, business and professional offices, convenience stores, department stores, donut and ice cream shops, liquor stores, secondhand stores, and other retail uses determined to be similar by the zoning administrator.	1 space for each 300 sf or less, with a minimum requirement of 5 spaces.
Group Three: Uses with "high parking demand." Examples include bars, coffee houses, dental and medical offices and clinics, health clubs, laundromats, restaurants and other intense uses determined to be similar by the zoning administrator.	1 space for each 200 sf.
Group Four: Uses with "unique parking demands." Examples include auto repair, auto sales, contractor's yards, funeral homes, gas stations, hotels and motels, large day care facilities (e.g., child care and seniors), large group homes, mini-warehouse, self-service car wash, theaters, and other uses determined to be similar by the zoning administrator.	
Auto and vehicle repair/service	4 spaces for each service or wash bay, plus spaces for any office as required by this section for offices.
Auto and vehicle sales and rental	1 space for each 400 sf of floor area for the showroom and offices, plus 1 space for each 2,000 sf of outdoor display area, plus spaces as required by this section for parts sales and vehicle repair/service.
Contractor's storage yards	1 space for each 3,000 sf of lot area, plus spaces for any office as required by this section for offices.
Gas stations without repair services	.25 space for each gas pump, plus 2 spaces for each gasoline pump island, plus spaces as required by this section for convenience goods sales.
Large day care facilities	1 space for each staff person, plus 1 space for each 3 occupants
Lodging - hotels and motels	1 space for each unit, plus 2 spaces for the manager or owner, plus required spaces for all accessory uses (e.g., conference center, restaurant, spa, or other recreational facilities).
Mortuary, funeral homes	1 space for each 300 sf of floor area within the facility or 1 space for each 4 seats in the sanctuary, whichever would yield more spaces.
Personal storage (mini-warehouses)	4 spaces for the manager's office.
Restaurant	1 space for each 3 seats.
Self-service car washes	1 space for each wash bay.
Theaters (e.g., movie)	1 space for each 4 seats or 1 space for each 100 sf, whichever would yield more spaces.

(Ord. 955 § 1(part), 2006).

**ATTACHMENT E**  
**ITE Parking Generation Senior Housing**  
**Parking Survey Summary**

## Land Use: 252

### Senior Adult Housing—Attached

#### Land Use Description

Senior adult housing consists of attached independent living developments, including retirement communities, age-restricted housing and active adult communities. These developments may include limited social or recreational services. However, they generally lack centralized dining and on-site medical facilities. Residents in these communities live independently, are typically active (requiring little to no medical supervision) and may or may not be retired. Congregate care facility (Land Use 253) and continuing care retirement community (Land Use 255) are related uses.

#### Database Description

The database consisted of two study sites.

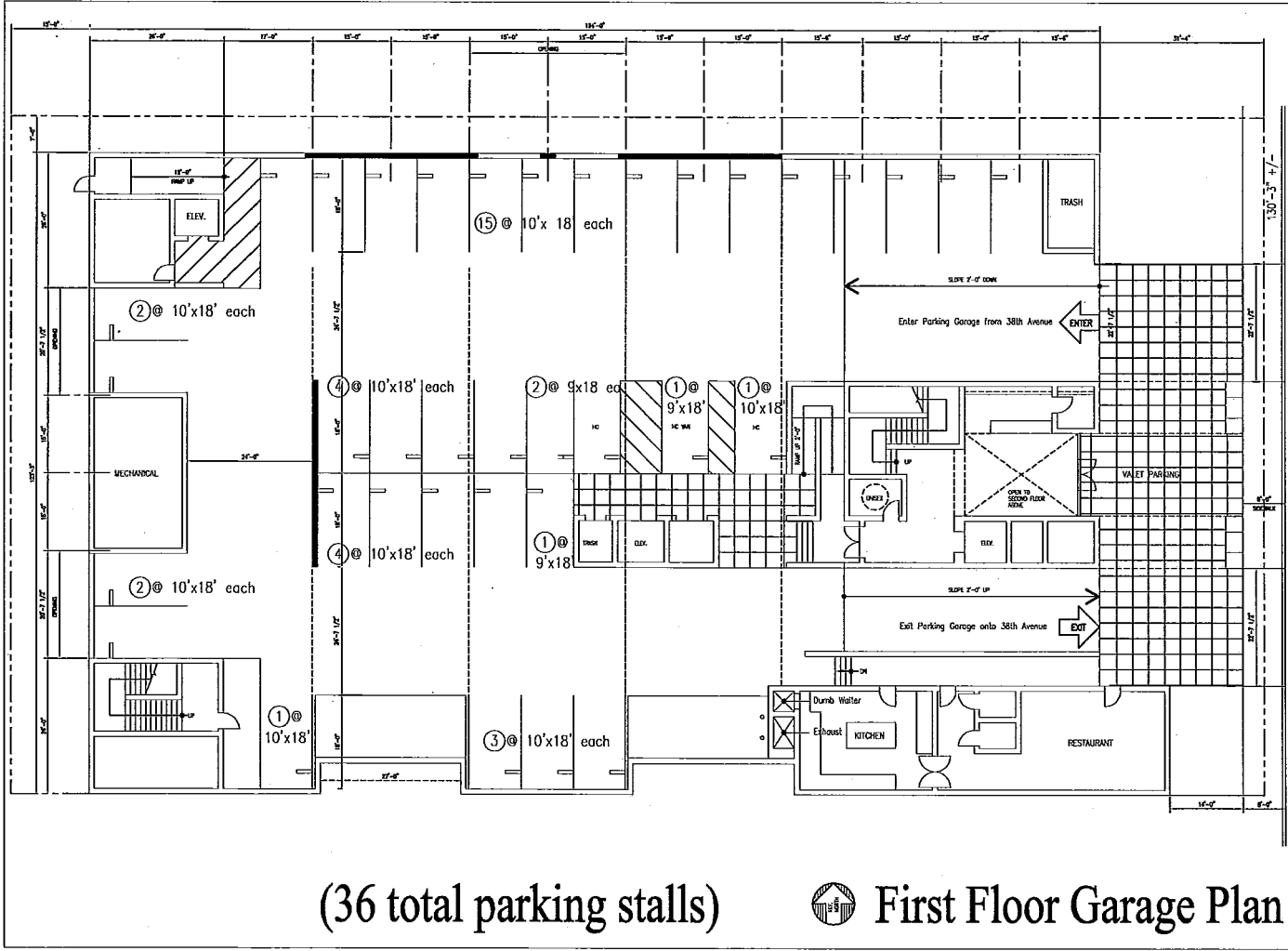
- The study sites had 46 and 91 dwelling units.
- Parking supply ratio: 1.2 and 1.4 spaces per dwelling unit, respectively.
- Weekday peak parking demand ratio: 0.50 and 0.33 parked vehicles per dwelling unit at the 46- and 91-unit sites, respectively.
- Saturday peak parking demand ratio: 0.50 and 0.34 parked vehicles per dwelling unit at the 46- and 91-unit sites, respectively.

Parking demand counts were submitted for the hours beginning at 9:00 a.m., 10:00 a.m., 2:00 p.m. and 5:00 p.m. From these limited data, no definitive peak hour or peak period was established.

#### Study Sites/Years

Huntington Beach, CA (1989)

**ATTACHMENT F**  
**Proposed Project site Plan**



NANCY HUYCK  
 ARCHITECT  
 9200 SODUEL DRIVE  
 APT#105, CA 95003  
 PHONE: (831)885-1205  
 FAX: (831)888-3205  
**Progress**  
**05-17-12**

no.	date	description

REVISIONS

PROJECT TITLE  
 VILLA CAPITOLA  
 UNASSISTED  
 SENIOR HOUSING  
 1575 38th AVENUE  
 SANTA CRUZ, CA  
 APR: 034-181-17

SHEET TITLE  
 FIRST FLOOR  
 GARAGE PLAN

SCALE: 1/8" = 1'-0"  
 DATE: 05-17-12  
 DRAWN BY: NHH  
 JOB NO.: N1140  
 DWG. NO.: N1140-A-3

(36 total parking stalls)

 **First Floor Garage Plan**

A-3  
 sheet of sheets

- C. **This project is categorically exempt under Section 15301 and 15311(a) of the California Environmental Quality Act and is not subject to Section 753.5 of Title 14 of the California Code of Regulations.**

The proposed project involves leasing of a portion of an existing commercial space with no expansion of use beyond what has currently existed. No adverse environmental impacts were discovered during project review by either the Planning Department Staff or the Planning Commission.

**THE MOTION CARRIED ON THE FOLLOWING VOTE: AYES: COMMISSIONERS ROUTH, SMITH, AND CHAIRPERSON ORTIZ. NOES: NONE. ABSENT: NEWMAN. ABSTAIN: GRAVES.**

**D. 1575 38<sup>th</sup> AVENUE**

**#11-060**

**APN: 034-181-17**

Preliminary Development Plan for a proposed Planned Development Rezoning to construct a four story, 67-unit senior housing project in the CN (Neighborhood Commercial) Zoning District.

Property Owner: Maureen A. Romac, filed 6/3/11

Representative: Steve Thomas

Community Development Director Johnson explained the Preliminary Development Plan review process and that this site has been identified as one of the General Plan key sites.

Senior Planner Bane presented the staff report.

The public hearing was opened.

Maureen Romac, property owner, spoke in support of the application. She listed the benefits of the project as filling the housing need for active seniors who do not need medical care. The project location is surrounded by all of the community amenities such as transit, and various types of shopping, and services. The building will be environmentally friendly and will contribute to the revitalization of the 41<sup>st</sup> Avenue area.

Six members of the public from the surrounding neighborhood, spoke in opposition to the project commenting that a four story building will have significant impacts on the adjacent neighborhoods; the proposed building is too large and out of scale for the location and exceeds any other building height in the area; the windows will destroy the privacy of adjacent businesses and residents; the high density proposed will impact parking and traffic circulation from an already congested area; the proposed design does not meet any ordinance requirements making this a difficult development to support in the neighborhood. The developer should discuss the plans with the neighbors and consider the input from the adjacent neighborhood review.

Daryl Fazekas, Project Architect, spoke in support of the application. He stated that a senior housing development is a good use for the site due to the surrounding amenities. A solar study of the proposed plans indicates minimal shadowing on adjacent properties.

Steve Thomas, property owner, spoke in support of the application. He highlighted the amenities that surround the property for a senior housing project. He discussed the green building technology to be incorporated into the project.

The public hearing was closed.

Commissioner Routh stated that this proposal is similar to several large scale development proposed in the city in the '70's. He stated that the CN (Neighborhood Commercial) zoning district is a transitional district and development proposals should consider the transitional nature of the intent of the district. The proposal does not meet parking requirements and is too large for the neighborhood. In addition the overall project doesn't meet any zoning district requirements.

Commissioner Graves concurred with Commissioner Routh's comments. He stated that CN zoning was never intended to support a four story project. The articulation of the elevations is non-existent in the proposed design. He suggested that the south side of the building could be closer to the property line and the elevation somewhat simple being close to the mini storage next door. He was concerned about the parking calculation and noted that the parking layout at 750 Bay Avenue is a problem. The proposed project is overbuilt and in the wrong location. There is not enough parking, design articulation and not enough landscaping. The project needs to conform to the CN zoning district regulations.

Commissioner Smith concurred with the previous Commissioner's comments, but was supportive of a senior housing concept, and stated the importance of providing quality landscaped outdoor space for occupants and guests to experience the outdoors in an urban setting. Parking may not be the issue for the residents, but parking will be an issue for the care takers and guests. The proposed development is too big for the site.

Chairperson Ortiz concurred with the all of the previous Commissioner's comments and the staff report recommendations. She stated that a detailed traffic study with mitigations will be essential for any development on the subject site. She acknowledged receiving a letter from the Ow Family Properties expressing concerns about allowing a large residential development adjacent to existing commercial uses.

Community Development Director Johnson stated that a parking study would be required. Design is the key to making this project successful. He cautioned the Commission about conforming product and discussed reasons for why the applicant has considered the planned development process.

Commissioner Graves stated that the proposed overlay project may eliminate existing street parking. He stated that the proposed project should be redesigned with less density and smaller scale for the adjacent area.

Commissioner Routh stated that the proposal is not just a design issue. He did not want staff to mislead the public with a project promoting economic viability driving design.

Chairperson Ortiz commented that it would be discouraging if the future of the local development culture is driven by medical uses and senior housing facilities.

Community Development Director Johnson stated that design incorporates building size, scale, bulk, articulation, lighting, landscaping, site and building access, hours of operation, etc. The transition between commercial and residential often results in conflicts from mixed uses, but the overall site and building design can address issues with mixed and transitional uses. He explained that the Commission comments will be forwarded to the City Council during the Council preliminary review process.

**NO ACTION NECESSARY.**



12093

CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY – OCTOBER 13, 2011

Mayor Norton announced that he is reordering Item 5.A. at this time since Supervisors' Ellen Pirie and John Leopold were in attendance.

**5. A. Discussion regarding Redistricting of Supervisorial Boundaries. Staff recommendation: receive report. [580-20]**

Community Development Director Johnson summarized the written agenda report. The proposed redistricting map was placed on the screen for view during the discussion.

Santa Cruz County Supervisors John Leopold and Ellen Pirie addressed the council and responded to questions regarding the supervisorial boundary redistricting. Supervisor Pirie thanked the council for reordering this agenda item.

Mayor Norton explained his reasons for placing this matter on the agenda. He believes the most logical boundary would be Soquel Creek. Council members responded to the mayor's comments.

Mayor Norton thanked Supervisors Pirie and Leopold for attending tonight's meeting to respond to the council's concerns and questions regarding the redistricting issue.

**ACTION:** The City Council received the report and comments from Supervisors Pirie and Leopold. No action was taken.

The City Council then considered Public Hearing Item 4.A.

**4. PUBLIC HEARINGS**

**A. Public Hearing to consider Application #11-060, a Preliminary Development Plan for a proposed Planned Development Rezoning to construct a four-story, 67-unit Senior Housing Project in the CN (Neighborhood Commercial) Zoning District, located at 1575 38<sup>th</sup> Avenue (APN 034-181-17). Property owner: Maureen A. Romac; Representative: Steve Thomas. Presentation: Community Development Department. [730-10]**

Senior Planner Bane summarized the written agenda report and, utilizing a PowerPoint Presentation, discussed the proposed planned development project. He first discussed the plans reviewed by the Planning Commission and concerns that were expressed. Six members of the public spoke in opposition to the project at the Planning Commission meeting, expressing concerns regarding the mass, scale, and height of the proposed development.

Senior Planner Bane then discussed revised plans that were submitted after the Planning Commission meeting. Following his presentation, Senior Planner Bane responded to questions of Council Members.

Community Development Director Johnson commented that this site has been identified as an opportunity site. This could be one of the first projects to remake 38<sup>th</sup> Avenue and set the stage for future development.

At 9:45 p.m. Mayor Norton opened this item to the applicant for presentation.

Ric de la Cruz, representative for the applicants, introduced the applicants, Maureen Romac and Steve Thomas, who addressed the Council.

CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY – OCTOBER 13, 2011

12094

## 4. A. PUBLIC HEARINGS (Continued)

Maureen Romac discussed the benefits this project will have for active seniors in their community. This project will benefit commercial businesses adjacent to the site.

Steve Thomas, operator of Capitola Freight and Storage, currently located on the site, discussed the environmental aspects of the proposed building, the new plans resulting from comments from the Planning Commission, the need for this type of housing for seniors in our community, etc.

Mr. de la Cruz reviewed the proposed project utilizing a PowerPoint Presentation. He said their project team is interested in hearing from the council members as to whether he and his team are on the right track for this type of development.

Mayor Norton opened the public hearing at 10:12 p.m.

The following people expressed their **opposition** to and concerns about the impacts the development, as proposed, would have on the single family residences adjacent to the site. There were concerns about not enough green space, inadequate parking, mass and height of the building, density, inadequacy of the site for this type of development, proposed change in the zoning for the site, etc.

Kim Frey, resident on Bulb Avenue (submitted written information entitled, "*Green Space, urbanity, and health: how strong is the relation?*")

Don Mosegaard, resident on Bulb Avenue

Teresa, resident on Bulb Avenue

Bart, the owner of the commercial property adjacent to the site

The following people spoke in **support** of the proposed development:

Terry Westberg, encouraged the City to work with Maureen and Steve to develop this type of project in Capitola. She believes a development of this nature geared for active senior living would benefit the community.

Robert, resident since 1965, offered his support of the proposed development, as there is a need in our community for a project of this type.

Mayor Norton closed the hearing at 10:27 p.m.

Council Members asked staff for a comparison between the current CN Zoning requirements and Planned Development requirements for the site. They expressed concerns about the design, the scale, the zoning change to Planned Development, second-floor side yard setbacks, pedestrian safety along 38<sup>th</sup> Avenue, adequate parking for customers, residents, and guests, and impacts to the neighboring properties. The Council would hope that the applicant would work with the neighbors to address their concerns and create buffers between the project and the neighbors.

There was considerable council discussion and responses to council members' questions from Mr. de la Cruz, project architect Nancy Huyck, and property owner Steve Thomas.

**ACTION:** The City Council considered the proposed project in concept and provided comments to the applicant. No action was taken on this item.

At 11:05 p.m., Council Member Storey suggested looking at the agenda to see if there were any items that could be continued. The council decided to continue with the agenda items.

**THE MOTION CARRIED ON THE FOLLOWING VOTE: AYES: COMMISSIONERS NEWMAN, ORTIZ, ROUTH, SMITH AND CHAIRPERSON GRAVES. NOES: NONE. ABSENT: NONE. ABSTAIN: NONE.**

**C. 1575 38<sup>TH</sup> AVENUE**

**#12-028**

**APN: 034-181-17**

Planned Development Rezoning, Conditional Use Permit, and Design Permit to demolish a commercial salvage yard (Capitola Freight and Salvage) and construct a three-story, 23-unit residential senior housing project in the CN (Neighborhood Commercial) Zoning District.

Environmental Determination: Mitigated Negative Declaration

Property Owner: Maureen A. Romac, filed 3/2/12

Representative: Steve Thomas

Commissioner Newman recused himself as he has an interest in property within 300 feet of the subject property application.

Senior Planner Bane presented the staff report.

Chairperson Graves acknowledged receipt of a letter from County Supervisor John Leopold's office.

Commissioner Smith clarified the concrete wall shown on the current plans, is 6'-8" high. She asked staff to highlight the changes in the current proposal from the preliminary review plans. She noted that the City Council had reviewed and commented on a three story, 57 unit proposal, and this is a three story 23 unit project.

Senior Planner Bane responded that the current plans are almost identical to the preliminary review plans.

Commissioner Ortiz questioned the General Plan comments in the second to last paragraph on page 70 of the agenda packet. She asked if this is language from the current General Plan and will it carry forward into the next General Plan.

Consultant Susan Westman responded that the current Housing Element identified this property as a possible low income housing site. The next Housing Element will require new sites to be identified for low income units.

The public hearing was opened.

Maureen Romac, property owner/applicant, spoke in support in application. She stated that they have worked with the neighbors to design this project and will continue to listen to neighborhood and city concerns.

Commissioner Ortiz asked if there is an age requirement, if the residents buy a meal plan; is there more than one shuttle bus; how many employees are there; what is the range of units offered to residents in this project?

Maureen Romac responded that the minimum age is 55 years of age; residents will be purchasing a meal plan as part of the tenancy agreement; there will be one shuttle bus; there will be four employees; there are studio units, one-bedroom units and two-bedroom units.

Rick De La Cruz, spoke in support of the application.

Mark Davidson, spoke with concerns regarding the project. He requested clarification about the number of units specified in the staff report on page 4, General Plan, and the zoning change process. He requested a copy of the shading plan/shadow study.

Chairperson Graves explained the planned development process. He stated the staff would provide the shading plan/shadow study.

Don Mosegaard, representing three neighbors along the rear property boundary, spoke with concerns regarding the project. He submitted a handout of comments.

Kim Fry, spoke with concerns about the project height, setbacks, drainage issues, and loss of privacy and solar access. She requested construction hours be limited to 8:00 a.m.-6:00 p.m.

Tatiana Teeuwissc, spoke with concerns about the project height, loss of privacy and solar access, and noise during construction and the future use of the property.

Teressa Stolroff, spoke with concerns about the project and concurred with the prior speakers. She stated that the new plan reduced the number of units, but not the mass of the building. The elevation along the Bulb Avenue properties is a very straight wall with no articulation.

Steve Thomas, property owner, acknowledged the public comments.

Richard Haack, architect's representative, clarified the rear yard setback could be 10 feet, but the planned development permit allows for reduced setbacks.

The public hearing was closed.

Commissioner Routh stated the following: Below are the reasons I enumerated as to why the Planning Commission should not support this application and the commissioners agreed.

I stated the use is appropriate for the site but does not warrant all the exceptions being made to the zoning ordinance.

To quote the purpose of the CN Zone, "The purpose of the CN district is to accommodate, at convenient locations, those limited commercial uses which are necessary to meet frequently occurring basic shopping and service needs of people residing in adjacent areas and to implement the harmonious intermingling of pedestrian, commercial, and residential activities."

Here's the important part: "The style and scale of development should be consistent with the foregoing and the intensity of uses should have a low impact on the neighborhood".

The two important words here are "scale" and "consistent". This project is certainly not complimentary nor consistent to the scale of adjacent commercial and residential uses.

Planned Development standards and requirements state that "standards for area, coverage, density, yard requirements, parking and screening for PD district uses shall be governed by the standards of the residential, commercial, or industrial zoning district most similar in nature to the proposed PD district use." For this application, that would be the CN district standards and requirements.

The development standards and requirements for the CN district require a 27' height limit, (the proposed structure is 42' high), side yard setbacks of 10% for the first floor (the proposed development has 0' and 6'10" setbacks), and 15% for the second floor (the proposed structure has 0' and 6'10" setbacks), 15' front setback (the proposal is for 0' setback) and a minimum of 10' rear yard for

commercial uses and greater for residential uses (the proposed development has 15' rear yard setback).

The zoning ordinance does allow exceptions, but in order to grant these kind of exceptions there must be overwhelming benefits provided to the community through design, use, or special amenities. The benefits are not so overwhelming that we should set aside all of the CN district requirements and standards. Keep in mind also, this application is not even for a principal permitted use, but a conditional use.

In addition, the landscaping requirement in the CN zone requires 5% of the lot to be landscaped. This proposal has a few potted plants in the front, and minimal landscaping on the rear and north sides. On the south side the applicant is claiming the landscaping on the adjacent storage facility as if it were part of this project while it may adequately screen the south side, the applicant has no control over the adjacent property and redwood trees.

Nothing in this proposal conforms to any of the development standards required in the CN zone. In fact, it does not conform to any standards in any zone.

PD district standards and requirements also state no PD district shall include less than 4 acres (this proposal is .72 acres, 31,385 sq. ft.) unless certain findings are made; that the land is suitable as a PD district by virtue of its unique historical character (nothing historical about a used building supply lot), topography (nothing unique about a flat lot), land use (nothing special or unique about a large multi-family residential structure), or landscaping (no unique landscaping currently exists and none included in the proposal). It is impossible to make any of these findings.

In this case, the PD application simply is an end run around the requirements set forth in our zoning ordinance. It is a blatant attempt to squeeze more units, with inadequate setbacks and landscaping, at a height not in scale with the adjacent neighborhoods.

The density of this project is 1 unit for every 1365 sq. ft. The last time this community allowed a project of similar density was when the condominiums along Park Ave were approved way back in 1970. and the next election after those were approved a new council eliminated the zoning designation (RM-H) that supported that density and it has remained that way ever since, through several general plan updates and zoning ordinance revisions. The community has repeatedly spoken loudly, over several years and general plan and zoning updates, that this high zoning density is not supported in our community.

Approving this application, which meets no current development standards in the city, jeopardizes the very integrity of our zoning ordinance.

At the conclusion of the above comments, fellow Planning Commissioners concurred unanimously. A motion was made and seconded to deny the application based on the above reasons and passed unanimously. It is probable this application will be appealed to the City Council and the Planning Commission stated very specifically that they wanted the council to be made aware of the above comments.

Commissioner Ortiz concurred with Commissioner Routh's comments. She stated Commissioner Routh's comments should be forwarded to the City Council verbatim. She stated her concerns about applicant's anticipated number of employees with all of the services proposed: laundry, cooks, servers and the shuttle bus. She did not support the second floor decks as they eliminate privacy to adjacent properties. She recommended staff incorporate the green building requirements into the conditions of approval and that the construction hours be modified to address adjacent businesses and residents.

Commissioner Smith concurred with Commissioner Routh's comments. She stated that senior housing is an important housing type to incorporate into our community. But the project, as proposed, shows minimal changes from the preliminary review.

Chairperson Graves stated that although the current proposal is scaled back from the prior design in the number of units, there are several concerns about the mass of the building the lack of landscaping throughout the project site. There is very minimal privacy afforded to the adjacent neighbors. He supported the concept of senior housing on this site, and the planned development process is the correct mechanism to achieve this project, but there are too many units. He stated that large scale developments have not been successful in Capitola noting the Capitola Beach Villas project. He had concerns about the drainage the fence or wall on the west property boundary and the impact of balconies facing west into the adjacent residential properties.

Consultant Susan Westman explained through the General Plan process, the 41<sup>st</sup> Avenue Area study provided the applicants with design that included increases to the project density, wider sidewalks and higher buildings along 38<sup>th</sup> Avenue.

**A MOTION WAS MADE BY COMMISSIONER ROUTH AND SECONDED BY COMMISSIONER ORTIZ TO RECOMMEND TO THE CITY COUNCIL DENIAL OF A NEGATIVE DECLARATION AND THE PROJECT APPLICATION #12-028.**

**THE MOTION CARRIED ON THE FOLLOWING VOTE: AYES: COMMISSIONERS ORTIZ, ROUTH, SMITH AND CHAIRPERSON GRAVES. NOES: NONE. ABSENT: NONE. ABSTAIN: NEWMAN.**

## **7. DIRECTOR'S REPORT**

Consultant Susan Westman stated that the property at 119 Central Avenue was approved as a remodel. However, as construction has progressed the building official has determined that the home is structurally unsound, requiring the home to be demolished and reconstructed, utilizing recycled materials from the existing home. The demolition will exceed the 80% remodel ruling, but due to the building official's direction, staff supports the reconstruction.

Commissioner Ortiz clarified that the scale of the damage is too extensive to save the building.

Consultant Susan Westman stated that the dry rot and termite damage is excessive, rendering most of the building in an unstable condition.

Commissioner Routh recommended that the city's historian, Carolyn Swift be involved in the reconstruction process.

Commissioner Ortiz suggested that the city require a bond to secure the project proceeds in accordance with approved building plans.

## **8. COMMISSION COMMUNICATIONS**

Chairperson Graves requested staff distribute the state law regarding signs.

Commissioner Ortiz suggested the ordinances affecting landscaping, irrigation and trees be included in the zoning ordinance update. She recommended that the City Council conduct a land use study to determine what it would take to maintain the economic vitality on 41<sup>st</sup> Avenue. She inquired on the lack of landscape maintenance throughout the city on various recent developments.



Thumbnail Elevation

Proposed Building Specifications

Corrective Actions Taken

Recommendations/ Direction from Council

MAY 20, 2011

Reduce Mass  
Reduce Scale  
Reduce Height

Not Applicable

- Four Story
  - 67 Units
  - 60 Car Parking
  - Setbacks:
    - East Front 10'-0"
    - North Side 5'-0"
    - West Rear 10'-0"
    - South Side 5'-0"
- Area Calculations Including Exterior Balconies**
- Fourth Floor 21,037 sf
  - Third Floor 25,320 sf
  - 2nd Floor 26,040 sf
  - Garage 26,040 sf
  - TOTAL AREA: 98,437 sf**
  - Height: 46 Feet Average.**

Separate Entry and Exit from Garage with front Valet Parking.  
Total Landscape Area: 4,280 sf (14% of Site.)

- Three Story
  - 57 Units
  - 60 Car Parking
  - Setbacks:
    - East Front -'-"
    - North Side -'-"
    - West Rear -'-"
    - South Side -'-"
- Area Calculations Including Exterior Balconies**
- Third Floor 23,812 sf
  - 2nd Floor 25,220 sf
  - Garage 26,712 sf
  - TOTAL AREA: 75,744 sf**
  - Height: 45 Feet Average.**

Separate Entry and Exit from Garage.  
Total Landscape Area: -,-,- sf (--% of Site.)

- Reduced Mass
- Reduced Scale
- Reduced Height by 1 ft.

Reduce Mass  
Reduce Scale  
Reduce Height

October 3, 2011

- Traffic/parking study required
- Comprehensive Environmental Impact Study Required
- Increase Articulation providing 2nd and 3rd story balconies.
- Create Rooftop Garden Area
- Recommended Skylight to Illuminate Interior Common Areas

September 6, 2012

- Reduced Mass
- Reduced Scale
- Reduced Height by 3 ft
- Reduced Units to 23
- Increased Setbacks
- Parking/Traffic Study submitted. (See 6.c Attachment D, highlighted areas)
- C.E.Q.A. Review Process Completed.
- Mitigated Negative Declaration Prepared.
- Created Rooftop Garden Area
- Created Skylight to Illuminate Interior Common Areas

- Architectural and Site Review Board Endorses Project (See comments Item # 6.c Staff report P.. 2 & 3)
- Staff Recommends adoption of Mitigated Negative Declaration and Approval of Project.
- Planning Commission Rejects City Recommendations and all submitted required data declaring:
  - Inconsistency with existing neighborhood
  - Insufficient percentage of Landscaping
  - Insufficient setbacks to the South (Storage Building)
  - Insufficient Setbacks to the East (38th Ave)
  - Privacy issues with 2nd and 3rd story balconies facing Residents on Bulb Ave.

- Three Story
  - 23 Units
  - 36 Car Parking
  - Setbacks:
    - East Front 5'-0" to allow for 9' sidewalk
    - North Side 6'-10"
    - West Rear 15'-0"
    - South Side 2 inches with two areas of cutouts totaling 350 sf
- Area Calculations Including Exterior Balconies**
- Third Floor 20,574 sf
  - 2nd Floor 23,628 sf
  - Garage 23,628 sf
  - TOTAL AREA: 67,830 sf**
  - Height: 42' Average.**

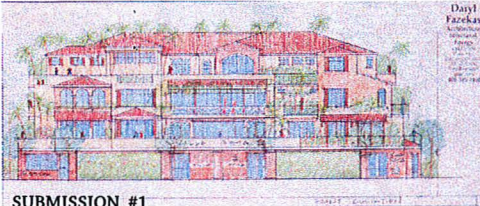
• Separate Entry and Exit from Garage w/ front Valet Parking.  
• Total Landscape Area: 4,967 sf. (16% of Site.)  
• Rear Towers Located at Setback Lines.  
• Balconies Provided for each Rear Unit.

- Three Story
  - 23 Units
  - 35 Car Parking
  - Setbacks:
    - East Front 23'-0" includes 9' sidewalk
    - North Side 6'-10"
    - West Rear 15'-0"
    - South Side (Storage Bldg)
- Area Calculations Including Exterior Balconies**
- Third Floor 19,805 sf
  - 2nd Floor 22,272 sf
  - Garage 23,378 sf
  - TOTAL AREA: 65,455 sf**
  - Height: 39' Average.**

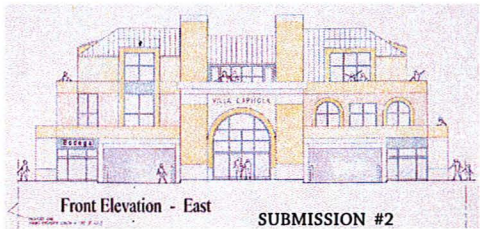
Total Landscape Area: 7,075 sf. (23% of Site.)

- Reduced Height Average by 3 feet
- Reduced Total Building Area by 2,375 sf.
- Restructured Parking Garage Providing for Single Ingress/ Egress. (Allowing an additional 2090 sf. landscaping fronting 38th Ave. with bistro seating.
- Rear Balconies facing bulb avenue residents eliminated.
- Two-44 ft. Towers Facing Bulb Ave Residents to the Rear Eliminated.
- Increased Setback to 23' - 0"

Item #: 9.A. Attach 7.pdf



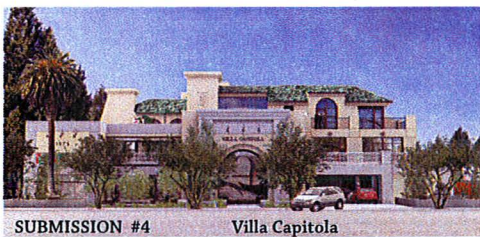
SUBMISSION #1  
Villa Roma  
(Daryl Fazekas Architect)



SUBMISSION #2  
Villa Capitola  
(Nancy Huyck Architect)



SUBMISSION #3  
Villa Capitola  
(Nancy Huyck Architect)



SUBMISSION #4  
Villa Capitola  
(Nancy Huyck Architect)

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RECEIVED

JAN 15 2013

CITY OF CAPITOLA

George Ow, Jr.  
King's Plaza Shopping Center  
1601 41<sup>st</sup> Avenue, Suite 202  
Capitola, CA, 95010  
831-475-9042 Capitola Office. 831-423-0128 Home Office. 831-426-5772 Fax.  
[GeorgeOwJr@aol.com](mailto:GeorgeOwJr@aol.com)

January 14, 2013

Sent via Email and Regular Mail.

Capitola City Council  
420 Capitola Ave,  
Capitola, CA 95010

RE: 1575 38<sup>th</sup> Avenue – Proposed Planned Development Rezoning, Conditional use Permit, and Design Permit

Dear City of Capitola Council Members:

I am resubmitting this letter to you in order to ensure that it is part of the public record for the Capitola City Council Meeting on January 24, 2013 at 7:00pm. My name is George Ow, Jr. and my family and I own King's Plaza Shopping Center, which is located directly across the street from 1575 38<sup>th</sup> Avenue, the site of the proposed planned development rezoning to construct a three story, 23-unit senior housing project in the existing neighborhood commercial zoning district. My parents built and operated King's Market grocery store (now OSH) on our property in 1963 and my family and I developed the second phase of King's Plaza shopping center in 1972. King's Plaza Shopping Center has been an extremely successful retail shopping center for 48 years. In order to successfully operate their businesses, the tenants of King's Plaza need the ability to load and unload products into their stores, have easily accessible trash enclosures, and maintain operating hours that can go late into the evening. I am concerned that if 1575 38<sup>th</sup> Avenue is rezoned to allow a 4-story senior housing complex to be developed, it will lead to problems that are inevitable when residential uses are placed within close proximity to commercial uses.

I will use what has transpired with the Best Western Hotel next to King's Plaza Shopping Center as an example of some of the problems that arise when people live and sleep within close proximity to commercial uses. The Best Western Hotel was built in 2000, over 28 years after the neighboring commercial building (that houses O'Reilly Autoparts, Save Mart, and Rite Aid) was constructed. After choosing to locate directly next to the garbage enclosures and loading docks of these businesses that have been operating for decades, the Best Western manager complained incessantly and tried to impose

limitations on the times when the businesses could load and unload their shipments of merchandise. This has not been good for the hotel owners or King's Plaza and its tenants. These problems could have been avoided if the Best Western would have chosen to locate elsewhere or changed the layout of its hotel or had well planned screening plants or further sound proofed their building. I want to protect against future problems like these arising with future residents of the proposed senior house project at 1575 38<sup>th</sup> Street.

It is important to keep zoning districts consistent because deviating from existing zoning districts can lead incompatible uses being located next to each other. If a four story senior housing project is built at 1575 38<sup>th</sup> Avenue, there is a high likelihood that the residents would object to looking at the back of the King's Plaza Shopping Center (the buildings that house Tony & Alba's, Palace Art Supply, OSH's garden department, and CineLux Theatres), the delivery hours of the tenants, the location of the garbage enclosures, and the noise that is associated with businesses at King's Plaza Shopping Center. Why create future problems?

If the Capitola City Council deems the rezoning of 1575 38<sup>th</sup> Ave appropriate, then it should make the applicant aware that it will be locating a housing complex next to an active commercial site that will often create noise in the early mornings and late at night. Moreover, I ask that you impose as a condition of approval, that a sound wall, sound proof rooms and very high shielding landscaping like tall bamboo be installed to provide a physical barrier between 1575 38<sup>th</sup> Avenue and King's Plaza Shopping Center. Lastly I would like the City Council to ensure that the construction of a senior housing complex at 1575 38<sup>th</sup> Ave will not cause any additional costs or have future limitations to be put on my family's land or our tenants' operations (such as limited loading hours, limited trash pickup hours, changing the location or style of the trash enclosures, etc).

Thank you very much for your consideration of my requests. As long as the City Council ensures that no limitations are ever put on any tenants of King's Plaza Shopping Center due to being located next to a senior housing complex and the applicant constructs its project in a manner so as to prevent its residents from being awakened or be any way bothered by operations at King's Plaza Shopping Center, my family and I are open to the idea.

Best Regards,



George Ow, Jr.  
Ow Family Trusts

Dear Mayor Harlan and Counsel members;

1/15/13

We hope that you will take notice and action, if it is possible, on an agenda item that is on the City Counsel's agenda Jan. 24th of this month. It is regarding the proposed building plan at 1575 38th Ave. It will be the 2nd time this proposal has come before the City Counsel. My husband and I have significant and multi-faceted concerns about this proposal and have attended all Planning Commission and the previous City Counsel meeting. Our home and property share a back fence along the west side of this property.

1. The proposed building is too tall in comparison to the existing homes surrounding it and will significantly/negatively impact our **privacy**, and access to morning sunshine. IF it is built to the proposed specification, the building will loom over our 1 story single family home like a giant spaceship or something. In addition there are water table issues, concerns with quiet/peacefulness, to a small degree air quality & property values. There are no other buildings on 38th Ave over 2-story high. We urge you to only issue approval for a two story building at this site. A two-story building is a good fit with surrounding structures, and can ameliorate the negative impact of this multi-unit residential building proposal on existing neighbors.
2. We would also like the set-back to be 20 feet, in keeping with reasonable set backs already in place.
3. Building schedule/times: If approved, please do not allow construction to start earlier than 9 am Mon-Fri and should end by 6 pm as the noise pollution may be going on for many months or the better part of a year. Also, not construction during the week ends please. We realize that a certain amount of air pollution will take place during construction and are not looking forward to this.
4. We have heard from John Leopold's office that the balconies from the back (Western facing wall) and that the South-Western Tower has been removed. We very much appreciate this! This is an awesome step towards maintaining some semblance of privacy for the homeowners to the west of this site as these are 1 story garden homes. We have not heard from Steve Thomas or Maureen Romac. But we hope that plans are developed to prevent others from being able to look directly into our home's windows from the 2nd or higher floors.
5. Careful planning must prevent any water run off issues to be created or cause any problems for neighbors due to the construction of this site. This must be addressed because the area used to be marsh land and the water table is very high as other neighbors will testify.
6. The redwood trees on the southern side will likely have root damage and crowded roots and die as a result of this building proposal as it currently is stated.

In closing, we cannot understand any enthusiasm one would have towards this project as only the rich will be able to afford a unit, per stated monthly/annual resident costs.

Sincere regards, Kim Frey 1530 Bulb Ave 831 462-2366

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## CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 24, 2013

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: COMMUNITY BASED HEALTH AND HUMAN SERVICES PROVIDERS  
PROGRAM FISCAL YEAR 2013-2014 APPLICATION ACCEPTANCE

---

**RECOMMENDED ACTION:** Determine whether or not to allow a new agency or organization to apply for the existing Community Based Health and Human Services Providers Program for Fiscal Year 2013-2014.

**BACKGROUND:** Each year the City Council makes a determination as to whether or not to allow a new agency or organization to apply for funding for the Community Based Health and Human Services Providers Program for the following fiscal year.

**DISCUSSION:** The City of Capitola Community Based Health and Human Services Providers Program currently provides funding for 38 agencies/organizations. The total amount in the current fiscal year is \$250,000. Each year the City Council must make a determination if it will allow any new agencies or organizations to apply for funds. The opportunity to determine the actual amount of funding will be during budget deliberations.

This year the application process will begin on January 23, 2013 and close on March 7, 2013.

**FISCAL IMPACT:** Unknown

**ATTACHMENT:** None

Report Prepared By: Lisa G. Murphy  
Administrative Services Director

Reviewed and Forwarded  
By City Manager: \_\_\_\_\_

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## CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 24, 2013

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: CONSIDERATION OF AUTHORIZING THE CITY MANAGER TO ACCEPT PROPOSAL FOR WEBSITE REDESIGN

**RECOMMENDED ACTION:** Authorize the City Manager to enter into a one-year agreement with "aHa! Consulting" in the amount not to exceed \$4,000 for web hosting/design services.

**BACKGROUND:** The City of Capitola website was designed in 2002. Since the original design, changes have been made within the limited framework of the existing website which has made it difficult and confusing to access necessary City information. The existing website does not meet the communication needs of citizens, business, and others interacting with the City.

The City of Capitola website is the primary electronic interface with its citizens and those doing business with the City. The current website design and architecture is not user-friendly for finding and accessing important City information. In order to facilitate a more intuitive and robust capabilities, the website will need to be completely redesigned.

**DISCUSSION:** The City Council's adopted budget principles for Fiscal Year 2012-2013 included a goal to maintain a transparent, efficient government by ensuring programs are in place to improve greater public access to city officials, financial reports, data and other important City information. To implement that goal, the Council allocated funding from the Information Technology Fund for a website upgrade.

Aha! Consulting is proposing their *Aha Web for Small Cities Package* which includes the web framework developed from their work with larger government agencies. In addition to this basic framework we would purchase their *Citizen Engagement Package*. This proposal differs from the strategy identified in the adopted City Budget in that it does not allow for the complete flexibility that would be available with a custom-developed solution. However, this proposal will allow the City to better meet the needs of those citizens who use the City's web services in an extremely cost effective manner with limited long-term commitment.

**FISCAL IMPACT:** The Fiscal Year 2012-2013 costs of the proposal are \$150/month for the *Aha Web for Small Cities Package* and \$50/month for the *Citizen Engagement Package*. As part of the proposal we would commit to one-year, for a total of \$2,400 in Fiscal Year 2012-2013. We anticipate an additional \$1,600 in implementation costs. Money was budgeted in the Fiscal Year 2012-2013 Information Technology Fund to pay for the website project.

Ongoing costs after the one-year commitment would be \$200/month. The City currently spends \$150/month on the current website hosting. The ongoing fiscal impact would be the difference in these two expenses, \$50/month.

# Item #: 9.C. Staff Report.pdf

1-24-2012 AGENDA REPORT: Website Redesign

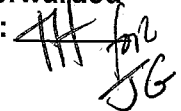
<i>Aha Web for Small Cities Package (1-year commitment)</i>	\$1,800
<i>Citizen Engagement Package (1-year commitment)</i>	\$ 600
Implementation Costs	\$1,600
<b>FY 2012-2013 Net Impact</b>	<b>\$4,000</b>
Proposal Ongoing Costs	\$2,400
Current Website Hosting Costs	<\$1,800>
<b>Ongoing Net Impact</b>	<b>\$ 600/year</b>

## ATTACHMENTS

1. Website Re-Design, Implementation and Hosting Proposal From Aha! Consulting

Report Prepared By: Larry Laurent  
Information Systems Specialist

Reviewed and Forwarded  
By City Manager:







City of Capitola, California

*Website Design Proposal*

aHa! Consulting, Inc.  
415 North State Street #138  
Lake Oswego, OR 97034  
[www.ahaconsulting.com](http://www.ahaconsulting.com)

Contact: Brian Gilday  
[brian.gilday@ahaconsulting.com](mailto:brian.gilday@ahaconsulting.com)  
Phone: 503-889-6444  
Fax: 888-475-3753



January 3, 2013

City of Capitola  
ATTN: Larry Laurent  
420 Capitola Ave  
Capitola, CA 95010

Dear Selection Team:

Thank you for the opportunity to deliver a proposal for your website design project. We appreciate the opportunity to share our proposed plan for creating a solution that will enable you to deliver a highly-effective, long-term web solution for your residents, businesses, visitors, and staff. This proposal is valid for 90 days.

Please do not hesitate to call us if you have any questions or are interested in an online demonstration.

We look forward to the opportunity of working with you.

Sincerely,

A handwritten signature in cursive script that reads "Brian Gilday".

Brian Gilday  
CEO



## Table of Contents

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## Executive Summary

### Company Overview

Aha Consulting, Inc. is a privately held corporation in Lake Oswego, Oregon. Incorporated in 2008, the company is the leading provider of web-based open source solutions for local government agencies.

Offices: Lake Oswego, Oregon Hudson, New Hampshire  
Website: [www.ahaconsulting.com](http://www.ahaconsulting.com)  
Email: [sales@ahaconsulting.com](mailto:sales@ahaconsulting.com)

### Aha Web for Small Cities

We are website experts, and we 'get' local government. We realize that many small cities, towns, and villages need a professional and easy-to-use web solution for their citizens - but simply cannot afford it.

We have the answer ~ *Aha Web for Small Cities* ~ our turnkey website solution for cities, towns, and villages with populations under 10,000.

### Affordable Pricing

Our website-as-a-service for local government agencies with populations between 5,000 and 10,000 starts for as little as \$150 per month.

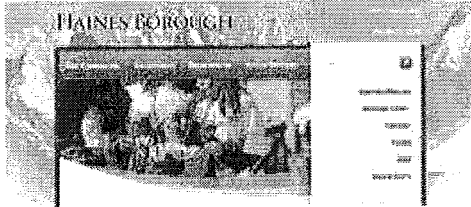
### Features

*Aha Web for Small Cities* comes equipped with several base features that allow you to effectively communicate and engage your citizens.

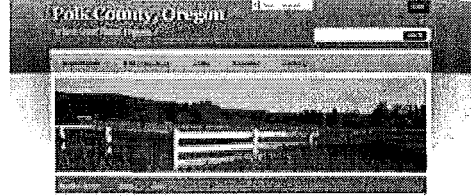
- ✓ Custom website colors, name, and logo
- ✓ Rotating Banner Images
- ✓ Meeting Agendas, Minutes, and Calendar
- ✓ Search Engine
- ✓ Social Networking Integration (Facebook, Twitter)
- ✓ Unlimited Web Pages
- ✓ Online Job Postings
- ✓ Online Bid/RFP Postings
- ✓ Photo Album Slideshows
- ✓ Website Hosting and Support
- ✓ much, much more



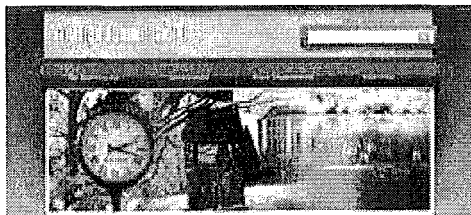
### Example Local Government Websites



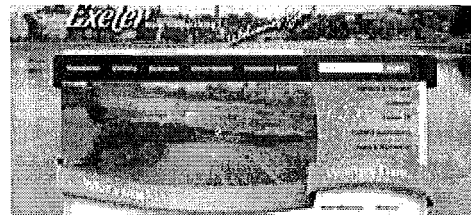
Haines - [www.hainesalaska.gov](http://www.hainesalaska.gov)



Polk County - [www.co.polk.or.us](http://www.co.polk.or.us)



Pound Ridge - [www.townofpoundridge.com](http://www.townofpoundridge.com)



Exeter - [www.town.exeter.nh.us](http://www.town.exeter.nh.us)



Lake Oswego [www.ci.oswego.or.us](http://www.ci.oswego.or.us)



Tualatin [www.tualatinoregon.gov](http://www.tualatinoregon.gov)

You can view our **full portfolio** at [www.ahaconsulting.com/portfolio](http://www.ahaconsulting.com/portfolio)



### Project Schedule and Milestones

Every project differs in terms of scope and timeline. The typical small City project takes from 1 to 3 months from start to finish.

The below high-level timeline is an approximation. We will finalize the schedule once we meet with you to discuss the project in greater detail.

Phase	Month 1		Month 2	
01 Requirements	█			
02 Design	█	█		
03 Build	█	█	█	
04 Migrate Content		█	█	
05 Train		█		
06 Test			█	
07 Go-Live				★
08 Hosting and Support				█



## Website Features and Deliverables

Your website will be feature rich and easy to use. The below list summarizes the site's key features and project deliverables. You can download a detailed description of the below base and optional features at [www.ahaconsulting.com/features](http://www.ahaconsulting.com/features)

1 – Requirements	<p><b>Base</b></p> <ul style="list-style-type: none"> <li>1-01 Website Analysis</li> <li>1-02 Requirements/Scope Refinement</li> <li>1-03 Organization Surveys</li> <li>1-04 Project Schedule Baseline</li> </ul>
2 - Design	<p><b>Base</b></p> <ul style="list-style-type: none"> <li>2-01 Standard City Website Design (customize logo, banners, colors, high-level navigation)</li> </ul> <p><b>Options</b></p> <ul style="list-style-type: none"> <li>2-02 Custom City Website Design with on-site Design Workshop</li> <li>2-03 Specialty Sub-site Designs</li> <li>2-04 Mega Menus</li> </ul>
3 - Build	<p><b>Base</b></p> <ul style="list-style-type: none"> <li>3-1 Dynamic Home Page with ability to promote featured articles</li> <li>3-2 Rotating Banner Images</li> <li>3-3 Rotating Headline Articles</li> <li>3-4 Web Page Search (Web Pages, PDFs, and Word Docs)</li> <li>3-6 Social Networking Tool Integration (Facebook, Twitter)</li> <li>3-9 Event Calendar / Upcoming Events</li> <li>3-10 Sub-calendars for boards, committees, departments</li> <li>3-11 Meeting agendas and minutes with auto-archiving</li> <li>3-12 Online Job Postings</li> <li>3-13 Online Bid/RFP Postings</li> <li>3-14 Photo Album Slideshows</li> <li>3-18 Forms, Permits, Applications, Key Documents Directory</li> <li>3-21 Resource/Document Center</li> <li>3-22 Image Auto-scaling and resizing</li> <li>3-23 Site Metrics (Google Analytics)</li> <li>3-24 Content Scheduling (Publish Today, Unpublish Tomorrow)</li> <li>3-25 Unlimited User logins</li> <li>3-26 Unlimited Content</li> <li>3-27 Word-like WYSIWYG Editor</li> <li>3-28 Web Page Categories - create a page once, have it show up in multiple places</li> <li>3-29 RSS Feeds - Inbound and Outbound</li> <li>3-30 Printer Friendly Pages</li> <li>3-31 Email a Friend Links</li> <li>3-32 Latest News / Press Releases</li> </ul>



<p>3 - Build</p>	<p>3-33 Anti-spam controls                  3-34 Content Versioning / Audit Trail / Revert to Previous Version                  3-35 ADA / Section 508 Compliance                  3-36 Email Harvesting Protection                  3-37 Broken Link Finder                  3-38 Dynamic Sitemap                  3-39 Support for Windows, Mac, Linux                  3-40 Video                  3-41 Client owns rights to all data                  3-42 Browser and Mobile Device Compatibility</p> <p><b>Options</b></p> <p>3-5 Email Subscriptions                  3-7 Unlimited Online Web Forms, Permits, Applications, Polls, Surveys                  3-8 Emergency Alerts Ticker                  3-15 City Projects Directory with interactive map                  3-16 City Parks Directory with interactive map                  3-17 City Services Directory                  3-19 Google Maps Integration                  3-20 Citizen Support Center                  3-43 Mobile Application for iPhone and Android                  3-44 Department Micro-sites (sites-within-a-site)                  3-45 Organization/Staff Directory                  3-46 Mobile site theme                  3-47 Private Staff Only Pages (Intranet)                  3-48 Business Directory with Interactive Maps                  3-49 Sex Offender Directory with interactive maps                  3-50 Online Bid/Vendor Management System                  3-53 Custom Feature Development                  3-51 SSL Support                  3-52 Municipal Code</p>
<p>4 - Migrate Content</p>	<p><b>Base</b></p> <p>4-01 Initial Content Migration - 25 pages</p> <p><b>Options</b></p> <p>4-02- Additional Content Migration</p>





5 - Train	<p><b>Base</b>                      5-01 Training - User Manuals                      5-02 Training - Web Teleconference</p> <p><b>Options</b>                      5-04 Training - Onsite</p>
6 - Test	<p><b>Base</b>                      6-01 Functional Testing                      6-02 Browser Compatibility Testing</p> <p><b>Options</b>                      6-03 Usability Testing</p>
7 - Go Live	<p><b>Base</b>                      7-01 Pre Go-Live Checklist                      7-02 Website DNS Changes                      7-03 Post Go-Live Checklist</p>
8 - Hosting and Support	<p><b>Base</b>                      8-01 Hosting by Aha                      8-02 Maintenance and Customer Support</p>



## Project Costs

We offer all the base features and functions described above for **\$150 per month** paid annually in advance. There are zero one-time setup costs for our base features.

## Optional Items

While our base feature-set is more than sufficient for the smallest municipalities and local government agencies, we do offer many options for expanding your web.

Citizen Engagement Package \$50 per month

Our citizen engagement package includes the following optional features:

- 3-05 Email Subscriptions by Category
- 3-08 Emergency Alerts Ticker
- 3-07 Unlimited Online Web Forms, Permits, Applications, Polls, Surveys
- 3-19 Google Maps Integration
- 3-45 Organization/Staff Directory
- 3-43 Mobile Application for iPhone and Android

## Additional Options

- 2-02 Custom City Website Design with on-site Design Workshop \$5000
- 5-04 Training - Onsite \$2500
- 3-44 Department Micro-sites (sites-within-a-site) \$2500
- 3-46 Mobile site theme \$1000
- 3-48 Business/Organization Directory with Interactive Maps \$1500
- 3-15 City Projects Directory with interactive map \$1500
- 3-16 City Parks Directory with interactive map \$1500
- 3-17 City A to Z Services Directory \$1500
- 2-04 Mega Menus \$1000
- 3-47 Private Staff Only Pages (Intranet) \$3000
- 3-52 Online Municipal Code \$1500
- 3-50 Online Bid/Vendor Management System \$500 setup + \$600 per year
- 3-53 Custom Feature Development \$100 per hour
- 4-02- Additional Content Migration - basic web pages \$4 per page
- 4-02- Additional Content Migration - online web forms \$25 per form
- 3-51 SSL Support \$100 per year

Features index: You can download a detailed description of the above base and optional features at [www.ahaconsulting.com/features](http://www.ahaconsulting.com/features)



### **Assistance from Client**

The Client should select a project manager and small core team to work closely with us during the course of the project. Specific things we will need include:

- The Client will make available to aHa! the inventory of existing applications, websites, and content at the start of this effort.
- The Client will assign a single point of contact for aHa! to interact with that will be responsible for coordinating the schedules of Client employees who will participate in this effort.
- The Client will review any deliverables requiring formal approval within 5 business days and return all comments/issues to aHa! at or before those 5 days have elapsed. aHa! will in turn return updated deliverables for final review within 5 business days.
- The Client will assign one person who will act as the "ultimate decision maker" in the case where consensus among the team cannot be reached. aHa! will leverage web teleconference, email, and telephone conference to facilitate frequent communication with the Client team members while aHa! is off-site.
- The Client will provide aHa! all relevant images, photos, logos, colors, and other branding material to be incorporated into the site.
- The Client must agree to applicable terms of services for Google related services such as Google Analytics and Google Maps in order to access those features.

### **Subscription Services Agreement and Terms of Use Policy**

A detailed description of the terms and descriptions described in this proposal can be found at [www.ahaconsulting.com/terms](http://www.ahaconsulting.com/terms).

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## CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 24, 2013

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: ESPLANADE SEA WALL PUBLIC ART PROJECT – ADDITIONAL TILES

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**RECOMMENDED ACTION:** Consideration of approving the proposed public art donation of additional tiles to the Esplanade Sea Wall Public Art Project.

**BACKGROUND:** In 2008 the Art and Cultural Commission coordinated a tile project which was installed along the Esplanade seawall. The original project included several small tiles with surfing instructions. Local resident Troy (TJ) Welch is requesting an addition to the project.

**DISCUSSION:** Mr. Welch presented a proposed project to the Art & Cultural Commission on November 13, 2012. The project is an addition to the existing Esplanade Sea Wall Tile Project. There currently are tiles on the wall near the last entrance to the beach which provide surf etiquette rules. Some of the statements on the tiles include: "Don't Drop In", "Communicate Your Direction", and "Take Turns". His proposal is to add additional tiles that say, "Surf Capitola, Home of Aloha" in order to call attention to the surf etiquette rules. In addition, on either side will be tiles with the silhouette of a local surfer, Mark Nelson surfing in Capitola, who recently passed away. Mr. Welch has volunteered to pay for the cost of the proposed project.

The Art & Cultural Commission approved the project concept at their meeting. The City Council must provide final approval in order for the project to occur.

**FISCAL IMPACT:** No cost to the City

**ATTACHMENT:** Proposed project.

Report Prepared By: Lisa G. Murphy  
Administrative Services Director

Reviewed and Forwarded  
By City Manager: 

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Sample of the proposed design.



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# CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 24, 2013

FROM: CITY CLERK'S OFFICE

SUBJECT: CITY COUNCIL APPOINTMENTS TO THE ADVISORY COUNCIL ON THE AREA ON AGING, TRAFFIC AND PARKING COMMISSION, COMMISSION ON THE ENVIRONMENT, GENERAL PLAN ADVISORY COMMITTEE; AND DISCUSSION REGARDING THE CAPITOLA COMMISSION ON THE ENVIRONMENT ORGANIZATIONAL STRUCTURE.

**RECOMMENDED ACTION:** City Council determination regarding appointments, and discussion regarding the Capitola Commission on the Environment (COE) organizational structure.

**BACKGROUND/DISCUSSION:** At the January 10, 2013, City Council meeting, staff was directed to continue the following appointments:

- A City representative to the Advisory Council on the Area on Aging;
- A Village Resident to the Traffic and Parking Commission;
- Two reappointments to the General Plan Advisory Committee.

## ADVISORY COUNCIL OF THE AREA AGENCY ON AGING

The Area Agency on Aging provides planning and advocacy for seniors and contracts with other local non-profit organizations to provide a variety of services under the guidelines of the Older Americans Act and Older Californians Act. Two applications were received from Capitola residents Philip Pabich and Melody Newcombe [Attachment 1].

## TRAFFIC & PARKING COMMISSION

The purpose of the Traffic and Parking Commission (Commission) is to develop short, medium, and long-term plans for City Council consideration that address traffic and parking demands in the Village by considering citywide traffic and parking improvements developed in various studies and reports provided to the City Council. The Commission shall act as an advisor to the City Council on implementation of the plans and other duties requested by the Council. Currently, the Commission meets the second Wednesday of every other month. One new village resident application was received from Steve Ross [Attachment 2].

## GENERAL PLAN ADVISORY COMMITTEE

The General Plan Advisory Committee (GPAC) is comprised of individuals from the community interested in developing recommendations to update the City's 1989 General Plan. At the January 10, 2013, City Council meeting, staff suggested the reappointment of two GPAC members: (1) Jacques Bertrand (Finance Advisory Commission representative); and (2) Ed Newman (Planning Commission representative). Mr. Bertrand's term on the Finance Advisory Commission has expired. Staff is recommending that Mr. Bertrand continue as a GPAC member to maintain continuity of the committee. In addition, Mr. Newman is no longer a member of the Planning Commission; however staff is recommending that he be appointed as the Upper and Lower Village Resident on the GPAC.

**COMMISSION ON THE ENVIRONMENT**

At the January 10, 2013 City Council meeting appointments were made to COE with the exception of the Planning Commission's recommendation for a Representative which will take place at the January 17, 2013 Planning Commission meeting<sup>1</sup>

Council Representative:	Dennis Norton
Planning Commission Rep	<i>(to be announced)</i>
Council Member Appointees:	Kristin Sullivan (Harlan) Vacant (Storey) Vacant (Bottorf) Vacant (Termini)
Two At Large Members	Elisabeth Russell Tiffany West-Wise <sup>2</sup>
Youth Member	Madeline Marlatt
Two Ex-Officio Members	Steven Peters John Ricker

The COE was established by the City in 2005 [Attachment 3]. The purpose of the COE is to provide advice and recommendations to the City Council on policy matters relating to the sustenance and benefit of the City of Capitola environmental assets, but limited to topics that are not under the jurisdictions of existing committees or commissions. Most recently the COE put on a workshop regarding Climate Action Planning and developed a best management practices handout for construction sites. Currently, the COE has six of the nine COE seats filled (with the exception of the two Ex-Officio Members).

At the January 10, 2013, City Council meeting staff was directed to provide options for the COE's organizational structure. Currently the COE is a standing committee and is subject to the Brown Act notice and posting requirements. It is City Council discretion to determine if the COE should continue as a City Committee or transition to a non-City Blue Ribbon Environmental Task Force established to report to the City Council. This committee could be comprised of members from the public that are not appointed by the City Council.

**Attachments:**

1. Advisory Council of the Area Agency on Aging applications;
2. Traffic and Parking Commission application;
3. Resolution No. 3424 forming the Commission on the Environment;
4. Draft Resolution rescinding Resolution No. 3424.

**Report Prepared By:** Susan Sneddon, CMC  
City Clerk

**Reviewed and Forwarded  
By City Manager:**

<sup>1</sup> Planning Commission's recommendation for a representative to the COE will be announced at the January 24, 2013 City Council meeting.

<sup>2</sup> Tiffany West-Wise would like to continue to serve, but will be in Hawaii from February-June 2013 (though keeping her Capitola residency), and would need to attend the meetings through Skype until her return.



RECEIVED

NOV 15 2012

CITY OF CAPITOLA

CITY OF CAPITOLA  
420 Capitola Avenue  
Capitola, CA 95010  
(831) 475-7300  
FAX (831) 479-8879

APPLICATION FOR SERVICE ON THE  
**Advisory Council to the Area Agency on Aging  
of the Santa Cruz and San Benito Counties**  
**Representative**

PLEASE TYPE OR PRINT

**NAME OF APPLICANT:** Philip F. Pabich

**RESIDENCE ADDRESS:** 821 Columbus Drive  
Capitola, California

**MAILING ADDRESS:** 95010  
(If Different)

**EMAIL ADDRESS:** p\_pabich@sbcglobal.net

**TELEPHONE NO.:** (H) 464-8585 (C) 278-0184 (W) —

**EMPLOYMENT:** Retired

DESCRIBE YOUR EXPERIENCE AND INTEREST IN SERVING ON THE ABOVE-NAMED COMMITTEE (Use additional page if necessary)

- 25 years as a middle manager for the West Valley - Mission Community College District in Saratoga and Santa Clara overseeing state-funded classes for older adults.
- Retired in 2006 as the dean of continuing education and most recently became a homeowner in Capitola (New Brighton) after living in the San Lorenzo Valley for 30 years.
- Please see attached page for more information.

DATE: 11/15/2012

Philip F. Pabich  
(Signature of Applicant)

Mail or Deliver Application to:  
Capitola City Hall, Attn: City Clerk  
420 Capitola Avenue, Capitola, CA 95010



CITY OF CAPITOLA  
420 Capitola Avenue  
Capitola, CA 95010  
(831) 475-7300  
FAX (831) 479-8879

APPLICATION FOR SERVICE ON THE  
**Advisory Council to the Area Agency on Aging  
of the Santa Cruz and San Benito Counties**  
**Representative**

PLEASE TYPE OR PRINT

**NAME OF APPLICANT:** Phil Pabich - continued from page 1.

**RESIDENCE ADDRESS:** Business Card  
↳

**MAILING ADDRESS:** \_\_\_\_\_  
(If Different)

**EMAIL ADDRESS:** \_\_\_\_\_

**TELEPHONE NO.:** (H) \_\_\_\_\_ (C) \_\_\_\_\_

**EMPLOYMENT:** \_\_\_\_\_



**RETIRED PUBLIC EMPLOYEES' ASSOCIATION OF CALIFORNIA**  
300 T Street  
Sacramento, CA 95811-6912  
**Phil Pabich**  
Health Benefits Chairperson  
Chapter 009 - SURF CITY SANTA CRUZ

**HEADQUARTERS:**  
Toll Free: (800) 443-7732  
Tel: (916) 441-7732  
Fax: (916) 441-7413  
E-Mail: rpeahq@rpea.com  
Website: www.rpea.com

**CONTACT INFORMATION:**  
Tel: (831) 278-0184  
Email: p\_pabich@sbcglobal.net

**DESCRIBE YOUR EXPERIENCE AND INTEREST IN SERVING ON THE ABOVE-NAMED COMMITTEE** (Use additional page if necessary)

• Currently a board member for the Santa Cruz area Chapter of the Retired Public Employees Association (RPEA) and write a monthly newsletter column on insurance and health benefits.  
• Earned a Ph.D. in Teacher Education and B.S. and M.S. in P.E.  
• Married with 3 adult children and am interested in gerontology and helping older adults in enriching their quality of life.

**DATE:** 11/15/2012

Phil P. Pabich  
(Signature of Applicant)

**Mail or Deliver Application to:**  
Capitola City Hall, Attn: City Clerk  
420 Capitola Avenue, Capitola, CA 95010



NOV 21 2012  
 CITY OF CAPITOLA  
 CITY CLERK

CITY OF CAPITOLA  
 420 Capitola Avenue  
 Capitola, CA 95010  
 (831) 475-7300  
 FAX (831) 479-8879

APPLICATION FOR SERVICE ON THE  
**Advisory Council to the Area Agency on Aging  
 of the Santa Cruz and San Benito Counties**  
**Representative**

PLEASE TYPE OR PRINT

**NAME OF APPLICANT:** Melody Newcombe

**RESIDENCE ADDRESS:** 1763 44th Ave  
Capitola, CA 95010

**MAILING ADDRESS:** \_\_\_\_\_  
 (If Different)

**EMAIL ADDRESS:** Melana@SBCglobal.net

**TELEPHONE NO.:** (H) \_\_\_\_\_ (C) 818-5258 (W) \_\_\_\_\_

**EMPLOYMENT:** Select medical-occupational therapist

**DESCRIBE YOUR EXPERIENCE AND INTEREST IN SERVING ON THE ABOVE-NAMED COMMITTEE** (Use additional page if necessary)

I currently work as an occupational  
therapist in homecare for Santa Cruz County.  
Have been in the medical industry for  
30 years from sales to service equipment-  
hospice

Feel I bring a lot of knowledge to  
the team effort

**DATE:** 11/21/12 Melody Newcombe  
 (Signature of Applicant)

Mail or Deliver Application to:  
 Capitola City Hall, Attn: City Clerk  
 420 Capitola Avenue, Capitola, CA 95010

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CITY OF CAPITOLA  
420 Capitola Avenue  
Capitola, CA 95010  
(831) 475-7300  
FAX (831) 479-8879

### APPLICATION FOR SERVICE ON THE CAPITOLA TRAFFIC AND PARKING COMMISSION

At-Large Council Member Appointee  Village Business Owner   
Village Resident

PLEASE TYPE OR PRINT

**NAME OF APPLICANT:** JAMES STEVEN ROSS

**RESIDENCE ADDRESS:** 218 El Camino Viejo  
CAPITOLA CA 95010

**MAILING ADDRESS:** \_\_\_\_\_  
(If Different)

**EMAIL ADDRESS:** ERGLEKOG41@YAHOO.COM

**TELEPHONE NO.:** (H) (831) 464-2091 (C) (408) 206 5980 (W) (408) 779-3633

**EMPLOYMENT:** OWNER OF HILLOW CONCRETE IN MORGAN HILL 1711

**DESCRIBE YOUR QUALIFICATIONS AND INTEREST IN SERVING ON THE TRAFFIC AND PARKING COMMISSION:** (Use additional page if necessary)

- 17 YRS PART TIME RESIDENT, 4 YRS FULL TIME RESIDENT  
- LIVE IN VILLAGE PROPER HAVE FRONT ROW OBSERVATION  
OF TRAFFIC AND PARKING ISSUES IN THE VILLAGE  
- SELF EMPLOYED BUSINESS OWNER FOR 30 YRS IN MORGAN HILL,  
SO I CAN RELATE TO ISSUES BUSINESS OWNERS MAY HAVE.

**DATE:** 1-11-13

*James Ross*  
(Signature of Applicant)

Mail or Deliver Application to:  
Capitola City Hall, Attn: City Clerk  
420 Capitola Avenue, Capitola, CA 95010

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**COPY**

RESOLUTION NO. 3424

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ESTABLISHING THE CAPITOLA COMMISSION ON THE ENVIRONMENT**

WHEREAS, the City of Capitola benefits substantially from numerous and significant environmental influences, some of which include Soquel Creek, the ocean and Capitola Beach, and associated riparian and special habitat areas; and

WHEREAS, protection and enhancement of these environmental influences maintains and increases a quality of life in the City of Capitola that is beneficial to all; and

WHEREAS, the City Council of the City of Capitola desires to receive advice and recommendations on matters of an environmental concern from a special commission comprised of individuals living within the City; and

WHEREAS, it is the desire of the City Council to establish such a commission and to provide for its regular time and place of meeting and staff.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF CAPITOLA as follows:

- Section 1. The commission shall be called the City of Capitola Commission on the Environment (COE) and is hereby established.
- Section 2. The purpose of the COE is to provide advice and recommendations to the City Council on policy matters relating to the sustenance and benefit of the City of Capitola environmental assets, but limited to topics that are not under the jurisdictions of existing committees or commissions. The Commission will also, from time to time, consider any such matters referred to it by the City Council or the City Manager.
- Section 3. The COE shall be comprised of the following members: The Mayor, an appointee of the Mayor, an appointee of every other Council Member, and an appointee of the Planning Commission.
- Section 4. The regular meetings of the COE will be held at a minimum, four times per year, with meeting dates and times to be determined by the commission.
- Section 5. The City will provide staff support to the COE as assigned by the City Manager. The assigned staff will be primarily responsible for ensuring support, to include preparation of agendas and minutes, compilation of material for discussion at commission meetings and follow-up as necessary.

6666

RESOLUTION NO. 3424

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 13<sup>th</sup> day of January, 2005, by the following vote:

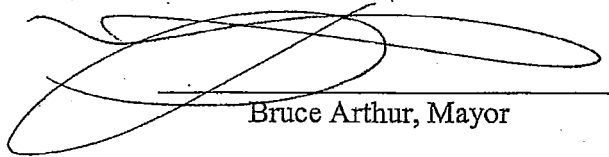
AYES: Council Members Termini, Norton, Harlan, Nicol, and Mayor Arthur

NOES: None

ABSENT: None

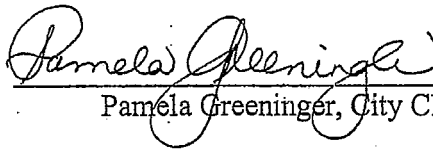
ABSTAIN: None

DISQUALIFIED: None



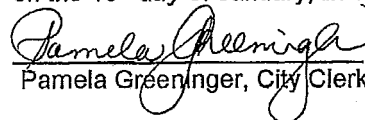
Bruce Arthur, Mayor

ATTEST:



\_\_\_\_\_, CMC  
Pamela Greeninger, City Clerk

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3424 passed and adopted by the Capitola City Council on the 13<sup>th</sup> day of January, 2005.



\_\_\_\_\_, CMC  
Pamela Greeninger, City Clerk

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA DISESTABLISHING THE  
CAPITOLA COMMISSION ON THE ENVIRONMENT**

**BE IT HEREBY RESOLVED** by the City Council of the City of Capitola as follows:

SECTION 1. Resolution No. 3424 of the City Council of the City of Capitola, pursuant to which the Capitola Commission on the Environment is established and operates, is hereby rescinded.

**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the City Council of the City of Capitola at its regular meeting held on the 24<sup>th</sup> day of January, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

\_\_\_\_\_  
Susan Sneddon, City Clerk CMC

\_\_\_\_\_  
Stephanie Harlan, Mayor

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