

City of Capitola Agenda



Mayor: Michael Termini
Vice Mayor: Stephanie Harlan
Council Members: Kirby Nicol
Dennis Norton
Sam Storey
Treasurer: Jacques Bertrand

CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY REGULAR JOINT MEETING THURSDAY, JANUARY 26, 2012

CLOSED SESSION – 5:00 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/Redevelopment Agency Directors on closed session items only.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Govt. Code §54956.9:
Two cases: 1) Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park
2) Pacific Cove Mobile Home Park Flooding and Closure

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

Kevin Calvert, D.D. S. and Pamela Calvert vs. City of Capitola, et al. [Superior Court of the State of California for County of Santa Cruz, Case #CV 172804]

CONFERENCE WITH LABOR NEGOTIATOR (Govt. Code §54957.6)

Negotiator: Jamie Goldstein, City Manager
Employee Organizations: Association of Capitola Employees, Capitola Police Captains, Capitola Police Officers Association, Confidential Employees, Mid-Management Group, and Department Head Group

LIABILITY CLAIMS (Govt. Code §54956.95)

Claimant: William Hoey Morris
Agency claimed against: City of Capitola

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code §54957)

Title: City Manager

**REGULAR JOINT MEETING OF THE
CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY – 7:00 PM**

1. ROLL CALL AND PLEDGE OF ALLEGIANCE:

Council Members/Directors Stephanie Harlan, Dennis Norton, Kirby Nicol, Sam Storey, and Mayor/Chairperson Michael Termini

2. PRESENTATIONS

3. REPORT ON CLOSED SESSION

4. ORAL COMMUNICATIONS

A. Additions and Deletions to Agenda

B. Public Comments

Oral Communications allows time for members of the Public to address the City Council/Redevelopment Agency 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.

C. Staff Comments

D. City Council/RDA Director/Treasurer Comments/Committee Reports

City Council Members/Redevelopment Agency Directors/City Treasurer may comment on matters of a general nature or identify issues for staff response or future council/RDA consideration. Council Members/RDA Directors/Committee Representatives may present oral updates from standing committees at this time.

E. Committee Appointments

F. Approval of Check Register Reports

1. City: Approval of City Check Register Reports dated January 6, 2012 and January 13, 2012.
2. RDA: Approval of Redevelopment Agency Check Register Report dated January 13, 2012.

ALL MATTERS LISTED ON THE REGULAR JOINT MEETING OF THE CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA SHALL BE CONSIDERED AS PUBLIC HEARINGS.

5. 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/Redevelopment Agency request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Government.

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

- A. Deny liability claim of William Hoey Morris in the amount of \$1,500 and forward to the City's liability insurance carrier.
RECOMMENDED ACTION: Deny Liability Claim.
- B. RDA: Receive RDA Quarterly Treasurer's Report for the quarter ended December 31, 2011.
RECOMMENDED ACTION: Receive Report.
- C. Receive City Treasurer's Report for Month ended December 31, 2011 (Unaudited).
RECOMMENDED ACTION: Receive Report.
- D. Consideration of approval of City's participation in PG&E On-Bill Financing Program for retrofit of City owned streetlights to energy efficient LED lights.
RECOMMENDED ACTION:
 - 1. Approve a PG&E Off-Bill and On-Bill Financing Loan Agreement authorizing the City's participation in PG&E's On-Bill Financing Program; and
 - 2. Approve a PG&E Products and Services Agreement for the retrofit of city owned streetlight to LED lights; and
 - 3. Authorize the Public Works Director to sign both agreements on behalf of the City.

6. GENERAL GOVERNMENT

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) Close public comment; 5) Decision.

- A. Consideration of concept plans for the skate park and related improvements at Monterey Park.
RECOMMENDED ACTION:
 - 1. Approve concept plans for the skate park and related improvements at Monterey Park and direct staff to develop cost estimates for permitting, design and construction of this plan; and
 - 2. Direct staff to continue working with the community on skate park fund raising efforts; and
 - 3. Direct staff to begin environmental review and development permit applications for a skate park as funding is available.

- B. Consideration of a financing plan for the Pacific Cove Mobile Home Park closure.
RECOMMENDED ACTION:
1. Adopt a resolution implementing the financing plan for the Pacific Cove Mobile Home Park relocation; and
 2. Amend the FY 11/12 budget to include \$2.375 million in additional revenue from debt proceeds, and authorize its expenditure pursuant to this financing plan; and
 3. Authorize staff to issue the six-month written notice of termination of tenancy to the residents of the Pacific Cove Mobile Home Park.
- C. Consideration of a contract with AutoTemp in an amount not to exceed \$117,500 for relocation of the Pacific Cove Mobile Home Park residents, and authorizing the City Manager to execute a contract.
RECOMMENDED ACTION: Approve contract.
- D. Consideration of the following: (1) Adoption of an amended Enforceable Obligation Payment Schedule (EOPS); and (2) Ongoing funding for Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council.
RECOMMENDED ACTION:
1. Adopt amended Enforceable Obligation Payment Schedule.
 2. Council Direction.
- E. Consideration of a staff report analyzing the Finance Advisory Committee Report regarding Long-Term City Revenue/Expenditure Projections.
RECOMMENDED ACTION: Continue item to a future City Council Agenda when members of the Finance Advisory Committee are available.
- F. Consideration of a contract for public opinion polling.
RECOMMENDED ACTION:
1. Authorize the City Manager to utilize up to \$10,000, in partnership with the City of Santa Cruz, to complete a focused public opinion polling effort with Gene Bregman & Associates; or
 2. Authorize the City Manager to enter into a contract with FM3 in the amount of \$23,000 to conduct public opinion research to determine if a revenue ballot measure should be pursued and to assess current community perception of City services, and approve an amendment to the FY 11/12 budget moving \$13,000 from Contingency Reserves to contract services.
- G. Consideration of increasing the existing half time Building Inspector position to a full time position.
RECOMMENDED ACTION:
1. Approve increasing the existing half time Building Inspector positions to a permanent full time position effective February 5, 2012; and
 2. Approve a budget amendment resolution increasing expenditures in the Green Building Fund by \$25,000, reducing the Public Works Contract Services by \$5,000, increasing the Community Development Department revenues by \$25,000 and increasing the Community Development Department Personnel costs by \$30,000 to cover the increased salary expenditures for the remainder of fiscal year 2011/12.

7. COUNCIL/RDA DIRECTOR/STAFF COMMUNICATIONS**8. ADJOURNMENT**

Adjourn to the next Regular Joint Meeting of the City Council to be held on Thursday, February 9, 2012, at 7:00 p.m., 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/Redevelopment Agency Meetings: The Capitola City Council and Redevelopment Agency meet jointly 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/Redevelopment Agency Agenda and the complete agenda packet are available on the Internet at the City’s website: 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/Redevelopment Agency 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 by clicking on the Home Page link “View Capitola Meeting Live On-Line.” Archived meetings can be viewed from the website at anytime.



CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: FINANCE DEPARTMENT
 DATE: JANUARY 20, 2012
 SUBJECT: APPROVAL OF CITY CHECK REGISTER REPORT

RECOMMENDED ACTION: By motion and roll call vote, that the City Council approve the attached Check Register Reports for January 6 and January 13, 2012.

DISCUSSION: The attached Check Registers for:

Date	Starting Check #	Ending Check #	Total Checks	Amount
1/06/12	68509	68555	47	\$119,853.50
1/13/12	68556	68613	59	\$315,171.35
1/13/12 Payroll				\$195,078.12

The check register of December 23, 2011 ended with check #68508.

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
68518	CalPERS Health Ins	CM	Jan2012 Health Ins, Employee funded	\$56,374.40
68547	SCC Narcotics Enforce. Tm	CM	2011/12 Staff & Opns Expense	\$17,993.20
68558	Donald Alley	PW	Soquel Creek Monitoring	\$11,427.06
68561	Bay Ave Senior Housing	CDD	Draw 11, HOME Grant	\$21,921.00
68569	Design, Community & Environment	CDD	Gen Plan Update and CDBG	\$32,107.22
68575	Frank Freitas	CM	Claim Settlement, Flood Damage	\$20,000.00
68579	ICMA Retirement Trust	CM	Retirement Contr, Employee funded	\$20,916.58
68580	Interwest Consulting Grp	PW	Plan Check Fees	\$20,960.93
68594	RL Hastings	CDD	Relocation Svcs, HOME Grant	\$25,000.00
68598	SCC Auditor-Controller	PD	Nov & Dec Citation Surcharges	\$12,917.50
Wire	Wells Fargo Bank	CM	Semi-Annual Pymt, Pension Obligation Bond Int	\$101,414.84

On March 28, 2002, Council adopted Ordinance 838, which amended the City Municipal Code as follows:

"3.28.010 Auditing. All claims for salaries and wages of officers and employees and payroll-related withholdings, assessments, and attachments against the treasury of the City and all other claims for payment may be audited and allowed by the City Manager or his/her designee prior to payment thereof."

"3.28.050 Approval. All claims against the City treasury are to be allowed for payment by the City Manager or his/her designee and are to be presented to the City Council as an informational item as part of their regularly scheduled meetings after their issuance for ratification."

RESOLUTION NO. 2683 On September 22, 1994, Resolution No. 2683 was passed and adopted by the City Council. This resolution includes the following text:

Be it hereby resolved by the City Council of the City of Capitola that the City Manager is authorized, as cash shortages arise, to make temporary cash loans between and among the General Fund and all other City funds except the Redevelopment Agency; Special Assessment District funds; and The Village and Beach Parking Fund; and

Be it further resolved that such inter-fund loans shall be repaid by the borrowing fund to the lending fund as soon as, in the opinion of the City Manager, it is fiscally prudent to do so; and

Be it further resolved that the City Manager shall report to the City Council at its next regularly scheduled meeting, the amounts of such Interfund loans actually made; the funds from which and to which such Interfund loans were made; and the anticipated date the loans will be repaid.

The bank statement reconciliation has not been completed for the month. Bank reconciliation is completed and reported in conjunction with the monthly Treasurer's report. All checks on these registers have been deducted from the corresponding fund's cash balance. Interfund loans are not recorded on the financial records on a regular basis, except at year-end for financial reporting purposes.

There are several significant timing issues that create cash flow shortages:

- Triple flip delay of Sales Tax from monthly to December and April (~\$500,000/2x year)
- One quarter of the annual Worker's Compensation premium was paid in July (\$100,000)
- One half of the Self Insurance/Liability annual payment was paid in July (\$32,669)
- One third of the Police Communication JPA annual payment was paid in July (\$146,121)

As of 01/18/12 the total cash available is \$2,465,093. The General Operating Fund has a cash balance of \$760,004. Internal Service Funds (#2210 through #2214) were created for City budget purposes and are reclassified for financial reporting into the General Fund. The Compensated Absences Fund (#2216) has a positive cash balance of \$129,790. The Capital Improvement Projects has a positive cash balance of \$894,118. By Council direction the Emergency Reserves Fund (#1020) may not participate in cash loans; the Emergency Reserves Fund has a fund balance of \$343,013.74.

For cash flow purposes these funds are available to the General Fund. A consolidation of these cash balances results in a cash position of \$2,465,093.

The following table shows the funds that are consolidated:

CASH POSITION - CITY OF CAPITOLA 1/18/12

	<u>Net Balance</u>
General Fund	760,004
Worker's Comp. Ins. Fund	308,629
Self Insurance Liability Fund	51,455
Stores Fund	13,449
Information Technology Fund	39,242
Equipment Replacement	10,065
Compensated Absences Fund	129,790
Contingency Reserve Fund	-
Public Employee Retirement - PERS	258,085
Open Space Fund	256
Capital Improvement Projects	894,118
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>2,465,093</u></u>

The Emergency Reserve Fund balance is \$343,013.74 and is not included above.

On a fiscal year basis the City's annual budget balances expenditures and revenue in the General Fund. Due to the timing of revenue receipts, during most of the fiscal year General Fund expenditures will outpace revenue.

To resolve this cash flow issue, loans in the amount of \$1,139,895.66 were made from the following funds to the general fund:

Loans Between funds:

Contingency Reserve	\$464,895.66
Equipment Replacement	\$325,000.00
Information Technology	\$150,000.00
Self Insurance Liability	\$200,000.00
Total Loans	<u>\$1,139,895.66</u>

It is anticipated that these loans to General Fund will be repaid by June 30, 2012.

ATTACHMENTS:

1. Check Register for January 6, 2012
2. Check Register for January 13, 2012

Report Prepared By: Linda Benko
AP Clerk

Reviewed and Forwarded
By City Manager: 

Checks dated 1/6/12 numbered 68509 to 68555 for a total of \$119,853.50 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 1/6/12 the unaudited cash balance is \$2,674,907

CASH POSITION - CITY OF CAPITOLA 1/6/12

	<u>Net Balance</u>
General Fund	976,131
Worker's Comp. Ins. Fund	308,629
Self Insurance Liability Fund	56,455
Stores Fund	13,892
Information Technology Fund	40,736
Equipment Replacement	37,433
Compensated Absences Fund	19,790
Contingency Reserve Fund	-
Public Employee Retirement - PERS	327,467
Open Space Fund	256
Capital Improvement Projects	894,118
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>2,674,907</u></u>

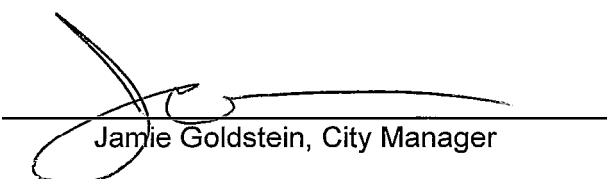
The Emergency Reserve Fund balance is \$189,263.74 and is not included above.

On a fiscal year basis the City's annual budget balances expenditures and revenue in the General Fund. Due to the timing of revenue receipts, during most of the fiscal year General Fund expenditures will outpace revenue.

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Self Insurance Liability	\$200,000.00
Total Loans	<u>\$1,139,895.66</u>

It is anticipated that these loans to the General Fund will be repaid by June 30, 2012.



 Jamie Goldstein, City Manager

1/06/12

 Date

 Jacques J.J. Bertrand, City Treasurer

 Date

City of Capitola
City Checks Issued 1/6/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68509	01/06/2012 Invoice 808706-5	Open	Date 12/12/2011	Description Nailer & auger - PC fence	A TOOL SHED	\$140.80 \$140.80
68510	01/06/2012 Invoice AFLAC12-30-11	Open	Date 01/03/2012	Description Payroll Liabilities, 12/30/11 pay date	AFLAC	\$232.25 \$232.25
68511	01/06/2012 Invoice 325369	Open	Date 12/19/2011	Description Top soil	APTOS LANDSCAPE SUPPLY, INC.	\$82.08 \$82.08
68512	01/06/2012 Invoice 38170 38169	Open	Date 12/22/2011 12/22/2011	Description Dec 2011 Pac Cove MHP meter reading Dec 2011 Wharf meter reading(Fund 1311)	AUTOMATED TEST ASSOCIATES	\$92.00 \$67.00 \$25.00
68513	01/06/2012 Invoice 2963922 2963957 2964036 2964308	Open	Date 12/13/2011 12/13/2011 12/14/2011 12/19/2011	Description Wood - PC fence Wood - PC fence Misc.- PC fence Return Wood - PC fence	BIG CREEK LUMBER	\$1,641.59 \$755.04 \$1,486.04 \$86.09 (\$685.58)
68514	01/06/2012 Invoice 66757	Open	Date 12/08/2011	Description Mayor's Recognition Plaque	BRINKS AWARDS & SIGNS	\$21.70 \$21.70
68515	01/06/2012 Invoice 10555061	Open	Date 12/16/2011	Description 2012 Employee Poster Fund 2210, Stores	CALIF. CHAMBER OF COMMERCE	\$183.51 \$183.51
68516	01/06/2012 Invoice Jan2012	Open	Date 01/03/2012	Description Long Term Disability Ins, Jan 2012	CALIF. LAW ENFORCEMENT ASSOC.	\$370.50 \$370.50
68517	01/06/2012 Invoice 1095	Open	Date 12/22/2011	Description POST Tng, Sloma: Force Encounters Anal	CALIFORNIA TRAINING INSTITUTE	\$277.00 \$277.00
68518	01/06/2012 Invoice Jan2012	Open	Date 01/03/2012	Description Employee Health Ins, Employee Funded	CalPERS Health Insurance	\$56,374.40 \$56,374.40
68519	01/06/2012 Invoice POA12-30-11	Open	Date 01/03/2012	Description Payroll Liabilities, 12/30/11 pay date	CAPITOLA PEACE OFFICERS ASSOC.	\$821.08 \$821.08
68520	01/06/2012 Invoice 20313011	Open	Date 12/07/2011	Description 2nd 1/2 Winter 2012 brochure printing	CASEY PRINTING	\$2,136.29 \$2,136.29

City Checks Issued 1/6/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68521	01/06/2012 Invoice 1120385	Open	Date 12/09/2011	Description Cleaning supplies	CLEAN SOURCE	\$1,245.00
68522	01/06/2012 Invoice 3917-15671	Open	Date 01/02/2012	Description General Plan Website Hosting Fund 1313, Gen Plan Update	CRUZIO THE INTERNET STORE INC.	\$39.95
68523	01/06/2012 Invoice 2012Code	Open	Date 01/03/2012	Description Election Code, 2012	DFM ASSOCIATES	\$52.89
68524	01/06/2012 Invoice 4491	Open	Date 12/22/2011	Description Rock repairs at Bandstand	EARTHWORKS PAVING CONTRACTOR	\$1,595.00
68525	01/06/2012 Invoice Dec 2011	Open	Date 12/22/2011	Description Evidence Storage, PD	EXTRA SPACE STORAGE OF SC INC	\$282.00
68526	01/06/2012 Invoice 11-681628 11-681629 11-683586 11-683585	Open	Date 12/16/2011 12/16/2011 12/22/2011 12/22/2011	Description 513 Gal Ethanol 170 Gal Diesel 120 Gal Diesel 492 Gal Ethanol	FLYERS ENERGY, LLC	\$4,840.83
68527	01/06/2012 Invoice CBF-12-2011-1A CBF-12-2011-1B CBF-12-2011-1C	Open	Date 12/28/2011 12/28/2011 12/28/2011	Description Professional Services Dec11 Professional Services Dec11 Professional Services Dec11 Fund 1313, Gen Plan=\$1900.00 Fund 1350, CDBG Grants=\$2800.00 Fund 1351, CDBG Progs=\$200.00	FLYNN, CAROLYN	\$4,900.00
68528	01/06/2012 Invoice 11-11-02	Open	Date 12/15/2011	Description Investigation Services	FORTUNE INVESTIGATIONS	\$2,675.00
68529	01/06/2012 Invoice 106 128	Open	Date 11/21/2011 12/07/2011	Description Zamora pants Sloma baton ring	GALLI UNIFORM COMPANY	\$122.16
68530	01/06/2012 Invoice 677243	Open	Date 12/17/2011	Description Bumper Stops - PacCove parking lot	GRANITE ROCK COMPANY	\$496.30

City Checks Issued 1/6/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68531	01/06/2012 Invoice 9945	Open	Date 12/07/2011	Description Grapplers	GRAPPLERS, INC.	\$431.76
68532	01/06/2012 Invoice 3502	Open	Date 08/22/2011	Description PD Lockers Fund 1020, Emergency Res.	HIGHLAND PRODUCTS GROUP LLC	\$6,050.02
68533	01/06/2012 Invoice 12/12-12/16/11 12/19-12/23/11	Open	Date 12/27/2011 12/27/2011	Description Mechanic Mechanic	HOWARD, CHARLIE	\$1,420.00
68534	01/06/2012 Invoice BF-165	Open	Date 12/19/2011	Description Lawn Way irrigation repairs	JIMMIE SMITH PLUMBING, INC.	\$415.00
68535	01/06/2012 Invoice A151438	Open	Date 12/14/2011	Description Paint	KING'S PAINT AND PAPER, INC.	\$268.34
68536	01/06/2012 Invoice Dues12-30-11	Open	Date 01/03/2012	Description Payroll Liabilities, 12/30/11 pay date Employee Funded	LIUNA PENSION FUND	\$242.00
68537	01/06/2012 Invoice 220623	Open	Date 12/28/2011	Description Auto parts	LLOYD'S TIRE SERVICE INC.	\$47.00
68538	01/06/2012 Invoice R14	Open	Date 01/04/2012	Description Riparian Restoration	McMENAMIN, GEORGE	\$1,050.00
68539	01/06/2012 Invoice 685	Open	Date 12/30/2011	Description 2012 Fueling Nozzle & Toxic Fees	MONTEREY BAY UNIFIED AIR POLLUT	\$341.00
68540	01/06/2012 Invoice 34059	Open	Date 01/03/2012	Description Tree report for 220 Oakland Avenue	Nature First Tree Care Inc.	\$250.00
68541	01/06/2012 Invoice 225072	Open	Date 12/20/2011	Description Auto Parts	NORTH BAY FORD	\$21.11

City Checks Issued 1/6/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68542	01/06/2012	Open			ORCHARD SUPPLY HARDWARE	\$346.48
	Invoice		Date	Description		Amount
	6013-7825893		12/12/2011	Concrete - PC fence		\$199.63
	6007-3528136		12/12/2011	Batteries		\$14.05
	6011-4795906		12/13/2011	Handsaw - Chris		\$21.64
	6014-7820929		12/14/2011	Wood screws		\$6.48
	6013-8316345		12/15/2011	Level		\$7.57
	6011-4798339		12/21/2011	Painting supplies		\$84.67
	6011-4798683		12/22/2011	Misc. Supplies		\$12.44
68543	01/06/2012	Open			PALACE ART & OFFICE SUPPLIES	\$9.25
	Invoice		Date	Description		Amount
	936175		12/14/2011	Office Supplies, City Hall		\$4.28
	936674		12/19/2011	Office supplies		\$4.97
68544	01/06/2012	Open			PARTSMASTER	\$29.02
	Invoice		Date	Description		Amount
	20531666		12/13/2011	Auto Parts		\$29.02
68545	01/06/2012	Open			PRINTING SYSTEMS, INC.	\$152.92
	Invoice		Date	Description		Amount
	71738		12/06/2011	Business License Envelopes		\$152.92
68546	01/06/2012	Open			REPUBLIC ITS INC.	\$698.24
	Invoice		Date	Description		Amount
	RR122905		12/12/2011	FY 11/12 Traffic Signal Maintenance		\$698.24
				Fund 1310, Gas Tax		
68547	01/06/2012	Open			SCC NARCOTICS ENFORCEMENT TM	\$17,993.20
	Invoice		Date	Description		Amount
	41		08/25/2011	2011/12 staff and operational expenses		\$17,993.20
68548	01/06/2012	Open			SANTA CRUZ MUNICIPAL UTILITIES	\$647.60
	Invoice		Date	Description		Amount
	Nov-Dec2011		12/22/2011	WATER BILLS FOR STREET MEDIANS		\$647.60
68549	01/06/2012	Open			SIRCHIE	\$37.29
	Invoice		Date	Description		Amount
	62705		12/15/2011	Finger print pads		\$37.29
68550	01/06/2012	Open			SOUTH BAY REGIONAL TRAINING	\$480.00
	Invoice		Date	Description		Amount
	PDTng-Jan11		12/22/2011	Child abuse POST class	Moreno & Ryan	\$480.00
68551	01/06/2012	Open			UNION BANK OF CALIFORNIA	\$256.94
	Invoice		Date	Description		Amount
	PARS12-30-11		01/03/2012	PARS, 12/30/11 pay date		\$256.94
				Employee Funded		
68552	01/06/2012	Open			UNITED WAY OF SCC	\$20.00
	Invoice		Date	Description		Amount
	UW12-30-11		01/03/2012	Payroll Deductions, 12/30/11 pay date		\$20.00

City Checks Issued 1/6/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68553	01/06/2012 Invoice 11-115	Open	Date 01/04/2012	Description Tree Deposit Refund Application #11-115	Anderson, Frank	\$500.00
68554	01/06/2012 Invoice 2001185.002	Open	Date 01/03/2012	Description Class refund	Rebele, Marianne	\$84.00
68555	01/06/2012 Invoice Nov2011	Open	Date 12/01/2011	Description Interim Community Development Dir. Nov-11	WESTMAN, SUSAN	\$9,440.00
Check Totals:				Count	47	Total \$119,853.50

Checks dated 1/13/12 numbered 68556 to 68613 for a total of \$315,171.35 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 1/13/12 the unaudited cash balance is \$2,451,208

CASH POSITION - CITY OF CAPITOLA 1/13/12

	<u>Net Balance</u>
General Fund	746,119
Worker's Comp. Ins. Fund	308,629
Self Insurance Liability Fund	51,455
Stores Fund	13,449
Information Technology Fund	39,242
Equipment Replacement	10,065
Compensated Absences Fund	129,790
Contingency Reserve Fund	-
Public Employee Retirement - PERS	258,085
Open Space Fund	256
Capital Improvement Projects	894,118
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>2,451,208</u></u>

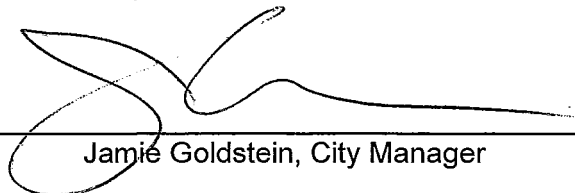
The Emergency Reserve Fund balance is \$343,013.74 and is not included above.

On a fiscal year basis the City's annual budget balances expenditures and revenue in the General Fund. Due to the timing of revenue receipts, during most of the fiscal year General Fund expenditures will outpace revenue.

To resolve this cash flow issue, loans in the amount of \$1,139,895.66 were made from the following funds to the general fund:

Loans Between funds:	
Contingency Reserve	\$464,895.66
Equipment Replacement	\$325,000.00
Information Technology	\$150,000.00
Self Insurance Liability	\$200,000.00
Total Loans	<u>\$1,139,895.66</u>

It is anticipated that these loans to the General Fund will be repaid by June 30, 2012.



 Jamie Goldstein, City Manager

 1/13/12
 Date

 Jacques J.J. Bertrand, City Treasurer

 Date

City of Capitola
City Checks Issued 1/13/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68556	01/13/2012	Open			ALLEY, DONALD	\$11,427.06
	Invoice		Date	Description		Amount
	0112-01		01/03/2012	Soquel Creek Monitoring-FY 11/12		\$11,427.06
68557	01/13/2012	Open			ALLSAFE LOCK COMPANY	\$10.80
	Invoice		Date	Description		Amount
	42994		12/27/2011	Keys-PD		\$10.80
68558	01/13/2012	Open			APTOS LANDSCAPE SUPPLY, INC.	\$41.04
	Invoice		Date	Description		Amount
	325856		01/04/2012	Top soil		\$41.04
68559	01/13/2012	Open			ASCAP	\$320.00
	Invoice		Date	Description		Amount
	500579655-12		12/20/2011	2012 Music Copyright License		\$320.00
68560	01/13/2012	Open			AT&T/CALNET 2	\$2,029.69
	Invoice		Date	Description		Amount
	2886940		12/13/2011	Dec11 Phone Service		\$2,029.69
				Fund 1000, Gen Fund=\$1679.89		
				Fund 2211, IT=349.80		
68561	01/13/2012	Open			BAY AVENUE SENIOR HOUSING, LP	\$21,921.00
	Invoice		Date	Description		Amount
	Draw 11		01/03/2012	Draw 11, BASAPA project		\$21,921.00
				Fund 1371, HOME Grant		
68562	01/13/2012	Open			CALIF. ASSOC. FOR PROPERTY & EVIDENCE	\$90.00
	Invoice		Date	Description		Amount
	2012H		01/09/2012	Hernandez membership		\$45.00
	2012G		01/09/2012	Gonzalez membership		\$45.00
68563	01/13/2012	Open			CAPITOLA PEACE OFFICERS ASSOC.	\$765.08
	Invoice		Date	Description		Amount
	POA1-13-12		01/12/2012	POA Dues, Employee Funded		\$765.08
68564	01/13/2012	Open			CAPITOLA PHYSICAL THERAPY	\$120.00
	Invoice		Date	Description		Amount
	235		12/31/2011	New Hire Evaluations		\$120.00
68565	01/13/2012	Open			CLASSIFIED SOUND	\$1,500.00
	Invoice		Date	Description		Amount
	111212-25A		11/28/2011	Holiday Sound System-BIA Funded		\$1,500.00
				Fund 1321, BIA		
68566	01/13/2012	Open			CLEAN SOURCE	\$34.97
	Invoice		Date	Description		Amount
	1120385-01		12/20/2011	Cleaning supplies		\$34.97

City of Capitola
City Checks Issued 1/13/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68567	01/13/2012 Invoice 6778	Open	Date 12/02/2011	Description Office supplies-PD	CVS PHARMACY INC.	\$2.15
68568	01/13/2012 Invoice 12054915	Open	Date 12/23/2011	Description Monthly Lease Cost, City Hall Copier, Shar Fund 2210, Stores	DE LAGE LANDEN FINANCIAL SVCS	\$334.07
68569	01/13/2012 Invoice 11665	Open	Date 12/21/2011	Description Professional Services Nov 2011 Fund 1000, Gen Fund=\$13820.40 Fund 1313, GenPlan=\$14730.11 Fund 1350, CDBG Grant=\$3556.71	DESIGN, COMMUNITY & ENVIRONMEN	\$32,107.22
68570	01/13/2012 Invoice 11294	Open	Date 12/14/2011	Description Personnel Action Forms Fund 2210, Stores	DYNAMIC PRESS	\$82.61
68571	01/13/2012 Invoice 6 6a	Open	Date 01/01/2012 01/01/2012	Description BIA Communications Manager BIA Website Maint, Dec 2011 Fund 1321, BIA	FERRASCI-HARP, AMY	\$450.00
68572	01/13/2012 Inyoice 28181502	Open	Date 12/31/2011	Description fuel	FLEET SERVICES	\$44.81
68573	01/13/2012 Invoice 139219	Open	Date 12/18/2011	Description Parking space numbers	FLINT TRADING INC.	\$2,005.38
68574	01/13/2012 Invoice 11-685809 11-685810	Open	Date 12/30/2011 12/30/2011	Description 505 Gal Ethanol 120 Gal Diesel	FLYERS ENERGY, LLC	\$2,444.91
68575	01/13/2012 Invoice 2012-1	Open	Date 01/06/2012	Description Claim Settlement, Flood Damages, Pac Cr Fund 1020, Emergency Res=\$15000.00 Fund 2213, Self Ins Liab=\$5000.00	FREITAS, FRANK	\$20,000.00
68576	01/13/2012 Invoice 105 140 135	Open	Date 12/20/2011 12/17/2011 12/13/2011	Description Zamora shirts Uniform Items, Sloma Trueblood Explorer uniform-PD	GALLI UNIFORM COMPANY	\$469.78

City of Capitola
City Checks Issued 1/13/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68577	01/13/2012 Invoice 678377	Open	Date 12/31/2011	Description granite patch	GRANITE ROCK COMPANY	\$621.41
68578	01/13/2012 Invoice Dec-wk4 Jan-wk1	Open	Date 01/09/2012 01/09/2012	Description Mechanic, 12/26 to 12/30/11 Mechanic, 1/2 to 1/6/12	HOWARD, CHARLIE	\$1,210.00
68579	01/13/2012 Invoice ICMA1-13-12	Open	Date 01/12/2012	Description Retirement Plan Contribution, Employee F	ICMA RETIREMENT TRUST 457	\$20,916.58
68580	01/13/2012 Invoice 11902 11310	Open	Date 01/05/2012 08/10/2011	Description Plan review for 703 & 705 Riverview Dr Plan check, 119 Central & 1825 41st Aven	INTERWEST CONSULTING GROUP INC	\$20,960.93
68581	01/13/2012 Invoice 116515 116538	Open	Date 12/15/2011 12/20/2011	Description Background Check Expense Background Check, New Hire	JOHNSON, ROBERTS, & ASSOCIATES	\$34.00
68582	01/13/2012 Invoice 122011	Open	Date 12/20/2011	Description Uniform Cleaning - PD	KING'S CLEANERS	\$573.00
68583	01/13/2012 Invoice 66451	Open	Date 11/24/2011	Description BIA Advertising Fund 1321, BIA	Mainstreet Media dba GOODTIMES	\$200.00
68584	01/13/2012 Invoice 2011-Q4	Open	Date 01/04/2012	Description Grant management-PD Fund 1300, SLESF	MARTIN, BRIAN, K.	\$178.11
68585	01/13/2012 Invoice R15	Open	Date 01/10/2012	Description Riparian restoration	McMENAMIN, GEORGE	\$565.13
68586	01/13/2012 Invoice 82844	Open	Date 01/03/2012	Description Records Mgmt: Dec Handling, Jan Storage	MILLER'S TRANSFER & STORAGE CO.	\$171.85
68587	01/13/2012 Invoice 26580	Open	Date 12/08/2011	Description CAFR Report Data Prep	MUNISERVICES, LLC	\$1,050.00

City of Capitola
City Checks Issued 1/13/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68588	01/13/2012	Open			ORCHARD SUPPLY HARDWARE	\$149.84
	Invoice		Date	Description		Amount
	6011-4794748		12/09/2011	Screws - PC fence		\$33.54
	6011-4798958		12/23/2011	Paint		\$8.64
	6009-6090362		12/28/2011	Misc.		\$37.37
	6005-2439815		12/30/2011	Drain opener		\$22.71
	6011-4794718		12/09/2011	Light bulbs		\$47.58
68589	01/13/2012	Open			PALACE ART & OFFICE SUPPLIES	\$113.97
	Invoice		Date	Description		Amount
	937154		12/22/2011	Office supplies-PD		\$77.95
	937346		12/22/2011	Frames-PD		\$8.97
	937145		12/22/2011	Office Supplies, City Hall		\$27.05
68590	01/13/2012	Open			PAPE MACHINERY	\$2,368.00
	Invoice		Date	Description		Amount
	185296 S		12/30/2011	48" Hydraulic Pallet Fork		\$2,368.00
				Fund 2212, Equip Replacement		
68591	01/13/2012	Open			PESTICIDE APPLICATORS PROF ASSC	\$320.00
	Invoice		Date	Description		Amount
	Seminar-Feb12		01/12/2012	Seminar, Corp Yd Personnel		\$320.00
68592	01/13/2012	Open			PHIL ALLEGRI ELECTRIC, INC.	\$324.75
	Invoice		Date	Description		Amount
	16493		12/22/2011	Electrical service-Museum Photocell		\$105.70
	16521		12/22/2011	Electrical service-Pac Cove Outlet		\$219.05
68593	01/13/2012	Open			PHOENIX GROUP INFORMATION SYS	\$848.12
	Invoice		Date	Description		Amount
	112011070		12/16/2011	Nov11 Citation processing		\$848.12
68594	01/13/2012	Open			R.L. HASTINGS & ASSOC., LLC	\$25,000.00
	Invoice		Date	Description		Amount
	356		11/10/2011	Relocation Services		\$25,000.00
				Fund 1371, HOME Grant		
68595	01/13/2012	Open			ROYAL WHOLESALE ELECTRIC	\$27.06
	Invoice		Date	Description		Amount
	7719-556044		12/13/2011	Tubes		\$27.06
68596	01/13/2012	Open			RYAN, SARAH	\$155.24
	Invoice		Date	Description		Amount
	TngReimb-12-11		01/09/2012	Reimb Training Attendance Meal Exp		\$155.24
68597	01/13/2012	Open			S&S WORLDWIDE	\$75.75
	Invoice		Date	Description		Amount
	7174809		12/13/2011	Recreation Supplies		\$75.75

City Checks Issued 1/13/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68598	01/13/2012	Open			SCC AUDITOR-CONTROLLER	\$12,917.50
	Invoice		Date	Description		Amount
	Nov11		01/06/2012	Citation Surcharges, Nov 11		\$7,774.50
	Dec11		01/06/2012	Citation Surcharges, Dec 2011		\$5,143.00
68599	01/13/2012	Open			SCC OFFICE OF EDUCATION	\$150.00
	Invoice		Date	Description		Amount
	11370		12/08/2011	Five Fingerprint Appts, Background checks		\$150.00
68600	01/13/2012	Open			SANTA CRUZ SENTINEL	\$458.92
	Invoice		Date	Description		Amount
	2040516-Dec11		01/01/2012	Dec Legal Notices		\$458.92
68601	01/13/2012	Open			SPRINT	\$3,083.05
	Invoice		Date	Description		Amount
	974855313-121		12/29/2011	Cell Phone Service, Dec2011		\$3,083.05
68602	01/13/2012	Open			STATLER, WILLIAM, C.	\$2,380.00
	Invoice		Date	Description		Amount
	Nov11		12/28/2011	INTERIM FINANCE DIR SVCS, Nov 11		\$2,380.00
68603	01/13/2012	Open			SWIFT, CAROLYN	\$678.24
	Invoice		Date	Description		Amount
	2012-1		01/06/2012	Museum Display Items Reimbursement		\$678.24
68604	01/13/2012	Open			TLC ADMINISTRATORS, INC.	\$6,200.37
	Invoice		Date	Description		Amount
	93030-Jan12		01/01/2012	Jan12 Dental & Vision Ins. employee funds		\$6,200.37
68605	01/13/2012	Open			TLC ADMINISTRATORS, INC.	\$6,000.00
	Invoice		Date	Description		Amount
	2012-1		01/06/2012	To Replenish Flex Account Cash Employee Funded		\$6,000.00
68606	01/13/2012	Open			UNION BANK OF CALIFORNIA	\$209.31
	Invoice		Date	Description		Amount
	PARS1-13-12		01/12/2012	PARS Contribution, Employee Funded		\$209.31
68607	01/13/2012	Open			UNITED STATES POSTAL SERVICE	\$5,500.00
	Invoice		Date	Description		Amount
	6269ES		01/04/2012	Postage for Early Spring brochure		\$5,500.00
68608	01/13/2012	Open			US BANCORP EQUIPMENT FINANCE	\$95.12
	Invoice		Date	Description		Amount
	193600137		01/06/2012	Copier Lease Payment		\$95.12
68609	01/13/2012	Open			Van Den Heuvel, Dana	\$1,815.49
	Invoice		Date	Description		Amount
	2012-01-13		01/06/2012	PERS pymt in advance of IDR		\$1,815.49

City of Capitola
City Checks Issued 1/13/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68610	01/13/2012 Invoice T9011	Open	Date 12/20/2011	Description December 2011 K-9 training	WITMER-TYSON IMPORTS INC.	\$500.00 \$500.00
68611	01/13/2012 Invoice 2012-00000500	Open	Date 01/10/2012	Description Refund - 703 Riverview Drive-Planning	Goodman, Steve	\$1,080.00 \$1,080.00
68612	01/13/2012 Invoice BL Refund	Open	Date 01/11/2012	Description Refund Film Permit Fee not used	IRON CROSS, LLC	\$500.00 \$500.00
68613	01/13/2012 Invoice 1013028-002	Open	Date 01/10/2012	Description Class refund	Modena, Betty	\$124.20 \$124.20
Wire Trx	01/13/2012 Invoice 22349200	Open	Date 01/12/2012	Description Semi-Annual Pymt, Pension Obligation Bo Fund 1310, Pension Obligation Bond	WELLS FARGO BANK	\$101,414.84 \$101,414.84
Check Totals:				Count	59	Total \$315,171.35



CAPITOLA REDEVELOPMENT AGENCY AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: FINANCE DEPARTMENT
DATE: JANUARY 20, 2012
SUBJECT: APPROVAL OF RDA CHECK REGISTER REPORTS

RECOMMENDED ACTION: By motion and roll call vote, that the RDA Board approve the Check Register Report dated January 13, 2012 as submitted.

DISCUSSION:

The attached Check Registers for the referenced date:

Date	Starting Check #	Ending Check #	Total Checks	Amount
1/13/12	3019	3023	5	\$361,449.83

The prior RDA check register report of December 23, 2011 ended with check number 3018.

The following checks were issued for more than \$10,000.00:

Check	Issued to:	Dept.	Purpose	Amount
3020	Capitola City Treasurer	CM	City Co-Op Agreement	\$102,958.56
3021	Capitola City Treasurer	CDD	Low/Mod Business Svc Hours	\$75,235.00
3023	SCC Auditor-Controller	CM	Library Trust Fund	\$179,502.00

As of 1/18/12 the unaudited cash balance in the RDA account is \$2,559,566 allocated as follows:

RDA Operating Fund	\$2,465,140.51
RDA Low/Mod Housing Fund	\$94,425.55

ATTACHMENTS:

1. Check Register for January 13, 2012

Report Prepared By: Linda Benko
AP Clerk

Reviewed and Forwarded
by Executive Director: 

RDA Checks Issued 1/13/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
3019	01/13/2012 Invoice Oct-Nov2011	Open	Date 01/03/2012	Description City Co-Op Agreement, Oct-Nov2011	CAPITOLA CITY TREASURER	\$281.77
3020	01/13/2012 Invoice Co-OpDec11	Open	Date 01/03/2012	Description City Co-Op Agreement, Dec 1-13 2011	CAPITOLA CITY TREASURER	\$102,958.56
3021	01/13/2012 Invoice Housing-Q1/2	Open	Date 01/12/2012	Description Low/Mod Business Svc Hours, Jul-Dec201	CAPITOLA CITY TREASURER	\$75,235.00
3022	01/13/2012 Invoice 103419 103603	Open	Date 12/14/2011 12/21/2011	Description FY 2011-2012 RDA Legal Services FY 2011-2012 RDA Legal Services	GOLDFARB & LIPMAN, LLP	\$3,472.50
3023	01/13/2012 Invoice Library-2011	Open	Date 01/12/2012	Description Capitola Library Trust Fund 76-126	SCC AUDITOR-CONTROLLER	\$179,502.00
Check Totals:				Count	5	Total \$361,449.83

The above listed checks have been printed and released under the RDA Executive Director's approval. Included are checks numbered 3019 through 3023 for \$361,449.83

These checks has been reviewed and authorized for distribution.

The unaudited cash balance in the RDA account as of 1/13/12 is \$2,559,566.06

RDA Operating Fund	\$2,465,140.51
Low/Mod Housing Fund	\$94,425.55


 Jamie Goldstein, City Manager
 Date 1/13/12



Item #: 5.A.

CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: CITY MANAGER'S DEPARTMENT

DATE: JANUARY 20, 2012

SUBJECT: LIABILITY CLAIMS


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

DISCUSSION:

William Hoey Morris has filed a liability claim against the City of Capitola in the amount of \$1,500.

ATTACHMENTS: None

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

Reviewed and Forwarded
By City Manager: 



CAPITOLA REDEVELOPMENT AGENCY AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: FINANCE DEPARTMENT

DATE: JANUARY 20, 2011

SUBJECT: RDA QUARTERLY TREASURER'S REPORT FOR THE QUARTER ENDED
DECEMBER 31, 2011

RECOMMENDED ACTION: By motion, accept the RDA Quarterly Report for the quarter ended December 31, 2011 as submitted.

BACKGROUND

Capitola Redevelopment Agency's cash position and investment portfolio are shown below as of the quarter ended December 31, 2011. This complies with regulations contained in California Government Code Section 53646. The RDA follows the practice of pooling cash and investments for the RDA funds under its control. Interest earned on pooled cash and investments is allocated quarterly to the funds based on the respective fund's average quarterly cash balance. Interest earned is credited directly to each fund. Capitola RDA cash and investments are composed of operating cash and cash invested in Local Agency Investment Fund (LAIF). The LAIF interest rate for quarter ended December 31, 2011 was 0.38%.

DISCUSSION

RDA cash balance at quarter end was:

Total RDA Cash, 12/31/11			
	RDA Operating	Low/Moderate Income Housing	Total RDA Cash
Bank of America	\$ 2,748,924	\$ 163,483	\$ 2,912,407
Local Agency Investment Fund (LAIF)	\$ 7,138	\$ 1,471	\$ 8,609
Total RDA Cash	\$ 2,756,062	\$ 164,954	\$ 2,921,016

Balances reflect receipt of the December tax increment distribution. On December 29, 2011, the California Supreme Court issued a ruling that upholds the constitutionality of AB 1X 26, the budget bill that eliminates redevelopment agencies while striking down AB 1X 27, the bill that would have allowed redevelopment agencies to continue operating as long as their host jurisdictions paid remittance fees to the state. The dissolution process will proceed throughout fiscal 2011-12.

Report prepared by: Lonnie Wagner, Accountant II

**Reviewed and Forwarded
by Executive Director:** 



CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: CITY TREASURER
 DATE: JANUARY 20, 2012
 SUBJECT: TREASURER'S REPORT FOR THE MONTH ENDED DECEMBER 31, 2011
 (UNAUDITED)

RECOMMENDED ACTION: By motion, that the City Council accept the City Treasurer's Report for the month ended December 31, 2011 (unaudited) for the City of Capitola.

BACKGROUND

California Government Code Section 41004 requires that the City Treasurer submit to the City Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances.

The attachment provides various financial data and analysis for the City of Capitola funds, and the State Treasurer's Office (Local Agency Investment Fund) "LAIF" interest rates.

DISCUSSION - EXECUTIVE SUMMARY AT DECEMBER 31, 2011

The City Cash Position at December 31, 2011 totals \$3,914,700. LAIF deposits include \$3,155,400 of City and Assessment District Funds. The LAIF investment return as of December 31, 2011 was .382%.

The General Fund Balance Sheet consists of:

Total Assets	\$2,542,000 (includes Rispin receivable of \$1,350,000)
Total Liabilities	\$2,275,900
Total Fund Balance	\$ 266,100 (includes Rispin receivable of \$1,350,000)

<u>Fund Balance</u>	
General Fund	\$ 266,100
Designated Reserves:	763,300
Capital Improv. Projects	851,500
Special Revenues:	1,340,000
Debt Service	239,300
Internal Services:	940,800
Total	\$ 4,401,000

FISCAL IMPACT: None.

ATTACHMENTS:

- December 31, 2011 City Treasurer's Report
- LAIF rates

Report Prepared By:
 Lisa Saldana
 Supervising Accountant

**Reviewed and Forwarded
 By City Manager:**



Treasurer's Report for Month Ended December 31, 2011 (UNAUDITED)

BACKGROUND

California government code section 41004 requires that the City Treasurer submit to the City Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. Additionally with the passage of Chapter 687, Statutes of 2000 (AB 943 Dutra), effective January 1, 2001 cities are now required to forward copies of their second and fourth quarter calendar year investment portfolio reports to the California Debt and Investment Advisory Commission (CDIAC) within 60 days.

The CDIAC will use the report as an additional opportunity to examine public investment practices in a more consistent basis than before.

Cities, such as the City of Capitola, that are 100 percent invested in the Local Agency Investment Fund (LAIF) are exempt from the new investment portfolio reporting requirements and are only required to send a letter to CDIAC indicating the total and composition of their investments. This Treasurer's Report will satisfy our reporting requirement to the CDIAC.

The following pages provide various financial data and analysis for the City of Capitola's Funds collectively as well as specifically for the City's General (Operating) Fund, with an attachment from the State Treasurer's Office of quarterly LAIF rates from the 1st quarter of 1977 to present.

DISCUSSION

The following information is for the month ended December 31, 2011. Such information is unaudited.

CASH BALANCE BY FUND

As of December 31, 2011, the LAIF deposits include \$3,155,400 of City and Assessment District funds. The LAIF investment return as of December 31, 2011 was .382%. The following summarizes the City's total cash balance of \$3,914,700 at December 31, 2011 amongst the funds:

		December 31, 2011
<u>General Fund</u>		332,300
<u>Special Revenues</u>	S L E S F	48,700
	SCC NARCOTICS ENFORCEMENT TEAM	(9,300)
	GAS TAX	1,300
	WHARF FUND	72,400
	DEVELOPMENT FEES FUND	3,400
	PEG CABLE TV ACCESS FUND	64,400
	CAPITOLA VILLAGE & WHARF BIA	29,200
	GREEN BUILDING	93,200
	PARIING RESERVE FUND	(1,700)
	TECHNOLOGY FEE FUND	19,900
	CDBG - GRANTS	10,900
	CDBG PROGRAM INCOME	(16,900)
	CDBG PROGRAM INCOME 07-08 RLF	-
	HOUSING PROGRAM LOAN FUND	2,000
	HOME GRANT FUND	5,200
	AFFORDABLE HOUSING TRUST FUND	166,800
	BEGIN GRANT FUND	60,000
	PUBLIC ART FUND	398,400
	OPEN SPACE PURCHASE	300
	GENERAL PLAN UPDATE	368,100
<u>Internal Service</u>	WORKER'S COMPENSATION	308,600
	SELF INSURANCE	56,500
	STORES	14,100
	INFORMATION TECHNOLOGY	39,600
	EQUIPMENT REPLACEMENT	12,400
	PUBLIC EMPLOYEE RETIREMENT	245,300
<u>Reserves</u>	EMERGENCY RESERVES	364,100
	CONTINGENCY RESERVES	-
	COMPENSATED ABSENCES	129,800
<u>Capital Projects</u>	VARIOUS CAPITAL PROJECTS	854,100
<u>Debt Service</u>	DEBT SERVICE FUND	241,600
TOTAL ALL FUNDS		<u><u>3,914,700</u></u>
	General Fund	332,300
	Internal Services	676,500
	Reserves	493,900
		<u><u>1,502,700</u></u>

GENERAL FUND SUMMARY BALANCE SHEET

The following is the General Fund summary balance sheet:

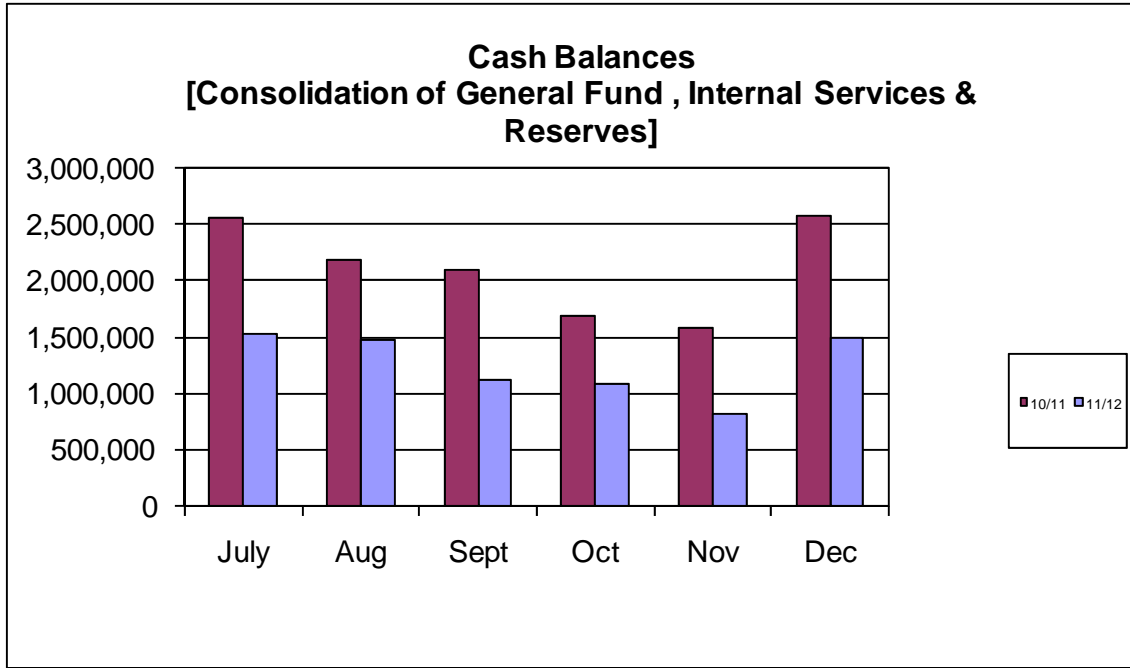
General Fund: Summary Balance Sheet	6/30/2011	Incr/Decr	12/31/2011
Cash	(240,500)	572,800	332,300
Prepaid Expenditures	3,800	(100)	3,700
Accounts Receivable	59,200	(33,700)	25,500
Accounts Receivable - Intergovernmental ¹	1,140,500	(928,000)	212,500
Accounts Receivable - RDA (Rispin)	1,350,000	-	1,350,000
Short Term Loans - RDA	-	-	-
Long Term Loans - RDA	618,000	-	618,000
TOTAL ASSETS	\$ 2,931,000	\$ (389,000)	\$ 2,542,000
Accounts Payable	261,200	(226,300)	34,900
Payroll Related Liabilities	335,800	(336,500)	(700)
Other Deposits and Other Liabilities	243,800	23,100	266,900
Deferred Revenue -- RDA	618,000	-	618,000
Deferred Revenue	368,700	(151,800)	216,900
Due to Other Funds	-	1,139,900	1,139,900
TOTAL LIABILITIES	\$ 1,827,500	\$ 448,400	\$ 2,275,900
FUND BALANCE²			
Rispin Mansion Transaction	1,350,000	-	1,350,000
Fund Balance Reserves	12,600	-	12,600
Available Fund Balance:			
Prior Year Fund Balance	-	-	(219,900)
Current Year Operating Results	-	(876,600)	(876,600)
Net, Available Fund Balance	\$ (258,700)	\$ (876,600)	\$ (1,096,500)
TOTAL FUND BALANCE	\$ 1,103,500	\$ (876,600)	\$ 266,100

¹ A/R-Intergovernmental is primarily for State Mandated Cost Reimbursements.

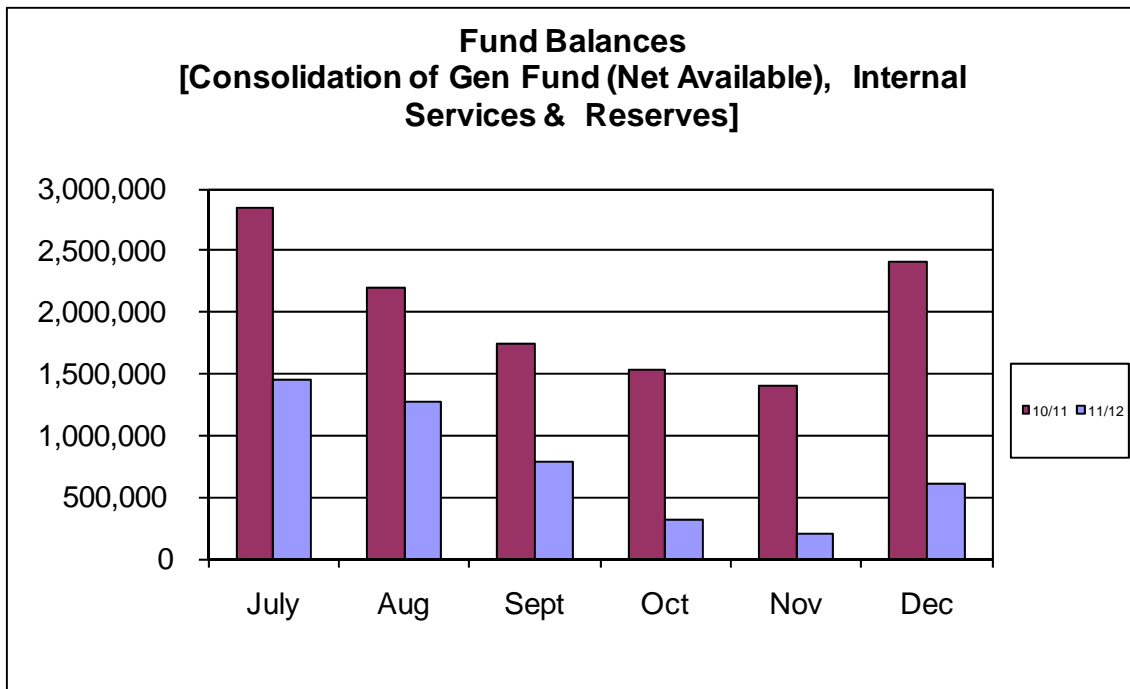
² Fund Balance is segregated for the amounts related to the Rispin Mansion Note Payable to the City and amount available.

CASH BALANCE & FUND BALANCE

The following graphs compare the monthly Cash and Fund Balance totals in the consolidated General Fund, Internal Service Funds, and Reserves for FY 10/11 and FY 11/12.



December 31, 2011 Total= \$1,502,700: Gen Fund= \$332,300, Internal Service= \$676,500, Reserves= \$493,900



December 31, 2011 Total= \$607,600: Gen Fund= (\$1,096,500), Internal Service= \$940,800, Reserves= \$763,300

CHANGES IN TOTAL FUND BALANCE

This table presents the ending Fund Balances for the City's major fund types. (It excludes agency funds where the City acts merely as a third party custodian of an outside party's funds.)

	Beginning Fund Balance: 7/01/11	Incr/(Decr) July-Nov	Revenue	Expenditure	Interfund Transfers	Unaudited Fund Balance: 12/31/11
General Fund: Rispin	1,350,000	-	-	-	-	1,350,000
General Fund: Reserved	12,600	-	-	-	-	12,600
General Fund: Available	(219,900)	(1,281,700)	2,104,700	(1,699,600)	-	(1,096,500)
Designated Reserves:	-	-	-	-	-	-
Emergency Reserves @ 5%	134,700	(352,400)	408,800	(22,500)	-	168,600
Compensated Absences	64,700	(32,600)	110,000	(12,300)	-	129,800
Contingency Reserves @10%	934,900	(230,000)	0	(240,000)	-	464,900
	-	-	-	-	-	-
Capital Improv. Projects:	1,053,900	(198,900)	0	(3,800)	-	851,200
Open Space Purchase	300	-	0	0	-	300
Special Revenues:	-	-	-	-	-	-
Gas Tax	-	(11,800)	22,900	(9,800)	-	1,300
Law Enforcement Grants	9,900	39,000	6,600	(9,300)	-	46,200
PEG Cable TV Access	77,500	(13,100)	0	0	-	64,400
Capitola & Wharf BIA	5,500	28,800	0	(2,100)	-	32,200
Development Fees	2,000	-	0	0	-	2,000
Wharf Fund	46,400	24,800	7,700	(2,500)	-	76,400
Green Building	48,700	44,400	100	0	-	93,200
Parking Reserve Fund	180,700	(190,700)	14,000	(5,700)	-	(1,700)
Technology Fee Fund	11,300	8,100	500	0	-	19,900
CDBG-Grants (Reimburseme	(4,100)	13,300	16,900	(3,400)	-	22,700
CDBG - Program Income	(15,500)	(1,500)	0	0	-	(17,000)
CDBG - Prog Inc 07-08 RLF	-	-	0	0	-	-
HOME Program Re-Use	5,100	(4,200)	1,100	0	-	2,000
HOME Grant Fund	5,200	-	0	0	-	5,200
Affordable Housing Trust	343,100	(176,300)	0	(100)	-	166,700
Begin Grant Fund	60,000	-	0	0	-	60,000
Public Art Program	127,700	276,400	0	(5,700)	-	398,400
General Plan Maintenance	303,300	62,900	3,000	(1,100)	-	368,100
	-	-	-	-	-	-
Debt Service:POB	252,900	(184,900)	171,300	0	-	239,300
Internal Services:	-	-	-	-	-	-
Equipment Replacement	305,900	30,800	25,800	(25,100)	-	337,400
Information Technology	173,200	(5,500)	29,300	(7,200)	-	189,800
Public Employee Retirement	473,700	(275,400)	165,900	(131,400)	-	232,800
Self-Insurance Liability	277,400	(39,700)	32,100	(44,200)	-	225,600
Stores	14,300	(5,000)	7,700	(3,100)	-	13,900
Worker's Compensation	174,800	16,900	116,900	(367,300)	-	(58,700)
	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL CITY	6,210,200	(2,458,300)	3,245,300	(2,596,200)	-	4,401,000

General Fund Balance: Fund Balance is segregated for: the amounts related to the Rispin Mansion Note Payable to the City, the amount reserved for disabled parking, and amount available.

General Fund Revenues: For the month ending December 31, 2011, total revenues were \$2,104,700 which included Property Tax of \$823,500 (39%), General Sales Tax in Lieu of \$448,700 (21%), and Sales Tax of \$488,800 (23%).

General Fund Expenditures: For the month ending December 31, 2011, total expenditures were \$1,699,600 which includes Staffing for (3) pay periods of \$809,400 (47%), Budgeted Transfers to Other funds of \$398,800, including \$168,800 to Emergency Reserve, \$110,000 to Compensated Absences, and \$120,000 to POB Debt Service (18%), Quarterly Internal Services Charges of \$211,700 (10%), Contract Services of \$149,200, (8%), and Community Grants of \$68,100 (3%).

CDBG Grant Fund: This fund operates on a reimbursement basis. Therefore the balance will be negative as expenditures are incurred prior to reimbursement.

Internal Services: Internal Service Fund transactions consist of quarterly General Fund transfers and budgeted expenditures. During the month of December, 2011 \$211,700 was transferred from the General Fund to various Internal Service Funds.

Reviewed By:

Jacques Bertrand, City Treasurer



Bill Lockyer
California State Treasurer

Pooled Money Investment Account

PMIA Average Monthly Effective Yields

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382



CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: DEPARTMENT OF PUBLIC WORKS
DATE: JANUARY 20, 2012
SUBJECT: APPROVAL OF CITY'S PARTICIPATION IN PG&E ON-BILL FINANCING PROGRAM FOR RETROFIT OF CITY-OWNED STREETLIGHTS TO ENERGY EFFICIENT LED LIGHTS

RECOMMENDED ACTION: By motion take the following actions:

1. Approve a PG&E Off-Bill and On-Bill Financing Loan Agreement authorizing the City's participation in PG&E's On-Bill Financing Program; and
2. Approve a PG&E Products and Services Agreement for the retrofit of city-owned streetlight to LED lights; and
3. Authorize the Public Works Director to execute both agreements on behalf of the City.

BACKGROUND: The Department of Public Works was contacted by Association of Monterey Bay Area Government's (AMBAG) Energy Watch staff and informed of a new Pacific Gas and Electric Company (PG&E) 0% financing program for energy efficiency projects. Under this program, certain energy efficiency projects can be financed via a customer's PG&E bill from the energy saving realized from the project. One of the eligible projects under this program is the retrofit of streetlights to LED lights. In 2006 the City used a similar loan program administered by the California Energy Commission to retrofit all the traffic signals throughout the City to LED lights.

In addition to the financing program, PG&E also has a LED turnkey street light replacement program where they will perform the retrofit work on City-owned lights and accept payment through the On-Bill financing program for payment. By combining these programs from PG&E the City can complete the streetlight LED retrofit without paying any increased costs.

DISCUSSION: This program will only retrofit streetlights that are owned and maintained by the City. The City owns 71 streetlights on road segments along Capitola Avenue, Monterey Avenue, Clares Street, Francesco Circle, Capitola Road, a 41st Avenue as shown on the map included as Attachment 3. PG&E is working on an in-house program to retrofit the remaining 420 streetlights in the City that they own.


As this project will exclusively involve replacement or retrofit of existing equipment with energy efficient upgrades, staff recommends that the proposed project is categorically exempt under CEQA section 15301, class 1(a), which includes project solely affecting "existing facilities," with no foreseeable environmental impact.

FISCAL IMPACT: The immediate net financial impact to the City is zero for the next estimated 94 months as the project is paid off from energy savings on the streetlight utility bills. After the loan is paid off the City will realize the reduction in costs from the energy savings.

ATTACHMENTS

1. General Off-Bill and On-bill Financing Loan Agreement
2. PG&E Products and Services Agreement
3. Map

Report Prepared By: Steven Jesberg
Public Works Director

Reviewed and Forwarded
By City Manager: 

GENERAL OFF-BILL AND ON-BILL FINANCING LOAN AGREEMENT

The undersigned customer (“**Customer**”) has contracted for the provision of energy efficiency/demand response equipment and services (the “**Work**”) which qualify for one or more of PG&E’s applicable rebate or incentive programs. Subject to the conditions (including the process for Adjustment and preconditions to funding) set forth below, Pacific Gas & Electric Company (“**PG&E**”) shall extend a loan (the “**Loan**”) to Customer in the amount of the loan balance (the “**Loan Balance**”) pursuant to the terms of this On-Bill Financing Loan Agreement (“**Loan Agreement**”) and PG&E’s rate schedules E-OBF and/or G-OBF, as applicable (the “**Schedule**”).

To request the Loan, Customer has submitted a completed On-Bill Financing Application and associated documentation as required by PG&E (the “**Application**”). Collectively the Application and this Loan Agreement (including any Adjustment hereunder) comprise the “**Agreement**”.

1. Customer shall arrange for its Contractor, as identified at the end of this Agreement (“**Contractor**”), to provide the Work as described in the Application.
2. The estimated Loan Balance is set forth below. The total cost of the Work as installed, rebate/incentive for qualifying energy efficiency measures, Loan Balance, monthly payment, and loan term specified in this Loan Agreement may be adjusted, if necessary, after the Work and the post-installation inspection described in the Application and/or herein are completed (the “**Adjustment**”). The Adjustment will be calculated using the actual total cost of the Work, as installed, and the estimated energy savings (as described in the Application) of such Work. In no event will the Loan Balance be increased without Customer’s written consent, even if Customer is eligible for such increased Loan Balance. Moreover, in no event will the Loan Balance exceed the maximum loan amount stipulated in the Application. Customer understands that in order to be eligible for the Loan, the initial Loan Balance for Work may not fall below the minimum loan amount, nor may the payback period exceed the maximum payback period.

Accordingly, if after the Adjustment, the Loan Balance falls below the minimum loan amount or if the simple payback period exceeds the program maximum payback period, each as described in the Application, PG&E shall have no obligation to extend the Loan, as the Work would not meet program requirements. The Adjustment described in this paragraph will be communicated to the Customer in writing and will automatically become part of this Loan Agreement, except that any proposed increase in the Loan Balance will only become part of this Loan Agreement upon Customer’s written consent to such increase.

3. **PG&E shall have no liability in connection with, and makes no warranties, expressed or implied, regarding the Work. Customer will be responsible for any and all losses and damage it may suffer in connection with, and any claims by third parties resulting from, the Work.** Customer shall indemnify and hold harmless PG&E, its affiliates, and their respective owners, officers, directors, employees and agents thereof, from and against all claims, demands, liabilities, damages, fines, settlements or judgments which arise from or are caused by (a) any breach of the Agreement by Customer; (b) any defects or problems with the Work, or the failure of the Work to deliver any anticipated energy efficiencies; (c) Customer’s failure to pay any amount due or claimed by Contractor with respect to the Work; or (d) the wrongful or negligent acts or omissions of any party (including Contractor) in the conduct or performance of the Work.

4. Customer represents and warrants that (a) Customer is receiving this Loan solely for Work obtained in connection with Customer’s business, and not for personal, family or household purposes; (b) Customer, if not an individual or a government agency, is duly organized, validly existing and in good standing under the laws of its state of formation, and has full power and authority to enter into this Agreement and to carry out the provisions of this Agreement. Customer is duly qualified and in good standing to do business in all jurisdictions where such qualification is required; (c) this Loan Agreement has been duly authorized by all necessary proceedings, has been duly executed and delivered by Customer and is a valid and legally binding agreement of Customer duly enforceable in accordance with its terms; (d) no consent, approval, authorization, order, registration or qualification of or with any court or regulatory authority or other governmental body having jurisdiction over Customer is required for, and the absence of which would adversely affect, the legal and valid execution and delivery of this Loan Agreement, and the performance of the transactions contemplated by this Loan Agreement; (e) the execution and delivery of this Loan Agreement by Customer hereunder and the compliance by Customer with all provisions of this Loan Agreement: (i) will not conflict with or violate any Applicable Law; and (ii) will not conflict with or result in a breach of or default under any of the terms or provisions of any loan agreement or other contract or agreement under which Customer is an obligor or by which its property is bound; and (f) all factual information furnished by Customer to PG&E in the Application and pursuant to this Agreement is true and accurate.



5. The Application must include the Federal Tax Identification Number or Social Security Number of the party who will be the recipient of the checks for the rebate/incentive or any Loan proceeds. Checks may be issued directly to the Customer or its designated Contractor or both, for the benefit of the Customer, as specified below. Customer acknowledges that PG&E will not be responsible for any tax liability imposed on the Customer or its contractor in connection with the transactions contemplated under the Agreement, whether by virtue of the Loan contemplated under the Agreement, or otherwise, and Customer shall indemnify PG&E for any tax liability imposed upon PG&E as a result of the transactions contemplated under the Agreement.

6. Upon completion of the Work, Customer shall send a written confirmation of completion to PG&E's On-Bill Financing Program Administrator at the address listed in Section 15. Within 60 days after receiving the confirmation, PG&E (a) will conduct a post installation inspection and project verification, including review of invoices, receipts and other documents as required by PG&E to verify the correctness of any amounts claimed by Customer; (b) will adjust, if necessary, the total cost, incentive, Loan Balance, monthly payment, and loan term as stated above; and (c) if PG&E deems necessary, obtain updated financial information to verify that Customer has good credit standing (as determined by PG&E) prior to making the Loan. Customer shall give PG&E reasonable access to its premises and the Work and shall provide such updated financial information to PG&E upon request. PG&E may decline to make the Loan if PG&E determines, in its sole discretion, that Customer does not have good credit standing at that time.

If the Work conforms to all requirements of the Agreement and all amounts claimed by Customer as Work costs are substantiated to PG&E's reasonable satisfaction, and PG&E is satisfied that Customer has good credit standing, PG&E will issue a check ("**Check**") to Customer or Contractor (as designated by Customer in Section 15) for all amounts PG&E approves for payment in accordance with the Agreement. The date of such issuance is the "**Issuance Date**". If the Check is issued to Customer, Customer shall be responsible for paying any outstanding fees due to Contractor for the Work. If the Check is less than the amount due from Customer to Contractor, Customer shall be responsible for the excess due to the Contractor.

7. Customer shall repay the Loan Balance to PG&E as provided in this Loan Agreement irrespective of whether or when the Work is completed, or whether the Work is in any way defective or deficient, and whether or not the Work

8. The monthly payments will be included by PG&E on the Account's regular energy service bills, or by separate bill, in PG&E's discretion. Regardless whether the monthly payments are included in the regular utility bill or a separate loan installment bill, the following repayment terms will apply:

a. The Customer agrees to repay to PG&E the Loan Balance in the number of payments listed below and in equal installments (with the final installment adjusted to account for rounding), by the due date set forth in each PG&E utility bill or loan installment bill rendered in connection with Customer's account (identified by the number set forth below) ("Account"), commencing with the bill which has a due date falling at least 30 days after the Issuance Date.

b. If separate energy service bills and loan installment bills are provided, amounts due under this Loan Agreement as shown in the loan installment bill shall be deemed to be amounts due under each energy services bill to the Account, and a default under this Loan Agreement shall be treated as a default under the Account.

c. If the Customer is unable to make a full utility bill payment in a given month, payment arrangements may be made at PG&E's discretion.

d. Any partial bill payments received for a month will be applied in equal proportion to the energy charges and the loan obligation for that month, and the Customer may be considered in default of both the energy bill and the loan installment bill.

e. Further payment details are set forth below.



9. Any notice from PG&E to Customer regarding the Program or the transactions contemplated under the Loan Agreement may be provided within a PG&E utility bill or loan installment bill, and any such notices may also be provided to Customer at the address below or to the Customer's billing address of record in PG&E's customer billing system from time to time, and in each case shall be effective five (5) days after they have been mailed.
10. The Loan Balance shall not bear interest.
11. Customer may, without prepayment penalty, pay the entire outstanding loan balance in one lump sum payment provided the customer first notifies PG&E by telephoning the toll free phone number (1-800-468-4743), and by sending written notice to PG&E On-Bill Financing Program Administrator at the address listed below, in advance of making the lump sum payment. Accelerated payments that are received from Customer without PG&E's prior approval may, at PG&E's sole discretion, be applied proportionally to subsequent energy charges and Loan repayments and PG&E shall have no obligation to apply accelerated payments exclusively to reduction of the outstanding Loan.
12. The entire outstanding Loan Balance will become immediately due and payable, and shall be paid by Customer within 30 days if: (i) the Account is closed or terminated for any reason; (ii) Customer defaults under the Agreement; (iii) Customer sells or transfers ownership of the equipment forming part of the Work to any third party (including as part of a sale or lease of premises or transfer of business or otherwise); or (iv) Customer becomes Insolvent. Customer becomes "Insolvent" if: (i) Customer is unable to pay its debts as they become due or otherwise becomes insolvent, makes a general assignment for the benefit of its creditors, or suffers or permits the appointment of a receiver for its business or assets or otherwise ceases to conduct business in the normal course; or (ii) any proceeding is commenced by or against Customer under any bankruptcy or insolvency law that is not dismissed or stayed within 45 days.
13. Customer understands that without limiting any other remedy available to PG&E against Contractor or Customer, **failure to repay the Loan Balance in accordance with the terms of the Agreement could result in shut-off of utility energy service, adverse credit reporting, and collection procedures, including, without limitation, legal action.**
14. If there is any conflict among the documents comprising the Agreement, the following order of priority shall apply: 1. this Loan Agreement; 2. the Application; 3. any documents attached to the Application.



15. Loan Particulars.

This table is to be completed by PG&E

Total Cost	Incentive	Loan Balance ¹	Monthly Payment	Term ² (months)	Number of Payments
\$ 55,780.00	\$ 10,075.00	\$ 45,705.00	\$ 486.22	94	94

Check Made Payable to Contractor or Customer
 [customer to select payment method. Note that only one check can be issued]

<u>Customer Details</u>	<u>Contractor Details</u>
Federal Tax ID or Social Security #, Customer	Federal Tax ID or Social Security #, Contractor
94-6002834	

PG&E Account # / Service Agreement #
2538442101

Account Name, Customer	Name, Contractor
City of Capitola Interim Loan Agreement	

Service Address, Customer	Address, Contractor
420 Capitola Ave., Capitola, CA 95010 - multiple *	

Name and Title of Authorized Representative of Customer	Name and Title of Authorized Representative of Contractor
Steven E. Jesberg, Public Works Director	

Signature of Authorized Representative of Customer

Date

ACCEPTED: Pacific Gas & Electric Company

By	Date
PG&E On-Bill Financing Program Manager	

Address:
 PG&E Integrated Processing Center
 P.O. Box 7265
 San Francisco, CA 94120-7265

¹ The Loan Balance shall not exceed one-hundred thousand dollars (\$100,000) for commercial customers and shall not exceed two-hundred fifty thousand dollars (\$250,000) for government agency customers, excepting loans to government agency customers where, in PG&E's sole opinion, the opportunity for uniquely large energy savings exist, in which case the Loan Balance may exceed two-hundred fifty thousand dollars (\$250,000) but shall not exceed one million dollars (\$1,000,000).

² Commercial loans may have their loan terms extended beyond five years, not to exceed the expected useful life (EUL) of the bundle of energy efficiency measures proposed, when credit and risk factors support this.

PG&E PRODUCTS AND SERVICES AGREEMENT

This PG&E Products and Services Agreement (the “**Agreement**”) is made and entered into as of _____, 20__ (“Effective Date”) by and between City of Capitola with offices at 420 Capitola Avenue, Capitola, CA 95010 (“Customer”) and Pacific Gas and Electric Company (“PG&E”).

RECITALS

WHEREAS, Customer requires street light replacement services and PG&E desires to do so pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set out in this Agreement, Customer and PG&E agree as follows:

AGREEMENT

1. The Service. PG&E offers street light replacement service (the “**Service**”) which comprises a turnkey project that includes: the ordering of Customer specified street light fixtures by PG&E at Customer’s expense, and installation of these PG&E-authorized street light fixtures as replacements to existing Customer-owned street lights operating at 120 or 240 volts. As part of the Service, PG&E will also process Customer-requested rate changes to PG&E rates and any applicable PG&E rebate applications as requested by Customer. PG&E will arrange for waste disposal of removed street light fixtures.

2. Development, Acceptance, and Performance of Proposals. Upon receipt of a request for Service, PG&E will consult with Customer and develop a Proposal covering the Service in the form of proposal attached hereto as Exhibit A. Once a Proposal is signed by both Customer and PG&E, the Proposal will become a binding contract and shall be deemed an “**Accepted Proposal**” for purposes of this Agreement. Accepted Proposals shall be numbered sequentially and must reference this Agreement specifically. The terms of this Agreement are incorporated into each Proposal as if fully set forth therein by virtue of this reference. If any conflict arises between the terms of an Accepted Proposal and the terms of this Agreement, the terms of this Agreement shall prevail. PG&E agrees to provide the Service in accordance with the Accepted Proposal subject to the terms and conditions of this Agreement. PG&E will notify Customer upon its completion of the work specified in an applicable Accepted Proposal, and Customer shall have five (5) business days to review and accept, after which time PG&E’s performance responsibilities under the Accepted Proposal will be deemed to have been fulfilled. If Customer identifies any outstanding items to be corrected, a punch list will be developed to reflect such items, and PG&E will correct them. Any change to an Accepted Proposal must be agreed to by both Customer and PG&E in writing.

3. Additional Work. If in the process of performing the Service, a condition is discovered that prevents PG&E from performing the Service as specified such as but not limited to 1) access to the street light such as overgrown trees or blocked roadway, 2) broken street light bracket, or 3) wiring defect that prevents delivery of energy to the street light fixture, PG&E will notify Customer in writing of such condition and the work necessary to remedy the condition

using Exhibit B (Additional Repair Work Agreement). If the work required is estimated by PG&E at less than \$1,000, then PG&E may perform such work and invoice Customer periodically for actual time and materials to perform such work without completing Exhibit B.

If, for any reason, Customer chooses not to correct such condition, as specified in Exhibit B (Additional Repair Work Agreement), PG&E shall be relieved of any and all responsibility for performing the Service for that street light or group of street lights.

4. Fees. Customer shall pay PG&E for Service performed in accordance with the payment terms set forth in each Accepted Proposal. Work specified in any Additional Repair Work Agreement will be done on a time and materials basis, at PG&E's then current hourly commercial rates as specified in Exhibit B and with reimbursement of PG&E's actual out-of-pocket expenses. Customer shall pay PG&E for the Service based on the payment schedule set forth in the applicable Accepted Proposal. Each payment made by Customer must reference this Agreement, the Accepted Proposal and invoice number and be mailed to:

PACIFIC GAS AND ELECTRIC COMPANY
Attn: Sales and Service Manager, Business Development
P.O. Box 770000, Mailcode: N10D
San Francisco, CA 94177

5. Limited Warranties.

5.1. Limited Service Warranty. PG&E warrants that the Service will be performed in a commercially reasonable manner consistent with the level of care and skill exercised by others when performing services of a similar nature under similar circumstances. Customer must notify PG&E of any defect in workmanship within one (1) year of completion of installation of all streetlight fixtures ("**Installation**"). If Customer notifies PG&E within one year of installation of a potential defect in workmanship, and PG&E confirms the defect, PG&E will either re-perform the Service at no additional charge to Customer, or, if PG&E so elects, refund the applicable fees paid to PG&E by Customer for the Service. This warranty extends to Customer only and cannot be assigned by Customer. This warranty is in lieu of all other warranties. All other warranties are expressly disclaimed.

5.2. Limited Material Warranty. The manufacturer of the material to be installed will provide a warranty which is attached as Exhibit C. PG&E will provide to the Customer all documentation covering the warranty including contact information for the manufacturer or manufacturer's warranty agent. During the first year following completion of Installation, Customer may contact PG&E (as part of the Limited Service Warranty) to request that PG&E remove the defective light and reinstall the repaired light or an equivalent replacement light. For those years following the Limited Service Warranty period but still within the Limited Material Warranty period, Customer must contact the manufacturer to make a warranty claim. Customer is responsible for removal of the equipment, arranging and paying for shipping and insurance for the equipment to and from the manufacturer's designated facility (and for all risk of loss to the equipment while in transit), and installation of the equipment upon return, unless otherwise instructed in the manufacturer's designated warranty. This warranty extends to Customer only and cannot be assigned by Customer. This warranty is in lieu of all other warranties relating to installed materials. ALL OTHER WARRANTIES (WHETHER EXPRESS OR IMPLIED) RELATING TO INSTALLED MATERIAL ARE HEREBY EXPRESSLY DISCLAIMED.

5.3. Disclaimers. Except for warranties expressly set forth in Sections 5 and 6 of this Agreement, PG&E HEREBY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES (WHETHER EXPRESS OR IMPLIED OR ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE, AND INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY, INTEROPERABILITY, AND FITNESS FOR A PARTICULAR PURPOSE) RELATING TO THE SERVICE. Customer acknowledges and agrees that the specific remedies described in Sections 5 and 6 of this Agreement respectively shall be Customer's sole and exclusive remedies for any and all warranty claims arising under or pertaining to this Agreement.

6. Customer's Responsibilities. To the extent that performance of the Service by PG&E depends upon approvals or other decisions by Customer, or on Customer furnishing particular documents or information, including but not limited to work permits, and that Customer does not timely perform or provide the same, the minimum time estimate for PG&E's completion of the Service shall be extended to take into account Customer's delay with respect thereto. Customer shall reimburse PG&E for the costs on any required work permits. If Customer or a competent governmental authority requires any other compliance efforts, including but not limited to flagging, traffic control, or neighborhood notifications, as a condition for work to proceed, then Customer shall reimburse PG&E for the costs related to these efforts. Notwithstanding PG&E's arrangement or performance of waste disposal services for removed street light fixtures (or any other materials an applicable Accepted Proposal may specify for removal), Customer acknowledges and agrees that it is the "generator" of such fixtures and/or materials and therefore bears ultimate responsibility for their proper disposition. Provided that PG&E adheres to any disposal instructions contained in an Accepted Proposal, Customer agrees to hold PG&E harmless from any and all claims brought by third parties (including by governments or regulators) relating to the disposal services arranged or performed by PG&E.

7. Data. Customer shall own any documents or information prepared or created by PG&E during the performance of the Service under this Agreement ("**Data**"). PG&E may retain copies of Data for PG&E use, but shall keep the Data confidential and shall not publish or otherwise disclose or knowingly permit PG&E employees to publish or otherwise disclose any Data without Customer's prior written consent unless such disclosure is required by law or by a court or regulatory agency having authority over PG&E.

8. PG&E's Utility Obligations. Customer acknowledges that PG&E has an obligation to maintain, repair and service PG&E-owned facilities in order to perform its duties as a public utility. If PG&E determines at any time, in its sole discretion, that it requires any personnel or resources previously committed to the performance of services for Customer under this Agreement in order to maintain adequate service to PG&E's other customers or to fulfill its duties as a public utility, then PG&E shall have the right to divert the use of such personnel or resources to satisfy such requirements. PG&E shall be excused from whatever performance is affected by such action, all to the extent and for the duration its resources are so constrained, and PG&E shall not be considered in default under this Agreement by virtue of such diversion of resources. PG&E shall use diligent efforts to resume and complete its performance of the Service when diverted resources become available again.

9. Limitation of Liability. In the event that P&GE is held liable to Customer or to any party claiming by or through Customer for damages arising under or pertaining to this

Agreement, the aggregate liability of PG&E to Customer or to any party claiming by or through Customer shall be limited to the lesser of (a) the estimated price for the Service giving rise to the claim, or (b) the amount actually paid to PG&E with respect to such Service. IN NO EVENT SHALL PG&E BE LIABLE TO CUSTOMER OR ANY THIRD PARTY FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF USE, COST OF DELAYS, REPLACEMENT OF POWER, OR LOSS OF PROFITS, LOSS OF OR FAILURE TO REALIZE ANTICIPATED SAVINGS, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EVEN IF ANY SUCH CONSEQUENCES WERE FORESEEABLE. The parties agree that the limitations on liability expressed in this Agreement will apply at all times, whether in contract, equity, tort or otherwise, regardless of the fault, negligence (in whole or in part), strict liability, breach of contract or breach of warranty of PG&E, and will extend to the affiliates, subsidiaries, parent company, officers, managers, directors, agents and employees of PG&E. Customer acknowledges and agrees that the limitations of liability set forth in this section may be far less than Customer's loss in the event of any loss or damage to Customer's equipment while in PG&E's care or custody, and Customer expressly assumes the risk of any such deficiency of recovery. The parties acknowledge and agree that the limitations of liability set forth in this Section 9 are an essential element of their bargain as well as a material inducement for PG&E's entry into this Agreement, and that PG&E's price for the Service reflects their inclusion in this Agreement.

10. Term and Termination. The term of this Agreement shall be for five years from the Effective Date unless sooner terminated by Customer or PG&E as permitted by this Agreement. Each party may terminate this Agreement or any Accepted Proposal at any time for convenience by giving the other party 5 days written notice, provided, however, that any such termination shall neither affect PG&E's obligation to perform under any Accepted Proposals during the 5 day notice period, nor Customer's obligation to pay PG&E for material procured or services rendered under any Accepted Proposal through the effective date of termination, including during the 5-day notice period. Termination of any individual Accepted Proposal by either party shall not affect the continued validity of this Agreement or of any other Accepted Proposals. Additionally, each party may terminate this Agreement and any then-outstanding Accepted Proposals upon written notice to the other party if the other party: (i) is in default of any obligation hereunder which default is incapable of being cured, or which, being capable of being cured, has not been cured within seven days after receipt of written notice of such default; or (ii) becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under any bankruptcy or insolvency law whether domestic or foreign, or has been liquidated, voluntarily or otherwise. Also, PG&E may terminate this Agreement immediately and without prior notice in the event that the California Public Utilities Commission issues a ruling or order prohibiting or otherwise preventing PG&E from fulfilling, or substantially interfering with PG&E's ability to fulfill, its obligations under this Agreement, or finding that this Agreement is contrary to the policies of the California Public Utilities Commission. The following Sections of this Agreement shall survive expiration, cancellation or other termination of this Agreement: 4 Fees, 5 Limited Warranties, 6 Customer Responsibilities, 7 Data, 9 Limitation of Liability and 11 General. Any other provisions of this Agreement that would generally be construed as intended to survive the expiration, cancellation or other termination of this Agreement shall also survive such expiration, cancellation or other termination.

11. General.

11.1. Assignment. This Agreement may not be assigned or otherwise transferred by either Customer or PG&E without the prior written consent of the other party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, PG&E may, without such consent, assign this Agreement to a parent, subsidiary or other affiliate. PG&E may also subcontract all or part of the Service. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon Customer and PG&E and their respective successors and assigns.

11.2. Force Majeure. Neither PG&E nor Customer shall be considered in default in the performance of its obligations under this Agreement, to the extent that (and only for so long as) the performance of any such obligation is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of the affected party; provided, however, that Customer shall be excused from the obligation to make payments hereunder for services which PG&E is prevented from performing due to circumstances beyond its reasonable control.

11.3. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows, with notice deemed given as indicated: (i) by personal delivery, when delivered personally; (ii) by overnight courier, upon written verification of receipt; or (iii) by certified or registered mail, return receipt requested, upon verification of receipt. Notices shall be addressed, if to Customer, to the primary business contact address given in the Accepted Proposal and, if to PG&E, to the address set forth above for payment.

11.4. Reporting Requirements. Customer must notify PG&E whether or not federal funds granted or otherwise awarded to Customer by or through the United States Department of Energy (collectively, the "Federal Funds") will be used to pay PG&E for the Service. If such Federal Funds are used to pay PG&E, in whole or in part, the specific compliance obligations and reporting requirements associated with the use of such Federal Funds shall be as set forth under Section 11.5 hereof. If Customer decides to use such Federal Funds in connection with an Accepted Proposal, then Customer must notify PG&E within 5 days of its decision to use such Federal Funds. If Customer is required by any law or regulation to amend or revise the terms and conditions of any Accepted Proposal in a manner unacceptable to PG&E or if in PG&E's sole discretion PG&E determines it cannot comply with such obligations as amended or revised, whether or not PG&E has begun to perform such Accepted Proposal, PG&E shall have the right, in its discretion, to terminate such Accepted Proposal upon five (5) days' notice without further obligation or liability to Customer (except for the return of any funds Customer may have pre-paid for the Service and which remain uncommitted as of the effective date of such termination). CUSTOMER HEREBY WAIVES ANY CLAIM OF PROMISSORY ESTOPPELS WITH RESPECT TO PG&E'S TERMINATION OF ANY ACCEPTED PROPOSAL UNDER THE CIRCUMSTANCES DESCRIBED IN THE FOREGOING SENTENCE.

11.5. American Recovery and Reinvestment Act Special Terms and Conditions. To the extent any Service is funded in whole or in part using federal funds awarded or granted to Customer by or through the United States Department of Energy by virtue of appropriations under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, (for purposes of this Proposal, "**Federal Funds**"), the following special terms and conditions shall apply:



- a) Federal Inspection Rights. PG&E shall allow any representative of a Department of Energy inspector general appointed under section 3 or 8G of the Inspector General Act of 1988 (5 U.S.C. App.) or representative of the United States Comptroller General to (i) examine any records of PG&E pertaining to this Proposal, and (ii) to allow any of the foregoing representatives to interview any employee or subcontractor in connection with such examination.
- b) Wage Rates and Labor Standards. PG&E shall (and PG&E shall cause its subcontractor(s) engaged to perform this Proposal to):
 - i. Pay all laborers and mechanics employed by PG&E (and/or by each PG&E subcontractor engaged to perform this Proposal) wages and fringe benefits unconditionally, not less often than once a week, and at rates not less than those prevailing on projects of a character similar in the locality in which this Project is to be performed, all as specified by the Secretary of Labor under 29 CFR 5.5(a), and as mandated by subchapter IV of chapter 31 of part A of subtitle II of title 40, United States Code (commonly referred to as the "Davis-Bacon Act");
 - ii. Display the wage determination and the Davis-Bacon poster at all times at the site of the work in a prominent and accessible place where it can be easily seen by the workers;
 - iii. Retain payroll records during the performance of this Proposal and for a period of three (3) years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct job classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof, daily and weekly number of hours worked, deductions made, and actual wages paid. PG&E shall upon request make such payroll records available to representatives of the Department of Energy and/or of the Department of Labor for inspection, copying, or transcription, and shall allow any of the foregoing representatives to interview such PG&E or subcontractor personnel during working hours on the job site as part of such inspection.
 - iv. Submit a copy of all payroll records described in subsection b(iii) to Customer on a weekly basis, accompanied by a "Statement of Compliance," signed by PG&E (or the applicable subcontractor) which certifies the accuracy and completeness of such payroll records.
- c) Whistleblower Protection. PG&E shall (and PG&E shall cause its subcontractor(s) engaged to perform this Proposal to) refrain from discharging, demoting, or otherwise discriminating against any of its employees as a reprisal for the disclosure by the employee (to the Accountability and Transparency Board, to the inspector general, to the Comptroller General, to a member of Congress, to a State or Federal regulatory or law enforcement agency, to a person with supervisory authority over the employee, to any other person working for PG&E or PG&E's subcontractor who has the authority to investigate, discover or terminate misconduct, to a court or to a grand jury, to the head of a Federal agency, or to any representative of any of the foregoing) of any information that the employee believes is evidence of:
 - i. A gross mismanagement or waste of Federal Funds;
 - ii. A substantial and specific danger to public health or safety related to the implementation or use of Federal Funds;



- iii. An abuse of authority related to the implementation or use of Federal Funds;
or
- iv. A violation of law, rule, or regulation related to a federal agency contract
(including the competition for or negotiation of a contract) or grant, awarded
or issued relating Federal Funds.

PG&E agrees to comply with the provisions contained in 10 CFR 600.236 when procuring goods and services for an Accepted Proposal when it is funded with Federal Funds.

11.6. Disputes. The parties will negotiate in good faith to expeditiously resolve any dispute, claim or controversy arising under or relating to this Agreement (including, without limitation, as to its formation, validity, binding effect, interpretation, performance, breach, or termination, as well as non-contractual claims) on a negotiated basis. If, in either party's reasonable judgment, such negotiations do not result in an amicable outcome after such party's good faith efforts over a period of at least thirty (30) days, such party shall be free to pursue all available remedies under law in any competent forum.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed as of the Effective Date first set forth above.

CUSTOMER

PACIFIC GAS AND ELECTRIC COMPANY

Print Name:

Print
Name:

Signature:

Signature:

Date:

Date:

EXHIBIT A: FORM OF ACCEPTED PROPOSAL**PROPOSAL NUMBER ____**

This Proposal is made and entered into as of _____, 20__ by and between City of Capitola (“Customer”) and Pacific Gas and Electric Company (“PG&E”). This Proposal is subject to the terms and conditions of the PG&E Products and Services Agreement between Customer and PG&E dated as of _____, 20__ (the “Agreement”).

DESCRIPTION OF SERVICES

Scope of Work: _____

Estimated minimum number of days to complete scope of work: _____

Date work is estimated to begin: _____

Customer sites where work is to be performed (may attach spreadsheet of street lights):

Type and number of street light fixtures to be replaced (may attach spreadsheet):

Locations may change if street lights are added to or deleted from the project during installation. A final spreadsheet will be given to Customer upon completion of the work.

Contact information and warranty for the LED street light manufacturer is attached to this Proposal.

MATERIALS DISPOSAL

Address: 420 Capitola Avenue. Capitola, CA 95010

PG&E’s Contractor will keep the lights that have been replaced in a locked container until taking them to PG&E’s yard. Contractor will separate the lamp from the fixture and put them in the appropriate bins. PG&E will label the bins and ship them to a registered disposal facility.

TRAFFIC CONTROL PLAN

PG&E Contractor shall be required to comply with all applicable federal, state, and local laws, rules, regulations, permits, and codes including without limitation such laws, rules, regulations, permits, and codes with respect to safety and traffic control.

COST AND PAYMENT SCHEDULE

The services under this Proposal will cost \$ _____.

This price does does not subtract the value of the LED streetlight rebates from the cost to provide the Services.

Payment Schedule:

Initial Payment: Upon ordering of materials, Customer will be invoiced 50% of the total amount of the contract.

Final Payment: Customer will be invoiced for final 50% payment upon completion of this Proposal or when punch list items (if any) have been completed.

If Customer chooses to terminate this Proposal prior to completion of the Services, then Customer shall pay PG&E for all costs accrued up to the date of termination, including all materials purchased.

PG&E will submit invoices to Customer based on the Payment Schedule. Each invoice will reference the Agreement and this Proposal and be submitted to Customer's billing address as set forth below. Customer will remit payment to PG&E within 14 days after receipt of the invoice.

BUSINESS CONTACTS

PG&E's primary business contact for this Proposal:

Name: Matthew Bergh
Address: 245 Market Street, Mail Code N10D
San Francisco, CA 94105
Telephone: 415-973-7065 or 925-708-9522
Email: mgbb@pge.com

Customer's primary business contact for this Proposal:

Name: Steven Jesberg
Title: Public Works Director
Address: 420 Capitola Avenue, Capitola, CA
Telephone: 831-475-7300
Email: sjesberg@ci.capitola.ca.us

CUSTOMER BILLING CONTACT

Customer's billing contact for this Proposal:

Name: Steven Jesberg
Title: Public Works Director



Address: 420 Capitola Avenue, Capitola, CA
Telephone: 831-475-7300
Email: sjesberg@ci.capitola.ca.us

AMERICAN RECOVERY AND REINVESTMENT ACT DISCLOSURE

PG&E and Customer acknowledge and agree that, to the extent the Services described in this Proposal are, at any point in time, funded in whole or in part using federal funds awarded or granted directly or indirectly to Customer by or through the United States Department of Energy by virtue of appropriations under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 (the “ARRA”), the special terms and conditions set forth in Section 11.5 of the Agreement will apply.

This Proposal is is not funded (in whole or in part) by federal funds appropriated under the ARRA.

IN WITNESS THEREOF, the parties agree to be bound by this Proposal as of the date first set forth above.

CUSTOMER

PACIFIC GAS AND ELECTRIC COMPANY

Print Name: _____

Print Name: _____

Signature: _____

Signature: _____

Date: _____

Date: _____



EXHIBIT B
FORM OF ADDITIONAL REPAIR WORK AGREEMENT

REPAIR WORK AGREEMENT NUMBER _____

This Additional Repair Work Agreement is made and entered into as of _____, 20__ by and between City of Capitola (“Customer”) and Pacific Gas and Electric Company (“PG&E”). This Repair Work Agreement is subject to the terms and conditions of the PG&E Products and Services Agreement between Customer and PG&E dated as of _____, 20__ (the “Agreement”).

PG&E has informed the Customer of a repairable condition as described below. The Customer has requested that PG&E provide the necessary labor, equipment, and material to repair, replace or correct the condition on the Customer’s equipment described below.

Description of repairable condition:

PG&E will invoice the Customer on a time and materials basis at the following labor rates (rates valid through 12/31/___):

Straight time (8AM-5PM M-F): \$ ___/hour
Overtime: \$ ___/hour

Executed this ___ day of _____, 20__.

Facility name: _____

IN WITNESS THEREOF, the parties agree to be bound by this Repair Work Agreement as of the date first set forth above.

CUSTOMER

PACIFIC GAS AND ELECTRIC COMPANY

Print Name:

Print
Name:

Signature:

Signature:

Date:

Date:

**EXHIBIT C
MANUFACTURER'S WARRANTY INFORMATION**Street light manufacturer's contact information:

The street light manufacturer's contact information and warranty will be attached to each Proposal.

Beta LED
1200 92nd Street
Sturtevant, WI 53177-1854
Phone: (800)236-6800

Photo control warrantor's contact information:

Ripley Lighting Controls

2023 Platt Springs Road
P.O. Box 3229
West Columbia, SC 29169
Phone: 803-939-4700
Fax: 803-939-4777

Warranty period:

8 years.

Warranty is attached.

The Beta LED Commitment

Limited LED Product and Driver

We warrant to the original purchaser, with proof of purchase, its delivered products should be free from defects in the material and workmanship for up to (5) years from date of installation.

We will repair, or at our option, replace the defective product during the standard warranty period. This warranty applies only to the repair or replacement of the product and only when the product is properly handled, installed and maintained according to our instructions. This warranty excludes defects resulting from improper installation, acts of God, fire, vandalism or civil disturbances. Purchaser must notify us in writing within 60 days of noticing the defect. This warranty excludes field labor or service charges related to the repair or replacement of the product.

Limited LED Warranty

We warrant to the original purchaser, with proof of purchase, its supplied LEDs for (5) years from date of installation. Beta Lighting will repair, or at our option, replace the defective fixture during the stated warranty period should there be greater than 3 simultaneous LED failures per fixture. "Failure" is considered a non operating LED. This warranty excludes field labor or service charges related to the repair or replacement of the product.

Limited Finish Warranty

We will warrant to the original purchaser, with proof of purchase, its DeltaGuard® finish for a period of 10 years from date of installation. We will repair, or at our option, replace the defective finish if it exhibits cracking, peeling, excessive fading or corrosion defects during the warranty period. This warranty applies only to the DeltaGuard finish and only when the product bearing the DeltaGuard finish is properly handled, maintained, installed and exposed to normal environmental conditions. This warranty excludes defects resulting from improper handling, storage, installation, acts of God, fire, vandalism or civil disturbances. Purchaser must notify us in writing within 60 days of noticing the defect. This warranty excludes field labor or service charges related to the repair or replacement of the DeltaGuard finish.

RIPLY LIGHTING CONTROLS

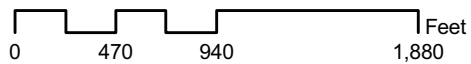
DIVISION OF SOUTHCONN TECHNOLOGIES INC

2023 Platt Springs Road
P.O. Box 3229
West Columbia, SC 29169
Phone: 803-939-4700
Fax: 803-939-4777

WARRANTY

The 6300 Series carries an 8-year warranty. If the product fails due to manufacturing defect within its warranted period, Ripley Lighting Controls will choose to either replace or repair the lighting control unit. This warranty does not cover damage caused by accident, abuse, misuse or lightning strikes. Ripley's liability hereunder shall be limited to replacement or repair and shall not cover the cost of removal or installation of the unit, nor any consequential damages. Ripley Lighting Controls assumes no further liability with respect to the sale or use of this product. This warranty is in lieu of other warranties, expressed or implied, including the warranty of merchantability. Ripley Lighting Controls makes no warranty with respect to the suitability of the user's particular application. This warranty gives the user specific legal rights.

Streets with City Owned Streetlights



Legend

- City Owned Streetlights
- City line



Item #: 6.A.

CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: DEPARTMENT OF PUBLIC WORKS
DATE: JANUARY 20, 2012
SUBJECT: MONTEREY AVENUE SKATE PARK REVIEW OF PRELIMINARY PLANS

RECOMMENDED ACTION: By motion take the following actions:

1. Approve concept plans for the skate park and related improvements at Monterey Park and direct staff to develop cost estimates for permitting, design and construction of this plan; and
2. Direct staff to continue working with the community on skate park fund raising efforts; and
3. Direct staff to begin environmental review and development permit applications for a skate park as funding is available.

BACKGROUND:

On September 22, 2011 the City Council held a public hearing on the issue of identifying a site to build a skate park in the city. The agenda report and minutes from this meeting are included as Attachment 2. The direction provided by the Council at this meeting was for staff to elaborate the costs of designing a skate park at Monterey Park to be funded with private dollars, for the city to work with proponents of the park to begin fundraising efforts, and other related actions.

On November 22, 2011 the City Council received a report laying out a work plan for the development of the skate park. This agenda report and minutes for this meeting are included as Attachment 3. The City Council approved the proposed work plan for a 9000 square foot skate park, including authorization for the City Manager to approve a contract for the preparation of preliminary plans.

Since the September 22nd meeting staff has been coordinating with key community members on fundraising efforts with the goal to pay for the entire park with donated funds. To date \$2,849.45 has been donated, of which \$2,500 has gone toward the contract for preliminary plans.

DISCUSSION:

The group responsible for raising funds to building a skate park recommended the City work with Dreamland Skateparks because of their special expertise to develop a preliminary design. Based on this recommendation the City entered into a contract with Dreamland, who has prepared the attached preliminary plans and site plans included as Attachment 1.

These plans show a 9000 square foot skate park along the southwest edge of the property between the existing softball field and the New Brighton Middle School property. The skatepark is designed in a linear setting which provides for long flow runs or concentrated energy runs and compliments the existing contours of the land.

Based on this preliminary design, if approved by the Council, staff can move forward with developing design and construction estimates and continue coordinating with the park proponents to raise the required funding. Staff can also begin the environmental review and development permit process. If any special studies are required to complete the environmental review, such as a noise study, these costs would be identified and included in the fundraising campaign.

In developing the cost estimates for the remaining elements of the project, staff will investigate the possibility of completing the design and construction tasks under a design build bid and contract. Under this process, the preliminary plans would be detailed further to specify specific elements and materials and then specifications and contracts would be prepared for final design and construction as one bid. The City's standard bidding procedures would be used and the contract awarded to the lowest responsible bidder.


FISCAL IMPACT:

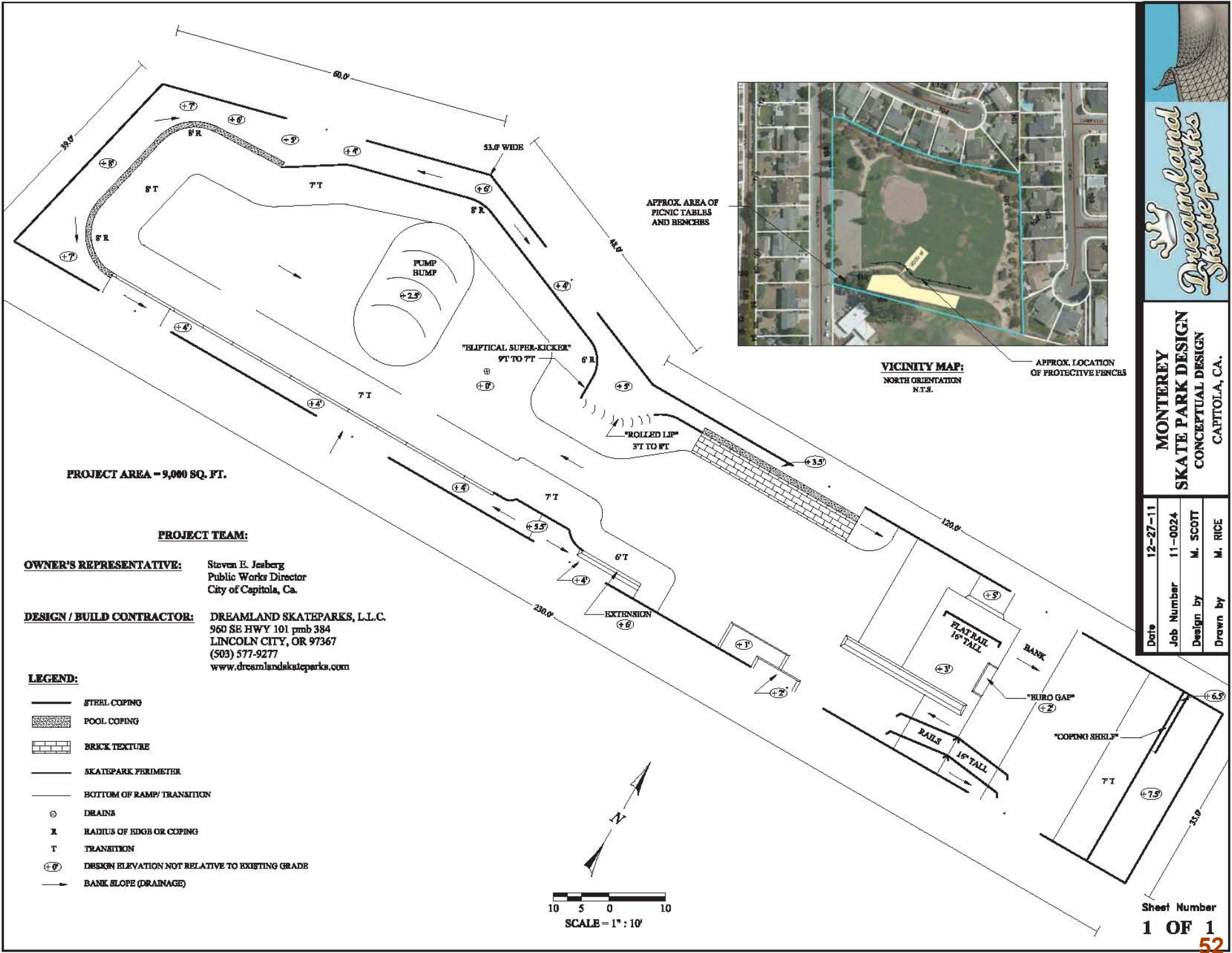
Pursuant to the Council's direction at the September 22nd meeting, the goal of the City is to pay for this project with private funds. To date, all costs, excluding staff time, have been paid with donated funds. Work will only proceed with future tasks on this project as permitted by the level of fund raising achieved.

ATTACHMENTS

1. Preliminary plans and site plans from Dreamland Skate Parks.
2. Council Agenda Report and minutes from September 22, 2011.
3. Council Agenda Report and minutes from November 22, 2011.

**Report Prepared By: Steven Jesberg
Public Works Director**

**Reviewed and Forwarded
By City Manager:** 



VICINITY MAP:
NORTH ORIENTATION
N.T.S.
APPROX. LOCATION
OF PROTECTIVE FENCES

PROJECT AREA - 9,000 SQ. FT.

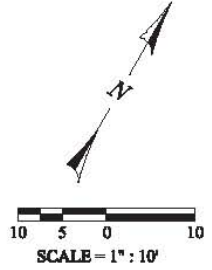
PROJECT TEAM:

OWNER'S REPRESENTATIVE: Steven E. Jesberg
Public Works Director
City of Capitola, Ca.

DESIGN / BUILD CONTRACTOR: DREAMLAND SKATEPARKS, L.L.C.
960 SE HWY 101 pmb 384
LINCOLN CITY, OR 97367
(503) 577-9277
www.dreamlandskateparks.com

LEGEND:

- STEEL COPING
- POOL COPING
- BRICK TEXTURE
- SKATEPARK PERIMETER
- BOTTOM OF RAMP/ TRANSITION
- DRAINS
- RADIUS OF EDGE OR COPING
- TRANSITION
- DESIGN ELEVATION NOT RELATIVE TO EXISTING GRADE
- BANK SLOPE (DRAINAGE)



**MONTEREY
SKATE PARK DESIGN
CONCEPTUAL DESIGN
CAPITOLA, CA.**

Date	12-27-11
Job Number	11-0024
Design by	M. SCOTT
Drawn by	M. RICE

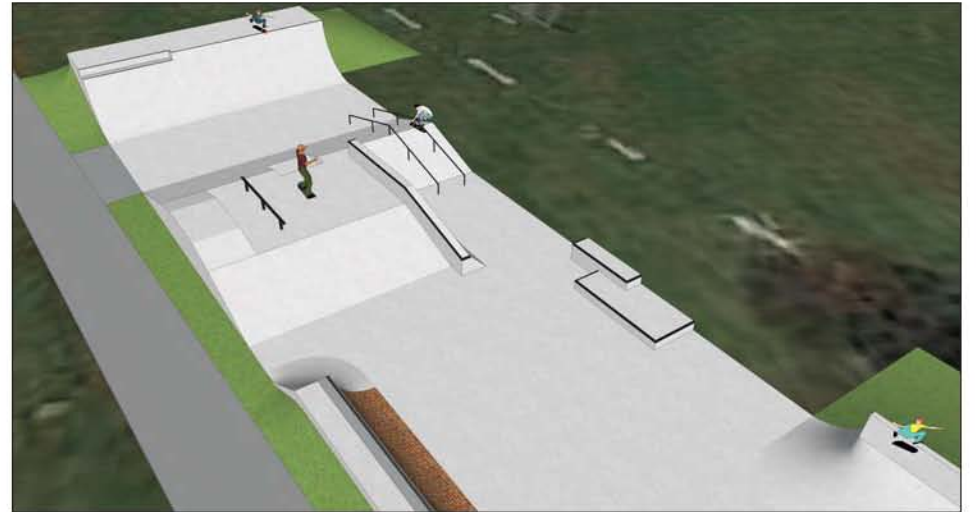
Sheet Number
1 OF 1



MONTEREY PARK SKATEPARK

DREAMLAND SKATEPARKS LLC SKATEPARK DESIGN

1-9-2012



MONTEREY PARK SKATEPARK

DREAMLAND SKATEPARKS LLC SKATEPARK DESIGN
1-12-2012



CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 22, 2011

FROM: DEPARTMENT OF PUBLIC WORKS
 DATE: SEPTEMBER 14, 2011
 SUBJECT: DISCUSSION OF POSSIBLE SKATE PARK SITES

Recommended Action: Conduct public hearing and provide direction to staff on the possible development of a skate park in the City.

BACKGROUND

In 2006 and 2007 the City held a series of public hearing to discuss possible locations for a skate park. Sites discussed at the time included:

Site	Positives	Negatives
McGregor	City owned Space for park and parking	<ul style="list-style-type: none"> • Remote location • Potential for vandalism & crime • Limited pedestrian access as compared to other sites • Maintenance concerns • No restrooms
Monterey Park	City Owned Existing recreation facility Nearby population of users	<ul style="list-style-type: none"> • Limited space without impacting existing park uses • Proximity to residents • Proximity to school (open during school hours?) • No restrooms
38 th Ave. & Brommer Street detention facility	Large area Unique shared-use of property that currently is closed to public	<ul style="list-style-type: none"> • Expensive • Design issues of integrating detention/percolation facility with skate park • Proximity to residents • Lack of existing off-street parking • No restrooms

More recently the City Council considered the possibility of building a skate park on the Rispin site. However that site is subject to numerous site constraints which make a skate park project difficult to implement.

Given the constraints to the other sites previously considered for a skate park, staff has focused this discussion on Monterey Park. Residents living within 500 feet of the park were sent notice of this hearing, including Soquel Union Elementary School District.

DISCUSSION

Recent discussions regarding a skate park have focused around providing a smaller beginner skate park suitable for younger riders. At a minimum, such a park requires 2,000 SF, and could be increased in size depending on the Council's direction. As background, the Jose Ave. skate park is 4,000 SF and the Scott's Valley skate park is 20,000 SF.

The location at Monterey Park which could most easily accommodate a facility of that size is the eucalyptus grove located directly east of the School District offices (Attachment 1). A skate park in that location would require the removal of most, if not all, the eucalyptus trees. Pursuant to the City's tree ordinance, replacement trees would be planted at other suitable locations in the Park.

Should Council wish to consider a skate park, staff offers several design principles which would apply to any possible skate park location. First, the skate park should be in a highly visible location. Not only does this improve the police's ability to patrol the site, but it also helps to reduce unwanted behavior on the site. The City of Seattle has published a list of skate park design principles, and the first principle reads,

Select locations that are not isolated from other people and other uses. Put a priority on places where women and men of all ages will be safe and comfortable. Best places have both pedestrian and vehicular traffic along skate park. Corner locations are desirable.

The second design principle staff recommends the Council consider in locating a skate park is to incorporate other uses adjacent to the skate park to encourage a more vibrant site that is used by a range of ages and community members. For example, a tot lot or playground adjacent to a skate park could help to create a self-policing atmosphere.

Regardless of the site location, it is probable a skate park will increase service demand for both the Police and Public Works departments. This increase can be expected due to issues of graffiti, vandalism, loitering, and various nuisance issues. The level of these demands will greatly depend on the expectations of the public and the Council, the site location, and the site design.

LIABILITY ISSUES

Current law provides public entities with a qualified immunity from liability for skateboard-related injuries under certain circumstances. In addition, the common-law assumption of risk doctrine provides some protection against liability for skateboard-related injuries. In order to qualify for the specific skateboard-related immunities, the City must adopt an ordinance and post signs requiring the use of helmets, knee pads, and elbow pads. Such immunity does not apply to skate boarders under the age of 12. The Health and Safety Code Section which provides such immunity expires in 2012; however SB 264, which was recently passed by the Legislature and is pending the Governor's signature, will delete that expiration allowing that immunity to continue. See attachment for a more detailed discussion of liability issues.

FISCAL IMPACT

The construction of a skate park has been included in the 5-year Capital Improvement Program as an unfunded project since 2004. No site has been identified nor has any funding been identified for feasibility studies, design, construction or other work.

The estimated cost for construction of a skate park is \$50 per square foot. This price does not include any site improvements such as parking lots, restrooms, drainage, walkways, etc or any design and development costs.

The City of Santa Cruz park was constructed at a total project cost of \$1.3 million. The park at Scotts Valley was built at a total project cost of \$750,000. The Fun Spot in Santa Cruz (no longer in use), which utilized temporary movable ramp structures, was built for \$120,000.

These costs reflect the construction costs only. Development and design costs will vary per site and the type of park being developed and there will additional costs for restrooms, parking lots, and other site improvements.

Staff has not assessed the capacity to raise funds for the development of a skate park, however members of the public at past meetings have indicated they believe private funding could be available.

The cost for increased Police and Public Works services should also be considered. While the size and design of the park will affect the time requirements to maintain the park, it can be assumed that daily public works maintenance for trash removal, landscaping other issues. One could easily foresee such a facility requiring 4 hours per week of the Park crew's time at annual cost of approximately \$10,000. If the park requires one Police call per week, their costs would be approximately \$10,000 annually. The Police costs are very difficult to predict and will fluctuate greatly based on the location of the park. Some accommodation will need to be made to provide service to the park for securing it in the evening. To contract with a private firm to lock the facility would cost approximately \$8,000 per year should the site be fenced and locked at night.

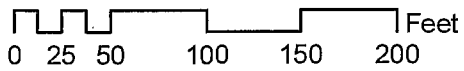
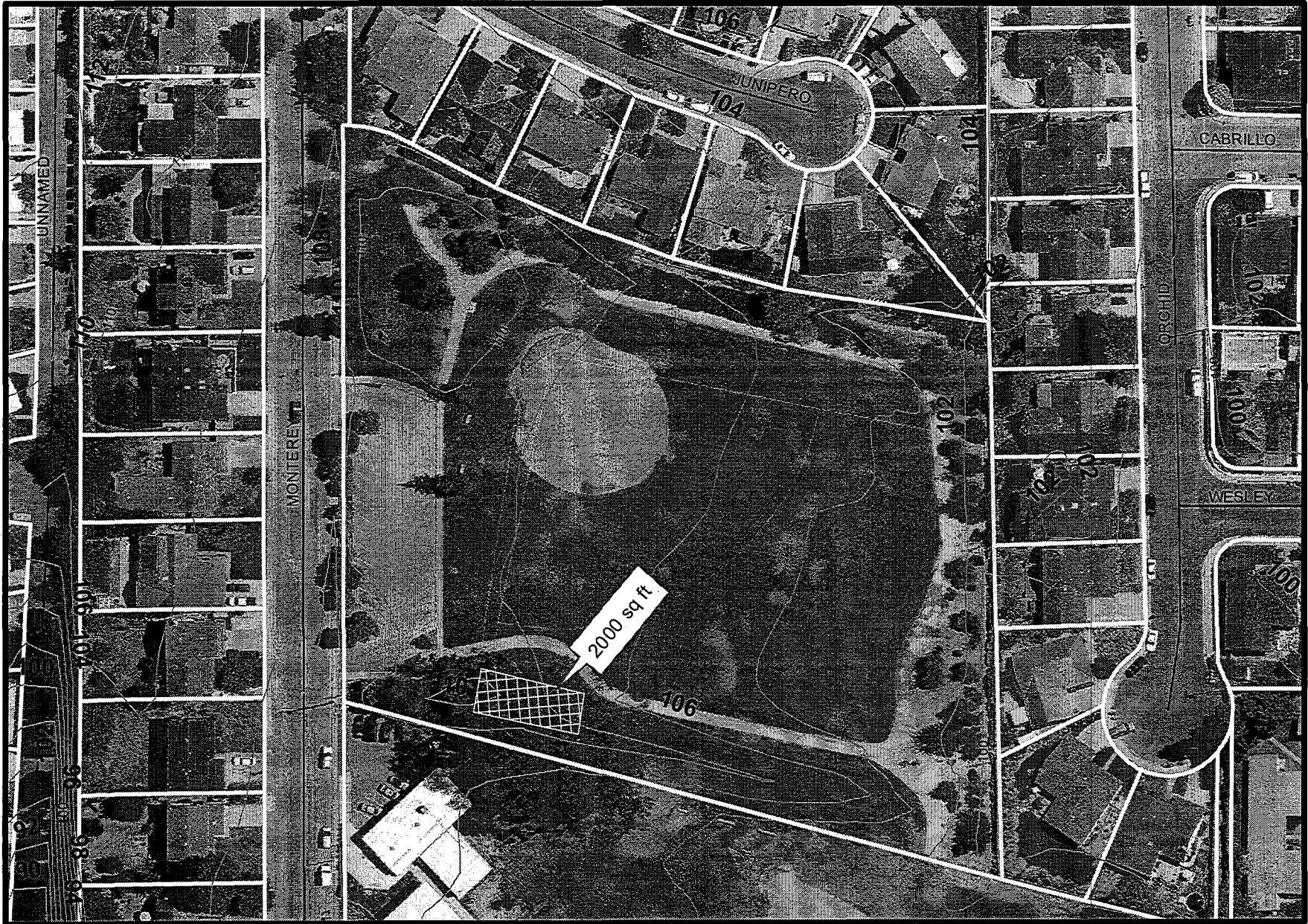
ATTACHMENTS

1. Map of Monterey Park
2. Liability discussion

Report Prepared By: Steven Jesberg
Public Works Director

**Reviewed and Forwarded
By City Manager:**

Monterey Park



1 inch = 100 feet



Legend
Monterey Park Boundary

City of Capitola

Liability Discussion

Statutory Qualified Immunity

Government Code section 831.7 provides that public entities and public employees are not liable for any damage or injury arising out of a hazardous recreational activity to any person who participates in the activity, including any person who assists the participant, or to any spectator who knew or reasonably should have known that the hazardous recreational activity created a substantial risk of injury to himself or herself and was voluntarily in the place of risk. The term "hazardous recreational activity" is defined as a recreational activity conducted on the property of a public entity which creates a substantial (as distinguished from a minor, trivial, or insignificant) risk of injury to the participant or spectator. Section 831.7 also contains a non-exclusive list of activities designated as hazardous recreational activities, including, among other things: animal riding, including equestrian competition, archery, bicycle racing or jumping, mountain bicycling, boating, cross-country and downhill skiing, hang gliding, kayaking, motorized vehicle racing, off-road motorcycling or four-wheel driving of any kind, orienteering, pistol and rifle shooting, rock climbing, rocketeering, rodeo, spelunking, sky diving, sport parachuting, paragliding, body contact sports (i.e., sports in which it is reasonably foreseeable that there will be rough bodily contact with one or more participants), surfing, trampolining, tree climbing, tree rope swinging, waterskiing, white water rafting, and windsurfing. There is no reference to skateboards in Government Code section 831.7.

However, depending on the totality of the circumstances surrounding the injury, skateboarding has been found to be, in effect, a hazardous recreational activity, even though not specifically identified in Section 831.7. See *Bartell v. Palos Verdes Peninsula Sch. Dist.* (1978) 83 Cal. App. 3d 492, 496-98 (skateboard game similar to "crack the whip" found to be dangerous recreational activity); 81 Ops. Cal. Atty. Gen. 331 (1998) ("skateboarding may be considered a 'hazardous recreational activity' under the terms of subdivision (b) of section 831.7 even though it is not specifically so identified in the statute.").

Moreover, Health and Safety Code section 115800 ("Section 115800"), which establishes requirements for skateboard parks, specifies that skateboarding at a public skateboard park that is owned or operated by a public entity is a hazardous recreational activity within the meaning of Section 831.7 if:

- (a) the person skateboarding is 12 years old or older;
- (b) the skateboarding activity that caused the injury was a stunt, trick, or luge skateboarding [Presumably luge skateboarding resembles the sport of luge where the participants lie on their backs on a sled]; and
- (c) the skateboard park is on public property, and
 1. Is monitored to ensure skateboarders wear a helmet, elbow pads, and knee pads.
 2. If the skateboard park is not monitored, the local public agency may satisfy this requirement by (a) adopting an ordinance, requiring any person riding a skateboard at the facility to wear a helmet, elbow pads, and knee pads, and (b) posting signs at the facility, giving reasonable notice that any person riding a skateboard in the facility must wear the specified safety gear, and that any person failing to do so will be subject to citation.

If any of the conditions specified in Section 115800 are not met, then the injury incurred at a skateboard park does not fall under the hazardous recreational immunity exception, and the municipality does not have statutory immunity from liability.

Section 115800 also requires local public agencies to maintain a record of all known or reported injuries incurred by skateboarders at a public skateboard park/facility, claims asserted and lawsuits filed, and requires them to file those records annually with the Judicial Council, which will then compile a statewide report and submit it to the Legislature. [Notably, the Judicial Council's March 13, 2002 report found that a total of 80 skateboarding injuries occurred at skateboard parks in nine cities during the 2001 calendar year and that none of these injuries resulted in a lawsuit against the city]. Reports are supposed to be filed by January 30 each year, and the Judicial Council is required to submit its report by March 31, 2007.

The provisions of Section 115800 sunset on January 1, 2012, unless extended by the Legislature.

Primary Assumption of Risk Doctrine

Generally, every individual has a duty to exercise ordinary care; failure to exercise reasonable care under the circumstances results in liability. The primary assumption of risk doctrine reduces a defendant's duty of care regarding injuries in sporting activities that maximize challenge, excitement and risks. It limits a defendant's liability when the inherent risks of the sport cannot be eliminated without destroying the sport itself. An activity falls within this doctrine if the activity is done for enjoyment or thrill, requires physical exertion and elements of skill, and involves a challenge containing a potential risk of injury. Even when assumption of risk applies, defendants generally do have a duty to use due care not to increase the risks to a participant over and above those inherent in the sport. In *Calhoon v. Lewis* (2000) 81 Cal. App. 4th 108, 115, California's Fourth District Court of Appeal found that these factors apply to skateboarding and concluded that "[s]kateboarding is a type of activity covered by the primary assumption of risk doctrine." Thus, defendants (either public or private) generally cannot be held liable for risks inherent in the sport of skateboarding.

Insurance Coverage

The City of Capitola is covered for liability insurance through the Monterey Bay Area Self Insurance Authority. The governing provisions for liability coverage are contained in the Authority approved Memorandum of Coverage. Currently the Memorandum of Coverage is silent with regard to skate park liability coverage. That however is about to change. At the next meeting of the Authority, or perhaps the next regularly scheduled meeting immediately after, the Authority will consider a change in the memorandum of coverage to explicitly cover skate parks only in so far as all available statutory immunities are in place. This in particular is meant to address supervision of skate parks, understanding that the maximum immunities are in place when there is no supervision the park.

3. CONSENT CALENDAR (Continued)

~~H. Approve a three-year contract with Ed Morrison for Public Works Inspection Services in an amount not to exceed \$30,000 per year, effective January 1, 2012. [500-10 AIC: Morrison, Ed]~~

~~[NOTE: The City Council received an Additional Material Agenda Report on September 19, 2011, recommending adoption of a budget amendment resolution if the contract were approved.]~~

~~**ACTION:** Council Member Nicol moved, seconded by Council Member Termini, to approve a three-year contract with Ed Morrison for Public Works Inspection Services in an amount not to exceed \$30,000 per year, effective January 1, 2012, and adopt **Resolution No. 3891, Resolution Amending the FY2011-12 General Fund Budget by Transferring \$15,000 from the Public Works Department Salary & Benefits Account to the Public Works Department Contract Services Account for a Public Works Inspection Service Contract**, as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.~~


 4. PUBLIC HEARINGS

A. **Public Hearing to discuss possible Skate Park Locations and Options. Presentation: Public Works Department. [1040-20]**

Public Works Director Jesberg summarized the written agenda report utilizing a PowerPoint Presentation, and Deputy City Attorney Paterno discussed liability issues associated with skate board parks. They then responded to questions from council members.

Public Works Director Jesberg shared a map of the Monterey Park site showing different configurations for skate parks. Chief of Police Card commented that the City needs a site that is visible and a high traffic area. He also said videoing of the site is useful in the event something happens, and he would recommend lighting after dark. Mayor Norton noted that the City has an agreement with the neighbors that there will never be lighting in the park.

Council Member Termini read an email he received from William Delaney supporting the proposed skate park.

Mayor Norton opened the public hearing at 8:56 p.m. The following people spoke:

Tory Delfavero, Capitola resident, said she grew up in Capitola and is now raising her 3 sons here. She and a number of her friends and their children would like to see a non-destination skate park in Capitola.

Joy Richardson, resident of Capitola, offered her support for the proposed skate park.

Jacques Bertrand, Capitola resident living on Monterey Avenue, discussed the benefits of a skate park for Capitola families. He said perhaps the Recreation Department could organize activities at the skate park. In addition, he suggested working with the school district cooperatively to see if they would be willing to open the playground area for parking and open the restrooms.

Kristy Caplan, Capitola resident with two sons, supports a skate park in Capitola.

Sandra Wallace, neighbor of the park and a Soquel Union Elementary School District trustee, said she was not speaking for the board, but as a resident. She believes the city needs a skate park for the students at New Brighton Middle School. Due to the proximity of the proposed skate park, which would be next to the district office and the caretaker, she would recommend a noise study be taken. She also stated that when the park was first built, the neighborhood was assured there would be no lights or restrooms.

4. A. PUBLIC HEARINGS (Continued)

Emily Martin stated she has spoken several times regarding her support of a skate park in Capitola. She believes the proposed location at Monterey Park is a good one, since it is close to New Brighton Middle School.

Ted Donnelly, parent of a New Brighton Middle School student, as well as a Trustee for the Soquel Union Elementary School District, stated that he is not speaking as a trustee. Mr. Donnelly believes this is a great move, and he supports the proposed location for a skate park, especially since it is near New Brighton Middle School.

Rick, Capitola resident, said he as well as his three children would be interested in using the skate park. They all enjoy skateboarding, and he strongly supports a park in Capitola. He noted that a number of parents were not able to attend tonight's Council meeting as it is Back to School Night.

Dan Steingrube, resident on Monterey Avenue, said he lives directly across the street from the proposed skate park. He commented on the noise he has had to deal with by people using the parking and playing loud music from their cars, etc. He is not concerned so much with a small skate park; however, he is worried about the use of the facility on evenings and weekends. If the noise at the park gets worse, he will be contacting the police department.

Chris Valdez, Soquel High student and resident of Capitola, said he loves to skate every day, and it would be great to have a place to skate close to home.

Nathan Cross, Capitola resident and a former skateboarder, expressed the need for the city to provide youth in our community with recreational outlets. He encouraged the city council to move forward with a skate park at Monterey Park.

A young boy named Kaleb said he would like a skate park in Capitola.

Derek Finch expressed his support of a skate park in Capitola as he generally has to go to Santa Cruz to skate. He would like it as big as possible.

Mayor Norton closed the public hearing at 9:12 p.m.

Council Member Nicol said there were no comments about taking down the eucalyptus tree. He also commented on the council's previous discussions regarding locations for a skate facility and believes the proposed location is a good one. Council Member Nicol spoke with his neighbor, George Slettehaugh, whose wife was killed in a skateboarding accident, and Mr. Slettehaugh would be honored if the facility could be named in her honor if it is built.

Council Member Termini said he could support a skate park at this location next to New Brighton Middle School. He thinks 4,000 square feet is a good size and that it should be privately funded. With regard to noise, the City needs to respect those concerns of neighbors by installing signage that the park is closed at dusk. He said the council might want to consider a tot lot adjacent to this park, and a restroom would be important. Council Member Termini said Mr. Bertrand's idea for the Recreation Department to have a program in skateboarding is a good one.

Considerable Council discussion was followed by this action:

4. A. PUBLIC HEARINGS (Continued)

ACTION: Council Member Termini moved, seconded by Council Member Nicol, to direct staff to elaborate on the potential costs to design the skate park, to put the project out to the skating community to begin fundraising efforts for a skate park project at Monterey Park, because he anticipates it will cost approximately \$300,000 for the project, and to approve the project in concept.

Under discussion of the motion, Council Member Storey said he supports the motion. Since he has been on the Council, they have had trouble finding the right location. Staff should focus on this site and move forward to see this become a reality. Council Member Storey emphasized that, although the city has the site, it does not have the money; therefore, private funding is critical if the skate park is to be built anytime soon. Although there were individuals from the school district who spoke tonight, staff should communicate with the school district to obtain their position on the proposed skate park.

Council Member Storey also commented on the letter submitted tonight by Richard Lippi, the caretaker for New Brighton Middle School, who expressed his support and interest in being included in the design process.

Mayor Norton identified the following list of items that were brought up by the council or members of the public that he wished to be included on the Public Works Director's list:

- Liability issue
- Sight line from the street
- Signage
- Videoing
- No lighting
- Restrooms (residents do not like the idea of putting a bathroom on the site – look into making arrangements with the school district for the use of bathroom facilities)
- Define age group
- Small in scale, non-destination skate park
- Cost of financing (possibility of forming an organizational group to take on this issue)
- Noise test
- Removal of eucalyptus trees (check with school district)
- Perfect project for community funding
- Staff to come back with an organizational format on how to organize a group who would be the driving force for the skate park.

Council Member Nicol said all the trees should be removed as they would be a hazard. On the noise issue, the city might want to look at some type of boom-box noise discussion.

The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

5. OTHER BUSINESS

- ~~A. Environmentally Acceptable Packaging Materials: Ordinance Amending Sections 8.36.010, 8.36.020, 8.36.030, 8.36.040, 8.36.050, 8.36.060 and 8.36.070 of the Capitola Municipal Code pertaining to the use of Polystyrene Foam and Biodegradable and Compostable Disposable Food Service Ware [1st Reading]. Staff recommendation: adopt ordinance. [930-30]~~

**CITY COUNCIL
AGENDA REPORT****MEETING OF NOVEMBER 22, 2011**

FROM: DEPARTMENT OF PUBLIC WORKS
DATE: NOVEMBER 18, 2011
SUBJECT: MONTEREY PARK SKATE PARK PROJECT PLAN

Recommended Action: Accept this report on the Skate Park Project Work Plan identifying the steps to construct a skate park at Monterey Park.

BACKGROUND

On September 22, 2011, the City Council conceptually supported a project to construct a skate park in Monterey Park. Since that time there has been significant local support for the development of a skate park. This project work plan will provide the framework to capture this support and help develop the financial support necessary to complete the project while providing a clear process required for a successful project.

DISCUSSION

Project Plan:

1. Establish deposit account in City to receive and hold funds donated prior to the development of conceptual plans
2. Identify funding for preliminary layout and skate park sizing concept plans
3. City Manager approve contract for layout and sizing plan report
4. Prepare plan with different sized skate parks
5. City Council consider preliminary plan and choose size of skate park
6. Develop cost estimates
7. Work with community efforts on fundraising
8. City Council award contract for final design when funding in deposit account is available
9. Begin permitting and environmental review
10. Approval of permits and CEQA documents
11. Finalize construction documents
12. Publicly bid project for construction
13. Open bid and award contract
14. Construction

City staff has contacted the design firm of Dreamland Skateparks to provide a proposal to prepare the preliminary layout and skate park sizing options. This proposal had not been received as of the date the agenda was printed, but will hopefully be available at the Council meeting. The cost of this contract can be paid when donated funds are available.

FISCAL IMPACT

At this time it is anticipated that all phases of the project will be funded through donations to the City.

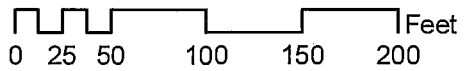
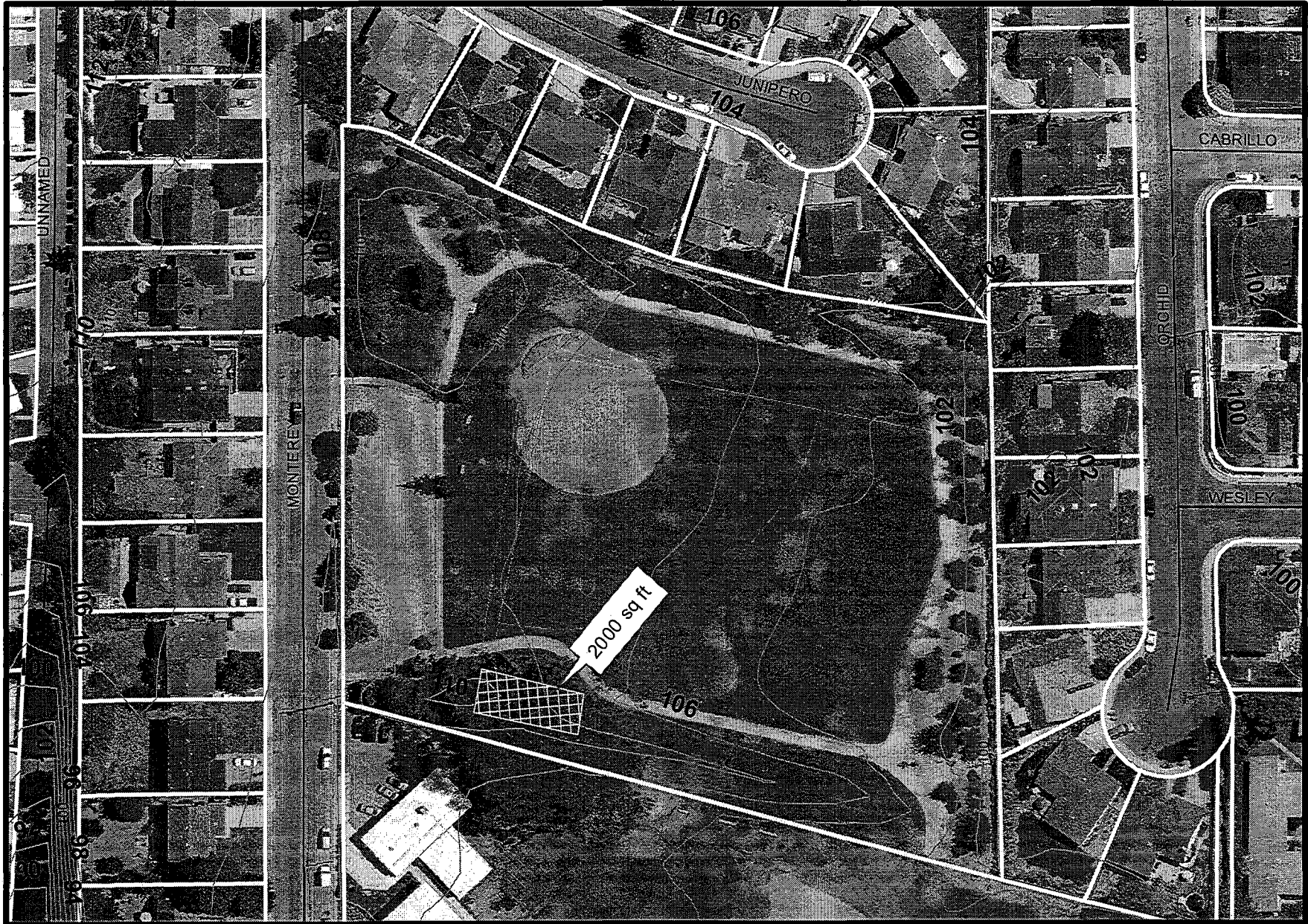
ATTACHMENTS

Aerial maps of Monterey Park

Report Prepared By: Steven Jesberg
Public Works Director

**Reviewed and Forwarded
By City Manager:** _____

Monterey Park - 2000 sq ft

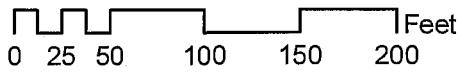
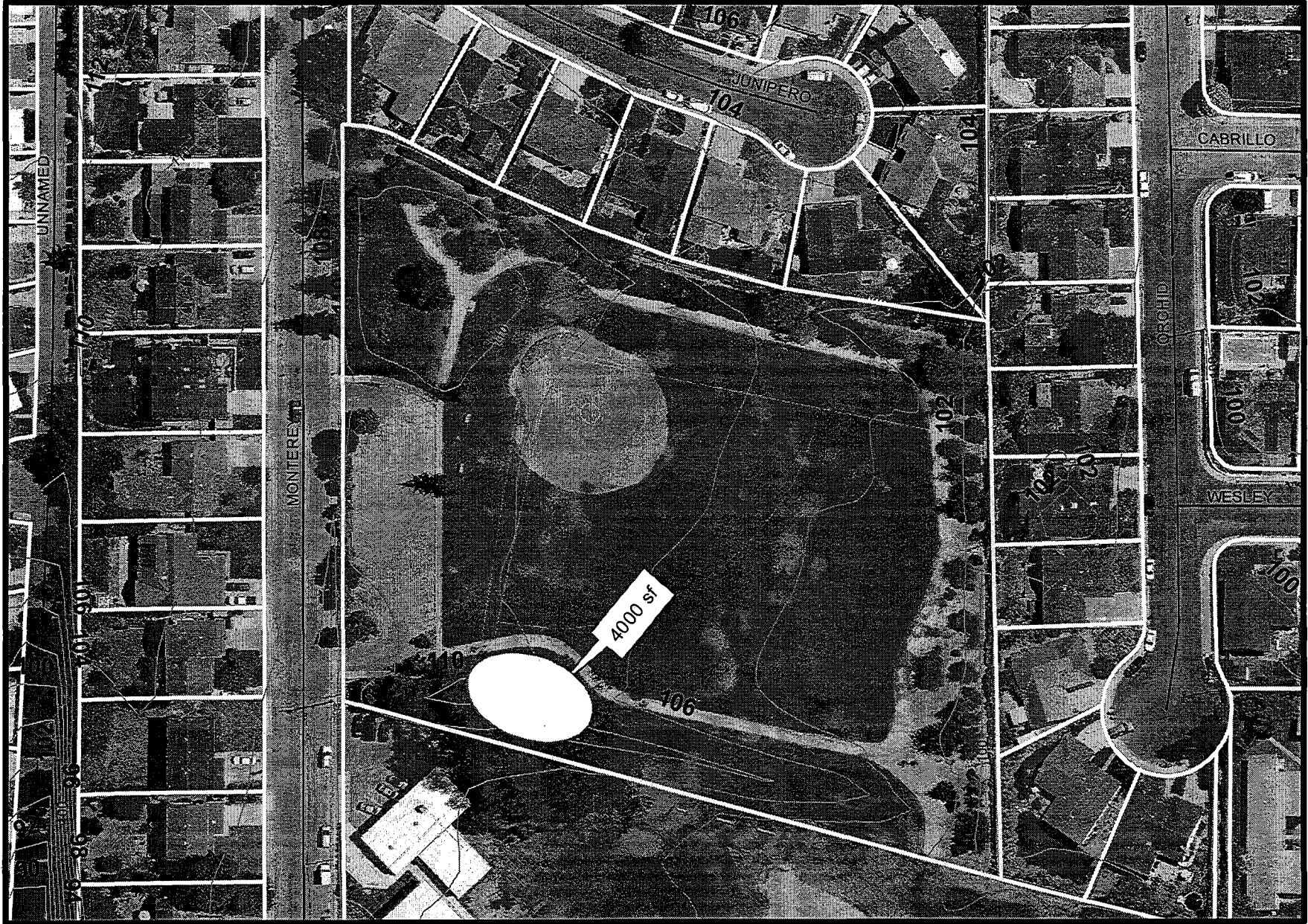


1 inch = 100 feet



City of Capitola

Monterey Park - 4000 sq ft (Jose Ave Park)



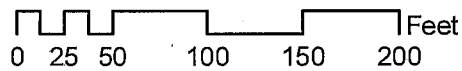
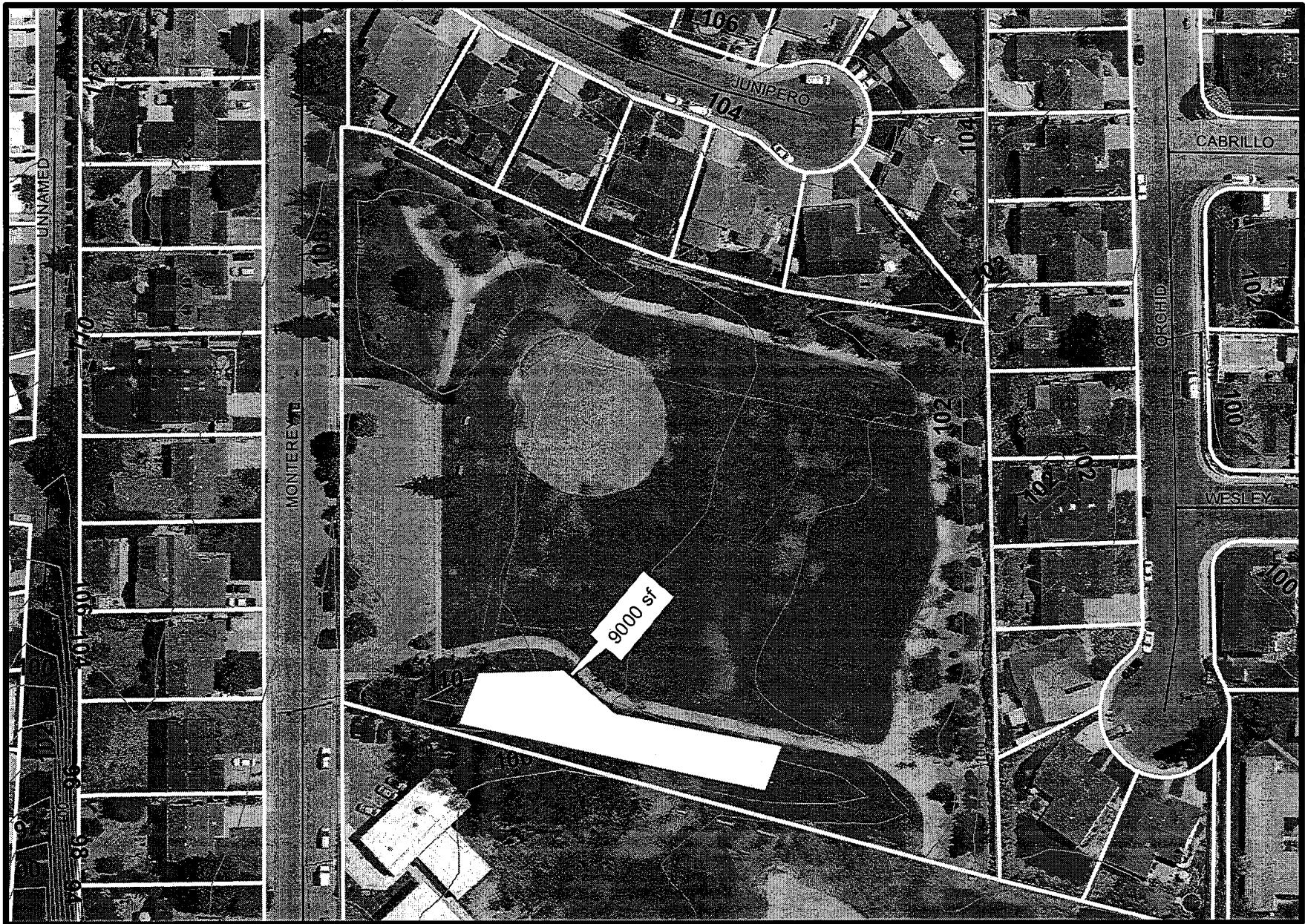
1 inch = 100 feet



Legend
Monterey Park Boundary

City of Capitola

Monterey Park - 9000 sq ft (Derby Park)



1 inch = 100 feet



Legend

Monterey Park Boundary

City of Capitola

5. A. OTHER BUSINESS (Continued)

Mayor Norton opened the public hearing at 9:49 p.m.

The following people spoke in support of a 9,000 square foot skate park at Monterey Park:

- Tory Delfavero, Capitola resident
- Dave Friel
- Emily Martin, Capitola resident
- Terry Campion, skateboard shop owner in Capitola

Tory Delfavero, Capitola resident, said the proponents of the skate park have formed a group and is having its first fundraiser at the Santa Cruz Board Room on Saturday, November 26, where they will have a raffle and sell T-shirts. She said Jimbo Phillips, a famous local skateboard artist, has donated his time and designed T-shirts for the fundraiser.

ACTION: Council discussion was followed by this action: Council Member Termini moved, seconded by Council Member Storey, to accept the staff's report on the Skate Park Project Work Plan, which identifies the steps to construct a skate park at Monterey Park and approved designing a 9,000 square-foot skate park.

Under discussion of the motion, Council Member Nicol expressed concern that a larger park would be a destination park rather than a neighborhood park as was previously discussed. He wants a safe place for the younger local children.

There was discussion among the council members and staff pertaining to Council Member Nicol's concerns about a destination park.

Mayor Norton asked that the agenda report and the council's decision be forwarded to the school district.

The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: None. ABSTAIN: None.

At 10:15 p.m., Mayor Norton announced that the City Council would now consider Public Hearing Item 4.C.

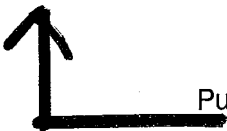
4. ~~Public Hearing on CDBG-funded Green Economy and Job Creation Final Report. Presentation: Community Development Department. [700-10]~~

~~Interim Community Development Director Westman provided a brief verbal report and said the City Council's action tonight is to accept the report.~~

~~Mayor Norton opened the public hearing at 10:17 p.m. Seeing no one, the public portion of the hearing was closed.~~

~~Council Member Nicol supports the concept in principal; however, he cannot support strategy 6, and he is concerned about strategy 13. He explained his concerns. Council Member Storey concurred with Council Member Nicol concerns.~~

~~Interim Community Development Director Westman explained that the council is not adopting these strategies tonight and that some of these strategies will come back as part of the General Plan update.~~



A. PUBLIC HEARINGS (Continued)

Interim Community Development Director Westman said staff would like the flexibility of trying to work out the sign issue, so far as the zoning ordinance is concerned. She also suggested that once the Council has come up with some concrete ideas that have merit and approval, then the signage matter could go to the Art & Cultural Commission.

Interim Community Development Director Westman asked for clarification from the Council regarding her understanding of the Council's direction, which is that staff will work with the merchants to try and come up with a sign program that is going to help them identify certain features of business activities where they could use a sandwich board or a temporary sign. Her understanding is that the council would like staff to sit down with the merchants and come up with creative ideas.

Council Member Termini said staff is to review standard sandwich board signs, off the public sidewalk and in all commercial areas.

Mayor Norton said staff should set a time limit, and he also believes there should be a maximum number of sign permits allowed. He suggested setting a limit of, say, 20 sandwich board signs in the first year. Mayor Norton asked if the council could set a cap on the number of sandwich board signs. City Attorney Barisone said he believes the council could set a limit during the trial period, as long as there was not any preference given. Mayor Norton said it could be first come, first served.

The motion carried with Council Member Harlan voting no.

Following the vote on the motion, Interim Community Development Director Westman informed the Council that she wants to get direction from the council about sign enforcement. She wants to make sure the Council is comfortable with the planning staff going out and being proactive in enforcing all illegal signs. Mayor Norton said he does not want to put any more work on the Planning staff. Council Member Termini commented on using the planning staff for enforcement and wondered if the police could take this on.

Mayor Norton asked if the city has policing power and whether we have the ability to remove illegal signs. City Attorney Barisone believes the city's code allows it, although he would need to confirm that after looking at the code.

* * *

At 9:34 p.m., Mayor Norton announced that he would be moving Other Business Item 5.A. pertaining to next steps for a Skate Park for discussion at this time.

5. OTHER BUSINESS

A. **Report on next steps for a Skate Park at Monterey Park. Staff recommendation: accept report and project work plan. [1040-20]**

Utilizing a PowerPoint Presentation, Public Works Director Jesberg summarized the project work plan for a Skate Park at Monterey Park, as detailed in the written agenda report. He informed the Council that it is very important to determine the size of the skate park. He showed aerial views of a 4,000 and a 9,000 square-foot skate park.

He passed out copies of a written proposal from Dreamworks Skateparks that was received late yesterday. He commented on the proposal and responded to questions of council members.



Item #: 6.B.

CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: CITY MANAGER AND FINANCE DEPARTMENTS
DATE: JANUARY 20, 2012
SUBJECT: PACIFIC COVE MOBILE HOME PARK FINANCING PLAN

RECOMMENDED ACTION: By motion take the following actions:

1. Adopt a resolution implementing the financing plan for the Pacific Cove Mobile Home Park relocation.
2. Amend the FY 11/12 budget to include \$2.375 million in additional revenue from debt proceeds, and authorize its expenditure pursuant to this financing plan.
3. Authorize staff to issue the six-month written notice of termination of tenancy to the residents of the Pacific Cove Mobile Home Park.

BACKGROUND:

On January 12, 2012, the Council approved the Relocation Impact Report (RIR) for the closure of the City-owned Pacific Cove Mobile Home Park (Park). The RIR estimates the cost of relocating residents will be about \$2.2 million, including the services of a professional relocation consultant to help Park residents find suitable replacement housing.

DISCUSSION:

As noted on January 12, the City does not have adequate reserves to finance these expenditures using existing funds. While other alternatives are discussed below, given the goal of moving forward with the closure in the near term, the best option available to the City is to debt-finance the relocation costs. Spreading this one-time cost over time is an appropriate use of debt financing, as these costs are clearly a one-time expenditure, and the benefit of having the land in public use will be available to future tax payers. Moreover, while the financing will be subject federal income taxation, the City will be able to capitalize on favorable interest rates compared to other borrowers in the current market.

As discussed in greater detail below, annual debt service costs are estimated to range between \$225,000 and \$250,000, depending on the term of the financing (15 or 20 years). While annual debt service costs may be funded from any allowable and available funding sources, the most likely candidates at this time are the Housing Trust Fund and the General Fund.

Housing Trust Fund. Section 18.02 of the Municipal Code authorizes the use of Housing Trust Fund resources to “assist low or very low income households in purchasing or renting housing.” Based on a preliminary assessment of low income residents in the Park (which will be refined as income status is verified during the relocation process), about 25% of the Park residents are low or very low income. As a result, a commensurate portion of the future debt service could be paid from the Housing Trust Fund, subject to the availability of funds in the Housing Trust Fund.

General Fund. The remaining balance (75%) would be repaid from the General Fund. However, any funds advanced by the General Fund for the share of other allowable costs from other funding sources may be reimbursed in subsequent years as funds become available.

Lender Selection Process

Provided in Attachment 1 is the resolution approving the proposed financing plan. As set forth in the resolution, staff recommends using a “direct placement” approach, under which a lender will be selected via a competitive request for proposals (RFP) process. The elements of the proposed RFP process are discussed below.

Based on the size and taxable nature of the financing, “direct placement” of the financing with a lender – compared with selecting a lender via an “Official Statement” process with detailed bond covenant and indenture documents – makes the most sense. However, even with direct placement with a lender, staff recommends using a competitive RFP process, under which proposals will be solicited from at least nine California banks specializing in municipal financings as well as several regional banks with Capitola branches. Given the current market, staff believes it is important to cast a wide net in soliciting proposals to ensure that the City receives the best possible rate and financing terms (see sidebar for the tentative RFP distribution).

The following outlines key features of the RFP (Attachment 2):

- **Selection Criteria.** While price will be the primary selection criteria, the City will consider other factors as well in making the award decision, such as proposed terms and conditions that are unduly restrictive, with local vendor preference pursuant to the City’s purchasing policy. Additionally, proposers will be asked to provide rates for 15 and 20 year terms. The City will reserve the right to select the best combination of rates and terms that best meet its needs.
- **Taxable Financing and Underlying Security.** Since the proceeds will not be used for capital improvements, the interest income for the lender will be subject to federal income tax (however, it will be exempt from State income taxes). As such, the interest rate will be higher than would otherwise be the case for a tax-exempt municipal financing. Current interest rates for a 15 year term are about 6.5%, and 7.0% for 20 years. While taxable, these are still very favorable rates in this market. Additionally, because the proceeds will not be used for capital improvements, which would usually serve as the underlying security for the financing, the City will need to use an existing asset to secure the loan. Staff recommends using City Hall for this purpose, with the flexibility to change assets in the future.
- **Lease-Revenue Structure.** The financing will be structured as a lease-revenue financing, under which the actual debt will be issued by the Capitola Financing Authority, which will “lease” a facility to the City of Capitola. Those rent payments, from the City to the Authority, will be used to make debt payments to the lending institution.

Tentative RFP Distribution
<ul style="list-style-type: none"> • Bank of America • Bay Federal Credit Union • Brandis Tallman LLC • Capital One Public Finance • Comercia Bank • Government Banking • JPMorgan Chase Bank • Lighthouse Bank • Public Property Financing Corporation • Santa Cruz County Bank • Santander Group • Union Bank • U.S. Bancorp Investments • Wells Fargo Bank

- **Reimbursement of Advanced Costs.** As discussed below, the financing should be completed by March 15, 2012. Until then, it is likely that project costs will be incurred. The attached resolution provides that any such advances may be repaid from the financing proceeds.

Professional Assistance

To ensure the best possible financing terms and interest rate, staff recommends contracting for Financial Advisor services with KNN Public Finance (KNN) and Jones Hall for Bond Counsel services:

- **Financial Advisor.** KNN has extensive municipal finance experience as well as recent experience with direct placements. Their responsibilities include assistance with drafting the RFP; actively soliciting lender interest and response to the RFP; and evaluating proposals. They will be compensated on a time and materials basis, with a cap of \$17,500, including expenses.
- **Bond Counsel.** Jones Hall has extensive municipal bond counsel experience as well as recent experience with direct placements. Their responsibilities include reviewing the RFP and proposals for legal concerns and to ensure reasonable financing terms and conditions. They will be compensated on a time and materials basis, with a cap of \$25,000, including expenses.

Unless there are unforeseen circumstances, actual costs are likely to be less than the “not-to-exceed” amounts. These costs will be funded from the financing proceeds.

Authorization

Upon the advice of the Financial Advisor and Bond Counsel, the attached resolution authorizes the City Manager to accept and award the proposal that is in the best financial interests of the City, and to execute financing documents as required to implement the financing. The resolution also authorizes the City Manager to enter into agreements with KNN and Jones Hall for Financial Advisor and Bond Counsel services.

Six-Month Written Notice of Termination of Tenancy

As directed by the Council on January 12, and pending approval of this financing plan, pursuant to the requirements of Civil Code Section 798.56(g)(2), and, staff will issue the six-month written notice of termination of tenancy to the residents of the Park (Attachment 3).

Next Steps

The following outlines recommended next steps:

Task	Target Date
• Council approves financing plan	1-26-12
• Financial Advisor issues direct placement RFP	1-27-12
• Financing Team receives lender proposals	2-14-12
• Financing closes; City receives proceeds	3-15-12

As reflected above, the proceeds should be available by March 15, 2012.

ALTERNATIVES

Grant Funds. As discussed with the Council at the January 12 meeting, the City could seek to obtain grant funds to help offset the costs to close the Park. However, all of the potential grant

funding sources staff has identified to-date require identifying a future use for the site. For example, should the City determine the site is appropriate for habitat restoration, it is possible Department of Water Resources Flood Corridor Program may be a funding source. However, making a determination about future uses is unlikely to occur in the near future; the City has included studies of the future uses in the Pacific Cove site into the General Plan update. The General Plan is not scheduled for adoption until late 2013, with Coastal Commission certification in 2014. Given the timelines approved by the Council for Park closure and the current infrastructure condition, it is not feasible to use grant funds for this cost.

Redevelopment Agency. Since a portion of the relocation costs are related to low-moderate income residents, staff explored the concept of funding some of the relocation costs through the Redevelopment Agency (RDA). Under normal circumstances, this approach could have been potentially viable. However, given the impact of AB 26 in shutting-down the use of RDA funds and the recent California Supreme Court upholding the constitutionality of AB 26, this is simply not possible at this time.

FISCAL IMPACT

Project Costs

The RIR estimates the closure of Pacific Cove will cost approximately \$2.1 million, which includes \$1.6 million to acquire coaches and relocate Park Tenants; and \$500,000 in coach removal and other costs. Additionally, as discussed at the January 12 meeting, staff recommends retaining the services of a professional relocation consultant to help Park residents find suitable replacement housing. This is estimated to cost \$117,000. Lastly, as noted above, issuance costs will be up to \$17,500 for Financial Advisor services and \$25,000 for Bond Counsel services. Title insurance with an estimated cost of \$3,000 will also be needed for the financing.

Project Budget	
Relocation	
Coach acquisition and tenant relocation	1,600,000
Coach removal and other costs	500,000
Relocation costs	2,100,000
Relocation assistance services	117,000
Debt issuance	
Financial advisor	17,500
Bond counsel	25,000
Title insurance	3,000
Contingencies at 5%	113,000
Total	\$2,375,500

Accordingly, the amount to be financed is not more than \$2,375,500 as summarized in the sidebar chart.

Based on current market conditions, the interest rate for a 15 year term would be about 6.5% and 7.0% for 20 years. Using these rates and terms, annual debt service payments would be between \$225,000 and \$250,000.

Funding Sources

As set forth in the attached resolution, annual debt service costs may be funded from any allowable and available funding sources. The amount of debt service payments to be funded from various sources will be determined annually through the budget process. At this time, the most likely candidates are the Housing Trust Fund and General Fund.

Debt service payments will not be required until next fiscal year, and accordingly there is no direct fiscal impact in the current budget year. However, there will be in future years, beginning next year in 2012-13.


As the Council discussed last month in a joint meeting with the Finance Advisory Committee, an increase in the City's Transient Occupancy Tax by 2% would generate approximately \$200,000 a year. The City's General Fund budget is structurally balanced at this time, based on extensive expenditure and service level reductions over the past several years. However, with this potential added annual debt service expenditure, this will likely no longer be the case; and without new revenues, this means further expenditure reductions are likely to be needed for a balanced budget in 2012-13.

The adopted budget calendar includes preparation of draft budget by May 11. In that draft budget, any gap between revenue expenditures will be identified, and mechanisms proposed to balance the overall budget.

ATTACHMENTS:

1. Resolution implementing the financing plan for the Pacific Cove Mobile Home Park relocation
2. Request for proposals for direct placement lease financing
3. Sample notice of termination of tenancy

Report Prepared By: Jamie Goldstein, City Manager
Bill Statler, Interim Finance Director

Reviewed and Forwarded
By City Manager: 

**RESOLUTION OF THE COUNCIL OF THE CITY OF CAPITOLA APPROVING
THE FINANCING PLAN FOR THE PACIFIC COVE MOBILE HOME PARK
RELOCATION PROJECT AND AUTHORIZING RELATED FINANCING
AGREEMENTS AND OFFICIAL ACTIONS**

WHEREAS, the City of Capitola (the “City”) currently owns property upon which is situated a mobile home park known as Pacific Cove, consisting of 44 spaces and 41 mobile homes located generally at 426 Capitola Avenue in the City (the “Mobile Home Park”); and

WHEREAS, at its meeting held on January 12, 2011, the Council of the City approved a Relocation Impact Report which calls for the relocation of existing residents at the Mobile Home Park and determines that the estimated cost of such relocation will be approximately \$2,200,000; and

WHEREAS, the Council wishes at this time to authorize the solicitation of proposals from prospective lenders to provide financing to pay the costs of relocating residents from the Mobile Home Park, including related and incidental costs and expenses (the “Project”), and to approve the execution and delivery of documents and actions relating to the financing of the Project.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Council of the City of Capitola as follows:

Section 1. Approval of Request for Proposals. The Council hereby approves the solicitation of proposals from prospective lenders for the purpose of providing financing for the Project, pursuant to the Request for Proposals in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager, upon the advice of the City’s financial advisor and bond counsel (the “Request for Proposals”).

Section 2. Submission to Prospective Lenders. The Request for Proposals shall be submitted to such prospective lenders as shall be designated by the City Manager upon the advice of KNN Public Finance, a Division of Zions First National Bank (“KNN”), which is hereby designated to act as financial advisor to the City in connection with the financing of the Project. The City Manager is hereby authorized to enter into an agreement with KNN for financial advisor services on a “time and materials” basis in an amount not to exceed \$17,500, including expenses. Such costs shall be funded from the proceeds of the financing.

Section 3. Award. Upon the advice of the financial advisor and bond counsel, the City Manager is hereby authorized and directed to determine which responsible proposal is in the best financial interests of the City, and to execute and deliver such documents as may be required to accept such proposal in the name and on behalf of the City.

Section 4. Reimbursement of Preliminary Project Costs. The Council approves the advance of funds to pay costs of the Project prior to the date on which funding is provided by the designated lender. Any such advances shall be reimbursed to the City from proceeds of the financing.

Section 5. Execution and Delivery of Financing Documents. Following the acceptance of the best responsible proposal to provide financing for the Project, the City Manager shall cause to be prepared a lease agreement, assignment agreement and such other financing documents as are required to implement the financing (collectively, the “Financing

Documents”), based on the advice and with the assistance of Jones Hall, A Professional Law Corporation (“Jones Hall”), which is hereby designated to act as bond counsel to the City in connection with the financing of the Project. The City Manager is hereby authorized to enter into an agreement with Jones Hall for bond counsel services on a “time and materials” basis in an amount not to exceed \$25,000, including expenses. Such costs shall be funded from the proceeds of the financing.

The Financing Documents shall incorporate all of the material terms and provisions of the Request for Proposals, which are hereby incorporated into this Resolution by reference. The principal amount of the financing shall not exceed the amount required to fund the Project budget which is approved in Section 6, and the interest rate on the financing shall not exceed the maximum rate permitted by law. The City Manager is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Financing Documents in the name and on behalf of the City.

Section 6. Project Budget. A Project Budget of \$2,375,500 is hereby approved to be funded from the financing, with estimated costs as follows:

Project Budget	
Relocation	
Coach acquisition and tenant relocation	1,600,000
Coach removal and other costs	500,000
Relocation costs	2,100,000
Relocation assistance services	117,000
Debt issuance	
Financial advisor	17,500
Bond counsel	25,000
Title insurance	3,000
Contingencies at 5%	113,000
Total	\$2,375,500

Section 7. Funding Sources. Annual debt service costs may be funded from any allowable and available funding sources, including but not limited to the General Fund and the Housing Trust Fund. Section 18.02 of the Municipal Code authorizes the use of Housing Trust Fund resources to “assist low or very low income households in purchasing or renting housing.” Based on preliminary information, the City believes the park is occupied by a substantial number of low income residents. The City will verify income status as part of the relocation process and Housing Trust Fund monies may be used (as available) to repay debt in a percentage of debt service costs no higher than the percentage of occupants in the Mobile Home Park who are low income. The amount of debt service payments to be funded from various sources will be determined annually, usually through the budget process but subject to amendment during the year. Any funds advanced by the General Fund for the share of other allowable costs from other funding sources may be reimbursed in subsequent years as funds become available.

Section 8. Official Actions. The City Manager, the Finance Director, the City Clerk and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by this Resolution and the Financing Documents. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action,

such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED at a regular meeting of the Council of the City of Capitola on January 26, 2012, by the following called vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Michael Termini, Mayor

_____, CMC
Susan Sneddon, City Clerk

January 27, 2012

Lending Institution
Name, Title
Mailing Address
City, State Zip Code
Email address

Re: Request for Proposals – City of Capitola, CA Private Placement Lease Financing

Dear _____:

KNN Public Finance is soliciting proposals on behalf of the City of Capitola (the “City”) in connection with a private placement (direct purchase) of approximately \$2.4 million of 2012 lease-secured obligations (the “Obligations”) to finance the relocation of tenants at a mobile home park, owned by the City. The security will be a long-term obligation of the City to make rental payments from its General Fund or other legally available funds for the use of its existing City Hall, subject to customary abatement provisions. Because of the use of proceeds the financing will not be federally tax-exempt. To our knowledge, the City is not currently rated by a nationally recognized rating agency. The City’s most recent financial audit for FY 2010-11 is available at <http://www.ci.capitola.ca.us/capcity.nsf/CtyAdFinance.html>

City of Capitola – Introduction

The City of Capitola is located in Santa Cruz County on the Monterey Bay, south of the City of Santa Cruz. The City was incorporated as a general law city in 1949, governed by the General Law Statutes of the State of California. The City government operates on a Council-Manager form of administration.

According to the 2010 US Census, the city has a total area of 1.7 square miles and population of 9,918. As California’s oldest seaside resort, tourism and retail trade are major contributors to the City’s economy.

For more information on the City, please visit www.ci.capitola.ca.us.

Use of Proceeds

Due in part to flooding damage from a broken storm sewer sustained in March 2011, the City is in the process of relocating tenants of Pacific Cove, a 44-space City-owned mobile home park. The City estimates the related relocation costs would amount to approximately \$2.2 million. The proposed financing will fund these relocation costs as well as financing costs and contingencies, for total authorized borrowing of about \$2.4 million; and will not have a debt service reserve fund.

Because of the use of proceeds, interest on the financing will be federally taxable. Bond counsel advises that interest on the financing will be exempt from State of California income taxation.

Description of the Leased Asset

The proposed leased asset is Capitola City Hall located at 420 Capitola Avenue. This complex includes a two-story office building of 10,252 sq ft, a museum building of 720 sq ft, a 2,500 sq ft single-story building used for offices and storage and parking located on a 36,894 sq ft parcel. All City offices, including the Police Department, are located at this site. The complex is located in the City’s Central Village Zoning District, which allows for commercial uses.

The City Hall complex currently has an insured replacement value of \$3.3 million. A portion of the complex is in a flood hazard zone.

The City is a member of the Monterey Bay Area Self Insurance Authority, a joint powers authority comprising the City and nine other local jurisdictions, through which the City self insures for property, casualty and workers compensation for losses up to \$20 million per insured event. The City does not currently maintain earthquake or flood insurance on City Hall.

The lease will include customary substitutions provisions, giving the City the right to substitute the leased asset upon meeting certain conditions.

Considerations and Proposal Parameters

The following provides considerations and parameters to assist you in your development of a proposal. Proposals may contain multiple pricing/structuring options within the parameters indicated below.

- Anticipated Closing Date: Thursday, March 15th, 2012
- Site Lessor/Facilities Lessee: City of Capitola, CA (the “City”)
- Site Lessee/Facilities Lessor: Capitola Financing Authority (the “Authority”), a joint powers authority created by and between the City and its redevelopment agency, or such alternative lessor as suggested by proposer
- Bond Counsel: Charles Adams, Jones Hall
- Financial Advisor: KNN Public Finance, a Division of Zions First National Bank
- Purpose: The purpose of this transaction is to pay the costs of relocating residents from the Pacific Cove Mobile Home Park, including related and incidental costs and expenses, and to pay for certain costs of issuance
- Leased Asset: Capitola City Hall
- Structure/Security: The City will covenant to budget and annually appropriate for lease payments to the Authority for the use and occupancy of the Facility. The City is obligated to make all the payments under the lease agreement for the term of the lease, subject to customary abatement

provisions in the event the Facility is not available for the City's beneficial use and enjoyment due to damage, destruction or condemnation.

- Substitution: The City may substitute the leased asset upon meeting certain customary substitution conditions, including filing with the lender (the "Purchaser") a certificate evidencing that the annual fair rental value after the substitution will exceed base rental payments under the lease.
- Insurance: The City will covenant to provide property and casualty insurance (excluding flood and earthquake), as well as rental interruption insurance equivalent to two years of lease payments. The City will obtain a CLTA title insurance policy, which insures the lease which secures the financing, at its expense, in a coverage amount equal to the principal amount of the financing.
- Debt Service Reserve Fund: The proposed financing will not have a debt service reserve fund.
- Term: The City is requesting proposals for terms of 15 and/or 20 years. While preference will likely be given to proposals with a fixed interest rate for the life of the loan, the City will also entertain proposals with a ten-year fixed rate with a reset based on a market index.
- Debt Service Structure: Level debt service with semi-annual interest payments and semi-annual or annual principal payments. The City has current use and occupancy of the leased asset so there will be no funded capitalized interest.
- Optional Prepayment: Please provide pricing for structures with 5-year and 10-year optional prepayment. Please indicate any other prepayment options that would be available to the City and the associated pricing.
- Interest Rate: For each proposed pricing/structuring option, please indicate the proposed interest rate, while articulating clearly: 1) the proposed term (15 or 20 years), 2) interest rate mode (fixed throughout, or fixed for 10-years with an index-based reset, identifying the index and current index rate, and formula for the reset), 3) principal payments (semi-annual or annual), 4) prepayment option, and 5) any other relevant parameters. If you offer a rate lock, indicate the term and cost of such rate lock.
- Other covenants: Please indicate any other special terms and conditions associated with your proposal.
- The City will only entertain a "best efforts" covenant to substitute the leased asset, if damaged or destroyed by earthquake or other

uninsured casualty, for which rental interruption insurance is not available.

The City reserves the right to reject any proposal based on special terms and conditions which it deems not to be in its best interests.

- Sale: Direct private placement. The Purchaser of the Obligations will be required to certify that it is not investing with a view to resale and other standard “sophisticated investor” private placement certifications. No Official Statement or other disclosure document will be prepared.
- Purchaser Counsel: Please specify who you will use as outside counsel.
- Closing Costs and Fees: Please specify your closing costs or fees, if any, which will be reimbursed by the City, including the fees and expenses of your legal counsel if they are intended to be paid by the City from the proceeds of the financing. The Purchaser will be responsible for any CDIAAC fees. The City will be responsible for its costs for preparing the documents, financial advisory services, rendering a validity opinion and title insurance. The City’s costs of issuance are being financed by this transaction. Any other costs will be borne by the Purchaser unless identified in your proposal.
- Credit Approval/Disclosure: At present the City is not planning to seek a rating for the proposed financing, or provide an official statement and/or disclosure document. Please specify any credit approval or disclosure requirements.
- Documentation: All documentation shall be provided by Bond Counsel and shall include all documents, certificates and opinions as are reasonably necessary to evidence and carry out the transaction. All documents must be acceptable to all parties. It is expected that lease payments will be directly assigned to the purchaser of the Obligations without a trustee or fiscal agent. Please indicate your acceptance of this structure. The City is not planning to apply for CUSIPs, or to undertake any responsibility for continuing disclosure under Rule 15c2-12.

Procedures and Deadline

Please provide a proposal by e-mail no later than 9:00 AM Pacific Time on Tuesday, February 14th, 2012. Responses should be sent to Nedko Nedev (nnedev@knninc.com) and David Brodsky (dbrodsky@knninc.com).

The City plans to select and negotiate final terms with a private placement provider based on the proposed terms. The City reserves the right to reject any and all responses; cancel, modify or re-

City of Capitola
Request for Proposals
January 27, 2012

issue the request for proposals; negotiate with any, all or none of the respondents; and solicit best and final offers from any, all or none of the respondents. This request for proposals does not commit the City to complete a transaction, nor does it obligate them to pay for any costs incurred in the preparation and submission of your responses or in the anticipation of a transaction. The City reserves the right to complete a transaction with any of the firms responding to this request for proposals based on City's judgment in evaluating the firm's proposal, including but not limited to its qualifications, capabilities, terms and conditions, and proposed interest rate.

Please do not contact the City directly. Questions about this transaction should be directed to KNN Public Finance. Nedko Nedev can be reached at 510-208-8288, and David Brodsky can be reached at 510-208-8205. Thank you in advance for your participation.

Regards,

Nedko Nedev
Assistant Vice President
nnedev@knninc.com
510-208-8288

Cc: Finance Director (City of Capitola)
David Brodsky (KNN Public Finance)



ATTACHMENT 3

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

DRAFT

January 27, 2012

<<Insert Name>>

<<Insert address>>

426 Capitola Ave, Capitola, 95010

Dear: Coach owner and residents:

At a duly noticed public hearing on January 12, 2012, the Capitola City Council (the "City") approved a Relocation Impact Report for the closure of the Pacific Cove Mobile Home Park, property that you currently occupy at <<insert space number>> 426 Capitola Avenue. A copy of the approved Report is attached. This letter serves as official notice that the City will close the Pacific Cove Mobile Home Park on July 31, 2012¹. This means that you will not have access to your coach, should it remain on City property, after that date.

Notice is hereby given that the City elects to terminate your tenancy in One Hundred and Eighty (180) days and you are hereby to quit and deliver up possession of the property you occupy on or before July 31, 2012. If you do not vacate the Premises by that date, the City may initiate legal proceedings.

To help you find housing and explain your options, the City has retained a relocation specialist who will help you find a place to live if necessary, and determine your relocation benefits. You will be contacted by Jessica Garliepp, of Autotemp, within the next 2 weeks. During this six month period, Jessica will be available to provide assistance with referrals to replacement sites, coordination with movers and other vendors, assistance with processing relocation benefit claim forms, and other tasks to help facilitate your relocation. Jessica can be reached at 888.202.9195 extension 5.

If you have any questions in advance of speaking to Jessica, the City has designated David Foster as the lead staff person to help answer questions you may have. David can be reached at 475-7300.

I understand this may be a difficult process for you, and I encourage you to contact my staff or Jessica to make sure you are aware of the upcoming schedule, and ensure that you receive the benefit to which you are entitled.

Sincerely,

Jamie Goldstein, City Manager
City of Capitola

¹ California Mobilehome Residency Law, Civil Code Section 798.56(g)



Item #: 6.C.

CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

DATE: JANUARY 20, 2012

SUBJECT: CONSIDERATION OF APPROVING A CONTRACT WITH AUTOTEMP, INC. IN AN AMOUNT NOT TO EXCEED \$117,500 FOR RELOCATION OF THE PACIFIC COVE MOBILE HOME PARK RESIDENTS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT.

RECOMMENDED ACTION: That by motion the City Council: authorize the City Manager to execute the Professional Services Agreement with Autotemp, Inc. in an amount not to exceed \$117,500 for tenant relocation services for the Pacific Cove Mobile Home Park, as submitted.

BACKGROUND:

On January 12, 2012 the City Council adopted a resolution approving a Coastal Development Permit and Relocation Impact Report for the closure of the Pacific Cove Mobile Home Park. The Council also directed staff to return to Council with a contract for relocation services.

Staff issued a Request for Proposals for a Pacific Cove Mobile Home Park Relocation Consultant, and two proposals were received. Autotemp, Inc., an Oakland-based small business with experience with relocation programs, was the low bidder of the two proposals received. The Principle at Autotemp, David Richman, has previously worked on relocation studies for the City for the Pacific Cove Mobile Home Park.

FISCAL IMPACT:

The proposed Professional Services Agreement with Autotemp, Inc. is for an amount not to exceed \$117,500 for relocation work with the Pacific Cove Mobile Home Park. All of the costs of this proposed contract are included in the proposed financing plan for the closure of Pacific Cove.

ATTACHMENTS:

1. Draft Standard Agreement
2. Autotemp Proposal

Report Prepared By: David Foster
Housing and Redevelopment Manager

Approved by: Susan Westman, Interim
Community Development Director

**Reviewed and Forwarded
By City Manager:**

ATTACHMENT 1

CITY OF CAPITOLA PROFESSIONAL SERVICES AGREEMENT Pacific Cove Relocation Services contract Autotemp, Inc.

THIS AGREEMENT is entered into on January 27, 2012 by and between the City of Capitola, a Municipal Corporation, hereinafter called "City" and Autotemp, Inc., hereinafter called "Consultant".

WHEREAS, City desires certain services described in Appendix One and Consultant is capable of providing and desires to provide these services;

NOW, THEREFORE, City and Consultant for the consideration and upon the terms and conditions hereinafter specified agree as follows:

SECTION 1 Scope of Services

The services to be performed under this Agreement are for relocation services related to the closure of the Pacific Cove Mobile Home Park and further detailed in Appendix One.

SECTION 2 Duties of Consultant

All work performed by Consultant, or under its direction, shall be sufficient to satisfy the City's objectives for entering into this Agreement and shall be rendered in accordance with the generally accepted practices, and to the standards of, Consultant's profession.

Consultant shall not undertake any work beyond the scope of work set forth in Appendix One unless such additional work is approved in advance and in writing by City. The cost of such additional work shall be reimbursed to Consultant by City on the same basis as provided for in Section 4.

If, in the prosecution of the work, it is necessary to conduct field operations, security and safety of the job site will be the Consultant's responsibility excluding, nevertheless, the security and safety of any facility of City within the job site which is not under the Consultant's control.

Consultant shall meet with City Manager or other City personnel, or third parties as necessary, on all matters connected with carrying out of Consultant's services described in Appendix One. Such meetings shall be held at the request of either party hereto. Review and City approval of completed work shall be obtained monthly, or at such intervals as may be mutually agreed upon, during the course of this work.

SECTION 3 Duties of the City

City shall make available to Consultant all data and information in the City's possession which City deems necessary to the preparation and execution of the work, and City shall actively aid and assist Consultant in obtaining such information from other agencies and individuals as necessary.

The City Manager may authorize a staff person to serve as his or her representative for conferring with Consultant relative to Consultant's services. The work in progress hereunder shall be reviewed from time to time by City at the discretion of City or upon the request of Consultant. If the work is satisfactory, it will be approved. If the work is not satisfactory, City will inform Consultant of the changes or revisions necessary to secure approval.

SECTION 4
Fees and Payment

Payment for the Consultant's services shall be made upon a schedule and within the limit, or limits shown, upon Appendix Two. Such payment shall be considered the full compensation for all personnel, materials, supplies, and equipment used by Consultant in carrying out the work. If Consultant is compensated on an hourly basis, Consultant shall track the number of hours Consultant, and each of Consultant's employees, has worked under this Agreement during each fiscal year (July 1 through June 30) and Consultant shall immediately notify City when the number of hours worked during any fiscal year by any of Consultant's employees reaches 900 hours. In addition each invoice submitted by Consultant to City shall specify the number of hours to date Consultant, and each of Consultant's employees, has worked under this Agreement during the current fiscal year.

SECTION 5
Changes in Work

City may order major changes in scope or character of the work, either decreasing or increasing the scope of Consultant's services. No changes in the Scope of Work as described in Appendix One shall be made without the City's written approval. Any change requiring compensation in excess of the sum specified in Appendix Two shall be approved in advance in writing by the City.

SECTION 6
Time of Beginning and Schedule for Completion

This Agreement will become effective when signed by both parties and will terminate on the earlier of:

- The date Consultant completes the services required by this Agreement, as agreed by the City; or
- The date either party terminates the Agreement as provided below.

Work shall begin on or about January 27, 2012.

In the event that major changes are ordered or Consultant is delayed in performance of its services by circumstances beyond its control, the City will grant Consultant a reasonable adjustment in the schedule for completion provided that to do so would not frustrate the City's objective for entering into this Agreement. Consultant must submit all claims for adjustments to City within thirty calendar days of the time of occurrence of circumstances necessitating the adjustment.

SECTION 7
Termination

City shall have the right to terminate this Agreement at any time upon giving ten days written notice to Consultant. Consultant may terminate this Agreement upon written notice to City should the City fail to fulfill its duties as set forth in this Agreement. In the event of termination, City shall pay the Consultant for all services performed and accepted under this Agreement up to the date of termination.

SECTION 8
Insurance

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial Liability coverage (Occurrence Form CG 0001).
2. Insurance Services office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California.
4. Errors and Omissions Liability insurance appropriate to the consultant's profession. Architects' and engineers' coverage shall include contractual liability.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

1. General Liability: **\$1,000,000** per occurrence and \$2,000,000 in aggregate (including operations, products and completed operations)
2. Automobile Liability: **\$1,000,000** per accident for bodily injury and property damage.
3. Errors and Omissions Liability: **\$1,000,000** per claim and in the aggregate.
Limits

Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City of Capitola, its officers, officials, employees and volunteers are to be covered as additional insured's as respects: liability arising out of work or operations performed by or on behalf of the Consultant or automobiles owned, leased, hired or borrowed by the Consultant.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, returned receipt requested, has been given to the City.
4. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements affecting coverage by this clause. The endorsements should be on forms provided by the City or on other than the City's forms provided those endorsements conform to City requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

SECTION 9 Indemnification

Consultant agrees to indemnify, defend, and hold harmless the City, its officers, agents and employees, from and against any and all claims, demands, actions, damages, or judgments, including associated costs of investigation and defense arising in any manner from consultant's negligence, recklessness, or willful misconduct in the performance of this agreement.

SECTION 10 Civil Rights Compliance/Equal Opportunity Assurance

Every supplier of materials and services and all consultants doing business with the City of Capitola shall be in compliance with the applicable provisions of the Americans with Disabilities Act of 1990, and shall be an equal opportunity employer as defined by Title VII of the Civil Rights Act of 1964 and including the California Fair Employment and Housing Act of 1980. As such, consultant shall not discriminate against any person on the basis of race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, age or sex with respect to hiring, application for employment, tenure or terms and conditions of employment. Consultant agrees to abide by all of the foregoing statutes and regulations.

SECTION 11 Legal Action/Attorneys' Fees

If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees in addition to any other relief to which he or she may be entitled. The laws of the State of California shall govern all matters relating to the validity, interpretation, and effect of this Agreement and any authorized or alleged changes, the performance of any of its terms, as well as the rights and obligations of Consultant and the City.

SECTION 12 Assignment

This Agreement shall not be assigned without first obtaining the express written consent of the Director after approval of the City Council.

SECTION 13 Amendments

This Agreement may not be amended in any respect except by way of a written instrument which expressly references and identifies this particular Agreement, which expressly states that its purpose is to amend this particular Agreement, and which is duly executed by the City and Consultant. Consultant acknowledges that no such amendment shall be effective until approved and authorized by the City Council, or an officer of the City when the City Council may from time to time empower an officer of the City to approve and authorize such amendments. No representative of the City is authorized to obligate the City to pay the cost or value of services beyond the scope of services set forth in Appendix Two. Such authority is retained solely by the City Council. Unless expressly authorized by the City Council, Consultant's compensation shall be limited to that set forth in Appendix Two.

SECTION 14 Miscellaneous Provisions

1. *Project Manager.* The City Manager reserves the right to approve the project manager assigned by Consultant to said work. No change in assignment may occur without prior written approval of the City.

2. *Consultant Service.* Consultant is employed to render professional services only and any payments made to Consultant are compensation solely for such professional services.

3. *Licensure.* Consultant warrants that he or she has complied with any and all applicable governmental licensing requirements.

4. *Other Agreements.* This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter, and no other agreement, statement or promise related to the subject matter of this Agreement which is not contained in this Agreement shall be valid or binding.

5. *City Property.* Upon payment for the work performed, or portion thereof, all drawings, specifications, records, or other documents generated by Consultant pursuant to this Agreement are, and shall remain, the property of the City whether the project for which they are made is executed or not. The Consultant shall be permitted to retain copies, including reproducible copies, of drawings and specifications for information and reference in connection with the City's use and/or occupancy of the project. The drawings, specifications, records, documents, and Consultant's other work product shall not be used by the Consultant on other projects, except by agreement in writing and with appropriate compensation to the City.

6. *Consultant's Records.* Consultant shall maintain accurate accounting records and other written documentation pertaining to the costs incurred for this project. Such records and documentation shall be kept available at Consultant's office during the period of this Agreement, and after the term of this Agreement for a period of three years from the date of the final City payment for Consultant's services.

7. *Independent Contractor.* In the performance of its work, it is expressly understood that Consultant, including Consultant's agents, servants, employees, and subcontractors, is an independent contractor solely responsible for its acts and omissions, and Consultant shall not be considered an employee of the City for any purpose.

8. *Conflicts of Interest.* Consultant stipulates that corporately or individually, its firm, its employees and subcontractors have no financial interest in either the success or failure of any project which is, or may be, dependent on the results of the Consultant's work product prepared pursuant to this Agreement.

9. *Notices.* All notices herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given and fully received when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed to the respective parties as follows:

CITY
CITY OF CAPITOLA
420 Capitola Avenue
Capitola, CA 95010
831-475-7300

CONSULTANT
Autotemp, Inc.
373 4th Street, Suite 2A
Oakland, CA 94607
510 238-93386

By: _____
Benjamin Goldstein, City Manager

By: _____
David J. Richman, R/W-RAC Principal

Dated: _____

Dated: _____

Approved as to Form:

John G. Barisone, City Counsel

APPENDIX ONE

Scope of Services

To provide relocation assistance to the current residents of the City-owned Pacific Cove Mobile Home Park. Relocation of the current 41 mobile homes in the park will be carried out in accordance with the Relocation Impact Report and Relocation Plan prepared by Overland Pacific & Cutler, Inc. (including the procedures outlined in Section G beginning on page 49)

Program Development and Management

Successful implementation of a disposition project requires a thorough and coordinated effort during planning, preparation and implementation stages. Autotemp provides management services during all phases of this process. Such services include the following:

- Advise and assist in the development and implementation of any internal administrative policies, procedures, forms and notices necessary for the support of an effective program
- On-going project planning and preparation to minimize potential legal, financial and administrative difficulties
- General consultation, project coordination and tracking with the Agency, governmental entities, consultants, vendors and project team members to ensure that goals are accomplished in a timely manner.
- Organize, manage and represent the Agency in citizen group meetings, presentations, hearings and other meetings as requested.
- Prepare project completion report.

Residential Relocation Services

- Secure basic case information and set up case file; maintain the necessary case documentation and contact diary throughout the course of our involvement with the claimant.
- Conduct initial in-depth field interview with claimant: document rent, income, family size, names/ages of occupants and determine relocation needs, preferences and special requirements; provide general information notices and brochure; explain relocation process, rights and benefits available.
- Provide on-going advisory assistance to minimize hardships on claimants, including referrals to and coordination with community service resources, public housing and other public services as needed.
- Document rent with rental agreement, receipts, or economic rent if needed.
- Document/verify income using pay stubs, budget worksheets, tax returns, certification and/or cash affidavit as necessary. Use rent-to-rent method if income cannot be verified.
- Search for and document comparables for each claimant: provide initial referrals and three sets of additional housing referrals every 4-6 weeks, as necessary.
- Prepare notice of eligibility based on most appropriate comparable.

- Deliver letter of eligibility to claimant, discuss findings and impacts to occupants' particular needs.
- Prepare and deliver 180-day notices to vacate at the time the notice of eligibility is delivered, 90 day notices to vacate and any other necessary notices.
- Arrange for transportation to view replacement sites if needed; assist claimants with their selection of a replacement site, with lease offers, with review of rental agreements and with move bids or fixed moving payment.
- Inspect selected site to ensure it meets decent, safe and sanitary requirements.
- Monitor the replacement site escrow and explain the relocation process to agent and escrow officer as necessary.
- Provide escrow coordination for those residents who purchase a replacement home or mobile home.
- Review and discuss claimants' moving plans in advance of physical move.
- Coordinate services of mobile home movers or personal property movers for displacees, as necessary.
- Verify vacation of the displacement site and secure a certificate of abandonment.
- Determine eligibility for proposed amount of relocation benefits, including actual and reasonable moving payments, rental/purchase differential payments, and fixed payments as applicable.
- Secure and process an advance claim to assist with the move and a second final claim incorporating the moving costs and rental/purchase differential payment once the household has moved to the selected displacement site.
- Each claim will be signed by the claimant, supported by appropriate back-up (written bids, schedules, receipts, etc.) and will be reviewed by Autotemp for recommendation before submitting to client for approval. Each claim check will be delivered to claimant in person (as feasible) and a receipt of payment will be secured.

**APPENDIX TWO
Fees and Payments**

For the services preformed, City will pay consultant on a time-charge plus expense basis, monthly as charges accrue, the sum of consultant's salary expenses and non-salary expenses.

Salary expenses include the actual direct pay of personnel assigned to the project (except for routine secretarial and account services) plus payroll taxes, insurance, sick leave, holidays, vacation, and other fringe benefits. The percentage of compensation attributable to salary expenses includes all of Consultant's indirect overhead costs and fees. For purposes of this Agreement, Consultant's salary expenses and non-salary expenses will be compensated at the rates set forth in the fee schedule attached to this appendix and in accordance with the terms set forth therein. Non-salary expenses include travel, meals and lodging while traveling, materials other than normal office supplies, reproduction and printing costs, equipment rental, computer services, service of subconsultants or subcontractors, and other identifiable job expenses. The use of Consultant's vehicles for travel shall be paid at the current Internal Revenue Service published mileage rate.

Salary payment for personnel time will be made at the rates set forth in the attached fee schedule for all time charged to the project. Normal payroll rates are for 40 hours per week. Consultant shall not charge the City for personnel overtime salary at rates higher than those set forth in the attached fee schedule without the City's prior written authorization.

In no event shall the total fee charged for the scope of work set forth in Appendix One exceed the total budget of \$117,500 (One Hundred Seventeen Thousand, Five Hundred Dollars and Zero Cents), without specific, written advance authorization from the City.

Payments shall be made monthly by the City, based on itemized invoices from the Consultant which list actual costs and expenses. Such payments shall be for the invoice amount. The monthly statements shall contain the following affidavit signed by a principal of the Consultant's firm:

"I hereby certify as principal of the firm of _____, that the charge of \$_____ as summarized above and shown in detail on the attachments is fair and reasonable, is in accordance with the terms of the Agreement dated _____, __, and has not been previously paid."

Fee Schedule:

At this time, we anticipate there are approximately thirty-six households that will need to be displaced. Relocation implementation services will be provided based on the case rate shown below, and will be adjusted to reflect the actual number of cases.

Autotemp's cost proposal is as follows, and will remain valid for 120 days:

Program Development and Management

(hourly, not to exceed without prior approval)
\$5,000.00

Residential Relocation Services (hourly not to exceed)

Fifteen-Owner-Full Time Occupant – per case	\$3,800.00	\$57,000.00
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Five- Owner- Part Time Occupant – per case	\$2,500.00	\$12,500.00
Eleven - Owner-non-occupant – per case	\$2,000.00	\$22,000.00
Six -Tenant Occupant - per case	\$3,500.00	\$21,000.00

Total not to exceed
\$117,500.00

Our services would be provided based on the following hourly rate schedule:

Principal	\$165.00 per hour
Consultant	\$120.00 per hour
Project Support	\$ 50.00 per hour

Autotemp considers photocopying, first class postage, telephone, facsimile and cellular communication charges as a normal part of doing business. These charges are included in the stated hourly rates. Out-of- pocket expenses – including pre-approved travel and lodging, outside exhibit preparation, requested overnight courier or registered and/or certified mail (return receipt requested) charges and, specialty reproduction – unless otherwise specified, are in addition to the contract amount and will be charged at cost plus ten percent (+10%) for administration, coordination and, handling. Subcontracted services – other than those listed above – will be invoiced at cost plus ten percent (+10%).

In the event Autotemp is required to perform any act in relation to litigation arising out of any project with the Agency, whether that be expert consulting or responding to a complaint or proceeding with discovery and trial, such services are not part of this contract, nor are they part of our normal fees and, if required, shall be invoiced at two times hourly rates. Grievance procedures are also excluded from our normal fees, but will be billed at the normal rate.

373 4th Street, Suite 2A, Oakland, CA 94607 | Tel (510) 238-9386 | autotemp@qnet.com

A U T O



T E M P

Mammoth Lakes (760) 934-4263

Toll-Free (888) 202-9195

December 28, 2011

Jamie Goldstein, City Manager
City of Capitola
420 Capitola Avenue
Capitola, CA 95010

RE: Proposal – Pacific Cove Mobile Home Park Closure

Dear Mr. Goldstein:

Autotemp is pleased to submit this proposal to provide relocation implementation services for the proposed closure of the Pacific Grove mobile home park in Capitola.

Autotemp has an understanding of the scope of work involved and the qualified personnel to meet your requirements in developing and implementing a program of this nature. Our experience with mobile home park closures throughout California and specifically our involvement with preliminary studies regarding the Pacific Grove Mobile Home Park; the necessary community outreach for a successful project; the ability to interact with Council members, staff and advocates; relationships with most of the affordable housing developers in the area; combined with our knowledge regarding Mobile Home Park closure requirements and relocation law, makes David Richman and Autotemp the ideal candidate for your project needs. In addition, as one of the largest providers of relocation assistance in Northern California, Autotemp is able to devote the resources necessary for a timely completion of the proposed park closure.

Successful implementation of a relocation project requires a thorough and coordinated effort during the planning and preparation stages to see a project to a timely and cost-efficient completion. Autotemp proposes to oversee and provide

project management at all stages of the project and is capable of beginning work immediately. Developing a relationship, inspiring confidence and education are all critical components of our interactions, leading to the success of the project. Imagine how a household reacts when they hear about the “loss of their home”.

Program development, management and direct inter-face between Capitola and Autotemp will be with David Richman. Mr. Richman, the principal of Autotemp, has been providing program development, project management and implementation consulting services to various government agencies, non-profit Mr. Richman has worked directly with the City of Capitola, its engineers, RBF Consulting, and legal counsel on the Pacific Grove Mobile Home Park. Primary contact with the residents will be with Mr. Richman and/or his associates, most of whom are bilingual.

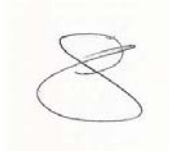
The prerequisite knowledge of the various rules and regulations, planning and innovative solutions combined with the attention and the unsurpassed level of service that is necessary, has led to the successful completion of hundreds of projects involving thousands of low income households. This success can be measured not only from the perspective of the client, but by those impacted by the project. Mr. Richman is available at 510.238.9386 or by e-mail at david@autotempservices.com or at 373 4th Street Suite 2A, Oakland 94607.

Autotemp is certified under the Small Local Emerging Business (SLEB) Program of Alameda County, is available to begin work immediately.

I want to assure you that it has always been and will continue to be our goal to provide relocation assistance and consulting services to our clients on the most cost-efficient basis possible. If you have any questions or comments regarding this Statement of Qualifications, please feel free to contact me.

We look forward to assisting you with your project.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. Richman', enclosed in a light yellow rectangular box.

David J. Richman

Firm Name:

Autotemp, Inc.

Address: 373 Fourth Street Suite 2A, Oakland, CA 94607

phone and fax number: 510.238.9386

e-mail: david@autotempservices.com

Additional office location: Mammoth Lakes, CA

Type of organization: corporation

Responsible Principal and Project Manager:

David Richman

Mr. David Richman, R/W-RAC, has a clear vision of providing excellent client service and treating the communities and individuals who are affected by the projects with courtesy and respect. We are committed to providing the City of Capitola with outstanding professional and knowledgeable customer service, combined with efficient business processes.

We pride ourselves in our integrated start-to-finish service, which includes project planning and management, community outreach, implementation and representation.

Mr. Richman is a designated Right of Way Relocation Assistance Certified (R/W-RAC) professional. Mr. Richman routinely makes presentations about the changing dynamics of our profession and participates in major industry associations including the CRA and IRWA.

Mr. Richman has provided real estate related services to hundreds of clients throughout the United States. Because each project is unique, Autotemp takes great pride in planning its process accordingly. Autotemp provides comprehensive planning assistance services to public and private sector clients. Mr. Richman has handled several hundred projects, hundreds of community meetings, and many board meetings. Since all of our work ultimately involves the public, we are sensitive to the human and political aspects of the work we undertake. We believe strongly in thorough planning, budget analysis and above all, communication and building trust.

We know the importance of the timely delivery to meet project schedules, and do so in a manner that maintains full eligibility for funding participation from other sources. Autotemp's objective is to provide our clients with exceptional service and innovative solutions while delivering projects in a cost effective manner. Clients across the nation have benefited from the strength of our experience and our commitment.

David J. Richman, R/W-RAC Principal

Autotemp

373 4th Street, Suite 2A, Oakland, CA 94607
San Francisco Bay Area (510) 238-9386
Toll-Free (888) 202-9195

Professional Credentials

Education:

Bachelor of Science in Business
Management, California State University,
Northridge

Graduate Coursework in Business
Management, University of Southern
California

Certification as Relocation Assistance
Specialist - IRWA

Professional Affiliations:

Board of Directors, Mountain
Meadows Mutual Water Company
Member, California Association of Licensed
Investigators (CALI)

Member, Defense Investigators Association
(DIA)

Member, International Right of Way
Association (IRWA)

Member, California Redevelopment
Association (CRA)

Instructor, Business and Residential
Relocation Seminars

Recipient Medal of Valor



As a principal, Mr. Richman has full management and fiscal responsibilities for operations from offices in Oakland and Mammoth Lakes, along with projects nationwide. He is responsible for the preparation of Replacement Housing Plans, Relocation Plans and replacement housing needs analyses, cost studies, relocation impact studies and general informational brochures. Mr. Richman provides program development, project management and implementation services on numerous local and national projects. He acts as Project Manager on large-scale acquisition/relocation projects including residential, agricultural and business occupants along with affordable housing rehabilitations. Mr. Richman maintains schedules, budgets, manpower requirements and community outreach and interaction services. The projects have involved a variety of funding sources that require compliance with the Federal as well as State of California law, regulations and guidelines.

Mr. Richman has been instrumental in delivering projects on time and on budget using creative solutions for difficult situations. He speaks at public meetings, conferences and citizen participation groups, markets company services and prepares marketing proposals. He is also actively involved in training and presentations through the California Redevelopment Association.

His project experience is not only as a Project Manager but also as a case worker, working with people representing all socio-economic levels, for transportation projects, school sites, redevelopment, affordable housing, airport, highways, public facilities, parks and the disposition of public housing.

Mr. Richman has also managed numerous projects for non-profit and for-profit developers and housing authorities such as the Alameda County, Dublin, San Francisco and Oakland Housing Authorities, Mercy Housing, Eden Housing, RCD, AHA, Pacific Companies, Citizens Housing, TODCO, South County Housing, John Stewart Company and BRIDGE Housing Corporation.

From conversion impact reports to advisory assistance, private or public closures, pre-planning and cost studies, Mr. Richman has been involved with the closure of numerous parks throughout California.

Key Personnel:

Key personnel, in addition to Mr. Richman, include the following associates:

Teresa R. Laverde
Jessica Garliepp
Paul R. Burns

Mr. Richman has been assisted on hundreds of projects by his associates, Teresa R. Laverde, Jessica Garliepp and Paul Burns. With bilingual capabilities, they have been instrumental in project success through interactions with individual households. Developing a relationship, inspiring confidence and education are all critical components of our interactions, leading to the success of the project.

Our overriding goal and approach is to complete our work in a timely and technically correct manner, while treating the people impacted by the project in a respectable and equitable manner. Success is contingent upon communicating and obtaining information from people who can be fearful, angry and may possess limited knowledge of the complex process affecting their homes.

Our work plan's philosophy considers its client to be the City of Capitola along with the individuals with whom we will interact. This philosophy of displaced occupants being our client translates into a continual personal presence and an interest in providing whatever services are necessary. Developing a relationship, inspiring confidence and education are all critical components of our interactions, leading to the success of the project.

It is also critical to identify the concerns and objectives of all stakeholders, including the City, residents, community groups along with other government agencies, community based organizations and resident advocate groups. It is imperative that we address the residents' concerns equitably while attaining the goals of the City. The benefit of our approach is cost effectiveness, reduction in project delays, and a decrease in potential exposure. We are more than technicians that comply with the rules - we solve problems.

Resumes for Teresa, Jessica and Paul follow on the next page.

Present Staff:

Our present staff includes five associates and one project support personnel.

Teresa R. Laverde

Consultant/Associate

Autotemp

373 4th Street, Suite 2A, Oakland, CA 94607
San Francisco Bay Area (510) 238-9386
Toll-Free (888) 202-9195

Professional Credentials

Initial Year in Industry: 2002

Education:

Bachelor of Arts in Practice of Art
University of California at Berkeley
Master of Business Administration in Global
Management Curriculum
University of Phoenix at Walnut Creek

National Highway Institute Courses:

141045 – Real Estate Acquisition Under the
Uniform Act: An Overview

Supplemental Courses:

Uniform Act Revisions
Advanced Residential Relocation
Basic Business Relocation
Advanced Business Relocation

Professional Affiliations:

Member, Community Redevelopment
Association (CRA)



Ms. Laverde provides relocation advisory and financial assistance to displaced persons and businesses as a result of acquisition of real property for public or private use. Ms. Laverde has a working knowledge of both federal and state regulations relating to relocation assistance and benefits.

She acts as Project Manager on relocation projects including residential and business occupants along with affordable housing rehabilitations. She provides advisory assistance services to displacees, including informational brochures outlining benefits, assistance and grievance procedures and other services to minimize hardships.

Ms. Laverde is actively involved in our temporary relocation programs, not only through implementation but the training of on-site personnel and the auditing of files. She has been involved in the preparation of relocation plans and funding plans.

Ms. Laverde is fluent in Spanish, writing, reading and conversationally and is an experienced translator and interpreter.

Ms. Laverde has assisted with the relocation of hundreds of residential and business tenants and owner-occupants for numerous agencies and non-profit developers.

Her agency clients include:

City of Lafayette
City of Richmond Redevelopment Agency
City of Mountain View Public Works Department
City of Redwood City Public Works Department
City of East Palo Alto
City of Fresno Redevelopment Agency
Housing Authority of Alameda County
Oakland Housing Authority

Her non-profit/for profit clients include:

Fireside Affordable Housing/Citizens Housing
Bridge Housing, Inc.
Ecumenical Association for Housing, Inc.
The John Stewart Co.
Mercy Housing California
Eden Housing, Inc.
Volunteers of America, Inc.
National Community Renaissance
Resources for Community Development
Community Housing Sonoma County

Jessica Garliepp Consultant/Associate

Autotemp

373 4th Street, Suite 2A, Oakland, CA 94607
San Francisco Bay Area (510) 238-9386
Toll-Free (888) 202-9195

Professional Credentials

Initial Year in Industry: 2004

Education:

General Coursework, Psychology & Ethnic Studies, Diablo Valley College, Pleasant Hill, CA

Supplemental Courses:

Residential Relocation

Licenses:

Real Estate License, California

Professional Affiliations:

Member, Community Redevelopment Association (CRA)



Ms. Garliepp provides relocation advisory and financial assistance to displaced persons and businesses as a result of acquisition of real property for public use. She provides written informational statements outlining benefits, assistance and grievance procedures and other advisory services to displacees in order to minimize hardships. She is actively involved in our temporary and permanent relocation programs. Her duties include performing initial interviews and evaluation, processing benefits, explain and execute a memorandum of understanding contract with tenants, coordinating moves, conducting replacement site inspections and performing extensive file documentation and final relocation while ensuring compliance with applicable federal, state and local guidelines. Because she is fluent in Spanish, she is able to effectively communicate with a diverse client base.

Her agency clients include:

City of East Palo Alto
Dublin Housing Authority
Housing Authority of Alameda County
Contra Costa Redevelopment Agency
Redevelopment Agency of the City of San Jose
City of Mountain View Public Works Department
Oakland Housing Authority
Tenderloin Neighborhood Development Corp.
Oakland Housing Authority

Her non-profit/for profit clients include:

Ecumenical Association for Housing, Inc.
TMG Partners
Devine & Gong, Inc.
Eden Housing, Inc.
Resources for Community Development
Affordable Housing Associates
Related Companies of California
Tenderloin Neighborhood Development Corporation
National Community Renaissance
California Pacific Medical Center
Treasure Island Community Development
MidPen Housing

Past Relevant Experience

Realtor / Mortgage Loan Officer

As a State Certified Realtor and Mortgage Loan Officer, Ms. Garliepp coordinated all transactions involved in the purchase and sale of homes. Other tasks included residential and commercial leasing, screening/interviewing potential prospective rental candidates, property management, coordination of investments, marketing and advertisement, financial strategizing and budget control.

Paul R. Burns **Consultant/Associate**

Autotemp

373 4th Street, Suite 2A, Oakland, CA 94607
San Francisco Bay Area (510) 238-9386
Toll-Free (888) 202-9195

Professional Credentials

Initial Year in Industry: 2008

Education:

A.A. Degree, El Camino College
Additional Studies, California State
University, Long Beach

Supplemental Courses:

Residential Relocation
Business Relocation

Mr. Burns provides relocation advisory and financial assistance to displaced businesses and persons and as a result of acquisition of real property for public use. He provides written informational statements outlining benefits, assistance and grievance procedures and other advisory services to displacees in order to minimize hardships. His duties include performing initial interviews and evaluation, providing a detailed description of available benefits, replacement site searching and referrals, processing benefits, coordinating moves, conducting replacement site inspections, benefit eligibility analysis and claim generation, and maintaining extensive file documentation and while ensuring compliance with applicable federal, state and local guidelines. He fulfills a variety of functions including document preparation and compiling, assisting in research and analysis for cost studies, site searching and other field work.

Mr. Burns has assisted with the relocation of residential and business tenants for numerous agencies and non-profit developers.

His agency clients include:

County of Alameda
Santa Clara Valley Transportation Authority (VTA)
Regents, University of California
Dublin Housing Authority

His non-profit/for profit clients include:

Affordable Housing Associates
Bernal Heights Neighborhood Center
BRIDGE Housing
Burbank Housing.
Eden Housing, Inc.
Mid-Peninsula Housing Coalition
Mercy Housing of California
Tenderloin Neighborhood Development Corporation
Treasure Island Community Development

Past Relevant Experience

Mr. Burns has worked for many years with business owners and individuals, from a variety of socio-economic strata's, in highly stressful situations.



Current projects or Commitments for Relocation Services:

Administrative Offices of the Court, State of California
Keller Plaza, Oakland Housing Authority
Mid-Peninsula Housing Coalition – Freedom
Resources for Community Development - Alameda
Satellite Housing – Oakland
Retirement Housing Foundation - Sacramento

Major Projects Completed:

Since 2000, Mr. Richman has provided relocation consulting services throughout the Nation. He has provided consultant services to many public agencies in the regional area including the *Oakland Housing Authority, the San Francisco Mayor's Office of Housing, the San Francisco Redevelopment Agency, the Alameda County Redevelopment Agency, the Housing Authority of Alameda County, The Dublin Housing Authority, The Housing Authority of Alameda County, Napa County Transportation Planning Agency, and the San Francisco Housing Authority*. Autotemp has worked with various non-profits and for-profit developers, including the *John Stewart Company, MidPeninsula Housing, RCD, TNDC, Mercy Housing, BRIDGE Housing, Community Housing Sonoma County, Napa Valley Community Housing, and Eden Housing*, using government funding, in the surrounding area. Mr. Richman has coordinated projects with federal and state oversight agencies such as Caltrans, Department of Housing and Urban Development, FAA, FHWA and the FTA.

Locally, Autotemp has recently provided relocation services in Aptos and Freedom, working with over 200 displacees. Because of the size of these projects, housing resources throughout Santa Cruz County were used. The majority of these 200 displacees were Spanish speaking.

Mobile Home Park closures have included the preparation of an impact conversion report and relocation implementation services for BRIDGE Housing and the Meadowbrook Mobile Home Park; preparation of an impact conversion report and relocation implementation services for the City of Milpitas, Trammel Crow Residential and the Law Offices of Margaret Nanda; the preparation of an impact conversion report for Mid-Peninsula Housing Coalition for the Forest Homes Mobile Home Park; preparation of an impact conversion report and relocation implementation services for the City of Moorpark; and relocation implementation services for park closures for the Law offices of Margaret Nanda.

The following are a sample of major projects completed.

Name of project: Disposition of the Scattered Sites
Project location: Oakland, CA
Brief description: Disposition of 1600 scattered public housing sites; community meetings, orientation meetings
Name of owner: Oakland Housing Authority
Contact person: Eric Johnson, Executive Director, 510.535.3140
Specific involvement: program development, management and implementation
Value of project: \$1,500,000. Status of completion: final phase
Name of project: Ashland Village
Project location: San Leandro, CA
Brief description: 150 unit Affordable Housing Rehabilitation
Name of owner: Eden Housing
Contact person: Lihbin Shiao, Mosaic Development 510.251.9811 x 11
Linda Mandolini, Eden Housing 510.582.1460
Andrea Papanastassiou, Eden Housing 510.582.1460
Specific involvement: Program development and management, relocation plan and implementation services

Name of project: Franciscan Motel
Project location: San Francisco, CA
Brief description: Relocation of 17 extremely low income households
Name of owner: Citizen's Housing/Mercy Housing
Contact person: Michael Simmons, Project Manager, 415.845.5527
Specific involvement: Program Development, management and relocation implementation

Name of project: St. Joseph's Medical Center Senior Housing
Project location: Oakland, CA
Brief description: Displacement of 20 commercial enterprises
Name of owner: BRIDGE Housing
Contact person: Smitha Sheshadri, BRIDGE Housing, 415.989.1111
Specific involvement: Program development and management, relocation plan and implementation services.

Name of project: Palomar Apartments
Project location: Vista CA
Brief description: 43 over-income households for an affordable housing project
Name of owner: Volunteers of America
Contact person: Lloyd Wright, Volunteers of America 775.626.9357
Specific involvement: Program development and management, relocation plan and implementation

Name of project: Casa Del Sol
Project location: Woodland, CA
Brief description: reconfiguration and rehabilitation of a mobile home park
Name of owner: CHOC
Contact person: Lee Turner, 530.757.4444 x 105
Specific involvement: Program development, management, funding agency interaction, audit review.

Name of project: Meadow Brook Mobile Home Park/Trestle Glen
Project location: Colma, CA
Brief description: 64 unit Mobile Home/RV Park Closure
Name of owner: BRIDGE Housing
Contact person: Tom Early, BRIDGE Housing, 415.989.1111
Ben Metcalf, HUD, 202.402.6377
Lydia Tan, Related CA, 949.660.7272
Specific involvement: Program development and management, Relocation and impact conversion report, implementation services

Name of project: Milpitas Mobile Home Park
Project location: Milpitas, CA
Brief description: 28 unit Mobile Home/RV Park Closure
Name of owner: Trammel Crow Residential
Contact person: Felix Reliford, City of Milpitas 408.586.3071
Margaret Nanda, Attorney, 408.355.7010
Peter Solar, formerly of TCR, 510.939.9300 ext. 14
Specific involvement: Program development, management and implementation services

Name of project: Forest Homes Mobile Home Park
Project location: South San Francisco, CA
Brief description: 11 unit Mobile Home Park Closure
Name of owner: Mid-Peninsula Housing Coalition
Contact person: Karen Tiedemann, Goldfarb & Lipman, 510.836.6336
Specific involvement: Program development, Relocation and impact conversion report

Name of project: Kaiser Hospital Parking lot
Project location: South San Francisco CA
Brief description: Mobile Home Park Closure
Name of owner: Kaiser Permanente
Contact person: Margaret Nanda, Attorney, 408.355.7010
Specific involvement: Program development, management and implementation services

Name of project: City Hall Expansion
Project location: Moorpark CA
Brief description: 32 unit Mobile Home Park Closure
Name of owner: City of Moorpark
Contact person: Hugh Riley, Assistance City Manager, 805.517.6215
Specific involvement: Program development and management, Relocation and impact conversion report, implementation services

Additional References:

Client	Contact	Telephone Number
Goldfarb & Lipman, LLC Numerous projects	Ms. Karen Tiedemann Ms. Polly Marshall Ms. Jennifer Bell Mr. William DiCamillo Ms. Juliet Cox Mr. Robert C. Mills Mr. David Kroot	510.836.6336
Eden Housing Corp. Numerous Projects	Ms. Linda Mandolini Ms. Kathryn Schmidt Ms. Lihbin Shiao Ms. Katie Lamont	510.582.1460
Housing Authority of Alameda County/Dublin Housing Authority Arroyo Vista Scattered Sites	Ms. Christine Gouig	510.727.8513
Oakland Housing Authority Scattered Sites Tassafaronga	Mr. Phil Neville Mr. Eric Johnson Ms. Ann Dunn Ms. Madhu Misri Ms. Bridget Galka Ms. Patricia Ison	510.535.3140 510.874.1637 510.587.2142 510.587.5126
Redevelopment Agency Of The County Of Alameda Numerous projects	Ms. Marita Hawryluk	510.670.6112
Treasure Island Community Development Treasure Island Redevelopment	Mr. Josh Callahan Ms. Alex Galovich Mr. Jon Yolles	415.905.5332 415.905.5367 415.554.6129
Hunters View Associates S.F. Housing Authority S.F. Redevelopment Agency Mayor's Office of Housing Hunters View Redevelopment	Paul Carney Dominica Henderson Erin Carson Amy Tharpe	415.788.7983 415.715.3215 415.749.2400 415.701.5508
MidPen Housing Various projects	Betsy Wilson Jan Lindenthal	831.707.2134 408.592.9665

Scope of Services:

The recommended scope of services includes the following in addition to the scope identified in the Request for Qualifications:

Program Development and Management

Successful implementation of a disposition project requires a thorough and coordinated effort during planning, preparation and implementation stages. Autotemp provides management services during all phases of this process. Such services include the following:

- Advise and assist in the development and implementation of any internal administrative policies, procedures, forms and notices necessary for the support of an effective program
- On-going project planning and preparation to minimize potential legal, financial and administrative difficulties
- General consultation, project coordination and tracking with the Agency, governmental entities, consultants, vendors and project team members to ensure that goals are accomplished in a timely manner.
- Organize, manage and represent the Agency in citizen group meetings, presentations, hearings and other meetings as requested.
- Prepare project completion report.

Residential Relocation Services

- Secure basic case information and set up case file; maintain the necessary case documentation and contact diary throughout the course of our involvement with the claimant.
- Conduct initial in-depth field interview with claimant: document rent, income, family size, names/ages of occupants and determine relocation needs, preferences and special requirements; provide general information notices and brochure; explain relocation process, rights and benefits available.
- Provide on-going advisory assistance to minimize hardships on claimants, including referrals to and coordination with community service resources, public housing and other public services as needed.
- Document rent with rental agreement, receipts, or economic rent if needed.
- Document/verify income using pay stubs, budget worksheets, tax returns, certification and/or cash affidavit as necessary. Use rent-to-rent method if income cannot be verified.
- Search for and document comparables for each claimant: provide initial referrals and three sets of additional housing referrals every 4-6 weeks, as necessary.
- Prepare notice of eligibility based on most appropriate comparable.

- Deliver letter of eligibility to claimant, discuss findings and impacts to occupants' particular needs.
- Prepare and deliver 180-day notices to vacate at the time the notice of eligibility is delivered, 90 day notices to vacate and any other necessary notices.
- Arrange for transportation to view replacement sites if needed; assist claimants with their selection of a replacement site, with lease offers, with review of rental agreements and with move bids or fixed moving payment.
- Inspect selected site to ensure it meets decent, safe and sanitary requirements.
- Monitor the replacement site escrow and explain the relocation process to agent and escrow officer as necessary.
- Provide escrow coordination for those residents who purchase a replacement home or mobile home.
- Review and discuss claimants' moving plans in advance of physical move.
- Coordinate services of mobile home movers or personal property movers for displacees, as necessary.
- Verify vacation of the displacement site and secure a certificate of abandonment.
- Determine eligibility for proposed amount of relocation benefits, including actual and reasonable moving payments, rental/purchase differential payments, and fixed payments as applicable.
- Secure and process an advance claim to assist with the move and a second final claim incorporating the moving costs and rental/purchase differential payment once the household has moved to the selected displacement site.
- Each claim will be signed by the claimant, supported by appropriate back-up (written bids, schedules, receipts, etc.) and will be reviewed by Autotemp for recommendation before submitting to client for approval. Each claim check will be delivered to claimant in person (as feasible) and a receipt of payment will be secured.

Timeline:

Notice to Proceed	Day 1
Document and Information Assemblage	Days 1 to 25
Issuance of Notices of Eligibility and 180 day notice	Day 30 to 45
On-going Resident meetings/follow-up	Day 45 to 210
On-going referrals	Day 45 to 210
Update NOE, if necessary	Day 150
On-going advisory services including inspections, claims and moving assistance	Day 30 to 240
Vacate dates	Day 60 to 210

Duties of the City:

Provide copies of all documents, rental agreements, waivers, interviews, and ownership information within 24 hours of the notice to proceed.

City will disburse claim payments within five business days of submission of completed claim.

City will assign one contact person, who will respond to any written or verbal requests within one business day.

City will approve any document, letter or directive within three business days.

Fee Schedule

At this time, we anticipate there are approximately thirty-six households that will need to be displaced. Relocation implementation services will be provided based on the case rate shown below, and will be adjusted to reflect the actual number of cases.

Autotemp's cost proposal is as follows, and will remain valid for 120 days:

Program Development and Management

(hourly, not to exceed without prior approval) \$5,000.00

Residential Relocation Services

(hourly, not to exceed)

Fifteen-Owner-Full Time Occupant – per case \$3,800.00	\$57,000.00
Five- Owner- Part Time Occupant – per case\$2,500.00	\$12,500.00
Eleven - Owner-non-occupant – per case \$2,000.00	\$22,000.00
Six -Tenant Occupant - per case \$3,500.00	\$21,000.00

Total not to exceed \$117,500.00

Our services would be provided based on the following hourly rate schedule:

Principal	\$165.00 per hour
Consultant	\$120.00 per hour
Project Support	\$ 50.00 per hour

Autotemp considers photocopying, first class postage, telephone, facsimile and cellular communication charges as a normal part of doing business. These charges are included in the stated hourly rates. Out-of-pocket expenses – including pre-approved travel and lodging, outside exhibit preparation, requested overnight courier or registered and/or certified mail (return receipt requested) charges and, specialty reproduction – unless otherwise specified, are in addition to the contract amount and will be charged at cost plus ten percent (+10%) for administration, coordination and, handling. Subcontracted services – other than those listed above – will be invoiced at cost plus ten percent (+10%).

In the event Autotemp is required to perform any act in relation to litigation arising out of any project with the Agency, whether that be expert consulting or responding to a complaint or proceeding with discovery and trial, such services are not part of this contract, nor are they part of our normal fees and, if required, shall be invoiced at two times hourly rates. Grievance procedures are also excluded from our normal fees, but will be billed at the normal rate.

In the event this contract extends twelve (12) months beyond the initial date of execution, the hourly rates and any remaining amount in the contract shall be adjusted upwardly by approximately five percent (5%) per annum, compounded annually, on the anniversary date of this contract.

Written communication services in other languages would be an additional cost and would be billed separately based on quoted hourly rates by independent translation services.

Autotemp may submit monthly invoices for the professional services rendered based on the hourly rate schedule provided above. **A 5% discount will be allowed if payment is received within 30 days of receipt of invoice.** Substantial changes in the required scope of work may result in the revision of the proposed fees.



CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

DATE: JANUARY 20, 2012

SUBJECT: PUBLIC HEARING TO CONSIDER ADOPTION OF AMENDED ENFORCEABLE OBLIGATION PAYMENT SCHEDULE (EOPS) AND ONGOING FUNDING FOR CAPITOLA CHAMBER OF COMMERCE AND SANTA CRUZ COUNTY CONFERENCE AND VISITORS COUNCIL

RECOMMENDED ACTION: By motion and roll call vote, that the Redevelopment Agency Directors take the following actions:

1. Consider adoption of the Enforceable Obligation Payment Schedule (EOPS) as amended pursuant to Supreme Court decision dissolution of redevelopment agencies.

RECOMMENDED ACTION: Adopt amended Enforceable Obligation Payment Schedule

2. Consideration of source of ongoing funding for Chamber of Commerce, Santa Cruz County Conference and Visitors Council, as related to the state dissolution of the redevelopment agencies and authorize a budget amendment in that amount from the contingency reserve fund.

RECOMMENDED ACTION: Council Direction

BACKGROUND:

At the City Council meeting on January 12, 2012 the City Council voted to become the Successor Agency for the Redevelopment Agency. Under ABx1 26 there are several actions which now are required. The first is for the Council to adopt the Enforceable Obligations Payment Schedule (EOPS) as amended by January 30, 2012 pursuant to the requirements in ABx1 26.

In addition, the Capitola Redevelopment Agency had included in this year's budget the funding of the Chamber of Commerce for \$30,000 and the Santa Cruz County Convention and Visitor Council (SCCCVC) for \$23,000. As no Redevelopment Agency money will be available to meet these two budget items, the Council will need to determine if the city will fund those two groups from the City's General Fund and at what amount.

DISCUSSION:

The legislation which was adopted (ABx1 26) to eliminate redevelopment agencies is not a completely clear piece of legislation. There are a number of items within the legislation that are vague. It is expected that many of these items will be litigated over the next few months by some of the larger agencies.

Part of the legislation does clearly require that there be an adopted amended Enforceable Obligations Payment Schedule. The legislation included the creation of an Oversight Committee which will use the Enforceable Obligations Payment Schedule to determine how the debts and obligations of the prior Capitola Redevelopment Agency shall be discharged. The Oversight Committee appears to have extensive powers to review all obligations.

ABx1 26 is clear that whatever obligations were created between the City which established the agency and that RDA are no longer enforceable obligations. Said simply, the loans which the City of Capitola made to the agency are no longer valid, and the City will not be repaid. There is, however, still some question about the 2003 debt the agency owes the City for the purchase of the Rispin Mansion property.

In order to comply with ABx1 26 the revised Enforceable Obligations Payment Schedule has been modified to eliminate obligations that the legislation clearly prohibits and leaves in place all the other obligations so the matter can be decided by the Oversight Committee.

After adoption, the amended Enforceable Obligation Payment Schedule is required to be posted on the City/RDA's website and provided to the County Auditor-Controller and the State Department of Finance by January 30, 2012. Prior to March 1, the Successor Agency is also required to prepare a revised Recognized Obligation Payment Schedule (ROPS) that must be certified by the County. It is expected that the EOPS and ROPS will be matching documents. The first ROPS becomes effective May 1, 2012 and applies through the end of fiscal 2011-12. Independent County certification, approval from the Oversight Board, and submittal to the State are all required by April 15, 2012. Subsequent ROPS will require the same approval process and will be required twice a year.

In addition to these obligations, the Capitola Redevelopment Agency budget included funding the Capitola Chamber of Commerce for \$30,000 and the Santa Cruz County Visitors and Convention Council (SCCCVS) for \$23,000. This \$23,000 for the SCCVC is not part of the Tourism Marketing District (TMD) room surcharge of approximately \$50,000 per year from Capitola hotels, initiated in October, 2010, which is managed by SCCVC. The \$23,000 City contribution to the SCCVC was part of a county wide program to which all the jurisdictions had agreed to participate. The reason that this funding is no longer available from the RDA is that the budget was adopted after the time when the Redevelopment Agency could make new commitments under ABx1 26. If the Council chooses to continue to fully or partially fund these two organizations the money will need to come from the City's general fund. The sources of that funding would be the Contingency Reserve Fund.

FISCAL IMPACT:

Adoption of the amended Enforceable Obligation Payment Schedule will allow the Redevelopment Agency to make payments on listed obligations that were in effect prior to the adoption of ABX 26. The schedule includes all pass through agreements, existing agreements and contracts, including library trust fund payments, mobile home rental assistance, and City loans.

The final cost to the City from the elimination of the RDA will not be known until after the Oversight Committee makes its determinations.

ATTACHMENTS

1. Revised Enforceable Obligations Payment Schedule

Report Prepared By: Susan Westman
Interim Community Development Director/
Deputy Executive Director and
Lonnie Wagner
Finance Department

Reviewed and Forwarded by
City Manager/Executive Director: _____



CAPITOLA REDEVELOPMENT AGENCY ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

01/20/2012

	Project Name / Debt Obligation/AB8 Fund Number	Payee	Description	Anticipated Total Outstanding Debt or Obligation at 6/30/12	Total Payments Budgeted For Fiscal Year 2011-12	Memo: Total Obligation at 6/30/2011	July, 2011	August, 2011	September, 2011	October, 2011
1)	11055 Statutory pass through	Santa Cruz County	Santa Cruz County - General	5,244,000	560,000	5,804,000	\$ -	\$ 1,019	\$ -	\$ 3,402
2)	91129 Statutory pass through	Central Fire Protection District	Central Fire Protection District	3,081,100	336,000	3,417,100	-	608	-	5,207
3)	99825 Statutory pass through	City Treasurer	City Cooperation Agreement - pass through	1,998,520	200,000	2,198,520	-	353	-	-
4)	11051 Statutory pass through	Santa Cruz County	County Library District	608,100	62,800	670,900	-	119	-	-
5)	88836-8 Statutory pass through	Santa Cruz County	Santa Cruz County Spec. Distr. - Flood	267,100	27,700	294,800	-	52	-	-
6)	79915 Statutory pass through	Live Oak School District	Live Oak School District	1,389,858	339,540	1,729,398	-	618	-	-
7)	79952 Statutory pass through	Soquel School District	Soquel School District	6,742,160	242,900	6,985,060	-	442	-	-
8)	79958 Statutory pass through	Santa Cruz High School District	Santa Cruz High School District	6,446,226	334,894	6,781,120	-	609	-	-
9)	79981 Statutory pass through	Cabrillo Community College District	Cabrillo Community College District	9,048,679	142,823	9,191,502	-	260	-	-
10)	79991 Statutory pass through	n/a	County School Service	n/a	61,602	n/a	-	112	-	-
11)	76-126 Capitola Library Trust	Santa Cruz County	76-126 Capitola Library Trust - \$2,460,000	2,134,520	179,502	2,314,022	-	-	-	-
12)	Capitola Branch Library	Internal Transfer	Library Site Improvements	114,000	-	114,000	-	-	-	-
13)	Capitola Branch Library	Anderson Brule	Library Design	550,000	-	550,000	-	-	-	-
14)	Capitola Branch Library	Internal Transfer	Library Construction	650,000	-	650,000	-	-	-	-
15)	Library District Section 3	Santa Cruz County	Library District Section 3	-	45,911	45,911	-	-	-	-
16)	Special District Section 4	Santa Cruz County	Special District Section 4	-	20,117	20,117	-	-	-	-
17)	County Administrative Fee	Santa Cruz County	Per Revenue & Taxation Code 95.3	360,000	40,000	400,000	-	-	-	-
18)	ERAF 2009	Santa Cruz County	2009 ERAF payment	144,615	-	144,615	-	-	-	-
19)	VARP Vol Alternative Redev. Pmt.	Santa Cruz County	VARP Vol Alternative Redev. Pmt.	1,709,400	798,550	2,507,950	-	-	-	-
20)	Rispin Purchase Loan	City Treasurer	Rispin Purchase Loan - \$1,350,000	2,275,710	104,625	2,380,335	-	-	-	-
21)	Chamber of Commerce	Chamber of Commerce	Annual Chamber of Commerce funding	270,000	30,000	300,000	-	-	-	-
22)	County Tourism	Santa Cruz County Conference & Visitors Council	County Tourism	207,000	23,000	230,000	-	-	-	-
23)	Cooperation Agreement	City Treasurer	Coop Agreement - 1997-2001 Admin - \$618,028	1,041,945	47,895	1,089,840	-	-	-	-
24)	Cooperation Agreement	City Treasurer	City Cooperation Agreement - Annual loan	3,541,920	330,000	3,871,920	-	-	-	-
25)	Tax Anticipation Note	Chase NYC	Tax Anticipation Note - \$1,000,000	1,083,100	47,500	1,130,600	-	-	23,750	-
26)	General Plan Update	City Treasurer	General Plan Update	186,270	-	186,270	-	-	-	-
27)	Rispin Rehabilitation	Internal Transfer	Rispin Rehabilitation	345,000	-	345,000	-	-	-	-
28)	Clares & Wharf Traffic Calming	Internal Transfer	Clares & Wharf Traffic Calming	100,000	100,000	200,000	-	-	-	-
29)	Clares & Wharf Traffic Calming	Harris & Associates	Clares & Wharf Traffic Calming (\$103,000)	-	73,817	73,817	6,742	200	-	400
30)	Clares & 41st Overlay	Internal Transfer	Clares & 41st Overlay	550,000	-	550,000	-	-	-	-
31)	Clares/Wharf Rd Impr./Libr. Pkg.	Internal Transfer	Clares/Wharf Rd Impr./Libr. Pkg.	297,040	-	297,040	-	-	-	-
32)	Misc Capital Projects	Internal Transfer	Misc Capital Projects	107,100	-	107,100	-	-	-	-
33)	Mall Economic Dev Project	Macerich	Mall Economic Dev Project	1,030,000	-	1,030,000	-	-	-	-
34)	Capitola Operating Administration	Internal Transfer	Capitola Operating Administration	2,500,000	250,000	2,750,000	-	-	3,536	5,392
35)	Castle MHP/Millennium Housing	Millennium Housing	Castle MHP/Millennium Housing	900,000	1,100,000	2,000,000	840,000	-	3,300	12,150
36)	Housing Rental Subsidy Program	Santa Cruz Housing Authority	Housing Rental Subsidy Program	2,627,100	291,900	2,919,000	-	-	26,415	15,729
37)	Capitola Low/Mod Housing Set Aside	Internal Transfer	Capitola Low/Mod Housing Set Aside	4,484,700	480,000	4,964,700	-	873	-	2,916
38)	Redevelopment legal counsel	Goldfarb & Lipman/Best, Best & Kreiger	Redevelopment legal counsel	25,000	15,000	40,000	-	-	-	-
39)	Capitola Low/Mod Housing Administration	Internal Transfer	Capitola Low/Mod Housing Administration	1,363,500	221,500	1,585,000	-	-	1,364	4,089
Total Enforceable Obligation Payments Due				\$ 63,423,663	\$ 6,507,576	\$ 69,931,239	\$ 846,742	\$ 5,265	\$ 58,365	\$ 49,285

November, 2011	December, 2011	6 Month Total, June - December 2011	January, 2012	February, 2012	March, 2012	April, 2012	May, 2012	June, 2012	6 Month Total, January - June 2012	Fiscal Year Total July, 2011 - June 2012
\$ -	\$ 271,898	\$ 276,319	\$ 9,536	\$ -	\$ -	\$ 274,145	\$ -	\$ -	\$ 283,681	\$ 560,000
-	-	5,815	162,697	-	-	167,488	-	-	330,185	336,000
-	-	353	103,240	-	-	96,407	-	-	199,647	200,000
-	31,637	31,756	1,110	-	-	29,934	-	-	31,044	62,800
-	13,862	13,914	400	-	-	13,386	-	-	13,786	27,700
-	164,858	165,476	5,782	-	-	168,282	-	-	174,064	339,540
-	117,936	118,378	4,136	-	-	120,386	-	-	124,522	242,900
-	162,602	163,211	5,703	-	-	165,980	-	-	171,683	334,894
-	69,345	69,605	2,432	-	-	70,786	-	-	73,218	142,823
-	29,910	30,022	1,049	-	-	30,531	-	-	31,580	61,602
-	-	-	179,502	-	-	-	-	-	179,502	179,502
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	45,911	45,911	45,911
-	-	-	-	-	-	-	-	20,117	20,117	20,117
-	-	-	-	-	-	40,000	-	-	40,000	40,000
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	104,625	104,625	-	-	-	-	-	-	-	104,625
-	-	-	22,500	-	7,500	-	-	-	30,000	30,000
-	-	-	17,250	-	5,750	-	-	-	23,000	23,000
-	47,895	47,895	-	-	-	-	-	-	-	47,895
-	-	-	-	-	-	-	-	-	-	-
-	-	23,750	-	-	23,750	-	-	-	23,750	47,500
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	2,580	2,580	-	-	-	-	-	-	-	2,580
2,380	200	9,922	-	20,000	20,000	23,895	-	-	63,895	73,817
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	144	9,072	10,000	30,000	30,000	55,000	55,000	60,928	240,928	250,000
-	12,900	868,350	-	-	35,000	-	-	36,650	71,650	940,000
22,046	12,615	76,805	105,000	-	-	-	-	-	105,000	181,805
-	233,055	236,844	5,789	-	-	237,367	-	-	243,156	480,000
-	-	-	-	5,000	-	-	10,000	-	15,000	15,000
1,028	1,402	7,883	78,708	17,000	17,000	33,000	33,000	34,909	213,617	221,500
\$ 25,454	\$ 1,277,464	\$ 2,262,575	\$ 714,834	\$ 72,000	\$ 139,000	\$ 1,526,587	\$ 98,000	\$ 198,515	\$ 2,748,936	\$ 5,011,511



Item #: 6.E.

CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: CITY MANAGER AND FINANCE DEPARTMENTS
DATE: JANUARY 20, 2012
SUBJECT: LONG RANGE FISCAL STRATEGY FOLLOW-UP

RECOMMENDED ACTION: That the City Council:

1. Continue to closely evaluate and implement cost saving opportunities during the upcoming Memorandum of Understanding (MOU) negotiations with the employee groups and future budgeting cycles.
2. Prepare a “benchmark study” using existing in-house resources to assess the City’s fiscal accountability and answer the question: “is the City wisely using the resources it already has?”
3. Develop user fee cost recovery policy, analyze key revenues and make recommendations for changes, as appropriate, as part of the 2012-13 Budget process.

DISCUSSION:

This report is in follow-up to the joint Council/Finance Advisory Committee (FAC) study session held on October 12, 2011, which considered the FAC’s report to the Council on long-term fiscal issues. Based on the discussion from that meeting, this report addresses three key questions:

- Is the FAC’s determination of the long-term “budget gap” accurate?
- Is the “gap” a problem of revenues that are too low or expenditures that are too high? (Or some combination of the two?) How can we best assess if the City is effectively using existing resources?
- What are the action steps needed to address the long-term gap and create fiscal sustainability?

It should be stressed that this report is staff’s response to the FAC’s report. This report does not diminish or change any of the FAC recommendations. It is not intended to define the City’s policy response to a long term funding gap, but rather lay out options and alternatives the City may wish to consider.

Short-Term Versus Long Term Challenges Facing the City

It is important to stress that the City has a balanced budget. Under the two-year budget adopted by the Council for 2011-13, General Fund sources cover outlays. However, this was achieved through budget reductions (and related service level reductions in most cases), including the following:

- Reducing funding for capital improvement plan (CIP) and pavement management projects (one time). This has resulted in a decrease in the pavement quality throughout the City, and deferred the implementation of a number of important infrastructure projects.

- Eliminating Planner and Finance Technician positions (ongoing).
- Holding Police Captain, Finance Director (and now Community Development Director), two Public Works crew, Community Service Officer, one Records Clerk positions vacant (one-time).
- Reclassifying Building Inspector and Public Works Maintenance Crew positions, resulting in the establishment of true entry level positions and a salary savings to the City (ongoing).
- Reducing overall contract expenditures by over \$300,000 through renegotiations or consolidation of responsibilities (ongoing).
- Eliminating the Paid Officer Reserve Program (ongoing).

While the City's budget is fiscally balanced, that does not mean it is balanced from a service perspective. As reflected above, achieving a balanced budget has required service and CIP reductions that may not serve the community well in the longer term.

Accordingly, the challenge facing the City at this point is not about balancing this year's budget: the City has a strong tradition of making the tough fiscal decisions needed to ensure a balanced budget. The City has always adopted a balanced budget, and will continue to do so in the future. The question is: does the City budget appropriately provide for desired service levels, capital improvements and appropriate provisions for the future needs of the City. Are the reduced service levels acceptable for the community in the long run?

Stated simply, the long-term challenge facing the City is not solely a fiscal one; but rather, the challenge is determining if the current day-to-day services and facility/infrastructure maintenance and improvements are the level the community wants – and is willing to pay for. In short, what kind of community does Capitola want to be?

Defining the Long-Term Gap:

In its October 12 presentation to the Council, the FAC defined two kinds of fiscal challenges facing the City:

- One-time needs to restore the contingency reserve and fund relocation of the Pacific Cove mobile home park, and
- The need to fund ongoing service levels and important CIP projects.

The following table summarizes both of these, with one-time needs of \$3.7 million and a long-term gap ranging between \$1.8 to \$2.8 million annually in addressing “unfunded” needs:

Long-Term Funding Gap	
One Time	
Restore Contingency Reserve	1,500,000
Pacific Cove Relocation	2,200,000
Total One-Time	3,700,000
Ongoing (Annual)	
Deferred Operating Expenses	850,000
Pavement Management	450,000
Measure D/RDA/Bond Expiration	500,000
Total Operating	1,800,000
Annual Reserve for Unfunded CIP (About \$25 million in identified projects)	1,000,000
Total Ongoing (Annual)	\$2,800,000

This conclusion assumes the revenue and expenditure snapshot in the 2011-13 Budget remains about the same into the future, and the only variables are those identified above.

However, what if future costs outpace projected revenues and the underlying gap grows larger? On the other hand, what if revenues grow faster than costs? In this case, perhaps an improving revenue outlook alone will close most, if not all, of the gap. The FAC’s approach, which staff concurs with, was that it would be inappropriate to only rely on a strategy that “hopes” future revenue alone will grow the City out of the problem.

In many cities, identifying the long-term gap is achieved by preparing a multi-year forecast (covering five to ten years), where future revenues and costs are projected based on individual assumptions for key drivers. Along with assessing the longer-term impacts of short-term budget decisions, a five or ten year fiscal forecast can help most local governments better manage long-term fiscal sustainability. For those agencies that have prepared longer-term forecasts and follow-on financial plans, this did not magically make their fiscal problems disappear: they still had tough decisions to make.

However, due to its unique circumstances outlined below, the City may be able to assess its longer General Fund fiscal challenges using the second year of the 2011-13 Budget as the baseline (which was the FAC’s approach in defining the problem), and avoid dedicating the significant resources needed to prepare a long-term fiscal forecast.

- **Operating cost drivers.** Most cities, the projection for significant increases in their required contributions to the California Public Employees Retirement System (CalPERS) is the single largest future cost driver. However, in Capitola’s case, contribution rates are “capped:” under existing employee agreements, any increases in employer contribution rates are the employee’s responsibility.

This provides the City with structural cost containment on a major cost element that most other cities simply do not have. And in terms of key drivers, this removes a significant cost increase factor from the forecast that other cities would need to consider. For all other operating costs, it is likely that a multi-year forecast would assume cost increases similar to increases in the consumer price index (CPI) – about 2% annually based on past trends.

- **Key revenues.** The second year of the 2011-13 Budget already reflects stronger sales tax revenues from Target and the improved transient occupancy tax (TOT) revenues resulting from the opening of the Fairfield Suites. This second-year baseline for these two top General Fund revenue sources is likely to be the assumption for future years in the forecast, growing modestly by a factor similar to increases in the CPI. Lastly, while property tax revenues - the City's other top General Fund revenue source - will probably increase in the future, they are likely to rise modestly, in close alignment with the 2% annual increase allowed under Proposition 13. In short, growth in key revenues is likely to closely mirror increases in operating costs.

In summary, due to existing CalPERS cost containment and the key revenue assumptions already assumed in the 2012-13 base, a longer-term forecast is likely to simply reflect the existing situation. Accordingly, while preparing a long-term fiscal forecast is often an essential step in defining the long-term "gap," this may not be necessary for the City. In the simplest terms, staff suggests the FAC's determination of the long term budget gap is probably as accurate an assessment as can be reasonably obtained, and should be used for this process.

Is the Gap a Revenue or Expenditure Problem?

The FAC's report to the Council identified both expenditure reduction as revenue increase options, wisely recognizing that before asking Council members to raise fees and asking voters to support tax increases, the City first needs to demonstrate that services are currently being provided in a cost-effective manner. There are typically three ways of demonstrating this:

- Comprehensive organizational analysis
- Compensation study
- Benchmark analysis

Comprehensive Organizational Analysis

Under this approach, most cities contract with an independent consulting firm that specializes in comprehensively evaluating the effectiveness and efficiency of an agency's organization and service delivery methods, policies, systems and procedures; and then making recommendations for improvement as appropriate. These assessments often include an evaluation of the City's budget process, which would directly respond to one the FAC's top recommendations for a "bottom-up budgeting process."

While used by many cities in developing and implementing long-term cost reduction and service improvement plans, these types of reviews take a long time to prepare, and if comprehensive in their scope, can be very expensive to prepare. The City of Santa Cruz recently completed such a study, at a cost of \$90,000 with Avery and Associates.

On the other hand, this type of analysis may be prepared within-house resources; however, there are three drawbacks to this approach:

- **Staff resource limits.** Existing staff resources, especially in light of recent reductions, vacancies and frozen positions, are dedicated to providing day-to-day services. It would be extremely difficult to reallocate limited staff resources to this effort. Given its intensive, "one-time" nature, this type of special project is usually best performed by outside resources.
- **Objective, third party view.** Agencies embarking on this type of review typically want an outside, independent view of its operations. Real or perceived, current agency staff may too wedded to the "way we've always done it" to provide an objective assessments of current practices and opportunities for review.

- **Expertise.** Firms specializing in this type of analysis bring a depth of experience and “best practice” knowledge to the review.

Given the time and cost involved – either in staff or consultant resources – combined with the nearly continuous effort by the entire City organization over the past three years in identifying cost reduction strategies and improving operations, we do not recommend pursuing this approach at this time. Rather, staff recommends continuing to utilize the annual budget process and MOU updates with the employee groups to implement the FAC recommendations.

Compensation Study

The FAC recommended the City undertake a comprehensive “benchmark” analysis of employee compensation. This recognizes that in a service organization like the City, where most key services – like police protection – are delivered by City staff, employee compensation is large factor in determining ongoing operating costs. And as such, ensuring compensation levels are sufficient to retain and attract qualified employees while at the same time are not excessive and are in-line with the market, is essential in ensuring reasonable costs that are commensurate with the value received.

One approach to this is to conduct a comprehensive compensation study, which may include private sector benchmarks. However, like the comprehensive organizational study approach discussed above, this takes time and can be expensive to prepare. Moreover, given the CalPERS cost containment already in place, there is the risk of unintended consequences in undertaking this type of analysis.

Accordingly, we do not recommend taking this approach. Instead, as noted in the City Manager’s joint study session report, current agreements with the various employee groups will expire at the end of June 2012. That negotiation process will be an opportunity to work cooperatively with the various groups to find solutions to fiscal issues, and ensure that the City’s compensation programs are appropriate.

Lastly, as noted above, the City has in place significant cost containment as its compensation “baseline” compared with most other cities in the State and nation: the City’s CalPERS employer contribution rates are capped and any increases are the employee’s responsibility. An alternative approach, which is outlined below, is to include key compensation factors as part of a “benchmark analysis.”

Benchmark Analysis

The third approach is to “benchmark” the City’s costs, revenues and service outcomes with similar cities: in short, using benchmarks to assess the City’s fiscal accountability, and as a management strategy to find opportunities to improve organizational efficiencies.

Though true “apples-to-apples” benchmark comparisons between cities (there are over 480 of them in the State) are probably not possible, it is possible to discern meaningful trends and develop valuable data by developing a thoughtful benchmarking study.

The key to making effective comparisons between cities is to find the right common denominator. In doing so, simple per capita comparisons are tempting. However, the fact is that every city faces different challenges due to a wide variety of factors, including:

- Service level expectations
- Daytime versus resident service population
- Fiscal constraints
- Community demographics

- Scope services (full service or contract city?)
- And not least, geography

For example, San Luis Obispo has higher than average fire costs largely due to geography in meeting minimum response times. Between mountains, freeways and railroad tracks – and the access limitations they create – San Luis Obispo needs four fire stations to meet its four-minute response time goal. Other communities with a similar population size but less challenging geography might be able to meet a similar standard with fewer stations – and thus lower costs.

Similarly, per capita street maintenance costs in South Lake Tahoe – which include snow removal – are likely to be much higher than another similar-sized city.

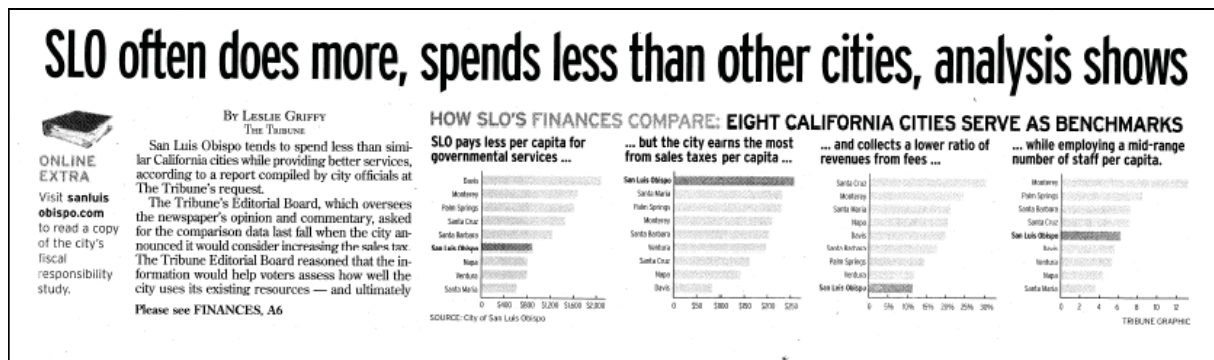
Mitigating the pitfalls. While imperfect, in the real world, “per capita” is the most workable common denominator. Accordingly, avoiding these pitfalls and making meaningful per capita comparisons requires carefully selecting the benchmark cities to ensure they represent as close a possible match as possible, understanding a “perfect” match is impossible. This means that along with making comparisons of key benchmarks such as comparably size cities, it is important to select cities that share other important service, economic, geographic and demographic characteristics as well. Additionally, to avoid a “race to the bottom,” comparison cities should also be selected that have a reputation for being well-managed and leaders in the use of “best practices.”

After selecting comparison cities, it is also important to carefully select the benchmarks. On one hand, they need to be data points that can be reliably gathered and measured (such as data from budgets and annual financial reports). On the other hand, they need to measure something meaningful. Areas likely to be covered in effective benchmark studies include:

- How does the City compare financially with similar cities? (Such as key revenues per capita, operating costs per capita, debt service per capita, staffing per capita; and as noted above, key employee compensation benchmarks)
- How do “service outcomes” compare with similar cities? (Service costs are one thing; value for cost – service outcomes – is another.)
- How have City workloads and staffing changed over time?
- And has the City adopted and implemented the use of “best practices” in wisely managing the public resources that have been entrusted to it

When carefully prepared, benchmark analysis can be a powerful tool in assessing the fiscal performance of city – either good or bad. Where benchmark results show that a city compares favorably with others, then reasonable assurance can be provided that the city is managing its fiscal affairs effectively. Where this is not the case, then areas for improvement can be identified and changes made.

An example of a benchmark study prepared by the City of San Luis is available on its web site at: <http://slocity.org/finance/download/benchmark-report06.pdf>. As reflected in the headline below, the results of the study were widely (and favorably) reported by the local media; and were helpful in providing an analytical basis on the cost side for a subsequent general purpose, ½-cent sales tax measure, which was adopted in November 2006 with 65% voter approval.



Compared with other the other two options, staff recommends that preparing a benchmark study is a cost-effective approach in answering the question: is the City wisely using the resources it already has? This work can be completed with existing in-house resources with a target completion date of March 2012.

Service Priorities

All three of these approaches (organizational analysis, compensation study and benchmarking) focus on the effective and efficient delivery of services. However, none of them directly addresses the question of service priorities: in short, even if it is provided effectively and efficiently, does the service meet an important community goal? Virtually every government program had its roots in meeting an important need at some point. However, over time the need it addressed may no longer be the case; or its priority relative to new needs that have surfaced since its inception may be much lower. Stated simply, there is no “magic” bullet for assessing service priorities. Staff believes that the best approach to this is ongoing review of services and programs via the budget process.

Capital Improvements

A key component of the FAC's definition of the gap facing the City is \$1.0 million in annual funding for capital improvements, plus an additional \$450,000 annually for pavement management. One suggestion that surfaced from the joint Council/FAC study session is the need to more clearly identify the long term capital improvement priorities in considering revenue increases. Staff does not recommend taking this approach for several reasons:

- Two of the key revenue proposals (extending the Measure D ¼-cent sales tax and increasing the transient occupancy tax) surfaced by the FAC are for a general purpose revenue ballot measure. Specifying projects is more appropriate for a special purpose tax measure.
- Second, over the course of time necessary to implement these projects, the City's priorities will change. New projects will be identified, and other projects may become obsolete prior to implementation. That said, it may still be important to develop an inclusive list of current projects under consideration should voter consideration of new revenue concepts be required, but staff recommends against trying to firmly pin those projects down at this point.
- Three, given the changing nature of fiscal circumstances, it is important to retain flexibility in prudently responding to new priorities. As past experience has shown, the fiscal challenges facing the City are subject to change over time, such as the worst recession since the Great Depression, which was not on the City's radar (or anyone else's, for that matter) in 2007.

And fortunately, because Measure D was a general purpose measure, the Council was able to respond flexibly in responding to revenue downturns.

- Last, in ensuring adequate maintenance of existing facilities and creating the fiscal capacity to respond to community needs for new ones, it may be appropriate to set policy targets for the amount of revenues that should be set aside for this purpose, such as 10% of General Fund revenues. This would establish a general policy framework for balancing day-to-day services such as police protection with the need to adequately maintain infrastructure such as streets, storm sewers, street lighting, landscaped areas and public facilities. In this case, the \$1 million identified by the FAC (or \$1.5 million including paving) is close to this 10% benchmark.

New Revenues

As discussed above, while the City needs to remain vigilant in containing expenditures and in ensuring value-for-costs, staff believes that expenditure-side ideas surfaced by the FAC are best addressed through the City’s ongoing budget and labor negotiations process. The exception to this is the recommended benchmark study. This leaves the revenue side of the budget-balancing equation for further consideration.

New revenues can be raised in three basic ways:

- Economic development: grow the underlying economy and improve the tax base, thus producing more revenues with the same (or lower) tax rates.
- Improved cost recovery through service charges and opportunities to use City assets for greater revenue gain (such as property leases or sales).
- New or increased taxes.

The FAC’s top revenue recommendations reflect all three of these. The top “new revenue” ideas supported by the FAC fall into the economic development category:

Economic Development Concept	Estimated Annual Revenues
Additional retail business	\$100,000
Additional hotels	\$500,000 to \$1,000,000
Additional events (clambake)	\$1,000 to \$10,000
Annex areas in sphere of influence	Unknown

As discussed in the City Manager’s October 12 joint report to the Council and FAC, improving the economic base for retail and hotel sales – the areas surfaced by the FAC with the greatest revenue potential – is largely driven by market factors that are beyond the City’s control.

Moreover, in the case of expanding hotel rooms, while the City does have private-public partnership opportunities, past experience both in Capitola and other communities shows these are complex undertakings, require long-term timeframes to achieve, and the outcome is far from certain.

In the case of the last two economic development concepts, the opportunity to consider additional special events as revenue-raisers is always available for consideration on a case-by-case basis as sponsoring organizations present them to the City; and as recommended by the City Manager in his joint report to the Council and FAC, while there may be positive impacts associated with annexation, this issue is best addressed as part of the General Plan update.

This leaves new or increased revenues as one of the few options for measurable, long-term budget balancers, over which the City has (some) direct control.

The following summarizes the new or increased revenue options available to cities in California (many of which were considered by the FAC) along with their approval requirements. As reflected below, virtually all the options that have significant revenue-raising ability require voter approval: majority approval in for general purpose revenues and two-thirds for special purposes.

Required Approval: New or Increased Revenues

	Council	Voter	
		Majority	Two-Thirds
Sales Tax		General purpose	Special purpose
Transient Occupancy Tax		General purpose	Special purpose
Property Transfer Tax (charter cities only)		General purpose	Special purpose
Business Tax		General purpose	Special purpose
General Obligation Bond			x
Parcel Tax			x
Utility Users Tax		General purpose	Special purpose
Admissions Tax		General purpose	Special purpose
Parking Tax		General purpose	Special purpose
Excise Tax		General purpose	Special purpose
Maintenance Assessments		x	
Mello-Roos: Existing Development			x
Mello-Roos: New Development	**		
Development Impact Fees	x		
Use of Property/Assets	x		
Higher Cost Recovery	x		
Franchise Fees	x		
Donations/Partnerships	x		
Fines	x		

As reflected above, in a post-Proposition 218 world, there are few discretionary revenue decisions available to local government elected officials. The most significant of these is determining user fees: in short, what services are funded by fees and which ones are funded by general purpose taxes?

Based on the Council and FAC discussion at the joint meeting, three revenue concepts emerged as candidates for further consideration:

- Improve Cost Recovery: \$85,000
Increase recreation fees by 10% (\$75,000); increase other city fees (\$5,000); improve accident recovery (\$5,000)
- Extend Measure D Sales Tax: \$900,000
- Increase Transient Occupancy Tax (TOT) rate from 10% to 12%-14%: \$200,000 to \$400,000

It should be noted these revenue concepts together generate about \$1.4 million annually (\$1.6 million if the TOT rate is set at 14%). This is only about half of the gap \$2.8 million gap. Accordingly, in coming closer to closing this gap, the City may also want to discuss the

implications of setting the City's sales tax rate at ½-cent rather than the current ¼-cent rate. The added \$900,000 this would generate annually would closely mirror the \$1.0 million annual target for ongoing CIP improvements.

Improved Cost Recovery

As discussed above, of the three revenue candidates, improved cost recovery is within the Council's decision-making authority. However, before setting targets for new revenues, it is important to address two key issues:

- Under state law, costs cannot exceed the reasonable cost of providing the service
- Fees should be set within an overall cost recovery policy framework

Before increasing or adopting new fees, the City should consider four key questions:

- What does it cost the City to provide the service?
- Is this cost reasonable?
- What is the current cost recovery level?
- What should the cost recovery level be?

The first three questions can be answered through careful analysis. For example, it is a relatively straightforward analytical task to determine that it costs \$100 to issue a building permit (including direct and indirect costs); the cost is reasonable considering city service levels; and the current fee is only \$50. However, deciding to raise or lower the fee is determined by the fourth policy question that only the Council can answer: what should the cost recovery level be?

For example, if the Council believes that fees should only cover 25% of the cost, with the balance funded by General Fund revenues, then the fee should be reduced by 50% to \$25. On the other hand, if the Council believes that this service should be fully recovered from the applicant, then raising the fee to \$100 would be warranted.

This example reflects one of the fundamental issues of public finance: which services should be funded from user fees? And which from general purpose tax revenues?

In determining appropriate cost recovery, staff recommends these decisions should be made in a policy context. Accordingly, we conceptually concur with the FAC recommendation for improved cost recovery. However, before raising fees – such as recreation fees by 10% - we recommend first developing and approving user fee cost recovery policies; and then following-up with analysis in selected fee areas to assess where increases (or decreases) might be warranted.

Voter Approved Revenue Increases

Both of remaining revenue concepts require majority voter approval if the proceeds will be used for general purposes.

- Extending Measure D sales tax: \$900,000
- Increasing the TOT rate from 10% to 12%-14%: \$200,000 to \$400,000

Measure D is scheduled to sunset in 2017. While this is six years away, at the joint Council-FAC study session the City Manager outlined several advantages to placing the extension of Measure D before its sunset:

- The City’s long-term fiscal planning would be enhanced by having greater certainty about this revenue’s future.
- Given the requirement that general purpose revenue measures be considered by voters at the same time as Council member elections (unless there unanimous declaration of a fiscal emergency), November 2012 presents an early opportunity to consider extension.

The November 2012 ballot also presents a window of opportunity to consider an increase in the City’s TOT rate.

As discussed in a separate Council agenda report also being considered on January 26, 2012, if the Council is interested in seriously *considering* a revenue ballot measure in November 2012, there are several key actions that should be undertaken now, including public opinion research.

Next Steps

The following outlines recommended next steps:

Task	Target Date
• Continue to closely evaluate cost saving opportunities	Ongoing
• Prepare “benchmark study” to assess the City’s fiscal accountability in answering the question: how do we know the City is wisely using the resources it already has?	March 2012
• Develop user fee cost recovery policy and present to Council for approval.	April 2012
• Analyze key revenues in accordance with the adopted user fee cost recovery policy and make recommendations for changes as appropriate as part of the 2012-13 Budget process.	June 2012

FISCAL IMPACT: There are no added budget costs associated with the recommended actions.

ATTACHMENT:

1. Council Agenda Report: October 12, 2011 Joint Council/Finance Committee Meeting

Report Prepared By: Jamie Goldstein, City Manager
 Bill Statler, Interim Finance Director

**Reviewed and Forwarded
 By City Manager:** 



CITY COUNCIL/REDEVELOPMENT AGENCY/ FINANCE ADVISORY COMMITTEE AGENDA REPORT

SPECIAL MEETING OF OCTOBER 12, 2011

FROM: CITY MANAGER'S DEPARTMENT
DATE: OCTOBER 7, 2011
SUBJECT: LONG RANGE FISCAL STRATEGY WORKSHOP

Recommended Action: By motion, that the City Council:

1. Receive a report regarding long term fiscal issues by the Finance Advisory Committee (FAC).
 2. If the Council is interested in further considering options outlined in the Attachment, direct staff to return in one month with a more detailed analysis of the options, including implementation actions that would be required.
-

BACKGROUND

During last year's budget hearings, the City Council received an outline of several long term fiscal challenges the City of Capitola will face over the next ten years. Existing vacancies in key positions, limited funding available for capital improvements and underfunded reserve accounts, coupled with expiring revenue sources suggest the City may need to look critically at its revenue and expenditure to develop a long term sustainable strategy.

The Finance Advisory Committee (FAC) has been working with the City Manager to help quantify the nature of the challenge the City faces and identify possible solutions to that challenge.

DISCUSSION

This summer the FAC sent a memo to the City Council outlining the long term revenue and expenditure gap the City potentially faces over the next 10 years. That memo quantified a one-time issue of around \$3 million and an annual long term shortfall of between \$1.8 M and \$2.8 M comprised of the following:

One Time Items	Amount
Restore Contingency Reserve	\$1,500,000
Pacific Cove Relocation	\$1,500,000
	\$3,000,000
Ongoing Items	Annual Amount
Existing critical staffing vacancies	\$850,000
Additional funding to maintain pavement standards	\$450,000
Expiration of Measure D/RDA	\$500,000
	Subtotal \$1,800,000
Future Capital Projects ¹	\$1,000,000
	Total \$2,800,000

¹ Future capital projects include rough estimate of city costs, spread over 20 years, to build: library, city hall, police station, flood mitigation, parking structure, new parks.

In an effort to identify potential solutions to this long term fiscal challenge, the FAC developed a comprehensive list of revenue enhancements and expenditure reductions which could be considered to close the long term fiscal gap the City faces. Each FAC member then ranked the items; those rankings were compiled and averaged by staff and are included in Attachment 1.

It should be noted that the \$2.8 million gap identified above uses the current year budget as its starting point. It is possible the long-term budget gap facing the City could be greater, or smaller, than this depending on a number of factors beyond the City's control such as the regional economic climate, changes at a state-level that affect local finance, or other as-yet unanticipated changes.

That said, it would take virtually all of the ideas presented in Attachment 1 to generate \$2.8 million. It is highly unlikely the City will implement all of the new revenue/expenditure concepts. Accordingly, the need to set priorities, and use any added revenues for the most important services and facilities, will remain; and it is likely there will continue to be unfunded community goals. The need to continually evaluate service and facility priorities is a healthy one: it makes us better stewards of the public resources that have been entrusted to us.

Evaluating the Options

Each individual member ranked the various concepts, and the results of those rankings are presented in Attachment 1. Staff has outlined a short discussion regarding potential challenges or issues associated with the top five ranked items, and select other lower-ranked items.

1. Community Grants

Capitola reduced its community grant allocation by 50% in the current fiscal year, subject to flood reimbursements. Pursuant to Council direction, full funding for community grants is automatically restored should the City receive \$500,000 in flood reimbursements.

The Community Grant process has proven a challenging process to change. Nearly all municipalities throughout the region have researched modifications to the process, however outside of a common application process, few changes have been made in the last decade.

Jurisdiction	Peak Contribution	Current Year Contribution	Change
Santa Cruz	\$2,025,586 (2002)	\$1,034,622	-48.9%
Watsonville	\$387,820 (2008)	\$250,024	-34.7%
Scotts Valley	\$45,000	\$45,000	0%
Capitola	\$275,00	\$275,000 (subject to flood reimbursement)	0% or -50%

2. Bottom Up Budgeting Process

Staff welcomes any review of the budget to help develop mechanisms for additional savings. However, for last 3 years, there has been a nearly continuous effort by the entire City organization to find opportunities to reduce costs. The following highlights the most significant of these:

- Elimination of Planner and Finance Technician positions (ongoing)
- Holding Police Captain, Finance Director, two Public Works crew, Community Service Officer, one Records Clerk positions² vacant (one-time)
- Reclassification of Building Inspector and Public Works Maintenance Crew positions (ongoing)
- Reduction in overall contract expenditures of over \$300,000 through renegotiations or consolidation of responsibilities (ongoing)
- Elimination of Paid Officer Reserve Program (ongoing)
- Reduced total management compensation by \$27,000 (City Manger, Police Chief, Public Works and Planning directors) (ongoing)

² Second vacant Records Clerk position filled with Administrative Analyst position

As staff begins preparing the 2012/13 Budget, we will continue to look closely for added efficiency and productivity improvements. However, given the extensive budget reduction actions that have already been approved by the Council, significant added cost savings in the future are unlikely without deeper service reductions, or significant changes in service delivery mechanisms.

3. Additional Hotels

The City has few sites over which it has direct control. Specifically the City owns property at: McGregor Drive, the City Hall/Pacific Cove site, and the Rispin site, all of which have been considered for hotel projects in the past. As we have experienced, joint private-public partnerships can be challenging. Nevertheless pending Council direction, future hotel projects could be considered on City-owned property.

Alternatively, the City can attempt to stimulate private sector hotel development by developing clear zoning regulations which encourage the development of hotels. Such measure can include:

- Develop a very clear/financially feasible beach hotel project in the context of the General Plan/LCP update,
- Develop a “hotel incentive zone” in General Plan

4. Prioritize Services and Service Levels

The establishment of the City’s service priorities is an important step in developing a long term strategy for fiscal health. Concepts for doing so will be developed as part of the 2012-13 budget process, during the establishment of the Budget Principles.

5. Benchmarking Staff Compensation Packages

Current agreements with the various employee groups will expire at the end of June 2012. That negotiation process will be an opportunity to work cooperatively with the various groups to find solutions to fiscal issues.

Staff Comments on Select Other Items

TOT, Sales Tax, 911 Tax, Street Sweeping Fee – If the Council is interested in considering these concepts further, staff recommends returning to the Council within one month with a more detailed analysis, including voter approval requirements and other implementation actions. It seems unlikely every item would be approved by voters in the near term. The sales tax extension nets the most revenue to the City, while the TOT increase may be in line with future development plans.

Annexations – Staff suggests this is a good long term issue, but one which should probably be considered in the context of the General Plan update through consideration of a change in the City’s Sphere of Influence and later initiated as a project after the adoption of the General Plan.

Parking District and Library Mello Roos – Staff suggests these items are best considered in the context of the specific project they are intended to support.

FISCAL IMPACT

NA

ATTACHMENTS

1. Ranked list of FAC revenue/expenditure concepts
2. FAC member rankings of revenue/expenditure concepts
3. DRAFT FAC Report – PowerPoint slides

Report Prepared By: Jamie Goldstein
City Manager/Executive Director

Reviewed and Forwarded by
City Manager/Executive Director:



Item #: 6.F.

CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: CITY MANAGER AND FINANCE DEPARTMENTS
DATE: JANUARY 20, 2012
SUBJECT: CONTRACT AWARD FOR PUBLIC OPINION RESEARCH

RECOMMENDED ACTION: that by motion the City Council:

1. Authorize the City Manager to utilize up to \$10,000, in partnership with the City of Santa Cruz, to complete a focused public opinion polling effort with Gene Bregman & Associates; or
2. Authorize the City Manager to enter into a contract with FM3 in the amount of \$23,000 to conduct public opinion research to determine if a revenue ballot measure should be pursued and to assess current community perception of City services, and approve an amendment to the FY 11/12 budget moving \$13,000 from Contingency Reserves to contract services.

BACKGROUND:

At the joint Council/Finance Advisory Committee (FAC) study session held on October 12, 2011, several issues were discussed regarding long-term fiscal issues. A separate follow-up report to the study session has been prepared that is also on the January 26, 2012 agenda.

As discussed in that report, there is a wide-range of both cost-reduction and revenue enhancement actions the City should consider in ensuring adequate service levels and preserving the City's long-term fiscal health. One of these may be exploring a revenue measure on a future ballot. As discussed in greater detail below, there are a number of steps that should take place if the City is seriously interested in pursuing this concept. Among these is conducting public opinion research to assess its feasibility.

For this polling to be useful in considering the possible placement of a ballot measure, it needs to be completed and the results presented to the Council by March 2012. Accordingly, if the Council wants to consider a measure in November 2012, the selection of a firm and authorization of work needs to happen at this time.

Closing the Gap

As discussed in the follow-up report to the joint Council/FAC study session, the City needs to remain vigilant in containing expenditures and in ensuring value-for-costs. In short, the cost side of the budget balancing equation is an essential one. On the other hand, given the cost reductions that have been made over the past several years, closing the \$2.8 million gap identified by the FAC is likely to also require new revenues. Based on the Council and FAC discussion at the joint meeting, three revenue concepts emerged as candidates for further consideration:

- Improve Cost Recovery: up to \$85,000

- Extend Measure D Sales Tax: \$900,000
- Increase Transient Occupancy Tax (TOT) rate from 10% to 12%-14%: \$200-\$400,000

The last two concepts - extending Measure D and increasing the TOT rate – would require voter approval. Attachment 1 provides a detailed description of each of these revenue sources along with voter approval requirements.

Given the requirement that general purpose revenue measures be considered by voters at the same time as Council member elections (unless there unanimous declaration of a fiscal emergency), November 2012 presents the next opportunity to consider a possible revenue ballot measure.

Preparing for Successful Revenue Ballot Measures

Provided in Attachment 2 is a discussion of the steps required for successful revenue ballot measures. In general, successful measures often require three things:

- **Feasibility Assessment.** Conduct public opinion research and assess the likelihood of a successful revenue measure.
- **Education Program.** If the public opinion research is favorable, develop and implement an educational campaign on why new revenues are needed.
- **Ballot Measure.** Place the measure on the ballot *if* there is a community-based group that will aggressively campaign for its passage.

It is important to stress that while the City can take the lead on these three tasks, once a measure is placed on the ballot the City can no longer advocate for the measure in any way. For this reason, even though the results of the first two steps may have been very positive, placing the measure on the ballot should only occur if there is a community-based group has emerged that will campaign for its passage.

Attachment 2 also points out that successful revenue measures require 9 to 15 months for effective preparation. As such, if the City wants to consider a revenue ballot measure for November 2012, it needs to begin the process now.

Results from Recent Ballot Measures
<p>Even in these tough fiscal times, the results from November 8, 2011 local revenue ballot measures show that voters will support tax increases (or renewals) when the need for them has been effectively communicated:</p> <ul style="list-style-type: none"> • There were 53 proposals to increase, revise, expand or extend local taxes, fees or bonds: 30 in cities (22 for general purposes and 8 for special purposes); seven for special district parcel taxes; one county measure, and 15 school taxes and bonds. • The overall success rate: 75% of the revenue measures passed (including 22 measures that required “super majorities”). • And 82% (18 out of 20) of the general purpose (majority voter approval) measures passed in cities.

The following outlines key steps in preparing for a November 2012 revenue ballot measure:

Task	Target Date
<ul style="list-style-type: none"> • Award contract for public opinion research team 	January 2012
<ul style="list-style-type: none"> • Conduct public opinion research and evaluate results; make “go/no-go” decision in proceeding further. 	March 2012
<ul style="list-style-type: none"> • If “go:” Develop and implement public information campaign. 	July 2012
<ul style="list-style-type: none"> • Evaluate results and make decision on placing measure on the ballot. 	August 2012
<ul style="list-style-type: none"> • If “yes:” Vote on measure. . 	November 2012

Public Opinion Research

The City of Santa Cruz plans to begin their own public opinion polling effort in the next several weeks with the local polling firm Gene Bregman and Associates. Based on discussions with Santa Cruz management staff and Mr. Bregman, staff believes the City could jointly fund an effort with the City of Santa Cruz to complete a more focused polling effort for \$10,000. The sample size would be around 200, therefore the margin for error would be in the ~9% range. However, with the additional data from adjacent jurisdictions, Mr. Bregman advised the City would have a level of information necessary to make effective decisions regarding a possible ballot measure.

Alternatively, the City could consider a contract with Fairbank, Maslin, Maullin, Metz and Associates (FM3). FM3 has a history of working with the City, and is a recognized leader in the field of public opinion polling in California. As outlined in the FM3 proposal (Attachment 3), the scope of work includes 20 minute interviews with 400 voters, giving an error margin of 4.9%. Questions would be asked regarding potential tax measures as well as citizen satisfaction with the City's service delivery.


FISCAL IMPACT:

The adopted budget includes \$10,000 for unanticipated events in the City Manager Department Budget. The remaining funding, if necessary, would come from a transfer of \$13,000 from Contingency Reserves.

ATTACHMENTS:

1. Detailed Description of Revenue Options: Extending Measure D Sales Tax and Increasing TOT Rate
2. Preparing for Successful Revenue Ballot Measures
3. Gene Bregman & Associates information
4. Proposal from FM3 for public opinion research

Report Prepared By: Jamie Goldstein, City Manager
Bill Statler, Interim Finance Director

**Reviewed and Forwarded
By City Manager:** 

EXTENDING MEASURE D: LOCAL OPTION SALES TAX

What is a local option sales tax?

This is an additional sales tax rate on retail sales within the City, which all cities in California are now allowed to adopt as a “local option” up to 1%. Excluding the City/County of San Francisco, 86 cities throughout the State have adopted their own local option sales tax rates. Based on current sales tax revenues, a ¼-cent “local option” rate generates about \$900,000 annually; and a ½-cent rate would raise about \$1.8 million.

Why is this an appropriate City funding source?

Consumers benefit from a variety of City services while shopping in Capitola: public safety, pleasant surroundings, streets and sidewalks. It is appropriate that consumers share in the cost of maintaining these service levels. Additionally, sales tax is broad-based, and generally reflects the ability of consumer to pay the tax. Lastly, since it is already in place, there are no significant added costs or administrative effort required. Given its significant revenue potential, this is one of the most cost-effective revenue options available to the City.

Is this tax in place today?

Yes. The City has a 1% sales tax rate that generates \$4.2 million annually; and ¼-cent local option sales tax (Measure D), approved by voters in 2008 with a sunset in 2017, that generates about \$900,000 annually.

Who pays this tax?

It is paid by consumers and collected by retail outlets.

Who currently receives the revenue?

The revenue goes directly into the City’s General Fund and is used for general municipal purposes.

Can cities increase their tax rate?

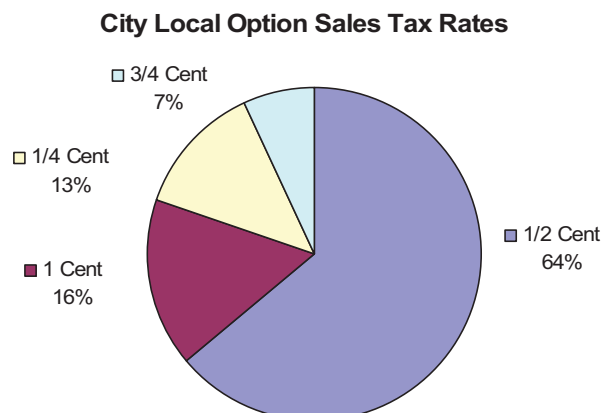
Yes. However as noted above, within State guidelines for administration and collection, cities are allowed to adopt local option sales taxes.

How much revenue would this tax generate?

As noted above, the ¼-cent “local option” rate currently in place generates about \$900,000 annually, and a ½ cent rate would raise about \$1.8 million.

How does this compare with other cities?

As noted above, excluding the City/County of San Francisco, 86 cities have adopted a local option sales tax, with rates ranging from ¼-cent to 1 cent. As reflected in the sidebar chart below, for those cities that have adopted a local option sales tax rate, ½-cent is the most common rate, adopted by about two-thirds of the cities.



EXTENDING MEASURE D: LOCAL OPTION SALES TAX

This following lists the 86 cities with a local option sales tax along with the adopted rate.

Arcata	1.00%	Farmersville	0.50%	Sand City	0.50%
Arvin	1.00%	Fort Bragg	0.50%	Santa Cruz	0.50%
Cathedral City	1.00%	Galt	0.50%	Santa Monica	0.50%
Del Rey Oaks	1.00%	Grover City	0.50%	Santa Rosa	0.50%
Delano	1.00%	Gustine	0.50%	Selma	0.50%
El Cajon	1.00%	Inglewood	0.50%	Sonora	0.50%
El Cerrito	1.00%	La Habra	0.50%	South El Monte	0.50%
Hollister	1.00%	Lakeport	0.50%	South Lake Tahoe	0.50%
Marina	1.00%	Los Banos	0.50%	Tracy	0.50%
National City	1.00%	Mammoth Lakes	0.50%	Truckee	0.50%
Pacific Grove	1.00%	Manteca	0.50%	Tulare	0.50%
Pico Rivera	1.00%	Merced	0.50%	Ukiah	0.50%
Seaside	1.00%	Morro Bay	0.50%	Vista	0.50%
South Gate	1.00%	Nevada City	0.50%	West Sacramento	0.50%
Dinuba	0.75%	Novato	0.50%	Wheatland	0.50%
La Mesa	0.75%	Oxnard	0.50%	Williams	0.50%
San Juan Bautista	0.75%	Pinole	0.50%	Willits	0.50%
Sanger	0.75%	Pismo Beach	0.50%	Campbell	0.25%
Trinidad	0.75%	Placerville	0.50%	Capitola	0.25%
Woodland	0.75%	Point Arena	0.50%	Montclair	0.25%
Arroyo Grande	0.50%	Port Hueneme	0.50%	Mount Shasta	0.25%
Avalon	0.50%	Porterville	0.50%	San Bernardino	0.25%
Calexico	0.50%	Reedley	0.50%	San Mateo	0.25%
Clearlake	0.50%	Richmond	0.50%	Sebastopol	0.25%
Concord	0.50%	Rohnert Park	0.50%	Stockton	0.25%
Cotati	0.50%	Salinas	0.50%	Union City	0.25%
Davis	0.50%	San Leandro	0.50%	Visalia	0.25%
El Monte	0.50%	San Luis Obispo	0.50%	Watsonville	0.25%
Eureka	0.50%	San Rafael	0.50%	Total: 86 Cities	

What authority is required to implement this tax?

- **General purpose.** If the revenues will be used for general purposes, majority voter approval is required. This must occur at the same time as regular Council elections, unless the Council declares an emergency by unanimous vote (in this case, the election may be held at any time).
- **Special purpose.** If the revenues will be “earmarked” for a specific purpose, two-thirds voter approval is required. This election can be held at any time.

How can these revenues be used?

With majority voter approval, they can be used for any legitimate government purpose, such as parks, street maintenance, recreation or police; or with two-thirds voter approval, they must be used for specifically dedicated purposes.

EXTENDING MEASURE D: LOCAL OPTION SALES TAX

How would these revenues be collected?

The State Board of Equalization is responsible for collecting and distributing this tax.

When could the increase be effective?

Since a ¼ -cent local option tax is already in place, extension would be put in place immediately. For any increase, about six months would be required after its passage to coordinate its collection from local businesses by the State Board of Equalization.

INCREASING TRANSIENT OCCUPANCY TAX

What is the Transient Occupancy Tax?

This is a tax on the occupant who resides temporarily in a dwelling (typically a hotel or motel) for 30 days or less based on the price of the rental.

Why is this an appropriate City funding source?

Placing this tax on visitors to the City appropriately recognizes that they receive municipal services and benefit from capital investments during their stay, and as such, they should share in the cost of providing them.

Is this tax in place at this time?

Yes. The transient occupancy tax (TOT) rate is currently 10% and provides the City with approximately \$900,000 annually.

Who pays this tax?

It is paid by visitors to Capitola; it is not paid by local residents or businesses.

Who currently receives the revenue?

The revenue goes directly into the City's General Fund and is used for general municipal purposes.

Can cities increase their tax rate?

Yes. Cities can set the TOT rate at any level. There is no regulation of this revenue source by the State or Federal government.

How much revenue would an increase generate?

For each one percent increase, General Fund revenue will increase by about \$100,000. The following summarizes additional revenues that would be generated from rates ranging from 11% to 15%, which would be within the range of rates charged by other "tourist-destination" communities in California.

TOT Rates: New Revenues	
11%	\$100,000
12%	200,000
13%	300,000
14%	500,000
15%	600,000

How does the City's transient occupancy tax rate compare with other cities?

According to information from the State Controller's Office, 429 cities in California have TOT revenues, with rates ranging from 3.5% to 15%. There are 74 cities with rates greater than 10% as follows:

INCREASING TRANSIENT OCCUPANCY TAX

Anaheim	15.0%	Buena Park	12.0%	Rancho Cordova	12.0%
Beverly Hills	14.0%	Burlingame	12.0%	Rohnert Park	12.0%
Inglewood	14.0%	Calabasas	12.0%	Sacramento	12.0%
Los Angeles	14.0%	Calistoga	12.0%	Saint Helena	12.0%
Oakland	14.0%	Campbell	12.0%	San Bruno	12.0%
San Francisco	14.0%	Citrus Heights	12.0%	San Juan Bautista	12.0%
Santa Monica	14.0%	Commerce	12.0%	San Mateo	12.0%
Palm Springs	13.5%	Culver City	12.0%	San Pablo	12.0%
Blythe	13.0%	Desert Hot Springs	12.0%	Santa Barbara	12.0%
Del Mar	13.0%	East Palo Alto	12.0%	Sausalito	12.0%
Garden Grove	13.0%	Elk Grove	12.0%	Seaside	12.0%
Mammoth Lakes	13.0%	Emeryville	12.0%	West Sacramento	12.0%
Riverside	13.0%	Fresno	12.0%	Windsor	12.0%
Solana Beach	13.0%	Half Moon Bay	12.0%	Yountville	12.0%
Artesia	12.5%	Hawthorne	12.0%	Ontario	11.8%
Barstow	12.5%	Healdsburg	12.0%	West Hollywood	11.5%
Pasadena	12.1%	Kingsburg	12.0%	Cathedral City	11.0%
Agoura Hills	12.0%	Long Beach	12.0%	Gardena	11.0%
Alhambra	12.0%	Malibu	12.0%	La Quinta	11.0%
American Canyon	12.0%	Marina	12.0%	Norco	11.0%
Avalon	12.0%	Millbrae	12.0%	Santa Ana	11.0%
Bakersfield	12.0%	Monterey Park	12.0%	Torrance	11.0%
Banning	12.0%	Napa	12.0%	Vallejo	11.0%
Berkeley	12.0%	Pacifica	12.0%	San Diego	10.5%
Brisbane	12.0%	Palo Alto	12.0%	Total: 74 cities	

What authority is required to increase this tax?

- **General purpose.** If the revenues will be used for general purposes, majority voter approval is required. This must occur at the same time as regular Council elections, unless the Council declares an emergency by unanimous vote (in this case, the election may be held at any time).
- **Special purpose.** If the revenues will be “earmarked” for a specific purpose, two-thirds voter approval is required. This election can be held at any time.

How can these revenues be used?

With majority voter approval, they can be used for any legitimate government purpose, such as parks, street maintenance, recreation, police or fire; or with two-thirds voter approval, they must be used for specifically dedicated purposes.

How are these revenues collected?

Operators of “transient lodgings” (typically hotels and motels) are responsible for collecting TOT from the occupants and remitting it monthly to the City. As such, since this revenue source is already in place and no changes in collection method are required if the rate is increased, collection of added revenue from a rate increase can be easily implemented.

INCREASING TRANSIENT OCCUPANCY TAX

When could an increase be effective?

Theoretically, an increase could be implemented immediately upon voter approval. However, an effective date that is 90 to 120 days from the date of adoption is recommended in order to ensure a smooth transition for the hotels and motels as they quote prices to tour companies for future bookings.

PREPARING FOR SUCCESSFUL REVENUE MEASURES

OVERVIEW

For the past thirty-five years, the California has been on the path to a new era of governance, with fundamental changes in the way that decisions are made. While this is occurring at all levels, it is perhaps most pronounced for local agencies, since they are the level of government closest to the people, and the one most susceptible to these changes. The following is a brief overview of this change and it how directly affects the ability of local agencies to preserve their fiscal health while at the same time deliver important day-to-day services, adequately maintain existing facilities and infrastructure, and achieve important community goals and capital improvements.

REPRESENTATIVE VERSUS DIRECT DEMOCRACY

One of major “mega-trends” affecting governance is a fundamental change in the way that decisions are made. Over the last thirty-five years, there has been a decided shift from “representative democracy” to “direct democracy,” especially in local government finance.

Proposition 13 did not start this trend, but it certainly resulted from it. Since its passage over 30 years ago in November 1978, there have been an increasing number of citizen-approved limits on the ability of elected officials at the local level to make resource decisions on behalf of the community. While Proposition 218 was the most recent (and sweeping) of these, it was simply the last in a long line of expenditure and revenue limitation ballot measures.

There are a number of possible explanations for this change:

- Lack of leadership (or at least the perception) by elected and appointed officials on important issues to the nation, state and community.
- Increasing distrust of government in general.
- Loss of community identity (and support) as places of work and home have become increasingly separated.
- Increasing frustration with the inability to affect government at the state and federal level, and an over-compensation at the one level – local government – where voters feel they can make a difference.
- Improved information about public issues, resulting in less reliance on others to make decisions on our behalf.
- Increased influence of highly-organized and well-financed special interest groups through the initiative process.

Whatever the reason, the reality is that there has been a major shift to direct citizen decision-making in a broad range of issues previously thought to be too “technical” for this. While this has occurred in a number of areas such as insurance and campaign financing, it is especially prevalent in “ballot box budgeting.” Citizens are no longer willing to give their proxy on financial issues to elected officials, or to their interest group representatives on “blue ribbon” committees. City finance is an issue they want to decide directly for themselves.

How does this shift affect the City’s long-term fiscal health? Stated simply, the local agencies will need broad-based community support – in evidence on Election Day – to implement new revenue sources. In this new model of direct democracy, creating support

PREPARING FOR SUCCESSFUL REVENUE MEASURES

among elected officials and community leaders – even if it broadly crosses a number of interest groups – is no longer enough.

And based on the experience of local agencies that have been successful with revenue ballot measures, achieving this support at the *ballot box* (the only place it matters) requires two key ingredients: a compelling vision of how the new revenues would be used; and an effective way of communicating this vision to likely voters.

PROSPECTS IN THE POST PROPOSITION 218 ENVIRONMENT

Under Proposition 218 adopted in November of 1996, the ground rules for municipal finance were fundamentally changed. In short, any major, broad-based revenue program will require voter approval. In the case of tax revenues, majority voter approval is required for general-purpose taxes; and two-thirds voter approval for special taxes. Assessments are still possible for selected services; however, they are limited in the kinds of services that can be funded through them (these typically fall into more traditional services such as streets, sidewalks and sewers where costs and benefits can be closely linked); and there are rigorous “assessment ballot” procedures. Any form of citywide assessment district with simple apportionment factors is virtually prohibited.

Limited Opportunities for Elected Officials to Increase Revenues

There are a limited number of areas where revenues can be raised by the elected officials without voter approval, such as user fees. Along with these, grant revenues and enhanced economic development efforts can also play a role in augmenting a city’s fiscal capacity. However, grant programs are few and far between; and those that remain are more competitive than ever. Moreover, they are focused (appropriately) on the goals and priorities of the granting agency, which may not be the same as the local agency’s. For this reason, while they can be important in enhancing city projects and in providing funding for “pilot” programs, grant revenues cannot be relied upon as a long-term financing source for high-priority programs and projects.

The same is true for even the most successful economic development programs: these are long-term programs, which can typically take five to twenty years before a community sees the benefits; and the results can never be guaranteed: while a city can be a partner in local economic development efforts, ultimately a healthy economy depends on successful private sector market decisions, which cities do not control.

Paramount Need for Broad-Based Community Support

Other than these limited resource options, local agencies will need strong community support – in evidence on election day – for anything else it does in implementing new or increased revenue sources.

Intensive, Community-Based Program Required for Success. Communities in California have been successful in generating broad-based voter support for new revenues when:

- The driving factor has been responding to the community’s highest hopes and aspirations about how to preserve or improve it as a place to live, work play.
- Or responding to its deepest fears in light of serious fiscal or service problems of crisis proportions.

PREPARING FOR SUCCESSFUL REVENUE MEASURES

Although they were driven by very different factors – hopes versus fears – all of these successful efforts share one thing in common: they were the result of extensive community-based efforts, which included a combination of outreach tools, and professional assistance to use them effectively such as:

- Focus groups.
- Professionally conducted, scientific surveys.
- Town hall meetings.
- Direct mailings and/or newspaper inserts.
- Strong follow-on advocacy group for ballot measure support.

Based on the experience of many cities and other local government agencies throughout the State, if the need is compelling and it is effectively communicated, this effort is likely to be successful. However, it requires commitment, resources (more on this later), time, and most importantly, a strong community-based advocacy group that will aggressively raise funds and campaign for the issue once it is on the ballot.

This last issue cannot be stressed enough. Under State law, cities have broad discretion in using their funds for professional assistance in researching issues, conducting surveys and developing voter support strategies. However, once an issue becomes a formal ballot measure, cities cannot participate as an advocate in any way. In short, unless there is a strong community-based group who is willing to aggressively raise funds and campaign for the measure, it is not likely to pass.

ELEMENTS OF A SUCCESSFUL REVENUE MEASURE

There are three major steps in preparing for a successful revenue measure:

- **Feasibility Assessment.** Conduct public opinion research and assess the likelihood of a successful revenue measure.
- **Education Program.** If the public opinion research is favorable, develop and implement an educational campaign on why new revenues are needed.
- **Ballot Measure.** Place the measure on the ballot *if* there is a community-based group that will aggressively campaign for its passage.

The following further summarizes the components of each of these steps. It is important to stress that while the City can take the lead on these three tasks in preparing for the measure, once it is placed on the ballot it can no longer be an active participant in the process or commit resources to its passage in any way. For this reason even, though the results of the first two steps may have been very positive, placing the measure on the ballot should only occur if there is a community-based group that has emerged that will campaign for its passage.

Feasibility Assessment

The first step in preparing the feasibility assessment is to hire a qualified team of a public opinion research firm and a revenue measure advisor. The results of the public opinion

PREPARING FOR SUCCESSFUL REVENUE MEASURES

research are invaluable in assessing at the very beginning if there is adequate voter support for a new revenue measure. While support can subsequently be built (or maintained) through an education program, if there is very low support initially, an education campaign is unlikely to be successful in gaining voter support on Election Day.

The public opinion survey will typically surface three key issues:

- ***How does the community feel about the agency and the services it delivers today?*** The experience from revenue measures in other communities shows that it is very difficult to gain voter support for new revenues where there isn't already a high level of satisfaction with city services and trust in its government. In short, if voters do not feel that current revenues are being used wisely, they are not likely to approve more.
- ***What programs are most likely to attract voter support?*** What do voters see as the biggest problems in the community, and would be likely to approve additional funding for: Public safety? Street maintenance? Parks and recreation? What messages would be most effective in community the need for additional resources? On the other hand, which service areas are least likely to attract voter support? And what are the reasons why voters would not support a revenue measure?
- ***What revenues would voters most likely support?*** There is a wide range of new revenue options available to cities in California. Which of these is most likely to attract the most voter support? And how does support change based on the rate and level of revenue generated? In the final analysis, each of these revenue options has underlying philosophical reasons that might make them desirable, such as added revenue diversity (like utility users tax), stability (parcel tax) or shifting the tax burden to non-residents (transient occupancy tax or sales tax); however, the best candidate for a successful measure is probably the one that voters are the most supportive of at the outset.

From the results of this research, local agencies can evaluate the feasibility of a revenue measure; and if it is, determine the elements of an effective education program (which is the next step).

Public opinion research for revenue ballot measures and evaluation typically costs about \$25,000 and take 60 to 90 days to complete.

Public Information Program

Before placing a measure on the ballot, this next step is essential in communicating the need for additional revenues to likely voters. It will probably include:

- Refining the new revenue purposes and uses.
- Selecting the financing mechanism.
- Developing and implementing a public education program.
- Conducting additional survey research (tracking poll) to assess shifts in support.

PREPARING FOR SUCCESSFUL REVENUE MEASURES

Refining the Measure

Based on the result of the public opinion survey, local agencies will need to decide which items to fund in the measure. This includes making a key strategic decision: should this be a majority or two-thirds voter approval measure? General-purpose tax measures only require majority voter approval, while special taxes (general obligation bond measures), where the proceeds are restricted as to their use, require two-thirds voter approval.

On its surface, passage of a majority voter approval measure would appear “numerically” easier; however, since its proceeds cannot be earmarked for a specific purpose, it can be difficult to communicate the need for the measure, when in essence it calls for raising taxes for no particular reason. On the other hand, while it is obviously a greater challenge to gain two-thirds than majority voter approval, it has the advantage of communicating a more focused (and compelling) reason for added revenues.

In general, majority-voter approval measures are more successful when the purpose is to address a “fiscal crisis” in just meeting revenue needs to continue delivering essential day-to-day services. That said, the more nuanced approach of making an already good community better via general purpose measure has also been successful. Two-thirds voter approval measures are more likely when the purpose is to improve services or make community improvements, like a library, fire station, street improvements, senior center or athletic fields.

One variation on this approach is the “A/B” measure, which has been successfully used in a few cases. This is a dual-component measure: the “A” measure function is simply an “advisory” vote on specific projects, asking of voters would support certain uses if new revenues were to become available. The “B” measure asks voters to approve a general-purpose revenue measure, but in the context of the specific project or programs identified in Measure “A,” with the expectation that elected officials would be committed to using the new general revenues for these specific purposes. As such, “A/B” measures provide some specificity—although via a non-binding advisory measure, which can be appealing to the electorate. However, they need to be carefully structured from a legal standpoint; and because they are two separate measures with slightly different messages, it may be more difficult to conduct an effective campaign.

In short, regardless of whether it is a majority or two-thirds measure, the local agency needs to communicate a compelling reason for why it needs added revenues.

Developing Key Messages

Once a city has determined the basic strategy (majority or two-thirds voter approval) and refined the funding items, assigned costs and select a funding mechanism, key messages are developed that:

- Address the need for such a measure, and why now—make the case that this is a necessary, responsible fiscal plan.
- If a two-thirds measure, include specifics of the items to be funded.
- Establish protections for ensuring money will be spent responsibly, such as sunset provisions, audit requirements and perhaps a citizen oversight committee.

PREPARING FOR SUCCESSFUL REVENUE MEASURES

Building Community Support

Opinion Leaders. Depending on the funding mechanism and uses identified for the measure, building community consensus is essential. Early in this process, key constituents, stakeholders, business leaders and other public officials should be contacted and their support, questions or opposition evaluated. This also begins to identify possible members of the community-based group that will be essential later in advocating for passage of the measure.

Public Information Program. An effective public information program includes the following communications components:

- Personal meetings with external “Opinion Leaders” to educate them on the funding needs contained in the Measure and obtain input.
- A series of non-partisan, information-only mailings to Opinion Leaders, again about the City’s funding needs.
- A series of non-partisan, information-only mailings to constituents determined by the public opinion survey as needing more information about the City’s funding needs.
- A Free Media plan that includes (but is not limited to): non-partisan guest columns, “op-eds” and stories in neighborhood newsletters or other local outlets about the City’s funding needs.
- Where appropriate, “fixed site visibility” activities where constituents and/or City representatives table or otherwise distribute non-partisan information about a potential revenue measure.
- A Speakers Bureau primarily led by constituents to make presentations to key community organizations as needed.

As part of the City’s Media/Communications Plan, information-only fact sheets, brochures, letters, newsletters and guest columns are developed for mailing and distribution. Where time permits, these communications seek citizen input in an “interactive” manner.

Ideally, before placing a revenue measure on the ballot, the local agency’s public information program has:

- Shifted public opinion further towards support of a possible revenue measure.
- Yielded letters and cards providing the City with guidance on how to further refine the measure.
- Answered questions about the City’s funding needs.
- Generated greater community awareness before taking action to place a revenue measure on the ballot.

PREPARING FOR SUCCESSFUL REVENUE MEASURES

Additional Public Opinion Research

Following the public information program, the local agency should conduct another scientific public opinion survey—which could be an abbreviated version also known as a “tracking poll”—just before placing the measure on the ballot. The purpose of this follow-on public opinion research is a final “litmus test” in ensuring that there is substantial voter approval at this point, and confirming financial thresholds: that the City is not asking for too little or too much money for the measure.

Conducting this research close to the time that the City makes a final decision in going forward with a ballot measure is the final opportunity to evaluate where the electorate is, and to make adjustments in the measure as necessary—including not going forward at all.

Timing and Implications of Other Ballot Measures and Issues

If the measure is for general-purpose revenues (majority voter approval), then it must be held in conjunction with Council elections (unless the Council unanimously declares an emergency). A two-thirds voter approval election can be held at any time.

Cost and Timing

An effective public information program will take 90 to 180 days before placing the measure on the ballot, and is likely to cost \$30,000 to \$100,000 for direct mailings, follow-up public opinion research and professional assistance in preparing the public information program

Placing the Measure on the Ballot

The local agency’s final action is to place the item on the ballot. As noted above, after this the agency cannot commit any resources in advocating for its passage. For this reason, even if all the other factors to-date have been favorable, the agency should seriously consider not placing the measure on the ballot if by this time an effective community-based group has not emerged that will be campaign aggressively for its passage.

RESOURCES AND TIMING

The following summarize the general timing and resource requirements to prepare for a successful revenue measure:

Task	Time	Cost
Select research/advisor team	30 to 90 Days	
Conduct public opinion research and evaluate results; make “go/no-go” decision in proceeding further.	30 to 60 Days	\$25,000
If “go:” Develop and implement public information campaign.	90 to 180 Days	\$30,000 to \$100,000
Evaluate results and make decision on placing measure on the ballot.	30 Days	
If “yes:” Vote on measure.	90 Days	
TOTAL	9 to 15 Months	\$25,000 to \$125,000

PREPARING FOR SUCCESSFUL REVENUE MEASURES

As reflected above, from the time a decision is made to seriously *consider* a revenue measure, 9 to 15 months are required to effectively prepare for one.

SUMMARY

Preparing for a successful revenue measure in this era of “direct democracy” requires an approach that will engage the local voters in the decision-making process. Gaining this support—in evidence on Election Day—requires more than a compelling need: it also requires communicating this need in a compelling way. And this requires effective preparation by the local agency—doing its homework, and allocating adequate time and resources to this endeavor—before placing revenue measure on the ballot (which is within the control of the local agency); and an effective community-based group that will campaign for its passage afterwards (which is not).

ATTACHMENT 3



GENE BREGMAN & ASSOCIATES

Public Opinion & Marketing Research

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HOME ABOUT CLIENTS

GENE'S TAKE ON...



WELCOME TO GENE BREGMAN & ASSOCIATES

For more than thirty years, company founder Gene Bregman has conducted well over a thousand surveys on legislative and ballot issues, for candidates for elective office at virtually all levels of electoral politics, and on non-political subjects such as public policy research, business and consumer research, employee surveys, litigation consulting and in many other areas. He and his firm have conducted public opinion research in every state in the nation and throughout California. Clients have included governmental agencies, municipalities, public interest and community organizations, school districts, political candidates and private industry.

One of the benefits of our experience is that in all our surveys, we make sure that we talk to the right people and ask the right questions. We are known for being on target with our results, and while our data, our interpretations and our conclusions are objective and unbiased, our advice is not. Clients who hire us should expect our interpretation of the data to help them make decisions that lead them to successful campaigns. Clients hire us to tell them if they can win and then to give them the advice that helps them do so.

Although we do not feel that a "won-lost" record is really appropriate for a polling firm, others do not agree. Therefore, at last count, Gene Bregman & Associates has a winning percentage over the last decade of approximately 86%, including a recent streak consisting of victories in 43 of 45 elections for education clients and currently, 4 for 4 in victories for hospitals and healthcare districts.

"For more than 20 years Gene Bregman has provided Cerrell Associates with responsive, insightful and well-crafted research on numerous candidate and issue-related projects. He understands the problems, asks the right questions, and interprets the data in a manner that gets to the heart of an issue. Above all, he is always 100% professional."

*—Hal Dash, President
Cerrell Associates, Inc*



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HOME ABOUT CLIENTS

GENE'S TAKE ON...

About

"Gene Bregman is one of the top polling experts in the country. His polling is accurate and his analysis impeccable. Others may charge more, but none are better."

–Larry Tramutola
Tramutola Company

"Measure J has passed. The voters of the Ripon Unified School District have approved spending ten million dollars to improve our high school and to help with the construction of a much needed elementary school. And we could not have done it without your help. The work you did was invaluable in getting our message out to the voters. On behalf of the Yes on Measure J Campaign Committee, the Board of Education, and the Ripon community, I want to thank you very much."

–Dennis Bitters
Campaign Chairman
Committee for Yes On Measure J
for Ripon Schools

BIOGRAPHY – GENE BREGMAN, PRINCIPAL

Gene Bregman has conducted public opinion, political and marketing research for more than thirty years. He began his career in his native New York City, in 1970. Shortly after moving to San Francisco in 1971, he became a project director with Public Response Associates, where he later rose to become company vice-president. He left to form Gene Bregman & Associates in January, 1980.

While his main emphasis has always been, and continues to be, political polling and related public opinion research, Gene has designed and analyzed many different types of research in every state in the nation. Some of these have included:

- Politically, being involved in a multitude of gubernatorial, senatorial, congressional and local candidate campaigns, in addition to well over 100 local ballot measure campaigns, most of which have required a two-thirds vote for passage (and the vast majority of which have been successful)
- Conducting public opinion research to help cities, counties and various governmental agencies (schools, hospitals, libraries, parks, etc.) assess how well they are doing with the public, understand what is important to their constituents, and ultimately, assist them in setting the priorities that meet the needs and desires of the people they serve
- Being the principal researcher for three Knowledge, Attitudes, Beliefs and Behavior studies among various ethnic minority populations for the San Francisco Health Department, AIDS Office, all of which had their results presented at International AIDS conferences
- Designing the first exit polls ever conducted in California that were used for predictive as well as analytical purposes
- Conducting an array of research techniques that fall under the heading of "litigation consulting," including jury simulations, mock trials, juror surveys, change of venue surveys, etc.
- Conducting business-to-business surveys that help companies understand their customers and their competition
- Surveying a company's employees on issues related to their jobs and the workplace
- Testing consumer products such as cough drops, chewing gum, mouthwash, soap, candy, soft drinks and others

Gene is a long-time member of the American Association for Public Opinion Research, the American Association of Political Consultants, and the Marketing Research Association. He is a graduate of Case Western Reserve University, Cleveland, Ohio.

*Fairbank,
Maslin,
Maullin,
Metz &
Associates*

ATTACHMENT 4

FM3

*Public Opinion Research
& Strategy*

TO: Steve Jesberg, City of Capitola Public Works Director

FROM: Richard Maullin
Fairbank, Maslin, Maullin, Metz & Associates (FM3)

SUBJ.: Community Survey Cost Estimates

DATE: December 21, 2011

Steve, thanks again for contacting FM3 regarding public opinion research for the City of Capitola. As you know, my partner Dave Metz conducted a survey of Capitola voters in 2008 regarding the local quarter cent sales tax, Measure D. We would be pleased to look at the feasibility of other tax measures and renewal of Measure D, as well as citizen satisfaction with the City's service delivery, in a new survey this coming year, 2012. Either Dave or I would be the lead researcher, and we would be assisted by FM3 vice president Shakari Byerly, who also worked on the 2008 survey.

For the new survey, we suggest that we interview a random sample of 400 likely November 2012 voters. This will provide results with an error margin of plus or minus 4.9 percent and will also allow us to analyze results by cross-tabulation in some detail. The table below has our cost estimates for this survey at different survey lengths. Our experience tells us a survey averaging 20 minutes is the most likely and useful scenario. Prices include all services and full reporting, but excluding travel.

Sample size	Length in Minutes	Cost estimate
400	15	\$20,000
400	20	\$23,000
400	25	\$27,000

Gene Bergman

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Item #: 6.G.

CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: DEPARTMENT OF PUBLIC WORKS

DATE: JANUARY 20, 2012

SUBJECT: INCREASE EXISTING HALF TIME BUILDING INSPECTOR POSITIONS TO A FULL TIME POSITION

RECOMMENDED ACTION: By motion take the following actions:

1. Approve increasing the existing half time Building Inspector positions to a permanent full time position effective February 5, 2012; and
2. Approve a budget amendment resolution increasing expenditures in the Green Building Fund by \$12,500, reducing the Public Works Contract Services by \$2,500, increasing the Community Development Department revenues by \$12,500 and increasing the Community Development Department Personnel costs by \$15,000 to cover the increased salary expenditures for the remainder of fiscal year 2011/12.

BACKGROUND:

In October 2010 the City Council approved the creation of a Building Inspector position in the Community Development Department and authorized filling it on a half time basis for fiscal year 2010/11. The position was filled on March 6, 2011 and was continued in the fiscal year 2011/12 budget as a half time position.

The currently employee filling this position, Mr. Brian Van Son, has proven to be an excellent employee who has previous experience in related functions like code enforcement, storm water inspections, and green building program implementation.

DISCUSSION:

Due to current demand for increased services for green building, storm water inspections, recycling enforcement and code enforcement, staff is recommending increasing the Building Inspector position to a full time position at this time.

The City of Capitola has operated a green building program since 2008. There is a new state green building program. The state program is being phased in and will be equivalent to the City's current program in January 2013. It has always been the City's intent to expand the current green building program to include a recognition program and well as offer more education to the applicant regarding the benefits of not only meeting the minimum requirements but exceeding them. The work to implement this new program will need to be completed prior to January 2013. Continuing the City's green building program to meet our needs after the state program is implemented, will allow the City to continue to collect the current green building fee used for education and implementation of green building concepts.

The City of Capitola is also in the process of implementing regional storm water requirements. This enforcement and implementation will take additional staff time and the City will be liable if these efforts are not done correctly. Unfortunately this is another mandate which does not include a new funding source to implement.

Beginning in July, State law will require enforcement of mandatory commercial and multi-family recycling. The City will need to develop and distribute educational material on these new regulations and perform periodic inspections to verify compliance for reporting to the State.

The issue of code enforcement particularly for signs has been raised by citizens and Council Members. Having additional hours to work on both building code enforcement issues and sign code enforcement will make it possible to correct many long standing violations. Sign enforcement is always a program which needs to be handled correctly so that business owners and merchants do not feel they are being singled out for enforcement. The time spent to develop and implement a good program will pay off by far fewer complaints coming to the City Council.

The priorities for enforcement will be to start on 41st Avenue. The enforcement will then move to the Village and Upper Village area. The enforcement program on 41st Avenue will take approximately 4 weeks starting the first part of February. The enforcement in the Village would start approximately the first part of March. This schedule will allow the issue of A-Frame/Sandwich Board signs in the Village to be addressed by the City Council before enforcement in the Village begins.


FISCAL IMPACT:

Increasing the Building Inspector position from part time to full time will cost \$35,000 annually. For the remainder of fiscal year 2011/12 the cost will be \$15,000 which it is recommended be paid from available funding from the Green Building Fund and Public Works Contract Services Fund for Storm Water Management. For fiscal year 2012/13 and beyond a combination of funding sources, including Building fees and the General Fund, will be used.

ATTACHMENTS:

1. Draft Resolution

**Report Prepared By: Steven Jesberg
Public Works Director**

**Reviewed and Forwarded
By City Manager:** 

RESOLUTION NO. ___

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AMENDING THE 2011/2012 BUDGET INCREASING EXPENDITURES IN THE GREEN BUILDING FUND BY \$12,500, REDUCING THE PUBLIC WORKS CONTRACT SERVICES BY \$2,500, INCREASING THE COMMUNITY DEVELOPMENT DEPARTMENT REVENUES BY \$12,500 AND INCREASING THE COMMUNITY DEVELOPMENT DEPARTMENT PERSONNEL COSTS BY \$15,000 TO COVER THE INCREASED SALARY EXPENDITURES FOR THE REMAINDER OF FISCAL YEAR 2011/12 FOR A FULL TIME BUILDING INSPECTOR

WHEREAS, the current Building Inspector position is only filled half time; and

WHEREAS, the City has identified increased staffing demands for code enforcement, green building implementation, solid waste recycling enforcement, and storm water construction inspections; and

WHEREAS, the by increasing the Building Inspector position to full time these increased demands can be addressed; and

WHEREAS, funding is available in the fiscal year 2011/12 budget to increase the Building Inspector position to full time position; and

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2010/2011 budget shall be amended to increasing expenditures in the Green Building Fund by \$12,500, reducing the Public Works Contract Services by \$2,500, increasing the Community Development Department revenues by \$12,500 and increasing the Community Development Department Personnel costs by \$15,000 to cover the increased salary expenditures for the remainder of fiscal year 2011/12

BE IT FURTHER RESOLVED that the Finance Director is directed to record these changes into the City’s accounting records in accordance with appropriate accounting practices.

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 26th day of January, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Michael Termini, Mayor

ATTEST:

_____, CMC
Susan Sneddon, City Clerk