

City of Capitola Agenda

Mayor: Jacques Bertrand
Vice Mayor: Kristen Petersen
Council Members: Ed Bottorff
Yvette Brooks
Sam Storey



CAPITOLA CITY COUNCIL REGULAR MEETING

THURSDAY, DECEMBER 19, 2019

6:00 PM

CITY COUNCIL CHAMBERS
420 CAPITOLA AVENUE, CAPITOLA, CA 95010

CLOSED SESSION – 5:15 PM CITY MANAGER’S OFFICE

An announcement regarding the items to be discussed in Closed Session will be made in the City Hall Council Chambers prior to the Closed Session. Members of the public may, at this time, address the City Council on closed session items only. There will be a report of any final decisions in City Council Chambers during the Open Session Meeting.

CONFERENCE WITH LABOR NEGOTIATOR [Govt. Code § 54957.6]

Negotiator: Larry Laurent

Employee Organizations: (1) Association of Capitola Employees; (2) Capitola Police Captains, (3) Confidential Employees; (4) Mid-Management Group; and (5) Department Heads

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Initiation of litigation pursuant to Gov't Code § 54956.9(d)(4).
(One potential case)

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 6 PM

All correspondences received prior to 5:00 p.m. on the Wednesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Wednesday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.

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

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Members Sam Storey, Kristen Petersen, Yvette Brooks, Ed Bottorff, and Mayor Jacques Bertrand

2. REPORT ON CLOSED SESSION

3. ADDITIONAL MATERIALS

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

4. ADDITIONS AND DELETIONS TO AGENDA

5. PUBLIC COMMENTS

Oral Communications allows time for members of the Public to address the City Council on any item not on the Agenda. Presentations will be limited to three minutes per speaker. Individuals may not speak more than once during Oral Communications. All speakers must address the entire legislative body and will not be permitted to engage in dialogue. All speakers are requested to print their name on the sign-in sheet located at the podium so that their name may be accurately recorded in the minutes. A MAXIMUM of 30 MINUTES is set aside for Oral Communications at this time.

6. CITY COUNCIL / STAFF COMMENTS

City Council Members/Staff may comment on matters of a general nature or identify issues for staff response or future council consideration. No individual shall speak for more than two minutes.

7. REORGANIZATION

1. City Council Reorganization for the Selection of Mayor and Vice Mayor
RECOMMENDED ACTION: City Council consideration of a new Mayor and Mayor Pro Tempore.

8. BOARDS, COMMISSIONS AND COMMITTEES APPOINTMENTS

- A. Appoint Art and Cultural Commission Members
RECOMMENDED ACTION: Reappoint Mary Beth Cahalen, Laurie Hill, and James Wallace as at-large members for terms expiring in December 2021 as recommended by the Art and Cultural Commission.
- B. Appointment of Youth Member to Art and Cultural Commission
RECOMMENDED ACTION: Appoint Ayden MacKenzie to a one-year term as a youth member as recommended by the Art and Cultural Commission.

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA
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- C. Consider Council Financial Advisory Commission Membership
RECOMMENDATION: Determine if the new mayor and vice mayor wish to serve on the Finance Advisory Committee, and provide direction on related appointments and recruitment.

9. CONSENT CALENDAR

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

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

- A. Consider the November 26, 2019, City Council Regular Meeting Minutes
RECOMMENDED ACTION: Approve minutes.
- B. Receive the Planning Commission Action Minutes for the Regular Meeting of December 5, 2019
RECOMMENDED ACTION: Receive minutes.
- C. Approval of City Check Registers Dated November 1, November 8, November 15, November 22, and November 29, 2019
RECOMMENDED ACTION: Approve check registers.
- D. Consider a Resolution Authorizing an Increase in the Residential and Commercial Garbage Collection Rates
RECOMMENDED ACTION: Adopt a Resolution approving the Rate Schedule for Residential and Commercial Garbage Collection and Recycling in Capitola, resulting in a 3.03 percent rate increase pursuant to the franchise agreement with GreenWaste Recovery, effective January 1, 2020.
- E. Adopt a Resolution Setting the Interest Rate for Tenants' Security Deposits for 2020 at Zero Percent (0.00%)
RECOMMENDED ACTION: Adopt Resolution.
- F. Adopt an Ordinance Amending Capitola Municipal Code Chapter 12.64 Sidewalk Vending Prohibitions
RECOMMENDED ACTION: Approve the second reading of an ordinance to amend Chapter 12.64 to allow sidewalk vending consistent with Senate Bill 946, by title only, waiving further reading.

10. GENERAL GOVERNMENT / PUBLIC HEARINGS

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

- A. Consider an Appeal of the Planning Commission's Denial of a Tree Removal Permit for a Coastal Redwood at 1600 49th Avenue
RECOMMENDED ACTION: Deny the appeal of the tree removal and support approval of pruning measures established in the arborist report.

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA
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- B. Report on Emergency Declaration from December 3, 2019
RECOMMENDED ACTION: Receive a report on a Proclamation of Existence of a Local Emergency made by the City Director of Emergency Services on December 3, 2019, in response damages to the Grand Avenue Pathway following heavy rains, and authorize associated expenditures from Measure F funding.
- C. Receive Update Report on the Construction of the Capitola Branch Library
RECOMMENDED ACTION: Receive report.
- D. Receive Audit Report for Fiscal Year 2018-19
RECOMMENDED ACTION: Receive report.
- E. Support a Consolidated Coastal Development Permit Process for Pure Water Soquel
RECOMMENDED ACTION: Authorize a Consolidated Coastal Development Permit application for California Coastal Commission review of a major public works facility, in lieu of a local Coastal Development Permit.

11. ADJOURNMENT

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

Notice regarding City Council: The City Council meets on the 2nd and 4th Thursday of each month at 7:00 p.m. (or in no event earlier than 6:00 p.m.), in the City Hall Council Chambers located at 420 Capitola Avenue, Capitola.

Agenda and Agenda Packet Materials: The City Council Agenda and the complete Agenda Packet are available for review on the City’s website: www.cityofcapitola.org and at Capitola City Hall prior to the meeting. Agendas are also available at the Capitola Post Office located at 826 Bay Avenue, Capitola. Need more information? Contact the City Clerk’s office at 831-475-7300.

Agenda Materials Distributed after Distribution of the Agenda Packet: Pursuant to Government Code §54957.5, materials related to an agenda item submitted after distribution of the agenda packet are available for public inspection at the Reception Office at City Hall, 420 Capitola Avenue, Capitola, California, during normal business hours.

Americans with Disabilities Act: Disability-related aids or services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Assisted listening devices are available for individuals with hearing impairments at the meeting in the City Council Chambers. Should you require special accommodations to participate in the meeting due to a disability, please contact the City Clerk’s office at least 24 hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.

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



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: City Council Reorganization for the Selection of Mayor and Vice Mayor

RECOMMENDED ACTION: City Council consideration of a new Mayor and Mayor Pro Tempore.

BACKGROUND: Capitola Municipal Code Section 2.04.150 allows for the selection of a new mayor and vice mayor in non-election years: "At a regular meeting which falls approximately one year after the last general municipal election, the city council shall consider choosing a new mayor and a new mayor pro tempore. Any city council member is eligible for either of those two positions."

The duties of these positions are defined by California Code Section 36802: "The mayor shall preside at the meetings of the council. If he or she is absent or unable to act, the mayor pro tempore shall serve until the mayor returns or is able to act. The mayor pro tempore has all of the powers and duties of the mayor."

DISCUSSION: City Council should decide if it wishes to reorganize at this time. If so, a new mayor and mayor pro tempore (vice mayor) should be selected by motion. The newly selected mayor will then preside over the remainder of the meeting.

FISCAL IMPACT: None

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

12/12/2019



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: Appoint Art and Cultural Commission Members

RECOMMENDED ACTION: Reappoint Mary Beth Cahalen, Laurie Hill, and James Wallace as at-large members for terms expiring in December 2021 as recommended by the Art and Cultural Commission.

BACKGROUND/DISCUSSION: Three at-large members of the Art and Cultural Commission have terms expiring in December 2019. The openings were publicly noticed this fall and the current members, Mary Beth Cahalen, Laurie Hill, and James Wallace, asked to be reappointed. No other applications were received. The commission supports the reappointment of these members for two-year terms ending in December 2021.

FISCAL IMPACT: None.

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

A handwritten signature in black ink, appearing to be "JG", written over a horizontal line.

Jamie Goldstein, City Manager

12/12/2019



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: Appointment of Youth Member to Art and Cultural Commission

RECOMMENDED ACTION: Appoint Ayden MacKenzie to a one-year term as a youth member as recommended by the Art and Cultural Commission.

BACKGROUND/DISCUSSION: The City Council adopted Administrative Policy I-38 to allow youth representation on certain City advisory bodies in 2017. On October 22, the City Clerk's Office received an application from Ayden MacKenzie to serve as a youth representative on the Arts and Cultural Commission (Attachment 1). As required by the commission's bylaw's, he attended a meeting on November 12 and the commission recommends his appointment (Attachment 2).

ATTACHMENTS:

1. MacKenzie youth A&C application
2. Ayden Mackenzie letter

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

12/12/2019

RECEIVED

OCT 22 2019

CITY OF CAPITOLA



CITY of CAPITOLA BOARDS AND COMMISSIONS APPLICATION

Application for:

- Art & Cultural Commission
[Artist; Arts Professional; At Large Member]
Please circle category above
- Architecture & Site Committee
[Architect; Landscape Architect; Historian]
Please circle category above
- Finance Advisory Committee
[Business Representative; At Large Member]
Please circle category above
- Planning Commission
- Commission on the Environment
- Other Committee _____
- Historical Museum Board
- Check if applying as youth member to any board

Name: Mackenzie Ayden
Last First

Residential Neighborhood: Depot Hill

Occupation: Student

Describe your qualifications and interest in serving on this Board/Commission/Committee:

I've lived in Capitola almost my entire life, and I'd love to make a difference in our town through this committee - I've studied government extensively and always been focused on school, however I want to get experience physically helping to run our town's government, as this is the field I want to enter - I have always achieved -

(Use additional paper, if necessary)

Please Note: Appointment to this position may require you to file a conflict of interest disclosure statement with the City Clerk. This information is a public record and these statements are available to the public on request.

10/21/19
Date

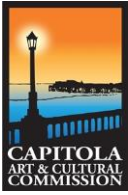
[Signature]
Signature of Applicant

Mail or Deliver Application to:
Capitola City Hall
Attn: City Clerk
420 Capitola Avenue, Capitola, CA 95010

All information contained in this page of the application is public data and will be made available for public review and copying for anyone requesting it, and may be posted on the website of the City of Capitola. All information in this page will be provided to the Capitola City Council in a public forum and will be reviewed in public. It will therefore be part of the public record.

Attachment: MacKenzie youth A&C application (Appointment of Youth Member to A&C)

very highly in school, and I'm a cheerleader or 6 years, + I'm involved
(grades etc.)
in CSFA and JNHS, I participated in an NSCC program in DC,
I am in the art club at school, and I'd love to ser-
vice this committee.



420 Capitola Avenue
Capitola, California 95010
Telephone: (831) 475-7300
FAX: (831) 479-8879
Website: <http://www.cityofcapitola.org>

December 9, 2019

Dear Capitola City Council;

I am pleased to report that the Capitola Art and Cultural Commission recommend that Ayden MacKenzie be appointed as a non-voting youth representative to the Commission.

Ayden is a resident of Capitola and attends Monte Vista Christian School. He is interested in art and has studied government extensively. He is a member of the Art Club at school and has participated in the National Student Leadership Conference in Washington DC.

Sincerely,

Larry Laurent
Assistant to the City Manager

Attachment: Ayden Mackenzie letter (Appointment of Youth Member to A&C)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: Consider Council Financial Advisory Commission membership

RECOMMENDATION: Determine if the new mayor and vice mayor wish to serve on the Finance Advisory Committee, and provide direction on related appointments and recruitment.

BACKGROUND/DISCUSSION: Resolution No. 4105 gives the mayor and vice mayor first right of refusal to serve on the Finance Advisory Committee (FAC). Should either or both not wish sit on the FAC, other Council members will need to be appointed to the two Council seats. Additionally, those members not serving on the FAC appoint a resident as their representative and changes may trigger recruitment requirements to advertise new opening(s).

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

A handwritten signature in black ink, appearing to read "J. Goldstein".

Jamie Goldstein, City Manager

12/13/2019



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: Consider the November 26, 2019, City Council Regular Meeting Minutes

RECOMMENDED ACTION: Approve minutes.

DISCUSSION: Attached for City Council review and approval are the minutes of the regular meeting of November 26, 2019.

ATTACHMENTS:

1. 11-26 draft minutes

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

A handwritten signature in black ink, appearing to be "J. Goldstein".

Jamie Goldstein, City Manager

12/12/2019

**DRAFT
CAPITOLA CITY COUNCIL
REGULAR MEETING MINUTES
TUESDAY, NOVEMBER 26, 2019**

Mayor Bertrand called the meeting to order at 6:15 p.m. with the following in attendance:

Council Member Yvette Brooks: Present, Council Member Ed Bottorff: Present, Council Member Sam Storey: Present, Vice Mayor Kristen Petersen: Present, Mayor Jacques Bertrand: Present.

There were no members of the public present and the Council adjourned to the City Manager's Office to discuss the following items in closed session:

CONFERENCE WITH LABOR NEGOTIATOR [Govt. Code § 54957.6]

Negotiator: Larry Laurent

Employee Organizations: (1) Association of Capitola Employees; (2) Capitola Police Captains, (3) Confidential Employees; (4) Mid-Management Group; and (5) Department Heads

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Initiation of litigation pursuant to Govt. Code § 54956.9(d)(4).

(One potential case)

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL – 7 PM

1. PLEDGE OF ALLEGIANCE

2. PRESENTATIONS

A. Santa Cruz County Youth Violence Prevention Task Force Update

Capitola Police Sergeant Sarah Ryan provided a follow-up on the dialogue circle process that was undertaken across the County in the spring. Participants focused on information sharing, events and activities, and understanding policies and practices. Sergeant. Ryan came away feeling that Capitola was successfully using the techniques, and said the community wants to hear about training in areas of mental health and de-escalation.

3. REPORT ON CLOSED SESSION

City Attorney Samantha Zutler said Council discussed the items and took no reportable action.

4. ADDITIONAL MATERIALS - None

5. ADDITIONS AND DELETIONS TO AGENDA - None

6. PUBLIC COMMENTS

Resident Cherrie McCoy said she was glad Merlone Geier invited community input on the mall redevelopment and offered additional options.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
November 26, 2019

7. CITY COUNCIL / STAFF COMMENTS

Council Member Brooks thanked staff for its daily efforts.

Council Member Storey shared good wishes for Thanksgiving.

Mayor Bertrand requested the Finance Advisory Committee look into a property transfer tax.

Public Works Director Steve Jesberg said recent work in the Village is part of the effort to remove single parking meters.

8. CONSENT CALENDAR

MOTION:	APPROVE AS RECOMMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Sam Storey, Council Member
SECONDER:	Yvette Brooks, Council Member
AYES:	Brooks, Bottorff, Storey, Petersen, Bertrand

- A. Consider the City Council November 6, 2019, Special Meeting Minutes and the November 14, 2019, Regular Meeting Minutes
RECOMMENDED ACTION: Approve minutes.
- B. Receive the Planning Commission Action Minutes for the Special Meeting of October 17, 2019, and the Regular Meeting of November 7, 2019
RECOMMENDED ACTION: Receive minutes.
- C. Approval of City Check Registers Dated October 4, October 11, October 18 and October 25, 2019.
RECOMMENDED ACTION: Approve check registers.
- D. Declare 2008 Street Sweeper as Surplus
RECOMMENDED ACTION: Declare a 2008 Alianz Street Sweeper in the Public Works Department as surplus property and authorize its sale.
- E. Consider a Resolution Approving a New Hourly and Seasonal Pay Schedule [600-10]
RECOMMENDED ACTION: Adopt **Resolution No. 4161** repealing Resolution No. 4155, approving the January 1, 2020, Hourly/Seasonal Pay Schedule and creating a Junior Lifeguard Assistant Coordinator position.

9. GENERAL GOVERNMENT / PUBLIC HEARINGS

- A. Special Event Highlights
RECOMMENDED ACTION: Receive report, provide direction regarding changes to specific recurring special event permit conditions, and determine if any additional review should be required for any 2020 special events.

Police Chief Terry McManus introduced the overview of the year's special events, acknowledging the local community's patience with "event fatigue" from many impacts. Captain Andrew Dally presented the staff report. The only new events were in the minor category and preplanning with police staff was effective. He reported there were few calls for service and towing, and no arrests.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
November 26, 2019

Council Member Bottorff confirmed there were no impacts from the new Sip and Stroll events. Council Member Storey said he heard few complaints, most about amplified sound early in the morning. There was no request for further review.

RESULT: RECEIVED REPORT

B. Consider a Senate Bill 2 Housing Grant Resolution
RECOMMENDED ACTION: Consider **Resolution No. 4162** approving a Senate Bill 2 Planning Grant application for the current grant cycle to develop 1) public outreach and pre-approved site and architectural plans of accessory dwelling units and 2) objective design standards consistent with Senate Bill 35.

Community Development Director Katie Herlihy presented the staff report about the opportunity to get state funding support to help address the housing crisis. Capitola is looking for assistance in two identified categories: developing objective design and development standards and addressing accessory dwelling units (ADUs). If a grant is received the city would have local architects develop plans that would not require hearing reviews and would be ready for building permit application.

She explained that Senate Bill 35 removed the right of local jurisdictions to hold public hearings for certain multi-unit and mixed-use projects and requires a streamlined process. It requires objective design standards, which need specific detailed descriptions within code. The grant would help staff to address this need.

City Manager Jamie Goldstein noted the most significant cost for developing ADUs is water hookup, over which the City has no jurisdiction. Capitola already has relatively inexpensive permit costs.

There was no public comment.

MOTION: APPROVE THE RESOLUTION AS RECOMMENDED
RESULT: ADOPTED [UNANIMOUS]
MOVER: Sam Storey, Council Member
SECONDER: Yvette Brooks, Council Member
AYES: Brooks, Bottorff, Storey, Petersen, Bertrand

C. Introduce an Ordinance Amending Capitola Municipal Code Chapter 12.64 Sidewalk Vending Prohibitions
RECOMMENDED ACTION: Approve the first reading of an ordinance to amend Chapter 12.64 to allow sidewalk vending consistent with Senate Bill 946.

Community Development Director Herlihy presented the staff report. This ordinance is based on direction given by Council in July 2019. Vending is allowed only on sidewalks, pathways, and parks. She walked the Council through new state requirements and how they impact the City's options.

Council Member Storey asked if language referring exclusively to “an individual” is sufficient. City Attorney Zutler offered an amendment to Section 12.64.030 B to read individual sidewalk vendor, legal entity, or business.

Council Member Bottorff confirmed that sales of cannabis are prohibited.

Attachment: 11-26 draft minutes (Approval of City Council Minutes)

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
November 26, 2019

Mayor Bertrand asked that the policy for determining insurance requirements be shared a future time.

Council confirmed that in general a code enforcement complaint must be filed to act on violations, although exceptions can be made for immediate safety concerns.

There was no public comment.

MOTION:	APPROVE FIRST READING AS AMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Kristen Petersen, Vice Mayor
SECONDER:	Ed Bottorff, Council Member
AYES:	Brooks, Bottorff, Storey, Petersen, Bertrand

- D. Consider an Amended Fee Schedule for Fiscal Year 2019-20 [390-40]
RECOMMENDED ACTION: Adopt **Resolution No. 4163** repealing Resolution No. 4148 and adopting an amended fee schedule for fiscal year 2019/2020.

Finance Director Jim Malberg presented the staff report. He walked the Council through the corrected and new fees that arose since the schedule was adopted in June.

Council members confirmed that additional discounts for recreation fees will be discussed later and that dollar amounts for vendor fees, rather than a percent of sales, is the cleanest approach for working with vendors for events.

There was no public comment.

MOTION:	ADOPT RESOLUTION AND FEE SCHEDULE AS RECOMMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Ed Bottorff, Council Member
SECONDER:	Sam Storey, Council Member
AYES:	Brooks, Bottorff, Storey, Petersen, Bertrand

10. ADJOURNMENT

The meeting adjourned at 8:17 p.m.

Jacques Bertrand, Mayor

ATTEST:

Linda Fridy, City Clerk



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: Receive the Planning Commission Action Minutes for the Regular Meeting of December 5, 2019

RECOMMENDED ACTION: Receive minutes.

DISCUSSION: Attached for Council review are the action minutes of the December 5, 2019, Planning Commission regular meeting.

ATTACHMENTS:

1. 12-5-19 PC Action

Report Prepared By: Linda Fridy
City Clerk

Reviewed and Forwarded by:

A handwritten signature in black ink, appearing to be "JG", written over a horizontal line.

Jamie Goldstein, City Manager

12/12/2019



**ACTION MINUTES
CAPITOLA PLANNING COMMISSION MEETING
THURSDAY, DECEMBER 5, 2019
7 P.M. – CAPITOLA CITY COUNCIL CHAMBERS**

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Commissioners Christiansen, Newman, Routh, Wilk and Chair Welch were all present.

2. ORAL COMMUNICATIONS

A. Additions and Deletions to Agenda – None

B. Public Comments

C. Commission Comments

D. Staff Comments – None

3. APPROVAL OF MINUTES

1. Planning Commission - Regular Meeting - Nov 7, 2019 7:00 PM

MOTION: Approve minutes with requested edits.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Ed Newman
SECONDER:	Peter Wilk
AYES:	Newman, Welch, Wilk, Routh, Christiansen

4. CONSENT CALENDAR

A. 706 Gilroy Drive #19-0330 APN: 035-063-12

Design Permit for demolition of an existing one-story single-family residence and construction of a new two-story single-family residence located within the R-1 (Single-Family Residential) zoning district.

This project is in the Coastal Zone and requires a Coastal Development Permit which is not appealable to the California Coastal Commission after all possible appeals are exhausted through the City.

Environmental Determination: Categorical Exemption

Property Owner: Carol Ostergren

Representative: John McKelvey, Architect, Filed: 07.16.2019

MOTION: Approve the Design Permit and Coastal Development Permit.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Mick Routh
SECONDER:	Courtney Christiansen
AYES:	Newman, Welch, Wilk, Routh, Christiansen

5. PUBLIC HEARINGS

A. 1008 Chittenden Lane APN: 036-041-30

Appeal of Notice of Violation issued by Public Works Department

Environmental Determination: Exempt
 Property Owner: Vieira Enterprises, Inc.
 Representative: Hart King
 Appeal Filed: 10.02.2019

ACTION: COMMISSIONER NEWMAN AND COMMISSIONER ROUTH VOLUNTEERED TO SERVE ON COMMITTEE, IF NEEDED

- B. 1591 Prospect Avenue #19-0576 APN: 034-044-12**
 Fence Permit with a location exception and Major Revocable Encroachment Permit for a wall in the public right of way located within the R-1 (Single-Family Residential) zoning district.
 This project is in the Coastal Zone but does not require a Coastal Development Permit.
 Environmental Determination: Categorical Exemption
 Property Owner: Eva Carpenter Trust, Attn: Nancy Yu
 Representative: Pedro Rosado, Filed: 10.24.19

MOTION: Approve the Fence Permit, Location Exception, and Major Revocable Encroachment Permit.

RESULT: DENIED [2 TO 3]
MOVER: Mick Routh
SECONDER: TJ Welch
AYES: Welch, Routh
NAYS: Newman, Wilk, Christiansen

MOTION: Continue item to the next regular Planning Commission meeting on January 16, 2020.

RESULT: CONTINUED [JANUARY 16, 2020]
MOVER: Peter Wilk
SECONDER: Ed Newman
AYES: Newman, Welch, Wilk, Routh, Christiansen

- C. 4170 Gross Road #19-0573 APN: 034-141-24**
 Conditional Use Permit for a new retail cannabis establishment (The Hook) and a Sign Permit for a new wall sign with a Variance for a second sign on an existing monument sign located within an existing commercial space in the C-R (Regional Commercial) zoning district.
 This project is not in the Coastal Zone and does not require a Coastal Development Permit.
 Environmental Determination: Categorical Exemption
 Property Owner: Robert Lockwood (Lockwood Family Trust)
 Representative: William Fisher Architecture, Filed: 10.24.2019

MOTION: Approve Conditional Use Permit, Sign Permit, and Variance.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Mick Routh
SECONDER:	Courtney Christiansen
AYES:	Newman, Welch, Wilk, Routh, Christiansen

- D. 111 Capitola Avenue #19-0581 APN: 035-241-04**
 Conditional Use Permit for alcohol sales with a tasting room for a commercial structure located within the C-V (Central Village) zoning district.
 This project is in the Coastal Zone but does not require a Coastal Development Permit.
 Environmental Determination: Categorical Exemption
 Property Owner: John Kettmann
 Representative: English Ales Brewery, Filed: 10.28.2019

MOTION: Approve the Conditional Use Permit.

RESULT:	APPROVED [4 TO 0]
MOVER:	Peter Wilk
SECONDER:	Courtney Christiansen
AYES:	Welch, Wilk, Routh, Christiansen
ABSTAIN:	Ed Newman

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

The meeting was adjourned at 8:24 PM to the next regular meeting of the Planning Commission on January 16, 2020.

Attachment: 12-5-19 PC Action (PC Action Minutes)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: Finance Department

SUBJECT: Approval of City Check Registers Dated November 1, November 8, November 15, November 22, and November 29, 2019

RECOMMENDED ACTION: Approve check registers.

Account: City Main				
Date	Starting Check #	Ending Check #	Payment Count	Amount
11/01/2019	94102	94171	73	\$ 214,550.89
11/08/2019	94172	94234	64	\$ 203,888.58
11/15/2019	94235	94284	55	\$ 548,290.78
11/22/2019	94285	94383	99	\$ 200,404.39
11/29/2019	94384	94385	6	\$ 46,590.65

The main account check register dated October 25, 2019, ended with check #94101.

Account: Library				
Date	Starting Check #	Ending Check #	Payment Count	Amount
11/01/2019	159	160	2	\$ 515,061.34
11/15/2019	161	161	1	\$ 4,860.00
11/22/2019	162	162	1	\$ 14,472.28

The library account check register dated October 25, 2019, ended with check #158.

Account: Payroll				
Date	Starting Check #	Ending Check #	Payment Count	Amount
11/08/2019	5631	5633	95	\$ 172,330.03
11/22/2019	5634	5637	97	\$ 171,959.39

The payroll account check register dated October 25, 2019, ended with check #5630.

Following is a list of payments issued for more than \$10,000 and descriptions of the expenditures:

Check/ EFT	Issued to	Dept	Description	Amount
94113	Bowman and Williams	PW	Rispin Peery Park	\$ 10,331.25

Approval of City Check Registers
December 19, 2019

			engineering services	
94139	Kimley Horn and Associates	PW	Grant funded traffic signal adaptive control systems	\$ 11,851.81
94150	Pacific Gas and Electric	PW	October gas and electric	\$ 14,877.10
849	IRS	FN	Federal taxes and Medicare PPE 10/19/19	\$ 29,117.78
850	CalPERS Member Services	CM	PERS contributions PPE 10/19/19	\$ 47,092.30
159	John F. Otto Inc. Escrow	PW	September library construction retainer	\$ 25,753.07
160	Otto Construction	PW	September library construction services	\$ 489,308.27
94187	Donald W. Alley	PW	Soquel creek fish and wildlife monitoring	\$ 11,174.40
94203	Kosmont Companies	CD	Mall economic consulting	\$ 12,284.60
94211	MV Transportation	PW	September beach shuttle	\$ 14,425.40
94219	Soquel Creek Water District	PW	September and October irrigation	\$ 28,345.62
852	CalPERS Health Insurance	CM	November health insurance	\$ 64,965.08
94236	Anderson Pacific Engineering Construction	PW	Park Avenue sidewalk construction	\$ 380,021.85
94240	Burke Williams and Sorensen	CM	City attorney services	\$ 19,892.57
854	IRS	FN	Federal taxes & Medicare PPE 11/2/19	\$ 29,198.83
857	CalPERS Member Services	CM	PERS contributions PPE 11/2/19	\$ 55,317.55
94304	Community Bridges	CM	FY19/20 community grants	\$ 50,283.00
94324	Kosmont Companies	CD	Mall economic consulting	\$ 17,823.25
162	Noll and Tam Architects	PW	Library construction admin. & reimbursable expenses	\$ 14,472.28
859	IRS	FN	Federal taxes & Medicare PPE 11/16/19	\$ 29,231.71

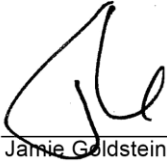
ATTACHMENTS:

1. 11/1/19 City Check Register
2. 11/8/19 City Check Register
3. 11/15/19 City Check Register
4. 11/22/19 City Check Register
5. 11/29/19 City Check Register

Report Prepared By: Maura Herlihy
Accountant I

Approval of City Check Registers
December 19, 2019

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/12/2019


City main account checks dated November 1, 2019, numbered 94102 to 94171 plus 4 EFTs, totaling \$214,550.89, and 2 library account checks, totaling \$515,061.34, for a grand total of \$729,612.23, have been reviewed and authorized for distribution by the City Manager.

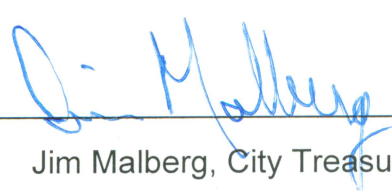
As of November 1, 2019, the unaudited cash balance is \$3,211,629.16.

CASH POSITION - CITY OF CAPITOLA 11/1/19

	<u>Net Balance</u>
General Fund	(\$1,737,844.91)
Payroll Payables	\$68,805.69
Contingency Reserve Fund	\$2,036,345.66
Facilities Reserve Fund	\$434,485.06
Capital Improvement Fund	\$1,652,299.07
Stores Fund	\$48,093.04
Information Technology Fund	\$197,812.53
Equipment Replacement	\$322,780.16
Self-Insurance Liability Fund	\$35,401.63
Workers' Comp. Ins. Fund	\$209,152.04
Compensated Absences Fund	(\$55,700.81)
TOTAL UNASSIGNED GENERAL FUNDS	<u><u>\$3,211,629.16</u></u>

The Emergency Reserve Fund balance is \$1,344,205.54 (not included above).
The PERS Contingency Fund balance is \$867,087.95 (not included above).
The Library Fund balance is \$2,206,966.20 (not included above).


 _____ 11/4/19
 Jamie Goldstein, City Manager Date


 _____ 11/5/19
 Jim Malberg, City Treasurer Date

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94102	VOID		Check stock void due to printer error		
94103	10/29/2019		Licensing Refund	FRESHPOINT SAN FRANCISCO	\$117.50
	Licensee Type	Licensee Number		Transaction Type	
	Business	3111		Pre-Payment	
94104	10/29/2019		Licensing Refund	IN HOME HEALTH LLC	\$506.50
	Licensee Type	Licensee Number		Transaction Type	
	Business	781		Pre-Payment	
94105	11/01/2019			A TOOL SHED	\$76.00
	Invoice	Date	Description	Amount	
	1376870-5	09/24/2019	Gas post hole auger rental	\$76.00	
94106	11/01/2019			AFLAC	\$1,617.10
	Invoice	Date	Description	Amount	
	922246	10/25/2019	October supplemental insurance	\$1,617.10	
			1001 - Payroll Payables		
94107	11/01/2019			AIMEE FITZGERALD	\$631.80
	Invoice	Date	Description	Amount	
	AF102819	10/28/2019	Instructor payment	\$631.80	
94108	11/01/2019			ALLSAFE LOCK COMPANY	\$165.94
	Invoice	Date	Description	Amount	
	51991	10/15/2019	Lifeguard room keys	\$15.52	
	51999	10/23/2019	12 padlocks	\$150.42	
94109	11/01/2019			AMAZON CAPITAL SERVICES	\$670.65
	Invoice	Date	Description	Amount	
	1XFK-YXFY-GQG9	10/29/2019	USB power bank chargers, USB phone cables, AC power bank	\$175.73	
	1WT6-1WC4-HCKT	10/24/2019	Return iPad case and keyboard	(\$106.60)	
	1JNM-7RNQ-LJFF	10/26/2019	iPad keyboard case with stand (2)	\$82.82	
	1G XK-MQJG-4MTP	10/25/2019	Storage cabinet	\$506.72	
	1R3C-3CCJ-X9P7	10/28/2019	Replacement earbuds for headset	\$11.98	
			1000 - General Fund	\$518.70	
			2211 - ISF - Info Tech	\$151.95	
94110	11/01/2019			ARTHUR S. DOVER MD	\$475.00
	Invoice	Date	Description	Amount	
	ASD101519	10/15/2019	Flu shots	\$475.00	
94111	11/01/2019			AUTOMATION TEST ASSOCIATES	\$40.00
	Invoice	Date	Description	Amount	
	47876	10/22/2019	October wharf meter reading	\$40.00	
			1311 - Wharf		

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94112	11/01/2019			BAYSIDE OIL II INC.	\$685.00
	Invoice	Date	Description		Amount
	35813	10/14/2019	Contaminated waste pick up		\$575.00
	35959	10/24/2019	Used oil pickup		\$110.00
94113	11/01/2019			BOWMAN & WILLIAMS INC.	\$10,331.25
	Invoice	Date	Description		Amount
	14052	10/07/2019	Rispin/Peery park engineering services 1200 - Cap Impr Fund		\$10,331.25
94114	11/01/2019			CA DEPARTMENT OF CONSERVATION	\$331.62
	Invoice	Date	Description		Amount
	CDC09302019	09/30/2019	July - Sept. strong motion & seismic hazard mapping fee		\$331.62
94115	11/01/2019			CA DEPARTMENT OF TRANSPORTATION	\$4,562.03
	Invoice	Date	Description		Amount
	SL200161	10/15/2019	Quarterly signals and lighting billing 1310 - Gas Tax		\$4,562.03
94116	11/01/2019			CALE AMERICA INC.	\$7,746.24
	Invoice	Date	Description		Amount
	156660	10/21/2019	Pay station printers (4), coin selectors (2)		\$7,746.24
94117	11/01/2019			CALIFORNIA BUILDING OFFICIALS	\$360.00
	Invoice	Date	Description		Amount
	11507	05/15/2019	Building official job announcement		\$360.00
94118	11/01/2019			CALIFORNIA COAST UNIFORM COMPANY	\$645.98
	Invoice	Date	Description		Amount
	7524	10/16/2019	513 wool pants (2)		\$346.51
	7525	10/16/2019	Parking enforcement hat		\$30.47
	7523	10/16/2019	Captain uniform tailoring charges		\$15.00
	7522	10/16/2019	PD uniform tailoring charges		\$30.00
	7521	10/16/2019	PD uniform tailoring charges		\$78.00
	7520	10/16/2019	PD uniform tailoring charges		\$11.00
	7519	10/16/2019	Parking enforcement uniform tailoring charges		\$44.00
	7518	10/16/2019	PD uniform tailoring charges		\$12.00
	7517	10/16/2019	PD uniform tailoring charges		\$40.00
	7516	10/16/2019	PD uniform tailoring charges		\$6.00
	7515	10/16/2019	Parking enforcement uniform tailoring charges		\$33.00
94119	11/01/2019			CALIFORNIA PEACE OFFICERS ASSOCIATION	\$332.00
	Invoice	Date	Description		Amount
	203970	10/04/2019	"Use of Force" training (2)		\$332.00

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94120	11/01/2019			CAPITOLA PEACE OFFICERS ASSOCIATION	\$1,791.50
	Invoice	Date	Description		Amount
	POA102519	10/25/2019	POA and gym dues PPE 10/19/19 1001 - Payroll Payables		\$1,791.50
94121	11/01/2019			CHEVROLET OF WATSONVILLE	\$26.76
	Invoice	Date	Description		Amount
	232134	10/15/2019	Engine splash shield		\$26.76
94122	11/01/2019			CSG Consultants Inc.	\$8,848.63
	Invoice	Date	Description		Amount
	27106	10/15/2019	September interim building inspector services		\$4,595.00
	B191141	10/01/2019	September building plan review services		\$4,253.63
94123	11/01/2019			DIAMOND D COMPANY	\$4,700.00
	Invoice	Date	Description		Amount
	4124	09/30/2019	Sidewalk repair 1310 - Gas Tax		\$4,700.00
94124	11/01/2019			DOOLEY ENTERPRISES INC.	\$186.47
	Invoice	Date	Description		Amount
	57109	10/09/2019	Range supplies		\$186.47
94125	11/01/2019			DUDEK	\$2,499.01
	Invoice	Date	Description		Amount
	20196957	10/03/2019	523 Riverview Dr. #19-0323 environmental review services		\$2,499.01
94126	11/01/2019			EMPLOYMENT DEVELOPMENT DEPT	\$150.00
	Invoice	Date	Description		Amount
	L1858684256-7	07/16/2019	Employee earnings withholding order 1001 - Payroll Payables		\$150.00
94127	11/01/2019			FERGUSON ENTERPRISES INC 795	\$66.95
	Invoice	Date	Description		Amount
	8103826	10/25/2019	Corp. yard supplies		\$66.95

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94128	11/01/2019			FLYERS ENERGY LLC	\$9,249.98
	Invoice	Date	Description		Amount
	19-000064	10/18/2019	100 gallons diesel		\$404.82
	19-000066	10/18/2019	513 gallons gasoline		\$2,393.79
	19-003130	10/23/2019	55 gallons 15W40 engine oil		\$781.75
	19-995724	10/11/2019	561 gallons gasoline		\$2,518.58
	19-995726	10/11/2019	269 gallons diesel		\$1,101.35
	19-94537	08/01/2019	144 gallons diesel		\$553.22
	19-954536	08/01/2019	382 gallons gasoline		\$1,496.47
94129	11/01/2019			GALLS LLC	\$123.32
	Invoice	Date	Description		Amount
	013949858	10/11/2019	Tactical plate		\$83.43
	013930765	10/09/2019	Handcuffs		\$39.89
94130	11/01/2019			GEORGE McMENAMIN	\$3,053.75
	Invoice	Date	Description		Amount
	2020-3	10/28/2019	Riparian restoration for Bay St., Peery park, parking lot		\$3,053.75
94131	11/01/2019			GINA ENRIQUEZ	\$7,261.80
	Invoice	Date	Description		Amount
	GE102819	10/28/2019	Instructor payment		\$7,261.80
94132	11/01/2019			GRANITE ROCK COMPANY	\$55.85
	Invoice	Date	Description		Amount
	1203061	10/19/2019	Decomposed granite		\$55.85
94133	11/01/2019			HANYA FOJACO	\$1,228.50
	Invoice	Date	Description		Amount
	HF102819	10/28/2019	Instructor payment		\$1,228.50
94134	11/01/2019			HO KUK MU SUL CORPORATION	\$35.10
	Invoice	Date	Description		Amount
	HKMSC102819	10/28/2019	Instructor payment		\$35.10
94135	11/01/2019			HOLLISTER HONDA	\$2,549.19
	Invoice	Date	Description		Amount
	235548	05/15/2019	2016 Gem car battery and diagnostic labor		\$233.10
	239520	10/10/2019	2012 Honda motorcycle fix oil leak		\$125.00
	239307	10/10/2019	2014 Honda motorcycle wire harness, diagnose electrical problems		\$2,066.09
	236352	10/10/2019	2014 Honda motorcycle electrical work		\$125.00

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94136	11/01/2019			HOME DEPOT CREDIT SERVICES	\$814.99
	Invoice	Date	Description		Amount
	7615058	10/23/2019	Steel flat bars		\$63.33
	9614926	10/21/2019	Sanding belts		\$26.03
	7643289	10/23/2019	14 gallon wet/dry vac		\$108.97
	6031114	10/24/2019	Jade St. park 48" x 24" on site box		\$325.91
	7623511	10/23/2019	Rat traps, wasp traps		\$17.95
	8012163	10/22/2019	Respirators, gloves		\$99.96
	6643504	10/24/2019	Jade St. park padlock, machine screw		\$8.89
	9233146	10/01/2019	Jade St. flood light returned		(\$216.91)
	3015960	10/11/2019	Breaker lockout kit		\$70.82
	5511711	10/11/2019	City Hall roof coating		\$241.11
	3043517	10/11/2019	Bungee cords, hand sanitizer		\$12.27
	9273866	10/11/2019	Brown mulch		\$32.70
	635333	10/11/2019	Phone charger		\$23.96
94137	11/01/2019			HUMBOLDT PETROLEUM LLC	\$58.50
	Invoice	Date	Description		Amount
	088670	10/15/2019	October car wash services		\$58.50
94138	11/01/2019			ICMA RETIREMENT TRUST 457	\$8,104.08
	Invoice	Date	Description		Amount
	222486	10/25/2019	457 contributions PPE 10/19/19 1001 - Payroll Payables		\$8,104.08
94139	11/01/2019			KIMLEY, HORN AND ASSOCIATES INC	\$11,851.81
	Invoice	Date	Description		Amount
	097763118-0819	09/18/2019	Traffic signal adaptive control systems grant funded		\$5,352.91
	097763118-0919	10/14/2019	Traffic signal adaptive control systems grant funded 1200 - Cap Impr Fund		\$6,498.90
94140	11/01/2019			LABORMAX STAFFING	\$2,191.97
	Invoice	Date	Description		Amount
	26-113811	10/25/2019	Seasonal labor 10/21 - 10/25		\$2,191.97
94141	11/01/2019			LAS ANIMAS CONCRETE	\$365.25
	Invoice	Date	Description		Amount
	147667	10/17/2019	Capitola Rd. sidewalk repairs 1310 - Gas Tax		\$365.25
94142	11/01/2019			LC ACTION POLICE SUPPLY LTD	\$856.74
	Invoice	Date	Description		Amount
	402702	10/09/2019	Range supplies		\$856.74

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94143	11/01/2019			LIUNA PENSION FUND	\$1,030.40
	Invoice	Date	Description		Amount
	DR0485	10/25/2019	October LIUNA pension dues 1001 - Payroll Payables		\$1,030.40
94144	11/01/2019			LUXLAUNDER	\$98.56
	Invoice	Date	Description		Amount
	LL100119	10/01/2019	PD mats and rugs		\$98.56
94145	11/01/2019			MACKAY METERS INC	\$228.34
	Invoice	Date	Description		Amount
	1054876	10/19/2019	September parking meter & credit card transaction fees		\$228.34
94146	11/01/2019			MID COUNTY AUTO SUPPLY	\$1,782.28
	Invoice	Date	Description		Amount
	MID-528820	10/17/2019	Belt grinder, sanding belts		\$628.80
	MID-533953	10/22/2019	Air filter, oil filter		\$22.68
	MID-534347	10/22/2019	Scraper, brake pads, brake rotors		\$625.43
	MID-535574	10/23/2019	2011 Ford F250 brake pads		\$75.35
	MID-536193	10/23/2019	2016 Ford F250 brake pads, rotors		\$416.35
	MID-538585	10/24/2019	V-belt		\$12.25
	MID-534522	10/22/2019	Ditch witch blind spot mirror		\$1.42
94147	11/01/2019			MISSION LINEN SUPPLY	\$127.11
	Invoice	Date	Description		Amount
	511016457	10/23/2019	Fleet linen service		\$36.16
	511016458	10/23/2019	Corp. yard uniform cleaning		\$90.95
94148	11/01/2019			NANCY HOWELLS	\$33.80
	Invoice	Date	Description		Amount
	NH102819	10/28/2019	Instructor payment		\$33.80
94149	11/01/2019			O'REILLY AUTO PARTS	\$64.11
	Invoice	Date	Description		Amount
	2763-489444	10/23/2019	Diesel exhaust fluid		\$27.45
	2763-489445	10/23/2019	Oil filters, air filter		\$36.66
94150	11/01/2019			PACIFIC GAS & ELECTRIC	\$14,877.10
	Invoice	Date	Description		Amount
	PGE101819-acct9	10/18/2019	October gas and electric		\$14,877.10

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94151	11/01/2019			PALACE BUSINESS SOLUTIONS	\$70.07
	Invoice	Date	Description		Amount
	9645872-0	10/23/2019	Desk lamp		\$6.09
	9646349-0	10/24/2019	Printer ink		\$22.04
	556124-0	10/24/2019	Desk organizer		\$41.94
			1000 - General Fund	\$5,209.61	
			1300 - Supl Law Enfc	\$135.91	
			1310 - Gas Tax	\$7,041.89	
			1311 - Wharf	\$2,489.69	
94152	11/01/2019			PREFERRED BENEFIT INSURANCE ADMIN.	\$5,668.20
	Invoice	Date	Description		Amount
	EIA29951	10/28/2019	October dental and vision insurance		\$5,668.20
			1000 - General Fund	\$28.13	
			2210 - ISF - Stores Fund	\$41.94	
94153	11/01/2019			QUENVOLD'S SAFETY SHOEMOBILES	\$2,111.33
	Invoice	Date	Description		Amount
	145307	10/22/2019	Safety shoes		\$119.90
	145311	10/22/2019	Safety shoes		\$119.90
	63690	10/17/2019	Safety shoes for public works		\$1,871.53
94154	11/01/2019			SALINAS VALLEY PRO SQUAD	\$977.79
	Invoice	Date	Description		Amount
	299870	09/25/2019	535 ballistic vest		\$977.79
94155	11/01/2019			SANTA CRUZ MOSQUITO & VECTOR CONTROL	\$116.20
	Invoice	Date	Description		Amount
	03514135-19-20	10/23/2019	Mosquito and disease control assessment		\$116.20
94156	11/01/2019			SANTA CRUZ MUNICIPAL UTILITIES	\$355.82
	Invoice	Date	Description		Amount
	SCMU093019	09/30/2019	September water service for medians		\$355.82
94157	11/01/2019			SOQUEL CREEK WATER DISTRICT	\$1,656.29
	Invoice	Date	Description		Amount
	06-14476-00.1019	10/07/2019	430 Kennedy Drive		\$202.69
	08-15299-00.1019	10/28/2019	Monterey Ave		\$328.28
	08-15562-00.1019	10/15/2019	Cliff and Fair View water service		\$37.06
	09-15964-00.1019	10/17/2019	Esplanade - Monterey Ave water service		\$1,088.26
94158	11/01/2019			SPORT ABOUT GRAPHICS	\$170.26
	Invoice	Date	Description		Amount
	7946	10/29/2019	Building polo shirts, jacket		\$170.26

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94159	11/01/2019			THE EMBLEM AUTHORITY	\$290.00
	Invoice	Date	Description		Amount
	31539	10/22/2019	Pink PD patches		\$290.00
94160	11/01/2019			THE PAINTED CORK LLC	\$214.50
	Invoice	Date	Description		Amount
	TPC102819	10/28/2019	Instructor payment		\$214.50
94161	11/01/2019			UNITED PARCEL SERVICE	\$57.87
	Invoice	Date	Description		Amount
	0000954791349	08/24/2019	Document shipping		\$45.63
	0000954791439	10/26/2019	Document shipping		\$12.24
94162	11/01/2019			UNITED WAY OF SANTA CRUZ COUNTY	\$30.00
	Invoice	Date	Description		Amount
	UW102519	10/25/2019	October United Way contributions 1001 - Payroll Payables		\$30.00
94163	11/01/2019			UPEC LIUNA LOCAL 792	\$1,140.00
	Invoice	Date	Description		Amount
	UPEC100319	10/03/2019	UPEC dues PPE 10/19/19 1001 - Payroll Payables		\$1,140.00
94164	11/01/2019			US BANK PARS Acct 6746022400	\$469.40
	Invoice	Date	Description		Amount
	PARS102519	10/25/2019	PARS contributions PPE 10/19/19 1001 - Payroll Payables		\$469.40
94165	11/01/2019			WATSONVILLE BLUEPRINT	\$51.35
	Invoice	Date	Description		Amount
	88650	10/23/2019	Public Works oversized printing		\$18.68
	88559	10/18/2019	Building oversized printing		\$32.67
94166	11/01/2019			WHITLOW CONCRETE, INC.	\$800.00
	Invoice	Date	Description		Amount
	B1247	10/21/2019	Brick installation		\$800.00
94167	11/01/2019			ZUMAR INDUSTRIES INC.	\$766.61
	Invoice	Date	Description		Amount
	85733	10/03/2019	Assorted public works signs (15)		\$766.61
94168	11/01/2019			Art & Sara Quinn	\$36.00
	Invoice	Date	Description		Amount
	200124263	10/24/2019	Citation refund		\$36.00

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94169	11/01/2019			Betty Kennedy or Christine Montana	\$86.00
	Invoice	Date	Description		Amount
	247954	10/23/2019	Citation refund		\$86.00
94170	11/01/2019			Thomas Hiltner	\$100.00
	Invoice	Date	Description		Amount
	2003836.002	10/28/2019	Community Center rental security deposit refund		\$100.00
94171	11/01/2019			UC Santa Cruz	\$150.00
	Invoice	Date	Description		Amount
	2003839.002	10/28/2019	Community Center rental security deposit refund		\$150.00
Type Check Totals:					\$128,924.15
<u>EFT</u>					
848	10/28/2019			EMPLOYMENT DEVELOPMENT DEPT	\$8,183.90
	Invoice	Date	Description		Amount
	0-161-195-456	10/28/2019	State taxes PPE 10/19/19 1001 - Payroll Payables		\$8,183.90
849	10/28/2019			INTERNAL REVENUE SERVICE	\$29,117.78
	Invoice	Date	Description		Amount
	43306316	10/28/2019	Federal taxes and Medicare PPE 10/19/19 1001 - Payroll Payables		\$29,117.78
850	10/31/2019			CalPERS Member Services Division	\$47,092.30
	Invoice	Date	Description		Amount
	1001435218-20	10/31/2019	PERS contributions PPE 10/19/19 1000 - General Fund (\$0.15) 1001 - Payroll Payables \$47,092.45		\$47,092.30
851	10/28/2019			STATE DISBURSEMENT UNIT	\$1,232.76
	Invoice	Date	Description		Amount
	MCWGBMT6658	10/28/2019	Garnishments PPE 10/19/19 1001 - Payroll Payables		\$1,232.76
Type EFT Totals:					\$85,626.74

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 1, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
Library - Library					
159	11/01/2019			JOHN F OTTO INC ESCROW NO 02-701154	\$25,753.07
	Invoice	Date	Description		Amount
	13294retainer	10/25/2019	September library construction retainer		\$25,753.07
160	11/01/2019			OTTO CONSTRUCTION INC.	\$489,308.27
	Invoice	Date	Description		Amount
	13294	10/25/2019	September library construction services		\$489,308.27
Type Check Totals:					\$515,061.34

CITY - Main City Totals	Count	Total
Checks	69	\$128,924.15
EFTs	4	\$85,626.74
All	73	\$214,550.89
Library - Library Totals		
Checks	2	\$515,061.34
EFTs	0	\$0.00
All	2	\$515,061.34
Grand Totals:		
Checks	71	\$643,985.49
EFTs	4	\$85,626.74
All	75	\$729,612.23

Attachment: 11/1/19 City Check Register (Approval of City Check Registers)

City main account checks dated November 8, 2019, numbered 94172 to 94234 plus 1 EFT, totaling \$203,888.58, 3 payroll account checks plus 92 EFTs, totaling \$172,330.03, for a grand total of \$376,218.61, have been reviewed and authorized for distribution by the City Manager.

As of November 8, 2019, the unaudited cash balance is \$2,872,483.86.


CASH POSITION - CITY OF CAPITOLA 11/8/19

	<u>Net Balance</u>
General Fund	(\$2,146,716.45)
Payroll Payables	\$147,265.45
Contingency Reserve Fund	\$2,036,345.66
Facilities Reserve Fund	\$434,485.06
Capital Improvement Fund	\$1,650,235.32
Stores Fund	\$48,099.57
Information Technology Fund	\$194,148.23
Equipment Replacement	\$322,780.16
Self-Insurance Liability Fund	\$32,389.63
Workers' Comp. Ins. Fund	\$209,152.04
Compensated Absences Fund	(\$55,700.81)
TOTAL UNASSIGNED GENERAL FUNDS	<u><u>\$2,872,483.86</u></u>

The Emergency Reserve Fund balance is \$1,344,205.54 (not included above).
The PERS Contingency Fund balance is \$867,087.95 (not included above).
The Library Fund balance is \$2,798,932.27 (not included above).



 Jamie Goldstein, City Manager
 11/12/19
 Date



 Jim Malberg, City Treasurer
 11/12/19
 Date

Attachment: 11/8/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94172	11/08/2019			ADT SECURITY SERVICES INC.	\$205.46
	Invoice	Date	Description		Amount
	ADT102919	10/29/2019	Corporation yard & museum security monitoring		\$205.46
94173	11/08/2019			ALVAREZ TECHNOLOGY GROUP INC	\$399.00
	Invoice	Date	Description		Amount
	53260	10/30/2019	Warranty Renewal PowerEdge R630 2211 - ISF - Info Tech		\$399.00
94174	11/08/2019			AMAZON CAPITAL SERVICES	\$896.74
	Invoice	Date	Description		Amount
	1XNN-L4H9-CWP7	10/30/2019	iPad keyboard case with stand (2)		\$82.82
	1WXC-3XCK-91MG	10/30/2019	Hunting accessories swivel set, 2 point slings		\$182.05
	1KRC-6G7X-N1VV	11/03/2019	Safety boots		\$271.17
	1RTQ-3W37-HFQ4	11/03/2019	Safety boots		\$360.70
			1000 - General Fund	\$813.92	
			2211 - ISF - Info Tech	\$82.82	
94175	11/08/2019			AUTHENTIC APPROACH	\$2,525.00
	Invoice	Date	Description		Amount
	11010	11/01/2019	BIA communication, marketing, social media, ambassador services 1321 - Village BIA		\$2,525.00
94176	11/08/2019			AXCIENT	\$125.00
	Invoice	Date	Description		Amount
	FY19INEFI030836	10/31/2019	October AppAssure storage 2211 - ISF - Info Tech		\$125.00
94177	11/08/2019			B & B SMALL ENGINE REPAIR	\$369.16
	Invoice	Date	Description		Amount
	432263	10/31/2019	Chain		\$52.21
	432261	10/31/2019	Saw blade, blade		\$135.04
	432259	10/31/2019	Chain		\$87.02
	432203	10/30/2019	Push button, end cap, small tools		\$94.89
94178	11/08/2019			BLACKBAG TECHNOLOGIES	\$3,030.25
	Invoice	Date	Description		Amount
	104358168	10/30/2019	Mobilyze equipment cell phone extraction 1300 - Supl Law Enfc		\$3,030.25
94179	11/08/2019			BREIGE WALBRIDGE	\$53.30
	Invoice	Date	Description		Amount
	BW110519	11/05/2019	Instructor payment		\$53.30

Attachment: 11/8/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94180	11/08/2019			CALE AMERICA INC.	\$4,948.14
	Invoice	Date	Description		Amount
	156692	10/29/2019	Paystation bill validator weather guards (35)		\$968.03
	156699	10/29/2019	Pay station printers		\$2,151.11
	156764	10/31/2019	October active meters		\$1,829.00
94181	11/08/2019			CAPITOLA SELF STORAGE	\$600.00
	Invoice	Date	Description		Amount
	CSS100519	11/05/2019	Museum unit 2823 storage rent		\$600.00
94182	11/08/2019			CAPITOLA-SOQUEL CHAMBER OF COMMERCE	\$9,734.90
	Invoice	Date	Description		Amount
	COC103119	10/31/2019	Quarterly TOT allocation 1305 - Restricted TOT		\$9,734.90
94183	11/08/2019			CLEAN BUILDING MAINTENANCE CO.	\$3,719.13
	Invoice	Date	Description		Amount
	23577	10/31/2019	October janitorial services		\$3,719.13
			1000 - General Fund	\$3,453.63	
			1311 - Wharf	\$265.50	
94184	11/08/2019			D & G SANITATION	\$283.16
	Invoice	Date	Description		Amount
	267524	10/31/2019	Wharf portable toilet rental		\$186.74
	267525	10/31/2019	Lower parking lot portable toilet rental		\$96.42
			1000 - General Fund	\$96.42	
			1311 - Wharf	\$186.74	
94185	11/08/2019			DEFIB THIS	\$768.00
	Invoice	Date	Description		Amount
	101495	07/26/2019	CPR training		\$768.00
94186	11/08/2019			DIXON AND SON INC.	\$229.17
	Invoice	Date	Description		Amount
	222529	10/22/2019	Grader equipment flat repair, road service		\$229.17
94187	11/08/2019			DONALD W ALLEY	\$11,174.40
	Invoice	Date	Description		Amount
	1019-01	10/29/2019	Soquel creek fish & wildlife monitoring		\$11,174.40
94188	11/08/2019			DUDEK	\$872.50
	Invoice	Date	Description		Amount
	20197202	10/14/2019	Capitola mall environmental consulting		\$872.50

Attachment: 11/8/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94189	11/08/2019			EMPLOYMENT DEVELOPMENT DEPT	\$3,012.00
	Invoice	Date	Description		Amount
	L1622778592	10/29/2019	July - September unemployment insurance charges 2213 - ISF - Self-Ins		\$3,012.00
94190	11/08/2019			ENVIRONMENTAL SYSTEMS RESEARCH INSTI	\$1,600.00
	Invoice	Date	Description		Amount
	93723830	10/29/2019	ArcGIS annual renewal 2211 - ISF - Info Tech		\$1,600.00
94191	11/08/2019			EWING IRRIGATION	\$271.96
	Invoice	Date	Description		Amount
	8579722	10/24/2019	Parks sprinklers		\$7.61
	8571310	10/23/2019	Soquel creek park plumbing supplies, hacksaw, bucket		\$208.56
	8571309	10/23/2019	Parks supplies		\$36.67
	8534764	10/17/2019	Storm drains whattle rice straw		\$19.12
94192	11/08/2019			FASTENAL COMPANY	\$1.24
	Invoice	Date	Description		Amount
	CASAT54462	09/13/2019	Screws		\$1.24
94193	11/08/2019			FEDERAL EXPRESS	\$25.68
	Invoice	Date	Description		Amount
	6-772-31249	10/18/2019	PD shipping charges		\$25.68
94194	11/08/2019			FIRST SECURITY	\$356.42
	Invoice	Date	Description		Amount
	IN-0022714	11/05/2019	November skate park patrol service		\$356.42
94195	11/08/2019			FIRST SECURITY	\$382.50
	Invoice	Date	Description		Amount
	IN-0022715	11/05/2019	November Esplanade patrol service		\$382.50

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City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94196	11/08/2019			HOME DEPOT CREDIT SERVICES	\$1,884.20
	Invoice	Date	Description		Amount
	1610635	10/29/2019	Tape measure, long stem lighters		\$28.24
	5630191	10/25/2019	Cable, shrouded discs, gloves		\$77.30
	9521455	10/31/2019	Drill bits, screwdriver set, knife, anchors		\$139.29
	1514941	10/29/2019	Quick latch respirator, coupling		\$80.90
	1624312	10/29/2019	Galvanized braided wire, versahooks		\$13.30
	1624314	10/29/2019	Clearweld, saw blade		\$40.69
	6012419	10/24/2019	PD evidence room motion sensors, wall plates		\$46.17
	8061412	11/01/2019	Super glue, cutoff wheels, spray paint		\$25.40
	8060120	10/22/2019	Wharf spray paint		\$4.34
	3632109	10/07/2019	Roller frame, curb painting supplies		\$20.61
	9610918	10/31/2019	PD evidence room spackling paste, key cabinet, wall plates		\$40.47
	9211191	10/31/2019	Key rails returned		(\$26.11)
	9610886	10/31/2019	Neoprene gloves, urinal auger, motion sensors		\$114.36
	0631120	10/30/2019	Right angle adaptor, bit tip holder, impact driver set 10pc		\$40.23
	0610797	10/30/2019	PD lights, 9" hook keys		\$361.78
	9061294	10/31/2019	Shop supplies		\$15.46
	0521383	10/30/2019	Hoe, rake, bucket, headlamp, lights, batteries, gloves, pruner		\$253.69
	9216061	10/31/2019	Battery pack, impact wrench, hammer drill		\$608.08
			1000 - General Fund	\$1,879.86	
			1311 - Wharf	\$4.34	
94197	11/08/2019			HOSE SHOP	\$49.48
	Invoice	Date	Description		Amount
	420463	10/30/2019	Hose coupling, elbow, adapter, sealant		\$49.48
94198	11/08/2019			HUB INTERNATIONAL	\$68.18
	Invoice	Date	Description		Amount
	HUB110519	11/05/2019	October community center event insurance		\$68.18
94199	11/08/2019			INTERNATIONAL BRONZE PLAQUE COMPANY	\$139.00
	Invoice	Date	Description		Amount
	19-53593	10/31/2019	Memorial bench plaque		\$139.00
94200	11/08/2019			JHS CONSULTING LLC	\$9,281.25
	Invoice	Date	Description		Amount
	1138	10/03/2019	Mall project management & environmental consulting		\$9,281.25
94201	11/08/2019			JIM CLARK	\$366.00
	Invoice	Date	Description		Amount
	103119	10/31/2019	Backflow prevention device tests (6)		\$366.00

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City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94202	11/08/2019			KATHY D'ANGELO	\$73.80
	Invoice	Date	Description		Amount
	000V-0010292019	10/29/2019	Museum interview copies		\$73.80
94203	11/08/2019			KOSMONT COMPANIES	\$12,284.60
	Invoice	Date	Description		Amount
	1908.8 001	08/31/2019	August mall economic consulting services		\$2,641.60
	1908.8-002	09/30/2019	September mall economic consulting services		\$9,643.00
94204	11/08/2019			LABORMAX STAFFING	\$2,152.60
	Invoice	Date	Description		Amount
	26-114118	11/01/2019	Seasonal labor 10/26 - 11/1/19		\$2,152.60
94205	11/08/2019			LORRAINE KINNAMON	\$71.50
	Invoice	Date	Description		Amount
	LK110519	11/05/2019	Instructor payment		\$71.50
94206	11/08/2019			LP POLICE	\$505.90
	Invoice	Date	Description		Amount
	1019LP31150	10/31/2019	6 month LP Police renewal with premium search		\$505.90
94207	11/08/2019			MALLORY SAFETY AND SUPPLY LLC	\$535.65
	Invoice	Date	Description		Amount
	4735956	10/31/2019	Safety bibs (8)		\$535.65
94208	11/08/2019			MICHAEL ARNONE	\$2,063.75
	Invoice	Date	Description		Amount
	201503-7	10/31/2019	April - July Rispin Park plan development 1200 - Capital Impr		\$2,063.75
94209	11/08/2019			MID COUNTY AUTO SUPPLY	\$338.62
	Invoice	Date	Description		Amount
	MID-543630	10/29/2019	Car battery, battery cable		\$311.67
	MID-545808	10/30/2019	Cast iron engine enamel		\$8.26
	MID-547506	10/31/2019	Fuel and water separator filter		\$18.69
94210	11/08/2019			MISSION LINEN SUPPLY	\$123.81
	Invoice	Date	Description		Amount
	511065703	10/30/2019	Fleet linen service		\$36.16
	511065704	10/30/2019	Corp. yard linen service		\$87.65
94211	11/08/2019			MV TRANSPORTATION INC.	\$14,425.40
	Invoice	Date	Description		Amount
	103499	10/01/2019	September beach shuttle services		\$14,425.40

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City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94212	11/08/2019			PALACE BUSINESS SOLUTIONS	\$462.90
	Invoice	Date	Description		Amount
	557109-0	10/31/2019	Paper, wipes		\$86.35
	556703-0	10/29/2019	Envelopes, clip holder, pens, wireless headset		\$301.46
	9648496-0	10/30/2019	Sculpting clay		\$52.65
	557113-0	10/31/2019	Staples		\$8.47
	9648968-0	10/31/2019	Address labels		\$13.97
			1000 - General Fund	\$454.43	
			2210 - ISF - Stores Fund	\$8.47	
94213	11/08/2019			PEAK COMMUNICATIONS	\$210.75
	Invoice	Date	Description		Amount
	10222019B	10/23/2019	Troubleshoot and repair existing data ports		\$210.75
			2211 - ISF - Info Tech		
94214	11/08/2019			PRAXAIR DISTRIBUTION INC.	\$120.38
	Invoice	Date	Description		Amount
	92568848	10/21/2019	Acetylene rental		\$120.38
94215	11/08/2019			ROYAL WHOLESALE ELECTRIC	\$1,042.25
	Invoice	Date	Description		Amount
	7719-652028	10/30/2019	Wire stripper		\$35.59
	7719-652005	10/30/2019	LED mini flood light, hacksaw frame		\$349.14
	7719-651159	10/29/2019	Lower parking lot lights		\$657.52
94216	11/08/2019			SAN LORENZO LUMBER	\$142.29
	Invoice	Date	Description		Amount
	55-0499202	10/29/2019	Galvanized pipe, connectors		\$77.84
	55-0499278	10/29/2019	Pipe wrench, galvanized pipe connectors		\$53.64
	55-0493320	10/07/2019	Lumber for plaques		\$10.81
94217	11/08/2019			SANTA CRUZ COUNTY INFORMATION SERVIC	\$633.68
	Invoice	Date	Description		Amount
	SCC110119	11/01/2019	November open query scan charges		\$633.68
94218	11/08/2019			SANTA CRUZ FIRE EQUIPMENT CO.	\$450.66
	Invoice	Date	Description		Amount
	31944	10/24/2019	City Hall fire extinguisher service		\$95.00
	31945	10/24/2019	PD fire extinguisher service		\$48.27
	31946	10/25/2019	Museum fire extinguisher service		\$46.00
	31947	10/25/2019	Corp. yard fire extinguisher service		\$261.39

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City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94219	11/08/2019			SOQUEL CREEK WATER DISTRICT	\$28,345.62
	Invoice	Date	Description		Amount
	42-14431-00.0919	09/28/2019	Monterey Ave irrigation		\$3,584.15
	42-14952-00.0919	09/28/2019	Cortez Park irrigation		\$2,976.00
	42-15297-00.0919	09/28/2019	426 Capitola Ave irrigation		\$115.25
	42-15751-01.0919	09/28/2019	2005 Wharf Road irrigation		\$55.87
	42-15969-00.0919	09/28/2019	Lawn Way irrigation		\$307.49
	42-16122-00.0919	09/28/2019	Esplanade fountain irrigation		\$64.50
	42-10504-00.0919	09/28/2019	Cliff Drive irrigation		\$49.72
	42-18238-00.0919	09/28/2019	Capitola Road irrigation		\$49.72
	42-11467-00.0919	09/28/2019	Jade Street park irrigation		\$5,389.65
	42-11517-00.0919	09/28/2019	41st Avenue irrigation		\$115.25
	42-14404-00.0919	09/28/2019	Nobel Gulch Park Monterey Ave irrigation		\$382.27
	42-16130-00.0919	09/28/2019	Wharf Road irrigation		\$296.70
	42-16136-00.0919	09/28/2019	1400 Wharf Road irrigation		\$745.68
	42-16407-00.0919	09/28/2019	Bay Avenue irrigation		\$49.72
	42-17688-00.0919	09/28/2019	Lawn Way irrigation		\$66.23
	42-11090-01.0919	09/28/2019	Capitola Road irrigation		\$115.25
	42-14431-00.1019	10/29/2019	Monterey Ave irrigation		\$4,080.49
	42-14952-00.1019	10/29/2019	Cortez Park irrigation		\$726.40
	42-15297-00.1019	10/29/2019	426 Capitola Ave irrigation		\$115.79
	42-15751-01.1019	10/29/2019	2005 Wharf Road irrigation		\$81.23
	42-15969-00.1019	10/29/2019	Lawn Way irrigation		\$345.69
	42-16122-00.1019	10/29/2019	Esplanade fountain irrigation		\$62.99
	42-10504-00.1019	10/29/2019	Cliff Drive irrigation		\$49.72
	42-11090-01.1019	10/29/2019	Capitola Road irrigation		\$115.36
	42-11467-00.1019	10/29/2019	Jade Street park irrigation		\$7,002.76
	42-11517-00.1019	10/29/2019	41st Avenue irrigation		\$115.25
	42-14404-00.1019	10/29/2019	Nobel Gulch Park Monterey Ave irrigation		\$382.92
	42-16130-00.1019	10/29/2019	Wharf Road irrigation		\$52.53
	42-16136-00.1019	10/29/2019	1400 Wharf Road irrigation		\$600.66
	42-16407-00.1019	10/29/2019	Bay Avenue irrigation		\$56.41
	42-17688-00.1019	10/29/2019	Lawn Way irrigation		\$64.50
	42-18238-00.1019	10/29/2019	Capitola Road irrigation		\$49.72
	13-10919-00.1119	11/01/2019	2000 Wharf Road water service		\$37.06
	34-18508-00.1119	11/04/2019	1510 McGregor Drive water service		\$42.69
			1000 - General Fund	\$26,999.28	
			1311 - Wharf	\$1,346.34	
94220	11/08/2019			SOUTH BAY REGIONAL TRAINING	\$753.00
	Invoice	Date	Description		Amount
	220225	10/22/2019	520 firearms instructor course		\$753.00

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City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94221	11/08/2019			SPRINT	\$952.21
	Invoice	Date	Description		Amount
	788070596-026	10/03/2019	September cell phone charges		\$952.21
94222	11/08/2019			STAPLES ADVANTAGE	\$108.39
	Invoice	Date	Description		Amount
	8056231954	10/26/2019	Break room supplies, pens		\$108.39
94223	11/08/2019			STATE WATER RESOURCES CONTROL BOAR	\$5,692.00
	Invoice	Date	Description		Amount
	SW-0174398	10/23/2019	Water resources board annual permit fee		\$5,692.00
94224	11/08/2019			T MOBILE	\$195.68
	Invoice	Date	Description		Amount
	TM101319	10/13/2019	October cell phone usage		\$195.68
94225	11/08/2019			THE CLEANING MACHINE INC.	\$570.00
	Invoice	Date	Description		Amount
	6390	10/10/2019	Esplanade sidewalk cleaning		\$570.00
94226	11/08/2019			THE HOME DEPOT PRO	\$1,154.69
	Invoice	Date	Description		Amount
	517830030	10/18/2019	Janitorial supplies		\$1,154.69
94227	11/08/2019			TPX COMMUNICATIONS	\$2,358.73
	Invoice	Date	Description		Amount
	122554538-0	10/23/2019	October phone service		\$2,358.73
			1000 - General Fund	\$823.00	
			2211 - ISF - Info Tech	\$1,535.73	
94228	11/08/2019			TRANSPORTATION ALLIANCE BANK INC.	\$1,002.56
	Invoice	Date	Description		Amount
	653770	10/25/2019	Sweeper filaments, brackets, pivot rods, nuts		\$1,002.56
			1310 - Gas Tax		
94229	11/08/2019			TYLER BUSINESS FORMS	\$344.86
	Invoice	Date	Description		Amount
	Invoice-37575	10/28/2019	1099 forms, W2 forms, envelopes		\$344.86
94230	11/08/2019			TYLER TECHNOLOGIES	\$1,600.00
	Invoice	Date	Description		Amount
	045-281232	10/28/2019	New World positive pay export file customization		\$1,600.00

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City Checks Issued November 8, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94231	11/08/2019			Annie Haines	\$500.00
	Invoice	Date	Description		Amount
	AH110519	11/05/2019	Plein Air quick drawing winner 1315 - Public Art		\$500.00
94232	11/08/2019			Cleo Vilett	\$1,500.00
	Invoice	Date	Description		Amount
	CV110519	11/05/2019	Plein Air first place winner 1315 - Public Art		\$1,500.00
94233	11/08/2019			Durre Waseem	\$800.00
	Invoice	Date	Description		Amount
	DW110519	11/05/2019	Plein Air second place winner 1315 - Public Art		\$800.00
94234	11/08/2019			Paul or Sumiko Endow	\$36.00
	Invoice	Date	Description		Amount
	200124854	10/31/2019	Citation refund		\$36.00
Type Check Totals:					\$138,923.50
<u>EFT</u>					
852	11/05/2019			CalPERS Health Insurance	\$64,965.08
	Invoice	Date	Description		Amount
	1001437754	11/05/2019	November health insurance 1000 - General Fund 1001 - Payroll Payables	\$2,792.78 \$62,172.30	\$64,965.08
Type EFT Totals:					\$64,965.08
CITY - Main City Totals				Count	Total
Checks				63	\$138,923.50
EFTs				1	\$64,965.08
All				64	\$203,888.58
WELLS - Payroll Totals					
Checks				3	\$3,666.95
EFTs				92	\$168,663.08
All				95	\$172,330.03
Grand Totals:					
Checks				66	\$142,590.45
EFTs				93	\$233,628.16
All				159	\$376,218.61

Attachment: 11/8/19 City Check Register (Approval of City Check Registers)

City main account checks dated November 15, 2019, numbered 94235 to 94284 plus 5 EFTs, totaling \$548,290.78, and 1 library account check, totaling \$4,860, for a grand total of \$553,150.78, have been reviewed and authorized for distribution by the City Manager.

As of November 15, 2019, the unaudited cash balance is \$2,978,849.36.

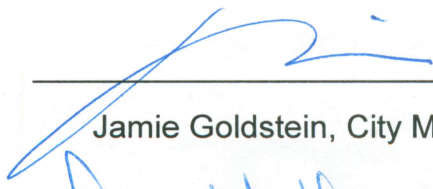
CASH POSITION - CITY OF CAPITOLA 11/15/19

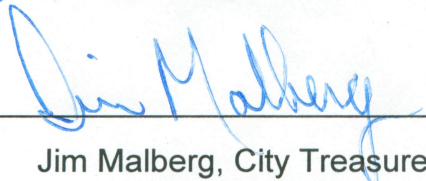
	<u>Net Balance</u>
General Fund	(\$1,927,064.05)
Payroll Payables	\$39,912.21
Contingency Reserve Fund	\$2,036,345.66
Facilities Reserve Fund	\$434,485.06
Capital Improvement Fund	\$1,645,235.32
Stores Fund	\$47,746.69
Information Technology Fund	\$193,567.45
Equipment Replacement	\$322,780.16
Self-Insurance Liability Fund	\$32,389.63
Workers' Comp. Ins. Fund	\$209,152.04
Compensated Absences Fund	(\$55,700.81)
TOTAL UNASSIGNED GENERAL FUNDS	<u><u>\$2,978,849.36</u></u>

The Emergency Reserve Fund balance is \$1,344,205.54 (not included above).

The PERS Contingency Fund balance is \$867,087.95 (not included above).

The Library Fund balance is \$2,794,607.04 (not included above).


 _____ 11/18/19
 Jamie Goldstein, City Manager Date


 _____ 11/19/19
 Jim Malberg, City Treasurer Date

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 15, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94235	11/15/2019			AMAZON CAPITAL SERVICES	\$506.00
	Invoice	Date	Description		Amount
	14QW-MF1C-G34V	11/06/2019	First aid supplies		\$39.77
	1PVT-PNQK-DFNP	11/09/2019	Tissues		\$97.00
	1PCH-LW1G-4H69	11/04/2019	Return phone usb port power cable		(\$10.89)
	1Q6G-DKTW-FYFT	10/31/2019	iPhone waterproof cases (5)		\$119.85
	1GN1-6GKT-T7CM	10/29/2019	iPhone waterproof cases (5), safety boots		\$260.27
			1000 - General Fund	\$380.12	
			2210 - ISF - Stores	\$136.77	
			2211 - ISF - Info Tech	(\$10.89)	
94236	11/15/2019			ANDERSON PACIFIC ENGINEERING CONSTRUCTION IN	\$380,021.85
	Invoice	Date	Description		Amount
	2 rev 02	11/05/2019	September Park Ave. sidewalk construction		\$240,257.66
	3 rev 01	11/04/2019	October Park Ave. sidewalk construction		\$139,764.19
			1308 - SB1 Streets	\$223,064.26	
			1309 - RTC Streets	\$156,957.59	
94237	11/15/2019			APTOS LANDSCAPE SUPPLY INC.	\$449.07
	Invoice	Date	Description		Amount
	500119	09/30/2019	Pathway bark		\$449.07
94238	11/15/2019			B & B SMALL ENGINE REPAIR	\$112.11
	Invoice	Date	Description		Amount
	432802	11/07/2019	Synthetic oil, woodcutter bar oil		\$107.11
	432590	11/05/2019	End cap		\$5.00
94239	11/15/2019			BLUEPOINT PLANNING LLC	\$2,975.08
	Invoice	Date	Description		Amount
	458	11/07/2019	October recreation strategic plan consulting		\$2,975.08
94240	11/15/2019			BURKE WILLIAMS AND SORENSEN LLP	\$19,892.57
	Invoice	Date	Description		Amount
	246736	10/25/2019	September city attorney planning services		\$390.00
	246735	10/25/2019	September city attorney litigation services		\$1,012.00
	246734	10/25/2019	September city attorney mall development services		\$2,922.50
	246737	10/25/2019	September city attorney code enforcement services		\$2,106.00
	246733	10/25/2019	September general city attorney services		\$13,462.07
94241	11/15/2019			CA DEPARTMENT OF JUSTICE	\$441.00
	Invoice	Date	Description		Amount
	414884	11/05/2019	Fingerprinting		\$441.00

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 15, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94242	11/15/2019			CA DEPT OF TAX AND FEE ADMINISTRATION	\$392.22
	Invoice	Date	Description		Amount
	0002 8520 598	11/05/2019	State Water Resources Control Board annual water rights fee		\$392.22
94243	11/15/2019			CAPITOLA PEACE OFFICERS ASSOCIATION	\$1,779.00
	Invoice	Date	Description		Amount
	POA110819	11/08/2019	POA and gym dues PPE 11/2/19 1001 - Payroll Payables		\$1,779.00
94244	11/15/2019			CENTRAL HOME SUPPLY	\$91.77
	Invoice	Date	Description		Amount
	126819	11/08/2019	Wattle		\$91.77
94245	11/15/2019			COMMUNITY TELEVISION OF SANTA CRUZ COUNTY	\$688.00
	Invoice	Date	Description		Amount
	2730	11/07/2019	October televised meetings		\$688.00
94246	11/15/2019			CRYSTAL SPRINGS WATER CO.	\$410.50
	Invoice	Date	Description		Amount
	CSW103119	10/31/2019	October drinking water		\$410.50
94247	11/15/2019			DOUG PENNY	\$124.80
	Invoice	Date	Description		Amount
	DP111219	11/12/2019	Instructor payment		\$124.80
94248	11/15/2019			EMPLOYMENT DEVELOPMENT DEPT	\$150.00
	Invoice	Date	Description		Amount
	L1858684256-8	07/16/2019	Employee wage withholding order 1001 - Payroll Payables		\$150.00
94249	11/15/2019			FARWEST NURSERY	\$295.10
	Invoice	Date	Description		Amount
	742257	10/22/2019	Succulents, potting soil, coco baskets		\$160.66
	742271	11/05/2019	Succulents, coco baskets, potting soil		\$134.44
94250	11/15/2019			FLYERS ENERGY LLC	\$2,441.67
	Invoice	Date	Description		Amount
	19-004439	10/25/2019	313 gallons gasoline		\$1,441.01
	19-004441	10/25/2019	100 gallons diesel		\$432.36
	19-008356	10/31/2019	4 gallons gasoline		\$18.41
	19-008357	10/31/2019	122 gallons diesel		\$549.89

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 15, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94251	11/15/2019			HOME DEPOT CREDIT SERVICES	\$517.08
	Invoice	Date	Description		Amount
	6641914reversal	10/14/2019	Credit for recreation supplies (invoice paid twice)		(\$15.74)
	1632809	11/08/2019	Stop rust spray paint		\$9.31
	2645772	11/07/2019	Metal cutoff blades (10) and discs (10)		\$81.21
	3645637	11/06/2019	Key rings, id tags		\$24.33
	5061865	11/04/2019	Velcro adhesive strips		\$32.67
	5611364	11/04/2019	Stop rust spray paint		\$23.27
	8051893	11/01/2019	Stop rust spray paint, brushes		\$28.84
	9510035	10/31/2019	Insulating foam		\$3.25
	4521877	11/05/2019	Paper towels, roller cover, respirator, roller tray, container		\$109.85
	1522140	11/08/2019	Gloves, tarp		\$81.70
	8610980	11/01/2019	Folding saw, wall plate, PD supplies		\$66.69
	5645275	11/04/2019	Prismatic panel, panel cutting tool		\$34.02
	2522046	11/07/2019	Pruner, swivel, quick link zinc, ladder hanger		\$37.68
94252	11/15/2019			HOPE REHABILITATION SERVICES	\$2,160.00
	Invoice	Date	Description		Amount
	S169448	09/15/2019	September litter abatement services		\$2,160.00
94253	11/15/2019			ICMA RETIREMENT TRUST 457	\$7,780.90
	Invoice	Date	Description		Amount
	230545	11/08/2019	457 contributions PPE 11/2/19		\$7,780.90
			1001 - Payroll Payables		
94254	11/15/2019			INTERNATIONAL BRONZE PLAQUE COMPANY	\$139.00
	Invoice	Date	Description		Amount
	19-53683	11/12/2019	Memorial bench plaque		\$139.00
94255	11/15/2019			KBA Document Solutions LLC	\$421.72
	Invoice	Date	Description		Amount
	55Y1033443	11/01/2019	October copier usage charges		\$159.66
	55Y1033444	11/01/2019	October copier usage charges		\$262.06
			1000 - General Fund	\$20.81	
			2211 - ISF - Info Tech	\$400.91	

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 15, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94256	11/15/2019			KINGS PAINT AND PAPER INC.	\$549.15
	Invoice	Date	Description		Amount
	A0286750	08/07/2019	Traffic marking paint, metal paint tray, tray liner		\$102.73
	A0287472	08/22/2019	Graffiti paint		\$120.77
	A0288756	09/17/2019	Graffiti supplies		\$3.26
	A0289414	10/01/2019	Frog tape		\$18.14
	A0289867	10/09/2019	Traffic marking paint		\$142.90
	A0290153	10/15/2019	Weave cover, bearing frame, plastic tray liner, paint tray		\$21.39
	A0290132	10/15/2019	Paint, chip brushes		\$106.08
	A0290930	11/01/2019	Plastic tray liner		\$7.85
	A0291306	11/08/2019	Recycle tray, mightypro cover		\$26.03
94257	11/15/2019			LABORMAX STAFFING	\$1,076.30
	Invoice	Date	Description		Amount
	26-114417	11/08/2019	Seasonal labor 11/2 - 11/8		\$1,076.30
94258	11/15/2019			MID COUNTY AUTO SUPPLY	\$189.23
	Invoice	Date	Description		Amount
	MID-548265	10/31/2019	Truck box struts		\$99.80
	MID-555714	11/06/2019	Transmission fluid		\$30.40
	MID-556318	11/06/2019	Wiper blades		\$33.03
	MID-557951	11/07/2019	Air filter		\$26.00
94259	11/15/2019			MILLER'S TRANSFER & STORAGE CO.	\$355.60
	Invoice	Date	Description		Amount
	91592	11/03/2019	November record storage and October warehouse handling		\$355.60
94260	11/15/2019			MISSION LINEN SUPPLY	\$127.11
	Invoice	Date	Description		Amount
	511116185	11/06/2019	Fleet linen service		\$36.16
	511116186	11/06/2019	Corp. yard linen service		\$90.95
94261	11/15/2019			MONY Life Insurance Company of America	\$2,705.62
	Invoice	Date	Description		Amount
	85304	10/11/2019	November LTD, STD, AD&D, life insurance 1001 - Payroll Payables		\$2,705.62
94262	11/15/2019			NANCY HOWELLS	\$54.60
	Invoice	Date	Description		Amount
	NH111219	11/12/2019	Instructor payment		\$54.60
94263	11/15/2019			NORTH BAY FORD	\$270.67
	Invoice	Date	Description		Amount
	338712	11/06/2019	2016 Ford Explorer transmission repair		\$270.67

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 15, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94264	11/15/2019			PALACE BUSINESS SOLUTIONS	\$234.14
	Invoice	Date	Description		Amount
	9649107-0	11/01/2019	ID jacket, calculator		\$10.28
	9648884-0	10/31/2019	Calculator, highlighter		\$7.75
	558162-0	11/07/2019	Assorted highlighters		\$15.49
	558042-0	11/06/2019	Paper		\$56.64
	557958-0	11/06/2019	Inbox, paper, folders, pens		\$138.69
	557339-0	11/04/2019	Magnifying ruler		\$5.29
			1000 - General Fund	\$18.03	
			2210 - ISF - Stores	\$216.11	
94265	11/15/2019			PAMELA MACHUTT	\$162.50
	Invoice	Date	Description		Amount
	PM111219	11/12/2019	Instructor payment		\$162.50
94266	11/15/2019			PATCHEN CALIFORNIA	\$832.49
	Invoice	Date	Description		Amount
	07108	11/08/2019	BIA holiday trees 1321 - BIA		\$832.49
94267	11/15/2019			PETERSON CATERPILLAR	\$389.37
	Invoice	Date	Description		Amount
	PC001675428	10/23/2019	Tractor parts		\$389.37
94268	11/15/2019			ROYAL WHOLESALE ELECTRIC	\$409.92
	Invoice	Date	Description		Amount
	7719-652186	11/05/2019	Screw driver, Esplanade supplies		\$345.93
	7719-652224	11/05/2019	Recycling fluorescent lights		\$24.92
	7719-652229	11/05/2019	Gloves		\$39.07
94269	11/15/2019			SAN LORENZO LUMBER	\$621.80
	Invoice	Date	Description		Amount
	55-0491831	10/10/2019	Lumber		\$481.34
	55-0501177	11/05/2019	Stakes for City Hall		\$44.56
	55-0502309	11/08/2019	Impact step drills		\$95.90
94270	11/15/2019			SANTA CRUZ APTOS AUTO TOWING	\$125.00
	Invoice	Date	Description		Amount
	11445	10/10/2019	Wharf ramps lifted 1311 - Wharf		\$125.00
94271	11/15/2019			SANTA CRUZ COUNTY AUDITOR-CONTROLLER	\$9,853.00
	Invoice	Date	Description		Amount
	SCC110819	11/08/2019	October citation processing		\$9,853.00

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 15, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94272	11/15/2019			SANTA CRUZ FIRE EQUIPMENT CO.	\$481.56
	Invoice	Date	Description		Amount
	31948	10/25/2019	Vehicle fire extinguisher maintenance		\$481.56
94273	11/15/2019			SANTANA PAVING & GRADING INC.	\$5,000.00
	Invoice	Date	Description		Amount
	2881	11/05/2019	Road repairs - 47th Avenue 1200 - Capital Impr		\$5,000.00
94274	11/15/2019			SC Swimming CAFL	\$505.70
	Invoice	Date	Description		Amount
	QSC111219	11/12/2019	Instructor payment		\$505.70
94275	11/15/2019			SCC ENVIRONMENTAL HEALTH SVC	\$144.00
	Invoice	Date	Description		Amount
	IN0093612	10/30/2019	Skate park site mitigation oversight correspondence		\$144.00
94276	11/15/2019			SESE EGAN GEDDES	\$105.30
	Invoice	Date	Description		Amount
	SEG111219	11/12/2019	Instructor payment		\$105.30
94277	11/15/2019			SOQUEL NURSERY GROWERS INC.	\$25.23
	Invoice	Date	Description		Amount
	0000353587	11/05/2019	Lawn way/Esplanade plants		\$25.23
94278	11/15/2019			STOP COMPANY	\$235.44
	Invoice	Date	Description		Amount
	1362	11/04/2019	Stop signs, bump signs		\$235.44
94279	11/15/2019			SWANK MOTION PICTURES INC.	\$463.00
	Invoice	Date	Description		Amount
	RG1660991	10/17/2019	Motion picture reel rental - Dumbo		\$463.00
94280	11/15/2019			THE HOME DEPOT PRO	\$1,582.51
	Invoice	Date	Description		Amount
	518481361	10/23/2019	Cleaning supplies		\$215.02
	520119892	11/01/2019	Janitorial supplies		\$1,367.49
94281	11/15/2019			TRACTOR SUPPLY COMPANY	\$234.86
	Invoice	Date	Description		Amount
	200299004	10/15/2019	Tire, padlock		\$234.86

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 15, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94282	11/15/2019			US BANK PARS Acct 6746022400	\$503.00
	Invoice	Date	Description		Amount
	PARS110819	11/08/2019	PARS contributions PPE 11/2/19 1001 - Payroll Payables		\$503.00
94283	11/15/2019			WELLS FARGO BANK	\$4,292.93
	Invoice	Date	Description		Amount
	WF110319	11/03/2019	October credit card purchases Purchases over \$500 threshold: Conference registration \$1,143.00 ASCE membership \$600.00 1000 - General Fund \$4,102.17 2211 - ISF - Info Tech \$190.76		\$4,292.93
94284	11/15/2019			WENDY NOLAN	\$209.30
	Invoice	Date	Description		Amount
	WN111219	11/12/2019	Instructor payment		\$209.30
Type Check Totals:					\$453,528.77
<u>EFT</u>					
853	11/12/2019			EMPLOYMENT DEVELOPMENT DEPT	\$8,170.85
	Invoice	Date	Description		Amount
	0-346-080-192	11/12/2019	State taxes PPE 11/2/19 1001 - Payroll Payables		\$8,170.85
854	11/12/2019			INTERNAL REVENUE SERVICE	\$29,198.83
	Invoice	Date	Description		Amount
	01561824	11/12/2019	Federal taxes PPE 11/2/19 1001 - Payroll Payables		\$29,198.83
855	11/12/2019			WELLS FARGO BANK	\$842.02
	Invoice	Date	Description		Amount
	WF111219	11/12/2019	Monthly client analysis charges		\$842.02
856	11/12/2019			STATE DISBURSEMENT UNIT	\$1,232.76
	Invoice	Date	Description		Amount
	O0MNJ4C6657	11/12/2019	Garnishments PPE 11/2/19 1001 - Payroll Payables		\$1,232.76
857	11/14/2019			CalPERS Member Services Division	\$55,317.55
	Invoice	Date	Description		Amount
	1001444583-5	11/14/2019	PERS contributions PPE 11/2/19 1001 - Payroll Payables		\$55,317.55
Type EFT Totals:					\$94,762.01

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 15, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
Library - Library					
<u>Check</u>					
161	11/15/2019			BOGARD CONSTRUCTION INC.	\$4,860.00
	Invoice	Date	Description		Amount
	160707-38	10/28/2019	October library construction project management services		\$4,860.00
Type Check Totals:					\$4,860.00

CITY - Main City Totals	Count	Total
Checks	50	\$453,528.77
EFTs	5	\$94,762.01
All	55	\$548,290.78
Library - Library Totals		
Checks	1	\$4,860.00
EFTs	0	\$0.00
All	1	\$4,860.00
Grand Totals:		
Checks	51	\$458,388.77
EFTs	5	\$94,762.01
All	56	\$553,150.78

Attachment: 11/15/19 City Check Register (Approval of City Check Registers)

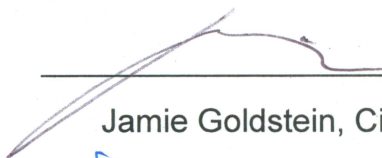
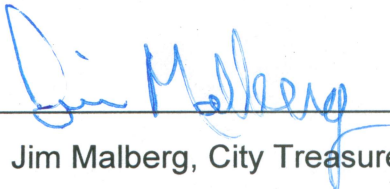
City main account checks dated November 22, 2019, numbered 94285 to 94383, totaling \$200,404.39, 4 payroll account checks plus 93 EFTs, totaling \$171,959.39, and 1 library account check, totaling \$14,472.28, for a grand total of \$386,836.06, have been reviewed and authorized for distribution by the City Manager.

As of November 22, 2019, the unaudited cash balance is \$2,736,592.06.

CASH POSITION - CITY OF CAPITOLA 11/22/19

	<u>Net Balance</u>
General Fund	(\$2,307,215.68)
Payroll Payables	\$178,557.18
Contingency Reserve Fund	\$2,036,345.66
Facilities Reserve Fund	\$434,485.06
Capital Improvement Fund	\$1,645,235.32
Stores Fund	\$47,365.71
Information Technology Fund	\$193,197.79
Equipment Replacement	\$322,780.16
Self-Insurance Liability Fund	\$32,389.63
Workers' Comp. Ins. Fund	\$209,152.04
Compensated Absences Fund	(\$55,700.81)
TOTAL UNASSIGNED GENERAL FUNDS	<u><u>\$2,736,592.06</u></u>

The Emergency Reserve Fund balance is \$1,344,205.54 (not included above).
The PERS Contingency Fund balance is \$887,115.62 (not included above).
The Library Fund balance is \$4,829,254.03 (not included above).

 _____ Jamie Goldstein, City Manager	11/25/19 Date
 _____ Jim Malberg, City Treasurer	11/25/19 Date

Attachment: 11/22/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94285	11/22/2019			ADVOCACY INC.	\$4,074.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$4,074.00
94286	11/22/2019			ALVAREZ TECHNOLOGY GROUP INC	\$235.00
	Invoice	Date	Description		Amount
	53512	11/18/2019	December web root antivirus		\$235.00
94287	11/22/2019			AMAZON CAPITAL SERVICES	\$99.01
	Invoice	Date	Description		Amount
	19KM-VHF6-YPWV	11/12/2019	Mourning streamer for flag		\$16.19
	1MM3-CT1V-JQLD	11/13/2019	iPad keyboard case with stand (2)		\$82.82
94288	11/22/2019			ARCHIVES & ARCHITECTURE LLC	\$1,475.00
	Invoice	Date	Description		Amount
	1875	11/08/2019	#19-0375 201 Capitola Ave. standards review		\$1,475.00
94289	11/22/2019			ARTS COUNCIL OF SANTA CRUZ COUNTY	\$529.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$529.50
94290	11/22/2019			AT&T	\$9.12
	Invoice	Date	Description		Amount
	ATT110119	11/01/2019	November long distance charges		\$9.12
94291	11/22/2019			AT&T/CALNET 3	\$580.54
	Invoice	Date	Description		Amount
	0013905959	11/13/2019	November telephone service		\$580.54
94292	11/22/2019			AT&T/CALNET 3	\$889.28
	Invoice	Date	Description		Amount
	0013906627	11/13/2019	November T-1 access		\$889.28
94293	11/22/2019			B & B SMALL ENGINE REPAIR	\$115.95
	Invoice	Date	Description		Amount
	433136	11/13/2019	Tank cap, mix oil		\$89.79
	433218	11/14/2019	Mix oil returned, synthetic oil		\$26.16
94294	11/22/2019			BEAR ELECTRICAL SOLUTIONS INC.	\$1,697.65
	Invoice	Date	Description		Amount
	9240	10/28/2019	October traffic signal maintenance services - response		\$1,050.85
	9281	10/31/2019	October traffic signal maintenance services - routine		\$646.80

Attachment: 11/22/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94295	11/22/2019			BEN NOBLE URBAN AND REGIONAL PLANNING	\$750.00
	Invoice	Date	Description		Amount
	1244	11/19/2019	Implementation plan update services		\$750.00
94296	11/22/2019			BIG BROTHERS BIG SISTERS OF SC COUNTY	\$1,531.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants 1305 - Restricted TOT		\$1,531.00
94297	11/22/2019			CABRILLO COLLEGE STROKE CENTER	\$3,802.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$3,802.50
94298	11/22/2019			CALE AMERICA INC.	\$5,601.91
	Invoice	Date	Description		Amount
	157077	11/11/2019	Paystation 3G modem upgrade		\$713.25
	157094	11/13/2019	Paystation refurbished mainboard installation		\$1,528.59
	156595	10/08/2019	Paystation weather guards (35)		\$2,877.65
	157148	11/18/2019	Paystation refurbished bill validator		\$482.42
94299	11/22/2019			CALIFORNIA COAST UNIFORM COMPANY	\$1,484.97
	Invoice	Date	Description		Amount
	7494B	10/31/2019	Ballistic vest		\$981.00
	7542	11/07/2019	Explorer uniform		\$385.97
	7541	11/07/2019	Uniform tailoring		\$62.00
	7540	11/07/2019	Uniform tailoring		\$56.00
94300	11/22/2019			CALIFORNIA GREY BEARS INC.	\$7,884.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$7,884.50
94301	11/22/2019			CASA OF SANTA CRUZ COUNTY	\$1,681.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants 1305 - Restricted TOT		\$1,681.00
94302	11/22/2019			CENTRAL COAST CENTER FOR INDEPENDENT LIVING	\$5,354.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$5,354.50

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City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94303	11/22/2019			COMMUNITY ACTION BOARD	\$6,288.17
	Invoice	Date	Description		Amount
	CAB103119	10/31/2019	September emergency housing program admin. and rent assistance		\$5,556.17
	CG120119	11/18/2019	FY19/20 Community Grants - shelter project		\$732.00
94304	11/22/2019			COMMUNITY BRIDGES	\$50,283.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$49,792.00
	CG120119-TOT	11/18/2019	FY19/20 Community Grants - child development division		\$491.00
			1000 - General Fund	\$49,792.00	
			1305 - Restricted TOT	\$491.00	
94305	11/22/2019			CONFLICT RESOLUTION CENTER OF SANTA CRUZ	\$1,705.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$1,705.50
94306	11/22/2019			CSG Consultants Inc.	\$7,759.20
	Invoice	Date	Description		Amount
	B191281	11/01/2019	October building plan review services		\$7,759.20
94307	11/22/2019			DIENTES COMMUNITY DENTAL CARE	\$744.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$744.50
94308	11/22/2019			ENCOMPASS COMMUNITY SERVICES	\$7,899.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants - aids project		\$4,024.00
	CG120119-TOT	11/18/2019	FY19/20 Community Grants		\$3,875.50
			1000 - General Fund	\$4,024.00	
			1305 - Restricted TOT	\$3,875.50	
94309	11/22/2019			FAMILY SERVICE AGENCY OF THE CENTRAL COAST	\$6,238.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$6,238.00
94310	11/22/2019			FBINAA CA SF	\$90.00
	Invoice	Date	Description		Amount
	FBINAA120419	11/22/2019	501 and 515 luncheon		\$90.00

Attachment: 11/22/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94311	11/22/2019			FERGUSON ENTERPRISES INC 795	\$556.51
	Invoice	Date	Description		Amount
	8146591	11/14/2019	Hard tubes		\$148.95
	8146547	11/14/2019	Utility knife, adapters, paste, hose bibb, deburring tool		\$184.55
	8024052	11/14/2019	Metering pillar taps		\$223.01
94312	11/22/2019			FIRST ALARM	\$215.16
	Invoice	Date	Description		Amount
	505790	11/15/2019	Community Center quarterly intrusion system monitoring		\$215.16
94313	11/22/2019			FIRST SECURITY	\$344.93
	Invoice	Date	Description		Amount
	IN-0022688	11/05/2019	November Community Center foot patrol		\$344.93
94314	11/22/2019			FLYERS ENERGY LLC	\$2,825.55
	Invoice	Date	Description		Amount
	19-012497	11/08/2019	564 gallons gasoline		\$2,250.50
	19-012499	11/08/2019	133 gallons diesel		\$575.05
94315	11/22/2019			GARDAWORLD	\$201.55
	Invoice	Date	Description		Amount
	10524825	11/01/2019	November armored vehicle service		\$201.55
94316	11/22/2019			GOVERNMENT FINANCE OFFICERS ASSOCIATION	\$190.00
	Invoice	Date	Description		Amount
	0142001-2020	10/29/2019	Annual membership renewal		\$190.00
94317	11/22/2019			HOME DEPOT CREDIT SERVICES	\$387.30
	Invoice	Date	Description		Amount
	6612321	11/13/2019	Wet dry vacuum, vacuum filters		\$141.60
	5640520	11/14/2019	Hose couplings		\$47.12
	5633993	11/14/2019	Flux, hose couplings, brushes, air chamber		\$34.79
	4510972	11/15/2019	Plaster, boiler drain, brass elbow		\$26.06
	6522575	11/13/2019	Sakrete play sand, 60pc tool set		\$72.45
	6033253	11/13/2019	10" electrician tool wall, gloves		\$65.28
94318	11/22/2019			HOMELESS SERVICE CENTER OF SANTA CRUZ COUNTY	\$1,422.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$1,422.00
94319	11/22/2019			HOSPICE of SANTA CRUZ COUNTY	\$853.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$853.00

Attachment: 11/22/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94320	11/22/2019			HUMBOLDT PETROLEUM LLC	\$65.00
	Invoice	Date	Description		Amount
	088708	10/31/2019	October car wash service		\$65.00
94321	11/22/2019			HYDROSCIENCE ENGINEERS INC.	\$2,397.50
	Invoice	Date	Description		Amount
	331016006	11/04/2019	October stormwater review services - 523 Burlingame Ave.		\$170.00
	331013008	11/04/2019	October stormwater review services - New Brighton parking lot		\$2,227.50
94322	11/22/2019			JOHNSON ROBERTS & ASSOCIATES INC.	\$15.00
	Invoice	Date	Description		Amount
	141289	11/15/2019	PHQ internet report		\$15.00
94323	11/22/2019			KINGS PAINT AND PAPER INC.	\$67.35
	Invoice	Date	Description		Amount
	A0291578	11/14/2019	Curb paint		\$67.35
94324	11/22/2019			KOSMONT COMPANIES	\$17,823.25
	Invoice	Date	Description		Amount
	1908.8-003	10/31/2019	October mall economic consulting services		\$17,823.25
94325	11/22/2019			LABORMAX STAFFING	\$1,148.50
	Invoice	Date	Description		Amount
	26-114720	11/15/2019	Seasonal labor 11/9 - 11/15		\$1,148.50
94326	11/22/2019			LINDA COVER	\$500.00
	Invoice	Date	Description		Amount
	LC110319	11/03/2019	Plein Air mono print activity		\$500.00
94327	11/22/2019			MACKAY METERS INC	\$241.32
	Invoice	Date	Description		Amount
	1055121	10/31/2019	October meter and credit card transaction fees		\$241.32
94328	11/22/2019			MALLORY SAFETY AND SUPPLY LLC	\$149.32
	Invoice	Date	Description		Amount
	4740920	11/08/2019	Bib overalls (2)		\$149.32
94329	11/22/2019			MAR-KEN K-9 TRAINING CENTER	\$240.00
	Invoice	Date	Description		Amount
	0550-19	11/15/2019	November K-9 training		\$240.00

Attachment: 11/22/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94330	11/22/2019			METRO MOBILE COMMUNICATIONS	\$177.58
	Invoice	Date	Description		Amount
	43929	10/31/2019	Motorcycle power charger		\$177.58
94331	11/22/2019			MICHAEL KILROY	\$856.34
	Invoice	Date	Description		Amount
	MK103119	10/31/2019	Peer support training expenses		\$856.34
94332	11/22/2019			MISSION LINEN SUPPLY	\$179.04
	Invoice	Date	Description		Amount
	511164357	11/13/2019	Fleet linen service		\$36.16
	511164358	11/13/2019	Corp. yard linen service		\$87.65
	510543675	08/19/2019	PD mat service		\$55.23
94333	11/22/2019			MONARCH SERVICES	\$2,014.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$2,014.50
94334	11/22/2019			NATIVE ANIMAL RESCUE	\$637.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$637.00
94335	11/22/2019			NORTH BAY FORD	\$87.50
	Invoice	Date	Description		Amount
	338739	11/07/2019	2016 Ford Explorer transmission fluid level check		\$87.50
94336	11/22/2019			O'NEILL SEA ODYSSEY	\$1,562.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants 1305 - Restricted TOT		\$1,562.00
94337	11/22/2019			O'REILLY AUTO PARTS	\$45.75
	Invoice	Date	Description		Amount
	2763-494369	11/13/2019	Exhaust fluid		\$45.75
94338	11/22/2019			PALACE BUSINESS SOLUTIONS	\$271.89
	Invoice	Date	Description		Amount
	558704-0	11/12/2019	Paper, weather proof labels		\$121.37
	9654898-0	11/18/2019	Drawing paper, color dividers		\$17.25
	558986-0	11/14/2019	Envelopes		\$49.09
	559721-0	11/19/2019	Calendars, organizer		\$84.18

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City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94339	11/22/2019			PARENTS CENTER OF SANTA CRUZ	\$3,448.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants 1305 - Restricted TOT		\$3,448.00
94340	11/22/2019			ROBERT M PATTERSON	\$350.00
	Invoice	Date	Description		Amount
	RMP110719	11/07/2019	Parking citation hearings (7)		\$350.00
94341	11/22/2019			ROYAL WHOLESALE ELECTRIC	\$179.46
	Invoice	Date	Description		Amount
	7719-652555	11/12/2019	HID lamps recycling		\$17.82
	7719-652656	11/14/2019	Lower parking lot light, terminal packets, crimp tool, cutter		\$161.64
94342	11/22/2019			RYDIN DECAL	\$1,598.44
	Invoice	Date	Description		Amount
	364048	11/01/2019	Annual parking permits		\$1,598.44
94343	11/22/2019			SANTA CRUZ COUNTY OFFICE OF EDUCATION	\$100.00
	Invoice	Date	Description		Amount
	SCC110719	11/07/2019	Santa Cruz County civic summit sponsorship		\$100.00
94344	11/22/2019			SANTA CRUZ MUNICIPAL UTILITIES	\$281.87
	Invoice	Date	Description		Amount
	SCMU110619	11/06/2019	October water service for medians		\$281.87
94345	11/22/2019			SANTA CRUZ OCCUPATIONAL MEDICAL CENTER	\$35.00
	Invoice	Date	Description		Amount
	I-24408	10/31/2019	Employee medical exam		\$35.00
94346	11/22/2019			SANTA CRUZ SENTINEL	\$212.80
	Invoice	Date	Description		Amount
	0001221393	10/31/2019	October planning commission public notices		\$212.80
94347	11/22/2019			SANTA CRUZ TODDLER CARE CENTER	\$662.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants 1305 - Restricted TOT		\$662.50
94348	11/22/2019			SECOND HARVEST FOOD BANK	\$5,546.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$5,546.00

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City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94349	11/22/2019			SENIOR CITIZENS LEGAL SERVICES	\$5,391.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$5,391.00
94350	11/22/2019			SENIOR NETWORK SERVICES INC.	\$1,360.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$1,360.00
94351	11/22/2019			SENIORS COUNCIL OF SC COUNTY	\$4,529.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants - project scout and lifeline		\$4,529.00
94352	11/22/2019			SOUTH BAY REGIONAL TRAINING	\$6,878.00
	Invoice	Date	Description		Amount
	220195	10/15/2019	525 and 524 police academy		\$6,878.00
94353	11/22/2019			THE DIVERSITY CENTER	\$568.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$568.50
94354	11/22/2019			THE HOME DEPOT PRO	\$27.42
	Invoice	Date	Description		Amount
	520573064	11/05/2019	WD40		\$27.42
94355	11/22/2019			TRANSPARENT GLASS COATINGS INC.	\$229.00
	Invoice	Date	Description		Amount
	001585	11/12/2019	Toyota Camry window tint		\$229.00
94356	11/22/2019			UNITED PARCEL SERVICE	\$35.20
	Invoice	Date	Description		Amount
	0000954791469	11/16/2019	Document shipping		\$35.20
94357	11/22/2019			UNITED WAY OF SANTA CRUZ COUNTY	\$1,061.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants - 211 helpline		\$1,061.00
94358	11/22/2019			UNITED WAY OF SANTA CRUZ COUNTY	\$1,061.00
	Invoice	Date	Description		Amount
	CG120119-TOT	11/18/2019	FY19/20 Community Grants - community assessment project 1305 - Restricted TOT		\$1,061.00

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City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94359	11/22/2019			US BANK EQUIPMENT FINANCE	\$481.78
	Invoice	Date	Description		Amount
	398948430	11/01/2019	City Hall & Recreation copier leases		\$481.78
			1000 - General Fund	\$25.80	
			2210 - ISF - Stores Fund	\$455.98	
94360	11/22/2019			US BANK EQUIPMENT FINANCE	\$103.55
	Invoice	Date	Description		Amount
	398948315	11/01/2019	Recreation copier lease		\$103.55
94361	11/22/2019			US BANK EQUIPMENT FINANCE	\$288.85
	Invoice	Date	Description		Amount
	398948802	11/01/2019	PD copier lease		\$288.85
94362	11/22/2019			VISTA CENTER FOR THE BLIND	\$1,007.00
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$1,007.00
94363	11/22/2019			VOLUNTEER CENTERS OF SC COUNTY	\$1,705.50
	Invoice	Date	Description		Amount
	CG120119	11/18/2019	FY19/20 Community Grants		\$1,705.50
94364	11/22/2019			WESTERN EXTERMINATOR COMPANY	\$128.00
	Invoice	Date	Description		Amount
	7572318	10/31/2019	City Hall rodent control		\$64.00
	7572315	10/31/2019	Turnouts rodent control		\$64.00
94365	11/22/2019			Brent Griffith	\$96.00
	Invoice	Date	Description		Amount
	300124046	11/12/2019	Citation refund		\$96.00
94366	11/22/2019			DPrep Inc.	\$330.00
	Invoice	Date	Description		Amount
	BPS20191029-31	11/12/2019	533 Peer support training		\$330.00
94367	11/22/2019			Matthew Costello	\$96.00
	Invoice	Date	Description		Amount
	702124218	11/12/2019	Citation refund		\$96.00
94368	11/22/2019			Michal Koller	\$72.00
	Invoice	Date	Description		Amount
	222126729	11/06/2019	Citation refund		\$72.00

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City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94369	11/22/2019			Paul Kratter	\$250.00
	Invoice	Date	Description		Amount
	PK091319	09/13/2019	Plein Air judging services		\$250.00
94370	11/22/2019			Stacey Ann Ament	\$36.00
	Invoice	Date	Description		Amount
	248101	11/08/2019	Citation refund		\$36.00
94371	11/22/2019			Timothy Parris	\$86.00
	Invoice	Date	Description		Amount
	177124613	11/06/2019	Citation refund		\$86.00
94372	11/22/2019			Zephyr Lovere	\$39.00
	Invoice	Date	Description		Amount
	702124120	11/19/2019	Citation dismissed		\$39.00
94373	11/22/2019			AMAZON CAPITAL SERVICES	\$42.49
	Invoice	Date	Description		Amount
	1FKT-PX11-GR3Y	11/20/2019	Step stool, tally counter		\$42.49
94374	11/22/2019			COMPLETE MAILING SERVICE INC.	\$5,200.00
	Invoice	Date	Description		Amount
	4952	11/15/2019	Bulk postage refill - permit 200		\$5,200.00
94375	11/22/2019			DAVID SCOTT COBABE	\$1,298.50
	Invoice	Date	Description		Amount
	DSC111819	11/18/2019	Instructor payment		\$1,298.50
94376	11/22/2019			JEANI MITCHELL	\$140.40
	Invoice	Date	Description		Amount
	JM111819	11/18/2019	Instructor payment		\$140.40
94377	11/22/2019			JODI CHRISTIANSEN DESIGNS	\$208.00
	Invoice	Date	Description		Amount
	JC111819	11/18/2019	Instructor payment		\$208.00
94378	11/22/2019			LAURA ALIOTO	\$276.25
	Invoice	Date	Description		Amount
	LA111819	11/18/2019	Instructor payment		\$276.25
94379	11/22/2019			MISSION LINEN SUPPLY	\$78.06
	Invoice	Date	Description		Amount
	511094146	11/04/2019	Community Center mop and mat service		\$78.06

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City Checks Issued November 22, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94380	11/22/2019			PALACE BUSINESS SOLUTIONS	\$29.07
	Invoice	Date	Description		Amount
	9654977-0	11/18/2019	Clay		\$29.07
94381	11/22/2019			Paula Yoshiko Suzuki	\$292.50
	Invoice	Date	Description		Amount
	PS111819	11/18/2019	Instructor payment		\$292.50
94382	11/22/2019			SOQUEL CREEK WATER DISTRICT	\$237.11
	Invoice	Date	Description		Amount
	06-14476-00.1119	11/05/2019	430 Kennedy Drive water service		\$237.11
94383	11/22/2019			Patricia Smith	\$50.00
	Invoice	Date	Description		Amount
	2003851.002	11/18/2019	Facility rental security deposit refund		\$50.00

Type Check Totals: \$200,404.39

Library - Library

Check	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
162	11/22/2019			NOLL AND TAM ARCHITECTS	\$14,472.28
	Invoice	Date	Description		Amount
	0058456	09/30/2019	September library construction admin. & reimbursable expenses 1360 - Library Fund		\$14,472.28

Type Check Totals: \$14,472.28

CITY - Main City Totals	Count	Total
Checks	99	\$200,404.39
EFTs	0	\$0.00
All	99	\$200,404.39

Library - Library Totals	Count	Total
Checks	1	\$14,472.28
EFTs	0	\$0.00
All	1	\$14,472.28

WELLS - Payroll Totals	Count	Total
Checks	4	\$3,560.19
EFTs	93	\$168,399.20
All	97	\$171,959.39

Grand Totals:	Count	Total
Checks	104	\$218,436.86
EFTs	93	\$168,399.20
All	197	\$386,836.06

Attachment: 11/22/19 City Check Register (Approval of City Check Registers)

City main account checks dated November 29, 2019, numbered 94384 to 94385 plus 4 EFTs, totaling \$46,590.65, have been reviewed and authorized for distribution by the City Manager.

As of November 29, 2019, the unaudited cash balance is \$3,323,418.32.

CASH POSITION - CITY OF CAPITOLA 11/29/19

	<u>Net Balance</u>
General Fund	(\$1,673,933.77)
Payroll Payables	\$132,101.53
Contingency Reserve Fund	\$2,036,345.66
Facilities Reserve Fund	\$434,485.06
Capital Improvement Fund	\$1,645,235.32
Stores Fund	\$47,365.71
Information Technology Fund	\$193,197.79
Equipment Replacement	\$322,780.16
Self-Insurance Liability Fund	\$32,389.63
Workers' Comp. Ins. Fund	\$209,152.04
Compensated Absences Fund	(\$55,700.81)
TOTAL UNASSIGNED GENERAL FUNDS	<u>\$3,323,418.32</u>

The Emergency Reserve Fund balance is \$1,344,205.54 (not included above).
The PERS Contingency Fund balance is \$887,115.62 (not included above).
The Library Fund balance is \$4,914,589.03 (not included above).


 _____ 12/2/19
 Jamie Goldstein, City Manager Date


 _____ 12/2/19
 Jim Malberg, City Treasurer Date

Attachment: 11/29/19 City Check Register (Approval of City Check Registers)

City Checks Issued November 29, 2019

Check Number	Invoice Number	Invoice Date	Description	Payee Name	Transaction Amount
94384	11/23/2019			EMPLOYMENT DEVELOPMENT DEPT	\$150.00
	Invoice	Date	Description		Amount
	L18586832556-10	07/16/2019	Employee earnings withholding order		\$150.00
94385	11/23/2019			ICMA RETIREMENT TRUST 457	\$7,596.35
	Invoice	Date	Description		Amount
	237358	11/22/2019	457 contributions PPE 11/16/19 1001 - Payroll Payables		\$7,596.35
Type Check Totals:					\$7,746.35
<u>EFT</u>					
858	11/26/2019			EMPLOYMENT DEVELOPMENT DEPT	\$8,244.83
	Invoice	Date	Description		Amount
	1-021-334-464	11/26/2019	State taxes PPE 11/16/19 1001 - Payroll Payables		\$8,244.83
859	11/25/2019			INTERNAL REVENUE SERVICE	\$29,231.71
	Invoice	Date	Description		Amount
	12821683	11/25/2019	Federal taxes PPE 11/16/19 1001 - Payroll Payables		\$29,231.71
860	11/25/2019			STATE DISBURSEMENT UNIT	\$1,232.76
	Invoice	Date	Description		Amount
	SX9V9MV6657	11/25/2019	Garnishments PPE 11/16/19 1001 - Payroll Payables		\$1,232.76
861	11/25/2019			DISCOVERY BENEFITS	\$135.00
	Invoice	Date	Description		Amount
	0001077068-IN	10/31/2019	October COBRA and FSA		\$135.00
Type EFT Totals:					\$38,844.30

Attachment: 11/29/19 City Check Register (Approval of City Check Registers)

CITY - Main City Totals	Count:	Total:
Checks	2	\$7,746.35
EFTs	4	\$38,844.30
All	6	\$46,590.65



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: Consider a Resolution Authorizing an Increase in the Residential and Commercial Garbage Collection Rates

RECOMMENDED ACTION: Adopt a Resolution approving the Rate Schedule for Residential and Commercial Garbage Collection and Recycling in Capitola, resulting in a 3.03 percent rate increase pursuant to the franchise agreement with GreenWaste Recovery, effective January 1, 2020.

BACKGROUND: The City of Capitola has a franchise agreement with GreenWaste Recovery, Inc. (GWR) to collect the City's commercial and residential refuse, recycling, yard waste, and food waste. GreenWaste Recovery's Franchise Agreement allows for an annual customer rate increase at the San Francisco - Oakland - San Jose Bay Area Consumer Price Index (CPI).

DISCUSSION: To determine the new customer rates, the agreement allows GWR to increase the rates by 100 percent of the CPI for the period ending October 2019, which was 3.03 percent. The average 35-gallon-trash-cart residential customer will have a monthly rate increase of 74 cents and the average 64-gallon-cart residential customer will have a monthly rate increase of \$1.26.

Residential Carts	Current Monthly Rates	New Monthly Rates
10 Gallon	\$13.07	\$13.47
20 Gallon	\$15.54	\$16.01
35 Gallon	\$17.61	\$18.15
64 Gallon	\$29.98	\$30.88
96 Gallon	\$42.48	\$43.77

The City continues to have the lowest residential rates in the County.


The proposed resolution will supersede Resolution No. 4135, as authorized in the Franchise Agreement dated April 24, 2008, and amended on December 13, 2012.

FISCAL IMPACT: The CPI adjustment results in a cost increase of 54 cents a month to residential customers with 35-gallon containers. There is no direct fiscal impact to the City.

Residential and Commercial Garbage Collection
December 19, 2019

Report Prepared By: Larry Laurent
Assistant to the City Manager

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/12/2019

Residential and Commercial Garbage Collection
December 19, 2019

RESOLUTION NO. ____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
APPROVING A RATE SCHEDULE FOR RESIDENTIAL AND COMMERCIAL
GARBAGE COLLECTION AND RECYCLING IN CAPITOLA EFFECTIVE JANUARY 1, 2020,
SUPERSEDING RESOLUTION NO. 4135**

WHEREAS, the City of Capitola has a franchise agreement with GreenWaste Recovery, Inc., for refuse, recycling, yard, and food waste collection; and

WHEREAS, the franchise agreement allows for GreenWaste Recovery to increase the rates annually by 100 percent of the Consumer Price Index for San Francisco-Oakland-San Jose area, which was 3.03 percent for the period ending October 2019; and

WHEREAS, the City Council adopted Resolution No. 4135 on December 13, 2018, which adopted a rate schedule effective January 1, 2019; and

WHEREAS, applicable rates for both commercial and residential service will increase by 3.03 percent, as per the Franchise Agreement dated April 24, 2008, effective January 1, 2020; and

WHEREAS, the City Council considered the garbage rate increase at a public meeting where members of the public had the opportunity to address the council on the proposed increase.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the City Council of the City of Capitola approves the Rate Schedule for Residential and Commercial Refuse, Recycling and Yard Waste in Capitola as shown on the "Schedule of Rates" attached to this Resolution (Exhibit A-1, Residential Rates; Exhibit A-2 Commercial Rates) effective January 1, 2020.

BE IT FURTHER RESOLVED that this Resolution supersedes Resolution No. 4135.

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 19th day of December 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

Linda Fridy, City Clerk

Residential and Commercial Garbage Collection
December 19, 2019

EXHIBIT A-1 RESIDENTIAL RATES

City of Capitola Residential Rate Structure						
Contract Year Beginning January 1, 2020						
1)		1/1/2019 Rates		1/1/2020 Rates		New Rates To be billed 1/1/2020
Residential				CPI Adj	3.030%	
<u>Carts</u>	<u># of Carts</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Monthly</u>	<u>Quarterly</u>	
10 Gallon	1	\$ 13.07	\$ 39.22	\$ 13.47	\$ 40.41	40.41
20 Gallon	1	\$ 15.54	\$ 46.61	\$ 16.01	\$ 48.02	48.02
35 Gallon	1	\$ 17.61	\$ 52.84	\$ 18.15	\$ 54.44	54.44
35 Gallon	2	\$ 35.24	\$ 105.71	\$ 36.30	\$ 108.91	108.91
35 Gallon	3	\$ 54.24	\$ 162.71	\$ 55.88	\$ 167.64	167.64
35 Gallon	4	\$ 72.55	\$ 217.65	\$ 74.75	\$ 224.24	224.24
35 Gallon	5	\$ 90.44	\$ 271.32	\$ 93.18	\$ 279.54	279.54
35 Gallon	6	\$ 108.53	\$ 325.59	\$ 111.82	\$ 335.45	335.45
35 Gallon	7	\$ 126.65	\$ 379.96	\$ 130.49	\$ 391.47	391.47
35 Gallon	8	\$ 141.09	\$ 423.28	\$ 145.37	\$ 436.10	436.10
64 Gallon	1	\$ 29.98	\$ 89.93	\$ 30.88	\$ 92.65	92.65
64 Gallon	2	\$ 59.92	\$ 179.76	\$ 61.73	\$ 185.20	185.20
64 Gallon	3	\$ 89.93	\$ 269.79	\$ 92.65	\$ 277.96	277.96
64 Gallon	4	\$ 119.91	\$ 359.72	\$ 123.54	\$ 370.62	370.62
64 Gallon	5	\$ 149.88	\$ 449.65	\$ 154.42	\$ 463.27	463.27
64 Gallon	6	\$ 179.86	\$ 539.57	\$ 185.31	\$ 555.92	555.92
64 Gallon	7	\$ 209.83	\$ 629.50	\$ 216.19	\$ 648.58	648.58
64 Gallon	8	\$ 239.81	\$ 719.43	\$ 247.08	\$ 741.23	741.23
96 Gallon	1	\$ 42.48	\$ 127.45	\$ 43.77	\$ 131.31	131.31
96 Gallon	2	\$ 84.90	\$ 254.70	\$ 87.47	\$ 262.42	262.42
96 Gallon	3	\$ 127.37	\$ 382.12	\$ 131.23	\$ 393.70	393.70
96 Gallon	4	\$ 165.03	\$ 495.09	\$ 170.03	\$ 510.09	510.09
96 Gallon	5	\$ 212.28	\$ 636.83	\$ 218.71	\$ 656.12	656.12
Items 2 through 6 will not be changed during Franchise Term, i.e., will not receive the COLA adjustment as set forth in section 7.1c						
2)	<u>Special pick-up for service not on a regular schedule</u>					
	\$25.00 plus \$2.50 per bag, \$2.75 per 32 gallon can. For other means of bundling or containing, \$2.75 for each equivalent in volume to a 32 gallon can.					
3)	<u>Special Service for walk-in by driver</u>					
	\$5.00 per can or bag plus the monthly rate. Except as provided in Section 4.1.B(4).					

Residential and Commercial Garbage Collection
December 19, 2019

4)						
	Extra containers picked up at time of regular service shall be billed as in #2 above, but without the \$25.00 charge.					
5)						
	Bulky Goods Items Pricing					
	Furniture		\$ 15.00	per large item		\$ 10.00
	Non-CFC Appliance		\$ 25.00	per large item		\$ 15.00
	Carpet		\$ 0.50	per square foot		\$ 0.50
6)						
	Service Re-Start		\$ 25.00			\$ 25.00

Residential and Commercial Garbage Collection
December 19, 2019

City of Capitola Commercial Rate Structure				
Commercial Bins				Increase
# of bins	Bin Size	Frequency		3.030%
			Rates	New Rates
			1/1/2019	1/1/2020
1	1 cu yd	1	\$ 178.96	\$ 184.38
1	1 cu yd	2	\$ 270.48	\$ 278.67
1	1 cu yd	3	\$ 361.84	\$ 372.80
1	1 cu yd	4	\$ 453.55	\$ 467.29
1	1 cu yd	5	\$ 545.09	\$ 561.61
1	1 cu yd	6	\$ 636.62	\$ 655.91
2	1 cu yd	1	\$ 270.48	\$ 278.67
2	1 cu yd	2	\$ 453.55	\$ 467.29
2	1 cu yd	3	\$ 636.62	\$ 655.91
2	1 cu yd	4	\$ 819.71	\$ 844.54
2	1 cu yd	5	\$ 1,002.75	\$ 1,033.13
2	1 cu yd	6	\$ 1,185.81	\$ 1,221.74
3	1 cu yd	1	\$ 362.02	\$ 372.99
3	1 cu yd	2	\$ 636.63	\$ 655.92
3	1 cu yd	3	\$ 911.41	\$ 939.03
3	1 cu yd	4	\$ 1,185.84	\$ 1,221.77
3	1 cu yd	5	\$ 1,460.45	\$ 1,504.70
3	1 cu yd	6	\$ 1,735.01	\$ 1,787.58
4	1 cu yd	1	\$ 453.55	\$ 467.29
4	1 cu yd	2	\$ 819.71	\$ 844.54
4	1 cu yd	3	\$ 1,186.20	\$ 1,222.14
4	1 cu yd	4	\$ 1,552.00	\$ 1,599.03
4	1 cu yd	5	\$ 1,918.13	\$ 1,976.25
4	1 cu yd	6	\$ 2,284.21	\$ 2,353.42
1	2 cu yd	1	\$ 270.51	\$ 278.71
1	2 cu yd	2	\$ 453.55	\$ 467.29
1	2 cu yd	3	\$ 636.62	\$ 655.91
1	2 cu yd	4	\$ 819.71	\$ 844.54
1	2 cu yd	5	\$ 1,002.75	\$ 1,033.13
1	2 cu yd	6	\$ 1,185.81	\$ 1,221.74
2	2 cu yd	1	\$ 453.55	\$ 467.29
2	2 cu yd	2	\$ 819.71	\$ 844.54
2	2 cu yd	3	\$ 1,185.83	\$ 1,221.76
2	2 cu yd	4	\$ 1,551.98	\$ 1,599.00
2	2 cu yd	5	\$ 1,918.14	\$ 1,976.26
2	2 cu yd	6	\$ 2,284.28	\$ 2,353.50
3	2 cu yd	1	\$ 636.62	\$ 655.91
3	2 cu yd	2	\$ 1,185.83	\$ 1,221.76
3	2 cu yd	3	\$ 1,735.07	\$ 1,787.64
3	2 cu yd	4	\$ 2,284.28	\$ 2,353.50
3	2 cu yd	5	\$ 2,833.48	\$ 2,919.34
1	3 cu yd	1	\$ 362.00	\$ 372.97
1	3 cu yd	2	\$ 634.80	\$ 654.03
1	3 cu yd	3	\$ 911.23	\$ 938.84
1	3 cu yd	4	\$ 1,185.83	\$ 1,221.76
1	3 cu yd	5	\$ 1,460.47	\$ 1,504.73
1	3 cu yd	6	\$ 1,735.07	\$ 1,787.64
2	3 cu yd	1	\$ 636.62	\$ 655.91
2	3 cu yd	2	\$ 1,185.83	\$ 1,221.76
2	3 cu yd	3	\$ 1,735.07	\$ 1,787.64
2	3 cu yd	4	\$ 2,284.28	\$ 2,353.50
2	3 cu yd	5	\$ 2,833.48	\$ 2,919.34
2	3 cu yd	6	\$ 3,382.71	\$ 3,485.21

Residential and Commercial Garbage Collection
December 19, 2019

City of Capitola Commercial Rate Structure					Increase 3.030%
Commercial Bins			Rates	New Rates	
# of bins	Bin Size	Frequency	1/1/2019	1/1/2020	
3	3 cu yd	1	\$ 911.22	\$	938.83
3	3 cu yd	2	\$ 1,735.07	\$	1,787.64
3	3 cu yd	3	\$ 2,558.89	\$	2,636.42
3	3 cu yd	4	\$ 3,382.71	\$	3,485.21
3	3 cu yd	5	\$ 4,206.56	\$	4,334.01
3	3 cu yd	6	\$ 5,030.37	\$	5,182.79
4	3 cu yd	1	\$ 1,185.83	\$	1,221.76
4	3 cu yd	2	\$ 2,284.28	\$	2,353.50
4	3 cu yd	3	\$ 3,382.71	\$	3,485.21
4	3 cu yd	4	\$ 4,481.14	\$	4,616.92
4	3 cu yd	5	\$ 5,579.62	\$	5,748.68
4	3 cu yd	6	\$ 6,678.00	\$	6,880.35
1	4 cu yd	1	\$ 453.55	\$	467.29
1	4 cu yd	2	\$ 819.71	\$	844.54
1	4 cu yd	3	\$ 1,185.83	\$	1,221.76
1	4 cu yd	4	\$ 1,551.98	\$	1,599.00
1	4 cu yd	5	\$ 1,918.14	\$	1,976.26
1	4 cu yd	6	\$ 2,284.28	\$	2,353.50
2	4 cu yd	1	\$ 819.71	\$	844.54
2	4 cu yd	2	\$ 1,551.98	\$	1,599.00
2	4 cu yd	3	\$ 2,284.28	\$	2,353.50
2	4 cu yd	4	\$ 3,103.44	\$	3,197.47
2	4 cu yd	5	\$ 3,748.83	\$	3,862.42
2	4 cu yd	6	\$ 4,481.14	\$	4,616.92
3	4 cu yd	1	\$ 1,185.25	\$	1,221.16
3	4 cu yd	2	\$ 2,284.28	\$	2,353.50
3	4 cu yd	3	\$ 3,382.71	\$	3,485.21
3	4 cu yd	4	\$ 4,481.14	\$	4,616.92
3	4 cu yd	5	\$ 5,579.62	\$	5,748.68
3	4 cu yd	6	\$ 6,678.00	\$	6,880.35
4	4 cu yd	1	\$ 1,551.98	\$	1,599.00
4	4 cu yd	2	\$ 3,016.58	\$	3,107.98
4	4 cu yd	3	\$ 4,481.15	\$	4,616.93
4	4 cu yd	4	\$ 5,945.71	\$	6,125.86
4	4 cu yd	5	\$ 7,410.38	\$	7,634.91
4	4 cu yd	6	\$ 8,874.87	\$	9,143.77
5	4 cu yd	1	\$ 1,973.35	\$	2,033.14
5	4 cu yd	2	\$ 3,748.84	\$	3,862.43
5	4 cu yd	3	\$ 5,579.61	\$	5,748.67
5	4 cu yd	4	\$ 7,410.30	\$	7,634.83
5	4 cu yd	5	\$ 9,241.12	\$	9,521.13
5	4 cu yd	6	\$ 11,071.74	\$	11,407.22
1	6 cu yd	1	\$ 636.62	\$	655.91
1	6 cu yd	2	\$ 1,185.83	\$	1,221.76
1	6 cu yd	3	\$ 1,735.07	\$	1,787.64
1	6 cu yd	4	\$ 2,284.28	\$	2,353.50
1	6 cu yd	5	\$ 2,833.48	\$	2,919.34
1	6 cu yd	6	\$ 3,382.71	\$	3,485.21
2	6 cu yd	1	\$ 1,185.83	\$	1,221.76
2	6 cu yd	2	\$ 2,284.28	\$	2,353.50
2	6 cu yd	3	\$ 3,382.71	\$	3,485.21
2	6 cu yd	4	\$ 4,481.10	\$	4,616.88
2	6 cu yd	5	\$ 5,579.61	\$	5,748.67
2	6 cu yd	6	\$ 6,678.04	\$	6,880.38
1	8 cu yd	1	\$ 819.71	\$	844.54
1	8 cu yd	2	\$ 1,551.98	\$	1,599.00
1	8 cu yd	3	\$ 2,284.28	\$	2,353.50
1	8 cu yd	4	\$ 3,016.56	\$	3,107.96
1	8 cu yd	5	\$ 3,748.85	\$	3,862.44
1	8 cu yd	6	\$ 4,481.10	\$	4,616.88

Residential and Commercial Garbage Collection
December 19, 2019

City of Capitola Commercial Rate Structure 1/1/2020				
			CPI	
			Increase	
			3.030%	
		Rates	New Rates	
		1/1/2019	1/1/2020	
Commercial Carts				
1	35G	\$ 23.45	\$ 24.16	
1	64G	\$ 47.42	\$ 48.86	
1	96G	\$ 70.55	\$ 72.69	
Commercial Cans				
1	32G	\$ 17.92	\$ 18.47	
2	32G	\$ 35.87	\$ 36.96	
3	32G	\$ 53.78	\$ 55.41	
Drop Box Rates				
1	15 Yard	\$ 507.08	\$ 522.44	
1	20 Yard	\$ 609.27	\$ 627.73	
1	30 Yard	\$ 816.02	\$ 840.75	
1	40 Yard	\$1,087.71	\$ 1,120.66	
1	Compactor	\$ 387.86	\$ 399.61	
	per pull plus disposal fees			
Commercial Front Load Compactor				
# of bins	Bin Size	Frequency	1/1/2019 Rates	1/1/2020 Rates
1	2 cu yd	1	\$ 359.78	\$ 370.68
1	2 cu yd	2	\$ 603.22	\$ 621.50
1	2 cu yd	3	\$ 846.71	\$ 872.36
2	2 cu yd	1	\$ 603.22	\$ 621.50
2	2 cu yd	2	\$ 1,090.20	\$ 1,123.24
3	2 cu yd	1	\$ 846.71	\$ 872.36
3	2 cu yd	2	\$ 1,577.15	\$ 1,624.94
1	3 cu yd	1	\$ 481.45	\$ 496.04
1	3 cu yd	2	\$ 844.29	\$ 869.87
2	3 cu yd	1	\$ 846.71	\$ 872.36
2	3 cu yd	2	\$ 1,577.15	\$ 1,624.94
3	3 cu yd	1	\$ 1,211.93	\$ 1,248.65
3	3 cu yd	2	\$ 2,307.64	\$ 2,377.56
4	3 cu yd	1	\$ 1,577.15	\$ 1,624.94
4	3 cu yd	2	\$ 3,038.10	\$ 3,130.15

Residential and Commercial Garbage Collection
December 19, 2019

City of Capitola Commercial Rate Structure January 1, 2019				
				CPI
Commercial Bins			Rate	Increase
# of bins	Bin Size	Frequency	1/1/2018	4.3603%
1	20 Yard		\$ 583.79	\$ 609.27
1	30 Yard		\$ 781.89	\$ 816.02
1	40 Yard		\$ 1,042.21	\$ 1,087.71
1	Box Relocatioin		\$ 89.62	\$ 93.52
1	Compactor		\$ 371.64	\$ 387.86
	per pull plus disposal fees			
Commercial Front Load Compactors				
Front Load Compactors				
1	2 cu yd	1	\$ 344.73	\$ 359.78
1	2 cu yd	2	\$ 578.00	\$ 603.22
1	2 cu yd	3	\$ 811.29	\$ 846.71
2	2 cu yd	1	\$ 578.00	\$ 603.22
2	2 cu yd	2	\$ 1,044.61	\$ 1,090.20
3	2 cu yd	1	\$ 811.29	\$ 846.71
3	2 cu yd	2	\$ 1,511.19	\$ 1,577.15
1	3 cu yd	1	\$ 461.31	\$ 481.45
1	3 cu yd	2	\$ 808.98	\$ 844.29
2	3 cu yd	1	\$ 811.29	\$ 846.71
2	3 cu yd	2	\$ 1,511.19	\$ 1,577.15
3	3 cu yd	1	\$ 1,161.24	\$ 1,211.93
3	3 cu yd	2	\$ 2,211.13	\$ 2,307.64
4	3 cu yd	1	\$ 1,511.19	\$ 1,577.15
4	3 cu yd	2	\$ 2,911.04	\$ 3,038.10
Extra containers picked up on non-regularly scheduled day of service = Monthly Rate divided by 4.33				
Instabin Service				
1	3 cu yd		\$ 123.40	\$ 128.78



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: Adopt a Resolution Setting the Interest Rate for Tenants' Security Deposits for 2020 at Zero Percent (0.00%)

RECOMMENDED ACTION: Adopt Resolution.

BACKGROUND: The City Council adopted Ordinance No. 804 on February 12, 1998, adding Chapter 5.48 to the Municipal Code requiring interest on security deposits for residential rental properties. It requires the City Council to review the interest rate and adopt a Resolution setting the rate for the next year.

For many years the City Council's practice was to set its interest rate for tenant security deposits consistent with the percent set by the Board of Supervisors of Santa Cruz County. However, in recent years the passbook savings rate has hovered near zero and the City has set the tenant security deposit rate at zero to simplify the process. A history of interest rates since adoption of the implementing Ordinance is Attachment 1.

DISCUSSION: Santa Cruz County surveyed annual simple interest on passbook savings (Attachment 2) and recommended the County Board of Supervisors set the interest rate for tenants' security deposits for 2020 at 0.01%. The Board of Supervisors met on December 10, 2019, and adopted a resolution establishing that interest rate effective January 1, 2020.

Based on past Council action, staff has prepared a resolution setting the City's 2020 tenant interest rate at zero percent (0.00%) given the continuing very low passbook savings rate.

Notices were mailed and/or emailed to all interested parties on Friday, December 13, 2020, along with the agenda report. The same list will receive a copy of the adopted resolution and it will be posted on the City website.

FISCAL IMPACT: None

ATTACHMENTS:

1. Tenant Security Deposit History (PDF)
2. Santa Cruz Co. Interest Survey (PDF)

Report Prepared By: Linda Fridy

Tenants' Security Deposits
December 19, 2019

City Clerk

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/12/2019

Tenants' Security Deposits
December 19, 2019

RESOLUTION NO. ____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
SETTING INTEREST RATE FOR TENANT SECURITY DEPOSITS FOR 2020
AT ZERO PERCENT (0.00 %) IN THE CITY OF CAPITOLA**

WHEREAS, Municipal Code Section 5.48.025 directs the City Council to set the minimum annual interest rate for tenant security deposits at a rate that approximates the current passbook savings account interest rates; and

WHEREAS, the current passbook savings account interest rate for residential rental security deposits is approximately zero percent (0.01%);

WHEREAS, based on the City Council's action to set the interest rate at zero percent (0.00%) in previous years with similar situations;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the rate of simple interest payable annually on residential rental security deposits by landlords shall be zero percent (0.00%) effective January 1, 2020.

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 19th day of December, 2019 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

Linda Fridy, City Clerk



420 Capitola Avenue
 Capitola, California 95010
 Telephone: (831) 475-7300
 Website: CityofCapitola.org

HISTORY INFORMATION REGARDING TENANTS' INTEREST ON SECURITY DEPOSITS FOR RESIDENTIAL RENTAL PROPERTIES

ORDINANCES ADOPTED

Ordinance No. 804, Ordinance adding Chapter 5.48 to the Municipal Code requiring interest on security deposits for residential rental properties, adopted February 12, 1998, effective March 14, 1998.

Ordinance No. 813, Ordinance Amending Section 5.48.040 of the Municipal Code regarding Payment of Tenant's Interest, adopted December 19, 1999, effective January 18, 2000.

RESOLUTIONS ADOPTED

Resolution No. 2948	Two Percent (2.00%)	Effective March 14, 1998
Resolution No. 3007	Two Percent (2.00%)	January 1, 1999
Resolution No. 3067	Two Percent (2.00%)	January 1, 2000
Resolution No. 3107	Two Percent (2.00%)	January 1, 2001
Resolution No. 3180	One Percent (1.00%)	January 1, 2002
Resolution No. 3258	.58 Percent (0.58%)	January 1, 2003
Resolution No. 3322	.32 Percent (0.32%)	January 1, 2004
Resolution No. 3416	.32 Percent (0.32%)	January 1, 2005
Resolution No. 3510	.43 Percent (0.43%)	January 1, 2006
Resolution No. 3594	.34 Percent (0.34%)	January 1, 2007
Resolution No. 3671	.31 Percent (0.31%)	January 1, 2008
Resolution No. 3731	.23 Percent (0.23%)	January 1, 2009
Resolution No. 3791	.10 Percent (0.10%)	January 1, 2010
Resolution No. 3849	Zero Percent (0.00%)	January 1, 2011
Resolution No. 3898	Zero Percent (0.00%)	January 1, 2012
Resolution No. 3945	Zero Percent (0.00%)	January 1, 2013
Resolution No. 3973	Zero Percent (0.00%)	January 1, 2014
Resolution No. 4009	Zero Percent (0.00%)	January 1, 2015
Resolution No. 4040	Zero Percent (0.00%)	January 1, 2016
Resolution No. 4070	Zero Percent (0.00%)	January 1, 2017
Resolution No. 4094	Zero Percent (0.00%)	January 1, 2018
Resolution No. 4133	Zero Percent (0.00%)	January 1, 2019

Revised 12/17/2018

Survey of Annual Simple Interest on Passbook Savings

Tenant's Interest on Security Deposits
Subsection B of Section 842.010

Rate Quote Date : 11/6/19	Regular Savings Account
Bank of the West	0.01
JP Morgan Chase	0.01
Bank of America	0.03
Wells Fargo	0.01
Union Bank	0.01
Comerica	0.01
<hr/>	
AVERAGE:	0.01

Regular Passbook based on Savings Accounts less than \$5000

djz / 11/06/19

Attachment: Santa Cruz Co. Interest Survey (Tenants' Security Deposits)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: City Manager Department

SUBJECT: Adopt an Ordinance Amending Capitola Municipal Code Chapter 12.64 Sidewalk Vending Prohibitions

RECOMMENDED ACTION: Approve the second reading of an ordinance to amend Chapter 12.64 to allow sidewalk vending consistent with Senate Bill 946, by title only, waiving further reading.

BACKGROUND: On September 17, 2018, Governor Jerry Brown signed Senate Bill (SB) 946, which establishes statewide regulations regarding vending on sidewalks and pathways in the public right-of-way and parks. The bill went into effect on January 1, 2019. On July 25, 2019, staff presented an overview on the new legislation and examples of new regulations. City Council directed staff to draft an ordinance to ensure protection of public safety.

DISCUSSION: Local jurisdictions that wish to regulate sidewalk vending are required to first adopt a program with rules and regulations consistent with SB 946. Staff drafted an ordinance consistent with the provisions of SB 946, while retaining local control to the extent feasible. The draft ordinance protects pedestrian safety with minimum sidewalk width requirements and increased standards for the Central Village due to high pedestrian volumes. To avoid pedestrian and auto conflicts, minimum setback standards from crosswalks, driveways, and schools are proposed. To maintain the tranquil experience in environmentally sensitive habitat areas and viewpoints, the ordinance prohibits sidewalk vending along the Grand Avenue Pathway, Prospect Pathway, Depot Hill stairs and the Soquel Creek Pathway.

The City Council approved the first reading of the ordinance at its November 26, 2019, meeting with a minor amendment to language in Section 12.64.030 B, adding "legal entity or business."

FISCAL IMPACT: The addition of sidewalk vendors is not expected to have a significant fiscal impact.

Report Prepared By: Linda Fridy
City Clerk

Sidewalk Vending Ordinance
December 19, 2019

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/12/2019

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
AMENDING SECTION 12.64 OF THE CAPITOLA MUNICIPAL CODE TO ADD SIDEWALK
VENDING REGULATIONS AND STANDARDS GOVERNING SIDEWALK VENDING IN THE
CITY LIMITS.**

WHEREAS, the City Council of the City of Capitola does hereby find, determine and declare as follows:

- A. Limitations on sidewalk vending are necessary to:
1. Comply with State Legislation;
 2. Promote the public health, safety and welfare;
 3. Ensure that the Goals and Policies of the City's General Plan are upheld;
 4. Ensure that the flow of pedestrian or vehicular traffic including ingress into, or egress from, any residence, public building, or place of business, or from the street to the sidewalk, by persons exiting or entering parked or standing vehicles is maintained;
 5. Provide reasonable access for the use and maintenance of sidewalks, pathways, hydrants, restrooms, trash receptacles, firefighting apparatus, as well as access to locations used for public transportation services;
 6. Protect the quality of life of City residents and minimize disruptions to the quiet enjoyment of residential property by restricting noise-making devices associated with sidewalk vending;
 7. Ensure no interference in the performance of police, firefighter, and emergency medical personnel services;
 8. Maximize public access in the commercial districts and along the coast; and
 9. Reduce exposure to the City for personal injury or property damage claims and litigation.
- B. The unique characteristics of the City require certain restrictions on sidewalk vending as follows:
1. The majority of the sidewalks and pathways in the City are under ten (10) feet wide and sidewalk vending in these areas would unreasonably interfere with the flow of pedestrians and disrupt access for persons with disabilities in compliance with the American with Disabilities Act (ADA);
 2. The majority of the City's sidewalks in the Regional Commercial District, Community Commercial District and Mixed-Use Neighborhood Districts are less than four (4) feet in width and cannot facilitate sidewalk vending while maintaining pedestrian

Sidewalk Vending Ordinance
December 19, 2019

- accessibility. A minimum sidewalk width standard of four feet is necessary to protect and maintain accessibility standards on sidewalks for all residents;
3. The Central Village and associated sidewalk areas are extremely popular tourist destinations with unusually high pedestrian and vehicular traffic volumes in which most of the segments of sidewalk are under ten feet in width. A minimum ten-foot sidewalk width standard is necessary to protect the public from injury given the popularity of these tourist destinations and the narrow sidewalks;
 4. The majority of sidewalks in the City's Residential Zoning Districts are less than four (4) feet in width and cannot facilitate sidewalk vending without blocking access. A minimum sidewalk width standard of four feet is necessary to protect and maintain accessibility standards on sidewalks for all residents;
 5. Esplanade Park is 1.2 acres in size and offers passive types of uses such as picnicking and ocean viewing, and active types of uses such as being the staging area for the Junior Lifeguard Program, a concession area for beach merchandise and surfboard rental, multiple surf school gathering areas, and the City of Capitola summer event series (Art & Music, Opera, Movies, and the Wednesday night Twilight Concert series). It is also a vehicular access point for the City of Capitola Public Works, and Santa Cruz County Sanitation District, Central Fire Department, and lifeguard vehicles and equipment. Esplanade Park contains the Capitola Pump Sewage Pump Station which is critical infrastructure. Restrictions around this facility are necessary to ensuring health, safety, and welfare of the public. A prohibition on sidewalk vending permits in Esplanade Park is necessary to promote public health, safety and welfare, and to prevent an undue concentration of commercial activity that unreasonably interferes with the scenic and natural character of the park and access to coastal areas and recreation;
 6. Capitola Beach is a coastal and scenic resource and restrictions of sidewalk vending on and around the beach are necessary to protect this resource;
 7. The Grand Avenue Pathway is a narrow, paved pathway located along the Depot Hill bluffs. The pathway is a popular tourist destination with high pedestrian traffic volumes and is located adjacent to an eroding coastal bluff, an identified geologic hazard. The Grand Avenue Pathway is a coastal and scenic resource. Restrictions on sidewalk vending along the path are necessary to protect the public from injury given the popularity of this tourist destination and the geological hazards of this area, and to protect the scenic and natural character of the area;
 8. The Prospect Pathway is a narrow pathway located along Prospect Avenue. The pathway is a popular coastal and scenic resource. Restrictions on sidewalk vending along the path are necessary to protect the public from injury given the popularity of this tourist destination and protect the scenic and natural character of the area;
 9. The Soquel Creek Pathway is a narrow pedestrian pathway. The Soquel Creek Pathway and Soquel Creek Park are located within a designated environmentally sensitive habitat area and scenic resource. Restrictions of sidewalk vending at this location are necessary to preserve this resource;

Sidewalk Vending Ordinance
December 19, 2019

10. The Depot Hill Stairway is a historic stairway with high pedestrian volumes. Restrictions to sidewalk vending on and around the Depot Hill Stairway is necessary to protect the public from injury;
11. Lawn Way is a historic right of way located within the Lawn Way and Six Sisters Historic District and the Coastal Zone. Lawn way is a cultural and scenic resource within the City, and is zoned to only allow residential and bed/breakfast uses. A prohibition on sidewalk vending permits in Lawn Way is necessary to prevent an undue concentration of commercial activity that unreasonably interferes with the scenic, natural, and cultural resources of the historic district within the Coastal Zone.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAPITOLA AS FOLLOWS:

Section 1. Chapter 12.64 is hereby amended and restated as follows:

**“Chapter 12.64
SIDEWALK VENDING PROGRAM**

Sections:

12.64.010	Purpose and Findings
12.64.020	Definitions
12.64.030	Permit Required
12.64.040	Issuance of Permit
12.64.050	Operating Conditions
12.64.060	Prohibited Locations
12.64.070	Prohibited Activities
12.64.080	Penalties
12.64.090	Appeals

12.64.010 Purpose

Purpose. The requirements set forth in this chapter are intended to protect the public's health, safety, and welfare by ensuring that sidewalk vendors on public property provide safe and sanitary conditions for consumers and the general public, are adequately insured, and are properly licensed with other agencies.

12.64.020 Definitions

Unless the contrary is stated or clearly appears from the context, the following definitions govern the construction of the words and phrases used in this chapter. Words and phrases not defined by this chapter have the meaning set forth elsewhere in this Code, the California Business and Professions Code, California Vehicle Code, or California Government Code.

A. "Beach" means any public oceanfront beach within the City.

Sidewalk Vending Ordinance
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- B. "Certified farmers' market" means a location operated in accordance with Chapter 10.5 (commencing with Section 47000) of Division 17 of the Food and Agricultural Code and any regulations adopted pursuant to that chapter, or any successor chapter.
- C. "Commercial District" means any area zoned Community Commercial (CC), Regional Commercial (CR), Mixed-Use Neighborhood (MU-N), Neighborhood Commercial (CN), Mixed-Use Village (MU-V), and Central Village (CV), in Title 17 of the Municipal Code.
- D. "Food" means any item provided in Health and Safety Code Section 113781, or any successor section.
- E. "Harassment" means any form of unauthorized or unpermitted touching, verbal abuse, blockage of pathways or interference with pedestrian traffic.
- F. "Human Powered Device" shall mean any device moved solely by human power, including, but not limited to, a pushcart, wagon, bicycle, tricycle, pedal-driver cart, other non-motorized conveyance, or other wheeled container or mechanism, or from one's person.
- G. "Merchandise" means any item(s) that can be sold and immediately obtained from a sidewalk vendor, which is not considered food. Items for rent shall not be considered merchandise.
- H. "Owner" shall mean any person or entity owning or otherwise controlling the operation of any business or activity involving Vending.
- I. "Park" means the parks listed in the Land Use Element of the General Plan.
- J. "Public Property" shall mean any real property, public easement, public street, street median, alley, parkway, public sidewalk, or other interest therein owned, held, leased, operated or otherwise controlled by the City.
- K. "Residential District" means any area zoned exclusively as residential in Title 17 of the Municipal Code.
- L. "Roaming Sidewalk Vendor" shall mean a Sidewalk Vendor who moves from place to place and stops only to complete a transaction.
- M. "Service Business" means a commercial enterprise that provides work performed by an individual or team for the benefit of its customers.
- N. "Pathway" means a public walkway limited to use by pedestrians through public property or established through an easement not within an active roadway, including but not limited to the Depot Hill pathway and the Soquel Creek pathway.
- O. "Sidewalk" means that portion of a roadway, set apart by curbs, barriers, markings or other delineation specifically for the safety of pedestrians.
- P. "Sidewalk Vendor" shall mean a person who sells food or merchandise from a pushcart, stand, display, pedal-driven cart, wagon, showcase, rack or other non-motorized conveyance, or from one's person, upon a public sidewalk, public pathway, or City park.

Sidewalk Vending Ordinance
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- Q. "Sidewalk vending receptacle" or "sidewalk vendor receptacle" means a pushcart, stand, display, pedal-driven cart, wagon, showcase, rack, or other non-motorized conveyance used for sidewalk vending activities;
- R. "Special Event" shall mean a City-permitted event including, but not limited to, festivals, art shows, parades, and/or cultural events.
- S. "Stationary Sidewalk Vendor" shall mean a Sidewalk Vendor who vends from a fixed location.
- T. "Vend" or "Vending" shall mean any act of displaying, selling, or offering for sale of any displayed goods or merchandise to the public from a Sidewalk Vending Receptacle.

12.64.030 Permit Required

- A. No person, either for themselves or any other person, shall engage in any sidewalk vendor activities within the City without first applying for and receiving a sidewalk vending permit from the Community Development Director, or the Director's designee, under this chapter.
- B. No more than one sidewalk vending permit shall be issued to an individual sidewalk vendor, legal entity, or business. One sidewalk vending receptacle is permitted per permit.
- C. Permits shall be issued in the order in which they are received and deemed complete by City staff.
- D. An applicant shall file a written application for a sidewalk vendor permit with the Community Development Director, or Director's designee, on a form provided by the City. The application shall include the information and materials required by the community development department, together with the required application fees. It is the responsibility of the applicant to provide evidence in support of compliance with this Chapter.

12.64.040 Issuance of Permit

- A. Within thirty (30) calendar days of receiving a complete application, the Community Development Director, or the Director's designee, may issue a sidewalk vendor permit, with appropriate conditions, as provided for herein, if he or she finds based on all of the relevant information that:
 - 1. The conduct of the sidewalk vendor will not unduly interfere with traffic or pedestrian movement, or tend to interfere with or endanger the public peace or rights of nearby residents to the quiet and peaceable enjoyment of their property, or otherwise be detrimental to the public peace, health, safety or general welfare, nor shall it violate any of the provisions, or related rules, restrictions and regulations of the Americans with Disability Act.
 - 2. The conduct of the sidewalk vendor will not unduly interfere with normal governmental or City operations, threaten to result in damage or detriment to public property, or result in

Sidewalk Vending Ordinance
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the City incurring costs or expenditures in either money or personnel not reimbursed in advance by the vendor.

3. The conduct of such sidewalk vending activity will not interfere with public safety operations.
 4. The sidewalk vendor has not had a sidewalk vending permit revoked by the City of Capitola within the past twelve (12) months.
 5. The sidewalk vendor has not made a materially false, misleading or fraudulent statement of fact to the City in the application process.
 6. The sidewalk vendor has satisfied all requirements of this chapter.
 7. The sidewalk vendor concurrently applied for a Capitola business license.
 8. The sidewalk vendor has adequate insurance to protect the City from liability associated with the sidewalk vendor's activities, as determined by the City's Risk Manager, or the Risk Manager's designee, and, if required by the City, the City has been named as an additional insured.
 9. The sidewalk vendor has satisfactorily provided all information requested by the Community Development Director, or the Community Development Director's designee, to consider the vendor's application.
- B. A sidewalk vendor permit is non-transferable. Any change in ownership or operation of a sidewalk vendor or sidewalk vending receptacle requires a new permit under this chapter.

12.64.050 Operating Conditions

- A. All sidewalk vendors are subject to the following operating conditions when conducting sidewalk vending activities:
1. All food and merchandise shall be stored either inside or affixed to the sidewalk vendor receptacle or carried by the sidewalk vendor. Food and merchandise shall not be stored, placed, or kept on any public property. The overall space taken up by the sidewalk vendor receptacle shall not exceed the size requirements provided in this section.
 2. Sidewalk vendors who sell food shall be in possession of a current Health and Safety permit issued by the County of Santa Cruz Environmental Health Department in accordance with Part 7 of the California Health and Safety Code.
 3. The sidewalk vendor permit shall be displayed conspicuously at all times on the sidewalk vending receptacle or the sidewalk vendor's person.
 4. Only one sidewalk vendor with one sidewalk vending receptacle is permitted per permit.
 5. Sidewalk vendors shall ensure that all required insurance is in effect prior to conducting any sidewalk vendor activities and maintained for the duration of the permit.

Sidewalk Vending Ordinance
December 19, 2019

6. While engaged in vending, sidewalk vendors shall not leave their sidewalk vending receptacles unattended for any reason.
7. Sidewalk vending receptacles shall not be stored on public property.
8. All sidewalk vendors shall allow a police officer, firefighter, life safety services officer, code enforcement officer, health inspector, or other government official charged with enforcing laws related to the street vendor's activities, at any time, to inspect their sidewalk vending receptacle for compliance with the size requirements of this chapter or any related codes or regulations, and to ensure the safe operation of any heating elements used to prepare food.
9. Sidewalk vending receptacles and any attachments thereto shall not exceed a total height of four (4) feet, a total width of three (3) feet, and a total length of four (4) feet.
10. No sidewalk vending receptacle shall contain or use propane, natural gas, or other explosive or hazardous materials.
11. All sidewalk vendors associated with the sidewalk vending receptacle shall be within five (5) feet of the sidewalk vending receptacle when conducting sidewalk vending activities. Deliveries from sidewalk vending receptacles is prohibited.
12. Sidewalk vendors that sell food shall maintain a trash container in or on their sidewalk vending receptacles and shall not empty their trash into public trash cans. The size of the vendor's trash container shall be taken into account when assessing the total size limit of a sidewalk vending receptacle. Sidewalk vendors shall not leave any location without first picking up, removing, and disposing of all trash or refuse from their operation.
13. Sidewalk vendors shall immediately clean up any food, grease or other fluid or item related to sidewalk vending activities that is discharged. Failure to comply may result in the City taking appropriate action to clean the discharge at the vendor's expense. The vendor permit may thereafter be suspended until such time as the expense associated with cleanup has been reimbursed to the City. The vendor permit may be revoked upon three violations of this requirement.
14. Sidewalk vendors shall comply with the Federal Americans with Disabilities Act of 1990 and amendments thereto, and State disability rights laws.
15. Sidewalk vendors shall maintain a minimum four (4) foot clear accessible path free from obstructions, including sidewalk vending receptacle and customer queuing area.
16. Sidewalk vendors shall comply with the noise standards provided in Chapter 9.12 of this Code, or any successor chapters.
17. Sidewalk vendors shall not approach persons to sell food or merchandise.
18. All signage and advertising related in any way to the sidewalk vendor shall be attached to the sidewalk vending receptacle, if any, or the sidewalk vendor's person.

Sidewalk Vending Ordinance
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19. Sidewalk vendors shall not use any illuminated, flashing, wind powered, or animated sign.
20. Signs shall not exceed three (3) square feet; and no free-standing sign shall be placed on a public street or sidewalk.

12.64.060 Prohibited Locations

- A. Sidewalk vendors shall not engage in sidewalk vending activities at the following locations:
 1. Any public property that does not meet the definition of a sidewalk, pathway, or park including, but not limited to, any alley, intra-block walkway, beach, square, street, street end, or parking lot.
 2. Within two hundred (200) feet of:
 - a. A Police Station.
 - b. A Fire Station.
 - c. The Beach.
 - d. School,
 - e. A permitted certified farmers' market or swap meet during the limited operating hours of that certified farmers' market or swap meet.
 - f. An area designated for a special event permit issued by the City, during the limited duration of the special event, if the City provides the sidewalk vendor any notice, business interruption mitigation, or other rights the City provided to any affected businesses or property owners under the City's special event permit.
 3. Within one hundred (100) feet of:
 - a. Another sidewalk vendor.
 - b. Any police officer, firefighter, lifeguard or emergency medical personnel who are actively engaged in providing emergency services to the public.
 4. Within twenty-five (25) feet of a:
 - a. Fire hydrant.
 - b. Crosswalk.
 - c. Curb which has been designated as white, yellow, green, blue, or red zone, or a bus zone.
 - d. Automated teller machine.

Sidewalk Vending Ordinance
December 19, 2019

- e. Driveway, alley, or entrance to a park, parking lot, or parking garage.
 - f. Trash receptacle, bike rack, bench, bus stop, restroom, or similar public use items.
 - g. Pay station or parking meter.
 - h. Esplanade Park
 - i. Grand Avenue Pathway
 - j. Soquel Creek Pathway and Park
 - k. Depot Hill Stairway
 - l. Lawn Way
5. Sidewalk vendors shall not sell food or merchandise or engage in any sidewalk vending activities:
- a. On any portion of a sidewalk or pathway that is not a minimum width of ten (10) feet wide within the Central Village zoning district and four (4) feet wide throughout the rest of the City; or
 - b. At any park where the City has signed an agreement for concessions that exclusively permits the sale of food or merchandise by a concessionaire.
6. Stationary sidewalk vendors shall not operate in the residential zoning districts.
7. Sidewalk vending receptacles shall not touch, lean against or be affixed at any time to any building or structure including, but not limited to lampposts, fire hydrants, benches, bus shelters, newsstands, trashcans, or traffic barriers.

12.64.070 Prohibited Activities

- A. Sidewalk vendors shall not engage in any of the following activities:
- 1. Renting merchandise to customers.
 - 2. Providing a service that is neither defined as merchandise or food.
 - 3. Displaying or advertising merchandise or food that is not available for immediate sale.
 - 4. Selling of alcohol, cannabis, sexually oriented merchandise, tobacco products, products that contain nicotine or cannabis, or any product used to smoke/vape nicotine or cannabis.
 - 5. Using an open flame on or within any sidewalk vending receptacle.
 - 6. Using an electrical outlet or power source, or water sources, that is owned by the City or any person other than the sidewalk vendor.

7. Harassment of customers as defined in CMC 12.64.020.
 8. Knowingly making false statements or misrepresentations during the course of offering food or merchandise for sale.
 9. Blocking or impeding the path of the person(s) being offered food or merchandise to purchase.
 10. Placing sidewalk vending receptacles outside of any pathway, park or sidewalk when engaging in sidewalk vending activities.
- B. Sidewalk vending is permitted during the following times:
1. Within the commercial districts during normal operating hours of surrounding commercial establishments;
 2. Within residential districts, between the hours of 9:00 .m. and 6:00 p.m. daily.

12.64.080 Penalties

- A. As prescribed by State Legislation, violations of this chapter may not be prosecuted as infractions or misdemeanors and shall only be punished by the following administrative citation and revocation structure.
- B. Except as otherwise provided in this chapter, any violation of this chapter shall be assessed penalties as established by resolution adopted by the city council.
- C. If a sidewalk vendor violates any portion of this chapter and cannot present the citing officer with a proof of a valid permit, the sidewalk vendor shall be assessed penalties as established by resolution adopted by the city council.
- D. The Community Development Director, or the Director's designee, may revoke a permit issued to a sidewalk vendor upon violation of any relevant code.

12.46.090 Appeals

All appeals of this chapter shall be conducted pursuant to Section 2.52 of this Code, or any successor section.”

Section 2. California Environmental Quality Act

The City Council exercises its independent judgment and finds that the proposed ordinance is not subject to California Environmental Quality Act (CEQA), pursuant to Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment), and section 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because the subject regulations have no potential for resulting in any significant physical change to the environment, either directly or indirectly.

Section 3. Severability.

Sidewalk Vending Ordinance
December 19, 2019

If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

Section 4. Effective Date

This ordinance shall take effect and be in force thirty (30) days after final adoption.

This ordinance was introduced on the 26th day of November, 2019, and was passed and adopted by the City Council of the City of Capitola on the 19th day of December, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

Linda Fridy, City Clerk



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: Community Development

SUBJECT: Consider an Appeal of the Planning Commission's Denial of a Tree Removal Permit for a Coast Redwood at 1600 49th Avenue

RECOMMENDED ACTION: Deny the appeal and support approval of pruning measures established in the arborist report.

1600 49th Avenue

#19-0260

APN: 034-041-26

Appeal of Planning Commission denial of a tree removal application for a tree located within the R-1 (Single-Family Residential) zoning district. This project is in the Coastal Zone but does not require a Coastal Development Permit.

Environmental Determination: Categorical Exemption

Property Owner/Representatives: Michael & Vickie Oliver Filed: 05.28.2019

BACKGROUND: On March 13, 2019, the applicants submitted a preliminary review for a non-heritage tree removal permit for a coastal redwood tree located in the front yard of 1600 49th Avenue, pursuant to Capitola Municipal Code Section 12.12.180.

On March 15, 2019, City staff visited the site and observed the tree. Staff could not make the required findings in Section 12.12.180(C) to administratively allow the tree's removal.

On April 3, 2019, the applicants provided a letter from registered forester, Michael Jani. (Attachment 2). Mr. Jani recommended the removal of the tree. Mr. Jani's letter was accompanied by a letter from the applicant and another letter from the adjacent property owner at 4910 Capitola Road (Attachment 3).

On April 12, 2019, the City retained Arborist James Allen to assess the tree's condition and review the forester's letter. On May 3, 2019, Mr. Allen drafted an arborist report that concluded he also could not make the required findings for removal and recommended alternative actions be taken (Attachment 4).

On May 16, 2019, the City sent a letter to the applicant administratively denying the tree removal request for the coastal redwood, stating City staff could not make the required findings to approve the tree removal. The letter included approval for tree pruning as described in the arborist report.

1600 49th Avenue Tree Appeal
December 19, 2019

On May 29, 2019, the applicant submitted an appeal of the denial (Attachment 5), pursuant to CMC 12.12.180(F). The applicant requested the appeal be scheduled on the October Planning Commission meeting due to scheduling conflicts throughout the summer months.

On October 3, 2019, the Planning Commission heard the appeal with one member recused. The vote resulted in a tie, therefore the motion failed, and staff's denial of the tree removal and approval of pruning measures was upheld (Attachments 6 and 7).

On October 13, 2019, the applicant submitted an appeal of the Planning Commission denial to the City Council (Attachment 1).

On November 14, 2019, the City Council scheduled the appeal for the December 19 City Council meeting.

On November 27, 2019, the City was notified by the applicant that more branches had fallen. Public Works staff visited the site and noted the recent breakage but did not see a change in the overall structure of the tree. Staff recommended the applicant continue with the scheduled City Council appeal hearing or request staff have the tree re-inspected by a third party at the owner's expense.

On December 2, 2019 and December 5, 2019, the applicant submitted letters to staff and City Council with a response letter from forester Michael Jani, respectively (Attachments 8 and 9).

DISCUSSION: The appellants are requesting to remove one large non-heritage coastal redwood tree located at 1600 49th Avenue. The appellants and their adjacent neighbor at 4910 Capitola Road outlined the reasons for the removal request in a letter relating to the safety of the tree over their home (Attachment 9). The letters indicate the tree has lost large branches on three occasions in 2019 between the properties at 1600 49th Avenue and 4910 Capitola Road.

The coastal redwood tree is located in the front yard of 1600 49th Avenue approximately five feet from the side property line. The tree is several feet in diameter at breast height, with a large canopy. The lower canopy extends over the northwest corner of the appellants' residence at 1600 49th Avenue. The canopy extends into the the adjacent property at 4910 Capitola Road, but is not over the residence. The tree is not located in an environmentally sensitive habitat area.

In between the Planning Commission hearing approving pruning and the time of the most recent limb breakages in November, no tree pruning work took place.

Community Tree and Forest Management Ordinance

Under the City's Community Tree and Forest Management Ordinance, Municipal Code Section 12.12.180(C) allows Public Works Department staff to approve the removal of a non-heritage tree if it can make the findings in subsections (C)(1) through (C)(4). If after conducting the complimentary inspection, public works staff cannot make the required findings, the application is reviewed by planning staff and the city may require the applicant to pay for an arborist, under contract to the city, to prepare a report regarding the tree. Based on the City's report, the Community Development Director makes a decision as to whether or not the tree removal should be approved based on the required findings. The applicant, or interested party, may appeal staff's determination to the Planning Commission and then to City Council.

1600 49th Avenue Tree Appeal
December 19, 2019

The City Council may grant the appeal based on the findings of Section 12.12.180(C)(1) through (C)(4). Council may deny the appeal if it cannot make the findings below.

Section 12.12.180(C)(1) – (C)(4) Findings for Removal

C. Findings

1. *The tree removal is in the public interest based on one of the following:*
 - a. *Because of the health or condition of the tree, with respect to disease infestation, or danger of falling;*
 - b. *Safety considerations; or*
 - c. *In situations where a tree has caused, or has the potential to cause, unreasonable property damage and/or interference with existing utility services.*
2. *All possible and feasible alternatives to tree removal have been evaluated, including, but not limited to undergrounding of utilities, selective root cutting, trimming and relocation.*
3. *The type, size and schedule for planting replacement trees is specified and shall be concurrent with the tree removal or prior to it, in accordance with Section 12.12.190(F) and (G).*
4. *The removal of the tree would not be contrary to the purposes of this chapter and Chapter 17.95.*

Review by Forester

As previously mentioned, the appellants submitted a letter from Michael Jani, a registered forester (Attachment 2). Mr. Jani assessed the tree as fast-growing and healthy other than salt burn on the branch tips from the coastal environment. He identified that the tree has relatively long and thick branches that show signs of past pruning and that the crown appears to have been topped. His assessment was that the recent breakages were caused by prior pruning that had weakened branch stability against windy conditions. Mr. Jani stated these breakages have created an opening in the canopy, further weakening it and increasing the likelihood of future breakages. He submitted a supplemental letter to respond to the City arborist's review (Attachment 9). Mr. Jani concluded in both letters that the tree posed a hazard and recommended removal.

City Arborist Review

On May 3, 2019, Arborist James Allen prepared a report that assessed the tree's conditions relative to Capitola's tree ordinance and reviewed the letter provided by the registered forester (Attachment 4). Mr. Allen concurred that the tree was in favorable health with some salt burn and the recent breakages were due to a combination of prior pruning, topping, and windy conditions. Although he agreed that the weighted branches are likely to continue breaking, he disputed the forester's conclusion that the tree had outgrown the area or that the risk of breakage was beyond mitigation.

Mr. Allen stated the tree did not show any signs of proper maintenance or pruning. He recommended branch length reduction to prune the branches to lateral growth. He stated that this treatment had had been previously successful on similarly isolated coastal redwoods in Santa Cruz County.

In reviewing Mr. Allen's arborist report, staff determined the following findings could not be made as required in Section 12.12.180(C) for tree removal; therefore, the application was denied.

1600 49th Avenue Tree Appeal
December 19, 2019

- C(1) The tree removal is in the public interest based on one of the following:
- C(1)(a). Because of the health or condition of the tree, with respect to disease infestation, or danger of falling.
Arborist Analysis: This tree is in a good state of vigor with long, weighted branches that are prone to continued breakage. The supporting roots and trunk appear solid and are not expected to fail in the foreseeable future.
- C(1)(b). Safety considerations
Arborist Analysis: All trees create some level of risk that can only be managed, not eliminated unless the subject trees are removed. With proper maintenance pruning, the subject tree could stand for generations to come with minimal risk of failure.
- C(1)(c). In situations where a tree has caused, or has the potential to cause, unreasonable property damage and/or interference with existing utility services.
Arborist Analysis: There are risk mitigation treatments available for the subject tree other than tree removal that will reduce risk to a tolerable threshold and diminish future branch failure potential.
- C(2). All possible and feasible alternatives to tree removal have been evaluated, including, but not limited to undergrounding of utilities, selective root cutting, trimming and relocation.
Arborist Analysis: Branch length reduction is a pruning technique where each branch is shortened to lateral growth lessening the weight the branch upholds. This treatment has been successful in reducing and in some cases, eliminating branch failure potential.

Based on the recommendations of the City's contracted certified arborist, staff recommends the City Council deny the appeal and uphold the Planning Commission denial of the tree removal and approval of pruning measures established in the arborist report, as outlined in the findings and conditions. Due to the tie vote at Planning Commission, staff also included draft findings and conditions for approval should the City Council decide to uphold the appeal and allow the tree to be removed (Attachment 10).

FISCAL IMPACT: None.

ATTACHMENTS:

1. 1600 49th Avenue - Appeal to City Council 10.13.19 (PDF)
2. 1600 49th Avenue - Resident Letter to Council - 12.04.19 (PDF)
3. 1600 49th Avenue - Resident Letter to Staff - 12.02.19 (PDF)
4. 1600 49th Avenue - Final Local Action Notice - 10.07.19 (PDF)
5. 1600 49th Avenue - PC Staff Report - 10.03.19 (PDF)
6. 1600 49th Avenue - Appeal to Planning Commission - 05.29.19 (PDF)
7. 1600 49th Avenue - Arborist Review - 05.02.19 (PDF)
8. 1600 49th Avenue - Resident Documentation - 04.03.19 (PDF)
9. 1600 49th Avenue - Forester Letter - 04.02.19 (PDF)
10. 1600 49th Avenue - Conditions and Findings for Approval (PDF)

Report Prepared By: Katie Herlihy

1600 49th Avenue Tree Appeal
December 19, 2019

Community Development Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/13/2019

CONDITIONS FOR DENIAL

1. The determination denies the removal of the Coast Redwood and approves the pruning measures established in the report authored by Arborist James Allen on May 2, 2019. The tree removal is denied as indicated by the City Council on December 19, 2019.

FINDINGS FOR DENIAL

1. The removal of the Coastal Redwood located in the front yard at 1600 39th Avenue is not in the public interest.

A. The tree is not in need of removal due to health or condition, with respect to disease infestation, or danger of falling.

The city-contracted arborist studied the coastal redwood tree and found it to be in a good state of vigor with long, weighted branches that are prone to continued breakage. The supporting roots and trunk appear solid and are not expected to fail in the foreseeable future. The tree is in need of proper maintenance and pruning.

B. The tree does not pose a safety concern if mitigating action is taken.

The city-contracted arborist recommended proper maintenance and pruning to allow the subject tree to stand for generations to come with minimal risk of failure.

C. The tree has not caused, nor has the potential to cause unreasonable property damage and/or interference with existing utility services if mitigating action is taken.

The city-contracted arborist recommended proper maintenance and pruning of the coastal redwood tree to reduce risk to a tolerable threshold and diminish future branch failure potential.

D. There are feasible alternatives to tree removal that secure the purposes of the Community Tree and Forest Management Ordinance.

The city-contracted arborist recommended proper maintenance and pruning. Specifically, branch length reduction is a pruning technique where each branch is shortened to lateral growth lessening the weight the branch upholds. This treatment has been successful in reducing and in some cases, eliminating branch failure potential.

**Appeal of findings to City Council of the City of Capitola
Re: Coast redwood (Sequoia sempervirens) at 1600 49th Avenue**

Capitola City Council
Attention: Sean Sesanto, Assistant Planner
420 Capitola Avenue Capitola, CA 95010

To Capitola City Council;

We regret that City staff has denied our request to remove this tree for safety reasons a second time and that the planning commission did not have an odd number of commissioners to approve our appeal—the commission split 2-2 with one recusal so no action could be taken.

The fact that 50% of the commissioners believed the risk of branch failure is too great and poses a dangerous situation lends support that prudent individuals would remove this tree. Further, one commissioner worked with Registered Professional Foresters before and repeatedly stated that they were extremely knowledgeable about trees—perhaps more knowledgeable than arborists.

Additionally, one of the commissioners appeared to have his mind made up to save this tree prior to the meeting. I want to caution Councilmembers that have strong tree preservation beliefs, this is NOT about saving a tree; it is about creating a safe environment for my family, neighbors and those walking under this tree on the sidewalk. We cannot change where this tree is located, we wish it were in a forest where it belongs, all we can do at this point is remove the tree for safety reasons.

We tried to remove the tree in 2012 for safety reasons due to our neighbors expressing concerns over falling branches but were denied. After the 2012 denial, we hired Lewis Tree Service at a cost of about \$2,000 in late 2012 or early 2013 and worked with their arborist, Mike Hernandez, to prune and tip branches to minimize future branch failures. The fact that we are applying again to remove this tree indicates how ineffectual these strategies are in minimizing branch failure.

We are not asking to remove this tree lightly. We have landscaped to make the tree a focal point of our yard and were not considering removing this tree, even with the branches falling after the tree pruning, until the events of this year. We genuinely appreciate the beauty of the tree. With this said, **we do not believe we can ignore any longer that we, our neighbor's and those walking underneath the tree on the sidewalk face a serious safety issue with falling branches from our tree.**

The staff denial for removal is based upon their misunderstanding of a registered professional foresters (RPF) credentials and the belief that the City's arborist's, Mr. Allen, recommendation that pruning EVERY branch to reduce weight would be sufficient to minimize or eliminate branch failure. We feel that Mr. Allen is less qualified than Mike Jani, the RPF that evaluated our tree, and was working at a disadvantage when it came to evaluating our tree. That is, it seems Capitola/staff do not feel that evaluations of trees require the individual doing the evaluation talk to the owners to determine:

1. Past maintenance;
2. Number of events;
3. Conditions during events;
4. Danger in cleaning gutters 4-6 times a year; and
5. Other critical information (e.g., mold and root removal remedy that may further weaken tree).

I would like to think if Mr. Allen had spoken to us and our neighbors that he would have concluded to remove the tree due to the present condition of the tree, our level of risk tolerance and conditions that

resulted in branch failures. **How is it possible for anyone to properly evaluate the removal or other strategies of trees without having a complete history?** We paid Capitola \$1,000 to have a tree evaluation done that was inadequate due to the process and a **poor evaluation that was incomplete based upon ISA Tree Hazard Evaluation form (attached)**. We feel cheated out of that money.

In addition to Capitola's poor administrative process for tree removal that we believe handicapped the arborist from obtaining critical evidence, my wife and I have read James Allen letter dated May 2, 2019 and we have some very deep concerns about the letter and conclusions. I will attempt to describe what I believe both the registered professional forester (RPF), Mike Jani, and James Allen agree to about our redwood and the flaws in Mr. Allen's letter and conclusions.

Mr. Allen and Mr. Jani are of like mind in the following areas when Mr. Allen in his letter states that:

The assessment of this tree's condition by Mr. Michael Jani, RPF is accurate:

- This tree is quite healthy with minor influences of salinity burn do to proximity of ocean influences
- This tree has very large, long limbs due to genetics and excellent cultural growing conditions
- Past pruning; thinning, limb removal and topping along with branch breakage has created spaces/voids and opened wind corridors in the tree's canopy resulting in increased branch failure potential during strong wind events that are typical "during large winter storms". (Quotation marks added by Mr. Allen and not in Mr. Jani report)
- Branch failures will continue.

This past year our redwood tree had an estimated **18-20 branch failures**, twelve of these branches fell to the ground immediately while 8 others hung up in the tree. **One of these branches was suspended over the sidewalk**. After the March 13th branch failures I had Lewis Tree Service come out on an emergency call to clean up the fallen branches and remove the other 6-8 broken branches in the canopy at a cost of \$700. **It is important to remember that we had pruned and tipped the tree 6 years earlier to prevent branch failures.**

There is also agreement between the two that branch failures will be expected to continue; though, Mr. Allen qualifies this by saying only if proper pruning is not preformed. Unfortunately, this is where most agreement ends. Mr. Allen states that:

Mr. Jani inaccurately states that this species is not native to the area and has outgrown the neighborhood.

Mr. Jani knows the "natural" habitat of redwoods since he has worked 45 years with redwoods in Santa Cruz County, is chief forester over 440,000 acres of redwoods throughout the State and is on the California State Board of Forestry appointed by both Governors Brown and Newsom. It doesn't take much research to find the native habitat of coastal redwoods and, in fact, it is well known that these redwoods have not populated the marine terrace habitat found in Capitola (See maps (not included) of redwood habitat by Charles Sargent (1881), Madison Grant (1919); Griffin and Critchfield (1972)). It is important that coastal redwoods have not naturally populated the marine terrace in Capitola because it begs the question, Why not?

It seems the reason why redwoods do not naturally occur in Capitola is that:

Although many redwood stands are close to the sea, they do not seem to tolerate ocean winds or salts and so do not grow on exposed hillsides that face the ocean.

(https://ucanr.edu/sites/forestry/California_forests/http__ucanrorg_sites_forestry_California_forests_Tree_Identification_/Coast_Redwood_Sequoia_sempervirens_198/)

The fact that our redwood was planted in an area that can support incredible growth has added to the problem of being exposed to strong coastal winds and salt that results in redwoods failing. **During the planning commission hearing, Mr. Routh stated he has been walking 49th Ave corridor for decades and has noticed the wind tunneling effect up 49th Ave.**

Mr. Allen does not include in his letter the impact of past tree topping, pruning and the open canopy caused by six-seven branches breaking in the same area when assessing risk; though, he acknowledges that these issues increase risk of branch failures. **Mr. Jani pointed out that each of these acts (topping done prior to our purchasing the house, pruning done by Lewis Tree Service and canopy opening by multiple branch failures in same location) creates a situation where branch failure can be expected to accelerate. Not one of these issues was dealt with by Mr. Allen specifically; thus, the real risks of branch failures caused by past practices and events that CANNOT be undone are completely ignored in Mr. Allen's letter.**

That is, how do you restore a 20 foot hole in the middle of a tree canopy that allows winds to accelerate and cause further branch failures?

I paid Capitola \$1,000 to have an assessment of the tree as a hazard based upon Mr. Jani's identified issues; what I received was an incomplete assessment from Mr. Allen that did not address most of the issues listed in ISA's Tree Hazard Evaluation Form (2nd Edition, see appropriate tree assessment form attached):

1. Assess the top of the tree and risk of these branches failing because of lack of structural foundation;
2. Assess the open canopy and the risk of future branch failure caused by the wind increasing velocity/force due to tunneling effect;
3. Assess the enhanced risk of branch failure caused by past pruning of important structural branches that has left the remaining branches with weakened points; and
4. Determine past maintenance or conditions that resulted in branch failure.

It is for the above reasons that Mr. Jani concluded that our redwood tree has outgrown the neighborhood. Mr. Allen says Mr. Jani is wrong in this assertion but does nothing in his letter to indicate that these specific risks can be mitigated by branch shortening.

Further, Mr. Jani assesses redwood trees for failure all of the time with respect to roads, utility lines, buildings, etc. Mr. Jani is MORE qualified about the risks of redwoods than is Mr. Allen, since he has managed 100,000's of acres of redwood trees over decades.

Mr. Allen in his conclusion states:

*This tree is in a good state of vigor with long, **weighted branches that are prone to continued breakage.** The supporting roots and trunk appear solid and are not expected to fail in the foreseeable future, Branch failures that occurred during January and March of 2019 may have been triggered by **atypical** storm events with strong bursts of high velocity wind that increased the load on the large diameter, long branches. Wind load is a dynamic force imposed upon structural components by constantly changing pressure, direction and duration of wind events.*

It seems apparent to me that Mr. Allen did not fully read our letter submitted in the application to remove our redwood and was not allowed to communicate with us so that he understood the wind

conditions. Our concluding paragraph provides the light wind condition on March 13, 2019 during a sunny and warm day.

Mr. Allen's assertion that these branches failed during "atypical" storm events is neither accurate or a fair representation of the events that resulted in five large branches (we have all agreed these are abnormally large branches) failed on March 13, 2019. **Until someone can ascertain exactly why these five branches failed in light wind, there is no way of saying branch shortening will reduce future branch failings.**

Furthermore, storm conditions are predicted to get even stronger over the years, not decrease, thus, what Mr. Allen termed "atypical" storm events this year may be considered normal or mild in the future due to changes in climate.

The branches from this redwood tree came down in "typical" winter storm winds and "atypically" light wind. The branches did not fail in "atypically" strong storm winds as Mr. Allen suggests.

It should also be noted that Mr. Allen's examples of trees that have undergone branch reduction and not had branch failures are located 4-5 times further from the ocean than our house, are protected by more structures and trees and will not receive the strong storm winds that our tree does on a coastal bluff. Further, these tree examples are not comparable in terms of size or history of branch failure in low winds.

We started this process because after the March 13th event I believed that there was an emergency issue due to the number and size of branches that fell during a slight change in wind direction. The winds March 13 were not particularly strong; though, they brought down 5 large branches from this redwood tree onto my neighbor's property and over the sidewalk. For everyone's safety it is time to remove this tree that has outgrown the neighborhood in which it was planted.

We feel that City staff accepted Mr. Allen's letter because of the working relationship that they have with him. **His letter does not refute any of Mr. Jani's findings and, in fact, supports all of them with the exception of removing the tree for safety.** The difference between Mr. Jani and Mr. Allen is that Mr. Jani feels that past topping, pruning and recent wind events that opened the canopy make the tree unsafe; therefore, decided the best and safest course forward to protect everyone was tree removal. **Mr. Allen does not provide any evidence that the past events with the tree are NOT going to increase branch failure as indicated by Mr. Jani.**

Mr. Allen goes to great length to point out the difference in his certification and assumes that just because Mr. Jani is not an arborist that he cannot correctly assess risk with trees in which he is extremely knowledgeable. In addition, Mr. Allen states that proper maintenance will reduce risk to a tolerable level—whose risk is at a tolerable level. Certainly not mine, my wife's, our neighbors or those walking on the sidewalk under the tree.

I can understand why a person that does not live by this tree, does not walk on the sidewalk under the overhanging branches, does not have to go on the second story to remove redwood debris 4-6 times a year, or does not have house mold related to organic matter (i.e., redwood tree roots) in the crawl space may seem comfortable with the proposed remedy. **However, I think any prudent individual can also see that 30 foot long branches falling from a height of 30-80 feet in heavy or light winds may believe that a more acceptable solution is tree removal. Two planning commissioners agreed.**

It is critical to note that Mr. Allen, and all that deal with risk assessment, always put on a caveat that past results (branch shortening) may not predict future events (branches not falling) and nothing short of removal will reduce risk to zero. I find this language convenient, vague and, most likely, developed in

response to legal action against arborists that assessed risk incorrectly. **If Mr. Allen is so sure of his branch shortening strategy, will he accept liability after branch shortening if branches fail and harm individuals or property? Will Capitola accept liability for denying a second time the application to remove this tree?** That is, will Mr. Allen provide analysis about branch shortening that asserts it will **eliminate** future branch failures without adding the caveat of tolerable risk and removal is the only remedy that ensures safety? **Will Capitola create a policy that assumes risks of trees that they deny removal for safety reasons? Will Capitola take over maintenance costs of the redwood tree?**

If the answer to these questions is no, then I believe the risk tolerance reverts to the property owner. **My wife and I are not willing to accept the level of risk that Mr. Allen apparently is. Our neighbors are friends and I would feel horrible if something happened to them, their dog or their property because we accepted a risk level of "tolerable" when Mr. Jani, who is extremely knowledgeable of redwoods, said to remove the tree for safety and liability reasons.**

Council members, I have stated our position, rationale, and level of risk tolerance. We ask that you override the staff recommendation and permit us to remove the tree for safety reasons. Two planning commissioners agreed with the tree removal for safety reasons. **The fact that two commissioners believed the risk of branch failure is too great and the tree should be removed is evidence that prudent individuals would remove this tree. I do not feel that I could find a person willing to accept the inherent risk and liability of this tree given its history of past failures.**

Further, it seems that everything that has been done to our redwood (i.e., topping that was wholly wrong but cannot be undone, past pruning that we thought would help, or the branch failures that opened up the canopy to future failures) has only hurt it. I do not have faith that shortening every branch, pruning every branch to reduce weight, and root undercutting to prevent mold in our house will change the direction of interventions; the tree will end up being worse off and more of a risk – not less.

Thank you for your time, patience and deliberation. **It is not easy for us to ask you to do this but the tree possesses risks to us, our neighbors and those walking beneath this redwood.** You represent us as a check on government over-reach; this tree is our property, it is unsafe as stated by an extremely knowledgeable RPF that works with redwoods, and it is critical that you approve the tree approval application for tree removal for safety reasons—regardless of your own beliefs around tree preservation. **We hope that you understand that we ask for the removal of this tree because we feel the responsibility and obligation of protecting our neighbors.**

Sincerely,



Michael and Vickie Oliver
1600 49th Ave.
Capitola, Ca 95010

Pictured below is Mr. Oliver on second story of home to remove redwood debris in August 2019. This has to be done 4-6 times a year including after winter storms when the roof may still be wet. Just maintaining the gutters due to the redwood tree creates a safety issue—over 500,000 people fall off ladders and roofs each year. Cleaning gutters requires both climbing ladders and reaching over the roof line.



Attachment: 1600 49th Avenue - Appeal to City Council 10.13.19 (1600 49th Avenue Tree Appeal)



A Photographic Guide to the Evaluation of Hazard Trees in Urban Areas
TREE HAZARD EVALUATION FORM 2nd Edition

Site/Address: _____
 Map/Location: _____
 Owner: public _____ private _____ unknown _____ other _____
 Date: _____ Inspector: _____
 Date of last inspection: _____

HAZARD RATING:

Failure Potential	+	Size of part	+	Target Rating	=	Hazard Rating
_____		_____		_____		_____
_____ Immediate action needed						
_____ Needs further inspection						
_____ Dead tree						

TREE CHARACTERISTICS

Tree #: _____ Species: _____
 DBH: _____ # of trunks: _____ Height: _____ Spread: _____
 Form: generally symmetric minor asymmetry major asymmetry stump sprout stag-headed
 Crown class: dominant co-dominant intermediate suppressed
 Live crown ratio: _____ % Age class: young semi-mature mature over-mature/senescent
 Pruning history: crown cleaned excessively thinned topped crown raised pollarded crown reduced flush cuts cabled/braced
 none multiple pruning events Approx. dates: _____
 Special Value: specimen heritage/historic wildlife unusual street tree screen shade indigenous protected by gov. agency

TREE HEALTH

Foliage color: normal chlorotic necrotic Epicormics? Y N
 Foliage density: normal sparse Leaf size: normal small
 Annual shoot growth: excellent average poor Twig Dieback? Y N
 Woundwood development: excellent average poor none
 Vigor class: excellent average fair poor
 Major pests/diseases: _____

SITE CONDITIONS

Site Character: residence commercial industrial park open space natural woodland/forest
 Landscape type: parkway raised bed container mound lawn shrub border wind break
 Irrigation: none adequate inadequate excessive trunk wetted
 Recent site disturbance? Y N construction soil disturbance grade change line clearing site clearing
 % dripline paved: 0% 10-25% 25-50% 50-75% 75-100% Pavement lifted? Y N
 % dripline w/ fill soil: 0% 10-25% 25-50% 50-75% 75-100%
 % dripline grade lowered: 0% 10-25% 25-50% 50-75% 75-100%
 Soil problems: drainage shallow compacted droughty saline alkaline acidic small volume disease center history of fail
 clay expansive slope _____° aspect: _____
 Obstructions: lights signage line-of-sight view overhead lines underground utilities traffic adjacent veg. _____
 Exposure to wind: single tree below canopy above canopy recently exposed windward, canopy edge area prone to windthrow
 Prevailing wind direction: _____ Occurrence of snow/ice storms never seldom regularly

TARGET

Use Under Tree: building parking traffic pedestrian recreation landscape hardscape small features utility lines
 Can target be moved? Y N Can use be restricted? Y N
 Occupancy: occasional use intermittent use frequent use constant use

The International Society of Arboriculture assumes no responsibility for conclusions or recommendations derived from use of this form.

Attachment: 1600 49th Avenue - Appeal to City Council 10.13.19 (1600 49th Avenue Tree Appeal)

TREE DEFECTS _____

ROOT DEFECTS:

Suspect root rot: Y N Mushroom/conk/bracket present: Y N ID: _____

Exposed roots: severe moderate low Undermined: severe moderate low

Root pruned: _____ distance from trunk Root area affected: _____% Buttress wounded: Y N When: _____

Restricted root area: severe moderate low Potential for root failure: severe moderate low

LEAN: _____ deg. from vertical natural unnatural self-corrected Soil heaving: Y N

Decay in plane of lean: Y N Roots broken Y N Soil cracking: Y N

Compounding factors: _____ Lean severity: severe moderate low

CROWN DEFECTS: Indicate presence of individual defects and rate their severity (s = severe, m = moderate, l = low)

DEFECT	ROOT CROWN	TRUNK	SCAFFOLDS	BRANCHES
Poor taper				
Bow, sweep				
Codominants/forks				
Multiple attachments				
Included bark				
Excessive end weight				
Cracks/splits				
Hangers				
Girdling				
Wounds/seam				
Decay				
Cavity				
Conks/mushrooms/bracket				
Bleeding/sap flow				
Loose/cracked bark				
Nesting hole/bee hive				
Deadwood/stubs				
Borers/termites/ants				
Cankers/galls/burls				
Previous failure				

HAZARD RATING _____

Tree part most likely to fail: _____

Failure potential: 1 - low; 2 - medium; 3 - high; 4 - severe

Inspection period: _____ annual _____ biannual _____ other _____

Size of part: 1 - <6" (15 cm); 2 - 6-18" (15-45 cm);

3 - 18-30" (45-75 cm); 4 - >30" (75 cm)

Failure Potential + Size of Part + Target Rating = Hazard Rating

Target rating: 1 - occasional use; 2 intermittent use;

3 - frequent use; 4 - constant use

_____ + _____ + _____ = _____

HAZARD ABATEMENT _____

Prune: remove defective part reduce end weight crown clean thin raise canopy crown reduce restructure shape

Cable/Brace: _____ Inspect further: root crown decay aerial monitor

Remove tree: Y N Replace? Y N Move target: Y N Other: _____

Effect on adjacent trees: none evaluate

Notification: owner manager governing agency Date: _____

COMMENTS _____

Capitola City Council

Re: Michael and Vickie Oliver Appeal for Coastal Redwood removal
1600 49th Ave, Capitola, CA

December 3, 2019

Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)

Contents

- i. Qualifications and letters by Mike Jani; Registered Professional Forester
- ii. Letter from Neighbors
- iii. Pictures from:
 - a. January 16, 2019
 - b. March 13, 2019
 - c. November 26, 2019
 - d. December 1, 2019
- iv. Calculations of velocity of tree branch
- v. Letter to City Council

Mike Jani: Oliver's Registered Professional Forester Qualifications

Mike Jani

Forest Products/ Expiration 1/15/2023

Mike Jani works as a Senior Advisor for Mendocino and Humboldt Redwood Companies. Collectively the timberlands consist of approximately 440,000 acres of redwood and Douglas-fir Forest Stewardship Council® (FSC®) certified forestlands located along the north coast of California. Prior to joining Mendocino Redwood Company in 1999, Mike worked for Big Creek Lumber Company in Santa Cruz County, California for 24 years where he held a number of positions, including Chief Forester. Big Creek Lumber was the first company in California's redwood region to be certified under the Forest Stewardship Council's program. During that time he also was on the Board and served a term as President of the Santa Cruz County Farm Bureau. In 2008, Mendocino Redwood Company acquired Humboldt Redwood Company (formerly Pacific Lumber Company) and Mike became President of the new company and Chief Forester of both companies. Additionally, **Mike is an FSC certified Professional Resource Manager** which allows him to engage with several non-industrial forest landowners and bring their lands into the FSC program.

WHAT IS A REGISTERED PROFESSIONAL FORESTER?

A forester is a natural resources professional responsible for stewardship of forest resources. In California foresters are licensed by the state to perform professional services that require application of forestry principles and techniques to management of forested landscapes.

WHAT DO THEY DO?

- Prepares forest and land management plans.
- Monitor and assess forest health, and developing management strategies for protecting the forest from insects, disease, and wildfire.
- Prepare and maintain inventories of forest resources.
- Measure standing timber volume and appraising its market value.
- Market forest products.
- Prepare plans to rehabilitate forests damaged by wildfire or other destructive natural forces.
- Manage wildlife habitat.
- Analyze wildfire hazard.
- Participate on teams with other natural resource professionals in the development and preparation of environmental assessments, environmental impact reports and environmental impact statements.
- Provide expert testimony during litigation.
- Manage community watersheds for water and timber production.
- Provide information to forest landowners to increase their knowledge of forest ecology and management.

- Prepare Timber Harvesting Plans (THP). In California, under current law, if trees are to be harvested for commercial purposes, a RPF must prepare a THP for review and approval by state agencies. Section 757 of the Public Resources Code provides for a landowner exemption, which allows a landowner who is a natural person to perform forestry activities on their own property without being licensed. Landowners should decide for themselves whether or not this exemption applies to them in a given situation. However, except for Conversion THPs, the Department of Forestry and Fire Protection will not accept a Timber Harvesting Plan or a Conversion Exemption for filing unless it has been prepared by a Registered Professional Forester.

(Taken from California Licensed Foresters Association website)

Mike Jani's Initial and Follow-up Letters determining that Oliver's redwood is safety and liability hazard

Mr. and Mrs. Michael Oliver
1600 49th Ave.
Capitola, CA.
April 2, 2019

Mr. and Mrs. Oliver,

At your request, I visited your home on 49th Ave. on March 29th and again, with Mr. Oliver on April 1st 2019, to inspect a large Coast Redwood in your front yard. On my first visit, I noticed that several large branches had broken off recently and also saw what I thought to be salt burn along many of the tips of the trees branches. I could also clearly see where efforts to trim limbs from the tree had occurred in the past, as we had discussed prior to my visits. Yesterday, when I returned to look again at the tree with you, I drove throughout your neighborhood looking at other large redwoods that have been planted around there years ago, just so I could confirm my suspicion as to the salt burn. (Which it did as they all exhibited similar signs, which is not uncommon as close to the coast and as exposed the trees are to the coastal winds and marine environment.)

The tree looks quite healthy otherwise. It's a typical specimen of a fast growing, isolated redwood with little or no competition that has had plenty of water and abundant sunshine to grow. This growth, along with some genetics I suspect, has resulted in very large and long limbs. Prior to some of the past thinning out and partial tip removal, these limbs grew in close proximity to one another and provided structural support for adjacent limbs, especially during windy and rainy conditions. The pruning efforts over the years also appear to have at some point resulted in the topping of the tree as well.

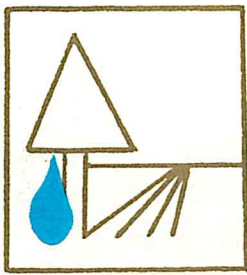
When I was able to look at the tree with you from your back yard, it was very clear to me that the most recent limb breakage is related to the previous limb removals and crown thinning and I believe that it will continue and perhaps accelerate now that even more large limbs will be exposed to strong South Easterly winds that are typical during large winter storms. It is also clear to me, having viewed the pictures you shared with me, that this tree poses a very high risk of possible damage to your and your neighbor's property just adjacent to the North. From a safety and liability standpoint alone, I would strongly recommend the removal of this tree. The past topping of the tree has also created what can and will become another high risk situation as the limbs that sprouted from the area of the removed top do not have a firm foundation tied into the trunk of the tree and as they grow larger, will become more likely to peel away under windy conditions. As well, the area of the severed top is likely to undergo some dieback which will result in deterioration and rot of the wood in that general area of the tree.

Having managed our redwood forests in the Santa Cruz Mountains for the last 45 years, I appreciate the difficulty in parting with a tree as large as this one, but keep in mind that the tree is not native to the area in which it was planted and quite simply has just outgrown the neighborhood.

Sincerely,



Michael E. Jani
California Registered Professional Forester
License #1856



INTEGRATED RESOURCES

Nov. 21, 2019

MICHAEL E. JANI
535 38th Avenue
Santa Cruz, CA 95062
(408) 476-1015

City of Capitola Planning Department
Attention: Sean Senanto, Assistant Planner
420 Capitola Ave.
Capitola, CA 95010

Mr. Sesanto,

I am responding to a letter that you requested from James P. Rho and Associates, authored by James P. Allen, Registered Consulting Arborist, #390, dated May 2nd, 2019. In that letter, Mr. Allen primarily provides comments regarding a letter that I sent to Mr. and Mrs. Michael Oliver on April 2nd, 2019 regarding a redwood tree at their residence at 1600 49th Ave, Capitola, CA.

I would like to provide you with some additional information that was either overlooked or provide in error in Mr. Allen's letter.

Under "Review"

My name is Michael E. Jani, not Michael E. Egli.

Under SUMMARY OF FINDINGS

In his second bullet, Mr. Allen agrees that the tree's long and very large limbs are a result of genetics and cultural growing conditions. He then provided you with pictures of a few redwood trees redwood trees that have undergone some amount of tree work. None of the trees look to me like they have anywhere near the size (diameter) of limbs that the Oliver tree exhibits, and this is a critical element of the risk factor in their tree. Since my original visit to the Oliver's, I've spent a good deal of time while driving around in the area (City of Santa Cruz to Capitola Village) looking at planted redwood trees and very few have even close to the size and length of limbs as the Oliver's tree.

In his third bullet, Mr. Allen agrees with my assessment that the trees has been pruned in the past and that limb removal, topping and branch breakage has created voids that have caused further limb breakage during large storms and wind events, yet later on under his conclusions he states "the subject tree does not appear to have been pruned or managed in a manner that would decrease branch failure potential". He then goes on to state that tree branch shortening is an appropriate treatment in reducing branch failure potential. I disagree completely with his assertion. Because on Coast Redwood's ability to re-sprout, following any cutting or pruning from the point of severance, these areas become weak points in the tree and only result in adding long term risk to the tree. More recently, I also noticed what I think is a weak point in the trunk of the tree at approximately 40'. There is a visible crook and reduction

in diameter at this point, and evidence of multiple tree branches around that area that have been removed. This could either have been a result of a top being removed many years ago (and resultant re-sprouting that formed the current top of the tree) or perhaps some significant root damage (perhaps when a nearby foundation was constructed) that set the trees growth back for several years.

Also, under this section Mr. Allen says that my statement that this tree species is not native to the area and has outgrown the neighborhood, is inaccurate. Mr. Allen was speaking more generally than I was in terms of the tree's location. Sure, redwoods grow in Santa Cruz County, but in this neighborhood and along the coastal marine terrace from the San Lorenzo river to the edge of the upper banks of Soquel Creek, all the redwoods you see, have been planted. This area was largely grassland dotted with hardwoods, principally oaks before development. Certainly, the replacement of this redwood tree with one of the indigenous oak species would be more appropriate.

I agree with Mr. Allen's description of risk and the management of risk, but do not agree with his assertion that because I am an RPF, I do not have the qualifications to assess risk in Coast Redwoods. Assessing the physical properties of redwood trees in forest settings is a daily exercise for foresters working in the redwood region, especially in the Santa Cruz Mountains where managed forests, be they commercial timberlands or State Parks, are intermingled with homes, public roads and critical electrical infrastructure.

In closing, I want to reiterate my concern that attempting to "culture" this tree's risk is not a sufficient or feasible way to protect the safety of the Olivers or their neighbors nor will it reduce a very real and large liability. I hope that the information I've additionally provided you may help to clarify those risks.



Michael E. Jani

RPF #1856

Neighbor's Concern for Safety

On the evening of January 16 my husband and I are in the house and through the rain we heard some noises in the driveway and went to go investigate. We threw on rain jackets and flashlights and were standing in the driveway for only a few seconds when suddenly I heard the sound of branches coming down and we ducked behind our trailer for cover. The branches (the size of small trees) had landed just 10 feet from where we were standing. Then on March 13 in the afternoon shortly after we got home from work we were both in the driveway working on projects. I went into the house to grab something leaving my husband in the driveway and heard that familiar noise again just as I see my husband ducking behind his truck for cover. This time the branches didn't fall out of the tree but left us both fearing any moment they would fall in the wind. The following day two large branches (again the size of small trees) came down near the same area. Luckily no one was home and the dogs were in the house. These branches are falling on our fence and property and causing damage. If the wind bleeds them just a bit further, they could land on our trailer, vehicles or possibly our home. It's terrifying to be in our yard not knowing when the branches could fall. Our windy season is approaching; we have dogs that could be injured if caught under these crashing branches. We know that our neighbors have trimmed the tree but we feel that for our safety the tree should be deemed unsafe for a residential neighborhood and removed.



Missy and Robert Bregante
4910 Capitola Road
Capitola, Ca

Pictures of three branch failure events: January 16, 2019, March 13, 2019 and November 26, 2019

January 16, 2019



Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)

March 13, 2019



Arrows denote 6 separate branches that fell in single event

Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Branch is hanging right on boundary of sidewalk.

Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)

November 26, 2019



Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Branch is at least 24 feet in length with a base diameter of 6 inches. This branch hit our roof and fell across our primary walkway to front of house. The lower arrow points to where the branch was tipped in 2012-13. Mike Jani believes that this pruning suggested by City arborist will not prevent branch failure due to the re-sprouting of limbs and creating a branch that is tip weighted. This is a good example of why pruning will not work with this tree.



Picture of the branch tip and its growth following the prior pruning of this branch. It is important to note that the weight of this branch is all at the end that leaves it vulnerable to breakage—per Mike Jani concern with this tree.

Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Picture of branch using house for scale. Note the size of the branch relative to house and two six foot plus men. This branch weighed approximately 300 lbs. with all of it branches and took three people to move.

Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Where the branch hit roof.

Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Two pictures showing where the branch hit the roof and gutter November 26, 2019. The force of the branch caused our house to shake and my wife and I felt this at the back of the house. **The base of the branch travelled 15 feet from the trunk of the tree and fell from at least 40 feet.**



Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)

Picture of two branches across sidewalk on 49th Ave. The longer branch is ONLY 14 feet in length with a 3 inch diameter. **This branch base landed approximately 20 feet from the trunk of the tree.**



Visible broken branches in tree following November 26, 2019 branch failure. The problem with these broken branches is that you do not know when they will fall. See next picture from December 1.

Attachment: 1600 49th Avenue - Resident Letter to Council - 12.04.19 (1600 49th Avenue Tree Appeal)



Two branches fell December 1 in the morning that had stayed in the tree following branch failure. Note that the branches are on bench where we sit. **There are multiple broken branches in tree that will eventually, but without warning, fall with the potential to injure those underneath.**



The owner cleaning debris from roof and gutter on Thanksgiving Day 2019. This occurs 4-6 times a year and this is the third time since August 2019. Falling from the roof is a real possibility and owners' injuries are not covered under their homeowner's policy.

How fast was the large branch falling when it struck the house and does this mean for us?

Assumptions: The branch only experienced gravity (9.8 m/sec²) and the acceleration to wind is neglected (Obviously the wind accelerated the branch). Also, I will use a height of 43 feet or 13 meters, though this branch's small diameter probably means it fell from higher in the tree.

Equation: $Velocity^2 = 2 * 9.8m/sec^2 * 13m$

$$Velocity^2 = 254.8m^2/sec^2$$

$$Velocity = 16m/sec \text{ or } 52.5 \text{ feet/sec or } 188,928 \text{ feet/hour}$$

$$Velocity = 188,928 \text{ feet/hour} = 36 \text{ miles/hour}$$

$$Velocity = 36 \text{ miles/hour}$$

What this means for us:

This means that if someone had been hit by this falling branch it would be the same as being hit by a 300 lb. object going 36 mile/hour. Certainly enough to kill!

December 4, 2019

Capitola City Council
420 Capitola Ave.
Capitola, Ca 95010

Re: Appeal to Remove Redwood Tree
Michael and Vickie Oliver
1600 49th Ave, Capitola, Ca

Dear Council Members;

The winter and fall storms this year caused at least three incidences of branches breaking with the major incidences being January 16, March 13, and November 26, 2019. The branches fell both on our property (1600 49th Ave.), our neighbors (4910 Capitola Road) and across the sidewalk. The fallen “branches” from these events are shown above chronologically.

I show you the pictures so that one can get a sense of the size of the branches falling and the potential to injure people and property. The branch shown on January 16 was about 30 feet long and 7 inches in diameter. This limb blew from the west side of the tree, through the tree, broke a number of other branches, and came to rest on our neighbor’s yard. I think if you were to honestly assess the size of this branch you would come to the conclusion I have: these are trees falling down, not branches.

Calculations done on the latest branch failure November 26 determined that from 13 meters (about 43 feet) the branch reached a velocity of 36 miles/hour.

All of the branch failures have created voids or openings in the tree canopy.



The hole in the canopy was described in Mr. Jani's letter dated April 2, 2019 and he believes will result in even more branches being exposed to strong winds leading to more breakage.

On the afternoon of March 13, 2019 (see photos of at least 6 branches that failed and fell on neighbor's yard. I went into the City offices and talked to City staff about the situation and my belief that this was an emergency tree removal situation given:

- the number and size of branches falling;
- the number of events of falling branches;
- the branches overhanging the street; and
- the falling branches have travelled to our neighbor's yard endangering them and their property.

Fortunately, I met a Registered Professional Forester (RFP), Mike Jani, that has been evaluating redwood trees for over 40 years and hired him to evaluate the safety of our redwood tree. Mike Jani has been evaluating and managing redwood trees in Santa Cruz County for 45 years; his qualifications are more stringent than an arborist and his knowledge of redwoods and their hazards has been gained over 45 years of experience managing them and preventing issues with homes and electrical infrastructure. Mr. Jani provided his analysis of our redwood tree (2 letters shown above) and concluded several things:

1. The tree is healthy though it has salt burn;
2. The tree has unusually large branches for a costal redwood (genetics and access to water);
3. The past trimming/pruning of the limbs has caused branch instability;
4. The broken branches this year have opened up holes in the tree that may open other large branches to stronger wind forces that will result in more branches breaking; and
5. **The tree is a safety and liability hazard and should be removed.**

In Mr. Jani's letter dated November 21, 2019 he concludes:

In closing, I want to reiterate my concern that attempting to "culture" this tree's risk is not a sufficient or feasible way to protect the safety of the Olivers or their neighbors nor will it reduce a very real and large liability.



This branch that fell onto our home on November 26, 2019 had been pruned in a manner suggested by the City contracted arborist and is proof that pruning these branches is insufficient to prevent branch failure.

In addition to Mr. Jani's analysis, our neighbors, Missy and Robert Bregante, have asked us to remove the tree due to their fear of the branches falling on them, their dog and/or damaging their property (Letter shown above).

We started this process because after the March 13th event I believed that there was an emergency issue due to the number and size that fell during a slight change in wind direction. The winds March 13 were not particularly strong; though, they brought down 6 large branches from this redwood tree onto my neighbor's property. For everyone's safety it is time to remove this tree that has outgrown the neighborhood in which it was planted.

Sincerely,

Michael and Vickie Oliver

December 2, 2019

Sean Sesanto
 City of Capitola Planning Department
 420 Capitola Ave.
 Capitola, CA 95010

Dear Sean, I hope that you had a good Thanksgiving. I sent you an email on the night of November 26, 2019 describing the branch that fell onto our house and walkway and another branch that fell across the pedestrian sidewalk. I also asked that you and the staff please change your recommendation and allow us to remove this hazard. Your response was to send pictures and staff would reevaluate. I have attached the following pictures below:

1. Large branch original position after falling on roof November 26;
2. Branch across our walkway, note sprouting of secondary branches from tipped end;
3. Smaller branch across sidewalk near SUV;
4. Large branch held upright for size comparison to house;
5. Branch was tipped—proves Mr. Allen incorrect in assessment of pruned branches not prone to failure;
6. Broken branches remaining in tree November 27;
7. Branches that fell December 1st, several of the branches pictured above;
8. Expanding opening of canopy in the middle of tree; and
9. Myself on the roof removing debris from roof and gutters for the THIRD time since August 2019.

I have also included a rebuttal to Mr. Allen's opinions about the tree safety from Mr. Jani that explicitly states that the remedy proposed by Mr. Allen, i.e., pruning branches, is flawed. Note that Mr. Jani wrote this letter November 21, 2019, 5 days prior to this latest branch failure and states:

"He (Mr. Allen) then goes on to state that tree branch shortening is an appropriate treatment in reducing branch failure potential. I disagree completely with his assertion. Because on Coast Redwood's ability to re-sprout, following any cutting or pruning from the point of severance, these areas become weak points in the tree and only result in adding long term risk to the tree."

The fact that this latest failure of a previously tipped large branch, and propelled approximately 20 feet into our house, is evidence of Mr. Jani's claim that branch reduction is not an effective measure in preventing branch failure.

Again, I ask the staff to make this letter available to the City Council appeal hearing, and all other letters to the City and Planning Commission regarding this tree, and to reconsider allowing us to remove this hazardous tree. It is only time until something serious happens and we can prevent that by removing it.

Sincerely, Michael Oliver

Attachment: 1600 49th Avenue - Resident Letter to Staff - 12.02.19 (1600 49th Avenue Tree Appeal)



Attachment: 1600 49th Avenue - Resident Letter to Staff - 12.02.19 (1600 49th Avenue Tree Appeal)



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

FINAL LOCAL ACTION NOTICE AND ZONING PERMIT

October 7, 2019

Michael & Vickie Oliver
 1600 49th Avenue
 Capitola, CA 95010

RE: Notice of Final Action on Application #19-0260

1600 49th Avenue #19-0260 APN: 034-041-26

Appeal of an administrative denial of a tree removal application for a tree located within the R-1 (Single-Family Residential) zoning district.

This project is in the Coastal Zone but does not require a Coastal Development Permit.

Environmental Determination: Categorical Exemption

Property Owner: Michael & Vickie Oliver

Representative: Michael & Vickie Oliver, Filed: 05.28.2019

The above matter was presented to the Planning Commission on October 3, 2019, and resulted in a tie vote, therefore the motion died and the staff's **administrative denial** of the tree removal application and approval of pruning measures establish in the arborist report stands. Staff's administrative denial of the tree removal application may be appealed to the City Council within ten (10) working days following the date of the Planning Commission meeting. If the tenth day falls on a weekend or holiday, the appeal period is extended to the next business day. Appeals must be in writing, setting forth the nature of the action and the basis upon which the action is considered to be in error, and addressed to the City Council in care of the City Clerk. An appeal must be accompanied by a seven hundred and fifty dollar (\$750.00) planner cost recovery deposit.

FINDINGS

The removal of the Coastal Redwood located in the front yard at 1600 39th Avenue **is not** in the public interest.

A. The tree is not in need of removal due to health or condition, with respect to disease infestation, or danger of falling.

The city-contracted arborist studied the coastal redwood tree and found it to be in a good state of vigor with long, weighted branches that are prone to continued breakage. The supporting roots and trunk appear solid and are not expected to fail in the foreseeable future. The tree is

in need of proper maintenance and pruning.

B. The tree does not pose a safety concern if mitigating action is taken.

The city-contracted arborist recommended proper maintenance and pruning to allow the subject tree to stand for generations to come with minimal risk of failure.

C. The tree has not caused, nor has the potential to cause unreasonable property damage and/or interference with existing utility services if mitigating action is taken.

The city-contracted arborist recommended proper maintenance and pruning of the coastal redwood tree to reduce risk to a tolerable threshold and diminish future branch failure potential.

D. There are feasible alternatives to tree removal that secure the purposes of the Community Tree and Forest Management Ordinance.

The city-contracted arborist recommended proper maintenance and pruning. Specifically, branch length reduction is a pruning technique where each branch is shortened to lateral growth lessening the weight the branch upholds. This treatment has been successful in reducing and in some cases, eliminating branch failure potential.

Sincerely,



Sean Sesanto
Assistant Planner



STAFF REPORT

TO: PLANNING COMMISSION

FROM: COMMUNITY DEVELOPMENT

DATE: OCTOBER 3, 2019

SUBJECT: **1600 49th Avenue #19-0260 APN: 034-041-26**

Appeal of an administrative denial of a tree removal application for a tree located within the R-1 (Single-Family Residential) zoning district. This project is in the Coastal Zone but does not require a Coastal Development Permit.

Environmental Determination: Categorical Exemption

Property Owner: Michael & Vickie Oliver

Representative: Michael & Vickie Oliver, Filed: 05.28.2019

APPLICANT PROPOSAL

The applicants are appealing an administrative denial of a Tree Removal Permit for a coastal redwood tree at 1600 49th Avenue in the R-1 (Single-Family Residential) zoning district.

BACKGROUND

On March 13, 2019, the applicants submitted a preliminary review for a tree removal permit for a coastal redwood tree located in the front yard of 1600 49th Avenue.

On March 15, 2019, City Maintenance Superintendent Ed Morrison visited the site and observed the tree. Mr. Morrison could not make the required findings to administratively allow the tree's removal. He recommended that a city-contracted arborist review the tree.

On April 3, 2019, the applicants provided a letter from registered forester, Michael Jani. (Attachment 2). Mr. Jani recommended the removal of the tree. Mr. Jani's letter was accompanied by a letter from the applicant and another letter from the adjacent property owner at 4910 Capitola Road (Attachment 1).

On April 12, 2019, Arborist James Allen was contracted by the City to assess the tree's condition and review the forester's letter. On May 3, 2019, Mr. Allen drafted an arborist report which concluded that the required findings for removal could not be made and recommended alternative actions be taken (Attachment 3).

On May 16, 2019, the City sent a letter to the applicant denying the tree removal request for the coastal redwood, stating that findings to approve the tree removal could not be made. The letter included approval for tree pruning as described in the arborist report.

On May 28, 2019, the applicant submitted an appeal of the denial (Attachment 4). The applicant requested that the appeal be scheduled on the October Planning Commission meeting due to scheduling conflicts throughout the summer months.

DISCUSSION

The appellants are requesting to remove one large Coastal Redwood tree located at 1600 49th Avenue. The appellants and their adjacent neighbor at 4910 Capitola Road outlined the reasons for the removal request in a letter relating to the safety of the tree over their home (Attachment 1). The letters indicate that the tree has lost large branches on two occasions in 2019 between the properties at 1600 49th Avenue and 4910 Capitola Road.

The coastal redwood tree is located in the front yard of 1600 49th Avenue approximately five feet from the side property line. The tree is several feet in diameter at breast height, with a large canopy. The lower canopy extends over the northwest corner of the appellants' residence at 1600 49th Avenue. The canopy extends into the adjacent property at 4910 Capitola Road, but is not over the residence. The tree is not located in an environmentally sensitive habitat area.

Community Tree and Forest Management Ordinance

Under the City's Community Tree and Forest Management Ordinance, Section 12.12.180(C) allows public works department staff to approve the removal of a non-heritage tree if the findings in subsections (C)(1) through (c)(4) can be made. If after conducting the complimentary inspection public works staff cannot make the required findings, the application is reviewed by Planning and the city may require the applicant to pay for an arborist under contract to the city, to provide a report regarding the tree. Based on the City's evaluation report, the Community Development Director makes a decision as to whether or not the tree removal should be approved in compliance with the required findings. Where the director denies an application, the decision may be appealed in writing within ten working days of denial. The Planning Commission may grant or deny the appeal based on the findings of Section 12.12.180(C)(1) through (C)(4).

C. Findings and Conditions

- a. *The tree removal is in the public interest based on one of the following:*
 - i. *Because of the health or condition of the tree, with respect to disease infestation, or danger of falling;*
 - ii. *Safety considerations; or*
 - iii. *In situations where a tree has caused, or has the potential to cause, unreasonable property damage and/or interference with existing utility services.*
- b. *All possible and feasible alternatives to tree removal have been evaluated, including, but not limited to undergrounding of utilities, selective root cutting, trimming and relocation.*
- c. *The type, size and schedule for planting replacement trees is specified and shall be concurrent with the tree removal or prior to it, in accordance with Section 12.12.190(F) and (G).*
- d. *The removal of the tree would not be contrary to the purposes of this chapter and Chapter 17.95.*

Review by Registered Forester

As previously mentioned, the appellants submitted a letter from Michael Jani, a registered forester (Attachment 2). Mr. Jani assessed the tree as fast-growing and healthy other than salt burn on the branch tips from the coastal environment. He identified that the tree has relatively long and thick branches which show signs of past pruning and that the crown appears to have

been topped. His assessment was that the recent breakages were caused by prior pruning which had weakened branch stability against windy conditions. Mr. Jani stated these breakages have created an opening in the canopy, further weakening it and increasing the likelihood of future breakages. Mr. Jani concluded that the tree posed a hazard to both properties and recommended removal.

City Arborist Review

On May 3, 2019, Arborist James Allen prepared a report assessing the tree's conditions relative to Capitola's tree ordinance and reviewing the letter provided by the registered forester (Attachment 4). Mr. Allen concurred that the tree was in favorable health with some salt burn and that the recent breakages were due to a combination of prior pruning, topping, and windy conditions. Although he agreed that the weighted branches are likely to continue breaking, he disputed the forester's conclusion that the tree had outgrown the area or that the risk of breakage was beyond mitigation. Mr. Allen stated that the tree did not show any signs of proper maintenance or pruning. He recommended branch length reduction to prune the branches to lateral growth. He stated that this treatment had had been previously successful on similarly isolated coastal redwoods in Santa Cruz County.

In reviewing James Allen's arborist report with the standards for tree removal established in Section 12.12.180(C) of the Capitola Municipal Code, the findings for tree removal could not be made; therefore, the application was denied.

- C(1)(a). Because of the health or condition of the tree, with respect to disease infestation, or danger of falling.
Arborist Analysis: This tree is in a good state of vigor with long, weighted branches that are prone to continued breakage. The supporting roots and trunk appear solid and are not expected to fail in the foreseeable future.
- C(1)(b). Safety considerations
Arborist Analysis: All trees create some level of risk that can only be managed, not eliminated unless the subject trees are removed. With proper maintenance pruning, the subject tree can stand for generations to come with minimal risk of failure.
- C(1)(c). In situations where a tree has caused, or has the potential to cause, unreasonable property damage and/or interference with existing utility services.
Arborist Analysis: There are risk mitigation treatments available for the subject tree other than tree removal that will reduce risk to a tolerable threshold and diminish future branch failure potential.
- C(2). All possible and feasible alternatives to tree removal have been evaluated, including, but not limited to undergrounding of utilities, selective root cutting, trimming and relocation.
Arborist Analysis: Branch length reduction is a pruning technique where each branch is shortened to lateral growth lessening the weight the branch upholds. This treatment has been successful in reducing and in some cases, eliminating branch failure potential.

RECOMMENDATION

Based on the recommendations of the City's contracted certified arborist, staff recommends the Planning Commission deny the appeal and uphold the staff denial of the tree removal and approval of pruning measures established in the arborist report.

The Planning Commission has the ability to uphold or deny tree removal applications on appeal if it can make the findings for removal, pursuant to Section 12.12.180(C)(1) through (C)(2).

FINDINGS FOR DENIAL

The removal of the Coastal Redwood located in the front yard at 1600 39th Avenue is not in the public interest.

A. The tree is not in need of removal due to health or condition, with respect to disease infestation, or danger of falling.

The city-contracted arborist studied the coastal redwood tree and found it to be in a good state of vigor with long, weighted branches that are prone to continued breakage. The supporting roots and trunk appear solid and are not expected to fail in the foreseeable future. The tree is in need of proper maintenance and pruning.

B. The tree does not pose a safety concern if mitigating action is taken.

The city-contracted arborist recommended proper maintenance and pruning to allow the subject tree to stand for generations to come with minimal risk of failure.

C. The tree has not caused, nor has the potential to cause unreasonable property damage and/or interference with existing utility services if mitigating action is taken.

The city-contracted arborist recommended proper maintenance and pruning of the coastal redwood tree to reduce risk to a tolerable threshold and diminish future branch failure potential.

D. There are feasible alternatives to tree removal that secure the purposes of the Community Tree and Forest Management Ordinance.

The city-contracted arborist recommended proper maintenance and pruning. Specifically, branch length reduction is a pruning technique where each branch is shortened to lateral growth lessening the weight the branch upholds. This treatment has been successful in reducing and in some cases, eliminating branch failure potential.

ATTACHMENTS:

1. 1600 49th Avenue - Resident Documentation
2. 1600 49th Avenue - Forester Letter
3. 1600 49th Avenue - Arborist Review
4. 1600 49th Avenue - Appeal Letter

Prepared By: Sean Sesanto

**Appeal of findings to Planning Commission of the City of Capitola
Re: Coast redwood (*Sequoia sempervirens*) at 1600 49-th Avenue**

City of Capitola Planning Commission
Attention: Sean Sesanto, Assistant Planner
420 Capitola Avenue Capitola, CA 95010

To Capitola Planning Commission;

We regret that City staff has denied our request to remove this tree for safety reasons a second time. We tried to remove the tree in 2012 for safety reasons due to our neighbors expressing concerns over falling branches but were denied. After the 2012 denial, we hired Lewis Tree Service at a cost of about \$2,000 in late 2012 or early 2013 and worked with their arborist, Mike Hernandez, to prune and tip branches to minimize future branch failures. The fact that we are applying again to remove this tree indicates how ineffectual these strategies are in minimizing branch failure.

We are not asking to remove this tree lightly. We have landscaped to make the tree a focal point of our yard and were not considering removing this tree, even with the branches falling after the tree pruning, until the events of this year. We genuinely appreciate the beauty of the tree. With this said, we do not believe we can ignore any longer that we and our neighbor's face a serious safety issue with falling branches from our tree.

The staff denial for removal is based upon the City's arborist's, Mr. Allen, report that felt further branch pruning to reduce weight would be sufficient to minimize or eliminate branch failure. We feel that Mr. Allen was working at a disadvantage when it came to evaluating our tree. That is, it seems Capitola/staff do not feel that evaluations of trees require the individual doing the evaluation talk to the owners to determine:

1. Past maintenance;
2. Number of events;
3. Conditions during events; and
4. Other critical information (e.g., mold and root removal remedy that may further weaken tree).

I would like to think if Mr. Allen spoken to us and our neighbors that he would have concluded to remove the tree due to the present condition of the tree, our level of risk tolerance and conditions that resulted in branch failures. Even if he came to the same conclusions we would have felt better about the process. How is it possible for anyone to properly evaluate the removal or other strategies of trees without having a complete history? We paid Capitola \$1,000 to have a tree evaluation done that was inadequate due to the process; and we feel cheated out of that money.

In addition to Capitola's poor administrative process for tree removal that we believe handicapped the arborist from obtaining critical evidence, my wife and I have read James Allen letter dated May 2, 2019 and we have some very deep concerns about the letter and conclusions. I will attempt to describe what I believe both the registered professional forester (RFP), Mike Jani, and James Allen agree to about our redwood and the flaws in Mr. Allen's letter and conclusions.

It appears Mr. Allen and Mr. Jani are of like mind in the following areas when Mr. Allen in his letter states that:

The assessment of this tree's condition by Mr. Michael Jani, RPF is accurate:

- This tree is quite healthy with minor influences of salinity burn do to proximity of ocean influences

- This tree has very large, long limbs due to genetics and excellent cultural growing conditions
- Past pruning; thinning, limb removal and topping along with branch breakage has created spaces/voids and opened wind corridors in the tree's canopy resulting in increased branch failure potential during strong wind events that are typical "during large winter storms". (Quotation marks added by Mr. Allen and not in Mr. Jani report)

This past year our redwood tree had an estimated 18-20 branch failures, twelve of these branches fell to the ground immediately while 8 others hung up in the tree. One of these branches was suspended over the sidewalk. After the March 13th branch failures I had Lewis Tree Service come out on an emergency call to clean up the fallen branches and remove the other 6-8 broken branches in the canopy at a cost of \$700. It is important to remember that we had pruned and tipped the tree 6 years earlier to prevent branch failures.

There is also agreement between the two tree experts that branch failures will be expected to continue; though, Mr. Allen qualifies this by saying only if proper pruning is not preformed. Unfortunately, this is where most agreement ends. Mr. Allen states that:

Mr. Jani inaccurately states that this species is not native to the area and has outgrown the neighborhood.

Mr. Jani knows the "natural" habitat of redwoods since he has worked 45 years with redwoods in Santa Cruz County, is chief forester over 440,000 acres of redwoods throughout the State and is on the California State Board of Forestry appointed by both Governors Brown and Newsom. It doesn't take much research to find the native habitat of coastal redwoods and, in fact, it is well known that these redwoods have not populated the marine terrace habitat found in Capitola in recent years (perhaps for 10's of millions; See maps (not included) of redwood habitat by Charles Sargent (1881), Madison Grant (1919); Griffin and Critchfield (1972)). It is important that coastal redwoods have not naturally populated the marine terrace in Capitola because it begs the question, Why not?

It seems the reason why redwoods do not naturally occur in Capitola is that:

Although many redwood stands are close to the sea, they do not seem to tolerate ocean winds or salts and so do not grow on exposed hillsides that face the ocean.

https://ucanr.edu/sites/forestry/California_forests/http__ucanrorg_sites_forestry_California_forests_Tree_Identification_/Coast_Redwood_Sequoia_sempervirens_198/

The fact that our redwood was planted in an area that can support incredible growth has added to the problem of being exposed to strong coastal winds and salt that results in redwoods failing.

Mr. Allen does not include in his letter the impact of past tree topping, pruning and the open canopy caused by six-seven branches breaking in the same area when assessing risk; though, he acknowledges that these issues increase risk of branch failures. Mr. Jani pointed out that each of these acts (topping done prior to our purchasing the house, pruning done by Lewis Tree Service and canopy opening by multiple branch failures in same location) creates a situation where branch failure can be expected to accelerate. Not one of these issues was dealt with by Mr. Allen specifically; thus, the real risks of branch failures caused by past practices and events that CANNOT be undone are completely ignored in Mr. Allen's letter. (That is, how do you restore a 20 foot hole in the middle of a tree canopy that allows winds to accelerate and cause further branch failures?)

I paid Capitola \$1,000 to have an assessment of the tree as a hazard based upon Mr. Jani's identified issues; what I received was an incomplete assessment that did not:

1. Assess the top of the tree and risk of these branches failing because of lack of structural foundation;
2. Assess the open canopy and the risk of future branch failure caused by the wind increasing velocity/force due to tunneling effect;
3. Assess the enhanced risk of branch failure caused by past pruning of important structural branches that has left the remaining branches with weakened points; and
4. Determine past maintenance or conditions that resulted in branch failure.

It is the above reasons that Mr. Jani concluded that our redwood tree has outgrown the neighborhood. Mr. Allen says Mr. Jani is wrong in this assertion but does nothing in his letter to indicate that these specific risks can be mitigated by branch shortening.

Mr. Allen in his conclusion states:

*This tree is in a good state of vigor with long, weighted branches that are prone to continued breakage. The supporting roots and trunk appear solid and are not expected to fail in the foreseeable future, Branch failures that occurred during January and March of 2019 may have been triggered by **atypical** storm events with strong bursts of high velocity wind that increased the load on the large diameter, long branches. Wind load is a dynamic force imposed upon structural components by constantly changing pressure, direction and duration of wind events.*

It seems apparent to me that Mr. Allen did not fully read our letter submitted in the application to remove our redwood and was not allowed to communicate with us so that he understood the wind conditions. Our concluding paragraph provides the light wind condition on March 13, 2019 during a sunny and warm day.

Mr. Allen's assertion that these branches failed during "**atypical**" storm events is neither accurate or a fair representation of the events that resulted in five large branches (we have all agreed these are **abnormally** large branches) failed on March 13, 2019. Until someone can ascertain exactly why these five branches failed in light wind, there is no way of saying branch shortening will reduce future branch failings.

It should also be noted that Mr. Allen's examples of trees that have undergone branch reduction and not had branch failures are located 4-5 times further from the ocean than our house, are protected by more structures and trees and will not receive the strong storm winds that our tree does on a coastal bluff. Further, these tree examples are not comparable in terms of size or history of branch failure in low winds.

We started this process because after the March 13th event I believed that there was an emergency issue due to the number and size of branches that fell during a slight change in wind direction. The winds March 13 were not particularly strong; though, they brought down 5 large branches from this redwood tree onto my neighbor's property and over the sidewalk. For everyone's safety it is time to remove this tree that has outgrown the neighborhood in which it was planted.

We feel that City staff accepted Mr. Allen's letter because of the working relationship that they have with him. His letter does not refute any of Mr. Jani's findings and, in fact, supports all of them with the exception of removing the tree for safety. The difference between Mr. Jani and Mr. Allen is that Mr. Jani feels that past topping, pruning and recent wind events that opened the canopy make the tree unsafe; therefore, decided the best and safest course forward to protect everyone was tree removal. Mr. Allen does not provide any evidence that the past events with the tree are NOT going to increase branch failure as indicated by Mr. Jani. He does believe that removal is unnecessary and that appropriate pruning can reduce branch failure to a "tolerable threshold".

Mr. Allen goes to great length to point out the difference in his certification and assumes that just because Mr. Jani is not an arborist that he cannot correctly assess risk with trees in which he is extremely knowledgeable. In addition, Mr. Allen states that proper maintenance will reduce risk to a tolerable level—whose risk is at a tolerable level. Certainly not mine, my wife's, our neighbors or those walking on the sidewalk under the tree. I can understand why a person that does not live by this tree, does not walk on the sidewalk under the overhanging branches, or does not have house mold related to organic matter (i.e., redwood tree roots) in the crawl space may seem comfortable with the proposed remedy. However, I think any prudent individual can also see that 30 foot long branches falling from a height of 30-80 feet in heavy or light winds may believe that a more acceptable solution is tree removal.

It is critical to note that Mr. Allen, and all that deal with risk assessment, always put on a caveat that past results (branch shortening) may not predict future events (branches not falling) and nothing short of removal will reduce risk to zero. I find this language convenient, vague and, most likely, developed in response to legal action against arborists that assessed risk incorrectly. If Mr. Allen is so sure of his branch shortening strategy, will he accept liability after branch shortening if branches fail and harm individuals or property? Will Capitola accept liability for denying a second time the application to remove this tree? That is, will Mr. Allen provide analysis about branch shortening that asserts it will **eliminate** future branch failures without adding the caveat of tolerable risk and removal is the only remedy that ensures safety? Will Capitola create a policy that assumes risks of trees that they deny removal for safety reasons?

If the answer to these questions is no, then I believe the risk tolerance reverts to the property owner. My wife and I are not willing to accept the level of risk that Mr. Allen apparently is. Our neighbors are friends and I would feel horrible if something happened to them, their dog or their property because we accepted a risk level of "tolerable" when Mr. Jani, who is extremely knowledgeable of redwoods, said to remove the tree for safety and liability reasons.

Commissioners, I have stated our position, rationale, and level of risk tolerance. We ask that you over-ride the staff recommendation and permit us to remove the tree for safety reasons. I do not feel that I could find a person willing to accept the inherent risk and liability of this tree given its history of past failures. Further, it seems that everything that has been done to our redwood (i.e., topping that was wholly wrong but cannot be undone, past pruning that we thought would help, or the branch failures that opened up the canopy to future failures) has only hurt it. I do not have faith that shortening every branch, pruning every branch to reduce weight, and root undercutting to prevent mold in our house will change the direction of interventions; the tree will end up being worse off and more of a risk – not less.

Thank you for your time, patience and deliberation. It is not easy for us to ask you to do this but the tree possesses risks to us, our neighbors and those walking beneath this redwood. You represent us as a check on government over-reach or inappropriate decisions and we hope that you will see that we do feel the responsibility and obligation of protecting our neighbors.

Sincerely,



Michael and Vickie Oliver
1600 49th Ave.
Capitola, Ca 95010



James P. Allen
& Associates

May 2, 2019

City of Capitola Planning Department
 Attention: Sean Sesanto, Assistant Planner
 420 Capitola Avenue
 Capitola, CA 95010

Regarding: Coast redwood (*Sequoia sempervirens*) growing at 1600 49th Avenue

Mr. Sesanto,

At your request I completed the following analysis:

Review:

- *Registered Professional Forester Letter* dated April 4, 2019 submitted by Michael E. Jani, California Registered Professional Forester (RPF)#1856
- Letter from Michael and Vickie Oliver, property/tree owners dated April 3, 2019
- Letter from Missy and Robert Brigante, neighbors at 4910 Capitola Road, not dated

A visual analysis of the subject coast redwood tree from adjacent City streets while standing on the ground.

SUMMARY OF FINDINGS

Letter Review

Three letters have been submitted by a RPF, the property owner and the adjacent neighbor.

The assessment of this tree's condition by Mr. Michael Jani, RPF is accurate:

- This tree is quite healthy with minor influences of salinity burn do to proximity of ocean influences
- This tree has very large, long limbs due to genetics and excellent cultural growing conditions
- Past pruning; thinning, limb removal and topping along with branch breakage has created spaces/voids and opened wind corridors in the tree's canopy resulting in increased branch failure potential during strong wind events that are typical "during large winter storms".

Mr. Jani inaccurately states that this species is not native to the area and has outgrown the neighborhood.

Consulting Arborists

119 Surfside Avenue
 Santa Cruz, CA 95060

831.426.6603 office
 831.234.7739 mobile

jpallen@consultingarborists.com
 www.consultingarborists.com

The property owner states that he engaged Mr. Jani to evaluate the safety of the subject tree, that his qualifications are more stringent than those of an arborist and that his knowledge has been gained over 45 years of managing redwood trees in Santa Cruz County.

Letters from the property owner and adjacent neighbor describe the recent history of branch failure, state their safety concerns and the necessity for tree removal.

Visual Analysis

This tree is well rooted with stout buttress and trunk components that appear to be solid and free of decay or disease.

I concur with Mr. Janis' assessment of canopy, branch components and overall tree vigor.

There is currently one disconnected branch on the north side of the upper canopy overhanging the neighboring driveway.

CONCLUSIONS

This tree is in a good state of vigor with long, weighted branches that are prone to continued breakage. The supporting roots and trunk appear solid and are not expected to fail in the foreseeable future, Branch failures that occurred during January and March of 2019 may have been triggered by atypical storm events with strong bursts of high velocity wind that increased the load on the large diameter, long branches. Wind load is a dynamic force imposed upon structural components by constantly changing pressure, direction and duration of wind events.

Mr. Jani, the property owner and neighbor bring forward the recommendation and necessity for tree removal as the sole risk management treatment.

Risk is the combination of the likelihood of an event and the severity of the potential consequences. In the context of trees, risk combines the likelihood of a conflict or tree failure occurring and affecting a target with the severity of the associated consequences-personal injury, property damage or disruption of activities (Dunster, 2013). All trees create some level of risk that can only be managed, not eliminated unless the subject trees are removed. Thus, there is no such thing as a "safe" tree nor can this or any other tree be made "safe".

RPFs have extensive education, skills and experience managing forest systems for habitat preservation and managing timber stands to generate the sale of lumber and other forest products as commodities. RPFs are typically not trained to assess risk nor manage trees in urban settings as arborists are.

Professional standards for risk assessment are defined by American National Standards Institute (ANSI) A-300 (Part 9) and the International Society of Arboriculture (ISA) Best Management Practices. These well-known and respected standards were not adhered to by Mr. Jani.

There is no reported history of tree maintenance by the current owner. The subject tree does not appear to have been pruned or managed in a manner that would decrease branch failure potential.

There are risk mitigation treatments available for the subject tree other than tree removal that will reduce risk to a tolerable threshold and diminish future branch failure potential. Branch length reduction is a pruning technique where each branch is shortened to lateral growth lessening the weight the branch upholds. This treatment has been successful in reducing and in some cases, eliminating branch failure potential.

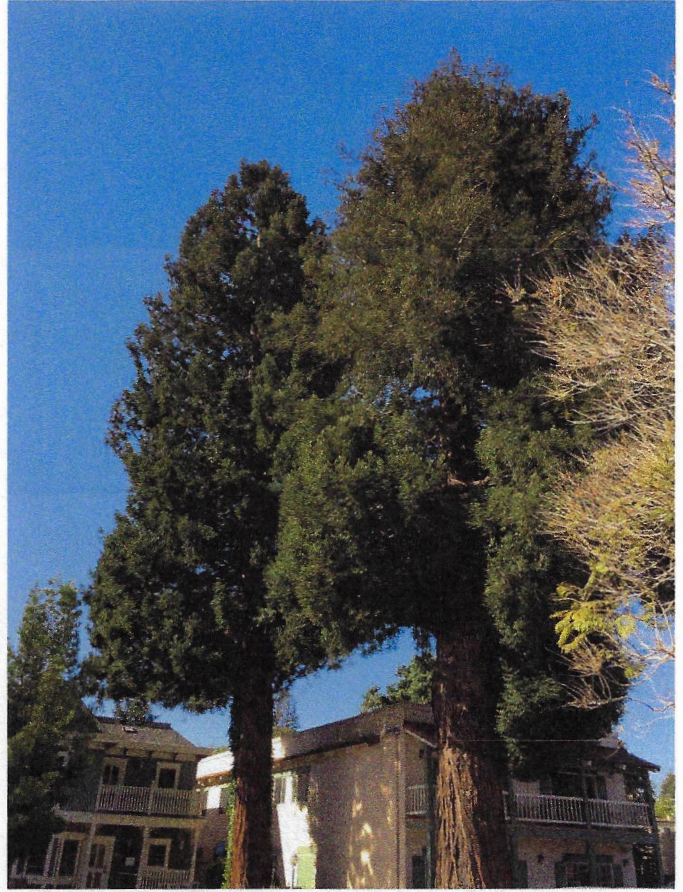
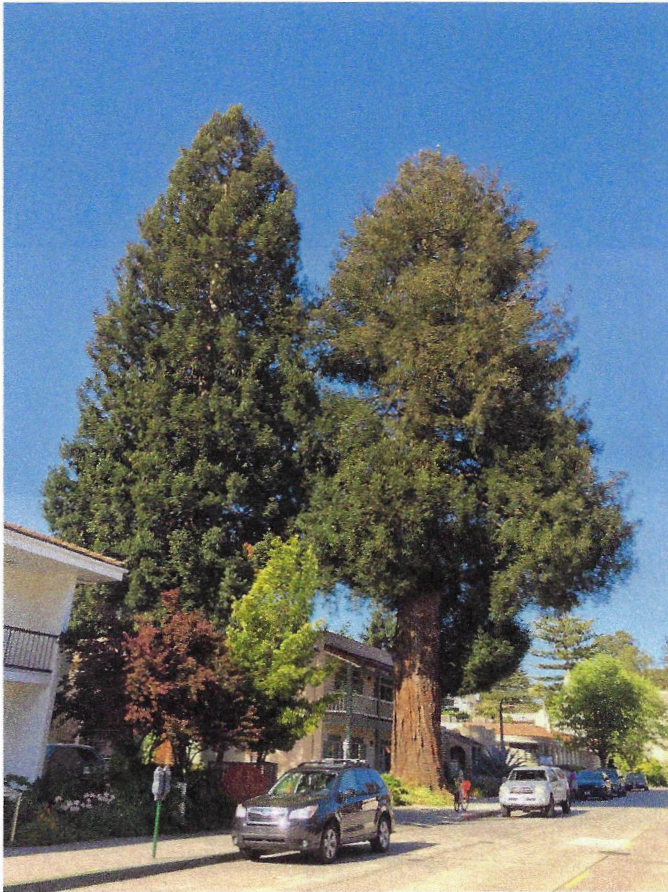
Several coast redwood trees growing in this area with conditions similar to the subject tree have been successfully treated by reducing branch length. Each of these trees had history of branch breakage prior to risk reduction management pruning. Three coast redwood trees pictured below and on the following page were pruned to reduce branch length between 8 and 10 years ago. There has not been any branch failure since they were pruned.

Double trunk coast redwood located on Sylvar Street in Santa Cruz.



Attachment: 1600 49th Avenue - Arborist Review - 05.02.19 (1600 49th Avenue Tree Appeal)

Two coast redwoods growing on Center Street in Santa Cruz.



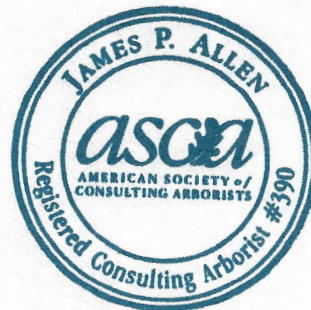
With proper maintenance pruning, the subject tree can stand for generations to come with minimal risk of failure. If maintenance pruning is not performed, branch failure can be expected to continue.

Please contact me with any questions regarding this assessment at 831-426-6603.

Respectfully submitted,

James P. Allen

James P. Allen
Board Certified Master Arborist WE-0625B
Qualified Tree Risk Assessor
Registered Consulting Arborist #390
Certified Urban Forester #120



April 3, 2019

RE: 1600 49th Ave. Removal of Redwood Tree

City of Capitola;

The winter storms this year caused three different incidences of branches breaking with the major incidences being January 16 and March 13, 2019. The branches fell both on our property (1600 49th Ave.) and our neighbors (4910 Capitola Road). The fallen "branches" are shown below from our neighbor's yard with our house shown in the background.

January 16, 2019



Attachment: 1600 49th Avenue - Resident Documentation - 04.03.19 (1600 49th Avenue Tree Appeal)

I show you the pictures so that one can get a sense of the size of the branches falling and the potential to injure people and property. The branch shown on January 16 was about 30 feet long and 7 inches in diameter. This limb blew from the west side of the tree, through the tree, broke a number of other branches, and came to rest on our neighbor's yard. I think if you were to honestly assess the size of this branch you would come to the conclusion I have: these are trees falling down, not branches.

The following picture is the canopy hole left when the numerous branches fell on January 16.



The hole in the canopy was described in Mr. Jani's letter and he believes will result in even more branches being exposed to strong winds leading to more breakage.

On the afternoon of March 13, 2019 I went into the City offices and talked to City staff about the situation and my belief that this was an emergency tree removal situation given:

- the number and size of branches falling;
- the number of events of falling branches;

- the branches overhanging the street; and
- the falling branches have travelled to our neighbor's yard endangering them and their property.

It is my understanding that Matt Kotila went by the property while Lewis tree was removing the fallen branches and indicated, through another city staff (Sean) that I needed a report from a certified professional to remove the tree. I feel lucky that no other branches have fallen since March 13.

I had Lewis Tree Service come out and provide a bid to remove the tree and asked them to evaluate the safety of the tree. They declined due to a conflict since they have provided a bid for removal. Fortunately, I met a Registered Professional Forester (RFP) that has been evaluating redwood trees for over 40 years and hired him to evaluate the safety of our redwood tree. Mike Jani has been evaluating and managing redwood trees in Santa Cruz County for 45 years; his qualifications are more stringent than an arborist and his knowledge of redwoods has been gained over 45 years of experience managing them. Mr. Jani provided his analysis of our redwood tree (attached) and concluded several things:

1. The tree is healthy though it has salt burn;
2. The tree has unusually large branches for a costal redwood (genetics and access to water);
3. The past trimming/pruning of the limbs has caused branch instability;
4. The broken branches this year have opened up holes in the tree that may open other large branches to stronger wind forces that will result in more branches breaking; and
5. **The tree is a safety and liability hazard and should be removed.**

In addition to Mr. Jani's analysis, our neighbors, Missy and Robert Bregante, have asked us to remove the tree due to their fear of the branches falling on them, their dog and/or damaging their property (Letter attached).

We started this process because after the March 13th event I believed that there was an emergency issue due to the number and size that fell during a slight change in wind direction. The winds March 13 were not particularly strong; though, they brought down 5 large branches from this redwood tree onto my neighbor's property. For everyone's safety it is time to remove this tree that has outgrown the neighborhood in which it was planted.

Sincerely,


Michael and Vickie Oliver

1600 49th Ave
Capitola, Ca

On the evening of January 16 my husband and I are in the house and through the rain we heard some noises in the driveway and went to go investigate. We threw on rain jackets and flashlights and were standing in the driveway for only a few seconds when suddenly I heard the sound of branches coming down and we ducked behind our trailer for cover. The branches (the size of small trees) had landed just 10 feet from where we were standing.

Then on March 13 in the afternoon shortly after we got home from work we were both in the driveway working on projects. I went into the house to grab something leaving my husband in the driveway and heard that familiar noise again just as I see my husband ducking behind his truck for cover. This time the branches didn't fall out of the tree but left us both fearing any moment they would fall in the wind. The following day two large branches (again the size of small trees) came down near the same area. Luckily no one was home and the dogs were in the house. These branches are falling on our fence and property and causing damage. If the wind bleeds them just a bit further, they could land on our trailer, vehicles or possibly our home. It's terrifying to be in our yard not knowing when the branches could fall. Our windy season is approaching; we have dogs that could be injured if caught under these crashing branches. We know that our neighbors have trimmed the tree but we feel that for our safety the tree should be deemed unsafe for a residential neighborhood and removed.



Missy and Robert Bregante
4910 Capitola Road
Capitola, Ca

Registered Professional Forester Letter

Mr. and Mrs. Michael Oliver
 1600 49th Ave.
 Capitola, CA.
 April 2, 2019

Mr. and Mrs. Oliver,

At your request, I visited your home on 49th Ave. on March 29th and again, with Mr. Oliver on April 1st 2019, to inspect a large Coast Redwood in your front yard. On my first visit, I noticed that several large branches had broken off recently and also saw what I thought to be salt burn along many of the tips of the trees branches. I could also clearly see where efforts to trim limbs from the tree had occurred in the past, as we had discussed prior to my visits. Yesterday, when I returned to look again at the tree with you, I drove throughout your neighborhood looking at other large redwoods that have been planted around there years ago, just so I could confirm my suspicion as to the salt burn. (Which it did as they all exhibited similar signs, which is not uncommon as close to the coast and as exposed the trees are to the coastal winds and marine environment.)

The tree looks quite healthy otherwise. It's a typical specimen of a fast growing, isolated redwood with little or no competition that has had plenty of water and abundant sunshine to grow. This growth, along with some genetics I suspect, has resulted in very large and long limbs. Prior to some of the past thinning out and partial tip removal, these limbs grew in close proximity to one another and provided structural support for adjacent limbs, especially during windy and rainy conditions. The pruning efforts over the years also appear to have at some point resulted in the topping of the tree as well.

When I was able to look at the tree with you from your back yard, it was very clear to me that the most recent limb breakage is related to the previous limb removals and crown thinning and I believe that it will continue and perhaps accelerate now that even more large limbs will be exposed to strong South Easterly winds that are typical during large winter storms. It is also clear to me, having viewed the pictures you shared with me, that this tree poses a very high risk of possible damage to your and your neighbor's property just adjacent to the North. From a safety and liability standpoint alone, I would strongly recommend the removal of this tree. The past topping of the tree has also created what can and will become another high risk situation as the limbs that sprouted from the area of the removed top do not have a firm foundation tied into the trunk of the tree and as they grow larger, will become more likely to peel away under windy conditions. As well, the area of the severed top is likely to undergo some dieback which will result in deterioration and rot of the wood in that general area of the tree.

Having managed our redwood forests in the Santa Cruz Mountains for the last 45 years, I appreciate the difficulty in parting with a tree as large as this one, but keep in mind that the tree is not native to the area in which it was planted and quite simply has just outgrown the neighborhood.

Sincerely,



Michael E. Jani
 California Registered Professional Forester
 License #1856

Conditions and Findings for Approval

1600 49th Avenue

CONDITIONS FOR APPROVAL

1. The appeal consists of a request to reject the Planning Commission denial of the removal of a coast redwood. The City Council heard the appeal on December 19, 2019, and upheld the appeal allowing the removal of the coastal redwood tree.
2. Prior to removal of the coast redwood tree, the applicant shall submit a \$500 tree replacement deposit and a tree replanting plan indicating the proposed size, species, and location of the replacement trees. Replacement trees shall be planted at a 2:1 ratio.

FINDINGS FOR APPROVAL

The removal of the Coastal Redwood located in the front yard at 1600 49th Avenue is in the public interest.

- A. The tree is in need of removal due to condition, with respect to danger of falling limbs.**
The coast redwood tree has long, weighted branches that are prone to breakage. The danger of falling limbs is present and expected to continue.
- B. The tree poses a safety concern if mitigating action is not taken.**
The tree will pose a safety concern unless it is removed.
- C. The tree has the potential to cause unreasonable property damage if mitigating action is not taken.**
The tree has the potential to cause unreasonable property damage if it is not removed.
- D. There are no feasible alternatives to tree removal that secure the purposes of the Community Tree and Forest Management Ordinance.**
Branch length reduction or “tipping” the lateral growth to lessen branch weight would not be successful in significantly mitigating the risk of property damage.



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: Public Works Department

SUBJECT: Report on Emergency Declaration from December 3, 2019

RECOMMENDED ACTION: Receive a report on a Proclamation of Existence of a Local Emergency made by the City Director of Emergency Services on December 3, 2019, in response damages to the Grand Avenue Pathway following heavy rains, and authorize associated expenditures from Measure F funding.

BACKGROUND: Between Saturday, November 30, 2019, and Monday, December 2, 2019, approximately seven inches of rain fell in the Capitola area. At noon on December 2, Public Works staff learned the bluff below the Grand Avenue pathway between Hollister and Oakland Avenues had failed, resulting in complete loss of the pathway. Further slides in this vicinity had been anticipated back in 2017 when the Council authorized the closure of this section of the pathway due to ongoing slope failures in the area and potential impacts on the pathway.

Due in part to the closure, no one was harmed when the path failed. However, as a result of the failure, rain runoff from Hollister Avenue and surrounding properties, which previously had flowed down the pathway westerly toward a drainage inlet near Oakland Avenue, began falling directly onto the failed slope.

Based on this series of events, on December 3, the City's Director of Emergency Services (the City Manager) issued a Proclamation of Existence of a Local Emergency.

DISCUSSION: Capitola Municipal Code Section 8.08.050 states that, in times of emergency, the City Manager is the Director of Emergency Services. Section 8.08.060 authorizes the City Manager, in that capacity, to issue a proclamation of emergency if there is an emergency and the Council is not in session. On December 3, for the reasons stated above, the City Manager, acting as the Director of Emergency Services, issued a Proclamation of Existence of a Local Emergency. A copy of the proclamation is included as Attachment 1.

On December 4, 2019, the City awarded an emergency contract to Anderson Pacific Engineering Construction to immediately construct and install a new drainage inlet on Hollister Avenue to divert the runoff away from the area of the slope failure. A copy of the contract is included as Attachment 2. Anderson Pacific began work on December 4 and the work was completed by December 6. Anderson Pacific completed the work on a force account basis, meaning the project costs were be calculated based on time, materials, and equipment costs plus a standard markup used and approved by Caltrans. This type of contract is typical for emergency work. While the City has not received the final billing from Anderson Pacific, staff estimates costs at \$20,000.

Grand Ave Storm Damage Report
December 19, 2019

Finally, on December 5, 2019, a property owner adjacent to the pathway installed a plastic sheet over the area of the slope failure.

Photos of the slope failure and emergency repairs are included as Attachment 3.

FISCAL IMPACT: Under the authority of the emergency declaration, the City Manager has preliminarily directed the payment of the emergency work from the Emergency Reserves. However, staff recommends the project costs be allocated to Measure F funds, which have been set aside for ocean-related resiliency projects. These funds currently are being held for flume, jetty, and wharf improvements and total just over \$1 million. The added expense of the emergency work will not impact the planned projects.

ATTACHMENTS:

1. Local Emergency Declaration 12032019
2. Anderson Pacific Emergency Contract
3. Grand Avenue Pathway Photographs

Report Prepared By: Steve Jesberg
Public Works Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/12/2019

**BY THE DIRECTOR OF EMERGENCY SERVICES OF THE
CITY OF CAPITOLA**

Proclamation of Existence of a Local Emergency

WHEREAS, Municipal Code Section 8.08.050 empowers the Director of Emergency Services for the City of Capitola to proclaim the existence of a local emergency when said City is affected or likely to be affected by the existence of disaster or extreme peril which is, or is likely to be, beyond the control of the services, personnel, equipment and facilities of this City, requiring the combined forces of other political subdivisions to control; and

WHEREAS, the Director of Emergency Services does hereby find:

That conditions of extreme peril to the safety of persons and property have arisen on December 3, 2019 within the City of Capitola as a result of more than 7 inches of rain, thereby causing damage to the Grand Avenue pathway and directing drainage directly onto the unstable bluff face which could cause further bluff failures if not immediately abated.


That the aforesaid conditions of extreme peril warrant and necessitate the proclamation of the existence of a local emergency;

That the City Council of the City of Capitola is not in session.

NOW, THEREFORE, BE IT HEREBY PROCLAIMED that during the existence of said local emergency the powers, functions, and duties of the Director of Emergency Services and the emergency organization of the City of Capitola, Santa Cruz County, California, shall be those prescribed by State law, by ordinances and resolutions of the City; and

IT IS FURTHER PROCLAIMED AND ORDERED that said local emergency shall be deemed to continue to exist for a period of seven days and shall thereupon terminate unless this proclamation is ratified and continued in effect by the City Council of the City of Capitola.

Date: 12/3/19



BENJAMIN GOLDSTEIN
Director of Emergency Services
City of Capitola, Santa Cruz County

Attachment: Local Emergency Declaration 12032019 (Grand Ave Storm Damage Report)

CITY OF CAPITOLA
PROFESSIONAL SERVICES AGREEMENT
 Emergency Storm Drain Installation on Hollister Avenue
 Anderson Pacific Engineering Construction

THIS AGREEMENT is entered into on December 4, 2019, by and between the City of Capitola, a Municipal Corporation, hereinafter called "City" and Anderson Pacific Engineering Construction, Inc., hereinafter called "Contractor".

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

NOW, THEREFORE, City and Contractor 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 emergency construction of a new drain inlet and out fall pipe at the end of Hollister Drive on Depot Hill and further detailed in Appendix One.

SECTION 2
Duties of Contractor

All work performed by Contractor, 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, Contractor's profession.

Contractor 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 Contractor 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 Contractor's responsibility excluding, nevertheless, the security and safety of any facility of City within the job site which is not under the Contractor's control.

Contractor shall meet with Steven Jesberg, called "Director," or other City personnel, or third parties as necessary, on all matters connected with carrying out of Contractor'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 Contractor 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 Contractor in obtaining such information from other agencies and individuals as necessary.

The Director may authorize a staff person to serve as his or her representative for conferring with Contractor relative to Contractor'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 Contractor. If the work is satisfactory, it will be approved. If the work is not satisfactory, City will inform Contractor of the changes or revisions necessary to secure approval.

SECTION 4 Fees and Payment

Payment for the Contractor'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 Contractor in carrying out the work. If Contractor is compensated on an hourly basis, Contractor shall track the number of hours Contractor, and each of Contractor's employees, has worked under this Agreement during each fiscal year (July 1 through June 30) and Contractor shall immediately notify City if the number of hours worked during any fiscal year by any of Contractor's employees reaches 900 hours. In addition, each invoice submitted by Contractor to City shall specify the number of hours to date Contractor, and each of Contractor'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 Contractor'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 on December 4, 2019 and will terminate on the earlier of:

- The date Contractor 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 December 4, 2019.

In the event that major changes are ordered or Contractor is delayed in performance of its services by circumstances beyond its control, the City will grant Contractor 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. Contractor 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 Contractor. Contractor 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 Contractor for all services performed and accepted under this Agreement up to the date of termination.

SECTION 8

Insurance

Contractor shall procure and maintain for the duration of the contract and for 2 years thereafter, 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 Contractor, his agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General 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, and Employer's Liability Insurance.

Minimum Limits of Insurance

Contractor shall maintain limits no less than:

- | | | |
|----|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | General Liability:
(including operations, products and completed operations) | \$1,000,000 per occurrence and \$2,000,000 in aggregate (including operations, for bodily injury, personal and property damage). |
| 2. | Automobile Liability: | \$1,000,000 per accident for bodily injury and property damage. |
| 3. | Employer's Liability Insurance | \$1,000,000 per accident for bodily injury and property damage. |
| 4. | .Blank | |

Other Insurance Provisions

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

Professional Services Agreement December 4, 2019
 Emergency Storm Drain Construction on Hollister Avenue
 Anderson Pacific Engineering Contractors, Inc
 Page 4

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 Contractor or automobiles owned, leased, hired or borrowed by the Contractor.
2. For any claims related to this project, the Contractor'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 Contractor'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 except after prior written notice has been given to the City.

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.

Waiver of Subrogation

Contractor hereby agrees to waive rights of subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. **The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Capitola** for all work performed by the Contractor, its employees, agents and subcontractors.

Verification of Coverage

Contractor 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**

For General Services: To the fullest extent permitted by law, Contractor agrees to indemnify, defend, and hold harmless the City, its directors, officers, employees from and against any and all claims, demands, actions, liabilities, damages, judgments, or expenses (including attorneys' fees and costs) arising from the acts or omissions of Contractor's employees or agents in any way related to the obligations or in the performance of services under this Agreement, except for design professional services as defined in Civil Code § 2782.8, and except where caused by the sole or active negligence, or willful misconduct of the City.

For Design Professional Services under Civil Code §2782.8: To the fullest extent permitted by law, Contractor agrees to indemnify, defend, and hold harmless the City, its directors, officers, and employees from and against any and all claims, demands, actions, liabilities, damages, or expenses (including attorneys' fees and costs) arising from the negligence, recklessness, or willful misconduct of the Contractor, Contractor's employees, or agents in any way related to the obligations or in the performance of design professional services under this Agreement as defined in Civil Code §2782.8, except where caused by the sole or active negligence, or willful misconduct of the City. The costs to defend charged to the Contractor

Professional Services Agreement December 4, 2019
 Emergency Storm Drain Construction on Hollister Avenue
 Anderson Pacific Engineering Contractors, Inc
 Page 5

relating to design professional services shall not exceed the Contractor's proportionate percentage of fault per Civil Code §2782.8. and against all claims, damages, losses, and expenses including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of the Contractor, Contractor's employees, agents or subcontractors, except where caused by the active negligence, sole negligence, or willful misconduct of the City.

SECTION 10 **Civil Rights Compliance/Equal Opportunity Assurance**

Every supplier of materials and services and all contractors 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, contractor 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. Contractor 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 Contractor 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 Contractor. Contractor 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, Contractor's compensation shall be limited to that set forth in Appendix Two.

SECTION 14 **Miscellaneous Provisions**

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

Professional Services Agreement December 4, 2019
Emergency Storm Drain Construction on Hollister Avenue
Anderson Pacific Engineering Contractors, Inc
Page 6

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

3. *Licensure.* Contractor 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 Contractor 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 Contractor 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 Contractor's other work product shall not be used by the Contractor on other projects, except by agreement in writing and with appropriate compensation to the City.

6. *Contractor's Records.* Contractor 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 Contractor'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 Contractor's services.

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


8. *Conflicts of Interest.* Contractor 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 Contractor's work product prepared pursuant to this Agreement.

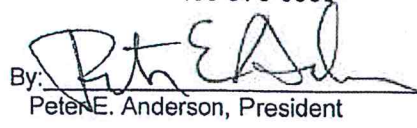
9. *Notices.* All notices herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given and fully received when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed to the respective parties as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

Professional Services Agreement December 4, 2019
Emergency Storm Drain Construction on Hollister Avenue
Anderson Pacific Engineering Contractors, Inc
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CITY
CITY OF CAPITOLA
420 Capitola Avenue
Capitola, CA 95010
831-475-7300

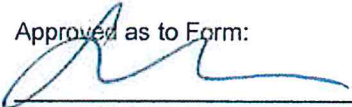
CONTRACTOR
Anderson Pacific Engineering Construction
1390 Norman Avenue
Santa Clara, CA 95054-2047
408-970-9900

By: 
Benjamin Goldstein, City Manager

By: 
Peter E. Anderson, President

Dated: 12/6/19

Dated: 12/4/19

Approved as to Form:

Samantha Zutler, City Attorney

Attachment: Anderson Pacific Emergency Contract (Grand Ave Storm Damage Report)

Professional Services Agreement December 4, 2019
Emergency Storm Drain Construction on Hollister Avenue
Anderson Pacific Engineering Contractors, Inc
Page 8

APPENDIX ONE Scope of Services

Due to bluff failure along Grand Avenue on Depot Hill, the drainage from Hollister Avenue is now flowing directly onto the failed and exposed slope. The City has directed the installation of a new drain inlet at the end of Hollister Avenue, above the bluff, to capture the runoff and direct it over the bluff. The outfall shall be built in conformance with the plans provided by the City titled Cross Sections Showing Bluff Top Drain Lines by Haro Kasunich and Associates Inc. dated January 28, 2010.

Contractor shall coordinate all work with Department of Public Works personnel to insure inspections of the work are completed. It is anticipated that decisions and directions to the final layout and construction will be made by City and Contractor personnel in the field.

Time is of the essence in completing this work and the contractor shall diligently work to complete this project as quickly as possible.

Attachment: Anderson Pacific Emergency Contract (Grand Ave Storm Damage Report)

APPENDIX TWO Fees and Payments

For the services performed, City will pay contractor on a force account basis for time, materials, and equipment needed to satisfactory complete the services and delivery of work products. Payments will be issued monthly as charges accrue, the sum of contractor's salary expenses and non-salary expenses. For work that is performed payments under this contract the Contractor will be made per the markups specified in the attached Daily Extra Work Report (DEWR).

Contractor hereby represents and warrants, based upon Contractor's independent determination of the time and labor, including overtime, which will be required to perform said services, that Contractor will provide all said services. Contractor shall provide daily reports on labor, materials, and equipment used on the job site for verification by the City.

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 Contractor's indirect overhead costs and fees. For purposes of this Agreement, Contractor'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 subcontractors or subcontractors, and other identifiable job expenses. The use of Contractor's vehicles for travel shall be paid at the current Internal Revenue Service published mileage rate.

Payments shall be made monthly by the City, based on itemized invoices from the Contractor 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 Contractor'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."

Hollister Avenue Storm Drain Emergency Construction



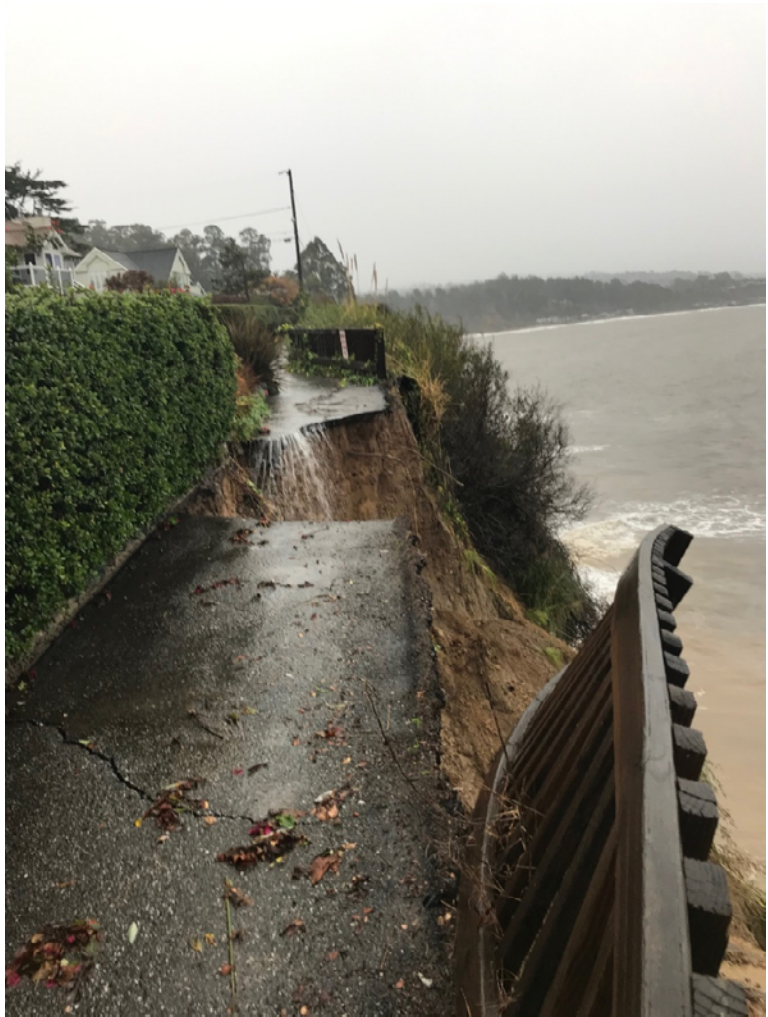
April 17, 2017 drone photo of Grand Avenue pathway at time of closure due to risk of further slope failure



December 4, 2019 drone photo of slope failure along Grand Avenue pathway. Oakland Avenue to the left of photo.

Attachment: Grand Avenue Pathway Photographs (Grand Ave Storm Damage Report)

Hollister Avenue Storm Drain Emergency Construction



Runoff draining into area of slope failure



Overhead view showing cavity created by storm runoff

Attachment: Grand Avenue Pathway Photographs (Grand Ave Storm Damage Report)

Hollister Avenue Storm Drain Emergency Construction



New drainage inlet at the end of Hollister Avenue constructed under emergency declaration

Hollister Avenue Storm Drain Emergency Construction



Plastic sheeting installed by neighboring property owner

Attachment: Grand Avenue Pathway Photographs (Grand Ave Storm Damage Report)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: Public Works Department

SUBJECT: Receive Update Report on the Construction of the Capitola Branch Library

RECOMMENDED ACTION: Receive report.

DISCUSSION: Weather and PG&E conflicts have begun to impact the construction of the building. Due to the recent rains, Otto Construction has focused its recent effort on weather protection of the building and site. The roof trusses and roofing were installed just prior to rains over the Thanksgiving weekend. Plastic sheeting has been installed over the open walls and the site has been cleaned of stored materials and other debris to prevent runoff pollution.

Regarding the utility undergrounding work, PG&E has not yet released the approved plans and estimate for the work. These documents were anticipated to be released in late October. The project team continues to reach out to PG&E and on Monday, December 9, 2019, a meeting was held with a PG&E inspector who walked the site and provided guidance on installing the underground conduits, but construction of the undergrounding project cannot begin until the approved plans are released.

The contractor will be installing siding on the building and completing interior walls and structural elements over the next month.

The architect, library staff, and City design committee have reviewed the furniture that is proposed for the library. Attached slides show some of the selected pieces. Several pieces have been upgraded thanks to the successful fund-raising campaign being run by the Friends of Capitola Library (Friends).

The City approved Change Order No. 4 in the amount of \$17,674 on September 30, 2019. This change order covered additional costs for earthwork related to storm drain systems and handling of unacceptable fill material discovered under the old library. The City has made 12 contract payments to date totaling \$3,962,661.36, and has paid \$208,561.12 into an escrow account until the project is substantially complete.

Original Contract Award:	\$	12,325,000
Net Contract Change Order to Date (thru C.O. 4)	\$	(672,253)
Current Contract Value	\$	11,652,747

Percentage Complete to Date: 35.8%

All change orders issued have followed the adopted Field Order and Change Order Policy adopted for this project and no Council action is required at this time.

Library Update December 2019
December 19, 2019

FISCAL UPDATE: On Tuesday December 10, 2019, the Santa Cruz County Board of Supervisors approved an item allocating \$3,103,222 of funding in the County Library Fund to Capitola, Scotts Valley and the County. The Board of Supervisors used the same formula that was previously used to allocate the funding. The result of this action is a \$212,377 increase in the Library Fund money for Capitola.

In addition to this change in the project revenue budget, several other changes to the original budget have occurred since construction has begun. The following table summarizes all the changes in the revenue to the library project to date. Additional investment earnings are anticipated between now and the close of the project.

Funding Source	Original Budget	Changes	Revised Budget to date
Measure S	\$ 10,000,000		\$ 10,000,000
Successor Agency	\$ 2,665,000	\$ 76,568	\$ 2,741,568
City General Fund	\$ 1,552,000	\$ 492	\$ 1,552,492
Friends (donations)	\$ 600,000		\$ 600,000
County Library Funds	\$ 297,000	\$ 213,337	\$ 510,337
Unfunded Construction	\$ 36,000		
Investment earnings		\$ 130,000	\$ 130,000
Total	\$ 15,150,000	\$ 420,397	\$ 15,534,397
Project Total Budget	\$ 15,150,000		\$ 15,150,000
Current Surplus Funding			\$ 384,397

Although the current funding shows a surplus, staff is not recommending any adjustments to the actual budget until we can firmly establish City costs for the undergrounding work, all revenue sources are final, and the project draws nearer to completion.

ATTACHMENTS:

1. Library Furniture examples

Report Prepared By: Steve Jesberg
Public Works Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/13/2019



CAPITOLA FURNITURE NOVEMBER 13, 2019



**NOLL
& TAM**
ARCHITECTS

Attachment: Library Furniture examples (Library Update December 2019)



Attachment: Library Furniture examples (Library Update December 2019)



Attachment: Library Furniture examples (Library Update December 2019)



Attachment: Library Furniture examples (Library Update December 2019)



Attachment: Library Furniture examples (Library Update December 2019)



Attachment: Library Furniture examples (Library Update December 2019)

NEW

10.C.1



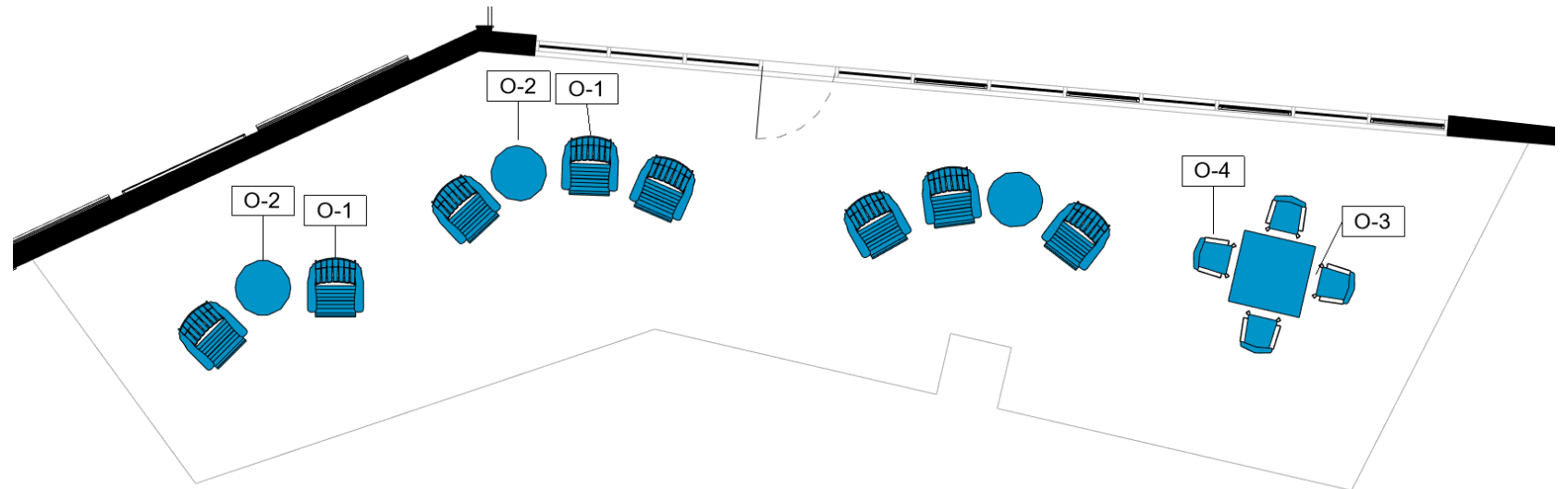
LOLL - ADULT & CHILDREN'S LOUNGER



LOLL - CAFÉ TABLE AND CHAIRS



LOLL - SIDE TABLE



Attachment: Library Furniture examples (Library Update December 2019)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: Finance Department

SUBJECT: Receive Audit Report for Fiscal Year 2018-19

RECOMMENDED ACTION: Receive report.

BACKGROUND: The City of Capitola is required by state statute to publish a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards. The audit must be conducted by a firm of licensed certified public accountants.

The City's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019, has again received an "unmodified" opinion, which indicates the auditor believes the financial statements are presented fairly in all material respects. The City's annual audit and CAFR meets all state and federal requirements and will be available to the public at City Hall as well as on the City's website.

DISCUSSION: The financial report presents the financial condition, results of operations, and current economic condition for the Fiscal Year ended June 30, 2019, for the City and its component units. Financial information for the Successor Agency is presented as a separate Private Purpose Trust Fund within the CAFR.

The independent audit firm of Eide Bailly, formerly Vavrinek, Trine, Day & Co., LLP, has issued the following opinion on the City's financial records, found on page 2 of the CAFR: "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Capitola, California, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America."

The Fiscal Year (FY) 2018-19 CAFR will be submitted to the Government Finance Officers' Association for the Excellence in Financial Reporting Award. The City's CAFR has received this prestigious award for the last seven fiscal years. Previously, the City had received the California Society of Municipal Finance Officers Award for the Outstanding Financial Reporting.

In addition to the CAFR, the auditor also issues a Management Letter and the Letter of Required Disclosures to the Governing Body and Statement of Auditing Standards (SAS) 114. The Management Letter discusses the City's internal control over the financial reporting and makes recommendations, if necessary, of controls that need to be strengthened. The SAS 114

Audit report
December 19, 2019

Letter is a document that discusses, among other matters, any significant audit findings. Neither document identified any areas of concern.

FISCAL IMPACT: The following are key financial highlights of the FY 2018-19 CAFR:

- **Net Position**

○ Current and other assets	\$ 26,648,552
○ Capital assets	<u>20,827,364</u>
○ Total Assets	\$ 47,475,916
○ Total Deferred Outflows of Resources	<u>\$ 5,385,146</u>
○ Other Liabilities	\$ 1,854,520
○ Long term liabilities	
▪ Due in one year	252,686
▪ Due in more than one year	<u>25,744,751</u>
○ Total Liabilities	<u>\$ 27,851,957</u>
○ Total Deferred Inflows of Resources	<u>\$ 2,112,626</u>
○ Net Position:	
○ Net investment in capital assets	\$ 18,563,270
○ Restricted	14,896,470
○ Unrestricted	<u>(10,563,261)</u>
○ Total Net Position	<u>\$ 22,896,479</u>

- **Revenues**

○ General Revenues:	
○ Taxes:	
▪ Sales and use taxes	\$ 8,076,583
▪ Property taxes	2,629,964
▪ Transient occupancy taxes	1,581,864
▪ Franchise taxes	545,424
▪ Business license taxes	307,930
○ Motor vehicle in-lieu	224,139
○ Investment income	450,099
○ Miscellaneous revenue	119,011
○ Program Revenues:	
▪ Charges for services	2,896,409
▪ Operating grants and contributions	649,513
▪ Capital contributions and grants	<u>5,678,088</u>
○ Total Revenues	<u>\$ 23,159,024</u>

- **Expenses**

○ General Government	\$ 3,595,348
○ Public Safety	7,037,088
○ Community Development	955,803
○ Culture and Recreation	1,192,148
○ Public Works	3,384,254
○ Interest and other charges	<u>76,329</u>
○ Total Expenses	<u>\$ 16,240,969</u>

Audit report
December 19, 2019

○ Change in Net Position	6,918,055
○ Beginning Net Position	<u>15,978,424</u>
○ Ending Net Position	<u>\$ 22,896,479</u>
• General Fund	
○ Fund balance:	
○ Non-spendable:	
▪ Prepaid items	\$ 20,684
○ Assigned:	
▪ Emergency Reserve	1,344,206
▪ Contingency Reserve	2,036,346
▪ PERS Retirement Trust	867,088
○ Unassigned	<u>3,590,303</u>
○ Total Fund Balance	<u>\$ 7,858,627</u>
• Capital Assets:	
○ Land	\$ 4,883,789
○ Building & Improvements	2,392,272
○ Equipment	4,014,001
○ Infrastructure	30,391,991
○ Construction in Progress	<u>5,444,019</u>
○ Total Capital Assets	<u>\$ 47,126,072</u>
○ Less Depreciation	<u>26,298,708</u>
○ Capital Assets Net of Depreciation	<u>\$ 20,827,364</u>
• Long-Term Debt / Liability	
○ Pacific Cove Capital Lease	1,179,517
○ Beach & Village Parking Lease	1,084,577
○ Notes Payable	3,558
○ Compensated Absences	781,457
○ Net OPEB Obligation	584,737
○ Net Pension Liability	<u>22,363,591</u>
○ Total Long-Term Debt	<u>\$ 25,997,437</u>

The next opportunity to review the City's financial picture, including updated revenue and expenditure forecasts, will be at the Mid-Year Budget Review in February.

ATTACHMENTS:

1. City of Capitola 2019
2. Governance Communication Letter
3. Internal Control Compliance Report

Report Prepared By: Jim Malberg

Audit report
December 19, 2019

Finance Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/13/2019

Comprehensive Annual Financial Report



Attachment: City of Capitola 2019 (Audit report)

City of Capitola, California
Fiscal Year Ended June 30, 2019

CITY OF CAPITOLA, CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Attachment: City of Capitola 2019 (Audit report)

Prepared by the Capitola Finance Department

City of Capitola
Comprehensive Annual Financial Report
Year Ended June 30, 2019

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**City of Capitola
Comprehensive Annual Financial Report
Year Ended June 30, 2019**

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**City of Capitola
Comprehensive Annual Financial Report
Year Ended June 30, 2019**

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December 12, 2019

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

SUBJECT: Comprehensive Annual Financial Report - June 30, 2019

The Comprehensive Annual Financial Report (CAFR) for the City of Capitola for the fiscal year ended June 30, 2019, is hereby submitted.

REPORT PURPOSE AND ORGANIZATION

State law requires the accounts and fiscal affairs of all municipal entities be audited annually by an independent certified public accountant. The City's independent auditor Eide Bailly LLP has audited the City's financial statements and issued an unmodified opinion that the financial statements for fiscal year ended June 30, 2019, are fairly presented in conformity with generally accepted accounting principles (GAAP). This opinion, along with the basic financial statements of the City, are hereby submitted as the Comprehensive Annual Financial Report (CAFR) for the City of Capitola for the fiscal year ended June 30, 2019 and included in the financial section of this report in fulfillment of the above requirement.

The independent audit of the financial statements is also typically conducted in conjunction with the federally mandated Single Audit. The standards governing the Single Audit require the independent auditor to report on items beyond fair presentation of the financial statements, including internal controls and compliance with legal requirements involving the administration of federal awards. A Single Audit Report on Federal Award Programs was not required or prepared in fiscal year 2019 because the City had less than \$750,000 in federal grant expenditures. The City's last required Single Audit Report is available for the year ended June 30, 2012.

This report consists of City management's representations concerning the finances of the City of Capitola. Consequently, management assumes full responsibility for completeness, accuracy of data, and fairness of presentation, including all footnotes and disclosures. Management believes the data presented are accurate in all material respects and that they are presented in a manner designed to fairly set forth the financial position and results of operations of the City. To provide a reasonable basis for making these representations, City management has established a comprehensive framework of internal controls designed both to protect the City's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements. The audit provides users with reasonable assurance that the information presented is free from material misstatements. As management, we assert that to the best of our knowledge, this financial report is complete and reliable in all material respects.

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

CITY OF CAPITOLA PROFILE



The City of Capitola is a small coastal community located in Santa Cruz County that occupies approximately two square miles and serves a population of about 10,250. Located on the northern edge of Monterey Bay, approximately 35 miles north of Monterey and 75 miles south of San Francisco, Capitola enjoys a rich history and offers residents diverse recreational opportunities. Capitola Village is located along a sandy beach with expansive views of Monterey Bay and is home to numerous craft galleries, boutiques, and restaurants. The City is host to numerous events, including the Capitola Beach Festival, Capitola Art and Wine Festival, and the annual Wharf to Wharf race.

Named the Most Walkable Beach Town in the United States by Elle Décor Magazine, voted one of the best beach locations on the California Coast by Sunset Magazine, and recently named one of the “9 Most Unspoiled Vacation Spots” by the Fishing Booker website, Capitola offers fishing and boating, along with beachfront restaurants, shops and entertainment. Other visitor attractions include the Capitola Historical Museum, Capitola Wharf, and the Capitola Mall.

Although Capitola is considered a central coast beach destination, it is also one of two major retail centers in Santa Cruz County. The Capitola Mall, combined with Brown Ranch and 41st Avenue businesses, is the retail hub of the central county. With major retailers such as Target, Macy’s, Kohl’s, CVS, Ross, and Bed Bath and Beyond, Capitola is a “net regional retail provider” with retail sales several times higher than the retail demand of Capitola city residents. The City also has two major car dealerships.

Capitola is also fortunate to have outstanding educational opportunities. In addition to having New Brighton Middle School within its City limits, both Cabrillo Community College and the University of California, Santa Cruz, are within eight miles of the City. According to the U.S. Census Bureau’s 2010 data, 94% of Capitola residents are high school graduates and 39% possess a Bachelors’ Degree or higher-level degree.

Form of Government

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

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

Attachment: City of Capitola 2019 (Audit report)

City Services

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

The CAFR includes all financial activities of the City and the Successor Agency to the former Redevelopment Agency of the City of Capitola; two separate legal entities. City Council members also serve as the governing board members of the Successor Agency and the City Manager serves as its Executive Director. Financial activities of the Successor Agency are also subject to approval by an independent Oversight Board.

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

Budgetary Policy and Control

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

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

The Successor Agency’s two-year budget is incorporated into the City’s budget process; however, all obligations are subject to annual approval by the County Oversight Board and the California State Department of Finance.

Factors Affecting Financial Condition



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

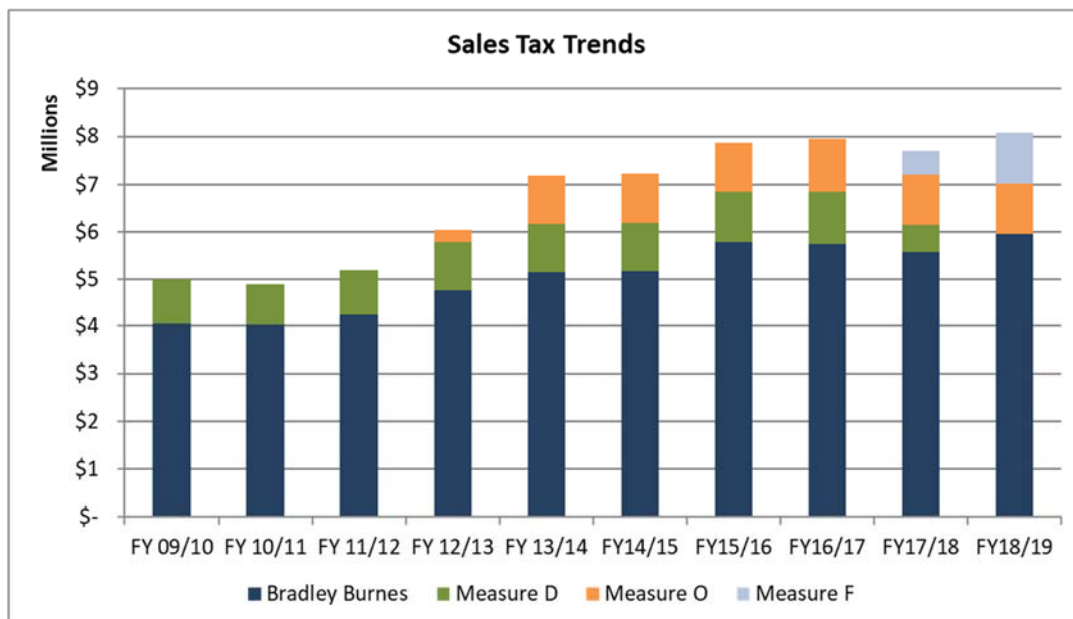
Local Economy

The City of Capitola has seen the local economy level off after several years of growth. The budget for transient occupancy taxes (TOT) was increased at mid-year by \$95,500 to reflect the voter approved increase of the TOT rate from 10% to 12%. However, the year-end amounts were below the amended budget by \$42,550 partially due to delinquent TOT payments of approximately \$6,500 that were not paid until November 2019. Property tax revenue was \$101,796 over the budget while sales tax revenue was \$237,509 over budget resulting in core revenues consisting of sales tax, property tax, and TOT above the budgeted amount by \$296,755. The General Funds primary operations resulted in a net increase in fund balance of \$1,103,513 primarily due to revenues exceeding the budget by \$445,043 (2.8%) and expenditures below the budget by \$396,324 (2.5%). Cautious optimism was reflected in developing the City’s two-year budget plan, with an emphasis on solidifying the City’s fiscal position, planning for the long-term and implementing capital improvements.

The three major sources of General Fund revenue include Sales Tax, Property Tax, and Transient Occupancy Tax (TOT). These three revenues account for approximately 75% of all General Fund Revenues.

Sales tax is the City’s largest source of revenue, accounting for just under 50% of the General Fund Revenues. The City sales tax consists of 1% Bradley Burns, 0.25% Capitola District Tax (Measure O), and a 0.25% Capitola District Tax (Measure F) that is effective from January 1, 2018 through December 31, 2027. In FY 2018/19, the combined sales tax receipts of \$8.08 million were 3.03% greater than budgetary estimates and \$388,624 greater than the prior year, however, most of the increase was due to the processing of unprocessed sales tax returns from the prior year.

Sales tax receipts are volatile and reflect the current local, state, and national economic condition. Sales Tax collections for the City of Capitola increased year over year after declining in the prior fiscal year for the first time since FY 2010/11. In FY 2009/10, the economy began to slowly show signs of recovery however sales tax revenues have been relatively flat the last four years. The following chart shows these increases as well as demonstrates the proportional share of District and Bradley Burns Sales taxes.

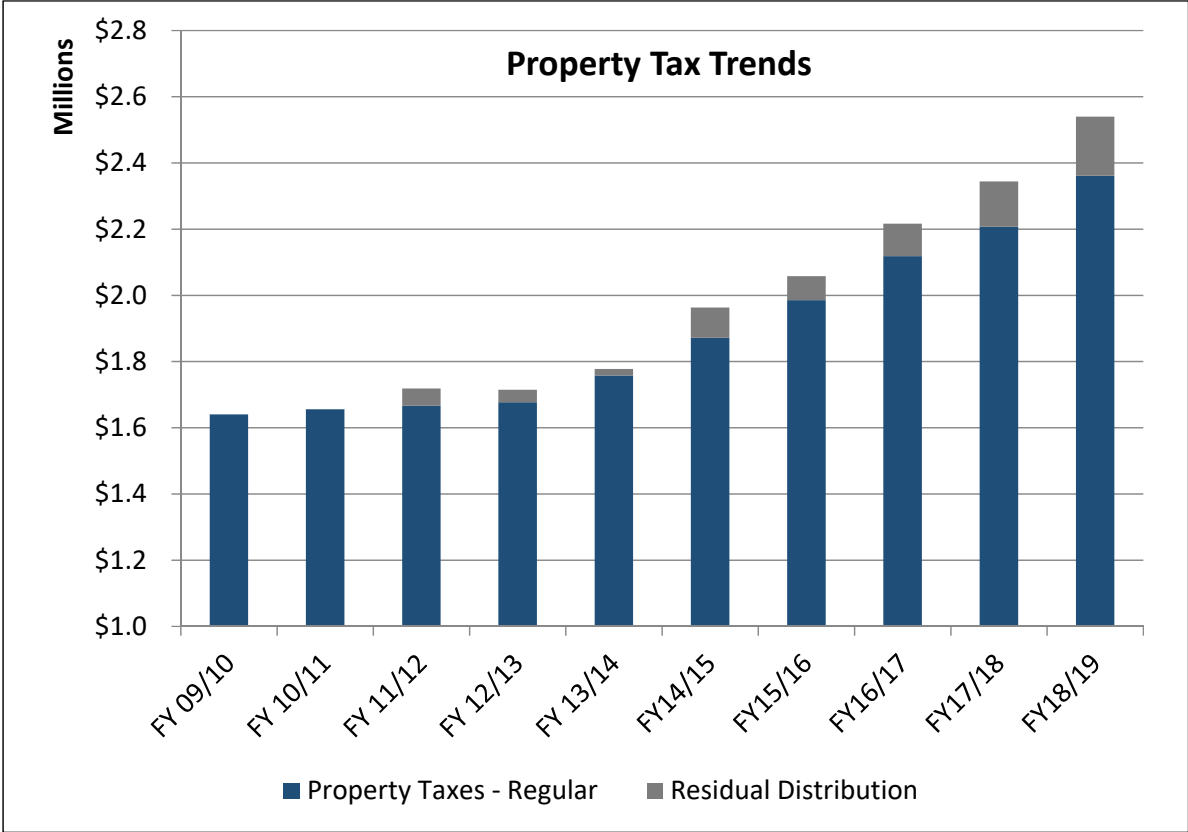


* Approximately \$300,000 of sales tax received in FY 2018/19 was from the prior year.

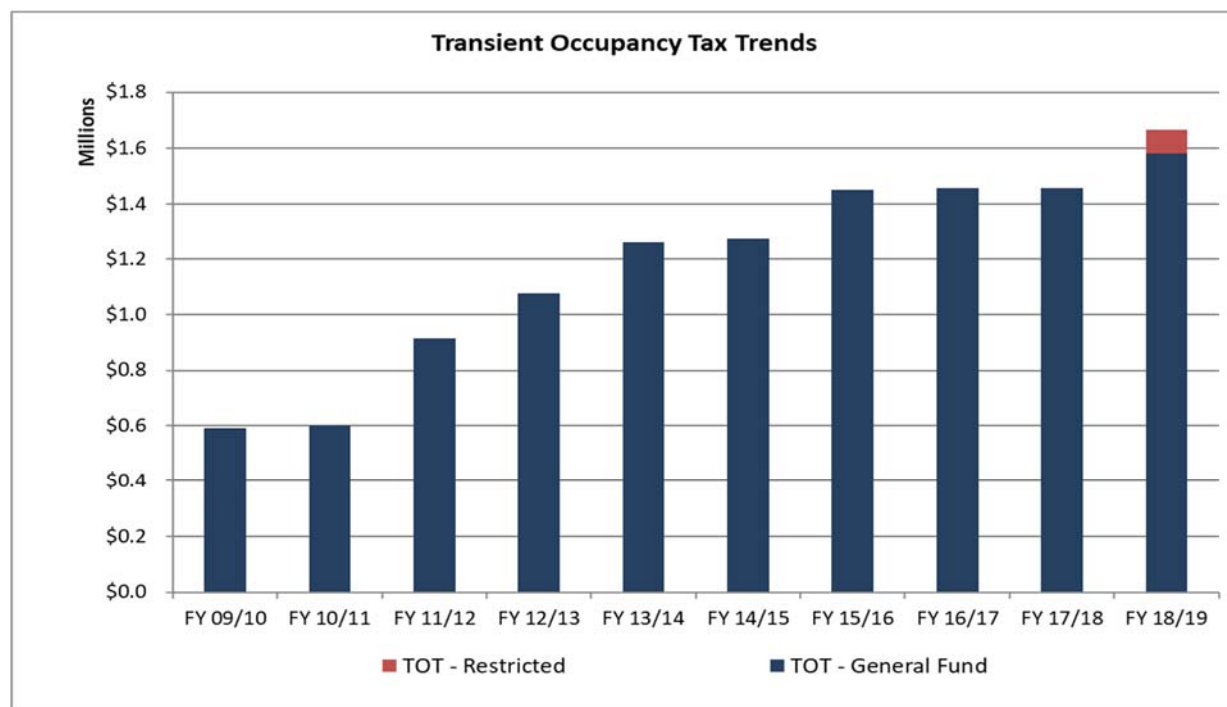
Capitola’s second major source of revenue is property tax. In FY 2018/19 the General Fund received \$2.36 million in property tax receipts, prior to inclusion of Documentary Transfer Tax and Residual RDA distributions. This base amount was approximately \$119,622 more than the prior year and was \$24,217 above the final budgeted amount. Over the last five fiscal years the City has averaged approximately 6% growth in annual property tax collections and that trend continued in FY 2018/19 with an increase of approximately 7% over the prior year.

Due to the dissolution of the Capitola Redevelopment Agency (RDA), the RDA’s tax increment revenues are distributed to the Successor Agency Redevelopment Property Tax Trust Fund (RPTTF) in amounts that are only sufficient to fund obligations approved by the independent Oversight Board. Before the RDA dissolution, the City and RDA received over \$2 million a year. Staff anticipates the City will receive residual distributions of RPTTF revenues in FY 2019/20 due to a reduction in required Successor Agency obligations.

The City’s property tax revenues do not respond to economic conditions as quickly as sales tax revenues. This delayed response, along with less volatility, assists the City in adjusting to economic downturns by lessening the immediacy of revenue loss. The following chart includes Property Tax Revenue, as well as Property Tax In-Lieu of Vehicle License Fees. Based on the historical data, property tax revenues have remained relatively consistent until recently, due to appreciating property values. Staff anticipates this trend, while showing signs of slowing, will continue into the next fiscal year.



Transient occupancy tax (TOT) represents approximately 10% of General Fund revenues. In FY 2011/12, TOT revenues increased by \$310,000 over the prior year due to increased economic performance and the addition of a new 84-room major hotel. Tourism and economic growth have remained stable; however, TOT revenue had remained flat for the three prior fiscal years due to limitations on hotel and vacation rental room inventory. In November 2018 Capitola voters approved an increase in the TOT rate from 10% to 12% with 0.40% dedicated to local business groups and 0.35% dedicated to Early Childhood and Youth programs. The new TOT rate became effective on January 1, 2019 and resulted in an increase in revenues of approximately \$125,000 over the prior fiscal year.



Long-term Financial Planning

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

Planning for Sales Tax Revenues

The City of Capitola sales tax revenue consists of 1% Bradley Burns Sales tax and two 0.25% District taxes. The first District sales tax, Measure O, is a permanent 0.25% sales tax that was approved by voters in November 2012 and went into effect April 1, 2013. Measure O was implemented with the goal of replenishing reserves, funding CIP projects, and providing support for public safety initiatives. The City developed a five-year plan to ensure that Measure O funds were applied to their stated priorities. Each of the district taxes collect approximately \$1.1 million in General Fund revenues annually.

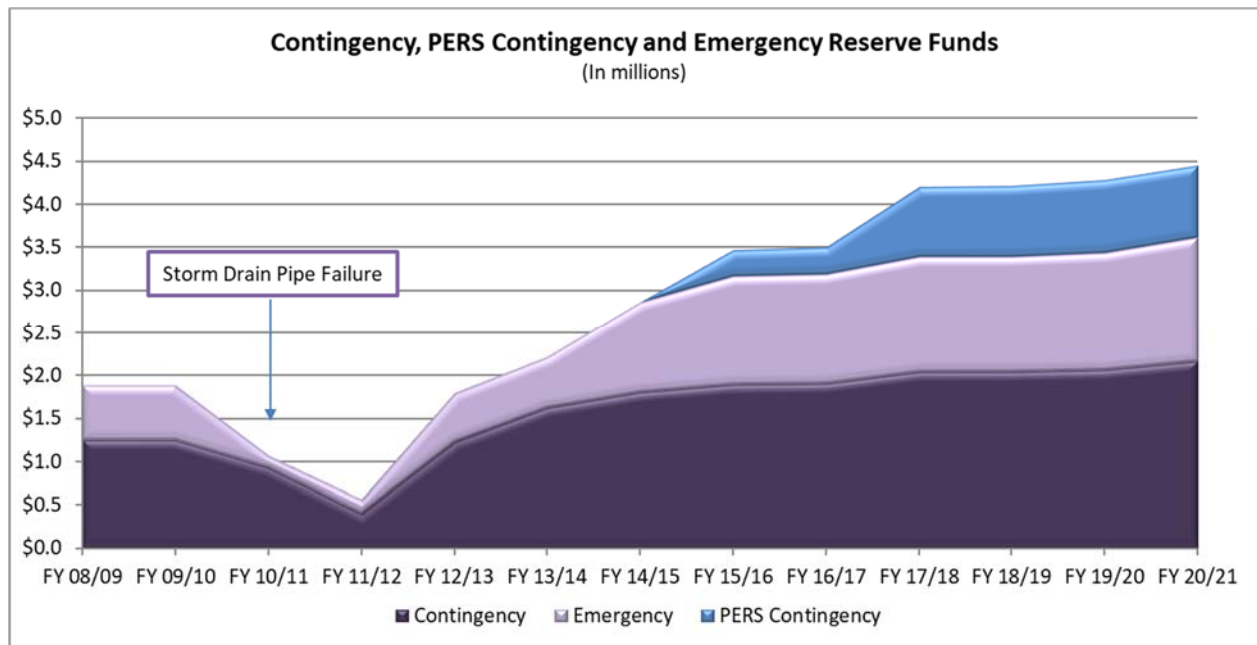
The second District tax, Measure F, was passed by voters in 2016 to extend Measure D, a temporary quarter of one percent sales tax, for an additional ten years. The City is committed to using this funding source to protect the wharf and beach from storms and rising sea levels, maintain police services, and improve sidewalks, parks, and bike safety. The adopted FY 2019/20 budget continues implementing these commitments as Measure F went into effect on January 1, 2018.

Replenishing and Increasing Reserves

The City has been proactive in rebuilding a stable reserve level. A portion of Measure O revenues were set aside to replenish the Contingency and Emergency Reserve Funds. The City’s reserves were depleted in March of 2011 when an underground storm drain failed, which resulted in damage to the Pacific Cove Mobile Home Park, City Hall, and portions of Capitola Village. As a result, the City paid \$1.4 million in flood related costs over a two-year period and assumed a \$2.39 million debt to relocate residents of the City-owned Pacific Cove mobile home park. This incident reduced the City’s reserves from \$1.87 million in FY 2009/10 to \$561,000 in FY 2011/12. This incident, along with the economic downturn, emphasized the need to review reserve policy levels to ensure the City was maintaining a sufficient balance to effectively manage unforeseen events.

In FY 2012/13 the City increased the Emergency Reserve funding level from 5% to 10% of operating expenditures and the Contingency Reserve funding level from 10% to 15% to ensure sufficient reserves are available to offset the effects of the next economic downturn and unforeseen emergencies.

In FY 2015/16 the City implemented a PERS Contingency Reserve Fund to ensure future funding availability for potential CalPERS contribution increases. The initial funding came from a \$300,000 transfer from the General Fund. The City invested the funds with Public Agency Retirement Services (PARS) in a moderately conservative trust fund that allows for a higher rate of return. During FY 2017/18, the City put an additional \$500,000 in the PERS trust fund.



Maintain the Facilities Reserve Fund

The City created a Facilities Reserve Fund in FY 2014/15. The purpose of the Facilities Reserve Fund is to create a mechanism to fund future facility maintenance projects. Examples of projects that could be financed through the fund include: replacing roofs, painting exteriors, replacing mechanical/electrical equipment, and maintenance of adjoining parking spaces. The Facilities Reserve Fund ended FY 2018/19 with a cash balance of \$449,000. The FY 2019/20 budget includes an additional \$108,000 transfer into the Facilities Reserve Fund to offset anticipated expenditures of \$50,000.

Funding Other Post-Employment Benefits Obligation (OPEB)

The City created an OPEB trust fund in FY 2013/14. Before prefunding the OPEB Liability, the City historically contributed the Minimum Employer Contribution required under the Public Employees' Medical and Hospital Care Act (PEMHCA). The transition from "pay as you go" financing to full funding, reduced the City's long-term liability from \$1,011,800 to \$657,500. The Unfunded Actuarial Accrued Liability at June 30, 2019 was \$584,737. In the FY 2019/20 Adopted and FY 2020/21 Planned Budgets the City has planned to fully fund the annual actuarially determined contribution amount.

Controlling Personnel Costs

Being a service-oriented organization, personnel costs make up the largest General Fund expenditure. The personnel budget comprises approximately 71% of the General Fund.

In FY 2013/14 all bargaining units agreed to multi-year contracts through June 30, 2018, with a cost sharing of CalPERS contributions, cost of living adjustments (COLA) based on the Consumer Price Index, and Flex Health Care spending increases. All bargaining units, with the exception of the Police Officers Association, agreed to new two-year contracts with similar cost sharing of CalPERS contributions, COLA's, and Flex Health Care spending increases in June 2018. The Police Officers Association agreed to a new three-year contract with similar cost sharing elements in October 2018.

Recent changes in CalPERS' risk pools have had a significant negative impact on the City. These changes will result in annual increases in CalPERS costs of 18% in FY 2020/21, 13.5% in FY 2021/22, and average increases of 5.5% over the following four years. Understanding that existing employees were already contributing more than the CalPERS-designated "employee share," the City's current labor contracts set future employee CalPERS contribution rates at a fixed percentage of compensation to reduce the impact on employees.

The number of positions city-wide increased 1.25 FTE in FY 2019/20, due to bringing the Information Technology Specialist position back in-house, a new after-school program offered by Recreation and reducing Public Works staff by one position. The total city-wide FTE's in FY 2018/19 is 67.75.

Major Initiatives

Capitola Mall Redevelopment

The City has continued to seek redevelopment opportunities to update and upgrade the City's major retail corridor and mall area. Upgrades to the Capitola Mall are now anticipated with the April 2016 purchase of the Mall by Merlone Geier Partners, a private real estate investment company focused on the acquisition, development, and redevelopment of retail and retail-driven mixed-use properties on the West Coast. The City received a development application from Merlone Geier Aug. 27, 2019.

Funding Measure F Commitments

In November 2016 voters of Capitola approved extending an existing quarter of one percent sales tax for an additional ten years. The city has committed this sales tax revenue to protecting the beach and wharf from rising sea levels and storms, supporting bike and pedestrian safety projects, and maintaining police staffing levels.

The FY 2019/20 adopted budget includes the allocation of Measure F funding to continue work on the preliminary design of the Wharf, flume reconstruction and jetty reconstruction. Work began on these projects in FY 2017/18 along with the use of Measure F funds to replace the 20-year-old front end loader for beach maintenance. Additionally, the City was awarded a \$2 million grant from the State for the Wharf project.

New Capitola Branch Library

In 1999 the City of Capitola built a temporary 4,320 square foot library at the corner of Clares Street and Wharf Road. The City's former RDA entered a contract with the County to construct a permanent library and contributed \$2.67 million to a County-held trust fund that would be used to help build the Capitola library. Measure S, which was approved by voters on June 7, 2016, will provide an additional \$10 million which is \$2 million more than originally anticipated. The current project budget is \$15.15 million and is fully funded by the above-mentioned former RDA and Measure S funds as well as General Fund transfers and fundraising by the Friends of the Capitola Library. The City broke ground on the new Library on November 9, 2018 and anticipates completion at the end of FY 2019/20 or early FY 2020/21.

Relevant Financial Policies

Financial Management Policies

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

A key component of this policy focuses on reserve requirements. Each fiscal year, the final adopted General Fund budget is required to have a Contingency Reserve appropriation equal to 15% of the General Fund operating expenditures and an Emergency Reserve appropriation equal to 10% of the General Fund operating expenditures. The purpose of the Contingency Reserve is to provide a prudent level of financial resources to protect against temporary revenue shortfalls, unanticipated operating costs, and/or to meet short-term cash flow requirements. The purpose of the Emergency Reserve Fund is to protect against one-time significant costs that may arise from major unpredictable emergency events.

Investment Policy

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

AWARD FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Capitola's CAFR for the fiscal years ended June 30, 2012 through June 30, 2018. This Certificate of Achievement is a prominent national award recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A GFOA Certificate of Achievement is valid for a period of only one year. The City of Capitola believes this current CAFR conforms to the Certificate of Achievement program requirements and will be submitting it to GFOA for review.

Prior to receiving the GFOA Award, the City received the Certificate for Outstanding Financial Reporting for its Comprehensive Annual Financial Report (CAFR) by the California Society of Municipal Finance Officers (CSMFO). This award was received consistently since FY 1999/00. Once a GFOA Award is received, CSMFO prohibits cities from applying and receiving both awards.

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,



Jamie Goldstein
City Manager

CITY OF CAPITOLA
LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2019

ELECTED OFFICIALS

Mayor – Jacques Bertrand
Vice Mayor – Kristen Petersen
Council Member – Ed Bottorff
Council Member – Yvette Brooks
Council Member – Sam Storey

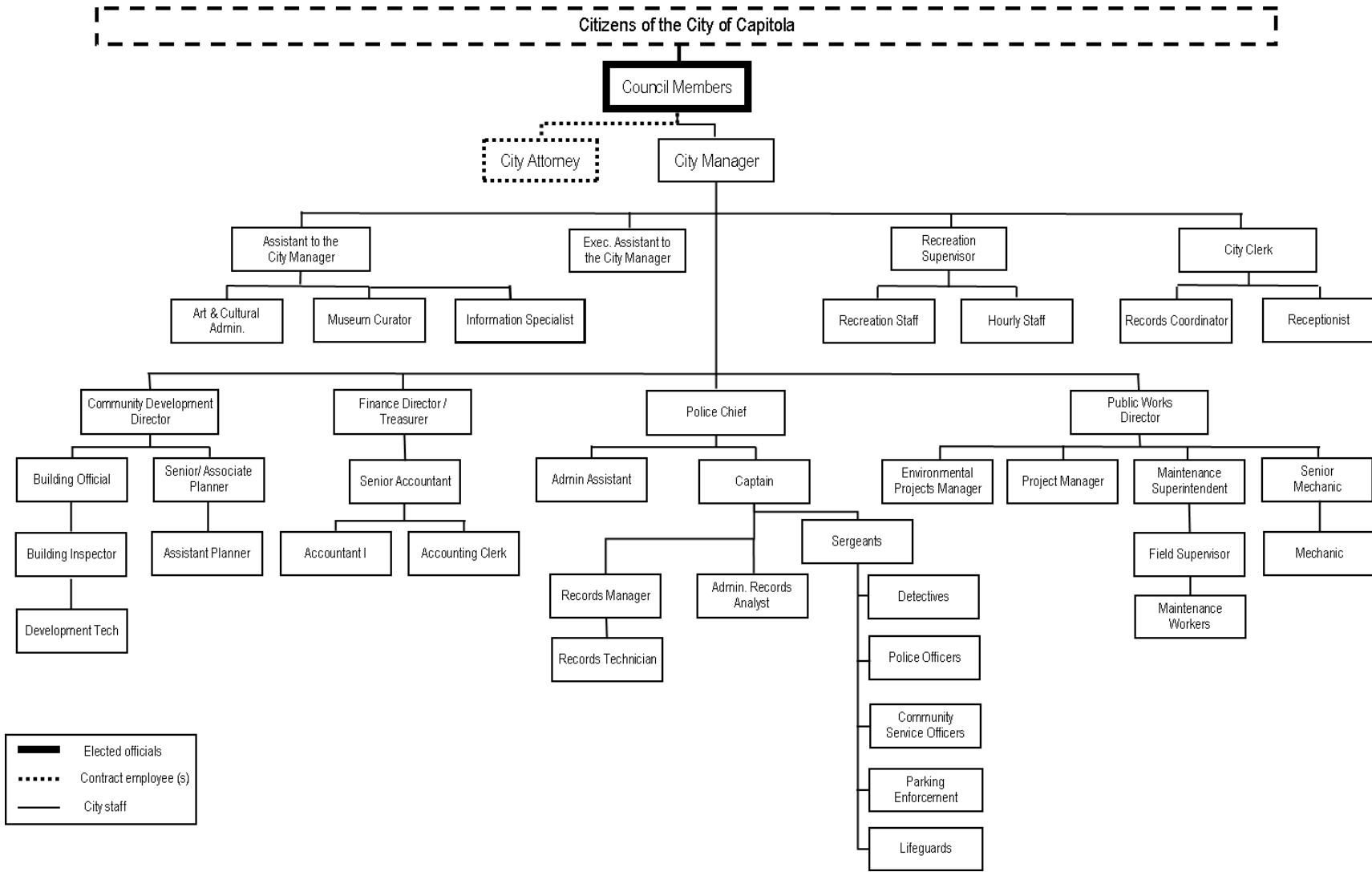
APPOINTED OFFICIALS

City Manager – Jamie Goldstein
City Attorney – Burke, Williams & Sorensen, LLP

DEPARTMENT HEADS/ADMINISTRATORS

Assistant to the City Manager – Larry Laurent
Chief of Police – Terry McManus
City Clerk – Linda Fridy
Community Development Director – Katie Herlihy
Finance Director – Jim Malberg
Public Works Director – Steve Jesberg

CITY OF CAPITOLA ORGANIZATIONAL CHART



Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA**GFOA Awards**

Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Capitola
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

A handwritten signature in cursive script that reads "Christopher P. Morill".

Executive Director/CEO

Attachment: City of Capitola 2019 (Audit report)

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable City Council
City of Capitola, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Capitola, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, Schedule of City's Proportionate Share of the Plan's Net Pension Liability, Schedule of Pension Contributions, Schedules of Budgetary Comparison Schedules for the General Fund and each Major Special Revenue Fund, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Palo Alto, California
December 12, 2019

Management's Discussion and Analysis

As management of the City of Capitola, California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal and the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22.90 million (net position).
- Total net position increased by \$6.92 million from the prior year.
- The City's net capital assets increased by \$2.61 million from the prior year.
- The City's long-term liabilities decreased by \$0.22 million from the prior year. See Notes 6 and 10 for details.

Fund Highlights

- The City's governmental funds reported combined fund balances of \$24.83 million, an increase of \$4.74 million from the prior year. Of the \$24.83 million fund balance, \$0.02 million is reported as non-spendable, \$3.45 million is assigned and \$5.59 million is unassigned, or available for spending at the City's discretion. An additional \$15.76 million is restricted for specific purposes by their providers through constitutional provisions or by enabling legislation in accordance with generally accepted accounting principles, which is further described in Note 1.
- The \$4.74 million increase in the combined governmental fund balances was primarily the result of increases in funding related to the Library and other Capital Improvement Projects.
- The Unassigned fund balance for the General Fund was \$5.63 million, or 40% of General Fund operating expenditures, an increase of 5% compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

The Government-Wide Financial Statements include the City of Capitola (known as the primary government).

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

Fund Financial Statements

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

Governmental Funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City currently has two major governmental funds: General Fund and the Capital Projects Fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the other governmental funds are combined into a single, aggregated presentation. The City maintains six internal service funds that provide goods and services solely for governmental activities. The activities are eliminated at the end of the fiscal year and any residual fund balances are combined with the General Fund.

The City adopts an annual appropriated budget for all funds. A budgetary comparison statement is provided for each of the City’s governmental funds to demonstrate compliance with this budget. This comparison for the General Fund and the Capital Projects Fund is presented in the Required Supplementary Information section of this document. The budgetary comparison statements for Non-Major Governmental Funds and Fiduciary Funds are presented in the Supplementary Information Section of this report. All budget amendments require City Council approval for amounts over \$25,000.

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

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

Notes to the Financial Statements

The Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27-64 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the City of Capitola’s net other postemployment benefits liability and contributions for the Healthcare Plan, the schedule of the City’s proportionate share of the plans’ net pension liability and related ratios, the schedule of plan contributions, and budget to actual comparisons, as noted in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of the City's financial position. For the fiscal year ended June 30, 2019, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$22.90 million.

	Governmental Activities	
	2019	2018
Current and other assets	\$ 26,648,552	\$ 21,626,778
Capital assets	20,827,364	18,213,187
Total Assets	\$ 47,475,916	\$ 39,839,965
Total Deferred Outflows of Resources	5,385,146	6,287,905
Other liabilities	1,854,520	1,569,269
Long term liabilities		
Due in one year	252,686	252,553
Due in more than one year	25,744,751	25,967,063
Total Liabilities	27,851,957	27,788,885
Total Deferred Inflows of Resources	2,112,626	2,360,561
Net Position:		
Net investment in capital assets	18,563,270	15,772,831
Restricted	14,896,470	11,741,946
Unrestricted	(10,563,261)	(11,536,353)
Total Net Position	\$ 22,896,479	\$ 15,978,424

The largest portion of the City's net position, \$18.56 million, is reflected in its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

Although the City of Capitola's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used. An additional portion of the City's net position, \$14.90 million, represented resources that were subject to external restrictions on how they may be used. The remaining negative \$10.56 million of the City's net position, were "unrestricted," and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted portion of net position is negative mainly due to the City's \$22.36 million net pension liability.

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

Governmental Activities

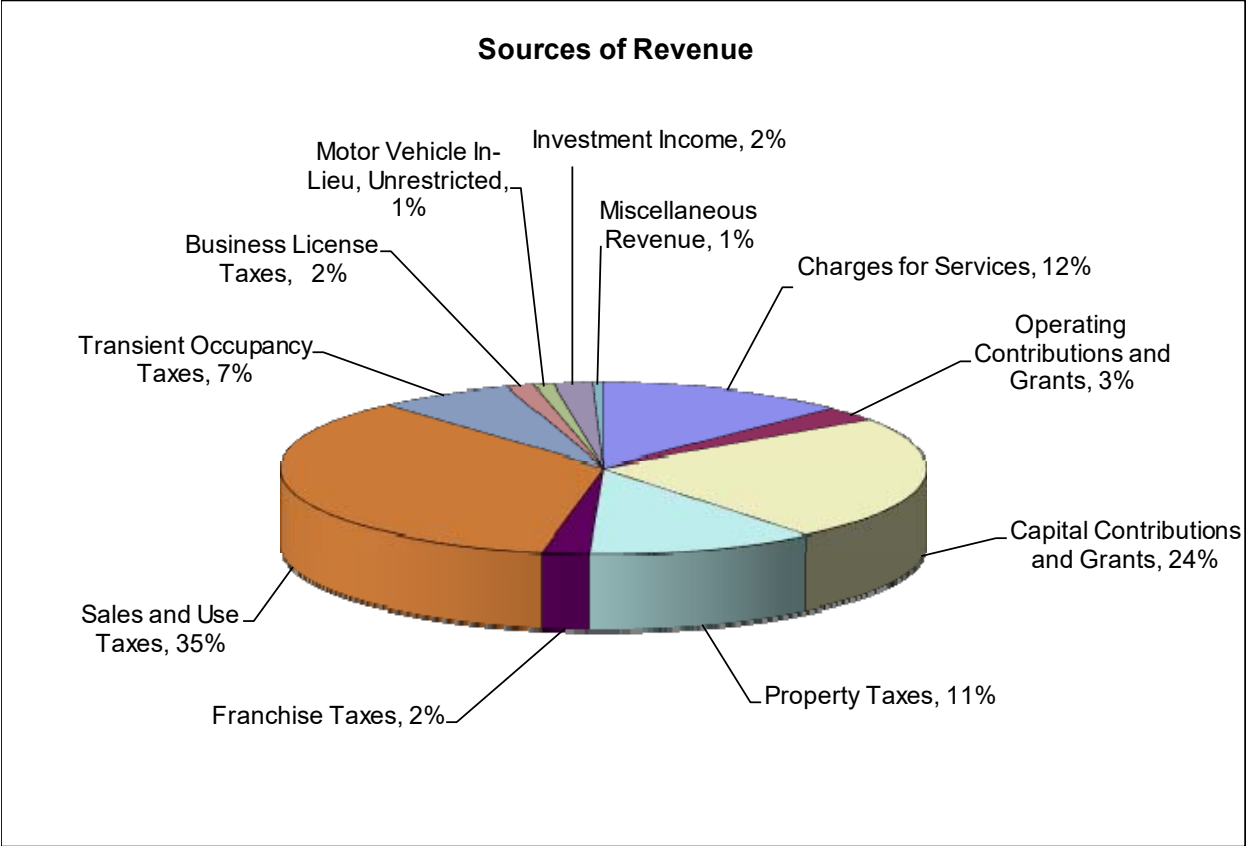
Governmental activities increased the City of Capitola’s net position by \$6.92 million. The increase is due primarily to the inflow of bond funds related to construction of the new Capitola Library. The table below shows the changes between fiscal years 2018 and 2019:

	2019	2018
Revenues		
Program revenues:		
Charges for services	\$ 2,896,409	\$ 3,022,549
Operating grants and contributions	649,513	1,832,247
Capital contributions and grants	5,678,088	412,534
General revenues:		
Taxes:		
Property taxes	2,629,964	2,497,980
Franchise taxes	545,424	555,475
Sales and use taxes	8,076,583	7,687,959
Transient occupancy taxes	1,581,864	1,456,899
Business license taxes	307,930	308,236
Motor vehicle in-lieu, unrestricted	224,139	223,319
Investment income, unrestricted	450,099	237,383
Miscellaneous revenue	119,011	406,456
Total revenues	23,159,024	18,641,037
Expenses		
General government	3,595,348	3,594,141
Public safety	7,037,088	6,822,428
Community development	955,803	1,057,049
Culture and recreation	1,192,148	1,227,673
Transportation	3,384,254	3,382,294
Interest and other charges	76,329	77,003
Total expenses	16,240,969	16,160,588
Change in Net Position	6,918,055	2,480,449
Beginning Net Position, Previously Reported	15,978,424	13,670,663
Restatement - Change in Accounting Principle	-	(172,688)
Beginning Net Position, as Restated	15,978,424	13,497,975
Ending Net Position	\$ 22,896,479	\$ 15,978,424

Attachment: City of Capitola 2019 (Audit report)

Revenues

As shown in the Statement of Activities, revenues for FY 2018/19 totaled \$23.16 million. The following graph includes program and general revenues and shows the percentage of governmental revenues by source:



Revenues increased by \$4.52 million, or 24.2%, from the prior year. This was primarily due to the following factors:

- Operating grants and contributions – Decreased \$1,182,734 from the prior year. The decrease was primarily due to recognizing unavailable revenue rather than showing it as a deferred inflow of resources in the prior year.
- Property taxes – Increased \$131,984 over the prior year. This increase was consistent with property valuation increases provided by the County Auditor Controller.
- Sales and use taxes – Increased \$388,624 over the prior year primarily due to unprocessed sales tax returns from FY 2017/18 getting processed in FY 2018/19 by the California Department of Tax and Fee Administration.
- Capital contributions and grants – Increased \$5,265,554 from the prior year. The increase was primarily due to the inflow of county wide bond funds related to construction of the new Capitola Branch Library.

Attachment: City of Capitola 2019 (Audit report)

Cost of Services

Based on generally accepted accounting principles, program revenues are derived directly from programs or from parties outside the reporting government’s taxpayers or citizenry. These revenues reduce the net cost of the function to be financed from the government’s general revenues. General revenues are all other revenues not categorized as program revenues and include taxes, unrestricted grants, contributions, investment earnings, and miscellaneous revenues. Total program revenues from governmental activities were \$9.22 million.

The table below shows the costs and revenues of each of the City’s programs:

	Total Cost of Services	Program Revenues	Net Cost of Services
General government	\$ 3,595,348	\$ 1,396,368	\$ (2,198,980)
Public safety	7,037,088	840,643	(6,196,445)
Community development	955,803	5,748,648	4,792,845
Culture and recreation	1,192,148	652,589	(539,559)
Transportation	3,384,254	585,762	(2,798,492)
Interest and other charges	76,329	-	(76,329)
Totals	<u>\$ 16,240,969</u>	<u>\$ 9,224,010</u>	<u>\$ (7,016,959)</u>

A description of each program is listed below:

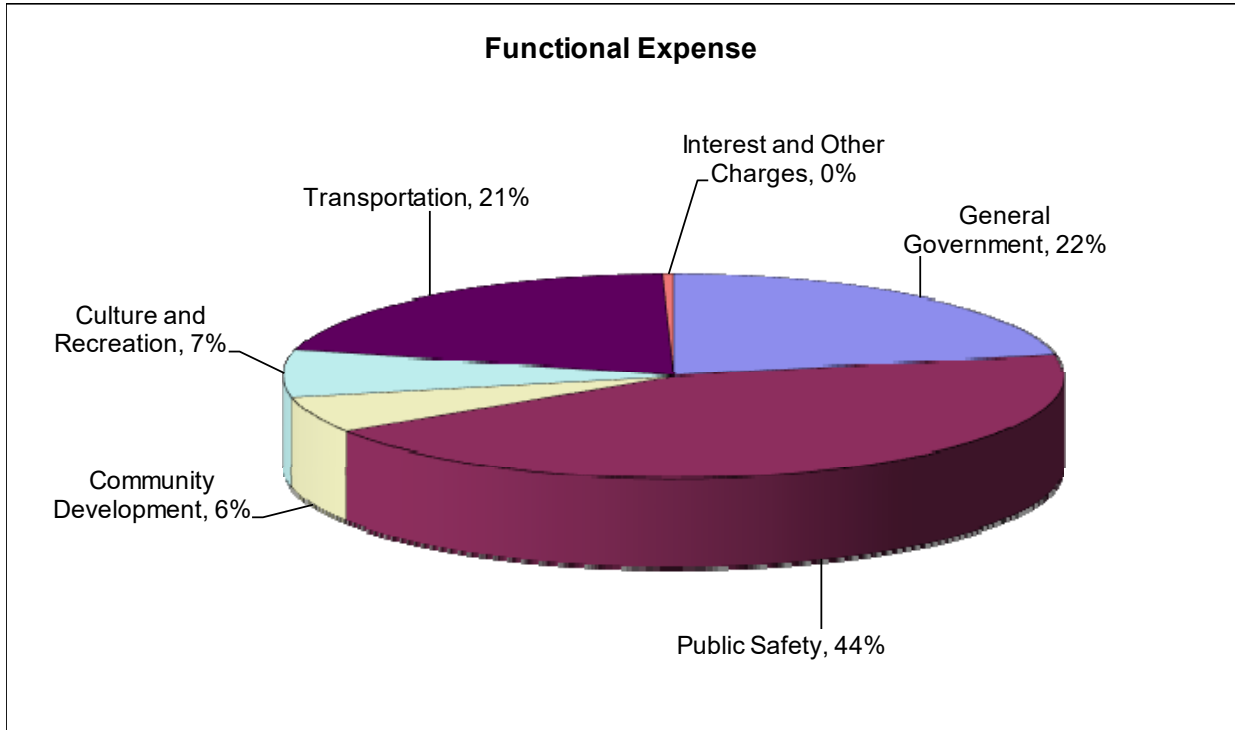
- General Government expenses comprise approximately 22.1% of all government expenses. This includes City Council, City Manager, City Clerk, City Attorney, Finance, Administrative Services, and Risk Management. These programs are offset by parking meter collections, grants, and administrative support fees.
- Public Safety expenses comprise 43.3% of all governmental expenses. Revenues from fines, citations, grants, and animal services partially offset the cost of this program.
- Community Development expenses comprise approximately 5.9% of all governmental expenses. Various building and planning fees, along with grant revenues, assist in funding these program costs.
- Culture and Recreation expenses comprise 7.3% of all governmental expenses. These programs are primarily funded through recreational classes and sports fees.
- Transportation/Public Works expenses comprise 20.8% of all governmental expenses. This includes street, facility, park, and fleet maintenance. Costs are partially offset by motor vehicle fuel taxes and various fees.
- Interest expense comprises 0.5% of all governmental expenses. This interest expense is used to pay long-term debt obligations.

Attachment: City of Capitola 2019 (Audit report)

Expenses

As shown in the Statement of Activities, expenses slightly increased from the prior year by 0.5%. This was primarily due to decreased expenses in general government and public safety related to vacant positions and contract services.

A distribution of expenses by function is provided below:



Financial Analysis of the City's Funds

As noted earlier, the City of Capitola uses fund accounting to comply with finance-related legal requirements.

Governmental Funds

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

Attachment: City of Capitola 2019 (Audit report)

At the end of the current fiscal year, the City of Capitola’s governmental funds reported a combined ending fund balance of \$24.83 million, an increase of \$4.74 million compared with the prior year. Of this fund balance, \$0.02 million is reported as non-spendable and \$3.45 million is assigned to the following priorities: \$1.34 million is allocated to emergency reserves, \$0.06 million is assigned to debt service and \$2.05 million is allotted to capital projects. An additional \$5.59 million is available for spending at the City’s discretion.

General Fund - The General Fund is the chief operating fund of the City of Capitola and had a fund balance of \$7.86 million at year end. This represents an increase of \$1.10 million, or 16.3%, below the prior year. Approximately 71.6% was unassigned fund balance, which was available for spending at the City’s discretion. All of the non-spendable fund balance represents prepaid items for expenses that will occur early in fiscal year 2020.

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

	City Budget Documents	General Plan / Open Space / Donations	Emergency / Contingency / Facilities Reserve / PERS	Internal Service Funds	Financial Statements
Beginning Fund Balance	\$ 1,351,285	\$ 86,693	\$ 4,612,756	\$ 704,380	\$ 6,755,114
Revenues	16,296,244	58,109	51,232	1,238,078	17,643,663
Expenditures	13,828,990	31,137	56,916	1,342,203	15,259,246
Net Operating Difference	2,467,254	26,972	(5,684)	(104,125)	2,384,417
Financing Sources/Uses	(1,733,843)	-	90,000	362,939	(1,280,904)
Net Change in Fund Balance	733,411	26,972	84,316	258,814	1,103,513
Ending Fund Balance	<u>\$ 2,084,696</u>	<u>\$ 113,665</u>	<u>\$ 4,697,072</u>	<u>\$ 963,194</u>	<u>\$ 7,858,627</u>

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

Federal Home Loan Reuse - The Federal Home Loan Reuse Fund receives loan payments from recipients of HOME Program loans and uses these revenues to fund additional affordable housing activities. All housing funded activities must be within the City and be in accordance with the Federal Home Reuse Guidelines. The revenues represent the receipt of principal and interest payments from loan recipients.

Attachment: City of Capitola 2019 (Audit report)

Capitola Housing Successor - This fund is used to account for the assets of the former RDA Low- and Moderate-Income Fund and related housing activities. The funds are restricted in their use, reuse, and repayment pursuant to the original program requirements. As loan payments are received, the revenue generated provides a funding source for new housing assistance programs. Additional information regarding this transition can be found in Note 15.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of public facilities. The total cost of a capital project is accumulated in a single expenditures account, which accumulates until the project is completed, at which time the fund ceases to exist.

GENERAL FUND BUDGETARY HIGHLIGHTS



A detailed budgetary comparison schedule for the year ended June 30, 2019, is presented as Required Supplementary Information following the notes to the financial statements. This information can be found on page 70. Key budgetary differences are provided below:

Revenues:

Actual revenues were above final budgeted amounts by \$500,510. This was primarily due to higher sales tax receipts as a result of the State processing prior year receipts in the current year and a significant increase in investment returns due to higher interest rates.

Expenses:

Expenses, prior to transfers, were \$204,130 below the final budget total due primarily to lower than budgeted personnel expenditures due to vacant positions and lower than anticipated contract services expenditures.

Appropriations:

Variances between the Original and Final budgets are primarily due to the inclusion of continuing appropriations for special projects from the prior year, mid-year adjustments to reflect updated revenue and expenditure estimates, and new funding appropriated for additional CIP projects.

Fund Balance:

The General Fund’s ending fund balance was \$7.86 million as of June 30, 2019. This amount was approximately \$1,216,258 greater than the final budget projection based on the revenue and expenditure information noted above. A breakdown of General Fund fund balance is provided below. An additional discussion of the City’s Contingency and Emergency Reserves can be found in the Financial Management Policies section of the Transmittal letter.

Fund balance:	
Nonspendable:	
Prepaid items	\$ 20,684
Due from successor agency	-
Restricted:	
Retiree benefits	867,088
Assigned:	
Emergency reserve	1,344,206
Unassigned:	
Contingencies	2,485,779
Unassigned	<u>3,140,870</u>
Total fund balance	<u><u>\$ 7,858,627</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City’s value of governmental assets (net of accumulated depreciation) at the end of FY 2018/19 was \$20.83 million. This investment in capital assets includes land, building, equipment, vehicles and infrastructure. The infrastructure classification typically includes roads, streets, sidewalks, medians, and bridges. The total increase in the City’s investment in capital assets for the current fiscal year was \$2.61 million, or 14.4%. The increase is due to an increase in construction in progress related to the Capitola Library project. Additional information on the City of Capitola’s capital assets can be found in Note 4 to the financial statements.

Statement of Net Position	
Asset Type	
Land	\$ 4,883,789
Buildings and improvements	2,392,272
Equipment	4,014,001
Infrastructure	30,391,991
Construction in progress	<u>5,444,019</u>
Total fixed assets	47,126,072
Less Depreciation	<u>(26,298,708)</u>
Capital Assets net of Depreciation	<u><u>\$ 20,827,364</u></u>

Long-Term Debt

The City’s long-term debt at the end of FY 2018/19 was \$3.05 million, a decrease of \$0.21 compared to FY 2017/18. The change is due to the scheduled principal payments during the fiscal year. An overview of all long-term obligations is presented below while comprehensive information can be found in Note 6.

Loans payable:	
Capital lease payable - Pacific Cove financing	\$ 1,179,517
Capital lease payable - Beach and Village financing	1,084,577
Notes payable	3,558
Compensated absences	<u>781,457</u>
 Total long-term debt	 <u><u>\$ 3,049,109</u></u>

ECONOMIC FACTORS, NEXT YEAR’S BUDGETS AND RATES



On June 13, 2019, the Council adopted the FY 2019/20 Budget with a total appropriation of \$28.7 million and a General Fund appropriation of \$17.2 million. Adequate resources were projected to be available to fund the proposed expenditures. The General Fund budget reflects a conservative growth estimate with projected sales tax revenues remaining flat, transient occupancy tax revenues up 1.0% and property tax revenues increasing 4.5%. General Fund expenditures are budgeted to exceed General Fund revenues by approximately \$549,000 due to the utilization of \$550,000 of General Fund fund balance for Capital Improvement Projects.

The City has negotiated contracts with the Police Officers Association through FY 2020/21 and all remaining bargaining units through FY 2019/20, which include fixed cost of living adjustments (COLA’s). The City implemented caps on pension costs prior to the FY 2015/16 budget but modified the cap to ensure employees didn’t experience large decreases in net pay due to the projected contribution rate increases. Those caps remain in place under the new contracts.

Prospects for the Future

When the voters of Capitola passed Measure O, a quarter of one percent sales tax for a period of ten years, the City committed to replenishing reserves, maintaining police staffing levels and completing major street improvements during the five-year overlap with Measure D. Measure O sales tax revenues have been utilized to fully fund reserves at the City Council adopted funding levels as well as to increase street projects and maintain police department and public works staffing levels. Measure O expired on December 31, 2017.

In 2016 voters passed Measure F to extend the temporary quarter of one percent sales tax for an additional ten years. The City is committed to using this funding source to protect the wharf and beach from storms and rising sea levels, maintain police services, and improve sidewalks, parks, and bike safety. The adopted FY 2019/20 budget continues implementing these commitments as Measure F went into effect on January 1, 2018.

Opportunities for development include the Capitola Branch Library, Wharf resiliency improvements, flume repair or replacement, jetty improvements, and a roundabout on Bay Avenue. The new Capitola Branch Library began construction in November 2018 while the other projects are still in the planning phase. The funding for the new library comes from several sources, including the recently passed countywide Measure S, the former RDA trust fund held by the County, fundraising, and contributions from the General Fund for the remainder.

The City has successfully completed all current RDA dissolution and Assembly Bill 1484 (AB 1484) reporting and audit requirements and received approval for repayment of the \$618,028 loan made to the former RDA. The final payment was made during FY 2018/19. Additional information can be found in the transmittal letter, as well as Note 14.

Local, State, and National Economy

In 2008 events in the local, state, and national economies led to a significant downturn in financial markets. In FY 2011/12, there were beginning signs of economic recovery, with increased sales tax, TOT, and an increasing demand for building/planning services. This trend continued through FY 2016/17, however, Capitola’s annual sales tax and transient occupancy tax leveled off in FY 2017/18. In November 2018 Capitola voters approved increasing the TOT rate from 10% to 12% with three-quarters of one percent dedicated to local business groups and Early Childhood and Youth programs. Increased home sales and prices have resulted in continued growth in property tax revenue which is consistent with statewide economic conditions.

In early 2017 the CalPERS Board approved a decrease in the discount rate it uses to project future funding needs. The discount rate is the expected rate of return on investments. The decreased discount rate has a major impact to the City’s yearly unfunded actuarial liability (UAL) payment.

The City’s FY 2019/20 UAL payment is approximately \$1.5 million which is a 25% increase over the prior year. Current projections show the City’s UAL increasing to \$2 million by FY 2021/22 and \$2.5 million by FY 2025/26. These rising pension costs will likely pose significant challenges in coming fiscal years.

Requests for Information

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

Attachment: City of Capitola 2019 (Audit report)

BASIC FINANCIAL STATEMENTS

CITY OF CAPITOLA
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 14,524,490
Ristricted cash and investments	867,088
Accounts receivable	592,127
Due from other governments	2,056,340
Prepaid items	20,684
Loans receivable	8,587,823
Capital assets:	
Non-depreciable:	
Land	4,883,789
Construction in progress	5,444,019
Depreciable:	
Equipment	4,014,001
Buildings and improvements	2,392,272
Infrastructure	30,391,991
Accumulated depreciation	(26,298,708)
Total Assets	47,475,916
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	5,296,191
OPEB related	88,955
Total Deferred Outflows of Resources	5,385,146
LIABILITIES	
Accounts payable	625,880
Accrued liabilities	415,771
Interest payable	32,340
Unearned revenue	423,976
Deposits payable	356,553
Noncurrent liabilities:	
Due within one year	252,686
Due in more than one year	2,796,423
Net other postemployment liability due in more than one year	584,737
Net pension liability due in more than one year	22,363,591
Total Liabilities	27,851,957
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,112,626
NET POSITION	
Net investment in capital assets	18,563,270
Restricted for:	
Public safety	16,593
Transportation	629,511
Community development	14,104,838
Culture and recreation	145,528
Unrestricted	(10,563,261)
Total Net Position	\$ 22,896,479

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

CITY OF CAPITOLA
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 3,595,348	\$ 1,131,774	\$ 227,026	\$ 37,568	\$ (2,198,980)
Public safety	7,037,088	578,602	162,041	100,000	(6,196,445)
Community development	955,803	528,242	203,753	5,016,653	4,792,845
Culture and recreation	1,192,148	613,951	38,638	-	(539,559)
Transportation	3,384,254	43,840	18,055	523,867	(2,798,492)
Interest and other charges	76,329	-	-	-	(76,329)
Total Governmental Activities	\$ 16,240,969	\$ 2,896,409	\$ 649,513	\$ 5,678,088	(7,016,959)
General Revenues:					
Taxes:					
Property taxes					2,629,964
Franchise taxes					545,424
Sales and use taxes					8,076,583
Transient occupancy taxes					1,581,864
Business license taxes					307,930
Motor vehicle in-lieu, unrestricted					224,139
Investment income, unrestricted					450,099
Miscellaneous revenue					119,011
Total General Revenues					13,935,014
Change in Net Position					6,918,055
Net Position, Beginning of Year					15,978,424
Net Position, End of Year					\$ 22,896,479

Attachment: City of Capitola 2019 (Audit report)

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

GOVERNMENTAL FUNDS

Major Governmental Funds

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Capitola Housing Successor Fund - This fund is used to account for the assets of the former RDA Low and Moderate Income Fund, and related housing activities. The funds are restricted in their use, reuse, and repayment pursuant to the original program requirements. It is anticipated that as loan payments are received, the revenue generated would fund new housing activities.

CAPITAL PROJECTS FUND

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

Library Fund - This fund accounts for library project financial resources segregated for the acquisition of major capital facilities and equipment by the City.

Non-Major Governmental Funds

Other Governmental Funds - These funds constitute all other governmental funds that do not meet the major fund test of assets, liabilities and deferred inflows of resources, revenues or expenditures for the governmental funds. These funds consist of other Special Revenue Funds, and Debt Service Funds of the City for the year ended.

CITY OF CAPITOLA
Governmental Funds
Balance Sheet
June 30, 2019

	General	Special Revenue Funds	
		Federal Home Loan Reuse	Capitola Housing Successor
Assets			
Cash and investments	\$ 6,380,644	\$ 530,197	\$ 179,422
Restricted cash and investments	867,088	-	-
Accounts receivable	69,609	-	-
Due from other governments	1,928,398	1,881	1,084
Prepaid items	20,684	-	-
Due from other funds	39,185	-	-
Loans receivables	-	3,840,863	4,068,327
Total Assets	\$ 9,305,608	\$ 4,372,941	\$ 4,248,833
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 258,881	\$ -	\$ 2,388
Accrued liabilities	415,771	-	-
Unearned revenue	423,976	-	-
Due to other funds	-	-	-
Deposits payable	348,353	-	-
Total Liabilities	1,446,981	-	2,388
Fund Balances			
Nonspendable	20,684	-	-
Restricted	867,088	4,372,941	4,246,445
Assigned	1,344,206	-	-
Unassigned	5,626,649	-	-
Total Fund Balances	7,858,627	4,372,941	4,246,445
Total Liabilities and Fund Balances	\$ 9,305,608	\$ 4,372,941	\$ 4,248,833

Attachment: City of Capitola 2019 (Audit report)

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

Capital Projects Fund		Non-Major Governmental Funds		Totals
Capital Projects	Library			
\$ 2,032,121	\$ 4,393,214	\$ 1,008,892		\$ 14,524,490
-	-	-		867,088
-	516,471	6,047		592,127
37,568	16,152	71,257		2,056,340
-	-	-		20,684
-	-	-		39,185
-	-	678,633		8,587,823
<u>\$ 2,069,689</u>	<u>\$ 4,925,837</u>	<u>\$ 1,764,829</u>		<u>\$ 26,687,737</u>
\$ 11,723	\$ 337,228	\$ 15,660		\$ 625,880
-	-	-		415,771
-	-	-		423,976
-	-	39,185		39,185
7,200	-	1,000		356,553
<u>18,923</u>	<u>337,228</u>	<u>55,845</u>		<u>1,861,365</u>
-	-	-		20,684
-	4,588,609	1,688,475		15,763,558
2,050,766	-	59,694		3,454,666
-	-	(39,185)		5,587,464
<u>2,050,766</u>	<u>4,588,609</u>	<u>1,708,984</u>		<u>24,826,372</u>
<u>\$ 2,069,689</u>	<u>\$ 4,925,837</u>	<u>\$ 1,764,829</u>		<u>\$ 26,687,737</u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2019

Fund Balances of Governmental Funds	\$ 24,826,372
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets net of depreciation have not been included in governmental fund activity:	
Capital assets	47,126,072
Accumulated depreciation	(26,298,708)
Pension related deferred inflows and outflows of resources are not reported in the governmental funds:	
Deferred outflows	5,296,191
Deferred inflows	(2,112,626)
OPEB related deferred inflows and outflows of resources are not reported in the governmental funds:	
Deferred outflows	88,955
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.	
	(32,340)
Long-term debt has not been included in the governmental fund activity:	
Notes payable	(3,558)
Capital lease financing	(1,179,517)
Lease-back financing	(1,084,577)
Net pension liability	(22,363,591)
Compensated absences	(781,457)
Net OPEB liability	(584,737)
Net position of governmental activities	\$ 22,896,479

Attachment: City of Capitola 2019 (Audit report)

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

CITY OF CAPITOLA
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2019

	General	Special Revenue Funds	
		Federal Home Loan Reuse	Capitola Housing Successor
REVENUES			
Taxes	\$ 12,833,835	\$ -	\$ -
Licenses and permits	623,177	-	-
Fines and forfeitures	521,938	-	-
Intergovernmental	148,075	58,729	135,152
Charges for services	1,882,279	-	-
Use of money and property	208,612	48,414	20,664
Other revenue	129,007	-	1,897
Total Revenues	16,346,923	107,143	157,713
EXPENDITURES			
Current:			
General government	2,767,300	-	-
Public safety	6,535,828	-	-
Community development	793,349	3,700	31,165
Culture and recreation	1,050,829	-	-
Transportation	2,748,007	-	-
Capital outlay	125,872	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	14,021,185	3,700	31,165
Excess (Deficiency) of Revenues over (Under) Expenditures	2,325,738	103,443	126,548
OTHER FINANCING SOURCES (USES)			
Transfers in	111,679	-	-
Transfers out	(1,333,904)	-	-
Total Other Financing Sources (Uses)	(1,222,225)	-	-
Net Change in Fund Balances	1,103,513	103,443	126,548
Fund Balances, Beginning of Year	6,755,114	4,269,498	4,119,897
Fund Balances, End of Year	<u>\$ 7,858,627</u>	<u>\$ 4,372,941</u>	<u>\$ 4,246,445</u>

Attachment: City of Capitola 2019 (Audit report)

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

Capital Projects Fund		Non-Major Governmental Funds	Totals
Capital Projects	Library		
\$ -	\$ -	\$ 262,869	\$ 13,096,704
24,244	-	15,386	662,807
-	-	-	521,938
37,568	5,016,653	633,739	6,029,916
-	-	137,315	2,019,594
-	54,000	118,409	450,099
96,540	149,522	1,000	377,966
<u>158,352</u>	<u>5,220,175</u>	<u>1,168,718</u>	<u>23,159,024</u>
6,420	8,407	36,680	2,818,807
-	-	15,770	6,551,598
-	-	85,246	913,460
-	-	78,752	1,129,581
39,702	-	193,111	2,980,820
719,166	2,554,914	370,355	3,770,307
-	-	181,599	181,599
-	-	77,616	77,616
<u>765,288</u>	<u>2,563,321</u>	<u>1,039,129</u>	<u>18,423,788</u>
<u>(606,936)</u>	<u>2,656,854</u>	<u>129,589</u>	<u>4,735,236</u>
1,162,663	47,363	353,878	1,675,583
-	-	(341,679)	(1,675,583)
<u>1,162,663</u>	<u>47,363</u>	<u>12,199</u>	<u>-</u>
555,727	2,704,217	141,788	4,735,236
1,495,039	1,884,392	1,567,196	20,091,136
<u>\$ 2,050,766</u>	<u>\$ 4,588,609</u>	<u>\$ 1,708,984</u>	<u>\$ 24,826,372</u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 4,735,236

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

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

Capital outlays	3,680,714
Depreciation	(1,066,537)

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

181,599

Governmental funds report all contributions as expenditures in relation to Pensions and OPEB, however, in the statement of activities, OPEB and pension expenses are based on the change in these liabilities.

Change in net pension liability and related deferrals	(666,014)
Change in net OPEB	22,565

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

Change in compensated absences payable	29,205
Change in accrued interest expense	1,287

Change in net position of governmental activities	\$ 6,918,055
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Attachment: City of Capitola 2019 (Audit report)

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

CITY OF CAPITOLA
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2019

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 248,978	\$ 21,302
Due from others	-	136
Total Assets	<u>248,978</u>	<u>\$ 21,438</u>
LIABILITIES		
Deposits	-	\$ 21,438
Total Liabilities	<u>-</u>	<u>\$ 21,438</u>
NET POSITION		
Held in trust for successor agency and other purposes	<u>248,978</u>	
Total Net Position (Deficit)	<u>\$ 248,978</u>	

Attachment: City of Capitola 2019 (Audit report)

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

CITY OF CAPITOLA
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2019

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
RPTTF distributions	<u>\$ 50,000</u>
DEDUCTIONS	
Enforceable obligations	<u>148,666</u>
Change in Net Position	(98,666)
Net Position, Beginning of Year	<u>347,644</u>
Net Position, End of Year	<u><u>\$ 248,978</u></u>

Attachment: City of Capitola 2019 (Audit report)

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

**City of Capitola
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Year Ended June 30 2019**

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CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The City of Capitola (the City) was incorporated in 1949 under the laws of the State of California. Capitola is a General Law City and is subject to the framework and procedures established by State law. The City operates under the Council-City Manager form of government. The City provides police protection, street, park and facilities maintenance; recreation, building, planning, zoning, administrative, and financial services for Capitola. Independent special districts provide fire protection, water, sewer, and limited drainage services.

B. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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

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

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

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

The City reports the following major governmental funds:

General Fund

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

Federal Home Loan Reuse Fund

The Federal Home Loan Reuse Fund accounts for housing loans due to the City from the recipients of previous HOME Program grants. Receipts in the Home Program Reuse Fund are restricted to affordable housing activities in accordance with the federal HOME program re-use guidelines.

Capital Projects Fund

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Capitola Housing Successor Fund

This fund is used to account for the assets of the former RDA Low and Moderate Income Fund, and related housing activities. The funds are restricted in their use, reuse, and repayment pursuant to the original program requirements. It is anticipated that as loan payments are received, the revenue generated would fund new housing activities.

Library Fund

This fund accounts for library project financial resources segregated for the acquisition of major capital facilities and equipment by the City.

The City also reports the following:

Agency Fund

The Agency Fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains the following Agency fund as an agent for bondholders: Auto Center Assessment City.

Private Purpose Trust Funds

The Private Purpose Trust Fund accounts for the activities of the City of Capitola as Successor Agency to the Capitola Redevelopment Agency. The Successor Agency's primary purpose is to expedite the dissolution of the former Redevelopment Agency's assets in accordance with AB X1 26 and AB 1484.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

1) Cash and Investments

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

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

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

1) Cash and Investments (continued)

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

2) Receivables and Payables

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

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

3) Property Taxes

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

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

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity, (continued)

3) Property Taxes (continued)

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

4) Capital Assets

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

The City recorded all its public domain (infrastructure) capital assets placed in service after June 30, 1980, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, in accordance with generally accepted accounting principles.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal year’s pro rata share of the cost of capital assets. Generally accepted accounting principles requires that all capital assets with limited useful lives be depreciated over the estimated useful lives. Depreciation is provided using the straight-line method which means the cost of the assets is divided by its expected useful life in years and the result is charged to expense each fiscal year until the assets are fully depreciated. The City has assigned the useful lives listed below to capital assets.

Structures and Improvements	50 years
Equipment	5 – 20 years
Infrastructure	15 – 50 years

5) Prepaid Items

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity, (continued)

6) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of the net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

7) Compensated Absences

In compliance with generally accepted accounting principles, the City has established a liability for accrued vacation in relevant funds. Based on prior MOU language, a sick leave liability is also accrued for one remaining employee. For governmental fund types, the current liability appears in the respective funds, if due and payable, and the long-term liability appears in the government-wide financial statements. This liability is set up for the current employees at the current rates of pay. If vacation and the sick leave balances are not used by employees during the term of employment, compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

8) Reclassifications and Eliminations

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

9) Use of Estimates

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity, (continued)

10) Fund Equity

The City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. These classifications and constraints have been incorporated into the City's Fund Balance Policy, Administrative Policy III-10.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – Amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that have constraints placed on them by third-party providers (grantors, bondholders, and higher levels of government) or by law through constitutional provisions or by enabling legislation.

Committed – Amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority. This includes an action by the City Council passing a resolution. The Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it previously employed to commit those amounts.

Assigned – Amounts the City intends to use for a specific purpose but are neither restricted nor committed. Intended use can be established by the City Council, or by a City official designated as having that authority, such as the City Manager or Finance Director.

Unassigned – Amounts that are for any purpose; positive amounts are reported only in the General Fund.

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity, (continued)

11) Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

12) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

E. New Accounting Pronouncements

Effective this Fiscal Year

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or FY 2019. This statement did not have an impact on the City's financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve note disclosures related to debt. This Statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. This Statement is effective for reporting periods beginning after June 15, 2018 or FY 2019. The City implemented the provisions of this Statement.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. New Accounting Pronouncements (continued)

Effective in Future Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or FY 2020. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or FY 2021. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2021. The City is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 60*. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 or FY 2020. The City is evaluating the impact of this Statement on the financial statements.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. New Accounting Pronouncements (continued)

Effective in Future Fiscal Years, (continued)

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or FY 2022. The City is evaluating the impact of this Statement on the financial statements.

2. CASH AND INVESTMENTS

Cash and investments held by the City at June 30, 2019, are classified in the accompanying financial statement as follows:

Statement of Net Position:	
Cash and investments	\$ 15,391,578
Statement of Fiduciary Net Position:	
Cash and investments	<u>270,280</u>
Total cash and investments	<u><u>\$ 15,661,858</u></u>

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

Petty cash	\$ 1,449
Demand deposits	4,128,374
Investments with LAIF	11,532,035
U.S. Treasuries	2,000,000
PARS	<u>867,088</u>
Total cash and investments	<u><u>\$15,661,858</u></u>

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

2. CASH AND INVESTMENTS, (continued)

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

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U. S. Treasury Bills	5 years	60%	None
Negotiable Certificates of Deposit (CD)	1 year	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65,000,000
<u>Authorized by Debt Agreements</u>			
Guaranteed Investment Contracts	15 months	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City pools its investments in the Local Agency Investment Fund (LAIF). This pool has a weighted average maturity of less than one year. Investments in U.S. Treasuries and PARS also mature in less than one year.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments in LAIF and in PARS were not rated as of June 30, 2019. Investments in U.S. Treasuries were rated as AA as of June 30, 2019.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

2. CASH AND INVESTMENTS, (continued)

Concentration of Risk

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019, the City had deposits with financial institutions in excess of federal depository insurance limits by \$998,880 that were held in collateralized accounts. As of June 30, 2019, the Successor Agency had no deposits with financial institutions in excess of federal depository insurance limits.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF was established in 1977 under the California Government Code Section 16429.1 et seq. as an investment alternative for local California governments and cities. LAIF oversight is governed by a five-member board designated by law, with the State Treasurer as Board Chairman. The State Treasurer elected to invest these monies as part of the State's Pooled Money Investment Account (PMIA) to achieve the maximum rate of return, while maintaining the goals of safety, liquidity, and yield. All LAIF funds are insulated from State borrowing including State General Fund transfers or loans and AB 55 loans. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro rata share of the fair value provided by LAIF (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded as an amortized cost basis. LAIF is not registered with the SEC.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

2. CASH AND INVESTMENTS, (continued)

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs include inputs that are directly observable for the investment (including quoted price for similar investments) and inputs that are not directly observable but are derived from observable market data through correlation, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The City's investments in Local Agency Investment Fund are not categorized under any level because withdrawals from the pool are based on the amortized cost and not fair market value. Investment in U.S. Treasuries are categorized as Level 2 and investments in PARS are not subject to the fair value hierarchy as they consist of mutual funds.

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To/From Other Funds

Due to/from other funds at June 30, 2019, is as follows:

Due From Other Funds	Due to Other Funds	Amount
General Fund	Non-Major governmental funds	\$ 39,185

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2019, are as follows:

	Transfer In				Total
	General Fund	Capital Projects Fund	Library Fund	Non-Major Governmental Funds	
Transfers Out					
General Fund	\$ -	\$ 1,082,663	\$ 47,363	\$ 203,878	\$ 1,333,904
Non-Major Governmental Funds	111,679	80,000	-	150,000	341,679
Total	<u>\$ 111,679</u>	<u>\$ 1,162,663</u>	<u>\$ 47,363</u>	<u>\$ 353,878</u>	<u>\$ 1,675,583</u>

The General Fund transferred \$1,082,663 to the Capital Projects fund for the wharf, jetty, and flume projects. The General Fund transferred \$47,363 to the Library Capital Projects Fund for design and construction of the new Library. The General Fund transferred \$88,812 to the Beach Village Lot and \$15,066 to the Pacific Cover Debt Financing Fund for debt service payments. The General Fund transferred \$90,000 to the Facilities Reserve Fund to continue to build the reserve fund balance. The Pacific Cove Lease Financing Fund transferred \$80,000 to the Capital Projects Fund for a traffic calming project. Additional transfers to the Pacific Cove Lease Financing Fund for debt service payments originated from the following Non-Major Funds: Parking Reserve for \$100,000, and the Affordable Housing Trust for \$50,000.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, is as follows:

	Ending Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,883,789	\$ -	\$ -	\$ 4,883,789
Construction in progress	2,391,865	3,102,104	(49,950)	5,444,019
Total capital assets, not being depreciated	7,275,654	3,102,104	(49,950)	10,327,808
Capital assets, being depreciated:				
Equipment	3,965,265	80,608	(31,872)	4,014,001
Building and improvements	2,392,272	-	-	2,392,272
Infrastructure	29,844,039	547,952	-	30,391,991
Total capital assets, being depreciated	36,201,576	628,560	(31,872)	36,798,264
Less accumulated depreciation for:				
Equipment	(2,840,566)	(363,246)	31,872	(3,171,940)
Building and improvements	(1,548,269)	(48,077)	-	(1,596,346)
Infrastructure	(20,875,208)	(655,214)	-	(21,530,422)
	<u>(25,264,043)</u>	<u>(1,066,537)</u>	<u>31,872</u>	<u>(26,298,708)</u>
Total capital assets, being depreciated, net	10,937,533	(437,977)	-	10,499,556
Total governmental activities capital assets, net of accumulated depreciation	\$ 18,213,187	\$ 2,664,127	\$ (49,950)	\$ 20,827,364

Depreciation Allocations

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

Governmental Activities:	
General government	\$ 577,630
Public safety	106,467
Cultural and recreation	40,493
Transportation	341,947
Total Depreciation Expense - Governmental Activities	\$ 1,066,537

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

5. OTHER LONG-TERM RECEIVABLES

Due from Successor Agency

The City provided unreimbursed support services, valued at \$618,028, to the former Redevelopment Agency (RDA) from July 1, 1997 through June 30, 2001. The City provided substantial support for the proposed expansion of the redevelopment area and amendment of the redevelopment plan.

The City and RDA entered into a Cooperation Agreement for the RDA to repay the City at a 5% simple interest rate, with interest payments due annually. In June 2006, the City and RDA agreed to amend the interest rate to the greater of the following: a) the interest rate charged by the Public Employees' Retirement System for the City's unfunded liability; b) the true interest cost of any obligation bond sold by the City; c) the State of California LAIF rate, or d) 5%. The principal amount of the reimbursement was originally to be paid as RDA funds become available, but in no event later than twenty-five years from the Agreement date. During the fiscal year ended June 30, 2019, RDA paid off the remaining principal amount to the City.

Housing and Community Development Loan Program

The City uses Federal Home Loan Reuse, Affordable Housing and CDBG Program Income funds to provide housing loans to eligible applicants. Such loans are made to low and moderate-income households to improve or rehabilitate residences. The City accounts for this program in the Special Revenue Funds. Total detail of loans receivable of \$8.6 million at June 30, 2019, is listed below:

	CDBG Program Income	Federal Home Loan Reuse	Affordable Housing	Capitola Housing Successor	Total
Individual Loans	\$ 480,620	\$ 237,229	\$ -	\$ 556,534	\$ 1,274,383
Bay Avenue Senior Apartments	-	3,436,362	-	1,765,586	5,201,948
Millennium Housing	-	-	198,013	1,746,207	1,944,220
Wharf Road Manor	-	167,272	-	-	167,272
Totals	\$ 480,620	\$ 3,840,863	\$ 198,013	\$ 4,068,327	\$ 8,587,823

These loans have been reflected in the financial statements as loans receivable.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

6. LONG-TERM DEBT

A summary of changes in long-term debt for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Lease - Cove Financing	\$ 1,295,592	\$ -	\$ 116,075	\$ 1,179,517	\$ 109,435
Beach and Village Lot II Financin	1,144,764	-	60,187	1,084,577	61,547
Note Payable	8,895	-	5,337	3,558	3,558
Compensated Absences	810,662	432,465	461,670	781,457	78,146
Totals	<u>\$ 3,259,913</u>	<u>\$ 432,465</u>	<u>\$ 643,269</u>	<u>\$ 3,049,109</u>	<u>\$ 252,686</u>

Capital Leases Payable - Pacific Cove Debt Financing

On March 23, 2012, the City executed a \$2.39 million lease/sublease agreement to facilitate relocating the residents of the Pacific Cove Mobile Home Park. The City-owned mobile home park was permanently closed for safety reasons after a pipe failure flooded the park. This lease agreement used the existing City Hall site and the adjacent Upper Pacific Cove Parking lot as the subject lease property. The original lease agreement was for 20 years at 5.14% fixed interest rate for the first 10 years, with a reset to 10-year T-Bill plus 3%. The lease was renegotiated during fiscal year 2012/13 to a tax-exempt lease with a 3.25% interest rate, with a reset in year 10 to a 10-year T-Bill plus 1.5%. As a result of the refinancing, annual loan payments were reduced by approximately \$28,000. Savings on interest over the first nine years is estimated to be \$350,000.

In FY 2012/13, the City made a decision to apply \$500,000 from the disaster recovery insurance settlement to the Pacific Cove Lease. This resulted in a principal reduction of \$476,190, with a prepayment penalty of \$23,810.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

6. LONG-TERM DEBT, (continued)

Capital Leases Payable - Pacific Cove Debt Financing, (continued)

Future lease payments under the capital lease as of June 30, 2019, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 109,435	\$ 55,631	\$ 165,066
2021	113,021	52,045	165,066
2022	116,724	48,342	165,066
2023	120,548	44,518	165,066
2024	124,498	40,568	165,066
2025-2029	595,291	137,996	733,287
Total	<u>\$ 1,179,517</u>	<u>\$ 379,100</u>	<u>\$ 1,558,617</u>

Capital Leases Payable - Beach and Village Lot II Financing

On March 14, 2014, the City of Capitola executed a \$1,372,500 low-interest loan with the California Infrastructure and Economic Development Bank (IBank). This loan is considered a lease-lease back obligation with the General Fund as the source of repayment; and the City Public Works Corporation Yard serving as the leased asset. The loan term is 20 years at a fixed 2.26% interest rate.

Future lease payments under the capital lease as of June 30, 2019, are as follows:

Ending June 30,	Principal	Interest	Total
2020	\$ 61,547	\$ 27,069	\$ 88,616
2021	62,938	25,478	88,416
2022	64,360	23,851	88,211
2023	65,815	22,187	88,002
2024	67,302	20,485	87,787
2025-2029	360,026	75,525	435,551
2030-2034	402,589	26,830	429,419
Total	<u>\$ 1,084,577</u>	<u>\$ 221,425</u>	<u>\$ 1,306,002</u>

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

6. LONG TERM DEBT, (continued)

Note Payable

On January 26, 2012, the City Council approved the City's participation in a financing program and retrofit project with PG&E to place LED fixtures in City-owned streetlights. The City has executed a loan document with PG&E in the amount of \$38,249. The terms of the loan are at 0% interest and will be paid off over 86 months. The monthly payment is \$445.

Compensated Absences

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

City employees accumulate earned but unused benefits that can be converted to cash at termination of employment. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, totals \$781,457 as of June 30, 2019.

7. FUND BALANCES

The details of the fund balances as of June 30, 2019, are presented below:

	General Fund	Federal Home Loan Reuse	Capitola Housing Successor	Capital Projects	Library Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepaid items	\$ 20,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,684
Restricted for:							
Public Safety	-	-	-	-	-	16,593	16,593
Transportation	-	-	-	-	-	629,511	629,511
Community Development	-	4,372,941	4,246,445	-	4,588,609	896,843	14,104,838
Culture and Recreation	-	-	-	-	-	145,528	145,528
Retiree benefits	867,088	-	-	-	-	-	867,088
Assigned to:							
Debt Service	-	-	-	-	-	59,694	59,694
Other Capital Projects	-	-	-	2,050,766	-	-	2,050,766
Emergency Reserve	1,344,206	-	-	-	-	-	1,344,206
Unassigned:							
Contingencies	2,485,779	-	-	-	-	-	2,485,779
Unassigned	3,140,870	-	-	-	-	(39,185)	3,101,685
Total	\$ 7,858,627	\$ 4,372,941	\$ 4,246,445	\$ 2,050,766	\$ 4,588,609	\$ 1,708,984	\$ 24,826,372

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

7. FUND BALANCES, (continued)

Deficit Fund Balances

The following fund reported deficit fund balances at June 30, 2019:

Beach and Village Lot II Debt Financing	\$	(39,185)
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This deficit is expected to be reduced by future revenues or transfers from other funds.

8. RISK MANAGEMENT

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

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

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

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

9. JOINT VENTURES

Santa Cruz Consolidated Emergency Communications Center

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

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

Other Activities

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

10. DEFINED BENEFIT PENSION PLANS

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

10. DEFINED BENEFIT PENSION PLANS, (continued)

Benefits Provided (continued)

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Earliest retirement age	50	52
Monthly benefits, as a % of eligible compensation	2%-2.5%	1.0%-2.5%
Required employee contribution rates	7.95%	6.25%
Required employer contribution rates*	10.61%	6.84%

*Annual employer UAL payment of \$636,216 is not included.

	Safety	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Membership date	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.0%-2.7%
Required employee contribution rates	8.99%	12.00%
Required employer contribution rates*	20.56%	12.14%

*Annual employer UAL payment of \$623,843 is not included.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2019 for Safety Plan and Miscellaneous Plan were \$954,292 and \$838,617, respectively.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

10. DEFINED BENEFIT PENSION PLANS, (continued)

Net Pension Liability

The City of Capitola's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	Miscellaneous	Safety
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Actuarial Value of Assets	Actuarial Value of Assets
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Salary Increases ⁽¹⁾	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽²⁾	7.15%	7.15%
Mortality Rate Table ⁽³⁾	Derived using CALPERS' membership data for all Funds.	Derived using CALPERS' membership data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

⁽¹⁾ Annual increases vary by category, entry age, and duration of service.

⁽²⁾ Net pension plan investment and administrative expenses; includes inflation.

⁽³⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of the 2014 CalPERS actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The 2014 Experience Study report can be obtained at CalPERS' website at www.calpers.ca.gov.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

10. DEFINED BENEFIT PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

10. DEFINED BENEFIT PENSION PLANS, (continued)

Discount Rate, (continued)

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class ⁽¹⁾	Current Target Allocation	Real Return Years 1–10 ⁽²⁾	Real Return Years 11+ ⁽³⁾
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

(1) In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidities included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

10. DEFINED BENEFIT PENSION PLANS, (continued)

Proportionate Share of Net Pension Liability

The following table shows the Plans' proportionate share of the net pension liability over the measurement period.

	Plan Total Pension Liability	Increase/(Decrease) Plan Fiduciary Net Position	Plan Net Pension Liability
Balance at: 6/30/2018	\$ 78,877,060	\$ 56,521,794	\$ 22,355,266
Balance at: 6/30/2019	81,332,309	58,968,718	22,363,591
Net changes	2,455,249	2,446,924	8,325

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website at www.calpers.ca.gov. The City's proportionate share of the net pension liability for the Plan as of the June 30, 2018 and 2019 was as follows:

	Total
Proportionate Share of NPL - June 30, 2018	0.225418%
Proportionate Share of NPL - June 30, 2019	0.232077%
Change - Increase (Decrease)	0.006659%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15 percent) or 1 percentage point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Total Plans' Net Pension Liability	\$ 33,476,370	\$ 22,363,591	\$ 13,350,839

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

10. DEFINED BENEFIT PENSION PLANS, (continued)

Recognition of Gains and Losses

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C). The EARSL for the Plan is 3.8 years.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City incurred a pension expense of \$2,458,923.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

10. DEFINED BENEFIT PENSION PLANS, (continued)

As of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,792,909	\$ -
Contributions in excess of proportionate share	-	(1,035,152)
Changes in assumptions	2,365,724	(454,736)
Difference in expected and actual experience	662,735	(141,872)
Adjustment due to differences in proportions	343,128	(480,866)
Net differences between projected and actual earnings on plan investments	131,695	-
Total	<u>\$ 5,296,191</u>	<u>\$ (2,112,626)</u>

Contributions subsequent to the measurement date of \$1,792,909 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2020	\$ 1,535,183
2021	773,053
2022	(740,358)
2023	(177,222)
	<u>\$ 1,390,656</u>

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

11. PUBLIC AGENCY RETIREMENT PLAN

Overview

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

Plan Description

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

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

Contributions

A total annual contribution of 7.5% of covered earnings is contributed to the PARS account for each eligible employee. The City contributes 1.3% and the employee contributes 6.2%. During the fiscal year ending June 30, 2019, contributions totaled \$29,063. This included contributions of \$4,072 by the City and \$24,991 by employees. The City acts as administrator with a trustee managing the investments and accounts. Fees are charged by the trustee and are paid from member earnings. Employer liabilities under the Plan are limited to the amount of the current contributions.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

12. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City's defined benefit postemployment healthcare plan, (City of Capitola Retiree Healthcare Plan, CRHP), provides medical benefits to eligible retired City employees and spouses. CRHP is an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statute within the Public Employees' Retirement Law. The CRHP's plan provisions are established and may be amended through negotiation and Memoranda of Understanding between the City Council and the various bargaining units. All contracts with CalPERS are approved through City resolution. CalPERS issues publicly available reports that can be found on the CalPERS' website at www.calpers.ca.gov.

Employees Covered

At the June 30, 2018 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	Active employees	66
Inactive employees or beneficiaries currently receiving benefits payments	17	83
	83	83

Contributions

The obligation of the City to contribute to the plan is based on an actuarial determined rate. For the fiscal year ended June 30, 2019, the City's cash contributions were \$60,000 in payments to the trust and the estimated implied subsidy was \$28,801 resulting in total payments of \$88,801. The City makes contributions and participates in the California Employers' Retiree Benefit Trust (CERBT) Fund for the purpose of prefunding obligations for past services. Through this plan, the California Public Employees' Retirement System (CalPERS) Board of Administration has the sole and exclusive control and power over the administration and investment of the prefunding plan.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

12. OTHER POST EMPLOYMENT BENEFITS, (continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was based on the following actuarial methods and assumptions:

Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	7.00%
Mortality Rate	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	4.00% per annum

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap	43%	7.8%
US Small Cap	23%	7.8%
Long-Term Corporate Bonds	12%	5.3%
Long-Term Government Bonds	6%	4.5%
Treasury Inflation Protected Securities	5%	7.8%
US Real Estate	8%	7.8%
All Commodities	3%	7.8%
	<u>100%</u>	

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

12. OTHER POST EMPLOYMENT BENEFITS, (continued)

Discount Rate

The discount rate used to measure the total OPEB Liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

The changes in the net OPEB liability for the City's Plan are as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 817,810	\$ 213,373	\$ 604,437
Changes recognized for year:			
Service Cost	27,267	-	27,267
Interest	57,232	-	57,232
Changes of benefit terms	-	-	-
Difference in expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions	-	87,697	(87,697)
Net investment income	-	16,868	(16,868)
Administrative expenses	-	(397)	397
Benefit payments, including refunds of employee contributions	(27,697)	(27,697)	-
Other	-	31	(31)
Net changes	56,802	76,502	(19,700)
Balance at June 30, 2019	\$ 874,612	\$ 289,875	\$ 584,737

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

12. OTHER POST EMPLOYMENT BENEFITS, (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower (6 percent) or one percentage point higher (8 percent) than the current rate, for measurement period ended June 30, 2018:

Net OPEB Liability		
Discount Rate -1% (6%)	Current Discount Rate (7%)	Discount Rate +1% (8%)
\$ 710,229	\$ 584,737	\$ 481,653

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage higher than the current rate, for measurement period ended June 30, 2018:

Net OPEB Liability		
Healthcare Cost		
Trend Rate -1% (3.00%)	Trend Rates (4.0%)	Trend Rate +1% (5.00%)
\$ 471,699	\$ 584,737	\$ 719,724

Recognition of Deferred Outflows and Deferred Inflows of Resources

As of fiscal year, ended June 30, 2019, the City reported deferred outflows of resources derived from investment gains and losses related to OPEB liability in the amount of \$154. The investment gains and losses are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows or deferred inflows of resources related to OPEB and are to be recognized in the future OPEB expense. As of fiscal year, ended June 30, 2019, the City reported deferred outflows of resources related to OPEB in the amount of \$86,090 for its contributions subsequent to the measurement date. This amount will be recognized as an OPEB expense in fiscal year 2020. For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$66,236.

13. COMMITMENTS AND CONTINGENT LIABILITIES

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

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

14. SUCCESSOR AGENCY TO THE FORMER CAPITOLA REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 that provided for the dissolution of all redevelopment agencies in the State of California. Most cities in California established a redevelopment agency that was included in the reporting entity of the city as a blended component unit (since the governing board of the city or county in many cases, also served as the governing board for those agencies). The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government could agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council met and created a Successor Agency in accordance with the Bill as part of City resolution number 3906.

After the law was enacted on June 28, 2011, redevelopment agencies in the State of California could not enter into new projects, obligations or commitments. Upon the date of dissolution, February 1, 2012, significant matters previously controlled by the City Councils of the cities that created each redevelopment agency were now subject to the approval of the seven-member Oversight Board, and typically the California Department of Finance (DOF):

- Sale and distribution of assets
- Any change in obligation of terms
- Prepayment or defeasance of debt
- Acceptance of grants
- Funding of debt service reserves
- Budget for any remaining activities

In the current and future years, successor agencies are only allocated tax revenue in the amount that is necessary to pay the estimated annual payments on approved Recognized Obligation Payment Schedules (ROPS) until all enforceable obligations are paid in full. All obligations listed on the Capitola ROPS were approved by the Successor Agency and the Oversight Board, however the Department of Finance disallowed payment requests on two City/RDA loans. These loans included a \$618,028 Loan and Repayment Agreement and a \$1.35 million loan to purchase the City-owned Rispin Mansion property.

In June 2012, the California legislature passed AB 1484. This legislation provided clarification regarding the dissolution process and imposed new requirements. AB 1484 declared Successor Agencies are separate legal entities distinct from the sponsoring government, clarified matters pertaining to the affordable housing programs previously performed by the former RDA; and clarified matters pertaining to Enforceable Obligation and Recognized Obligation Payment Schedules (EOPS/ROPS). The legislation also established a requirement for all Successor Agencies to complete a due diligence review, established a process to receive a Finding of Completion that will provide significant benefits to local agencies (allowing them to begin spending debt proceeds and providing a formula for the repayment of money previously borrowed from the sponsoring government); and made a number of other significant changes in the dissolution process and the post-dissolution activities of Successor Agencies.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

**14. SUCCESSOR AGENCY TO THE FORMER CAPITOLA REDEVELOPMENT AGENCY,
(continued)**

In FY 2012/13, the Successor Agency completed two Due Diligence Reviews as required by the legislation. The Due Diligence review resulted in a recapture of the residual fund balance in the Successor Agency's primary operating account of \$89,536 and a disallowed payment to the City in the amount of \$47,895 for a City/RDA loan. While the Successor Agency and the City disagreed with this determination, the combined amount of \$137,431 was remitted to the County Auditor-Controller to maintain compliance. The completion of these two reviews resulted in the Successor Agency receiving a finding of Completion on May 24, 2013.

The Bill also directed the California State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers was not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller was required to order the available assets to be transferred to the public body designated as the Successor Agency. The Capitola Successor Agency completed the Asset Transfer Review on October 7, 2013. The report findings required the City to return \$52,313 to the Successor Agency for an interest payment on a City/RDA loan. The Successor Agency and the City also disagreed with this determination.

The Successor Agency and Oversight Board have approved reinstatement of the \$618,028 Loan and Repayment Agreement at a reduced interest rate; however, this reinstatement was initially denied by the Department of Finance. The Department of Finance has indicated that application for this reinstatement should be subject to the timelines established in AB 1484.

The Successor Agency, City, and the Oversight Board approved a resolution to terminate the Rispin Property Purchase Loan in exchange for the return of the property. This would result in the reduction of \$1.35 million dollars in Successor Agency debt. The Department of Finance requested the Oversight Board reconsider this decision; and the Oversight Board unanimously reaffirmed their property transfer decision in August. The City did not receive a response from the Department of Finance in relation to this action, and the statutory time to deny the action has elapsed. The City's RDA attorney believed the action was effective due timing; however, the official property transfer was delayed until after the Successor Agency successfully completed a Long-Range Property Management Plan. This plan was completed on March 21, 2014; followed by the termination of the Rispin Purchase Loan and the City's acceptance of the property by Resolution on October 10, 2013. This transaction relieved the Successor Agency of all capital assets.

After the date of dissolution, activities of the dissolved redevelopment agency are reported in a fiduciary trust fund (private purpose trust fund) in the financial statements of the City. The assets and liabilities relating to the Successor Agency are provided in the following sections:

Long-Term Debt

In accordance with the provisions of California AB X 1 26 (Bill), the obligations of the former Redevelopment Agency became vested with the funds established for the Successor Agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former Redevelopment Agency are distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

CITY OF CAPITOLA
Notes to Financial Statements
Year Ended June 30, 2019

14. SUCCESSOR AGENCY TO THE FORMER CAPITOLA REDEVELOPMENT AGENCY, (continued)

The debt of the Successor Agency as of June 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Advances Payable - Due to the City	\$ 47,362	\$ -	\$ (47,362)	\$ -	\$ -

Due to the City

The obligations due to the City was paid off during the fiscal year 2019 which represented a loan for staff and administrative costs associated with the expansion of the redevelopment area and the amendment of the redevelopment plan.

15. RISKS AND UNCERTAINTIES

Grants

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

City/Successor Agency Obligations

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2019 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. Over the last fiscal year, the Successor Agency has been successful in receiving funding for all approved obligations, with the exception of City/RDA loans. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time as to be immaterial or not.

The City and the Successor Agency reinstated the \$618,028 Loan and Repayment Agreement in the FY 2015/16 Recognized Obligation Payment Schedule (ROPS). This reinstatement was initially denied by the Department of Finance due to timing. The Department of Finance approved the repayment and allowed payments to begin in January 2016. The entire \$618,028 Loan and Repayment Agreement will be completed over five equal payments. There was no outstanding balance at June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAPITOLA
Required Supplementary Information
Year Ended June 30, 2019

Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Years*

	2018	2019
Total OPEB Liability		
Service cost	\$ 26,537	\$ 27,267
Interest	51,739	57,232
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Change of assumptions	-	-
Benefit payments, included refunds of employee contributions	(26,632)	(27,697)
Net change in total OPEB liability	51,644	56,802
Total OPEB liability - beginning of year	766,166	817,810
Total OPEB liability - end of year (a)	<u>\$ 817,810</u>	<u>\$ 874,612</u>
Fiduciary Net Position		
Net investment income	\$ 15,205	\$ 16,868
Contributions		
Employer	81,540	87,697
Employee	-	-
Benefit payments, including refunds of employee contributions	(26,632)	(27,697)
Administrative expense	(127)	(397)
Other	-	31
Net change in plan fiduciary net position	69,986	76,502
Fiduciary net position - beginning of year	143,387	213,373
Fiduciary net position - end of year (b)	213,373	289,875
Net OPEB liability - end of year = (a) - (b)	<u>\$ 604,437</u>	<u>\$ 584,737</u>
Fiduciary net position as a percentage of the total OPEB liability	26.09%	33.14%
Covered employee payroll	\$ 5,787,564	\$ 5,361,855
Measurement date	06/30/17	06/30/18

* Fiscal year 2018 was the first year of implementation of the OPEB standards.

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
Required Supplementary Information
Year Ended June 30, 2019**

Schedule of OPEB Contributions
Last Ten Years*

	2018	2019
Actuarially determined contribution	\$ 86,090	\$ 88,801
Contributions in relation to the actuarially determined contribution	(86,090)	(88,801)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 5,361,855	\$ 5,567,350
Contributions as a percentage of covered employee payroll	1.61%	1.60%

* Fiscal year 2018 was the first year of implementation of the OPEB standards.

CITY OF CAPITOLA
Required Supplementary Information
Year Ended June 30, 2019

Schedule of City's Proportionate Share of the Plan's Net Pension Liability and Related Ratios
 Last 10 Years*

	2015	2016	2017
Proportion of the Collective Net Pension Liability	0.17280%	0.18590%	0.22461%
Proportionate Share of the Collective Net Pension Liability	\$12,221,177	\$15,290,351	\$19,435,801
Covered Payroll	\$ 5,207,351	\$ 5,315,720	\$ 5,029,882
Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	234.69%	287.64%	386.41%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%
Measurement Date	6/30/2014	6/30/2015	6/30/2016

* Fiscal year 2015 was the first year of implementation of the pension standards.

<u>2018</u>	<u>2019</u>
0.22542%	0.23208%
\$22,355,266	\$22,363,591
\$ 5,787,564	\$ 5,361,855
386.26%	417.09%
73.31%	75.26%
6/30/2017	6/30/2018

**CITY OF CAPITOLA
Required Supplementary Information
Year Ended June 30, 2019**

Schedule of Pension Contributions
Last 10 Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Determined Contribution	\$ 902,235	\$ 1,190,602	\$ 1,053,235
Contributions in Relation to the Contractually Determined Contribution	<u>(902,235)</u>	<u>(1,190,602)</u>	<u>(1,053,235)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,315,720	\$ 5,029,882	\$ 5,787,564
Contributions as a Percentage of Covered Payroll	16.97%	23.67%	18.20%

* Fiscal year 2015 was the first year of implementation of the pension standards.

<u>2018</u>	<u>2019</u>
\$ 1,770,027	\$ 1,792,909
<u>(1,770,027)</u>	<u>(1,792,909)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 5,361,855	\$ 5,567,350
33%	32%

CITY OF CAPITOLA
Required Supplementary Information
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 12,431,636	\$ 12,527,136	\$ 12,833,835	\$ 306,699
Licenses and permits	644,704	644,704	623,177	(21,527)
Fines and forfeitures	616,500	546,500	521,938	(24,562)
Intergovernmental	141,000	112,300	148,075	35,775
Charges for services	1,916,723	1,847,723	1,882,279	34,556
Use of money and property	101,200	101,200	208,612	107,412
Other revenue	66,850	66,850	129,007	62,157
Total revenues	15,918,613	15,846,413	16,346,923	500,510
Expenditures:				
Current:				
General government:				
City council	160,400	174,194	155,154	19,040
City manager	873,274	893,274	892,353	921
Personnel	345,908	345,908	418,500	(72,592)
City attorney	230,000	280,000	259,864	20,136
Finance	840,792	840,792	797,995	42,797
Community grants	275,000	264,732	243,434	21,298
Public safety	6,692,849	6,612,088	6,535,828	76,260
Community development	869,810	849,810	793,349	56,461
Culture and recreation	1,151,439	1,165,197	1,050,829	114,368
Transportation	2,719,320	2,784,320	2,748,007	36,313
Capital Outlay	15,000	15,000	125,872	(110,872)
Total expenditures	14,173,792	14,225,315	14,021,185	204,130
Excess (deficiency) of revenues over (under) expenditures	1,744,821	1,621,098	2,325,738	296,380
Other financing sources (uses):				
Transfers In	-	-	111,679	111,679
Transfers out	(1,733,843)	(1,733,843)	(1,333,904)	399,939
Total Other Financing Sources (Uses)	(1,733,843)	(1,733,843)	(1,222,225)	511,618
Net change in fund balance	10,978	(112,745)	1,103,513	1,216,258
Fund balance, beginning of year	6,755,114	6,755,114	6,755,114	-
Fund balance, end of year	\$ 6,766,092	\$ 6,642,369	\$ 7,858,627	\$ 1,216,258

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
 Required Supplementary Information
 Federal Home Loan Reuse Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 58,729	\$ 58,729
Use of money and property	11,500	11,500	48,414	36,914
Total revenue	<u>11,500</u>	<u>11,500</u>	<u>107,143</u>	<u>95,643</u>
Expenditures:				
Current:				
Community development	<u>3,200</u>	<u>3,200</u>	<u>3,700</u>	<u>(500)</u>
Net change in fund balance	8,300	8,300	103,443	95,143
Fund balance, beginning of year	<u>4,269,498</u>	<u>4,269,498</u>	<u>4,269,498</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 4,277,798</u></u>	<u><u>\$ 4,277,798</u></u>	<u><u>\$ 4,372,941</u></u>	<u><u>\$ 95,143</u></u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
 Required Supplementary Information
 Capitola Housing Successor Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 135,152	\$ 135,152
Use of money and property	-	-	20,664	20,664
Other revenue	-	-	1,897	1,897
Total revenues	-	-	157,713	157,713
Expenditures:				
Current:				
Community development	32,500	32,500	31,165	1,335
Net change in fund balance	(32,500)	(32,500)	126,548	159,048
Fund balance, beginning of year	4,119,897	4,119,897	4,119,897	-
Fund balance, end of year	<u>\$ 4,087,397</u>	<u>\$ 4,087,397</u>	<u>\$ 4,246,445</u>	<u>\$ 159,048</u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Notes to Required Supplementary Information
Year Ended June 30, 2019

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

Budgets were adopted for all governmental funds with the exception of the following special revenue funds: CDBG Program Income Fund and 2007 POB Debt Service fund.

There were no excess expenditures over appropriations in the General Fund departments. The excess of expenditures over appropriations in individual funds are listed below:

Funds*	Appropriations	Expenditures	Variance
Major Governmental:			
Federal Home Loan Reuse	\$ 3,200	\$ 3,700	\$ (500)
Non-Major Governmental:			
RTC Streets	300,000	345,355	(45,355)
CDBG	-	2,090	(2,090)
CDBG Program Income	-	50	(50)
Restricted TOT	-	22,392	(22,392)

*Sufficient revenues in listed funds were used to subsidize the excess expenditures.

SUPPLEMENTARY INFORMATION

**CITY OF CAPITOLA
Capital Projects Fund
Major Capital Projects Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 122,000	\$ 122,000	\$ 24,244	\$ (97,756)
Intergovernmental	-	-	37,568	37,568
Other revenue	50,000	50,000	96,540	46,540
Total revenues	<u>172,000</u>	<u>172,000</u>	<u>158,352</u>	<u>(13,648)</u>
Expenditures:				
General government	38,000	38,000	6,420	31,580
Transportation	103,000	103,000	39,702	63,298
Capital outlay	1,082,663	1,082,663	719,166	363,497
Total expenditures	<u>1,223,663</u>	<u>1,223,663</u>	<u>765,288</u>	<u>458,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,051,663)</u>	<u>(1,051,663)</u>	<u>(606,936)</u>	<u>(472,023)</u>
Other financing sources (uses):				
Transfers in	1,082,663	1,162,663	1,162,663	-
Net change in fund balance	31,000	111,000	555,727	444,727
Fund balance, beginning	<u>1,495,039</u>	<u>1,495,039</u>	<u>1,495,039</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 1,526,039</u></u>	<u><u>\$ 1,606,039</u></u>	<u><u>\$ 2,050,766</u></u>	<u><u>\$ 444,727</u></u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Capital Projects Fund
Library Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 10,090,000	\$ 10,090,000	\$ 5,016,653	\$ (5,073,347)
Use of money and property	-	-	54,000	54,000
Other revenue	-	-	149,522	149,522
Total revenues	10,090,000	10,090,000	5,220,175	(4,869,825)
Expenditures:				
Current:				
General government:	-	-	8,407	(8,407)
Capital outlay	10,090,000	10,090,000	2,554,914	7,535,086
Total expenditures	10,090,000	10,090,000	2,563,321	7,526,679
Excess (deficiency) of revenues over (under) expenditures	-	-	2,656,854	2,656,854
Other financing sources (uses):				
Transfers in	47,363	47,363	47,363	-
Net change in fund balance	47,363	47,363	2,704,217	2,656,854
Fund balance, beginning of year	1,884,392	1,884,392	1,884,392	-
Fund balance, end of year	<u>\$ 1,931,755</u>	<u>\$ 1,931,755</u>	<u>\$ 4,588,609</u>	<u>\$ 2,656,854</u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
Non-Major Governmental Funds
Combining Statements
June 30, 2019**

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

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

SB1 Road Rehab Fund - This fund accounts for receipts and expenditures received from the passage of Senate Bill 1 – Road Repair and Accountability Act of 2017.

RTC Fund - This fund accounts for receipts and expenditures of the 2016 Measure D sales tax received from the Santa Cruz County Regional Transportation Commission.

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

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

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

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

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

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

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

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

CDBG Program Income - This fund accounts for housing loan principal and interest repayments for the Community Development Block Grant (CDBG) Program. This fund did not have an adopted budget.

Affordable Housing – This fund accounts for a flexible local source of funding for the creation of new affordable housing, rehabilitation of existing affording housing, funding of local programs to assist lower and moderate income buyers purchase affordable housing, or as leverage of local funds for larger State and Federal grants.

**CITY OF CAPITOLA
Non-Major Governmental Funds
Combining Statements
June 30, 2019**

Restricted Transient Occupancy Tax (TOT) Fund - This fund accounts for the 0.75% of restricted Transient Occupancy Tax (TOT) as approved by Capitola voters in 2018. The Restricted TOT Fund is used receive and distribute the 0.40% of restricted TOT revenues for local business groups and the 0.35% of restricted TOT revenue dedicated to early childhood and youth programming.

DEBT SERVICE FUNDS

Beach and Village Lot II Debt Financing Fund - This fund accounts for the debt proceeds and the corresponding expenditures for the Beach and Village Lot II project. This fund is also used for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of the long-term debt issued by the City.

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

2007 POB Debt Service Fund - Accounts for the accumulation of resources for, and payment of long-term debt principal and interest related to the 2007 Pension Obligation Bonds. This fund did not have an adopted budget.

CITY OF CAPITOLA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2019

	SPECIAL REVENUE FUNDS		
	SB1 Road Rehab and Maintenance	RTC Streets	Supplemental Law Enforcement
ASSETS			
Cash and investments	\$ 161,505	\$ 384,446	\$ 16,802
Accounts receivable	-	-	-
Due from other governments	35,453	30,028	169
Loans receivables, net	-	-	-
Total Assets	<u>\$ 196,958</u>	<u>\$ 414,474</u>	<u>\$ 16,971</u>
LIABILITIES			
Accounts payable	\$ -	\$ 3,359	\$ 378
Due to other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities	<u>-</u>	<u>3,359</u>	<u>378</u>
FUND BALANCES			
Restricted	196,958	411,115	16,593
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>196,958</u>	<u>411,115</u>	<u>16,593</u>
Total Liabilities and Fund Balances	<u>\$ 196,958</u>	<u>\$ 414,474</u>	<u>\$ 16,971</u>

Attachment: City of Capitola 2019 (Audit report)

SPECIAL REVENUE FUNDS

Gas Tax	Wharf	Parking Reserve	Technology Fees	PEG Cable TV Access Fee	Capitola Village and Wharf BIA	CDBG
\$ 29,601	\$ 63,426	\$ 737	\$ 65,409	\$ 76,520	\$ 27,746	\$ 39,813
-	4,350	-	-	-	1,697	-
79	402	-	-	4,350	-	-
-	-	-	-	-	-	-
<u>\$ 29,680</u>	<u>\$ 68,178</u>	<u>\$ 737</u>	<u>\$ 65,409</u>	<u>\$ 80,870</u>	<u>\$ 29,443</u>	<u>\$ 39,813</u>
\$ 8,979	\$ 2,520	\$ -	\$ -	\$ -	\$ 424	\$ -
-	-	-	-	-	-	-
-	1,000	-	-	-	-	-
<u>8,979</u>	<u>3,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424</u>	<u>-</u>
20,701	64,658	737	65,409	80,870	29,019	39,813
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>20,701</u>	<u>64,658</u>	<u>737</u>	<u>65,409</u>	<u>80,870</u>	<u>29,019</u>	<u>39,813</u>
<u>\$ 29,680</u>	<u>\$ 68,178</u>	<u>\$ 737</u>	<u>\$ 65,409</u>	<u>\$ 80,870</u>	<u>\$ 29,443</u>	<u>\$ 39,813</u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
 Non-Major Governmental Funds
 Combining Balance Sheet (continued)
 June 30, 2019**

	SPECIAL REVENUE FUNDS		
	CDBG Program Income	Affordable Housing	Ristricted Transient Occupancy Tax
ASSETS			
Cash and investments	\$ -	\$ 74,859	\$ 8,419
Accounts receivable	-	-	-
Due from other governments	187	504	-
Loans receivables, net	480,620	198,013	-
Total Assets	<u>\$ 480,807</u>	<u>\$ 273,376</u>	<u>\$ 8,419</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	480,807	273,376	8,419
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>480,807</u>	<u>273,376</u>	<u>8,419</u>
 Total Liabilities and Fund Balances	<u>\$ 480,807</u>	<u>\$ 273,376</u>	<u>\$ 8,419</u>

Attachment: City of Capitola 2019 (Audit report)

DEBT SERVICE FUNDS			
Beach & Village Lot II Debt Financing	Pacific Cove Debt Financing	2007 POB Debt Service	Non-Major Governmental Funds
\$ -	\$ 54,713	\$ 4,896	\$ 1,008,892
-	-	-	6,047
-	85	-	71,257
-	-	-	678,633
<u>\$ -</u>	<u>\$ 54,798</u>	<u>\$ 4,896</u>	<u>\$ 1,764,829</u>
\$ -	\$ -	\$ -	\$ 15,660
39,185	-	-	39,185
-	-	-	1,000
<u>39,185</u>	<u>-</u>	<u>-</u>	<u>55,845</u>
-	-	-	1,688,475
-	54,798	4,896	59,694
<u>(39,185)</u>	<u>-</u>	<u>-</u>	<u>(39,185)</u>
<u>(39,185)</u>	<u>54,798</u>	<u>4,896</u>	<u>1,708,984</u>
<u>\$ -</u>	<u>\$ 54,798</u>	<u>\$ 4,896</u>	<u>\$ 1,764,829</u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2019

	SPECIAL REVENUE FUNDS		
	SB1		Supplemental
	Road Rehab and Maintenance	RTC Streets	Law Enforcement
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	193,706	330,161	100,000
Charges for services	-	-	-
Use of money and property	1,707	8,694	262
Other revenue	-	-	-
Total Revenues	<u>195,413</u>	<u>338,855</u>	<u>100,262</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public safety	-	-	15,770
Community development	-	-	-
Culture and recreation	-	-	-
Transportation	-	-	-
Capital outlay	-	345,355	25,000
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>-</u>	<u>345,355</u>	<u>40,770</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>195,413</u>	<u>(6,500)</u>	<u>59,492</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(53,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(53,000)</u>
Net change in fund balances	195,413	(6,500)	6,492
Fund Balances, beginning of year	<u>1,545</u>	<u>417,615</u>	<u>10,101</u>
Fund Balances, end of year	<u>\$ 196,958</u>	<u>\$ 411,115</u>	<u>\$ 16,593</u>

Attachment: City of Capitola 2019 (Audit report)

SPECIAL REVENUE FUNDS

Gas Tax	Wharf	Parking Reserve	Technology Fees	PEG Cable TV Access Fee	Capitola Village and Wharf BIA	CDBG
\$ 219,069	\$ -	\$ -	\$ -	\$ -	\$ 12,989	\$ -
-	-	-	-	15,386	-	-
-	-	-	-	-	-	-
-	-	-	14,194	-	72,156	-
80	100,296	-	-	1,831	864	-
-	-	-	-	-	-	-
<u>219,149</u>	<u>100,296</u>	<u>-</u>	<u>14,194</u>	<u>17,217</u>	<u>86,009</u>	<u>-</u>
-	-	-	-	14,288	-	-
-	-	-	-	-	-	-
-	-	-	3,875	-	79,231	2,090
-	78,752	-	-	-	-	-
193,111	-	-	-	-	-	-
-	-	-	-	-	-	-
5,337	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>198,448</u>	<u>78,752</u>	<u>-</u>	<u>3,875</u>	<u>14,288</u>	<u>79,231</u>	<u>2,090</u>
<u>20,701</u>	<u>21,544</u>	<u>-</u>	<u>10,319</u>	<u>2,929</u>	<u>6,778</u>	<u>(2,090)</u>
-	-	100,000	-	-	-	-
-	-	(100,000)	-	-	-	-
-	-	-	-	-	-	-
<u>20,701</u>	<u>21,544</u>	<u>-</u>	<u>10,319</u>	<u>2,929</u>	<u>6,778</u>	<u>(2,090)</u>
<u>-</u>	<u>43,114</u>	<u>737</u>	<u>55,090</u>	<u>77,941</u>	<u>22,241</u>	<u>41,903</u>
<u>\$ 20,701</u>	<u>\$ 64,658</u>	<u>\$ 737</u>	<u>\$ 65,409</u>	<u>\$ 80,870</u>	<u>\$ 29,019</u>	<u>\$ 39,813</u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures (continued)
and Changes in Fund Balances
Year Ended June 30, 2019

	SPECIAL REVENUE FUNDS		
	CDBG Program Income	Affordable Housing	Restricted Transient Occupancy Tax
REVENUES			
Taxes	\$ -	\$ -	\$ 30,811
Licenses and permits	-	-	-
Intergovernmental	5,071	4,801	-
Charges for services	-	50,965	-
Use of money and property	1,140	2,063	-
Other revenue	-	1,000	-
Total Revenues	<u>6,211</u>	<u>58,829</u>	<u>30,811</u>
EXPENDITURES			
Current:			
General Government	-	-	22,392
Public safety	-	-	-
Community development	50	-	-
Culture and recreation	-	-	-
Transportation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>50</u>	<u>-</u>	<u>22,392</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>6,161</u>	<u>58,829</u>	<u>8,419</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(58,679)	(50,000)	-
Total Other Financing Sources (Uses)	<u>(58,679)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balances	(52,518)	8,829	8,419
Fund Balances, beginning of year	533,325	264,547	-
Fund Balances, end of year	<u>\$ 480,807</u>	<u>\$ 273,376</u>	<u>\$ 8,419</u>

Attachment: City of Capitola 2019 (Audit report)

DEBT SERVICE FUNDS			
Beach and Village Lot II Debt Financing	Pacific Cove Debt Financing	2007 POB Debt Service	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 262,869
-	-	-	15,386
-	-	-	633,739
-	-	-	137,315
-	1,472	-	118,409
-	-	-	1,000
-	1,472	-	1,168,718
-	-	-	36,680
-	-	-	15,770
-	-	-	85,246
-	-	-	78,752
-	-	-	193,111
-	-	-	370,355
60,187	116,075	-	181,599
28,625	48,991	-	77,616
88,812	165,066	-	1,039,129
(88,812)	(163,594)	-	129,589
88,812	165,066	-	353,878
-	(80,000)	-	(341,679)
88,812	85,066	-	12,199
-	(78,528)	-	141,788
(39,185)	133,326	4,896	1,567,196
\$ (39,185)	\$ 54,798	\$ 4,896	\$ 1,708,984

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
Senate Bill 1 – Road Rehab Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 168,750	\$ 168,750	\$ 193,706	\$ 24,956
Use of money and property	-	-	1,707	1,707
Total revenues	<u>168,750</u>	<u>168,750</u>	<u>195,413</u>	<u>26,663</u>
Net change in fund balance	168,750	168,750	195,413	26,663
Fund balance, beginning of year	<u>1,545</u>	<u>1,545</u>	<u>1,545</u>	-
Fund balance, end of year	<u>\$ 170,295</u>	<u>\$ 170,295</u>	<u>\$ 196,958</u>	<u>\$ 26,663</u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
RTC Streets Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 330,161	\$ 30,161
Use of money and property	-	-	8,694	8,694
Total revenues	300,000	300,000	338,855	38,855
Expenditures:				
Capital outlay	300,000	300,000	345,355	(45,355)
Excess (deficiency) of revenues over (under) expenditures	-	-	(6,500)	84,210
Net change in fund balance	-	-	(6,500)	84,210
Fund balance, beginning of year	417,615	417,615	417,615	-
Fund balance, end of year	\$ 417,615	\$ 417,615	\$ 411,115	\$ 84,210

**CITY OF CAPITOLA
 Supplemental Law Enforcement Fund
 Non-Major Governmental Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of money and property	400	400	262	(138)
Total revenues	<u>100,400</u>	<u>100,400</u>	<u>100,262</u>	<u>(138)</u>
Expenditures:				
Current:				
Public safety	48,000	48,000	15,770	32,230
Capital outlay	25,000	25,000	25,000	-
Total expenditures	<u>73,000</u>	<u>73,000</u>	<u>40,770</u>	<u>32,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,400</u>	<u>27,400</u>	<u>59,492</u>	<u>(32,368)</u>
Other financing sources (uses):				
Transfers out	<u>(25,000)</u>	<u>(53,000)</u>	<u>(53,000)</u>	<u>-</u>
Net change in fund balance	2,400	(25,600)	6,492	(32,368)
Fund balance, beginning of year	<u>10,101</u>	<u>10,101</u>	<u>10,101</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,501</u>	<u>\$ (15,499)</u>	<u>\$ 16,593</u>	<u>\$ (32,368)</u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
Gas Tax Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 261,423	\$ 261,423	\$ 219,069	\$ (42,354)
Use of money and property	-	-	80	80
Total revenues	261,423	261,423	219,149	(42,274)
Expenditures:				
Current:				
Transportation	261,000	261,000	193,111	67,889
Debt service:				
Principal	-	-	5,337	(5,337)
Total expenditures	261,000	261,000	198,448	62,552
Net change in fund balance	423	423	20,701	20,278
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 423	\$ 423	\$ 20,701	\$ 20,278

**CITY OF CAPITOLA
Wharf Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 85,100	\$ 85,100	\$ 100,296	\$ 15,196
Expenditures:				
Current:				
Culture and recreation	94,600	94,600	78,752	15,848
Net change in fund balance	(9,500)	(9,500)	21,544	(652)
Fund balance, beginning of year	43,114	43,114	43,114	-
Fund balance, end of year	<u>\$ 33,614</u>	<u>\$ 33,614</u>	<u>\$ 64,658</u>	<u>\$ (652)</u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
 Parking Reserve Fund
 Non-Major Governmental Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Transfers out	(100,000)	(100,000)	(100,000)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	737	737	737	-
Fund balance, end of year	<u>\$ 737</u>	<u>\$ 737</u>	<u>\$ 737</u>	<u>\$ -</u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
Technology Fees Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 11,500	\$ 11,500	\$ 14,194	\$ 2,694
Expenditures:				
Current:				
Community development	15,000	15,000	3,875	11,125
Net change in fund balance	(3,500)	(3,500)	10,319	13,819
Fund balance, beginning of year	55,090	55,090	55,090	-
Fund balance, end of year	<u>\$ 51,590</u>	<u>\$ 51,590</u>	<u>\$ 65,409</u>	<u>\$ 13,819</u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
PEG Cable TV Access Fee Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Licenses and permits	\$ 16,000	\$ 16,000	\$ 15,386	\$ (614)
Use of money and property	200	200	1,831	1,631
Total revenues	<u>16,200</u>	<u>16,200</u>	<u>17,217</u>	<u>1,017</u>
Expenditures:				
Current:				
General government:				
City manager	19,400	19,400	14,288	5,112
Capital outlay	<u>5,000</u>	<u>5,000</u>	-	<u>5,000</u>
Total expenditures	<u>24,400</u>	<u>24,400</u>	<u>14,288</u>	<u>10,112</u>
Net change in fund balance	(8,200)	(8,200)	2,929	11,129
Fund balance, beginning of year	<u>77,941</u>	<u>77,941</u>	<u>77,941</u>	-
Fund balance, end of year	<u>\$ 69,741</u>	<u>\$ 69,741</u>	<u>\$ 80,870</u>	<u>\$ 11,129</u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Capitola Village and Wharf BIA Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 15,000	\$ 12,989	\$ (2,011)
Charges for services	74,600	74,600	72,156	(2,444)
Use of money and property	150	150	864	714
Total revenues	74,750	89,750	86,009	(3,741)
Expenditures:				
Current:				
Community development	74,750	104,037	79,231	24,806
Net change in fund balance	-	(14,287)	6,778	21,065
Fund balance, beginning of year	22,241	22,241	22,241	-
Fund balance, end of year	\$ 22,241	\$ 7,954	\$ 29,019	\$ 21,065

**CITY OF CAPITOLA
CDBG Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Community development	\$ -	\$ -	\$ 2,090	\$ (2,090)
Net change in fund balance	-	-	(2,090)	(2,090)
Fund balance, beginning of year	<u>41,903</u>	<u>41,903</u>	<u>41,903</u>	<u>-</u>
Fund balance, end of year	<u>\$ 41,903</u>	<u>\$ 41,903</u>	<u>\$ 39,813</u>	<u>\$ (2,090)</u>

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
Affordable Housing Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 4,801	\$ 4,801
Charges for services	28,000	28,000	50,965	22,965
Use of money and property	-	-	2,063	2,063
Other revenue	-	-	1,000	1,000
Total revenues	28,000	28,000	58,829	30,829
Other financing sources (uses):				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(50,000)	-
Net change in fund balance	(22,000)	(22,000)	8,829	30,829
Fund balance, beginning of year	264,547	264,547	264,547	-
Fund balance, end of year	\$ 242,547	\$ 242,547	\$ 273,376	\$ 30,829

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
 Restricted TOT Fund
 Non-Major Governmental Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 41,000	\$ 30,811	\$ (10,189)
Expenditures:				
Current:				
General government:	-	-	22,392	(22,392)
Net change in fund balance	-	41,000	8,419	12,203
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 41,000	\$ 8,419	\$ 12,203

Attachment: City of Capitola 2019 (Audit report)

**CITY OF CAPITOLA
 Beach and Village Lot II Debt Financing Fund
 Non-Major Governmental Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt service expenditures:				
Principal	\$ 60,187	\$ 60,187	\$ 60,187	\$ -
Interest	28,625	28,625	28,625	-
Total expenditures	<u>88,812</u>	<u>88,812</u>	<u>88,812</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,812)</u>	<u>(88,812)</u>	<u>(88,812)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>88,812</u>	<u>88,812</u>	<u>88,812</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>88,812</u>	<u>88,812</u>	<u>88,812</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>(39,185)</u>	<u>(39,185)</u>	<u>(39,185)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (39,185)</u></u>	<u><u>\$ (39,185)</u></u>	<u><u>\$ (39,185)</u></u>	<u><u>\$ -</u></u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Pacific Cove Debt Financing Fund
Non-Major Governmental Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 1,472	\$ 1,472
Debt service expenditures:				
Principal	125,000	125,000	116,075	8,925
Interest	40,066	40,066	48,991	(8,925)
Total expenditures	<u>165,066</u>	<u>165,066</u>	<u>165,066</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(165,066)</u>	<u>(165,066)</u>	<u>(163,594)</u>	<u>1,472</u>
Other financing sources (uses):				
Transfers in	165,066	165,066	165,066	-
Transfers out	-	(80,000)	(80,000)	-
Total Other Financing Sources (Uses)	<u>165,066</u>	<u>85,066</u>	<u>85,066</u>	<u>-</u>
Net change in fund balance	-	(80,000)	(78,528)	1,472
Fund balance, beginning of year	<u>133,326</u>	<u>133,326</u>	<u>133,326</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 133,326</u></u>	<u><u>\$ 53,326</u></u>	<u><u>\$ 54,798</u></u>	<u><u>\$ 1,472</u></u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds – Agency Funds
Year Ended June 30, 2019

AUTO CENTER	Balance			Balance
ASSESSMENT DISTRICT	June 30, 2018	Additions	Deductions	June 30, 2019
Assets				
Cash and investments	\$ 20,830	\$ 472	\$ -	\$ 21,302
Due from other governments	99	136	(99)	136
Total assets	<u>\$ 20,929</u>	<u>\$ 608</u>	<u>\$ (99)</u>	<u>\$ 21,438</u>
Liabilities				
Deposits	<u>\$ 20,929</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 21,438</u>
Total liabilities	<u>\$ 20,929</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 21,438</u>

Attachment: City of Capitola 2019 (Audit report)

CITY OF CAPITOLA
 Comprehensive Annual Financial Report
 Statistical Section (Unaudited)
 Table of Contents
 Fiscal Year Ended June 30, 2019

This part of The City of Capitola's Comprehensive Annual Financial Report presents detailed information as context for understanding the information in the financial statements, note disclosures, and required supplementary information and provides additional information useful in assessing the City's economic condition.

Financial Trends

The financial trends shown on the following charts are designed to help the reader understand the City's performance trends and relative well-being over time.

Net Position by Component	104
Changes in Net Position	105
Fund Balances of Government Funds	107
Change in Fund Balances of Governmental Funds	109
General Revenues by Source	111

Revenue Capacity

The sources and relative value of revenues shown on the following charts are designed to assist the reader in assessing the City's most significant sources of revenue and the performance of these sources over time.

Net Taxable Assessed Value History	112
Assessed Value of Taxable Property	113
Direct and Overlapping Property Tax Rates	114
Top Ten Property Taxpayers	115
Property Tax Levies and Collections	116
Top 25 Sales Tax Taxpayers	117

CITY OF CAPITOLA
 Comprehensive Annual Financial Report
 Statistical Section (Unaudited)
 Table of Contents, Continued
 Fiscal Year Ended June 30, 2019

Debt Capacity

Debt is a useful tool for financing capital acquisition, construction, and meeting long term financing needs. The following charts present information to help the reader assess the City's current debt levels and capacity for future debt.

Ratios of Outstanding Debt by Type	118
Ratios of General Bonded Debt Outstanding	119
Direct and Overlapping Debt	120
Legal Debt Margin Information	121
Pledged-Revenue Coverage	122

Demographic and Economic Information

The demographic and economic information provided in the charts below is designed to help the reader understand the general socio-economic environment in which the City's financial activities take place.

Demographic and Economic Statistics	123
Principal Employers - Top Ten	124
Full-time and Part-time City Employees by Function	125

Operating Information

The following charts provide information to show the size and nature of the City's operations in order to assist the reader in understanding the services the City is able to provide and activities it is able to undertake within its available financial framework.

2018- 12	Operating Indicators by Function	126
2018- 13	Capital Asset Statistics by Function	127

Unless otherwise noted, the source of the information noted in the tables below were from the prior year's City's Comprehensive Annual Financial Reports.

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

	2010	2011	2012	2013	2014	2015*	2016	2017	2018	2019
Primary Government activities										
Net Investment in Capital Assets	\$ 15,598	\$ 15,054	\$ 11,918	\$ 11,521	\$ 12,751	\$ 11,604	\$ 13,154	\$ 14,457	\$ 15,773	\$ 18,563
Restricted for										
Public Safety		10	51	101	119	101	98	8	10	17
Transportation	63	184	2,445	1,513	416	393	113	119	420	630
Community Development	1,317	1,256	1,141	3,511	3,852	6,357	6,599	8,811	11,191	14,105
Culture and Recreation	-	185	88	77	116	141	143	159	121	146
Total Restricted	1,380	1,635	3,725	5,202	4,503	6,992	6,953	9,097	11,742	14,896
Unrestricted	4,575	3,249	4,134	4,893	5,957	(9,381)	(8,884)	(9,883)	(11,536)	(10,563)
Total Primary Government net position	\$ 21,553	\$ 19,938	\$ 19,777	\$ 21,616	\$ 23,211	\$ 9,215	\$ 11,223	\$ 13,671	\$ 15,978	\$ 22,896

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

*FY 2014/15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71, which resulted in a prior period restatement of (\$15,436,035) to the Governmental Activities.

Source: City of Capitola Finance Department.

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

EXPENSES:	Fiscal Year				
	2010	2011	2012	2013	2014
Primary government activities					
General government	\$ 5,103	\$ 5,453	\$ 4,851	\$ 4,862	\$ 3,403
Public safety	5,533	5,422	5,491	5,411	5,412
Community development	2,428	2,068	3,471	727	741
Culture and recreation	1,025	995	1,010	1,398	970
Transportation	1,932	2,445	2,556	2,456	3,070
Interest and other charges	509	448	419	288	211
Total primary government expenses	16,530	16,831	17,798	15,142	13,807
PROGRAM REVENUES:					
Primary government activities					
Charges for services:					
General government	806	759	1,059	948	1,109
Public safety	1,009	902	759	732	782
Community development	2,266	1,077	1,145	523	683
Culture and recreation	696	655	751	685	749
Transportation	53	54	166	145	131
Operating grants and contributions	1,469	1,040	3,131	2,292	313
Capital grants and contributions	388	421	-	3	15
Total primary govt program revenues	6,687	4,908	7,011	5,328	3,782
NET PRIMARY GOVT REV/(EXP)	(9,843)	(11,923)	(10,787)	(9,814)	(10,025)
GENERAL REVENUES AND OTHER					
CHANGES IN NET POSITION:					
Primary government activities					
Taxes:					
Property Taxes	4,066	4,107	2,993	1,778	1,849
Transaction and Use Tax (.25%)	928	850	932	1,510	-
Sales and Use tax	3,289	3,002	3,322	4,531	2,036
Transient occupancy taxes	592	602	913	1,074	1,263
Franchise taxes	462	477	483	479	497
Business license tax	282	267	281	292	287
Other taxes					
Intergovernmental	979	1,323	947	241	327
Investment income	238	185	190	131	107
Other general revenues	287	289	309	497	238
Transfers					
Extraordinary Item	-	(795)	380	1,118	-
Total primary government activities	11,123	10,307	10,750	11,651	6,604
CHANGES IN NET POSITION:					
Total primary government activities	\$ 1,280	\$ (1,616)	\$ (37)	\$ 1,837	\$ (3,421)

* Fiscal year 2014-15 reflects the first year of the implementation of GASB Statement Nos. 68 and 71, which resulted in a prior restatement of (\$15,436,035) to the Governmental Activities. GASB 75 restatement was reflected in 2018 for \$172,688.

Source: City of Capitola Finance Department

Fiscal Year					
2015*	2016	2017	2018	2019	
\$ 3,582	\$ 3,557	\$ 3,975	\$ 3,594	\$ 3,595	
6,181	6,211	7,462	6,822	7,037	
809	1,076	1,090	1,057	956	
974	1,150	1,302	1,228	1,192	
2,866	3,218	3,212	3,382	3,384	
217	158	119	77	76	
<u>14,629</u>	<u>15,370</u>	<u>17,160</u>	<u>16,161</u>	<u>16,241</u>	
1,012	970	911	1,057	1,132	
806	701	597	601	579	
633	727	637	695	528	
765	751	640	636	614	
120	112	116	34	44	
657	400	3,329	1,832	650	
12	511	146	413	5,678	
<u>4,005</u>	<u>4,172</u>	<u>6,376</u>	<u>5,267</u>	<u>9,224</u>	
<u>(10,624)</u>	<u>(11,198)</u>	<u>(10,784)</u>	<u>(10,893)</u>	<u>(7,017)</u>	
2,041	2,194	2,288	2,498	2,630	
-	-	-	-	-	
7,330	7,860	7,959	7,688	8,077	
1,276	1,452	1,458	1,457	1,582	
508	524	535	555	545	
284	298	302	308	308	
265	226	201	223	224	
119	227	264	237	450	
242	424	225	406	119	
-	-	-	-	-	
<u>12,065</u>	<u>13,205</u>	<u>13,232</u>	<u>13,374</u>	<u>13,935</u>	
<u>\$ 1,441</u>	<u>\$ 2,007</u>	<u>\$ 2,448</u>	<u>\$ 2,480</u>	<u>\$ 6,918</u>	

Attachment: City of Capitola 2019 (Audit report)

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

	2010 ⁽¹⁾	2011 ⁽²⁾	2012 ⁽²⁾	2013 ⁽²⁾	2014 ⁽²⁾	2015 ⁽²⁾
GENERAL FUND						
Reserved						
Prepaid	\$ 116	\$ -	\$ -	\$ -	\$ -	\$ -
Advances	1,968	-	-	-	-	-
Total Reserved	2,084	-	-	-	-	-
Unreserved						
Designated	2,928	-	-	-	-	-
Unrestricted	1,350	-	-	-	-	-
Total Unreserved	4,278	-	-	-	-	-
Fund Balance GASB 54						
Nonspendable	-	1,973	1,970	2,024	620	618
Restricted	-	-	-	-	-	-
Assigned	-	-	-	570	584	1,049
Unassigned	-	2,786	2,608	2,846	3,686	4,338
Total General Fund	6,362	4,759	4,578	5,440	4,890	6,005
ALL OTHER GOVERNMENT FUNDS						
Unreserved, reported in:						
Special revenue funds	1,643	-	-	-	-	-
Capital project funds	627	-	-	-	-	-
Debt service funds	1,458	-	-	-	-	-
Total Unreserved	3,728	-	-	-	-	-
Fund Balance GASB 54						
Nonspendable	-	109	586	-	-	-
Restricted	-	1,705	1,858	1,497	1,043	985
Assigned	-	1,564	1,045	1,046	1,764	2,457
Unassigned	-	(19)	(148)	(19)	(2)	(41)
Total All Other Govt Funds	3,728	3,359	3,341	2,524	2,805	3,401
TOTAL	\$ 10,090	\$ 8,118	\$ 7,919	\$ 7,964	\$ 7,695	\$ 9,406

(1) Data prior to GASB 54 implementation.

(2) Data incorporating GASB 54 implementation.

Source: City of Capitola Finance Department.

<u>2016⁽²⁾</u>	<u>2017⁽²⁾</u>	<u>2018⁽²⁾</u>	<u>2019⁽²⁾</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
524	426	58	21
300	300	816	867
1,262	1,277	1,277	1,344
4,599	5,345	4,603	5,627
<u>6,685</u>	<u>7,348</u>	<u>6,755</u>	<u>7,859</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
736	834	11,742	14,896
2,745	1,927	1,633	2,110
(215)	(39)	(39)	(39)
<u>3,266</u>	<u>2,722</u>	<u>13,336</u>	<u>16,968</u>
<u>\$ 9,951</u>	<u>\$ 10,070</u>	<u>\$ 20,091</u>	<u>\$ 24,826</u>

Attachment: City of Capitola 2019 (Audit report)

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

	2010	2011	2012	2013	2014
REVENUES:					
Taxes	\$10,285	\$10,335	\$ 9,878	\$ 9,607	\$11,112
Licenses & permits	609	474	630	520	703
Intergovernmental	2,932	2,426	2,755	837	637
Fines and forfeitures	803	702	724	688	731
Charges for services	1,380	1,278	1,907	1,862	2,053
Use of money and property	595	492	403	235	219
Other	163	173	90	238	128
Total revenues	<u>16,767</u>	<u>15,880</u>	<u>16,387</u>	<u>13,987</u>	<u>15,583</u>
EXPENSES:					
Current:					
General government	4,232	4,483	4,034	3,865	2,749
Public safety	5,441	5,468	5,436	5,369	5,838
Community development	2,338	1,986	3,458	712	722
Culture and recreation	986	1,009	1,041	1,118	966
Transportation	2,017	2,294	2,204	2,157	2,782
Capital outlay	847	665	757	551	3,328
Subtotal	<u>15,861</u>	<u>15,905</u>	<u>16,930</u>	<u>13,772</u>	<u>16,385</u>
Debt service:					
Debt issuance costs	-	-	43	38	12
Principal retirement	535	704	673	1,031	616
Interest and agent fees	507	447	394	320	210
Subtotal	<u>1,042</u>	<u>1,151</u>	<u>1,110</u>	<u>1,389</u>	<u>838</u>
Total expenditures	<u>16,903</u>	<u>17,056</u>	<u>18,040</u>	<u>15,161</u>	<u>17,223</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(136)</u>	<u>(1,176)</u>	<u>(1,653)</u>	<u>(1,174)</u>	<u>(1,640)</u>
OTHER FINANCING SOURCES/(USES):					
Sale of capital assets	-	-	2,390	99	-
Transfers in	1,337	1,945	2,272	2,151	1,861
Transfers out	(1,337)	(1,945)	(2,272)	(2,151)	(1,861)
Issuance of bonds	-	-	-	-	1,372
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>2,390</u>	<u>99</u>	<u>1,372</u>
Special Items					
Flood Disaster loss/recovery	-	(795)	(623)	1,118	-
Prefunding of PERS liability	-	-	-	-	-
Gain/Loss on RDA dissolution	-	-	(190)	-	-
Net change in fund balances	<u>(136)</u>	<u>(1,971)</u>	<u>(76)</u>	<u>43</u>	<u>(268)</u>
Beginning fund balance, as restated	9,155	9,019	7,995	7,920	7,963
Changes in fund balance	<u>(136)</u>	<u>(1,971)</u>	<u>(75)</u>	<u>43</u>	<u>(268)</u>
Ending fund balance	<u>\$ 9,019</u>	<u>\$ 7,048</u>	<u>\$ 7,920</u>	<u>\$ 7,963</u>	<u>\$ 7,695</u>
Debt Service as a percentage of non-capital expenditures					
Total Expenditures	\$16,903	\$17,056	\$18,040	\$15,161	\$17,223
Capitalized Portion of Capital Outlay	888	430	824	306	3,809
Total Non-Capitalized Expenditures	16,015	16,626	17,216	14,855	13,414
Debt service: Principal and Interest	1,042	1,151	1,110	1,389	838
Debt service as a percentage of noncapital expenditures	6.51%	6.92%	6.45%	9.35%	6.25%

Note: Debt service as a percentage of noncapital expenditures reflects total governmental fund expenditures less the capital outlay shown separately in the Changes in Fund Balances schedule and any expenditures for capitalized assets contained within the functional expenditure categories. The sum of these items is reported in this calculation, as well as appearing as a reconciling item in the reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.

2015	2016	2017	2018	2019
\$11,416	\$12,250	\$12,436	\$12,416	\$13,097
629	671	626	766	663
757	656	560	558	522
671	787	1,475	2,250	6,030
2,078	2,165	1,970	2,007	2,020
228	324	376	237	450
132	328	114	406	378
<u>15,911</u>	<u>17,181</u>	<u>17,557</u>	<u>18,641</u>	<u>23,159</u>
2,443	2,712	3,153	2,824	2,819
5,917	6,134	6,495	6,333	6,552
823	1,005	976	967	913
978	1,039	1,137	1,154	1,130
2,577	2,744	2,637	2,852	2,981
535	2,074	2,113	1,924	3,770
<u>13,273</u>	<u>15,708</u>	<u>16,511</u>	<u>16,054</u>	<u>18,165</u>
-	-	-	-	-
699	764	788	829	182
229	163	139	95	78
<u>928</u>	<u>927</u>	<u>927</u>	<u>924</u>	<u>259</u>
<u>14,201</u>	<u>16,635</u>	<u>17,438</u>	<u>16,977</u>	<u>18,424</u>
<u>1,710</u>	<u>546</u>	<u>119</u>	<u>1,664</u>	<u>4,735</u>
-	-	-	-	-
2,091	2,784	1,815	2,865	1,676
(2,091)	(2,784)	(1,815)	(2,865)	(1,676)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,710</u>	<u>546</u>	<u>119</u>	<u>1,664</u>	<u>4,735</u>
<u>7,695</u>	<u>9,405</u>	<u>9,951</u>	<u>10,070</u>	<u>20,091</u>
<u>1,710</u>	<u>546</u>	<u>119</u>	<u>1,664</u>	<u>4,735</u>
<u>\$ 9,405</u>	<u>\$ 9,951</u>	<u>\$10,070</u>	<u>\$11,734</u>	<u>\$24,826</u>
\$14,201	\$16,635	\$17,438	\$16,977	\$18,424
(153)	2,079	2,231	2,063	3,681
<u>14,354</u>	<u>14,556</u>	<u>15,207</u>	<u>14,914</u>	<u>14,743</u>
928	927	927	924	259
6.47%	6.37%	6.10%	6.19%	1.76%

Source: City of Capitola Finance Department.

Attachment: City of Capitola 2019 (Audit report)

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

Fiscal Year	General Revenue By Source							Total General Revenues
	Sales Tax Revenue ⁽¹⁾	Property Taxes ⁽²⁾	Transient Occupancy Tax	Franchise Taxes	Business Licenses	Investment Income	Miscellaneous, Intergovernmental and Other Revenues	
2010	\$ 4,993,844	\$ 4,065,897	\$ 591,925	\$ 461,937	\$ 281,739	\$ 237,926	\$ 489,162	\$ 11,122,430
2011	4,890,518	4,107,291	601,726	477,084	266,948	185,346	573,436	11,102,349
2012	5,200,303	2,993,125	912,851	482,782	281,336	190,390	309,110	10,369,897
2013	6,040,542	1,778,037	1,074,507	478,627	291,642	131,166	398,320	10,192,841
2014	7,179,727	1,849,375	1,263,175	496,759	286,638	107,218	564,801	11,747,693
2015	7,330,443	2,041,248	1,275,716	507,517	284,474	118,770	506,803	12,064,971
2016	7,859,511	2,193,588	1,451,512	524,214	298,020	227,142	650,656	13,204,643
2017	7,959,086	2,288,341	1,457,704	534,513	301,545	264,040	426,525	13,231,754
2018	7,687,959	2,721,299	1,456,899	555,475	308,236	237,383	406,456	13,373,707
2019	8,076,583	2,854,103	1,581,864	545,424	307,930	450,099	119,011	13,935,014

NOTES:

⁽¹⁾ A 0.25% District Transactions and Use Tax took effect April 1, 2005 and in 2008 was extended through December 2017. An additional 0.25% Permanent Retail Transactions and Use Tax took effect April 1, 2013, bringing the local tax rate to 0.50%.

⁽²⁾ As of 2006, Property Taxes In Lieu of Vehicle License Fees were included as part of Property Tax distributions by the State of California. Dissolution of California Redevelopment Agencies in February 2012 lowered agency property tax receipts by the size of the previous redevelopment tax increment.

Source: City of Capitola Finance Department.

CITY OF CAPITOLA, CALIFORNIA
 Net Taxable Assessed Value History
 Last Ten Fiscal Years
 (amounts expressed in thousands)

City of Capitola					
Fiscal Year	Secured	Unsecured	SBE Nonunitary	Total Assessed Value	% Change
2010	\$ 1,689,396	\$ 67,883	\$ 889	\$ 1,758,168	0.15%
2011	1,701,476	70,118	579	1,772,173	0.80%
2012	1,717,637	66,695	579	1,784,911	0.72%
2013	1,726,023	71,136	83	1,797,242	0.69%
2014	1,784,629	75,387	84	1,860,100	3.50%
2015	1,906,637	81,887	84	1,988,608	6.91%
2016	2,026,035	76,862	83	2,102,980	5.75%
2017	2,156,464	77,622	84	2,234,170	6.24%
2018	2,294,174	84,389	84	2,378,647	6.47%
2019	2,412,636	87,922	111	2,500,669	5.13%

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

Source: HdL Companies, Santa Cruz County Assessor 2018-19 Combined Tax Rolls.

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

Category	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential	\$ 1,209,657	\$ 1,224,372	\$ 1,241,453	\$ 1,233,173	\$ 1,289,844	\$ 1,413,964	\$ 1,515,227	\$ 1,590,959	\$ 1,681,534	\$ 1,782,996
Commercial	363,033	367,656	369,399	387,425	384,916	379,721	392,427	439,224	476,377	487,098
Industrial	15,146	15,520	14,239	13,869	14,079	14,130	14,437	14,612	19,124	19,557
Institutional	14,748	16,950	14,788	15,078	14,662	14,716	15,134	15,966	15,054	9,927
Miscellaneous	114	5	6	6	6	6	6	6	267	272
Recreational	10,145	10,121	10,197	10,401	10,609	8,844	9,705	9,791	9,996	10,311
Vacant	24,165	13,773	13,303	13,370	13,823	14,934	15,263	16,274	15,393	21,333
SBE Nonunitary	889	579	579	83	84	84	83	84	84	110
Cross Reference	52,388	53,079	54,252	52,701	56,690	60,322	63,836	69,632	76,429	81,138
Unsecured	67,883	70,118	66,695	71,136	75,387	81,887	76,862	77,622	84,389	87,922
TOTALS	\$ 1,758,168	\$ 1,772,173	\$ 1,784,911	\$ 1,797,242	\$ 1,860,100	\$ 1,988,608	\$ 2,102,980	\$ 2,234,170	\$ 2,378,648	\$ 2,500,664
Exempt	(889)	(579)	(579)	(83)	(84)	(84)	(83)	(84)	(84)	0
Total Direct Property Tax Rate	0.18468	0.18456	0.17987	0.18035	0.05510	0.05461	0.05456	0.05452	0.05452	0.05438

NOTES: Exempt values are not included in Total.

In 1978, the voters of the State of California passed Proposition 13, which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL Companies, Santa Cruz County Assessor 2009-10 and 2018-19 Combined Tax Rolls.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Direct Property Tax Rates										
Basic Levy ⁽¹⁾	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Redevelopment Rate ⁽²⁾	1.00000	1.00000	1.00000	(2)	n/a	n/a	n/a	n/a	n/a	n/a
Total Direct Property Tax Rate ⁽³⁾	0.18468	0.18456	0.17987	0.18035	0.05510	0.05461	0.05456	0.05452	0.05452	0.05438
Overlapping Property Tax Rates ⁽⁴⁾										
Santa Cruz High School	0.02798	0.02336	0.02602	0.02615	0.02333	0.02087	0.01961	0.01848	0.04461	0.04272
Soquel Elementary School	0.02364	0.02435	0.02406	0.02435	0.02238	0.02045	0.01846	0.01811	0.04539	0.04251
Live Oak Elementary School	0.04939	0.05246	0.05295	0.05514	0.05383	0.05279	0.04600	0.03574	0.01988	0.02117
Cabrillo College	0.03598	0.03609	0.03896	0.04048	0.04047	0.03694	0.03669	0.03260	0.02425	0.02102
Total Overlapping Property Tax Rate ⁽³⁾	0.13699	0.13626	0.14199	0.14612	0.14001	0.13105	0.12076	0.10493	0.13413	0.12742
City Share of 1% levy per Proposition 13 ⁽⁵⁾	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471	0.07471
Total Direct Rate ⁽³⁾	0.18468	0.18456	0.17987	0.18035	0.05510	0.05461	0.05456	0.05452	0.05452	0.05438
Total Direct & Overlapping Rate	1.13699	1.13626	1.14199	1.14612	1.14001	1.13105	1.12076	1.10493	1.13413	1.12743

NOTES:

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012-13 and years thereafter.

(3) Because basic and debt rates vary by tax rate area individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

(4) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(5) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ration figures.

SOURCE: HdL Companies, Santa Cruz County Assessors Office.

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

Taxpayer	2018-19			2009-10		
	2018 Net Assessed Valuation	Rank	Percent of Total City Net Assessed Valuation	2009 Net Assessed Valuation	Rank	Percent of Total City Net Assessed Valuation
MGP XI Capitola LLC	\$ 118,836,586	1	4.75%			
Santa Cruz Seaside Company	31,562,335	2	1.26%			
Aspromonte Hotels LLC	20,575,942	3	0.82%			
Target Corporation	18,625,384	4	0.74%			
George Ow Jr. Trustees	15,075,342	5	0.60%	\$ 13,617,017	5	0.77%
Loma Vista Estates Owners Assoc. Inc.	12,526,327	6	0.50%			
Brown Ranch Properties	12,020,034	7	0.48%	10,620,515	6	0.60%
Blai LP	11,332,520	8	0.45%			
Melanie Kett Wirtanen Trustee	8,958,080	9	0.36%			
850 Rosedale LLC	8,732,883	10	0.35%			
Macerich Partnership LP				67,478,590	1	3.84%
Capitola Beach Villas LLC				15,516,112	2	0.88%
Baskin Properties LLC				15,130,781	3	0.86%
KLA Capitola LLC				14,661,444	4	0.83%
Values Pacific				9,986,821	7	0.57%
Seaside Company Properties LLC				9,282,000	8	0.53%
Macys West Inc.				8,038,936	9	0.46%
Douglas Doods				7,682,399	10	0.44%
	<u>\$ 258,245,433</u>		<u>10.31%</u>	<u>\$ 172,014,615</u>		<u>9.78%</u>
Memo: Gross Assessed Value	\$ 2,500,669,450		100.00%	\$ 1,758,168,185		100.00%

Source: HdL Companies, Santa Cruz County Assessor 2009-10 and 2018-19 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

Attachment: City of Capitola 2019 (Audit report)

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

Fiscal Year Ended June 30,	Property Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	\$ 2,783,546	\$ 2,783,546	100%	\$ -	\$ 2,783,546	100%
2011	2,813,554	2,813,554	100%	-	2,813,554	100%
2012	1,900,533	1,900,533	100%	-	1,900,533	100%
2013	899,974	899,974	100%	-	899,974	100%
2014	927,676	927,676	100%	-	927,676	100%
2015	1,060,919	1,060,919	100%	-	1,060,919	100%
2016	1,104,034	1,104,034	100%	-	1,104,034	100%
2017	1,203,689	1,203,689	100%	-	1,203,689	100%
2018	1,331,609	1,331,609	100%	-	1,331,609	100%
2019	1,406,900	1,406,900	100%	-	1,406,900	100%

NOTES: Figures presented include City property taxes and Redevelopment Agency tax increment, as well as amounts collected by the City and Redevelopment Agency that are pass throughs for other agencies, and real and personal property. The figures do not include Property Taxes In Lieu of Vehicle License Fees. In FY 1993-94, Santa Cruz County adopted the Teeter Plan under which the City of Capitola receives its entire tax levy, regardless of delinquencies as long as it qualifies for the Teeter Plan.

Reduction in property taxes levied from 2011 through 2017 reflects the 2/1/2012 State of California dissolution of Redevelopment Agencies and the associated elimination of tax increment received by the City of Capitola.

Source: Santa Cruz County Auditor-Controller, City of Capitola Finance Department.

CITY OF CAPITOLA, CALIFORNIA
 Top 25 Sales Tax Taxpayers
 Listed alphabetically

TOP 25 SALES TAX TAXPAYERS

As of June 30, 2019

AJ'S FUEL MARKET OF CAPITOLA
 BED BATH & BEYOND
 CAPITOLA COAST
 CAPITOLA SHELL
 CHEVRON SERVICE STATIONS
 CVS/PHARMACY
 GAYLES BAKERY & ROSTICCERIA
 KOHL'S DEPARTMENT STORES
 MACY'S DEPARTMENT STORE
 NOB HILL GENERAL STORES
 ONEILL SURF SHOP
 PIZZA MY HEART
 ROSS STORES
 ROYAL WHOLESALE ELECTRIC
 SANTA CRUZ MAZDA DEALER
 SHADOWBROOK
 SIERRA UTILITY SALES
 TARGET
 TOYOTA LEASE TRUST
 TOYOTA OF SANTA CRUZ
 TRADER JOE'S
 ULTA BEAUTY
 VERIZON WIRELESS
 WHOLE FOODS MARKET
 ZELDA'S

NOTES:

The list is in alphabetical order and is not indicative of relative nor total sales volume.

Source: Muni Services.

CITY OF CAPITOLA, CALIFORNIA
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 (amounts expressed in dollars unless otherwise noted)

Government/Total Primary Government Activities							
Fiscal Year Ended June 30	General Obligation Bonds	Lease Revenue Bonds	Other debt	Tot. Gov't./ Primary Gov't. Activities	Debt as a % of Taxable Assessed Property Value	Debt as a % of Total Personal Income	Debt per Capita
2010	\$ 4,265,000	\$ -	\$ 2,848,029	\$ 7,113,029	0.40%	1.77%	\$ 706
2011	3,830,000	-	2,667,940	6,497,940	0.37%	1.97%	637
2012	3,375,000	-	2,428,249	5,803,249	0.33%	1.76%	581
2013	2,890,000	-	1,882,272	4,772,272	0.27%	1.43%	478
2014	2,375,000	-	3,153,788	5,528,788	0.30%	1.55%	545
2015	1,830,000	-	3,000,243	4,830,243	0.24%	1.32%	483
2016	1,255,000	-	2,811,059	4,066,059	0.19%	1.07%	401
2017	645,000	-	2,632,952	3,277,952	0.15%	0.84%	323
2018	-	-	2,449,251	2,449,251	0.10%	0.58%	232
2019	-	-	2,267,652	2,267,652	0.09%	0.58%	221

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

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

Other debt includes tax anticipation notes, county library long term debt, capital leases, notes payable, and RDA deferred pass throughs. Compensated absences, OPEB liability and net pension liability amounts are no longer included per GASB implementation guidelines.

Source: City of Capitola Financial Statements .

CITY OF CAPITOLA, CALIFORNIA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in dollars unless otherwise noted)

Fiscal Year Ended June 30	Government/Total Primary Government Activities			
	General Obligation Bonds	Debt as a % of Taxable Assessed Property Value	Debt as a % of Total Personal Income	Debt per Capita
2009	\$ 4,670,000	0.28%	1.13%	\$ 467
2010	4,265,000	0.24%	1.06%	423
2011	3,830,000	0.22%	1.16%	376
2012	3,375,000	0.19%	1.02%	338
2013	2,890,000	0.16%	0.87%	289
2014	2,375,000	0.13%	0.67%	234
2015	1,830,000	0.10%	0.50%	183
2016	1,255,000	0.06%	0.33%	124
2017	645,000	0.03%	0.17%	63
2018	-	0.00%	0.00%	-
2019	-	0.00%	0.00%	-

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

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

Source: City of Capitola Financial Statements.

CITY OF CAPITOLA, CALIFORNIA
Direct and Overlapping Debt
Fiscal Year ended June 30, 2019

2018-19 Assessed Valuation		\$ 2,499,049,117	
	% Applicable ⁽¹⁾	Total Debt 6/30/2019	City's Share of Debt 6/30/2019
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Cabrillo Joint Community College District	5.414%	\$ 101,080,130	\$ 5,472,478
Santa Cruz City High School District	11.719%	78,903,871	9,246,745
Live Oak School District	6.539%	10,696,000	699,411
Soquel Union School District	39.136%	47,905,000	18,748,101
Santa Cruz Libraries Facilities Community Facilities District	6.027%	20,920,000	1,260,848
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 259,505,001	\$ 35,427,583
Santa Cruz County Certificates of Participation	5.454%	\$ 66,595,159	\$ 3,632,100
Santa Cruz County Office of Education Certificates of Participation	5.454%	8,515,993	464,462
Santa Cruz City High School District Certificates of Participation	11.719%	2,449,814	287,094
Live Oak School District Certificates of Participation	6.539%	12,373,973	809,134
Santa Cruz City Schools Certificates of Participation	11.719%	1,135,000	133,011
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 91,069,939	\$ 5,325,801
TOTAL CITY'S DIRECT DEBT			\$ 2,267,652
COMBINED TOTAL DEBT			\$ 40,753,384 ⁽²⁾
RATIOS TO 2018-19 ASSESSED VALUATION:			
Total Overlapping Tax and Assessment Debt			1.42%
Total Direct Debt			0.09%
Combined Total Debt			1.63%

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: MuniServices, LLC, City of Capitola Finance Department

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Valuation	\$ 1,758,168	\$ 1,772,173	\$ 1,784,911	\$ 1,797,242	\$ 1,860,100	\$ 1,988,608	\$ 2,102,980	\$ 2,234,170	\$ 2,378,648	\$ 2,500,669
RDA Base Valuation	241,401	243,413	238,631	242,272	246,771	256,500	264,195	272,121	280,284	288,693
Adj. assessed valuation	1,516,767	1,528,760	1,546,280	1,554,970	1,613,329	1,732,108	1,838,785	1,962,049	2,098,364	2,211,976
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	227,515	229,314	231,942	233,246	241,999	259,816	275,818	294,307	314,755	331,796
Total net applicable debt										
Gen. obligation bonds	4,265	3,830	3,375	2,890	2,375	1,830	1,255	645	-	-
Legal debt margin	<u>\$ 223,250</u>	<u>\$ 225,484</u>	<u>\$ 228,567</u>	<u>\$ 230,356</u>	<u>\$ 239,624</u>	<u>\$ 257,986</u>	<u>\$ 274,563</u>	<u>\$ 293,662</u>	<u>\$ 314,755</u>	<u>\$ 331,796</u>
Ratio of Total Net Applicable Debt to Debt Limit	1.91%	1.70%	1.48%	1.25%	0.99%	0.71%	0.46%	0.22%	0.00%	0.00%

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

Source: Santa Cruz County Auditor-Controller, Santa Cruz County Assessor, City of Capitola Finance Department.

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

Fiscal Year Ended June 30,	Other Revenue Bonds				Tax Allocation Bonds			
	Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2010	\$ -	\$ -	\$ -	n/a	\$ -	\$ -	\$ -	n/a
2012	-	-	-	n/a	-	-	-	n/a
2013	-	-	-	n/a	-	-	-	n/a
2014	-	-	-	n/a	-	-	-	n/a
2015	-	-	-	n/a	-	-	-	n/a
2016	-	-	-	n/a	-	-	-	n/a
2017	-	-	-	n/a	-	-	-	n/a
2018	-	-	-	n/a	-	-	-	n/a
2019	-	-	-	n/a	-	-	-	n/a

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

SOURCE: City of Capitola Finance Department.

CITY OF CAPITOLA
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (In Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2009	10,078	\$ 400,794	\$ 39,769	41.3	6.4%
2010	10,198	329,905	32,350	38.3	7.3%
2011	9,981	330,271	33,090	42.9	6.9%
2012	9,988	334,029	33,443	41.1	5.5%
2013	10,136	357,112	35,232	40.9	5.0%
2014	10,004	364,656	36,451	41.5	7.0%
2015	10,150	381,027	37,540	43.3	6.0%
2016	10,162	390,369	38,414	42.8	5.5%
2017	10,563	421,494	39,902	42.6	3.3%
2018	10,240	388,326	37,922	42.0	2.2%

NOTES: Figures have been realigned to correctly reflect the calendar years as presented. Calendar year 2019 is not complete as of June 30, 2019, therefore years 2009-2018 are shown.

Sources: HdL Companies, California State Department of Finance, California Employment Development Department, ESRI, U. S. Census Bureau, American Community Survey.

CITY OF CAPITOLA
Principal Employers - Top Ten
Current year and nine years ago

Employer	2018-19			2009-10		
	Ranking	Number of Employees	% of Total Employment	Ranking	Number of Employees	% of Total Employment
Subaru, Toyota, Kia of Santa Cruz	1	205	3.60%	4	105	1.84%
Target*	2	181	3.18%			
Gayle's Bakery and Rosticceria	3	160	2.81%	3	110	1.93%
Whole Foods Market	4	151	2.65%	2	121	2.12%
Shadowbrook	5	145	2.54%	5	81	1.42%
City of Capitola**	6	124	2.18%	10	63	1.11%
Pacific Coast Manor*	7	109	1.91%			
Trader Joe's	8	107	1.88%			
Kohls	9	105	1.84%	7	70	1.23%
Macy's	10	100	1.75%	1	131	2.30%
Bay Federal						
Sears				8	68	1.19%
Nob Hill				6	70	1.23%
New Leaf				9	67	1.18%
Total top 10 Employers						
Total City Labor Force		1,387	24.34%		886	15.54%
Total City Labor Force		5,700	100.00%		Not available	

*Includes full-time and part-time employees.

**Includes full-time and seasonal employees.

SOURCE: MuniServices, LLC and FY 2009-10 CAFR.

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
City Manager	7.50	7.50	7.75	7.65	7.65	7.65	7.65	6.50	6.50	6.00
Finance	4.38	4.38	4.38	4.38	4.50	4.50	4.50	4.50	3.75	3.75
City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	<u>12.88</u>	<u>12.88</u>	<u>13.13</u>	<u>13.03</u>	<u>13.15</u>	<u>13.15</u>	<u>13.15</u>	<u>12.00</u>	<u>11.25</u>	<u>10.75</u>
Police										
Chief, Captain, Sgts.	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00
Officers	15.00	15.50	15.00	15.00	15.00	15.00	16.00	16.00	16.00	15.00
CSOs	2.00	2.00	2.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement	3.00	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	2.00
Administrative	4.75	4.75	3.75	4.25	4.65	4.65	4.65	4.50	4.50	4.50
	<u>30.75</u>	<u>30.25</u>	<u>29.75</u>	<u>30.25</u>	<u>31.65</u>	<u>30.65</u>	<u>31.65</u>	<u>31.50</u>	<u>31.50</u>	<u>30.50</u>
Public Works										
Streets	7.33	7.33	7.33	7.33	8.00	9.00	9.00	11.00	12.00	11.50
Parks	4.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00
Fleet Maintenance	1.00	1.00	1.00	1.00	1.00	1.50	1.25	1.00	1.00	1.50
	<u>12.33</u>	<u>12.33</u>	<u>11.33</u>	<u>12.33</u>	<u>13.00</u>	<u>14.50</u>	<u>14.25</u>	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>
Recreation										
Supervisor	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.50	2.50	2.50
Other - full year	1.50	1.50	1.50	2.00	2.00	2.25	2.75	1.25	1.25	1.25
	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>3.00</u>	<u>3.00</u>	<u>4.25</u>	<u>4.75</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>
Community Development	3.67	3.67	1.67	2.00	2.50	3.00	3.50	3.50	3.50	3.00
Building	1.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Total City Employees	<u>63.13</u>	<u>63.13</u>	<u>60.38</u>	<u>62.61</u>	<u>65.30</u>	<u>67.55</u>	<u>69.30</u>	<u>68.75</u>	<u>68.00</u>	<u>67.00</u>

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

SOURCE: City of Capitola Finance Department.

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

INDICATOR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Police department</u>										
Adult arrests	850	731	766	693	856	956	904	939	692	587
Calls for service (thousands)	20	19	20	16	20	18	17	20	19	15
<u>Public works</u>										
Miles paved	26	26	26	26	26	26	26	26	26	26
<u>New construction</u>										
Commercial units										
Valuation (millions)	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 5	\$ 2	\$ 2
Residential units ⁽¹⁾										
Valuation (millions)	\$ 2	\$ 1	\$ 3	\$ 3	\$ 3	\$ 1	\$ 1	\$ 3	\$ 4	\$ 3
<u>Recreation Revenue (thousands)</u>										
Classes	\$ 319	\$ 325	\$ 329	\$ 298	\$ 338	\$ 282	\$ 275	\$ 260	\$ 240	\$ 231
Sports fees	59	61	60	53	41	32	19	21	24	23
Junior Guard	214	220	241	240	268	312	328	258	238	244
Camp Capitola	79	102	121	94	103	139	129	100	96	111
Aquatics	-	-	-	-	-	-	-	-	-	-
Net Class Revenue	\$ 671	\$ 708	\$ 751	\$ 685	\$ 750	\$ 765	\$ 751	\$ 639	\$ 598	\$ 609
Jade St. Rental	5	5	6	7	5	7	7	6	8	5
Net Recreation Rev	\$ 676	\$ 713	\$ 757	\$ 692	\$ 755	\$ 772	\$ 758	\$ 645	\$ 606	\$ 614

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

Source: City of Capitola Building, Finance, Police, and Public Works Departments.

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

Indicator	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	26	26	26	26	26	26	26	26	26	26
Streetlights	71	71	71	71	71	71	71	71	71	71
Traffic signals	8	8	8	8	8	8	8	8	8	8
Parks and recreation										
Parks	7	7	7	8	8	8	8	8	8	8
Community centers	1	1	1	1	1	1	1	1	1	1
General										
Commercial buildings	2	2	2	2	2	2	2	2	2	2

Source: City of Capitola Public Works Department.

Attachment: City of Capitola 2019 (Audit report)



December 12, 2019

To the Honorable Members of the City Council of
City of Capitola
Capitola, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for City of Capitola (City) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 12, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our planning letter dated May 20, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 12, 2019.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive estimate affecting the financial statements are management’s estimate of the net pension liability (NPL) and Net OPEB liability (NOL). Estimates of the NPL and the NOL are based on actuarial valuations prepared in accordance with the methods prescribed in the relevant authoritative accounting literature.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City’s financial statements relate to the NPL and the NOL. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Attachment: Governance Communication Letter (Audit report)

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

	Library Fund	Government Activities
Understatement of Investment (Unrecorded FMV, GASB 31)	\$ 33,204	\$ 33,204
Understatement of Fund Balance	\$ 33,204	\$ 33,204

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 12, 2019.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City’s auditors.

Modification of the Auditor’s Report

We have made no modification to our auditor’s report.

Attachment: Governance Communication Letter (Audit report)

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City’s audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

Eide Bailly LLP

Palo Alto, California

Attachment: Governance Communication Letter (Audit report)



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of the City Council of the City of Capitola
Capitola, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Capitola (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Palo Alto, California
December 12, 2019



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF DECEMBER 19, 2019

FROM: Community Development

SUBJECT: Consider a Consolidated Coastal Development Permit Process for Pure Water Soquel

RECOMMENDED ACTION: Authorize a Consolidated Coastal Development Permit application for California Coastal Commission review of a major public works facility, in lieu of a local Coastal Development Permit.

BACKGROUND: On November 22, 2019, the Soquel Creek Water District (District) submitted a written request to pursue a Consolidated Coastal Development Permit for the regional Pure Water Soquel project, in lieu of the local Coastal Development Permit. The proposed regional Pure Water Soquel project includes new public works facilities in Capitola, the City of Santa Cruz, and the County of Santa Cruz. As the project involves work in the Coastal Zone, a Coastal Development permit is required. Under the Coastal Act, the District can either obtain Coastal Development permits from each local jurisdiction, or a single consolidated Coastal Development Permit from the Coastal Commission.

Such a consolidated permit requires the consent of each affected jurisdiction. The County of Santa Cruz and City of Santa Cruz have provided letters to the California Coastal Commission agreeing to the California Coastal Commission's processing of a consolidated coastal development permit application for the Soquel Creek Water District's Pure Water Soquel project (Attachments 2 and 3).

The District's request included an overview and description of components proposed within the City of Capitola and a sample pre-construction brochure and outreach letter (Attachment 1). Improvements within the City's boundary include conveyance pipelines for purified water, treated by County Sanitation, within the Kennedy Drive, Monterey Avenue, and Park Avenue paved road rights-of-way and repurposing an existing, out-of-service production well near the Kennedy Drive-Monterey Avenue intersection into a groundwater recharge well.

DISCUSSION: Pursuant to California Coastal Act Section 30601.3(a), the California Coastal Commission may process and act upon a consolidated coastal development permit application when:

- 1) A proposed project requires a coastal development permit from both a local government with a certified local coastal program and the commission.
- 2) The applicant, the appropriate local government, and the commission, which may agree

Consolidated Water Permit
December 19, 2019

through its executive director, consent to consolidate the permit action, provided that public participation is not substantially impaired by that review consolidation.

The proposed consolidated approach would simplify the coastal permitting process, thereby having one agency review the project as a whole and provide an opportunity for the public to provide input at one hearing rather than three separate hearings at three different locations.

Pursuant to Coastal Act section 30601.3(b), the Coastal Commission would consult Capitola's Local Coastal Program during its project review. Finally, the City may recommend conditions of approval for the Coastal Commission to include in the consolidated coastal development permit.

Project Components in the City of Capitola

Pure Water Soquel components planned for Capitola's coastal zone include purified water conveyance pipelines and a recharge well at the Monterey Avenue site. The construction and operations associated with each are presented below. A summary of potential environmental effects that could result from implementation of these project components and associated mitigation measures are summarized as well.

Conveyance Pipelines

The District will install approximately 4,115 linear feet (0.78 mile) of 14-inch diameter pipelines for conveyance of purified water. The pipelines will extend along Kennedy Drive and Monterey Avenue between the recharge well site and Park Avenue, and along Park Avenue north to the city boundary. The pipelines will be installed within the paved rights-of-way, using cut and cover construction techniques (i.e., open-cut trenching). Open-cut trenches for pipeline installation will be about 4 to 6 feet wide and be constructed to depths between 5 and 10 feet below ground surface. Existing utilities along the pipeline corridor will be protected, including shallow storm drain and sanitary sewer pipes near the Monterey Avenue recharge well site.

The majority of construction activities will occur during normal working hours: weekdays between the hours of 8 a.m. and 5 p.m., and possibly on Saturdays between the hours of 9 a.m. and 5 p.m. Pipeline installation is expected to proceed at a rate of 100 feet per day. Accordingly, pipeline construction is estimated to require seven to nine weeks to complete. Pipeline installation may require temporary lane closures for roads along the pipeline alignments. Upon completion of construction, the road paving and striping would be restored to their approximate pre-construction condition.

Recharge Well

Within the City of Capitola the District proposes to repurpose its existing, out-of-service, production well at 837 Monterey Avenue into a groundwater recharge well. When completed, the three well facilities proposed in the regional project will be collectively capable of replenishing approximately 1.3 million gallons per day of purified water into the groundwater basin.

The Capitola well site is set back from Monterey Avenue by approximately 130 feet and is accessible from the east via private driveway. The property is almost entirely obscured from public view by an approximately 10-foot concrete block wall that bounds the property to the north and west and an approximately 8-foot fence that bounds the site to the east and south. Well facilities will be located on an unenclosed, concrete pad. The above-ground pipe will be less than 6 feet in height. Figure 7 of Attachment 1 includes before and after simulations of the site.

As with pipeline installation, the majority of construction activities will occur during normal working hours. However, installation of the recharge well will require 24-hour construction for a period of

Consolidated Water Permit
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approximately two to three weeks for well drilling, construction, and development. Accordingly, recharge well staging and construction during well installation will require nighttime lighting for safety and security. The total duration of construction at the Monterey Avenue well site is expected to be approximately six months.

Community Outreach

During project construction, the District will maintain a community outreach program to help keep the public informed of the project's progress. The program will include maintenance of a project-specific website, door hangers distributed prior to construction, and a construction hotline. In addition, because of the length of the well construction period and 24-hour drilling, the District will conduct enhanced community outreach within the vicinity of the Monterey Avenue well site. Initially, the District reached out to residents within a 200-foot radius of the well to inform them of the project and seek input or concerns. Closer to project construction, a notice letter will be distributed to residents within a radius of 500 feet to provide project schedule information, as well as contact information for onsite persons. In addition to the community outreach program, the project will also adhere to the mitigation measures prescribed by the project Environmental Impact Report to reduce construction impacts, including sound walls and providing temporary hotel accommodations to residents within 200 feet of the site during nighttime drilling activities.

In order to protect the property owners and residents in the vicinity of the Monterey Avenue well site from the noise impacts caused by the project, staff's letter to the Coastal Commission recommends the following conditions of approval be included in the Consolidated Coastal Development Permit:

1. Soquel Creek Water District shall send out pre-construction notices to all properties within 200 feet of the Monterey Well Site and hold a pre-construction meeting no less than 30 days prior to construction. The letter and meeting shall address the option of alternative accommodations during night drilling consistent with the EIR mitigation measures.
2. For properties within 201 - 500 feet of the Monterey well site, the Soquel Creek Water District shall send out pre-construction notice no less than 30 days prior to construction with emergency contact information and project information as identified within the EIR mitigation measures.

California Environmental Quality Act (CEQA):

The City's authorization of a consolidated coastal development permit application for Coastal Commission review of a major public works facility is exempt from CEQA pursuant to the common-sense exemption set forth in Section 15061(b)(3) of the CEQA Guidelines. The common-sense exemption provides that CEQA applies to projects that have the potential for causing a significant effect on the environment, and thus where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Here, the City's action simply confirms that the Coastal Commission will have oversight of the project, and the City's action does not approve any particular project or action that would have physical effects. In the Coastal Commission's review of the project, it will consider the environmental standards set forth in the City's Local Coastal Program along with any potential environmental effects of the project before it makes a determination. The City's action here will thus have no significant effect on the environment.

FISCAL IMPACT: None

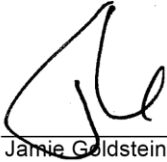
Consolidated Water Permit
December 19, 2019

ATTACHMENTS:

1. Pure Water Soquel - Capitola CDP Consolidation Request
2. City of Santa Cruz - Letter re Pure Water Soquel CDP Consolidation - 07.31.2019
3. County of Santa Cruz - Letter re Pure Water Soquel CDP Consolidation - 07.29.2019
4. Letter of Support - Consolidated CDP - Pure Water Soquel

Report Prepared By: Katie Herlihy
Community Development Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

12/13/2019

Katie Herlihy, AICP
Community Development Director
City of Capitola
420 Capitola Avenue
Capitola, CA 95010

November 18, 2019

Subject: Consolidated Coastal Development Permit for the Pure Water Soquel Project

Dear Katie,

I am writing to request the City of Capitola agree to the California Coastal Commission's processing of a consolidated coastal development permit application for the Soquel Creek Water District's Pure Water Soquel project. As we have discussed, the District has completed California Environmental Quality Act (CEQA) review of and is now in the permitting stage for the project. The primary purpose of Pure Water Soquel is to address critically overdraft conditions in the Santa Cruz Mid-County Groundwater Basin—the sole source of water for the roughly 40,400 residents within the District's service area, which includes portions of Capitola. Pursuant to California Coastal Act Section 30601.3(a), the Coastal Commission may process and act upon a consolidated coastal development permit application when:

- (1) A proposed project requires a coastal development permit from both a local government with a certified local coastal program and the commission.*
- (2) The applicant, the appropriate local government, and the commission, which may agree through its executive director, consent to consolidate the permit action, provided that public participation is not substantially impaired by that review consolidation.*

Pure Water Soquel consists of obtaining treated municipal wastewater (source water) and purifying it to produce high-quality purified water for groundwater basin recharge. The project includes tertiary and advanced water purification facilities to purify the source water; pump stations and pipelines for the conveyance of source water, purified water, and brine; and groundwater recharge and monitoring wells. The District proposes to construct a number of these facilities on sites within the coastal zone which are subject to the coastal development permit jurisdictions of the city of Capitola, the city of Santa Cruz, Santa Cruz County, and the California Coastal Commission. Pursuant to California Government Code Section 53091(d) and (e), the project is exempt from other local zoning and building approvals. To date, the Coastal Commission, the City of Santa Cruz and Santa Cruz County have agreed to the District's request for a consolidated permit approach of project components within their respective jurisdictions.

Pure Water Soquel components proposed for Capitola's coastal zone include: (1) installation of approximately 4,113 linear feet (0.78 mile) of 14-inch diameter purified water conveyance pipelines within the Kennedy Drive, Monterey Avenue and Park Avenue paved road rights-of-way; and (2) repurposing an existing, out-of-service District production well near the Kennedy Drive-Monterey Avenue intersection into a groundwater recharge well.

Board of Directors

Dr. Thomas R. LaHue, President
Dr. Bruce Daniels, Vice-President
Dr. Bruce Jaffe
Carla Christensen
Rachél Lather

Ron Duncan, *General Manager*

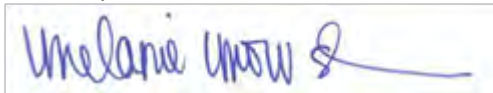
With respect to public participation, the District has sponsored more than 75 publicly noticed board meetings, workshops, and bimonthly standing committee meetings with agenda items to receive public input on the project including 14 publicly noticed board meetings and workshops. Four public meetings were held during the CEQA review process: two scoping meetings in 2016, one scoping meeting in 2017, and a Draft Environmental Impact Report meeting in 2018. Additional public meetings were held in 2019, where updated information related to project planning and expected temporary construction impacts were addressed. Most recently, the District has proactively reached out to residents within a 200-foot radius of the Monterey Avenue well site, including the apartments owned by the Shorelife Church, to inform them of the project and to listen to and answer any questions or concerns they may have.

To help inform the city's decision regarding consolidation, I have enclosed additional project information as attachments. Attachment 1 presents a detailed description of project components proposed for Capitola, including a preliminary site plan, map of trenching, renderings of above-ground improvements, estimated construction duration, and anticipated impacts and avoidance and minimization measures. In keeping with the District's commitment to ongoing community engagement, and in recognition of the city's and Coastal Commission's expectations in this regard, the District plans to meet with community members surrounding the Monterey Avenue well site in advance of construction. Attachment 2 includes a sample pre-construction outreach letter and project brochure which will be sent to neighboring property owners prior to the start of project construction. The engagement around the pipeline portion of the project would be limited to construction notifications to residents and businesses regarding access and impacts during construction.

With Capitola's agreement, the Coastal Commission would process a single coastal development permit application for all portions of the project within the coastal zone. The consolidated approach would streamline the coastal permitting process, thereby allowing the public a more efficient input and review process, reducing the amount of public agency staff time and effort required, and providing greater consistency regarding the timing and conditions of approval, if granted. Finally, pursuant to Coastal Act section 30601.3(b) the Coastal Commission would consult Capitola's Local Coastal Program during its project review.

Thank you for your time and consideration of this request.

Sincerely,



Melanie Mow-Schumacher
Special Projects – Communications Manager

Enclosures:

Attachment 1. Project Overview and Description of Components Proposed within City of Capitola Coastal Zone
Attachment 2. Sample Pre-construction Outreach Letter and Project Brochure

Attachment: Pure Water Soquel - Capitola CDP Consolidation Request (Consolidated Water Permit)

Attachment 1

Project Overview and Description of Components Proposed within City of Capitola Coastal Zone

PURE WATER SOQUEL PROJECT

Overview and Description of Components Proposed within City of Capitola Coastal Zone

1.0 Project Background

The Soquel Creek Water District (District) relies solely on groundwater sources for its water supply. The Mid-County Groundwater Basin, the primary source of water for the District, has been in a state of critical overdraft since 2014; more water is being extracted from the groundwater source than is being recharged by natural rainfall, causing seawater intrusion. Seawater intrusion has been detected in some of the coastal monitoring wells in the basin, which has been confirmed by geophysical mapping.

Despite significant conservation efforts by District customers, the groundwater basin remains critically over-drafted and an additional water supply is required to supplement the natural recharge of the basin and combat the seawater intrusion. Planning for a reliable, high-quality and affordable water supply that protects groundwater resources is a top priority for the District. To that end, the District is implementing the Pure Water Soquel (PWS) project. As part of this project, the District is planning to inject supplemental purified water in the groundwater basin (at specific locations in the aquifer) via groundwater injection wells. The District Board has set the target completion date of December 2022 to have the PWS project online.

An estimated 3,000 AFY of supplemental supply could be required to address regional water shortage needs including basin-wide groundwater overdraft and drought resiliency. Plans to achieve basin-wide sustainability are currently being prepared through an independent effort under the Santa Cruz Mid-County Groundwater Agency (MGA). The District is a partner member of the MGA and on November 15, 2018, the PWS project was identified as one of the supply projects to be included in the Groundwater Sustainability Plan.¹ The District's project has the goal of injecting 1,500 AFY of supplemental purified water in the groundwater basin, while allowing for conveyance infrastructure and treatment footprints that would accommodate expansion of the treatment system.

2.0 Project Overview

Under the PWS project, the District will obtain treated municipal wastewater (source water) and purify it to produce high-quality purified water for groundwater basin recharge. Project treatment

¹ The draft Groundwater Sustainability Plan for the Basin was presented to the MGA Board of Directors on July 18, 2019. An open public comment period ran from July 18, 2019 to September 19, 2019. The final Plan will be brought to the MGA Board for approval on November 21, 2019. Once approved, the final Plan will be submitted to DWR. DWR will then open a 60-day period during which the public can provide comments to DWR on the final Plan.

facilities include a new a new tertiary treatment facility at the Santa Cruz Wastewater Treatment Facility (SC WWTF) in the City of Santa Cruz, and an advanced water purification facility at a site near the intersection of Chanticleer Avenue and Soquel Drive (the Chanticleer AWPf) in Live Oak. The District will install recharge and monitoring wells at three locations, including one at Twin Lakes Church (Twin Lakes Church Recharge Well) in Aptos, one on District property near Willowbrook Lane (Willowbrook Lane Recharge Well) in Aptos, and at District-owned property near the Monterey Avenue-Kennedy Drive intersection (Monterey Avenue Recharge Well) in Capitola. In addition, the project includes separate pipelines for the conveyance of source water, brine, and advanced purified water between the SC WWTF, advanced water purification facilities, and the recharge wells. The conveyance pipelines will pass through portions of the cities of Santa Cruz and Capitola, as well as unincorporated areas of the county. The project facilities and locations are shown in **Figure 1** and summarized below.

Treatment Facilities

Secondary effluent from the SC WWTF which is currently disinfected with ultraviolet (UV) light and discharged to Monterey Bay, will be used as the source water for PWS. To achieve 1,500 acre-feet per year (AFY) of purified water production, the District will divert approximately 2.8 million gallons per day (mgd) of undisinfected treated secondary effluent flow for further treatment at a new tertiary treatment facility constructed at the SC WWTF. The tertiary treatment facility will include secondary effluent flow equalization, automatic straining, and membrane filtration. Total production capacity through membrane filtration will be approximately 2.3 mgd. Approximately 0.3 mgd of the tertiary-filtered effluent will be treated using UV disinfection to meet California Code of Regulations (CCR), Title 22 recycled water requirements for unrestricted non-potable reuse. The remaining 2.0 mgd of tertiary effluent from the new tertiary treatment facility at SC WWTF will be disinfected via chloramination and transported through a new conveyance line to the Chanticleer site location.

The Chanticleer AWPf will include tertiary effluent flow equalization, a reverse osmosis (RO) membrane system, a UV advanced oxidation process (AOP) system, and post-treatment facilities. Ancillary facilities including process tanks, transfer pumps, chemical feed/storage facilities, electrical equipment, and cartridge filters will also be part of the Chanticleer AWPf. A RO concentrate pump station and conveyance pipeline will return RO concentrate to the SC WWTF ocean outfall. To secure 1,500 AFY of purified water, the RO and UV-AOP systems will be designed for approximately 1.6-mgd production capacity and continuous operation at the design flow rate.

Groundwater Recharge Facilities

The purified water from the Chanticleer AWPf will be conveyed to the Twin Lakes Church, Monterey Avenue, and Willowbrook Lane sites for injection. Well facilities will be located on a concrete pad, unenclosed, rise to heights of approximately six feet, and be collectively capable of replenishing approximately 1.3 mgd (1,500 afy) of purified water into the groundwater basin. Water will be delivered to the recharge wells at low pressure (approximately 15 pounds per square inch [psi]).



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SOURCE: USDA, 2014; CARI, 2016; USGS, 2016; ESRI, 2012; ESA, 2017

Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention . 160164

Figure 1

Pure Water Soquel Project Overview

Attachment: Pure Water Soquel - Capitola CDP Consolidation Request (Consolidated Water Permit)

Each site will be equipped with an in-ground equalization basin or tank and a submersible pump for flushing and discharging well backwash water into the equalization facility, a backwash discharge pump to discharge backwash water from the equalization facility to the nearby sanitary sewer, and an air gap to ensure separation between backwash and recharge water. Two monitoring wells will be located at or near each recharge well site.

Conveyance Facilities

The District will install new infrastructure, including pumps and pipelines, for the conveyance of tertiary effluent, brine, and purified water. The three major conveyance components include:

- (1) a pump station, process tank, and dedicated pipeline for conveyance of tertiary effluent from the SC WWTF to the Chanticleer Site for advanced purification;
- (2) a pump station, process tank, and a dedicated pipeline (co-located with the SC WWTF tertiary effluent line) for conveyance of brine from the Chanticleer AWPf back to the SC WWTF; and
- (3) a purified water pump station and dedicated purified water pipelines from the Chanticleer AWPf to recharge wells and potential connection points for future irrigation customer connections.

The District selected the conveyance pipeline route based upon optimal treatment approach and alignment feasibility (e.g., sufficient space within rights-of-way, potential conflicts with existing utilities, environmental impacts). The route generally follows disturbed or existing developed road rights-of-way. The pipeline diameters range from 8 inches (dedicated brine main from the AWPf to the SC WWTF [4.4 miles]) to 14 inches (dedicated purified water pipeline from the AWPf to the recharge well sites [4.6 miles]), to 16 inches (dedicated tertiary pipeline from the SC WWTF to the AWPf [4.4 miles]). Pipes will be either plastic or metal.

3.0 Project Components within Capitola's Coastal Zone

Pure Water Soquel components planned for Capitola's coastal zone include purified water conveyance pipelines and a recharge well at the Monterey Avenue site. The construction and operations associated with each is presented below. A summary of potential environmental effects that could result from implementation of these project components and associated mitigation measures is also provided.

It is noted that during project construction, the District will maintain a community outreach program to help keep the public informed of the project's progress. The program will consist methods such as maintenance of a project-specific website, door hangers distributed prior to construction, a construction hotline, etc. In addition, because of the length of the well construction period and well drilling hours, the District will conduct enhanced community outreach in the vicinity of the Monterey well site. Initially, the District has reached out to residents within a 200-foot radius to inform the residents of the project and seek and input or concerns. Closer to project construction, a notice letter will be distributed to residents within a radius of up to 500 feet to provide project schedule information as well as contact information for

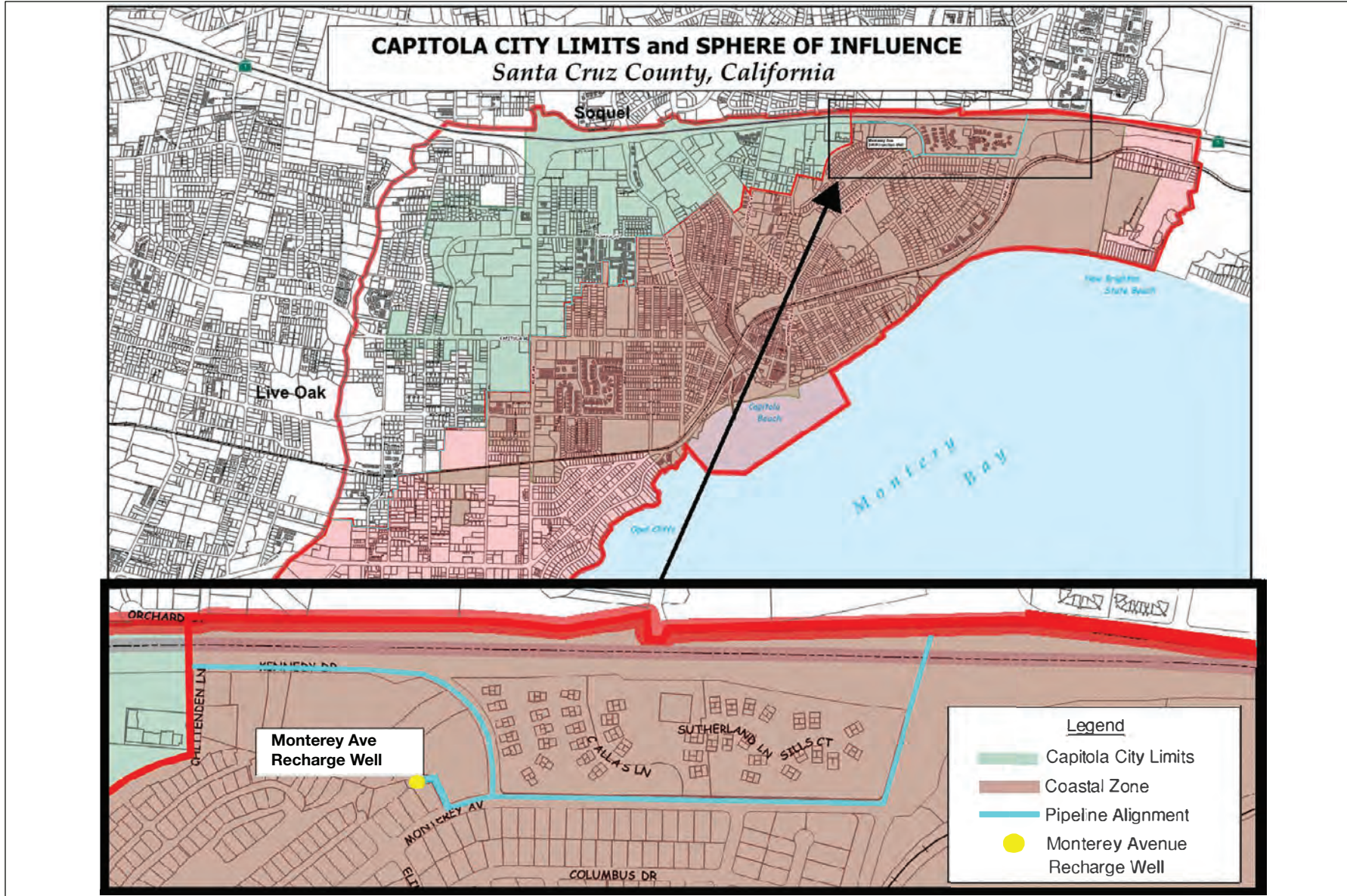
onsite persons to contact with concerns or complaints. An additional community engagement and input meeting may also be held. In addition to the community outreach program, the project will also adhere to the mitigation measures prescribed by the project EIR to reduce construction impacts.

Conveyance Pipelines

Within the City of Capitola's coastal zone, the District will install approximately 4,115 linear feet (0.78 mile) of 14-inch diameter purified water pipelines the conveyance of purified water. As shown in **Figure 2**, the pipelines will extend along Kennedy Drive from the city's coastal zone boundary southeast to Monterey Avenue, along Monterey Avenue between the recharge well site and Park Avenue, and along Park Avenue from Monterey Avenue north to the city boundary. The pipelines will be installed within the paved rights-of-way, using cut and cover construction techniques (i.e., open-cut trenching) in accordance with the American Water Works Association (AWWA) and American Railway Engineering and Maintenance-of-Way Association (AREMA) standards, and those of governing roadway jurisdictions. Open-cut trenches for pipeline installation will be about 4 to 6 feet wide, and be constructed to depths between 5 and 10 feet below ground surface. Existing utilities along the pipeline corridor will be protected, including shallow storm drain and sanitary sewer pipes near the Monterey Avenue recharge well site.

The majority of construction activities will occur during normal working hours; weekdays between the hours of 8 a.m. and 5 p.m., and possibly on Saturdays between the hours of 9 a.m. and 5 p.m. Pipeline installation is expected to proceed at a rate of 100 feet per day. Accordingly, pipeline construction is estimated to require 7 to 9 weeks to complete. Pipeline installation may require temporary lane closures for roads along the pipeline alignments. Upon completion of construction, the road paving and striping would be restored to their approximate pre-construction condition.

The District will install standard radio-based supervisory control and data acquisition (SCADA) at each site. The SCADA system will allow for remote operation of the conveyance system. However, facility operators will conduct routine visits to the pump station sites to monitor operations, conduct general maintenance activities, and service the pumps. The frequency of mechanical equipment inspection (e.g., pumps, valves, tanks, instrumentation) will be guided by manufacturer specifications (e.g., daily, weekly, monthly). General operations and maintenance activities associated with pipelines will include annual inspections of the cathodic protection system, if required, and replacement of sacrificial anodes when necessary; inspection of valve vaults for leakage; testing, exercising and servicing of valves; vegetation maintenance along rights-of-way; and repairs of minor leaks in buried pipeline joints or segments.



SOURCE: Soquel Creek Water District, 2019

Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention .160164

Figure 2
Project Components Within Capitola Coastal Zone

Attachment: Pure Water Soquel - Capitola CDP Consolidation Request (Consolidated Water Permit)

4.0 Monterey Avenue Recharge Well

The District will repurpose its existing, out-of-service production well near the Kennedy Drive-Monterey Avenue intersection into a groundwater recharge well. The well site is set back from Monterey Avenue by approximately 130 feet, and is accessible from the east via private driveway. The property is almost entirely obscured from public view by an approximately 10-foot-tall concrete block wall which bounds the property to the north and west, and an approximately 8-foot-tall fence that bounds the site to the east and south. **Figure 3** shows the well site's eastern fence line and general site location, as viewed from Monterey Avenue.

At one time the approximately 0.08 acre site hosted a fully-equipped groundwater production well facility that pumped directly into the District's distribution system after onsite iron and manganese treatment. Currently, the well site is not equipped with a well pump and motor and has been out of service since December 2005. The well's 10-inch riveted steel casing was retrofitted in 2004 with a polyvinyl chloride (PVC) liner and pre-packed PVC screen. **Figures 4 and 5** present photographs, taken from within the existing fencing, showing several pieces of equipment and structures that remain at the site.

Existing facilities that will be removed prior to mobilization of drilling equipment for the construction of the new recharge well include the wellhead and metal enclosure; the sand separator, above- and belowground piping, and chlorine and electrical control metal enclosures; the concrete wellhead pump pedestal, and discharge piping; and the water treatment vessels. The existing underground concrete basin will be protected in place for use as a storage basin for water generated when the new recharge well is backwashed for well maintenance purposes. The existing onsite power pole will be relocated to the southern edge of the property and re-established with power for use during the drilling and site improvements. Existing fencing along the eastern property boundary will remain as currently constructed, in its current location.

The District will undertake various site preparation activities in order to enable drilling rig and supporting equipment access, and to conduct well construction and pumping/injection testing activities. Site preparation will generally include light grading, destruction of the existing water supply well, and removal of existing wellhead equipment and structures, except for the below grade concrete backwash basin. The District will evaluate the concrete tank to confirm it does not leak and that it will not be damaged by drilling and construction activities. **Figure 6** shows the various existing project components to be removed, as well as the site plan for proposed recharge well facilities.

In order to facilitate the recharge well drilling, the District might need to remove the fence along the property's southern boundary. If fence removal is required, the District will coordinate with the adjacent landowner to the south prior to removal and post-construction replacement. Similarly, the project might require a portion of the carport structure and concrete masonry unit block wall north of the site be demolished to accommodate access and construction activities at the site. If wall demolition is required, the District will rebuild the wall in accordance with all current applicable structural and building codes.



SOURCE: ESA, 2018

Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention. 160164

Figure 3

North-Facing View towards Well Site from Monterey Avenue

Attachment: Pure Water Soquel - Capitola CDP Consolidation Request (Consolidated Water Permit)



Figure 4 - Monterey Avenue Well Site - Existing chlorine, electrical control, and well enclosures and power pole, as viewed from within existing perimeter fencing.



Figure 5 - Monterey Avenue Well Site - Existing water treatment vessels and underground concrete basin, as viewed from within existing perimeter fencing.

Attachment: Pure Water Soquel - Capitola CDP Consolidation Request (Consolidated Water Permit)

SOURCE: Soquel Creek Water District, 2019



SOURCE: Brown & Caldwell, 2019

Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention . 160164

Figure 6
Monterey Well Site Plan

Attachment: Pure Water Soquel - Capitola CDP Consolidation Request (Consolidated Water Permit)

The District will destroy the well in accordance with the California Department of Water Resources (DWR) and the County of Santa Cruz Environmental Health Services well destruction standards. The well destruction will be performed as described below:

- The well will be televised to assess its current condition (total depth, static water level, condition of casing and screen, etc.).
- Existing well fill and debris at the well bottom will be removed by bailing and/or airlifting.
- The well's blank casing will be perforated.
- The ground at the top of the casing will be excavated to a depth of 5.5 feet and the casing will be cut off at a depth of 5.0 feet.
- The well will be filled with sand-cement grout using a pump and tremie pipe from the bottom of the well to the top of the casing where it will be allowed to spill over and into the excavation.
- The excavation will be filled and compacted with soil.
- The well destruction will be documented using the DWR well drillers report form, which will be submitted to the State, County and District.

As with pipeline installation, the majority of construction activities will occur during normal working hours; weekdays between the hours of 8 a.m. and 5 p.m., and possibly on Saturdays between the hours of 9 a.m. and 5 p.m. However, installation of the recharge wells will require 24-hour construction for a period of approximately 2-3 weeks for well drilling, construction, and development. Accordingly, recharge well staging and construction during well installation will require nighttime lighting for safety and security. The total duration of construction at the Monterey Avenue well site is expected to be approximately 6 months.

As shown in Figure 6, the purified water conveyance pipeline will enter the well site from the east, through the alley off of Monterey Avenue. Electrical service will be provided from a nearby overhead power line; however, the current electrical service may need to be improved.

Figures 7 through 9 present conceptual renderings of the Monterey Avenue Recharge Well site—as viewed from within the existing fencing—before and after construction. The purpose of these figures is to help convey the extent of project changes within the site. However, as noted above, views of the project site from public vantage points are obscured by distance and the vertical enclosures (i.e., fencing and concrete block wall). As a result, the site improvements will be less publicly visible than represented in Figures 7-9. In general, under normal operations, the District will operate the recharge wells 24 hours a day, 365 days per year, except during necessary maintenance or cleaning. As with the conveyance system, recharge wells would also be operated remotely via SCADA. District operations and maintenance personnel will visit the well sites on a regular basis to conduct similar types of inspections and maintenance activities per manufacturers' specifications. Regular inspection of each well site by District personnel could occur as frequently as daily, Monday through Friday, to check well pumps and treatment equipment and to record the volume of water pumped and the residual chemicals in the purified water. The actual frequency will depend upon the treatment system configuration and equipment used.



Before
 Site looking east, as viewed from within perimeter fencing.



After
 Site looking east, as viewed from within perimeter fencing.
 Removal of all above ground structures, piping and treatment vessels.
 Concrete vault pad remains. Addition of recharge well and backwash pump
 along with motor control center. Vegetation cut back and introduction of gravel.

SOURCE: Brown & Caldwell, 2019

Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention . 160164

Figure 7

Before and After Views of Monterey Avenue Well Site Looking East

Attachment: Pure Water Soquel - Capitola CDP Consolidation Request (Consolidated Water Permit)



Before
Site looking south, as viewed from within perimeter fencing.



After
Site looking south, as viewed from within perimeter fencing.
Removal of all above ground structures, piping and treatment vessels. Concrete vault pad remains.

SOURCE: Brown & Caldwell, 2019

Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention . 160164

Figure 8
Before and After Views of Monterey Avenue Well Site Looking South



SOURCE: Brown & Caldwell, 2019

Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention . 160164

Figure 9

Visual Simulation of Monterey Avenue Recharge Well Site,
as Viewed from within Perimeter Fencing

Approximately four times per year (once every three months), the District will operate the submersible backwash pumps to flush debris from the wells. The pumps for back flushing recharge wells will be fully submersed in water at depth of approximately 100 feet below ground level. These maintenance activities require that raw groundwater be pumped from each well for a period of approximately three daytime hours. Around 10,000 gallons of water would be pumped per backwash event, and will be discharged into the backwash basin located at the recharge well site. The expected flow during backwash will be roughly 500 to 1,000 gallons per minute, depending on well capacity.

In addition, approximately once every two years, well pump testing will be performed to evaluate the capacity and efficiency of the wells and check for equipment problems. Raw groundwater produced during periodic maintenance activities (i.e., flushing of the well and treatment facilities) and well pump tests will be pumped from the backwash tank and discharged to the local sanitary sewer system, to the local stormwater drainage system, or to nearby surface drainages (e.g., Noble Gulch) in accordance with applicable state and local regulations, including the District's Permit for Drinking Water System Discharges to Waters of the United States (Order WQ 2014-0194-DWQ). The backwash tank pumps will be fully submersed in water within a concrete tank at a depth of 8 to 12 feet below ground level.

The proposed wells and pump equipment will require periodic repairs to the well pump and column piping, and repair and replacement of the well pump and electrical cable. This work will be completed on an as-needed basis. These maintenance events will require a pump rig and involve a crew working roughly three to four weeks. During such maintenance events, the well might be chemically treated to restore recharge capacity.

5.0 Environmental Effects and Mitigation Measures

The District has prepared an environmental impact report (EIR) for the project in accordance with CEQA. The EIR analyzes and discloses the potential direct and indirect adverse physical environmental effects of project implementation. Where the analysis concludes effects could be significant, the EIR identifies mitigation measures to avoid or reduce those impacts. On December 18, 2018, the District Board certified the EIR and adopted a mitigation monitoring and reporting program, thereby committing to implementing the EIR's mitigation measures. This section summarizes the EIR's findings regarding significant and potentially significant impacts of the project relevant to Capitola's coastal zone, along with the corresponding mitigation. The full text of the referenced mitigation measures is presented after the impact discussion.

Air Quality

The EIR's Impact 4.3-1 analyzes whether the project overall could generate emissions of criteria air pollutants that could contribute to a violation of an ambient air quality standard during construction. Using the most conservative daily emissions scenario, the EIR estimates that maximum daily construction emissions of nitrogen oxides (NO_x) would be approximately 245 pounds per day, which would exceed the Monterey Bay Air Resources District's (MBARD) significance threshold of 137 pounds per day, resulting in a significant impact related to the potential to cause a violation of an ozone and/or nitrogen dioxide ambient air quality standard.

The EIR explains that implementation of Mitigation Measures 4.3-1a (Construction Emissions Reduction Plan) and 4.3-1b (Idling Restrictions) would reduce maximum construction-related emissions of NO_x to less than the 137 pounds-per-day significance threshold. The maximum daily emission reductions would occur as a result of project component phasing modifications and the potential use of off-road construction equipment that would meet the U.S. Environmental Protection Agency's most stringent emissions standards for NO_x. With implementation of the mitigation measures, the EIR concludes the impact is reduced to a less-than-significant level.

The EIR's Impact 4.3-3 addresses whether project construction activities could conflict with implementation of the applicable MBARD air quality plan. The analysis estimates that project-related short-term construction emissions would exceed the significance threshold for NO_x, representing a significant impact related to the potential to cause a violation of an ozone and/or NO_x ambient air quality standard. The EIR explains that with implementation of Mitigation Measures 4.3-1a and 4.3-1b, construction-related NO_x emissions would be reduced to below the significance threshold (see discussion of mitigation of Impact 4.3-1, above) and, therefore, not conflict with the applicable MBARD air quality plan. With implementation of the mitigation measures, the EIR concludes the impact is reduced to a less-than-significant level.

The EIR's Impact 4.3-4 examines whether project construction could expose sensitive receptors to substantial pollutant concentrations. Project construction would result in the short-term generation of diesel particulate matter (DPM) emissions from the use of off-road diesel equipment. The EIR explains that these emissions could result in the short-term exposure of local sensitive receptors to toxic air contaminants, such as DPM. A screening-level health risk analysis was conducted as part of the EIR analysis to estimate the health risk impact that would be associated with project construction. The assessment finds that construction at the Monterey Avenue recharge well site would result in a cancer risk that would exceed the significance threshold. To address this impact, the EIR calls for implementation of Mitigation Measure 4.3-4 (Equipment with Tier 4 Engines) which requires that all off-road construction equipment at the project sites have engines that meet the U.S. Environmental Protection Agency's most stringent emission standards for particulate matter, are otherwise equipped with Level 3 diesel particulate filters, and/or are fueled by alternative fuels. The EIR concludes that the identified mitigation would reduce construction-related emissions of DPM to less-than-significant levels.

Biological Resources

The EIR's Impact 4.4-1 considers whether project construction and operation could have a substantial adverse effect on a species identified as candidate, sensitive or special-status in local or regional plans, policies, or regulations, or by state or federal resource management agencies. The EIR explains that project construction near waterways could result in erosion or release chemicals that could adversely affect special-status fish and amphibians. The document also notes that project construction could disrupt breeding and foraging habitat for nesting birds, raptors and bats; and disrupt overwintering habitat for monarch butterflies. The project's mandatory compliance with the State Water Resources Control Board's Construction General Permit and Stormwater Pollution Prevention Plan requirements is identified as reducing the noted potential effects on waterways and dependent species. To address other potential effects on special-status wildlife and

habitats that could occur in Capitola's coastal zone, the EIR identifies several mitigation measures, including: Mitigation Measures 4.4-1a (Perform Preconstruction Nesting Bird Surveys), 4.4-1b (Perform Preconstruction Bat Surveys), 4.4-1c (Provide Construction Monitoring near Sensitive Habitats), 4.4-1d (Construction Worker Environmental Awareness Training and Education Program), 4.4-1e (General Avoidance and Protection Measures), 4.4-1f (Avoidance and Minimization Measures for Western Pond Turtle and Santa Cruz Black Salamander), 4.4-1h (Avoidance and Protection of Overwintering Monarch Butterfly Colonies), 4.4-1j (Avoidance and Minimization Measures for Native Stands of Monterey Pine), and 4.4-1l (Habitat Monitoring Plan).

The EIR's impact discussion explains that implementation of Mitigation Measures 4.4-1a and 4.4-1b would reduce impacts on nesting birds and protected bats through preconstruction surveys and establishing protocols for tree liming and removal if suitable habitat is identified. Mitigation Measures 4.4-1c, 4.4-1d, 4.4-1e, and 4.4-1f would reduce impacts on western pond turtle by providing biological monitoring within 150 feet of sensitive aquatic sites, providing environmental training to construction personnel, providing general protection measures, and specific survey and relocation measures for western pond turtles, if encountered. Similarly, implementation of Mitigation Measures 4.4-1c, 4.4-1d, 4.4-1e, and 4.4-1f would reduce impacts on special-status amphibians by providing biological monitoring within 150 feet of sensitive sites, providing environmental training to construction personnel, providing general protection measures, and specific surveys and relocation measures for Santa Cruz black salamander in suitable habitat. The analysis goes on to state Mitigation Measures 4.4-1c, 4.4-1d, 4.4-1e, and 4.4-1h would reduce impacts on monarch butterfly by providing biological monitoring within 150 feet of sensitive habitat, providing environmental training to construction personnel, providing general protection measures, and requiring focused surveys for monarch butterflies for activities that are performed in near proximity to suitable habitat. Furthermore, implementation of Mitigation Measure 4.4-1j and 4.4-1l, would reduce impacts to native Monterey pine stands by requiring pre-construction surveys, avoidance if feasible, replacement for trees that cannot be avoided, and by preventing the introduction of non-native plant seeds. The EIR concludes that, with implementation of the above-described measures, the project's impact on special status species and habitats is reduced to a less-than-significant level.

The EIR's Impact 4.4-5 addresses whether the project would conflict with local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance. Project construction activities including tree removal and trimming associated with clearing and grubbing could conflict with local tree protection policies and ordinances. The analysis explains that with implementation of Mitigation Measure 4.4-5, impacts resulting from tree removal and trimming associated with clearing and grubbing would be reduced to a less-than-significant level. This is because the measure requires the District to comply with applicable local tree protection ordinances, including through obtaining tree removal permits, compensating for removed trees, and monitoring and maintaining replacement plantings. The EIR concludes that, with implementation of the measure, the project would not conflict with local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance.

Cultural Resources

The EIR's Impact 4.5-2 considers whether the project could cause a substantial adverse change in the significance of an archaeological resource. The EIR explains that there are eight prehistoric and/or multicomponent (prehistoric and historic-era) archaeological resources in or immediately adjacent to the project area, none of which is in Capitola's coastal zone. Nevertheless, the analysis notes there remains potential for inadvertent discovery of unknown archaeological resources, disturbance to which could be a significant impact. To address the impact, the EIR calls for Mitigation Measure 4.5-2c (Inadvertent Discovery of Cultural Resources) which establishes protocols and procedures for responding in the event that an archaeological resource is identified during ground disturbing activities. With implementation of this measure, the EIR concludes this impact is reduced to a less-than-significant level.

The EIR's Impact 4.5-3 considers whether the project could disturb human remains, including those interred outside of dedicated cemeteries. The analysis explains that there are locations near to the project area that have been used for human burial purposes, and the possibility of encountering human remains, including those associated with prehistoric archaeological resources, cannot be entirely discounted. The EIR considers the potential for a project-related disturbance of human remains to be a significant impact. To address the impact, the document identifies Mitigation Measure 4.5-3 (Inadvertent Discovery of Cultural Resources) which establishes protocols and procedures for responding in the event that human remains are identified during ground disturbing activities, including halting construction, contacting the County Coroner to assess the find, among other appropriate actions. With implementation of this measure, the EIR concludes the impact is reduced to a less-than-significant level.

Energy Conservation

The EIR's Impact 4.6-1 evaluates whether the project could use large amounts of fuel or energy in an unnecessary, wasteful, or inefficient manner. The analysis explains that project transportation energy use requirements would not be significant relative to the sales of transportation fuels in the county. However, it goes on to note that construction and decommissioning activities could result in wasteful or inefficient use of energy if the required equipment is not well maintained, is left to idle when not in use, or if haul trips are not planned efficiently. The document conservatively concludes the potential for construction and decommissioning to use large amounts of fuel or energy in a wasteful or inefficient manner is considered a significant impact. To reduce the impact, the EIR identifies Mitigation Measures 4.6-1 (Construction Equipment Efficiency Plan) and 3.3-1b (Idling Restrictions) whose implementation would ensure construction activities are conducted in a fuel-efficient manner and minimize idling times for construction equipment and vehicles. With implementation of the measure, the EIR concludes the impact is reduced to a less-than-significant level.

Hazards and Hazardous Materials

The EIR's Impact 4.9-3 addresses whether the project would be located on or adjacent to a site that is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, could create a significant hazard to the public or the

environment. Some components (outside of Capitola’s coastal zone) would be located on and adjacent to a number of active and closed hazardous materials sites. The EIR explains that excavation activities at these locations could encounter soil with residual levels of fuels, solvents, and/or metals that could expose workers, the public, and the environment to hazardous materials, which would be a significant impact. The project components that would be at the Chanticleer AWP site, and the recharge and monitoring wells sites would not be on or adjacent to known hazardous materials sites. However, the EIR notes that this condition does not mean that there are no unknown contamination issues that may be encountered, given that the properties have long been developed. To minimize the risk of public or environmental exposure to hazardous materials, the EIR calls for implementation of Mitigation Measures 4.9-3a (Health and Safety Plan) and 4.9-3b (Soil Management Plan). The document explains these measures would reduce impacts by ensuring that workers are provided appropriate training in the recognition and response to encountering hazardous materials, and that plans are in place that provide procedures for the testing, handling, and disposal of hazardous materials. With implementation of the measure, the EIR concludes this impact is reduced to a less-than-significant level.

Noise and Vibration

The EIR’s Impact 4.13-1 evaluates whether project implementation would generate or expose people to noise levels in excess of standards established in the local general plans or noise ordinances. The impact discussion explains that construction activities at the Monterey Avenue recharge well site would occur outside of the allowed hours specified in the City of Capitola noise ordinance due to the required 24-hour drilling. To reduce these impacts, the EIR calls for Mitigation Measures 4.13-1a and 4.13-1b which require the District to develop and implement a Construction Noise Reduction Plan that specifies noise reducing mechanisms (e.g., maximum physical separation, selection of equipment types, noise barriers, etc.) and to provide temporary hotel accommodations for all residences within 200 feet of the well sites during nighttime drilling activities (the contour distance to achieve the applicable nighttime noise standard). While these measures would reduce noise levels in the project area, the EIR notes that construction activities at the Monterey Avenue recharge well site would still occur outside of the allowed hours. As a result, the EIR concludes the impact is significant and unavoidable with mitigation.

The EIR’s Impact 4.13-2 considers whether project construction would result in a substantial temporary or periodic increase in ambient noise levels² in the project vicinity at project sites, including the Monterey Avenue recharge well site and pipeline alignments, above levels existing without the project. The EIR explains that, due to the close proximity between nearby sensitive receptors and the construction areas at the Monterey Avenue recharge well site and associated pipeline alignments, project construction have a significant impact related to a substantial temporary or periodic increase in ambient noise. To address these impacts, the EIR calls for implementation of Mitigation Measures 4.13-1a and 4.13-1b, identified above. These measures will attenuate construction noise levels by requiring the District to develop and implement a Construction Noise Reduction Plan which specifies noise reducing mechanisms (e.g., maximum physical separation, selection of equipment types, noise barriers, etc.). The noise level reductions

² The EIR considers noise to be a substantial increase if the level exceeds the County of Santa Cruz’s noise ordinance standards of 75 dBA L_{eq} (daytime) and 60 dBA L_{eq} (nighttime).

achievable through Mitigation Measure 4.13-1a could be 5 dB or greater (e.g., as high as 10 dB or more). However, the EIR explains that noise reductions from Mitigation Measure 4.13-1a would not be expected to reduce construction noise levels to below either the applied daytime or nighttime substantial temporary ambient noise increase threshold. As a result, the document concludes this impact is significant and unavoidable with mitigation.

Transportation

The EIR's Impact 4.15-1 addresses whether closure of travel lanes during project construction could temporarily reduce roadway capacity and increase traffic delays on area roadways, causing temporary and intermittent conflicts for modes of travel (i.e., auto, transit, and non-motorized modes). Pipeline construction would require the temporary closure of one travel lane and, as needed, the temporary closure of a bicycle lane and/or prohibition of on-street parking. The analysis explains these closures could cause significant traffic disruptions. To reduce these impacts, the EIR identifies Mitigation Measure 4.15-1 (Traffic Control Plan – Pipeline Construction). Implementation of this measure will reduce traffic impact by requiring the development and implementation of a plan that addresses specific traffic related issues, including circulation, truck traffic and congestion, access for adjacent land uses, maintenance of bicycle and pedestrian access, restoration of roads impacted through construction, and coordination with emergency response personnel, among other requirements specified in the measure. The EIR concludes that, with implementation of the mitigation measure, this impact is reduced to a less-than-significant level.

The EIR's Impact 4.15-3 analyzes whether project construction could cause temporary and intermittent impedance to access to adjacent roadways and land uses. Pipeline installation in roadways would require temporary closures of travel lanes and may affect the performance of the circulation system to accommodate all modes of transportation (auto, transit, and non-motorized modes). The EIR explains that implementation of Mitigation Measure 4.15-1 (Traffic Control Plans) would reduce the impact to a less-than-significant level by requiring that the District provide notification to all emergency service providers prior to lane closures, and detour signs and flaggers would be in place during the lane closure periods. Thus, with implementation of the mitigation measure, the EIR concludes this impact is reduced to a less-than-significant level.

The EIR's Impact 4.15-4 examines whether project construction would substantially impair access to alternative transportation facilities (public transit, bicycle, or pedestrian facilities). Construction of the proposed treatment facilities, pipelines, and recharge/monitoring wells would not permanently eliminate or modify alternative transportation corridors or facilities (e.g., bicycle routes or lanes, bus routes/stops, sidewalks). Similar to the effects on automobile traffic from pipeline construction activities described for Impact 4.15-1, above, the EIR explains that temporary closures of travel lanes and sidewalks during project construction would temporarily increase delays experienced by riders of public transit, bicyclists and pedestrians. To reduce these impacts, the EIR calls for implementation of Mitigation Measure 4.15-1 (Traffic Control Plans). The measure would reduce impacts by requiring the District to coordinate with SCMTD (and other regional transportation managers) to coordinate any potential rerouting or relocation of transit stops, maintain bicycle lanes/lane widths to accommodate bicycle traffic during

construction, or coordinate with the affected jurisdictions regarding bicycle detours and signage for any lane closures and provide safe crossings and appropriate signage if construction activities would encroach on a sidewalk. With implementation of the mitigation measure, the EIR concludes this impact is reduced to a less-than-significant level.

Tribal Cultural Resources

The EIR's Impact 4.16-1 considers whether the project could cause a substantial adverse change in the significance of a tribal cultural resource. The document explains that the Amah Mutsun Tribal Band has indicated the project is within the lands of the Awaswas (Northerners), and that there is very little cultural information about this area. Based on this information, as well as the Northwest Information Center background research and surface survey, there are no known sacred, ceremonial, or gathering places in the Project area. Relevant to Capitola's coastal zone, the EIR notes that there may be unknown archaeological resources and/or human remains that could be considered tribal cultural resources in the project area and the project could have an impact on those resources. To address these impacts, the EIR relies upon Mitigation Measures 4.5-2c (Inadvertent Discovery of Cultural Resources) and 4.5-3 (Inadvertent Discovery of Human Remains). These measures would reduce potential effects by establishing protocols and procedures for responding in the event that archaeological resources or human remains are identified during ground disturbing activities, including halting construction. These measures comply with PRC Section 21084.3 through avoidance and preservation in place where feasible, and provisions for dignified treatment in the event of discovery. With implementation of the mitigation measures, the EIR concludes this impact is reduced to a less-than-significant level.

Mitigation Measures

The following mitigation measures are identified in the EIR in association with impacts identified above that could result from project components proposed within Capitola's coastal zone.

Mitigation Measure 4.3-1a: Construction Emissions Reduction Plan.

The District (and/or its construction contractor(s)) shall develop and implement a Construction Emissions Reduction Plan to substantiate that Project construction-related NO_x emissions would not exceed the Monterey Bay Air Resources District (MBARD)'s significance threshold of 137 pounds per day. The plan shall identify a feasible approach to reduce daily emissions that includes limits on the amount of construction activity that shall be conducted simultaneously on any given day, and if necessary to reduce emissions to below the NO_x significance threshold, include a commitment for certain diesel-fueled off-road construction equipment of more than 50 horsepower to meet U.S. Environmental Protection Agency (USEPA) Tier 4 emission standards, and/or a commitment to use alternative fuels for certain construction equipment and vehicles.

The plan shall identify the parameters for phasing construction activities associated with each of the Project components to reduce daily construction emissions of NO_x. For example, limiting daily construction activities to activities at one pipeline site and at either the Chanticleer Site or at one of the well sites would be sufficient to reduce NO_x emissions to less than 137 pounds per day. In addition, although off-road construction equipment at the Chanticleer, Headquarters-West Annex, SC WWTF, Willowbrook Lane

Recharge Well, and Monterey Avenue Recharge Well Sites would be required to meet USEPA Tier 4 emission standards or otherwise be equipped with Level 3 diesel particulate filters per requirements of Mitigation Measure 4.3-4, the Construction Emissions Reduction Plan may include an additional commitment to use a certain percentage of Tier 4 compliant equipment and/or equipment fueled by alternative fuels associated with pipeline construction. The identified construction phasing parameters and the percentage of Tier 4 compliant equipment and/or equipment fueled by alternative fuels associated with pipeline construction would be substantiated within the Plan to define how the resulting emissions would be less than 137 pounds NO_x per day using either the air emissions calculations prepared for the Environmental Impact Report or other air emissions calculations estimated using the CalEEMod emissions model.

If the Plan includes a commitment that a certain percentage of pipeline-related off-road equipment would be Tier 4 compliant and/or fueled by alternative fuels, then it shall identify the initial pipeline construction equipment listing with each off-road unit's horsepower, certified tier specification status, and the associated maximum daily NO_x emissions. As new or replacement construction equipment are required, the District shall document each unit's horsepower, certified engine tier status, and associated maximum daily NO_x emissions, consistent with the Plan prior to use on the Project.

Mitigation Measure 4.3-1b: Idling Restrictions.

To ensure that idling time for on road vehicles with a gross vehicular weight rating of 10,000 pounds or greater does not exceed the five-minute limit established in Section 2485 of Title 13 CCR Section 2485, and that idling time for off-road engines does not exceed the five minute limit established in Title 13 CCR Section 2449(d)(3), the District and/or its construction contractor(s) shall prepare and implement a written idling policy and distribute it to all equipment operators. Clear signage of these requirements shall be provided for construction workers at all access points to construction areas.

Improvement Measure 4.3-1x. Construction Dust Best Management Practices³

To the extent feasible, the District should implement the following best management practices during construction:

- Prohibit all grading activities during periods of high wind (over 15 mph)
- Water all active construction areas at least twice daily. Frequency should be based on the type of operation, soil, and wind exposure.
- Apply chemical soil stabilizers on inactive construction areas (disturbed lands within construction projects that are unused for at least four consecutive days)
- Apply non-toxic binders (e.g., latex acrylic copolymer) to exposed areas after cut and fill operations, or hydro-seed area.
- Maintain at least 2'0" of freeboard in haul trucks.
- Cover all trucks hauling dirt, sand, or loose materials.
- Plant vegetative ground cover in disturbed areas as soon as possible.

³ This measure was added at the request of the Monterey Air Resources Board, but is not required to avoid a significant impact identified in the EIR.

- Cover inactive storage piles.
- Install wheel washers or other appropriately effective track-out capture methods at the construction site for all exiting trucks.

Post a publicly visible sign which specifies the telephone number and person to contact regarding dust complaints. This person shall respond to complaints and take corrective action within 48 hours. The phone number of the Air District shall be visible to ensure compliance with Rule 402 (Nuisance).

Mitigation Measure 4.3-4: Equipment with Tier 4 Engines.

The District (and/or its construction contractor(s)) shall ensure that any Project-related diesel-powered equipment used during construction activities at the Chanticleer, Headquarters-West Annex, SC WWTF, Willowbrook Lane Recharge Well, and/or Monterey Avenue Recharge Well sites have engines that meet USEPA-certified Tier 4 standards or are otherwise equipped with Level 3 diesel particulate filters.

Mitigation Measure 4.4-1a: Perform preconstruction nesting bird surveys in areas that provide suitable habitat.

Project construction activities should avoid the nesting season of February 15 through August 31, if feasible. If seasonal avoidance is not possible, then no sooner than 30 days prior to the start of any Project activity, a biologist experienced in conducting nesting bird surveys shall survey the Project area and all accessible areas within 500 feet for nesting birds. If nesting birds are identified, the biologist shall define a suitable protective buffer around the nest and no activities shall occur within this buffered area. The buffer area limits would ensure that construction activities would not cause an adult to abandon an active nest or young or change an adult's behavior so it could not care for an active nest or young. Typical buffers are 150 feet for songbirds and 300 feet for raptors, but may be decreased in coordination with CDFW according to site-specific, Project-specific, activity-specific considerations such as visual barriers between the nest and the type of activity, decibel levels associated with the activity relative to baseline noise levels, and the species of nesting bird and its tolerance of the activity. Construction activities that are conducted within any reduced buffers may be conducted in the presence of a qualified biological monitor, until the biological monitor determines that the reduced buffer is effective.

Mitigation Measure 4.4-1b: Perform preconstruction bat surveys.

Applies to Headquarters-West Annex site, Chanticleer site, conveyance pipeline stream crossings 3 - 18, and the Willowbrook Lane, Twin Lakes Church, and Cabrillo College South Recharge Well sites.

In advance of tree and structure removal, a preconstruction survey for special-status bats shall be conducted by a qualified biologist to characterize potential bat habitat and identify active roost sites within the Project site. Should potential roosting habitat or active bat roosts be found in trees and/or structures to be removed under the Project, the following measures shall be implemented:

- Removal of trees and structures shall occur when bats are active, approximately between the periods of March 1 to April 15 and August 15 to October 15, and

outside of bat maternity roosting season (approximately April 15 – August 31) and outside of months of winter torpor (approximately October 15 – February 28), to the extent feasible.

- If removal of trees and structures during the periods when bats are active is not feasible and active bat roosts being used for maternity or hibernation purposes are found on or in the immediate vicinity of the Project site where tree and structure removal is planned, a no-disturbance buffer of 100 feet shall be established around these roost sites until they are determined to be no longer active by the qualified biologist.
- The qualified biologist shall be present during tree and structure removal if active bat roosts, which are not being used for maternity or hibernation purposes, are present. Trees and structures with active roosts shall be removed only when no rain is occurring or is forecast to occur for three days and when daytime temperatures are at least 50°F.
- Removal of trees with active or potentially active roost sites shall follow a two-step removal process:
 1. On the first day of tree removal and under supervision of the qualified biologist, branches and limbs not containing cavities or fissures in which bats could roost, shall be cut only using chainsaws.
 2. On the following day and under the supervision of the qualified biologist, the remainder of the tree may be removed, either using chainsaws or other equipment (e.g. excavator or backhoe).

Removal of structures containing or suspected to contain active bat roosts, which are not being used for maternity or hibernation purposes, shall be dismantled under the supervision of the qualified biologist in the evening and after bats have emerged from the roost to forage. Structures shall be partially dismantled to significantly change the roost conditions, causing bats to abandon and not return to the roost.

Mitigation Measure 4.4-1c: Provide Construction Monitoring near Sensitive Habitats.

Applies to sensitive habitats within the Project site, including conveyance pipeline stream crossings, and coastal terrace prairie.

Construction activities, including equipment staging, spoils piles, parking or development of bore pits, occurring off pavement and within 100 feet of mixed riparian woodland and within 100 feet of coastal terrace prairie habitat between 7th Ave. and 17th Ave. shall be monitored by a qualified biologist.⁴ Prior to the initiation of construction, the District and/or representatives of the District shall retain a qualified biologist to oversee compliance with avoidance and minimization measures for all special-status species and sensitive habitats. The qualified biologist shall be onsite daily during all fencing, grading and ground disturbance activities in the above areas.

⁴ The term “qualified biologist” is defined as an individual who shall possess, at a minimum, a bachelor’s degree in biology, ecology, wildlife biology or closely related field. The term “biological monitor” or “qualified biological monitor” is defined as holding similar educational credentials to those of a qualified biologist and who has functioned as an environmental inspector or monitor on at least two construction projects within the preceding two years.

The qualified biologist shall have in their possession a copy of all compliance measures while work is being conducted onsite, and shall ensure that District’s onsite representatives and contractors also maintain copies of the compliance measures on the site. To facilitate the qualified biologist’s role, District shall ensure that the qualified biologist is fully apprised of all decisions that change or materially affect the schedule, methods, and location of work that is subject to the protective measures for biological resources.

Mitigation Measure 4.4-1d: Construction Worker Environmental Awareness Training and Education Program.

Applies to the entire Project area including water purification facilities, conveyance system and recharge wells.

Prior to starting work, all construction workers at the Project areas shall attend a Construction Worker Environmental Awareness Training and Education Program developed and presented by a qualified biologist.

The program shall include information on federal and state-listed species in the study area, as well as other special-status wildlife and plant species and sensitive natural communities that may be encountered during construction activities. The training shall include: information on special-status species’ life history and legal protections; the definition of “take” under the Federal Endangered Species Act (FESA) and California Endangered Species Act (CESA); the measures the District and/or its contractors have committed to implementing to protect special-status species and sensitive natural communities; reporting requirements and communication protocols; specific measures that each worker shall employ to avoid “take” of special-status species; and penalties for violation of FESA and/or CESA. Training shall be documented as follows:

1. An acknowledgement form shall be signed by each worker indicating that environmental training has been completed.
2. A sticker shall be placed on hard hats indicating that the workers have completed the environmental training. Construction workers shall not be permitted to operate equipment within the construction area unless they have attended the training and are wearing hard hats with the required sticker.
3. A copy of the training transcript/training video and/or DVD, as well as a list of the names of all personnel who attended the training and copies of the signed acknowledgement forms, shall be submitted to the District.

Mitigation Measure 4.4-1e: General Avoidance and Protection Measures.

Applies to the entire Project area including water purification facilities and recharge wells.

- The District shall ensure that the following general measures are implemented by the contractor(s) during construction to avoid or minimize impacts on biological resources:
- Within natural habitat, the construction contractor(s) shall minimize the extent of the construction disturbance as much as feasible by defining the project boundary with stakes, rope or equivalent and working within that area at all times.

Attachment: Pure Water Soquel - Capitola CDP Consolidation Request (Consolidated Water Permit)

- Staging areas shall be located at least 50 feet from riparian habitat, creeks, and wetlands.

If vehicle or equipment fueling or maintenance is necessary, it shall be performed at least 50 feet from riparian habitat, creeks, and wetlands.

Mitigation Measure 4.4-1f: Avoidance and Minimization Measures for Western Pond Turtle and Santa Cruz Black Salamander.

Applies to all conveyance pipelines within 100 feet of streams (pond turtle) and within 100 feet of the pipeline alignment along the railroad tracks north of Schwan Lagoon, between 7th Avenue and the parking lot for Simpkins Family Swim Center (pond turtle and black salamander).

Preconstruction surveys for western pond turtle (WPT) and Santa Cruz black salamander (SCBS) shall be conducted by a qualified biologist prior to vegetation removal, development of bore pits, equipment staging or other off pavement construction-related activity, as specified below:

1. Prior to conducting the surveys, the qualified biologist shall prepare a relocation plan that describes the appropriate survey and handling methods for WPT and SCBS and identify nearby relocation sites where individuals would be relocated if found during the preconstruction surveys. The relocation plan shall be submitted to CDFW for review prior to the start of construction activities and any relocations. The animal shall be relocated to a similar type of habitat or better from where it was relocated.
2. Preconstruction surveys shall be conducted within 5 days prior to, and again immediately prior to, vegetation removal or grading to identify any WPT and SCBS.
3. If WPT or SCBS are observed within the construction area, a qualified biologist shall relocate the individual according to the relocation plan above.

The qualified biologist shall monitor vegetation removal and grading in the vicinity of Schwann Lagoon, between 7th Ave and the parking lot for Simpkins Family Swim Center to identify and relocate pond turtle and black salamander as necessary.

Mitigation Measure 4.4-1h: Avoidance and Protection of Overwintering Monarch Butterfly Colonies.

Applies to Soquel Creek riparian corridor directly adjacent to the conveyance pipeline alignment on Wharf Road, between Pacific Coast Manor on the southern end and Soquel Wharf Road on the northern end; the eucalyptus grove adjacent to the pipeline alignment at Kennedy Road and Park Avenue; and the eucalyptus grove adjacent to Cabrillo College Drive near Stream Crossing 17.

Construction activities in and around documented butterfly overwintering sites shall occur outside of the overwintering season (November 1 to March 31), to the greatest extent feasible, to avoid potential impacts on overwintering monarch butterflies. However, when it is not feasible to avoid the overwintering season and construction activities take place during this time, the following measures shall apply:

- Preconstruction surveys shall be conducted for overwintering monarch butterfly sites within 100 feet of the construction areas.

Surveys for overwintering aggregations of monarch butterflies shall be conducted over the winter season (November to first week of March) prior to construction activities. A minimum of two surveys shall be conducted: one in late November and the other during the week of January 1. Surveys shall follow survey methods specified by the Xerces Society for Invertebrate Conservation (Xerces, 2004).

- If an active overwintering site is located, work activities shall be delayed within 100 feet of the site location until avoidance measures have been implemented. Appropriate avoidance measures shall include the following measures (which may be modified as a result of coordination with the CDFW to provide equally effective measures):
 - If the qualified biologist determines that construction activities would not affect an active overwintering site, activities may proceed without restriction.
 - A minimum 100-foot no-disturbance buffer shall be established around the overwintering site to avoid disturbance or destruction until after the overwintering period has ended. If site conditions warrant a smaller buffer, the extent of the no-disturbance buffer may be decreased by the qualified biologist in coordination with CDFW.

Throughout the year, the District shall avoid removing or trimming trees utilized by monarch butterflies or trees adjacent to the winter roost to prevent indirect changes to the humidity, wind exposure, and temperature within the immediate vicinity of the roost site. Any routine tree trimming shall be done between April and August to eliminate the risk of disturbance to monarch colonies, and shall be conducted under the guidance of a qualified monarch butterfly specialist if butterflies have been documented in the Project area.

Mitigation Measure 4.4-1j: Avoidance and Minimization Measures for Native Stands of Monterey Pine.

Applies to the pipeline alignment between Soquel Avenue and 7th Avenue; the pipeline alignment between the Simpkins Family Swim Center parking lot and 7th Avenue; the pipeline alignment along Wharf Road between Grace Street and Soquel Wharf Road; the pipeline alignment along Kennedy Drive; and the Willowbrook Recharge Well site.

A qualified botanist or arborist shall conduct surveys for native stands of Monterey pine prior to completion of final Project design documents. Individual Monterey pine trees existing within the construction work area shall be evaluated to determine if they are native occurrences, relics, or otherwise naturally-occurring remnants of the past historic range. Maps depicting the results of these surveys shall be prepared for consideration during final facility design. Native stands of Monterey pine could occur at the identified facility sites and pipeline alignments based on the historical extent of native Monterey pines and biological reconnaissance surveys.

Project construction activities shall be planned to avoid impacts on native stands of Monterey pine. Any native stands of Monterey pines located within the anticipated construction disturbance area shall be fenced or flagged for avoidance prior to

construction, and a biological monitor shall be present to ensure compliance with off-limits areas.

If removal of native stands of Monterey pine cannot be avoided, trees of a minimum dbh of 8 inches shall be replaced at a 2:1 ratio for trees removed or directly impacted by construction activities. Only local Monterey pine genetic stock shall be used for replanting at the Project site. Replacement plantings shall be planted contiguous with other individuals of the same species in areas that are determined to have suitable site conditions. Protective fencing shall be installed around the seedlings to protect against disturbance. Replacement trees shall be maintained and monitored for a period of five years and have a minimum of 70 percent survival in the fifth monitoring year to ensure success. The Habitat Monitoring Plan to be prepared in accordance with Mitigation Measure 4.4-11 (Habitat Monitoring Plan) shall detail the monitoring requirements and success criteria.

This mitigation measures applies to native stands of Monterey pines. Independent of whether Monterey pines in the Project area are considered native stands, individual trees may be subject to local tree ordinances; see **Mitigation Measure 4.4-5 (Compliance with Local Tree Policies and Ordinances)**.

Mitigation Measure 4.4-11: Habitat Monitoring Plan.

Applies to any riparian, wetland or coastal terrace prairie habitat temporarily impacted by construction activities.

If temporary disturbance to riparian, wetland or coastal terrace prairie habitat within the Project area cannot be avoided, and will be temporarily impacted by construction activities, the District shall develop and submit a Habitat Monitoring Plan (HMP) to the appropriate resource agencies (CCC, CDFW, CCRWQCB, USACE, USFWS, and local agencies that require a habitat mitigation and monitoring plan) for approval prior to Project construction. The HMP shall be a comprehensive document that describes all of restoration requirements, including the required performance standards, identified in Mitigation Measures 4-4.1i (Avoidance and Minimization Measures for Special Status Plants), 4.4-1j (Avoidance and Minimization Measures for Native Stands of Monterey Pine), 4.4-2a (Minimize Disturbance to Riparian Habitat), and 4.4-2b (Avoidance and Protection of Coastal Terrace Prairie).

The MMP shall be implemented at all riparian, wetland or coastal terrace prairie habitats temporarily impacted by construction activities. The HMP shall outline measures to restore, improve, or re-establish riparian, wetland or coastal terrace prairie habitats on the site, and shall include the following elements:

1. Name and contact information for the property owner of the land on which the mitigation will take place.
2. Identification of the water source for supplemental irrigation, if needed.
3. Identification of depth to groundwater.
4. Topsoil salvage and storage methods for areas that support special-status plants.
5. Site preparation guidelines to prepare for planting, including coarse and fine grading.

6. Plant material procurement, including assessment of risk of introduction of plant pathogens through use of nursery-grown container stock vs. collection and propagation of site-specific plant materials, or use of seeds.
7. Planting plan outlining species selection, planting locations and spacing, for each vegetation type to be restored.
8. Planting methods, including containers, hydroseed or hydromulch, weed barriers and cages, as needed.
9. Soil amendment recommendations, if needed.
10. Irrigation plan, with proposed rates (in gallons per minute), schedule (i.e. recurrence interval), and seasonal guidelines for watering.
11. Site protection plan to prevent unauthorized access, accidental damage and vandalism.
12. Weeding and other vegetation maintenance tasks and schedule, with specific thresholds for acceptance of invasive species.
13. Performance standards by which successful completion of mitigation can be assessed in comparison to a relevant baseline or reference site, and by which remedial actions will be triggered.
14. Success criteria shall include the minimum performance standards described in Mitigation Measures 4-4.1i (Avoidance and Minimization Measures for Special Status Plants), 4.4-1j (Avoidance and Minimization Measures for Native Stands of Monterey Pine), 4.4-2a (Minimize Disturbance to Riparian Habitat), and 4.4-2b (Avoidance and Protection of Coastal Terrace Prairie) (see **Table 4.4-5**).
15. Monitoring methods and schedule.
16. Reporting requirements and schedule.
17. Adaptive management and corrective actions, such as re-seeding, changes to the irrigation regime, and increased effort to control non-natives, to achieve the established success criteria.
18. Educational outreach program to inform operations and maintenance departments of local land management and utility agencies of the mitigation purpose of restored areas to prevent accidental damages.

Measure 4.4-5: Comply with Local Tree Ordinances.

The District shall comply with all applicable local tree protection ordinances, including by obtaining any necessary tree trimming or removal permits, replanting trees in accordance with the required tree replacement ratios, and monitoring and maintaining the replacement plantings in according with applicable requirements. For tree removal requiring a tree removal permit, the following re-planting policies shall be followed:

- The City of Capitola requires tree replacement at a ratio of at least 2:1 on the subject property, or if all other locations on site are found infeasible, payment of in-lieu fees to compensate for the planting and maintenance of trees by the City. Planting of replacement follows the procedures outlined in City of Capitola Municipal Code 12.12.190 (Tree replacement). Replacement trees and/or in-lieu

fees are not required if post-removal tree canopy coverage on the site or parcel will be 30 percent or more.

- Tree removal within the City of Santa Cruz requires tree mitigation in the form of replanting or payment of an in-lieu fee per tree. Replanting requires three 15-gallon or one 24-inch size specimen or payment of the current value, which is determined by the City.

For trees removed within the jurisdiction of County of Santa Cruz, the County requires planting a tree of suitable species in the immediate vicinity of the removed tree or at a location deemed more suitable as determined by the Department of Public Works. Trees under 12 inches in diameter, measured one foot from the base, shall be replaced with trees of one -gallon size. Those over 12 inches in diameter shall be replaced with five-gallon trees.

Measure 4.5-2c: Inadvertent Discovery of Cultural Resources.

If prehistoric or historic-era archaeological resources are encountered by construction personnel during Project implementation, all construction activities within 100 feet shall halt until a qualified archaeologist, defined as one meeting the Secretary of the Interior's Professional Qualification Standards for archaeology, can assess the significance of the find. Prehistoric archaeological materials might include obsidian and chert flaked-stone tools (e.g., projectile points, knives, scrapers) or toolmaking debris; culturally darkened soil (midden) containing heat-affected rocks, artifacts, or shellfish remains; stone milling equipment (e.g., mortars, pestles, hand stones, or milling slabs); and battered stone tools, such as hammer stones and pitted stones. Historic-era materials might include stone, concrete, or adobe footings and walls; filled wells or privies; and deposits of metal, glass, and/or ceramic refuse.

If a find is evaluated and determined to be significant, a mitigation plan shall be developed that recommends preservation in place as a preference or, if preservation in place is not feasible, data recovery through excavation. The mitigation plan shall be developed in consultation with the affiliated Native American tribe(s), as appropriate. If preservation in place is feasible, this may be accomplished through one of the following means: (1) modifying the construction plan to avoid the resource; (2) incorporating the resource within open space; (3) capping and covering the resource before building appropriate facilities on the resource site; or (4) deeding the resource site into a permanent conservation easement. If preservation in place is not feasible, a qualified archaeologist shall prepare and implement a detailed treatment plan to recover scientifically consequential information from the resource prior to any excavation at the site. Treatment for most resources would consist of (but would not necessarily be limited to) sample excavation, artifact collection, site documentation, and historical research, with the aim to target the recovery of important scientific data contained in the portion(s) of the significant resource to be impacted by the Project. The treatment plan shall include provisions for analysis of data in a regional context; reporting of results within a timely manner; curation of artifacts and data at an approved facility; and dissemination of reports to local and state repositories, libraries, and interested professionals.

Mitigation Measure 4.5-3: Inadvertent Discovery of Human Remains.

In the event human remains are uncovered during construction activities for the Project, the District shall immediately halt work, contact the Santa Cruz County Coroner to

evaluate the remains, and follow the procedures and protocols pursuant to Section 15064.5(e)(1) of the CEQA Guidelines. State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to PRC Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 48 hours to notify the Native American Heritage Commission (NAHC). The NAHC will then identify the person thought to be the Most Likely Descendent of the deceased Native American. The Most Likely Descendent will make recommendations for means of treating, with appropriate dignity, the human remains and any associated grave goods as provided in PRC Section 5097.98.

Measure 4.6-1: Construction Equipment Efficiency Plan.

The District shall contract a qualified professional (i.e., construction planner/energy efficiency expert) to prepare a Construction Equipment Efficiency Plan that identifies the specific measures that the District (and its construction contractors) will implement as part of Project construction and decommissioning to increase the efficient use of construction equipment to the maximum extent feasible. Such measures shall include, but not necessarily be limited to: procedures to ensure that all construction equipment is properly tuned and maintained at all times; a commitment to utilize existing electricity sources where feasible rather than portable diesel-powered generators; and identification of procedures (including the routing of haul trips identified in implementation of Mitigation Measure 4.15-1) that will be followed to ensure that all materials and debris hauling is conducted in a fuel-efficient manner. The plan shall be implemented throughout the construction and decommissioning periods.

Mitigation Measure 4.9-3a: Health and Safety Plan.

The District or its construction contractor(s) shall prepare and implement site-specific Health and Safety Plans (HASPs) in accordance with 29 CFR 1910.120 to protect construction workers and the public during all excavation and grading activities. This HASP shall be submitted to the District for review and approval prior to commencement of demolition and construction activities. The HASP shall include, but is not limited to, the following elements:

- Designation of a trained, experienced site safety and health supervisor who has the responsibility and authority to develop and implement the site HASP;
- A summary of all potential risks to demolition and construction workers and maximum exposure limits for all known and reasonably foreseeable site chemicals;
- Specified personal protective equipment and decontamination procedures, if needed;
- Emergency procedures, including route to the nearest hospital; and
- Procedures to be followed in the event that evidence of potential soil or groundwater contamination (such as soil staining, noxious odors, debris or buried storage containers) is encountered. These procedures shall be in accordance with hazardous waste operations regulations and specifically include, but are not limited to, the following: immediately stopping work in the vicinity of the unknown hazardous materials release, and notifying Santa Cruz County EHS.

Mitigation Measure 4.9-3b: Soil Management Plan.

In support of the HASP described above in Mitigation Measure HAZ-1, the contractor shall develop and implement a Soil Management Plan (SMP) that describes the procedures for managing excavated soil. The SMP shall include procedures for monitoring soil for possible contamination, identifying the specific stockpiling locations and measures to contain the stockpiled soil to prevent run on and run off, and materials disposal specifying how the construction contractor(s) will remove, handle, transport, and dispose of all excavated materials in a safe, appropriate, and lawful manner. The SMP shall specify the contractor will segregate and dispose of soil with chemical concentrations above US EPA RSLs and RWQCB ESLs screening levels. Soil with chemical concentrations below screening levels may be reused or recycled. Soil with chemical concentrations above screening levels shall be disposed of in accordance with the applicable provisions of CCR Title 22, Chapter 11, Article 3, Section 66261 (i.e., Class III (non-hazardous waste), Class II (non-hazardous and “designated” waste), or

- Class I (non-hazardous and hazardous waste)). The SMP must identify protocols for soil testing and disposal, identify the approved disposal sites, and include written documentation that the disposal site can accept the waste. Contract specifications shall mandate full compliance with all applicable local, state, and federal regulations related to the identification, transportation, and disposal of hazardous materials, including those encountered in excavated soil. This SMP shall be submitted to the District and the Santa Cruz County EHS for review and approval prior to commencement of construction.

Mitigation Measure 4.13-1a: Construction Noise Reduction Plan.

The District shall implement for the Chanticleer Site or Headquarters-West Annex Site (for the first 2.5 months of construction); the Willowbrook Lane, Cabrillo College, and Monterey Avenue Recharge Well Sites; and pipeline alignment, as applicable, a Construction Noise Reduction Plan prior to initiating construction. A disturbance coordinator shall be designated for the Project to implement the provisions of the plan. At a minimum, the Construction Noise Reduction Plan shall implement the following measures:

- Distribute to the potentially affected residences and other sensitive receptors within 200 feet of the Project construction site boundaries a “hotline” telephone number, which shall be attended during active construction working hours, for use by the public to register complaints. The distribution shall identify a noise disturbance coordinator who would be responsible for responding to any local complaints about construction noise. The disturbance coordinator would determine the cause of the noise complaints and institute actions warranted to correct the problem. All complaints shall be logged noting date, time, complainant’s name, nature of complaint, and any corrective action taken. The distribution shall also include the construction schedule.
- All construction equipment shall have intake and exhaust mufflers recommended by the manufacturers thereof, to meet relevant noise limitations.
- Maintain maximum physical separation, as far as practicable, between noise sources (construction equipment) and sensitive noise receptors. Separation may

be achieved by locating stationary equipment to minimize noise impacts on the community.

- Impact tools (e.g., jack hammers, pavement breakers) used during construction activities shall be hydraulically or electrically powered to avoid noise associated with compressed air exhaust from pneumatically powered tools. Where use of pneumatic tools is unavoidable, an exhaust muffler on the compressed air exhaust shall be used.

Use construction noise barriers such as paneled noise shields, blankets, and/or enclosures adjacent to noisy stationary and off-road equipment. Noise control shields, blankets and/or enclosures shall be made featuring a solid panel and a weather-protected, sound-absorptive material on the construction-activity side of the noise shield.

Mitigation Measure 4.13-1b: Off-site Accommodations for Substantially Affected Nighttime Receptors.

The District shall provide temporary hotel accommodations for all residences within 200 feet of the Willowbrook Lane and Monterey Avenue Recharge Well Sites during Project-related well drilling. The accommodations shall be provided for the duration of nighttime drilling activities. The District shall provide accommodations reasonably similar to those of the impacted residents in terms of number of beds and amenities.

Mitigation Measure 4.15-1: Traffic Control Plan (Pipeline Construction)

Prior to commencement of Project construction, the District and/or contractor(s) shall arrange for Traffic Control Plans (TCPs) to be prepared by a licensed traffic engineer. The TCPs shall comply with requirements in agreements executed between the District and the public works departments of the cities of Santa Cruz and Capitola, and Santa Cruz County (which have jurisdiction over the public roads in the area), and will include, but not be limited to, the following elements:

- Circulation and detour routes shall be developed to minimize impacts on local street circulation during lane and road closures. For example, lane closures shall generally avoid the AM and PM peak commute hours. Flaggers and/or signage shall be used to guide vehicles through and/or around the construction zone. Roadside construction safety protocols shall be implemented.
- Truck routes designated by affected jurisdictions shall be identified. Haul routes that both minimize truck traffic on local roadways and residential streets, and maximize fuel efficiency per Mitigation Measure 4.6-1 (Construction Equipment Efficiency Plan), shall be utilized.
- Sufficient staging areas shall be developed for trucks accessing construction zones to minimize disruption of access to adjacent land uses, particularly at entries to on-site pipeline construction within residential neighborhoods.
- Construction vehicle movement shall be controlled and monitored through the enforcement of standard construction specifications by on-site inspectors.
- If deemed necessary by the affected jurisdictions, truck trips shall be scheduled to minimize trips during the peak morning and evening commute hours.

- Roads shall be restored to the pre-Project number of lanes, with all trenches covered with steel plates or the equivalent outside of allowed working hours or when work is not in progress.
- Construction shall be coordinated with Santa Cruz Metro Transit District to determine any temporary rerouting for bus lines in work zones that may be needed.
- Bicycle and pedestrian access and circulation shall be maintained during Project construction where safe to do so. The contractor shall be required to maintain bicycle lanes/lane widths to accommodate bicycle traffic or seek a permit from the appropriate jurisdiction to address bicycle route detours and signage for any lane closures. Where construction activities encroach on a bicycle lane, advance warning signs (e.g., “Bicyclists Allowed Use of Full Lane” and/or “Share the Road”) shall be posted to indicate that bicycles and vehicles are sharing the lane and to warn bicyclists and drivers of upcoming traffic hazards. If construction activities encroach on a sidewalk, safe crossings and appropriate signage shall be provided for pedestrians.
- All equipment and materials shall be stored in designated contractor staging areas on or adjacent to the worksite, such that traffic obstruction is minimized.
- Construction shall be coordinated with facility owners or administrators of police and fire stations (including all fire protection agencies), hospitals, and schools. Facility owners or operators shall be notified in advance of the timing, location, and duration of construction activities and the locations of detours and lane closures. Emergency service vehicles shall be given priority for access.
- A public information plan shall be developed to provide adjacent residents and businesses with regularly updated information regarding Project construction in their area, including construction activities, durations, peak construction vehicle activities (e.g., excavation), bus stop relocations, travel lane closures, and other lane closures. This information shall also be presented on the District website and shall be updated regularly as construction conditions change.

Portable changeable message signs shall be used to provide advance notice of lane closures.

Attachment 2

Sample Pre-construction Outreach Letter and Project Brochure

**Board of Directors**

Dr. Thomas R. LaHue, President
 Dr. Bruce Daniels, Vice-President
 Dr. Bruce Jaffe
 Carla Christensen
 Rachél Lather

Ron Duncan, *General Manager*

Date

To: Neighbor

RE: Soquel Creek Water District Well Construction Notice and Informational Meeting

Dear Neighbor:

Soquel Creek Water District (District) is sending out this notice to all properties within 500ft of an upcoming project to drill a new seawater intrusion prevention/recharge well at the District's Monterey Well Site (near the corner of Monterey Avenue and Kennedy Drive).

You should expect to see some activity at the well site the week of _____ when the Contractor (_____) is planning to mobilize and set up equipment. The project is expected to last between 18-20 weeks, with two-three weeks requiring 24/7 drilling. The Contractor is required to implement a plan to minimize noise disturbances, including the erection of a temporary sound wall. However, you may be inconvenienced, and we apologize for that ahead of time. The District will have on-site geologists at all times monitoring noise controls, and if you have a complaint, please contact our project representatives (listed below) or myself so that we can do our best to address the issue.

On-Site Geologists

Day shift: Name and Phone Number and Night shift: Name and Phone Number

After the well drilling and well construction portion is completed, the typical construction schedule will be between 8 AM and 6 PM Monday through Friday. There will be another 1-2 days of the project where we will be testing the well, and will need to operate for another 24 hrs. We do not expect you to experience any traffic delays associated with the District's project, and we will endeavor to minimize inconveniences to you.

The District will be hosting an informational meeting for neighbors on _____ from 6-7:30pm at _____ which will include our project engineers so that we can discuss any questions or concerns you may have.

Please don't hesitate to contact us over the next few weeks leading up to the project if you have any additional questions. We can be reached directly at 831-475-8500.

Sincerely,

Melanie Mow Schumacher, PE
 Pure Water Soquel Project Manager
 Special Projects-Communications Manager
melanies@soquelcreekwater.org

Skyler Murphy
 Water Resources Planner
skylerm@soquelcreekwater.org

(EXAMPLE) Table 1: Site Estimated Schedule of Activities	
Activity	Duration of Activity
Letter will include list of scheduled activities and anticipated durations.	

PUREWater Soquel

PROJECT OVERVIEW

Groundwater Replenishment and Seawater Intrusion Prevention Project

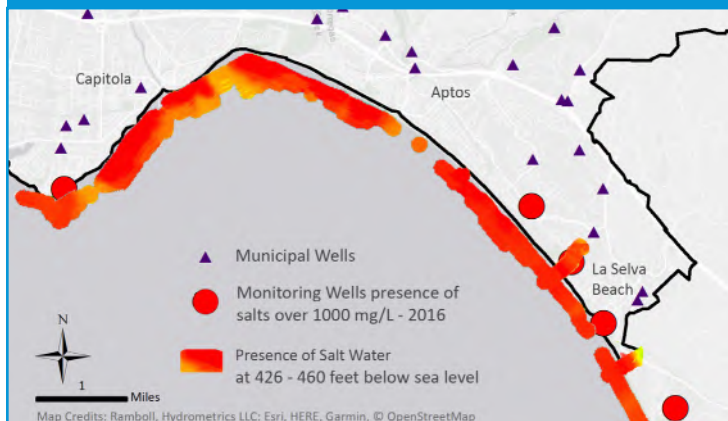
WHY IS PURE WATER SOQUEL BEING IMPLEMENTED?

The State of California has declared the Santa Cruz Mid-County Groundwater Basin — which supplies water to the Soquel Creek Water District (District), Central Water District, City of Santa Cruz, and over a thousand private well users and private mutual systems — as critically overdrafted and mandated that the basin be brought into sustainability by 2040. This mandate affects all basin users, not just the District.

The District is solely dependent on groundwater as is most of the Santa Cruz Mid-County area. In addition to the groundwater basin being overdrafted, seawater intrusion is present in Pleasure Point, Aptos, Seascapes, and La Selva Beach; data collected in 2017 confirmed the entire coastline is at-risk.

The District continues to move forward with its Pure Water Soquel Project to address these challenges by promoting environmental stewardship and ensuring a diverse and reliable water supply for current and future generations.

Seawater Intrusion is Actively Occurring on our Coastline



WHAT ARE THE PROJECT BENEFITS?

PROVIDES A BARRIER AGAINST SEAWATER INTRUSION — Helps prevent seawater intrusion from moving farther inland and contaminating drinking water wells. Southern Santa Cruz County, Monterey County, and many other communities around the world are challenged with seawater intrusion.

RELIABLE AND DROUGHT-PROOF WATER SUPPLY — Provides a sustainable, drought-proof supply of water that is available year-round, to supplement our overdrafted groundwater supply.

HIGH-QUALITY WATER — Using proven technology (see back), provides purified water that meets all state and federal water quality criteria and is cleaner than most bottled water.

BENEFICIAL REUSE OF EXISTING SOURCE — Reduces ocean discharge by 25%. Instead of treated wastewater being wasted to the Pacific Ocean, it will be purified and put to beneficial reuse by storing it underground for environmental protection and to keep groundwater wells salt-free.

TIMELINESS — Water rights, that are typical of surface water projects, and marine issues, that are typical of desalination projects, will not apply to Pure Water Soquel, thus potentially reducing the time to acquire permits.

ECONOMIC VITALITY — the Project is estimated to support over \$900 million dollars in economic benefits to our community.

WHAT IS PURE WATER SOQUEL?

Pure Water Soquel will take treated, recycled wastewater from Santa Cruz, purify it through advanced water purification methods, and use it to replenish the basin through recharge wells, creating a barrier to seawater intrusion and providing a reliable, sustainable source of water.

Estimated cost of the Pure Water Soquel Project range from \$90-\$100 million. The District is actively seeking grant funding and low-interest loans to help offset these costs. The goal is to have the Project operational by 2022.

WHY PURIFIED WATER?

Many communities with long-term water shortages have either implemented or are currently evaluating purified water projects. Orange County Water District has been purifying recycled water to use as groundwater replenishment for over 40 years. Utilities in San Diego, Los Angeles, the San Francisco Bay Area, Monterey, and Silicon Valley are all seriously considering or implementing purified water as a part of their water supply portfolios.



Orange County Water District's Groundwater Replenishment System has produced over 200 billion gallons of purified water and has been in operation for 40 years. (photo credit: Orange County Water District)

PURE WATER SOQUEL TIMELINE AND MILESTONES

2014

- Soquel Creek Water District Board approves further evaluation of Purified Water for Groundwater Replenishment as a water supply option

2014-2018

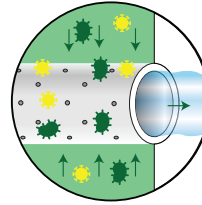
- District awarded over \$2 million in grant funding from the State Water Resources Control Board and the US Bureau of Reclamation for planning and technical evaluation
- National Water Research Institute, a third party expert review panel, gives thumbs up and declares the Project is feasible and protective of public health
- District conducts environmental review under CEQA and certifies Environmental Impact Report
- District Board approves Project

2019-2022

- District will continue to seek grant funding that could potentially reduce Project cost by half
- District will conduct permitting, design, and construction
- Goals of the Project are to be operational by the end of 2022 and aid in meeting state mandate of sustainability by 2040

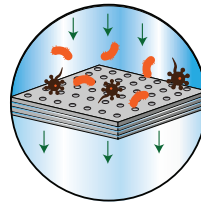
UNDERSTANDING THE WATER PURIFICATION PROCESS

Currently, most advanced water purification processes involve a multi-stage process of micro-filtration, reverse osmosis, and ultraviolet light with advanced oxidation.



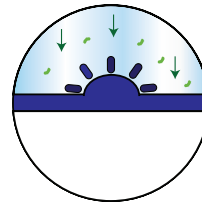
MICROFILTRATION

Water moves through a bundle of straw-like filters. Each filter is perforated with small holes 1/300th the width of human hair! These holes allow water to pass through while removing solids, bacteria, protozoa, and many viruses.



REVERSE OSMOSIS

Contaminants 100x smaller than a virus, as well as chemicals, are stopped by this barrier, resulting in water that's near distilled quality. This same process is used by bottled water companies, baby food manufacturers, and for kidney dialysis.



ULTRAVIOLET LIGHT (UV) & ADVANCED OXIDATION PROCESS

Concentrated UV light, similar to the sun's rays, and an oxidant such as bleach, together destroy remaining trace level chemicals and pharmaceuticals.

TECHNICAL & ENVIRONMENTAL STUDIES

Numerous studies have been conducted to help inform the planning and implementation of the project. These include:

Feasibility Study — completed December 2017

Geochemical Characterization — Phase I completed October 2016, Phase 2 underway

Water Quality/Constituents of Emerging Concern (CEC) Testing — completed December 2017; Reviewed and approved by a scientific technical advisory panel

Groundwater Modeling — completed June 2018

Cost Evaluation — completed December 2018

Environmental Impact Report — completed December 2018

For more information contact:
Melanie Mow Schumacher
melanies@soquelcreekwater.org • 831-475-8500
www.soquelcreekwater.org



CURRENT PLANNING
 831/420-5100 • FAX 831/420-5101
 BUILDING & SAFETY INSPECTION SERVICES
 831/420-5120 • FAX 831/420-5101

PLANNING AND
 COMMUNITY DEVELOPMENT
 831/420-6250 • FAX 831/420-6458



809 Center Street • Room 206 • Santa Cruz, CA 95060 • cityplan@cityofsantacruz.com
 LEE BUTLER, DIRECTOR

July 31, 2019

Dan Carl, District Manager
 California Coastal Commission
 Central Coast Area Office
 725 Front Street, Suite 300
 Santa Cruz, California 95060

RE: Consolidated Permitting for the Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention Project

Dear Mr. Carl:

On behalf of the Soquel Creek Water District (SqCWD), the City of Santa Cruz is requesting that the Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention Project (Project) be considered for combined processing by the Coastal Commission as allowed under Section §30601.3 of the California Coastal Act.

The primary objective of this Project is to recharge the local groundwater basin with 1,500 acre feet per year of purified water for indirect potable reuse and thereby improve the groundwater basin's reliability as a water supply source. The specific objectives of the Project include replenishment of the local groundwater basin to prevent further seawater intrusion; develop a sustainable water supply in a timely manner that meets the District's supply objectives and the State's mandate under the Sustainable Groundwater Management Act; develop an affordable, reliable, and drought-resistant supplemental water source and provide diversification of the SqCWD water supply portfolio while enhancing water supply resiliency. SqCWD's goal is to continue to provide district customers with a high-quality and safe water supply while also providing broader regional benefits to the groundwater basin and additional environmental benefits to surface and marine waters.

A tertiary water treatment system will be constructed at the Santa Cruz Wastewater Treatment Facility in conjunction with an advanced water purification facility at the Chanticleer Site. A conveyance system, which would include pump stations, process tanks, and pipelines will convey tertiary effluent, reverse osmosis concentrate, and purified water between the Santa Cruz Wastewater Treatment Facility and the advanced water purification facility at the Chanticleer Site. Seawater Intrusion Prevention/Recharge and Monitoring Wells will be located at three properties: one in City of Capitola located near Monterey Avenue-Kennedy Drive and two located in the Santa Cruz County; one located near Willowbrook Lane and another located at the Twin Lakes Church. A map of the treatment facilities, pipe alignments and well locations is attached to this letter.

A portion of the Project components would occur within the coastal zone. The Project would involve development affecting the certified Local Coastal Plan (LCP) jurisdictions of the City of Santa Cruz, City of Capitola, and unincorporated Santa Cruz County. A portion of the Project (a pipeline crossing of San Lorenzo River) would fall within the Coastal Commission's original jurisdiction.

In accordance with the California Environmental Quality Act (CEQA), an EIR was prepared for this Project and circulated for public review and comment. The Final EIR was certified and the Project approved by the Soquel Creek Water District in December 2018.

To comply with section §30601.3 of the Coastal Act in terms public participation, the Soquel Creek Water District has sponsored over 75 publicly noticed board meetings, workshops, and bi-monthly standing committee meetings with agenda items to receive public input on the Project including 14 publicly noticed board meetings and workshops. Four CEQA public meetings have been held: two scoping meetings in 2016, one scoping meeting in 2017, and a Draft EIR meeting in 2018. Additional public meetings have been held in 2019, where updated information related to Project planning and development plans and expected temporary construction impacts were addressed.

The City agrees that the consolidated processing would be appropriate in this case since a portion of the project lies within Coastal Commission's Original jurisdiction and since the Project would affect three LCP jurisdictions.

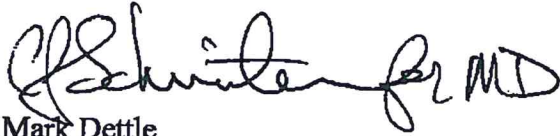
Thank you for your consideration of this request. Please confirm that the Coastal Commission will process and act upon a consolidated coastal development permit for the Pure Water Soquel Project.

Please call me at (831) 420-5103 if you would like to discuss this further.

Sincerely,



Lee Butler
Director, Planning and Community Development



Mark Dettle
Director, Department of Public Works



Rosemary Menard
Director, City of Santa Cruz Water Department

Attachment: City of Santa Cruz - Letter re Pure Water Soquel CDP Consolidation - 07.31.2019 (Consolidated Water Permit)



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
 (831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123

KATHLEEN MOLLOY, PLANNING DIRECTOR

July 29, 2019

Dan Carl, District Director
 California Coastal Commission Central Coast Area Office
 725 Front Street, Suite 300
 Santa Cruz, California 95060

Subject: Pure Water Soquel Project

Dear Mr. Carl:

It has come to the attention of the County of Santa Cruz that Soquel Creek Water District intends to file an application for a Coastal Development Permit for the Pure Water Soquel Project. Under the Project, a tertiary water treatment system will be constructed at the Santa Cruz Wastewater Treatment Facility in conjunction with an advanced water purification facility at the corner of Chanticleer Avenue and Soquel Avenue. A conveyance system, which would include pump stations, process tanks and pipelines, will convey tertiary effluent, reverse osmosis concentrate, and purified water between the Santa Cruz Wastewater Treatment Facility, the advanced water purification facility at the Chanticleer Site and three Seawater Intrusion Prevention (SWIP) Wells. The SWIP wells and associated monitoring wells will be constructed in the following locations: in the City of Capitola near Monterey Avenue-Kennedy Drive, in the County of Santa Cruz near Willowbrook Lane, and in the County of Santa Cruz near Twin Lakes Church.

A portion of the Project components would occur within the coastal zone. The Project would involve development affecting the certified Local Coastal Plan (LCP) jurisdictions of the City of Santa Cruz, City of Capitola, and unincorporated Santa Cruz County. A portion of the Project (a pipeline crossing of San Lorenzo River) would fall within the Coastal Commission's original jurisdiction.

The purpose of this letter is to request that your office of the California Coastal Commission take jurisdiction over this matter under 30601.3, as that will allow for the most expeditious consideration and final action on the subject Coastal Development Permit request.

Sincerely,

Kathleen Molloy
 Planning Director, County of Santa Cruz

cc: Carlos Palacios, County Administrative Officer
 Zach Friend, County Supervisor District 2
 John Leopold, County Supervisor District 3
 Dana McRae, County Counsel
 Matt Machado, Public Works Director

Attachment: County of Santa Cruz - Letter re Pure Water Soquel CDP Consolidation - 07.29.2019 (Consolidated Water Permit)



420 Capitola Avenue
 Capitola, California 95010
 Telephone: (831) 475-7300
 FAX: (831) 479-8879
 Website: www.cityofcapitola.org

[Date]

Dan Carl, District Manager
 California Coastal Commission
 Central Coast Area Office
 725 Front Street, Suite 300
 Santa Cruz, CA 95060

Subject: Consolidated Permitting for the Soquel Creek Water District Pure Water Soquel Project

Dear Mr. Carl:

On behalf of the Soquel Creek Water District (SqCWD), the City of Capitola (City) is requesting that the Pure Water Soquel: Groundwater Replenishment and Seawater Intrusion Prevention Project (Project) be considered for consolidated permitting by the Coastal Commission as allowed under §30601.3 of the California Coastal Act.

The primary objective of the Project is to recharge the local groundwater basin with 1,500 acre-feet per year of purified water for indirect potable reuse and thereby improve the groundwater basin's reliability as a water supply source. The specific objectives of the Project include: replenishment of the local groundwater basin to prevent further seawater intrusion; developing a sustainable water supply in a timely manner that meets the District's supply objectives and the State's mandate under the Sustainable Groundwater Management Act; developing an affordable, reliable, and drought-resistant supplemental water source; and providing diversification of the SqCWD water supply portfolio while enhancing water supply resiliency.

A portion of the Project components would occur within the coastal zone, and the Project would involve development affecting the certified Local Coastal Plan (LCP) jurisdictions of the City of Santa Cruz, City of Capitola, and unincorporated Santa Cruz County. In addition, a portion of the Project (a pipeline crossing of the San Lorenzo River) would fall within the Coastal Commission's original jurisdiction.

The City of Capitola supports the California Coastal Commission taking jurisdiction over this matter under §30601.3 of the California Coastal Act, as that will allow for the most expeditious consideration and final action on the subject Coastal Development Permit request.

In order to protect the property owners and residents in the vicinity of the Monterey Avenue well site from the significant and unavoidable noise impacts caused by the project, the City of Capitola also recommends that the Coastal Commission require strict adherence to Mitigation Measure 4.13-1a (Construction Noise Reduction Plan) and 4.13-1b (Off-site Accommodations for Substantially Affected Nighttime Receptors) in the Certified Environmental Impact Report and include the following conditions of approval with the Coastal Development Permit:

1. Soquel Creek Water District shall send out pre-construction notices to all properties within 200 feet of the Monterey Well Site and hold a pre-construction meeting no less

than 30 days prior to construction. The letter and meeting shall address the option of alternative accommodations during night drilling consistent with the EIR mitigation measures.

2. For properties within 201 - 500 feet of the Monterey well site, the Soquel Creek Water District shall send out pre-construction notice no less than 30 days prior to construction with emergency contact information and project information as identified within the EIR mitigation measures.

Sincerely,

Katie Herlihy
Community Development Director, City of Capitola