

City of Capitola Agenda



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

**CAPITOLA CITY COUNCIL
REGULAR MEETING
THURSDAY, FEBRUARY 23, 2012**

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

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

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Govt. Code §54956.9:
Three cases: 1) Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park;
2) Pacific Cove Mobile Home Park Flooding and Closure;
3) Save the Plastic Bag Coalition.

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

1. Kevin Calvert, D.D.S. and Pamela Calvert vs. City of Capitola, et al. [Superior Court of the State of California for County of Santa Cruz, Case #CV 172804]
2. Katie Saldana vs. City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 172324]
3. Foremost Insurance Company vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173228]
4. Truck Insurance vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173071]

CONFERENCE WITH LABOR NEGOTIATOR (Govt. Code §54957.6)

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

LIABILITY CLAIMS (Govt. Code §54956.95)

Claimant: Janice Jimenez
Agency claimed against: City of Capitola

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

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

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

2. PRESENTATIONS

3. REPORT ON CLOSED SESSION

4. ORAL COMMUNICATIONS

A. Additions and Deletions to Agenda

B. Public Comments

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

C. Staff Comments

D. City Council/Treasurer Comments/Committee Reports

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

E. Committee Appointments

1. Receive the Mayor's appointment of Derek VanAlstine to the Architectural and Site Review Committee.

F. Approval of Check Register Reports

1. Approval of City Check Register Reports dated February 3 and February 10, 2012.

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

5. CONSENT CALENDAR

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

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

- A. Deny liability claim of Janice Jimenez for an undetermined amount, and forward to the City's liability insurance carrier.
RECOMMENDED ACTION: Deny Liability Claim.
- B. Consideration of approval of the City Council/Redevelopment Agency Minutes of the Joint Regular Meeting of January 26, 2012.
RECOMMENDED ACTION: Approve Minutes.
- C. Receive City Treasurer's Report for Month ended January 31, 2012 (Unaudited).
RECOMMENDED ACTION: Receive Report.
- D. Consideration of a Resolution accepting a Homeland Security Grant in the amount of \$9,910, and amending the Fiscal Year 2011/2012 General Fund Operating Budget by increasing both Revenues and Expenditures by \$9,910.
RECOMMENDED ACTION: Adopt Resolution.
- E. Consideration of approving a letter from the Mayor to the California Public Utilities Commission opposing the SmartMeter opt out one-time and monthly fees.
RECOMMENDATION: Authorize Mayor to send letter.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS

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

- A. Discussion regarding funding the Community Grants.
RECOMMENDED ACTION: Discuss and provide direction.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

- B. Presentation regarding the Finance Advisory Committee’s Long-Term City Revenue/Expenditure Projections Analysis (continued from the January 26, 2012 City Council meeting).

RECOMMENDED ACTION:

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

- C. Presentation by City financial management recommendations.

RECOMMENDED ACTION: Approve the financial management improvements recommended in the report and direct staff to return with follow up actions where necessary for formal implementation.

- D. Discussion regarding an Ordinance to reduce single-use plastic and paper carryout bags.

RECOMMENDED ACTION: Discuss and provide direction.

- E. 809/815/819 Bay Avenue – Project Application #10-038

Presentation regarding the temporary relocation of the recycling facilities for Nob Hill Center and consider an Amendment to a Master Use Permit to permanently locate the facilities at the proposed site in the CC (Community Commercial) Zoning District; APN: 035-021-43. Property Owner: Bay Creek Properties / Filed: 5/18/10.

RECOMMENDED ACTION: Approve Amendment to the Master Use Permit.

- F. 835 Bay Avenue – Project Application #12-001

Requests for a Conditional Use Permit to install a model manufactured home in conjunction with an existing manufactured home sales business (Ideal Homes) in the CC (Community Commercial) Zoning District. Environmental Determination: Categorical Exemption Property Owner: Redtree Properties, owner/filed: 1/3/12; Representative: Richard Emigh (APN: 035-011-03, 035-381-01)

RECOMMENDED ACTION: Deny application.

- G. 101 Grand Avenue – Project Application #11-120

Request for a 50-year extension to the amortization period for a legal nonconforming multi-unit residential use in the AR/R-1 (Automatic Review/Single-Family Residence) Zoning District. Environmental Determination: Categorical Exemption Property Owner: Papken S. Der-Torossian (APN: 036-114-12); Representative: Dennis Norton.

RECOMMENDED ACTION: Grant extension.

7. COUNCIL/STAFF COMMUNICATIONS

8. ADJOURNMENT

Adjourn to the next Regular Meeting of the City Council to be held on Thursday, March 8, 2012, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

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

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

Agenda and Agenda Packet Materials: The City Council Agenda and the complete agenda packet are available on the Internet at the City’s website: www.ci.capitola.ca.us. Agendas are also available at the Capitola Post Office located at 826 Bay Avenue, Capitola.

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

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

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

Televised Meetings: City Council meetings are cablecast “Live” on Charter Communications Cable TV Channel 8 and are recorded to be replayed at 12:00 Noon on the Saturday following the meetings on Community Television of Santa Cruz County (Charter Channel 71 and Comcast Channel 25). Meetings are streamed “Live” on the City’s website at www.ci.capitola.ca.us by clicking on the Home Page link “**View Capitola Meeting Live On-Line.**” Archived meetings can be viewed from the website at anytime.



Item #: 4.E.1

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: APPOINTMENT OF DEREK VAN ALSTINE TO THE ARCHITECTURAL AND
SITE REVIEW COMMITTEE

RECOMMENDED ACTION: Receive the Mayor's appointment of Derek Van Alstine to serve in the capacity as architect on the City's Architectural and Site Review Committee

BACKGROUND: The City received a resignation letter from Frank Phanton who has served as the architect on the Architectural and Site Review Committee for the last several years. The Mayor makes appointments to the Architectural and Site Review Committee.

DISCUSSION: The Architectural and Site Review Committee is made up of professionals and staff which review development applications and make design recommendations to the Planning Commission. Section 17.63 of the Zoning Ordinance establishes the Committee members and the appointment process. The members of the Committee include an architect, landscape architect, building official, community development director or designated planning staff, public works director, and historian. There is no requirement for these professionals to live within the City of Capitola.

The ordinance states "The architect, historian and landscape architect members of the Architectural and Site Review Committee shall be appointed by the mayor; however, a majority of the City Council may remove the architect, historian or landscape architect."

Mayor Termini selection for this position is Derek Van Alstine. Mr. Van Alstine has been designing home for over 30 years including a number of residential projects in Capitola including new construction and remodels. Attachment 2 includes examples of Mr. Van Alstine's work.

FISCAL IMPACT: None

ATTACHMENT:

1. Mr. Phanton's resignation letter dated February 6, 2012.
2. Examples of Mr. Van Alstine's work.

Report Prepared By: Susan Westman
Interim Community Development Director

Reviewed and Forwarded
By City Manager:

Frank Phanton

150 Felker St., Ste. G, Santa Cruz CA 95060
Architect C 24515

(831) 475-5841

February 6, 2012

To: The City of Capitola
c/o Ryan Bane
420 Capitola Avenue
Capitola, CA 95010

Re: Resignation/Sabbatical from Architectural and Site Review Committee

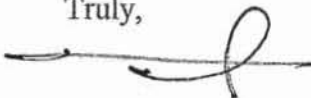
Ryan,

As you know, I've been on the Arch. and Site Committee for quite some time. It has recently occurred to me that my holding this position for so long is, in a way, selfish. I feel it may be best if we spread this feeling of fulfilling civic duty around a bit.

I've talked with who I think is the perfect candidate, Derek VanAlstine and he is more than willing to perform this duty for the City. Derek and I have worked together before so if a licensed person becomes required I would be happy to work with him.

Please know I will continue to love the city and all the people who work there. I would like to consider this a sabbatical and keep the notion of a possible return in future should it please the City.

Truly,



Frank Phanton
Architect

Cottages/Beach Houses

These are samples of some of the Cottages and Beach Houses that Derek has designed.



Shoaf

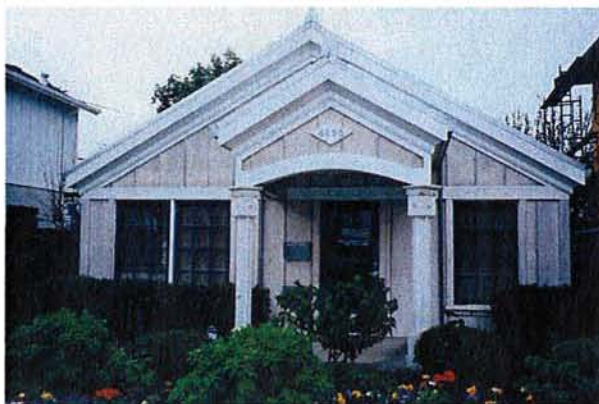
English Dr.

Moy



Remodels

These are samples of some remodels Derek has done.



Capitola Office



Airoldi Residence



Bruton Residence

[Main Menu](#)



CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: FINANCE DEPARTMENT

SUBJECT: APPROVAL OF CITY CHECK REGISTER REPORT

RECOMMENDED ACTION: By motion that the City Council approve the attached Check Register Reports for February 3 and February 10, 2012.

DISCUSSION: The attached Check Registers for:

Date	Starting Check #	Ending Check #	Total Checks	Amount
2/3/12	68740	68798	59	\$97,927.87
2/10/12	68799	68898	100	\$146,959.49
2/10/12 Payroll				\$156,661.62

The check register of January 27, 2012 ended with check #68739.

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

Check	Issued to:	Dept.	Purpose	Amount
68746	Atchison, Barisone & Condotti	CM	Dec 2011 Legal Services	\$13,897.33
68753	Capitola-Soquel Chamber of Commerce	CM	Q1, 2 & 3 FY11/12 Visitor & Econ Services	\$22,830.00
68778	Pacific Gas & Electric	PW	Monthly Electric, all sites	\$13,013.65
68800	American Traffic Solutions	PD	Jul-Dec11 Red Light Camera Exp	\$47,190.01
68826	Employment Dev Dept	CM	Q4 2011 Unemployment	\$18,302.00

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

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

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

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

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

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

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

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

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

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

As of 2/15/12 the total cash available is \$1,594,500. The General Operating Fund has a cash balance of \$228,585. Internal Service Funds (#2210 through #2214) were created for City budget purposes and are reclassified for financial reporting into the General Fund. The Compensated Absences Fund (#2216) has a positive cash balance of \$82,995. The Capital Improvement Projects has a positive cash balance of \$696,894. By Council direction the Emergency Reserves Fund (#1020) may not participate in cash loans; the Emergency Reserves Fund has a fund balance of \$151,804.

For cash flow purposes these funds are available to the General Fund. A consolidation of these cash balances results in a cash position of \$1,594,500.

The following table shows the funds that are consolidated:

CASH POSITION - CITY OF CAPITOLA 2/15/12

	<u>Net Balance</u>
General Fund	228,585
Worker's Comp. Ins. Fund	58,210
Self Insurance Liability Fund	197,719
Stores Fund	7,858
Information Technology Fund	28,401
Equipment Replacement	10,065
Compensated Absences Fund	82,995
Contingency Reserve Fund	-
Public Employee Retirement - PERS	283,518
Open Space Fund	256
Capital Improvement Projects	696,894
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	1,594,500

The Emergency Reserve Fund balance is \$151,804.17 and is not included above.

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

To resolve this cash flow issue, loans in the amount of \$939,895.66 were made from the following funds to the general fund:

Loans Between funds:	
Contingency Reserve	\$464,895.66
Equipment Replacement	\$325,000.00
Information Technology	\$150,000.00
Total Loans	\$939,895.66

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

ATTACHMENTS:

1. Check Register for February 3, 2012
2. Check Register for February 10, 2012

Report Prepared By: Linda Benko
AP Clerk

Reviewed and Forwarded
By City Manager:



ATTACHMENT 1

Checks dated 2/3/12 numbered 68740 to 68798 for a total of \$97,927.87 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 2/3/12 the unaudited cash balance is \$1,790,874

CASH POSITION - CITY OF CAPITOLA 2/3/12

	<u>Net Balance</u>
General Fund	613,079
Worker's Comp. Ins. Fund	58,210
Self Insurance Liability Fund	17,890
Stores Fund	11,268
Information Technology Fund	29,911
Equipment Replacement	10,065
Compensated Absences Fund	82,995
Contingency Reserve Fund	-
Public Employee Retirement - PERS	270,757
Open Space Fund	256
Capital Improvement Projects	696,444
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>1,790,874</u></u>

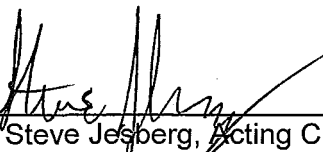
The Emergency Reserve Fund balance is \$151,804.17 and is not included above.

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

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

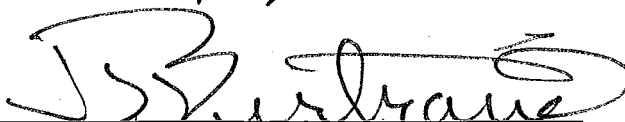
Loans Between funds:	
Contingency Reserve	\$464,895.66
Equipment Replacement	\$325,000.00
Information Technology	\$150,000.00
Self Insurance Liability	\$200,000.00
Total Loans	<u>\$1,139,895.66</u>

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



Steve Jesberg, Acting City Manager

2/3/12
Date



Jacques J.J. Bertrand, City Treasurer

2.3.12
Date

City Checks Issued 2/3/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68740	02/03/2012	Open			BECK'S SHOES INC	\$130.59
	Licensee Type Business		01/25/12	Refund Overpayment Refund Business License Overpayment	Transaction Type Refund	
68741	02/03/2012	Open			BOGNER'S ALL AIR, INC.	\$45.00
	Licensee Type Business		01/25/12	Refund Overpayment Refund Business License Overpayment	Transaction Type Refund	
68742	02/03/2012	Open			HIRSCH & ASSOCIATES	\$17.50
	Licensee Type Business		01/25/12	Refund Overpayment Refund Business License Overpayment	Transaction Type Refund	
68743	02/03/2012	Open			LENSCRAFTERS 5778	\$250.00
	Licensee Type Business		01/25/12	Refund Overpayment Refund Business License Overpayment	Transaction Type Refund	
68744	02/03/2012	Open			SCRIPT CRAFT/CAPITOLA REEF	\$25.00
	Licensee Type Business		01/25/12	Refund Overpayment Refund Business License Overpayment	Transaction Type Refund	
68745	02/03/2012	Open			ALLSAFE LOCK COMPANY	\$19.44
	Invoice		Date	Description	Amount	
	43097		01/27/2012	Keys for motor shed-PD	\$8.64	
	43100		01/30/2012	Keys-PD	\$10.80	
68746	02/03/2012	Open			ATCHISON, BARISONE, & CONDOTTI	\$13,897.33
	Invoice		Date	Description	Amount	
	Dec2011		12/31/2011	Dec 2011 General Legal Services	\$13,897.33	
68747	02/03/2012	Open			AUTOMATED TEST ASSOCIATES	\$92.00
	Invoice		Date	Description	Amount	
	38276		01/22/2012	Pac Cove MHP meter reading Jan12	\$67.00	
	38275		01/22/2012	Wharf meter reading Jan12	\$25.00	
68748	02/03/2012	Open			BACK TO EDEN LANDSCAPING INC.	\$575.00
	Invoice		Date	Description	Amount	
	2859		01/18/2012	Jan2012 Landscape Fee, Pac Cove MHP	\$575.00	
68749	02/03/2012	Open			BAYSIDE OIL II, INC.	\$25.00
	Invoice		Date	Description	Amount	
	930499		01/31/2012	Used Oil Disposal	\$25.00	
68750	02/03/2012	Open			BOB MURRAY & ASSOCIATES	\$7,805.33
	Invoice		Date	Description	Amount	
	4528		01/17/2012	Professional Services, Police Chief Search	\$7,805.33	
68751	02/03/2012	Open			CA. LAW ENFORCEMENT ASSOC OF RECORDS SUPER.	\$50.00
	Invoice		Date	Description	Amount	
	2012		02/01/2012	Membership for 2012 Hernandez	\$50.00	

City Checks Issued 2/3/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68752	02/03/2012	Open			CA. LAW ENFORCEMENT ASSOC.	\$370.50
	Invoice		Date	Description	Amount	
	CLEA-Feb12		01/17/2012	Long Term Disability Ins, PD	\$370.50	
68753	02/03/2012	Open			CAPITOLA-SOQUEL CHAMBER OF COMMERCE	\$22,830.00
	Invoice		Date	Description	Amount	
	CoC-2012		01/12/2012	2012 renewal dues-PD	\$330.00	
	114		10/26/2012	Q1 FY11/12 Visitor & Econ Services	\$7,500.00	
	115		10/26/2011	Q2 FY11/12 Visitor & Econ Services	\$7,500.00	
	117		01/30/2012	Q3 FY11/12 Visitor & Econ Services	\$7,500.00	
68754	02/03/2012	Open			CHEVROLET OF WATSONVILLE	\$86.96
	Invoice		Date	Description	Amount	
	172656		01/20/2012	auto parts	\$86.96	
68755	02/03/2012	Open			CRUZIO THE INTERNET STORE INC.	\$39.95
	Invoice		Date	Description	Amount	
	28750-33		02/02/2012	webhosting 2/23/12-3/22/12	\$39.95	
				Fund 1313, Gen Plan Update		
68756	02/03/2012	Open			ENTENMANN-ROVIN	\$138.90
	Invoice		Date	Description	Amount	
	0077047-IN		01/06/2012	Badge 512 and 529-PD	\$138.90	
68757	02/03/2012	Open			FEDERAL EXPRESS	\$311.17
	Invoice		Date	Description	Amount	
	7-764-16057		01/20/2012	Shipping Expense, City Hall	\$311.17	
68758	02/03/2012	Open			FLYERS ENERGY, LLC	\$5,311.91
	Invoice		Date	Description	Amount	
	12-691107		01/19/2012	397 Gal Ethanol	\$1,562.18	
	12-691108		01/19/2012	100 Gal Diesel	\$384.85	
	12-689400		01/13/2012	509 Gal Ethanol	\$1,966.17	
	12-689401		01/13/2012	180 Gal Diesel	\$730.31	
	12-693471		01/31/2012	55 Gal Oil	\$668.40	
68759	02/03/2012	Open			GALLI UNIFORM COMPANY	\$327.02
	Invoice		Date	Description	Amount	
	161		01/05/2012	Uniform Expense, PD (Mendoza)	\$327.02	
68760	02/03/2012	Open			GOVERNMENTAL & NONPROFIT ASSISTANCE CENTER	\$145.00
	Invoice		Date	Description	Amount	
	DM-2012		01/26/2012	Exam Registration, Saldana, Debt Manage	\$145.00	
68761	02/03/2012	Open			GROGAN, JASON	\$2,481.17
	Invoice		Date	Description	Amount	
	Jan2012a		01/26/2012	PERS pymt in advance of IDR, Jan8-21	\$1,654.11	
	Jan2012		01/26/2012	PERS pymt in advance of IDR, Jan 1-7	\$827.06	
68762	02/03/2012	Open			HUB INTERNATIONAL OF CA INSURAN	\$126.02
	Invoice		Date	Description	Amount	
	1/31/2012		01/31/2012	Insurance, Comm Ctr rentals	\$126.02	

City of Capitola
City Checks Issued 2/3/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68763	02/03/2012 Invoice 58557	Open	Date 01/17/2012	Description Computer Hardware-Fund 2211, IT	IT CREATIONS INC.	\$3,382.13
68764	02/03/2012 Invoice 109501	Open	Date 11/15/2011	Description Rec Center Copier Lease Agreement Fund 2211, IT	KBA Docusys	\$83.34
68765	02/03/2012 Invoice 20120111	Open	Date 01/11/2012	Description Prof Svcs, Critical Incident Debrief-PD	LANSING, KAREN	\$500.00
68766	02/03/2012 Invoice 144732	Open	Date 12/29/2011	Description Membership, Employment Relations Cons	LIEBERT CASSIDY WHITMORE	\$2,962.00
68767	02/03/2012 Invoice 221200	Open	Date 01/10/2012	Description auto parts	LLOYD'S TIRE SERVICE INC.	\$88.00
68768	02/03/2012 Invoice PC-Jan2012	Open	Date 01/26/2012	Description Replenish Petty Cash, Jan 2012	MARCHESE, HELEN	\$421.98
68769	02/03/2012 Invoice R17	Open	Date 02/01/2012	Description Riparian restoration	McMENAMIN, GEORGE	\$619.88
68770	02/03/2012 Invoice 1252367	Open	Date 01/10/2012	Description Latex Gloves-PD	MICROFLEX CORP #774353	\$136.17
68771	02/03/2012 Invoice 288511 289825 289652 289675	Open	Date 01/08/2012 01/19/2012 01/18/2012 01/18/2012	Description Motorcycle fluids auto parts auto parts auto parts	MID-COUNTY AUTO SUPPLY	\$223.87
68772	02/03/2012 Invoice 59365	Open	Date 01/24/2012	Description Capitola Flume Rehabilitation Engineering Fund 1200, CIP	MOFFATT & NICHOL	\$932.98
68773	02/03/2012 Invoice 126801 126802 127020	Open	Date 01/09/2012 01/09/2012 01/10/2012	Description Copier Maint Contract, Oct-Dec11 PD Copier Maint Contract, Oct-Dec11 Oct-Dec2011 Copier Use fees-PD	MONTEREY BAY SYSTEMS	\$1,192.29

City of Capitola
City Checks Issued 2/3/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68774	02/03/2012 Invoice 2012-01	Open	Date 01/26/2012	Description Reimb Training Travel Exp POST reimbursable	MORENO, LEO	\$112.57
68775	02/03/2012 Invoice 11521	Open	Date 01/24/2012	Description landscape supplies	NATIVE REVIVAL NURSERY	\$173.83
68776	02/03/2012 Invoice FOC272258	Open	Date 01/13/2012	Description Transmission Repair, PD-072	NORTH BAY FORD	\$2,261.66
68777	02/03/2012 Invoice 6013-7820882 6013-137820882 6011-4794330 6014-4786498 6009-3693720 6011-4794625 6007-3525582 6007-3526654	Open	Date 01/19/2012 01/11/2012 01/17/2012 01/17/2012 01/17/2012 01/18/2012 01/19/2012 01/24/2012	Description auto parts auto parts Cleaning & painting supplies Batteries Paint Glue Chain - Prospect trash cans batteries for dog scanner	ORCHARD SUPPLY HARDWARE	\$221.64
68778	02/03/2012 Invoice 2012-00000525	Open	Date 01/16/2012	Description Monthly Elec Fund 1300, SLESF=\$94.86 Fund 1310, Gas Tax=\$923.01 Fund 1311, Wharf Fund=\$1505.75	PACIFIC GAS & ELECTRIC	\$13,013.65
68779	02/03/2012 Invoice 2012-00000526	Open	Date 01/19/2012	Description Pac Cove MHP Elec and Gas	PACIFIC GAS & ELECTRIC	\$633.77
68780	02/03/2012 Invoice 14284	Open	Date 01/05/2012	Description Steel rivets	PACIFIC PRODUCTS AND SERVICES	\$420.33
68781	02/03/2012 Invoice 938957 940320 8724452-0	Open	Date 01/09/2012 01/17/2012 01/23/2012	Description Office Supplies, City Hall-Fund 2210, Store Office supplies-PD shop office supplies	PALACE ART & OFFICE SUPPLIES	\$562.36
68782	02/03/2012 Invoice 122011070	Open	Date 01/10/2012	Description Dec 2011 Citation processing expense	PHOENIX GROUP INFORMATION SYS	\$765.24
68783	02/03/2012 Invoice 20324	Open	Date 01/31/2012	Description Bobcat Radiator	POLAR AUTOMOTIVE & RADIATOR	\$812.80

City Checks Issued 2/3/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68784	02/03/2012 Invoice 41546211	Open	Date 12/20/2011	Description Acetylene, etc	PRAXAIR DISTRIBUTION INC.	\$60.68
68785	02/03/2012 Invoice RR-124314 RR-124315	Open	Date 01/12/2012 01/12/2012	Description FY 11/12 Traffic Signal Maintenance FY 11/12 Traffic Signal Maintenance Fund 1310, Gas Tax	REPUBLIC ITS INC.	\$1,856.52
68786	02/03/2012 Invoice 20120123	Open	Date 01/23/2012	Description Oct/Nov/Dec 2011 Admin Hearings	ROBERT SEELEY & ASSOCIATES	\$105.00
68787	02/03/2012 Invoice Tng-Jan2012	Open	Date 01/26/2012	Description Travel Exp, Training Course POST Reimbursable	RYAN, SARAH	\$137.87
68788	02/03/2012 Invoice 7188457	Open	Date 01/04/2012	Description Sports equipment-Rec	S&S WORLDWIDE	\$128.13
68789	02/03/2012 Invoice SmClaim-1	Open	Date 01/26/2012	Description Bank Levy Process Serving	SANTA CRUZ COUNTY SHERIFF	\$35.00
68790	02/03/2012 Invoice SmClaim-2	Open	Date 01/26/2012	Description Bank Levy Process Serving	SANTA CRUZ COUNTY SHERIFF	\$35.00
68791	02/03/2012 Invoice 2012-00000519	Open	Date 01/20/2012	Description Semi-monthly irrigation water, Nov-Jan12	SOQUEL CREEK WATER DISTRICT	\$1,241.43
68792	02/03/2012 Invoice 29813 9224152758	Open	Date 01/19/2012 01/19/2012	Description IT Supplies IT Supplies Fund 2211, Stores	STAPLES	\$36.04
68793	02/03/2012 Invoice Dec2011	Open	Date 01/24/2012	Description Dec 2011 Interim Finance Dir Services	STATLER, WILLIAM, C.	\$5,890.00
68794	02/03/2012 Invoice 44248	Open	Date 01/09/2012	Description Uniform Exp, Josh Murray-PD	SUMMIT UNIFORM CORP	\$1,779.63
68795	02/03/2012 Invoice Museum-Jan12a	Open	Date 01/26/2012	Description Reimb Purchase of Museum Display Items	SWIFT, CAROLYN	\$342.73

City Checks Issued 2/3/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount	
68796	02/03/2012	Open			UPEC LIUNA LOCAL 792	\$908.50	
	Invoice		Date	Description		Amount	
	Dues12-2-11		12/02/2011	Union Dues, 12/2/2011, Employee Funded		\$908.50	
68797	02/03/2012	Open			US BANCORP EQUIPMENT FINANCE	\$250.06	
	Invoice		Date	Description		Amount	
	194452819		01/08/2012	Copier Lease, C4540, PD		\$250.06	
68798	02/03/2012	Open			Britannia Arms	\$500.00	
	Invoice		Date	Description		Amount	
	2012-00000524		01/27/2012	Refund parking permits #720-729		\$500.00	
Check Totals:				Count	59	Total	\$97,927.87

ATTACHMENT 2

Checks dated 2/10/12 numbered 68799 to 68898 for a total of \$146,959.49 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 2/10/12 the unaudited cash balance is \$1,596,220

CASH POSITION - CITY OF CAPITOLA 2/10/12

	<u>Net Balance</u>
General Fund	228,920
Worker's Comp. Ins. Fund	58,210
Self Insurance Liability Fund	197,719
Stores Fund	7,858
Information Technology Fund	29,786
Equipment Replacement	10,065
Compensated Absences Fund	82,995
Contingency Reserve Fund	-
Public Employee Retirement - PERS	283,518
Open Space Fund	256
Capital Improvement Projects	696,894
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>1,596,220</u></u>

The Emergency Reserve Fund balance is \$151,804.17 and is not included above.

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

To resolve this cash flow issue, loans in the amount of \$939,895.66 were made from the following funds to the general fund:

Loans Between funds:	
Contingency Reserve	\$464,895.66
Equipment Replacement	\$325,000.00
Information Technology	<u>\$150,000.00</u>
Total Loans	\$939,895.66

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



 Jamie Goldstein, City Manager

 2/10/12
 Date

 Jacques J.J. Bertrand, City Treasurer

 Date

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68799	02/10/2012 Invoice Jan2012	Open	Date 01/25/2012	Description Jan Insurance Premium, Employee Funde	AFLAC	\$464.50
68800	02/10/2012 Invoice INV00013112	Open	Date 01/31/2012	Description Red Light Camera Exp, Jul-Dec2011	AMERICAN TRAFFIC SOLUTIONS, INC.	\$47,190.01
68801	02/10/2012 Invoice 2012-00000530	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	ARITCHITA, WIND, C.	\$280.80
68802	02/10/2012 Invoice 53479	Open	Date 01/06/2012	Description Evidence supplies-PD	ARROWHEAD SCIENTIFIC, INC.	\$217.15
68803	02/10/2012 Invoice 257493	Open	Date 01/30/2012	Description Sthil 440 chainsaw repair	B & B SMALL ENGINE REPAIR	\$7.50
68804	02/10/2012 Invoice 2012-00000531	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	BARRETT, SHARON	\$100.75
68805	02/10/2012 Invoice 2012-00000532	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	BARTLETT, GERRY	\$1,545.70
68806	02/10/2012 Invoice 0412	Open	Date 01/27/2012	Description 2007 Harley	BEN'S MOTORCYCLE WORKS	\$1,616.60
68807	02/10/2012 Invoice 2012-00000533	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	BETZ, SHERRI	\$3,581.50
68808	02/10/2012 Invoice 2963348 2963599 2963886	Open	Date 12/05/2011 12/08/2011 12/12/2011	Description Cliff Dr. posts Pallet deposit PC fence	BIG CREEK LUMBER	\$184.95
68809	02/10/2012 Invoice 2012-00000534	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	BRESLIN-KESSLER, PAUL	\$3,640.00
68810	02/10/2012 Invoice 6729W	Open	Date 01/25/2012	Description Parts	C&N TRACTORS	\$13.90

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68811	02/10/2012 Invoice 890217	Open	Date 01/23/2012	Description H & S analyses 11c-01624-PD	CA DEPARTMENT OF JUSTICE	\$17.00 \$17.00
68812	02/10/2012 Invoice POA2-10-12	Open	Date 02/08/2012	Description POA Dues, Employee Funded	CAPITOLA PEACE OFFICERS ASSOC	\$858.08 \$858.08
68813	02/10/2012 Invoice 172903 127946	Open	Date 01/28/2012 01/31/2012	Description auto parts auto parts	CHEVROLET OF WATSONVILLE	\$175.73 \$118.23 \$57.50
68814	02/10/2012 Invoice 2012-00000535	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	CLARK, DAVE	\$427.70 \$427.70
68815	02/10/2012 Invoice 1024312 1024312-01	Open	Date 01/17/2012 01/20/2012	Description Cleaning supplies Doggie bags	CLEAN SOURCE	\$988.31 \$744.75 \$243.56
68816	02/10/2012 Invoice 13	Open	Date 01/23/2012	Description Background Investigation, New Hire-PD	COLEY HEATH INVESTIGATIONS	\$1,000.00 \$1,000.00
68817	02/10/2012 Invoice 60149	Open	Date 01/30/2012	Description Mailing Service-Rec Brochures	COMPLETE MAILING SERVICE INC	\$1,329.75 \$1,329.75
68818	02/10/2012 Invoice Corliss	Open	Date 02/02/2012	Description Public Art Project Honorarium Fund 1315, Public Art	CORLISS, TROY	\$900.00 \$900.00
68819	02/10/2012 Invoice R211557 R212565	Open	Date 12/16/2011 01/23/2012	Description Memorial plaques Memorial plaques	CRESTOR INC.	\$1,287.90 \$601.02 \$686.88
68820	02/10/2012 Invoice 2989-124	Open	Date 01/25/2012	Description Rec Web hosting 2/15 to 5/14/12	CRUZIO THE INTERNET STORE INC.	\$65.70 \$65.70
68821	02/10/2012 Invoice 2012-00000537	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	DAVIDSON, ANA LUCIA	\$139.75 \$139.75
68822	02/10/2012 Invoice 12464120	Open	Date 01/21/2012	Description Jan-Feb2012 Copier Lease Fund 2210, Stores	DE LAGE LANDEN FINANCIAL SVC, INC	\$334.07 \$334.07

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68823	02/10/2012	Open			De MATTEIS, LUNA	\$1,270.00
	Invoice		Date	Description		Amount
	20120206		02/06/2012	Public Art Proj Artist selection honorarium		\$1,270.00
				Fund 1315, Public Art		
68824	02/10/2012	Open			DEPT OF HOUSING AND COMM DEV (HCD)	\$70.00
	Invoice		Date	Description		Amount
	RegTrx		02/02/2012	Sale of Mobile Home Reg Fee		\$70.00
				Fund 2213, Self Ins Liability		
68825	02/10/2012	Open			DICKS, CHUCK	\$370.50
	Invoice		Date	Description		Amount
	2012-00000538		02/07/2012	Winter Inst.Payments 2012		\$370.50
68826	02/10/2012	Open			EMPLOYMENT DEVELOPMENT DEPT	\$18,302.00
	Invoice		Date	Description		Amount
	Q4 CY2011		01/25/2012	Unemployment Tax, Q4 2011		\$18,302.00
				Fund 2213, Self Ins Liability		
68827	02/10/2012	Open			EVANS, PAT	\$370.50
	Invoice		Date	Description		Amount
	2012-00000540		02/07/2012	Winter Inst.Payments 2012		\$370.50
68828	02/10/2012	Open			EWING IRRIGATION	\$62.83
	Invoice		Date	Description		Amount
	4312768		01/27/2012	Irrigation repair supplies		\$62.83
68829	02/10/2012	Open			EXTRA SPACE STORAGE OF SC INC	\$282.00
	Invoice		Date	Description		Amount
	Feb2012		01/27/2012	Evidence storage rent-Feb2012		\$282.00
68830	02/10/2012	Open			FITZGERALD, AIMEE	\$422.50
	Invoice		Date	Description		Amount
	2012-00000541		02/07/2012	Winter Inst.Payments 2012		\$422.50
68831	02/10/2012	Open			FLYERS ENERGY, LLC	\$2,367.83
	Invoice		Date	Description		Amount
	12-693644		01/27/2012	150 Gal Diesel		\$595.40
	12-693643		01/27/2012	454 Gal Ethanol		\$1,772.43
68832	02/10/2012	Open			FLYNN, CAROLYN	\$3,837.00
	Invoice		Date	Description		Amount
	CBF-1-2012		01/26/2012	Jan12 Professional Services		\$3,837.00
				Fund 1313, General Plan=\$1159		
				Fund 1350, CDBG Grants=\$2478		
				Fund 1351, CDBG Programs=\$200		
68833	02/10/2012	Open			FRANCA, CLAUDIO	\$260.00
	Invoice		Date	Description		Amount
	2012-00000542		02/07/2012	Winter Inst.Payments 2012		\$260.00
68834	02/10/2012	Open			GALLI UNIFORM COMPANY	\$43.36
	Invoice		Date	Description		Amount
	172		01/11/2012	Uniform Expense, Parking Enf.		\$43.36

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68835	02/10/2012 Invoice 2012-00000539	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	GEDDES, SESE EGAN	\$300.30
68836	02/10/2012 Invoice ZPA1-CPT	Open	Date 02/06/2012	Description Public Art Project, Honorarium Fund 1315, Public Art	GORDON HUETHER & PARTNERS, INC.	\$900.00
68837	02/10/2012 Invoice 128	Open	Date 01/19/2012	Description Ergonomic Eval, Sneddon	GRAHAM-GARCIA, BARBARA	\$250.00
68838	02/10/2012 Invoice Feb2012	Open	Date 01/26/2012	Description PERS Pymt in advance of IDR, Jan22-Feb	GROGAN, JASON	\$1,654.11
68839	02/10/2012 Invoice 323180	Open	Date 02/01/2012	Description 2012 annual directory-PD	HAINES & COMPANY, INC.	\$383.47
68840	02/10/2012 Invoice 2012-00000543	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	HEINEGG, MARCIA	\$179.40
68841	02/10/2012 Invoice 2012-00000544	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	HILL, CAROL	\$156.00
68842	02/10/2012 Invoice 2012-00000536	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	HO KUK MU SUL CORPORATION	\$243.75
68843	02/10/2012 Invoice Jan-4 1/30-2/3/12	Open	Date 02/06/2012 02/06/2012	Description Mechanic Mechanic	HOWARD, CHARLIE	\$1,430.00
68844	02/10/2012 Invoice ICMA2-10-12 Credit	Open	Date 02/08/2012 02/02/2012	Description Retirement Plan Contribution, Employee F Overpayment from Jan deposit	ICMA RETIREMENT TRUST 457	\$4,787.58
68845	02/10/2012 Invoice 00426	Open	Date 01/31/2012	Description Brommer St. Traffic Island Modification	IFLAND ENGINEERS INC.	\$529.28
68846	02/10/2012 Invoice 2012-00000545	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	INK, BRUCE	\$518.70

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68847	02/10/2012 Invoice Dues-2012	Open	Date 02/02/2012	Description 2012 Dues, Building Dept-Wheeler	INTERNATIONAL CODE COUNCIL	\$250.00 Amount \$250.00
68848	02/10/2012 Invoice 50224019	Open	Date 01/24/2012	Description auto parts	INTERSTATE BATTERY SYSTEM	\$107.11 Amount \$107.11
68849	02/10/2012 Invoice 020212 121911	Open	Date 02/02/2012 12/19/2011	Description consulting arborist consulting arborist	JAMES P ALLEN & ASSOC	\$495.00 Amount \$90.00 \$405.00
68850	02/10/2012 Invoice 2012-00000546	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	KAPLAN, PHIL	\$698.75 Amount \$698.75
68851	02/10/2012 Invoice Jan2012	Open	Date 01/12/2012	Description Dec 2012 uniform cleaning-PD	KING'S CLEANERS	\$587.00 Amount \$587.00
68852	02/10/2012 Invoice 2012-00000547	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	KINNAMON, LORRAINE	\$144.95 Amount \$144.95
68853	02/10/2012 Invoice 1018397787	Open	Date 01/16/2012	Description Safety supplies	LAB SAFETY SUPPLY	\$258.17 Amount \$258.17
68854	02/10/2012 Invoice 8001	Open	Date 01/01/2012	Description 2012 Membership Dues	LEAGUE OF CALIFORNIA CITIES	\$150.00 Amount \$150.00
68855	02/10/2012 Invoice 221378	Open	Date 01/13/2012	Description auto parts	LLOYD'S TIRE SERVICE INC.	\$364.92 Amount \$364.92
68856	02/10/2012 Invoice 11004480	Open	Date 01/31/2012	Description Armored Car Service Feb 2012	LOOMIS	\$1,234.73 Amount \$1,234.73
68857	02/10/2012 Invoice 2012-00000548	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	LUCAS, SAMANTHA	\$373.10 Amount \$373.10
68858	02/10/2012 Invoice 2012-00000549	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	MARRUJO, SANDY	\$395.20 Amount \$395.20

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68859	02/10/2012 Invoice 2012-00000550	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	MATTERN, MARK	\$325.00
68860	02/10/2012 Invoice 2012-00000551	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	MCCUTCHEN, SUELLEN	\$357.50
68861	02/10/2012 Invoice 2012-00000552	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	MCLAUGHLIN, MARY	\$546.00
68862	02/10/2012 Invoice R18	Open	Date 02/08/2012	Description riparian restoration	McMENAMIN, GEORGE	\$425.00
68863	02/10/2012 Invoice 2012-00000553	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	MILES, MITCHELL, A.	\$1,264.90
68864	02/10/2012 Invoice 42690	Open	Date 01/13/2012	Description City Window Envelopes Fund 2210, Stores	MISSION PRINTERS	\$230.01
68865	02/10/2012 Invoice 2012-00000554	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	MITCHELL, JEANI	\$719.55
68866	02/10/2012 Invoice MBA11-0715	Open	Date 12/28/2011	Description Claim Settlement, Myers Fund 2213, Self Ins Liability	MONTEREY BAY AREA SELF INSURAN	\$1,800.00
68867	02/10/2012 Invoice 127705	Open	Date 01/17/2012	Description City Hall, PD Copier Maint Agreement	MONTEREY BAY SYSTEMS	\$295.13
68868	02/10/2012 Invoice 1	Open	Date 02/03/2012	Description Jan12 PW Inspection Contract Svcs	MORRISON, EDWARD, LAWRENCE	\$2,250.00
68869	02/10/2012 Invoice 2012-00000555	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	MORRISSEY, YOSHIE	\$198.90
68870	02/10/2012 Invoice 35353	Open	Date 01/24/2012	Description Plants	NATIVE REVIVAL NURSERY	\$173.83
68871	02/10/2012 Invoice 2012-00000556	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	OFFUTT, MELISSA	\$236.60

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68872	02/10/2012	Open			OLIVE SPRINGS QUARRY, INC.	\$79.06
	Invoice		Date	Description		Amount
	81873		01/23/2012	1 1/2" drain rock/ Soquel Creek bio swale		\$79.06
68873	02/10/2012	Open			ORCHARD SUPPLY HARDWARE	\$73.35
	Invoice		Date	Description		Amount
	6012-4762681		01/19/2012	Mortar		\$9.94
	6011-4795010		01/20/2012	Misc.		\$59.97
	6009-1384630		01/23/2012	Wood screws		\$3.44
68874	02/10/2012	Open			PALACE ART & OFFICE SUPPLIES	\$971.67
	Invoice		Date	Description		Amount
	940910		01/20/2012	Office Supplies, City Hall		\$32.44
	940932		01/20/2012	Office Supplies, City hall		\$239.94
	939993		01/20/2012	Office Supplies, City Hall		\$6.48
	941318		01/24/2012	Office Supplies, City Hall		\$143.95
	941554		01/25/2012	Office Supplies, City hall		\$9.29
	941489		01/25/2012	Office Supplies, City Hall		\$176.45
	941027		01/25/2012	Office Supplies, City Hall		\$16.93
	8724974		01/24/2012	Office Supplies, Museum		\$89.28
	C940910		01/26/2012	Return Office Supplies, City Hall		(\$32.44)
	942567		01/31/2012	Office supplies-PD		\$10.71
	942615		01/31/2012	Paper, City Hall		\$232.20
	940934		01/20/2012	Paper-PD		\$46.44
				Fund 2210, Stores=\$825.24		
68875	02/10/2012	Open			PANARO, YVONNE	\$845.00
	Invoice		Date	Description		Amount
	2012-00000557		02/07/2012	Winter Inst.Payments 2012		\$845.00
68876	02/10/2012	Open			PITNEY BOWES INC.	\$2,019.99
	Invoice		Date	Description		Amount
	Refill1-19-12		01/19/2012	Postage Meter Refill, City Hall		\$2,019.99
				Fund 2210, Stores		
68877	02/10/2012	Open			POT, TRENISE	\$1,106.30
	Invoice		Date	Description		Amount
	2012-00000558		02/07/2012	Winter Inst.Payments 2012		\$1,106.30
68878	02/10/2012	Open			ROM, HILLEL	\$262.50
	Invoice		Date	Description		Amount
	2012-00000528		02/03/2012	Sport officials January to Feb 4 2012		\$262.50
68879	02/10/2012	Open			ROSEMAN, LEWIS	\$2,947.24
	Invoice		Date	Description		Amount
	11512		01/12/2012	January 2012 parking meter services		\$2,947.24
68880	02/10/2012	Open			SANTA CRUZ MUNICIPAL UTILITIES	\$688.40
	Invoice		Date	Description		Amount
	2012-00000523		01/25/2012	WATER BILLS FOR STREET MEDIANS		\$688.40

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68881	02/10/2012 Invoice 2040516-Jan12	Open	Date 01/31/2012	Description Jan 2012 Legal Liners	SANTA CRUZ SENTINEL	\$262.24
68882	02/10/2012 Invoice 2012-00000559	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	SEE-CABARGA, DIANE	\$362.70
68883	02/10/2012 Invoice 44455 44525 44526 44524	Open	Date 01/02/2012 01/09/2012 01/09/2012 01/09/2012	Description Uniform Exp, Murray-PD Uniform Expense, Ryan-PD Uniform Expense, Ryan-PD Uniform Expense, Blankenship-PD	SUMMIT UNIFORM CORP	\$768.57
68884	02/10/2012 Invoice ArtNouv 716509	Open	Date 02/02/2012 02/06/2012	Description Reimburse Museum Display Purchase Reimb Museum Display Exp	SWIFT, CAROLYN	\$203.74
68885	02/10/2012 Invoice 20120202	Open	Date 02/02/2012	Description Reimb Purch of Museum Display Supplies	SWIFT, STEVE	\$96.76
68886	02/10/2012 Invoice 2012-00000527	Open	Date 02/03/2012	Description Sport officials January to Feb 4 2012	THILL, WENDY	\$120.00
68887	02/10/2012 Invoice Feb2012	Open	Date 01/26/2012	Description Employee Vision & Dental Ins, Employee Funded	TLC ADMINISTRATORS, INC.	\$9,288.53
68888	02/10/2012 Invoice 15530	Open	Date 02/01/2012	Description Feb 2012 Cafeteria Plan Admin Fee	TLC ADMINISTRATORS, INC.	\$175.00
68889	02/10/2012 Invoice PARS2-10-12	Open	Date 02/08/2012	Description PARS Contribution, Employee Funded	UNION BANK OF CALIFORNIA	\$273.23
68890	02/10/2012 Invoice 195539853	Open	Date 01/24/2012	Description Copier Lease, Jade Street	US BANCORP EQUIPMENT FINANCE, II	\$92.93
68891	02/10/2012 Invoice IDR-Feb10	Open	Date 01/26/2012	Description PERS payments in advance of IDR	Van Den Heuvel, Dana	\$1,815.49
68892	02/10/2012 Invoice 2012-00000560	Open	Date 02/07/2012	Description Winter Inst.Payments 2012	WALBRIDGE, BREIGE	\$117.00

City Checks Issued 2/10/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
68893	02/10/2012 Invoice Dec2011	Open	Date 01/19/2012	Description Dec 2011 Watsonville range use-PD	WATSONVILLE POLICE DEPT	\$250.00 \$250.00
68894	02/10/2012 Invoice 5317	Open	Date 01/25/2012	Description Curb & gutter repair-Wharf Rd	WHITLOW CONCRETE, INC.	\$4,171.50 \$4,171.50
68895	02/10/2012 Invoice 66577140	Open	Date 01/25/2012	Description Safety supplies	ZEE MEDICAL SERVICE CO.	\$307.48 \$307.48
68896	02/10/2012 Invoice 4050953	Open	Date 02/02/2012	Description POST reimbursable, lodging for Sloma	Shorebreak Hotel	\$360.00 \$360.00
68897	02/10/2012 Invoice 1161	Open	Date 02/07/2012	Description Refund for permit #1161	Suiffet, Clementine	\$25.00 \$25.00
68898	02/10/2012 Invoice 243518	Open	Date 02/07/2012	Description Refund for citation 243518	Zimmerman, Cindy	\$36.00 \$36.00

Check Totals:

Count 100

Total \$146,959.49



Item #: 5.A.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: LIABILITY CLAIMS

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


DISCUSSION:

The following claimant has filed a liability claim against the City of Capitola:

1. Janice Jimenez: undetermined amount.

ATTACHMENTS: None

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

Reviewed and Forwarded
By City Manager: 



Item #: 5.B.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: OFFICE OF THE CITY CLERK/REDEVELOPMENT AGENCY SECRETARY

SUBJECT: CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY MINUTE APPROVAL:
MINUTES OF THE JOINT REGULAR MEETING OF THE CAPITOLA CITY COUNCIL/
REDEVELOPMENT AGENCY OF JANUARY 26, 2012

RECOMMENDED ACTION: By motion that the City Council/Redevelopment Agency Directors approve the subject minutes as submitted.

DISCUSSION: Attached for City Council/Redevelopment Agency review and approval are the minutes to the subject meetings.

ATTACHMENTS

1. January 26, 2012 Minutes

Report Prepared By: Susan Sneddon, CMC
City Clerk/RDA Secretary

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

NOT OFFICIAL UNTIL APPROVED BY COUNCIL/RDA DIRECTORS

CITY OF CAPITOLA
CITY COUNCIL/REDEVELOPMENT AGENCY

January 26, 2012
Capitola, California

MINUTES OF A REGULAR JOINT MEETING

5:00 P.M. – CLOSED SESSION – CITY MANAGER’S OFFICE

CALL TO ORDER

At 5:00 p.m. in the City Hall Council Chambers, Mayor/Chairperson Termini noted that all Council Members/Redevelopment Agency Directors were present. Mayor/Chairperson Termini made an announcement regarding the items to be discussed in Closed Session, as follows:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

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

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

CONFERENCE WITH LABOR NEGOTIATOR (Govt. Code §54957.6)

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

LIABILITY CLAIMS (Govt. Code §54956.95)

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

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code §54957)

Title: City Manager

Mayor/Chairperson Termini noted that there was no one in the audience; therefore, the City Council/Redevelopment Agency recessed at 5:05 p.m. to the Closed Session in the City Manager’s Office.

6:00 P.M. – OPEN SESSION**REGULAR JOINT MEETING OF THE CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY****CALL TO ORDER**

Mayor/Chairperson Termini called the Regular Joint Meeting of the Capitola City Council/Redevelopment Agency to order at 7:00 p.m. on Thursday, January 26, 2012, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

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

ABSENT: None

OTHERS: City Treasurer Jacques Bertrand and Interim Redevelopment Agency Treasurer Jamie Goldstein

STAFF: City Manager/Executive Director Jamie Goldstein, Assistant City Attorney/General Counsel Adair Paterno, Interim Community Development Director/Deputy Executive Director Susan Westman, Public Works Director Steve Jesberg, Interim Finance Director Bill Statler, and City Clerk/Secretary Susan Sneddon

2. PRESENTATIONS (None provided)**3. REPORT ON CLOSED SESSION [520-25]**

Assistant City Attorney Paterno stated that Council discussed the items listed on the Closed Session Agenda. She reported that the City Council had a conference with their legal counsel regarding two cases: (1) Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park; and (2) Pacific Cove Mobile Home Park Flooding and Closure. No reportable action was taken. The City Council had conference with legal counsel regarding existing litigation, entitled Kevin Calvert, D.D.S. and Pamela Calvert vs. City of Capitola. Assistant Attorney Paterno reported that the City Council provided direction to legal counsel but took no reportable action. She stated that the City Council had a conference with their labor negotiator and took no reportable action. She also stated that the William Hoey Morris vs. City of Capitola liability claim will be considered by the City Council on the Consent Agenda in open session this evening. In addition the City Council had a public employee performance evaluation of its City Manager with no reportable action.

3. ORAL COMMUNICATIONS

A. Additions and Deletions to Agenda (none provided)

B. Public Comments:

Marilyn Garrett spoke against the SmartMeters and submitted written material for Council.

Molly Ording, Capital Village Residents' Association (CVRA) representative, stated she will provide the CVRA with a report of tonight's City Council actions.

C. Staff Comments (None provided)**D. City Council/RDA Director/Treasurer Comments/Committee Reports**
(None provided)**E. Committee Appointments** (None provided)**F. Approval of Check Register Reports**

1. **City: Approval of City Check Register Reports dated January 6, 2012, and January 13, 2012. [300-10]**

Motion by Council Member Norton, seconded by Council Member Storey, to approve the Check Register Reports dated January 6, 2012, and January 13, 2012. The motion was unanimously carried.

2. **RDA: Approval of Redevelopment Agency Check Register Report dated January 13, 2012. [760-25]**

Motion by Director Norton, seconded by Director Nicol, to approve the Redevelopment Agency Check Register Reports dated January 13, 2012. The motion was unanimously carried.

5. CONSENT CALENDAR

- A. **Deny liability claim of William Hoey Morris in the amount of \$1,500 and forward to the City's liability insurance carrier.**

Action: Liability Claim denied [Claims Binder].

- B. **City/RDA: Approve minutes of the Regular Joint Meetings of the City Council/Redevelopment Agency of November 22, 2011, and December 8, 2011.**

Action: Minutes were approved.

- C. **Receive City Treasurer's Report for Month ended December 31, 2011 (Unaudited).**

Action: Received and Filed [380-30]

5. CONSENT CALENDAR (continued)

D. Consideration of approval of City's participation in PG&E On-Bill Financing Program for retrofit of City-owned streetlights to energy-efficient LED lights. [940-55/500-10 A/C: PG&E]

Action: (1) Approval of a PG&E Off-Bill Financing Loan Agreement authorizing the City's participation in PG&E's On-Bill Financing

Program; (2) Approval of a PG&E Products and Services Agreement for the retrofit of city-owned streetlight to LED lights; and (3) Authorization the Public Works Director to sign both agreements on behalf of the City.

Motion by Council Member/Director Harlan, seconded by Council Member/Director Nicol, to approve the Consent Calendar. The motion was unanimously carried.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS

A. Consideration of concept plans for the skate park and related improvements at Monterey Park. [1040-20]

[NOTE: The City Council received additional materials on this item.]

Public Works Director Jesberg provided a brief background of this item. He stated that in November 2011 staff provided Council with a work plan for the development of a skate park at Monterey Park and authorized staff to prepare a preliminary plan. He provided a PowerPoint presentation of Dreamland Skatepark's concept plans.

Mark Scott, Dreamland Skateparks, provided an overview of the skate park concept plan.

The following members of the public spoke against the proposed skate park at Monterey Park.

Chris Bowman, 714 Orchid Avenue, Capitola.

Al Globus, 219 Junipero Court, Capitola.

Nancy Stucker, Capitola resident.

Harley Robertson, Soquel Elementary School District Assistant Superintendent of Business Services.

Marilyn Warter, 218 Junipero Court, Capitola.

Helen Bryce, 722 Orchid Avenue, Capitola.

Karla Sorensen, Orchid Avenue, Capitola.

Glenn (no last name provided), Capitola resident.

David Nazareth, Monterey Avenue, Capitola resident.

Sandra Wallace, Capitola resident.

Lisa Steingrube, 701 Monterey Avenue, Capitola

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Cheryl Devline, Monterey Avenue, Capitola.

Bob Mitchell, 710 Orchid Avenue, Capitola.

The following members of the public spoke in favor of the proposed skate park at Monterey Park.

Tori Delfavero, Capitola Public Skate Park Treasurer.

Emily Martin, Capitola resident.

Kamel Arona, Capitola resident.

Derek (no last name provided), Santa Cruz County resident.

Thomas Freel, Santa Cruz County resident.

Michele Shearer, Capitola resident.

Danny (no last name provided), Santa Cruz County resident.

Jason Smedley, Santa Cruz County resident.

Christy Hadland, Santa Cruz County resident.

Terry Champion, Santa Cruz County resident.

Seth (no last name provided), Santa Cruz County resident.

Shah Tupman, Capitola resident.

Trisha Proctor, Capitola resident.

Marie Margarella, Capitola resident.

Jacques Bertrand, Capitola resident.

Jason Miller, Santa Cruz resident.

Travis (no last name provided), Capitola resident.

Brian (no last name provided), Capitola resident.

Richard Lippi, Monterey Avenue, Capitola.

Jake (no last name provided), Capitola resident.

Jordon (no last name provided), Capitola resident.

Judi Oyama, Capitola resident.

Kyle (no last name provided), Capitola resident.

Kaleb (no last name provided), Capitola resident.

Kyle Foster, Capitola resident.

Kevin Skinner, Capitola resident.

TJ Welsh, Capitola resident.

Evan (no last name provided), Capitola resident.

Brandon Irwin, Capitola resident.

Ben and Joe Miller, Capitola residents.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Timothy Wagner, Wagner Family Trust representative, requested that the City Council table this item until there is more extensive public noticing.

Mayor Termini closed the public comment period for this item.

City Council discussion ensued regarding this item.

Council Member Nicol made a motion to redesign the skate park more for used by preteens, not to remove the trees, to reduce the proposed park size to a maximum of 6,000 square feet, to “soften” the park features so they are safer and less noisy, and for the City to commit to the site at Monterey Park.

Council Member Norton stated that he is in favor of the replacement trees because it would provide a better skating bowl with minimal change to the contour of the land. He stated that he prefers a 7,000-square-foot design. He said he would second the motion if Council Member Nicol removed his motion regarding the removal of the trees.

The motion failed for lack of a second.

Council Member Harlan stated that it is premature to make a motion on this item until further study is completed. She suggested that the organizers of the proposed skate park come back to the City with a revised plan.

Mayor Termini stated that the City needs to provide a skate park for the youth in the community, and he is favor of Monterey Park location; however, it may need to be reduced in size. He stated the City Council needs to listen to the community and their desires; he suggested that more studies take place to address intensification issues.

Motion by Council Member Nicol, seconded by Mayor Termini, to return to Council with a revised 6,000-square-foot skate park design at Monterey Park and to not replace the trees. The motion carried on the following vote: AYES: Council Member Norton, Council Member Nicol, and Mayor Termini. NOES: Council Member Harlan, and Council Member Storey. ABSENT: None. ABSTAIN: None.

Public Works Director Jesberg stated that the next step is for staff to work with the fundraisers, neighbors, and the community regarding Council’s proposal; this item will come back to Council at a future City Council meeting.

Mayor Termini called for a ten-minute recess from 9:32 p.m. to 9:42 p.m.

B. Consideration of a financing plan for the Pacific Cove Mobile Home Park closure. [260-10/330-10]

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Interim Finance Director Statler introduced this item. He stated that on January 12, 2012, Council approved the Relocation Impact Report for the closure of City-owned Pacific Cove Mobile Home Park. He stated the cost of the relocation project is estimated at about \$2.2 million, including a professional relocation consultant to assist residents in locating suitable replacement housing. He stated the best option available for funding this project is to spread the one-time cost over time; the annual debt service costs are estimated to range between \$225,000 – \$250,000 depending on the terms and interest rate. He reviewed the two most likely funding sources; City's Housing Trust Fund (25%)

and the General Fund (75%). He suggested sending out requests for proposals to select a lender in order to obtain the best financing rate. He suggested using the City Hall as a capital asset for collateral, or the underlying land with Capitola Financing Authority (FAC) with the lease-revenue structure. He stated that FAC would rent the facility back to the City, and the City's rent payments would be equal to the debt service payments. He recommended using professional assistance to ensure that the City receives the best market response. He recommended the City contract with KNN Public Finance for financial advice and assistance with the RFP process, and for bond counsel he suggested Jones Hall. He recommended the following: (1) adopt of the draft resolution implementing the financing plan for the Park relocation; (2) amend the City's Fiscal Year 2011/2012 Budget to include \$2.375 million in additional revenue from debt proceeds and authorize its expenditure pursuant to this financing plan; and (3) authorize staff to issue the six-month written notice of termination of tenancy to the residents of the Park.

Council Member Nicol asked about the draft notice of termination to be mailed to the Park tenants regarding when they need to vacate.

City Manager Goldstein responded that this is the required notice under the Civil Code Section 798.56(G); state law requires that before you terminate someone's tenancy in a mobilehome park, you must approve a Relocation Impact Report and provide a notice of termination 180 days in advance.

Council Member Storey asked for clarification on the type of adjustments needed in the Fiscal Year 2012/2013 Budgets. He asked about the possibility of delaying this proposal until the City is able to determine the disposition of the Park property. He felt the City could apply for a grant that would defray a large portion of the expense.

City Manager Goldstein stated that at this time it is difficult to predict the Fiscal Year 2012-2013 Budget; the costs for this proposal will be incorporated in various funding options. He listed significant concerns associated with delaying this proposal: (1) project timelines; (2) possibility of future flooding; and (3) the current condition of the mobilehome park. He stated that most grant programs focus primarily around habitat restoration and include long-term conditions/restrictions.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Council Member Norton stated that he misspoke at the January 12, 2012, City Council meeting regarding the percentage of homeowners sub-renting at the Park; the correct number is three individuals who are sub-renting.

Mayor Termini opened the public hearing.

Ann Schroedel, Pacific Mobile Home Park resident, stated concerns regarding the Relocation Impact Report.

John Hannon, Law Office of John Hannon II, suggested that staff meet with residents of the Park to address their concerns prior to approving a financial plan.

Carol Lerno, Pacific Cove Mobile Home Park, Space 66, suggested delaying the implementation of the financial plan until the City deals with the pending lawsuits regarding the Park's flooding.

Nels Westman, Capitola resident, stated that the Park property is unsafe for mobile homes, and the City should move forward with the finance plan and the Park closure.

Dr. Jackson, Pacific Cove Mobile Home Park, Space 83, stated that residents of the Park need fair compensation in order to relocate.

Mayor Termini closed the public hearing.

Council Member Harlan stated that long-term residency was never in the plan. She supports the proposed financial plan; however we may be "putting the cart before the horse." She wants to know how the City will pay for the Park closure; the priority at this time is to have a balanced budget with adequate reserves.

Council Member Norton stated that \$2.4 million is a poor investment to take back this property and convert it to bare land. He supports moving forward on the proposed financial plan.

Council Member Storey stated that he supports the Park's closure. His concerns regard servicing this debt; the Rispin property is not a likely source of revenue to fund this debt. He suggested that staff prepare some preliminary Fiscal Year 2012/2013 budget projections.

Motion by Council Member Nicol, seconded by Council Member Norton, to approve the staff recommendations for this item.

Mayor Termini stated that he is in favor of the Park closure. He asked if the Relocation Impact Report consultant is certain that there is sufficient housing stock to fulfill the City's obligation for relocating the low-income-household tenants.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

City Manager Goldstein responded that with Council's approval the City will be issuing a six-month written notice of termination of tenancy and approving incurring costs related to the financing. He stated that the City could begin incurring costs associated with the Park closure within the next several weeks.

Interim Finance Director Statler stated that one option would be for the City Manager to be authorized to accept the best proposal and lender so an interest rate can be locked, or form a City Council subcommittee to review the proposals and make the final decision on a lender.

David Brodsky, KNN Public Finance, stated an alternative would be for the City Manager to communicate with the City Council regarding the various rates as stated in the proposals; it takes approximately one month for the documents to be drafted allowing staff time to proceed with the loan.

City Manager Goldstein recommended that a City Council subcommittee be formed to review the different proposals to facilitate the decision making process and report back to the City Council.

Council Member Norton amended the motion for Council Member Nicol and Mayor Termini to be on a subcommittee to review the requests for proposals.

Motion by Council Member Nicol, seconded by Council Member Norton, to approve the staff recommendations as listed below and amend the motion to form a subcommittee comprised of Council Member Nicol and Mayor Termini along with the City Manager and the Finance Director to give the final approval on the lender.

- 1. Adopt Resolution No. 3907 implementing the financing plan for the Pacific Cove Mobile Home Park relocation;***
- 2. Amend the Fiscal Year 2011/2012 budget to include \$2.375 million in additional revenue from debt proceeds and authorize its expenditure pursuant to this financing plan;***
- 3. Authorize staff to issue the six-month written notice of termination of tenancy to the residents of the Pacific Cove Mobile Home Park.***

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

C. **Consideration of a contract with AutoTemp in an amount not to exceed \$117,500 for relocation of the Pacific Cove Mobile Home Park residents and authorizing the City Manager to execute a contract. [260-10/500-10 A/C: AutoTemp]**

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Housing/Redevelopment Planner Foster provided a brief history of this item. He stated that requests for proposals were issued in December 2011; two proposals were received, and staff is recommending AutoTemp provide relocation services. He stated that there are thirty-six households needing relocation assistance over a six-month period.

Council Member Nicol asked if staff could provide relocation assistance.

Housing/Redevelopment Planner Foster responded that there is not sufficient City staffing to be actively involved with the relocation process.

Mayor Termini opened this item for public comment.

Carol Machado Lerno, resident of Pacific Cove Mobile Home Park, suggested that the \$117,500 for relocation services go to the Park residents instead of to the proposed contractor; she also suggested that if the City does contract with AutoTemp that a representative from the Park be involved in any discussions related to relocation of the residents.

City Manager Goldstein stated that the primary service provided by the relocation consultant is to verify the different benefits that the Park residents are entitled to under the Relocation Impact Report and State law. He stated that there is an appeal process the residents can undertake if they are not happy with the relocation decisions.

Mayor Termini closed this item for public comment.

City Manager Goldstein stated that there are multiple reasons for contracting for these services: (1) City staff lacks the time to provide the services over the next six months; (2) a portion of these services require specialized skills; and (3) these services need to be provided by a company with experience to ensure that services are done correctly; he has been advised that the process works better using a third party. He stated that staff will help with this process to help reduce some of the costs.

Motion by Council Member Norton, seconded by Council Member Harlan, to approve a contract with AutoTemp in an amount not to exceed \$117,500 for relocation of the Pacific Cove Mobile Home Park residents, and authorizing the City Manager to execute a contract. The motion was unanimously carried.

D. **Consideration of the following: (1) Adoption of an amended Enforceable Obligation Payment Schedule (EOPS); and (2) Ongoing funding for Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council. [760-10/760-25]**

[NOTE: The City Council received additional material on this item recommending ongoing funding for Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council].

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Interim Community Services Director Westman introduced this item. She stated that pursuant to Assembly Bill 26 redevelopment agencies are to be terminated, and the City Council needs to adopt an Enforceable Obligation Schedule no later than January 31, 2012. She stated that the City's Redevelopment Agency attorney has advised the creation of an extensive list of redevelopment funding needs. She stated that staff will need to bring back to Council an amended list in February 2012 because of some uncertainties regarding interpretation of the law.

Council Member Storey stated a concern regarding the City's ongoing funding to the Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council (SCCCVC) are on the proposed list.

Interim Community Services Director Westman stated that staff was advised to list both the Capitola Chamber of Commerce and the SCCCVC on the EOPS because they have been part of the City's Redevelopment Agency's budget; the new law does not allow a contract with a third party.

Mayor Termini stated that there appears to be a timing issue because both the Capitola Chamber of Commerce and the SCCCVC depend on support from local government, and it will take six months to figure out what tasks the Successor Oversight Board will be charged with.

Interim Community Services Director Westman stated that the City will most likely not receive funding; however, the City's redevelopment attorney recommends that staff list all items on the EOPS. She stated that the City has not distributed funds to the Chamber and SCCCVC this fiscal year (both were listed in the City's Redevelopment Agency budget); they have not been paid due to the uncertainty of the future of the City's Redevelopment Agency.

Mayor Termini stated that funding the Capitola Chamber of Commerce and the SCCCVC will affect the City's Fiscal Year 2011/2011 Budget, and there will be similar requests for the Fiscal Year 2012/2013 Budget.

Motion by Council Member Norton, seconded by Council Member Storey, to adopt an amended Enforceable Obligation Payment Schedule (EOPS). The motion was unanimously carried.

Mayor Termini opened the public comment period.

Maggie Ivy, SCCCVC CEO and Executive Vice President, stated that the City has partnered with the SCCCVC for fifteen years. She commented that funding received from the Santa Cruz County Tourism Marketing District is restrictive and is not meant to replace funding provided by public agencies.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Carin Hanna, Craft Gallery, stated that she supports the City's continued funding to the SCCCVV.

Carol Machado Lerno, resident of Pacific Cove Mobile Home Park, stated that it only costs the City \$62 per day to continue funding the SCCCVV.

Dan Aspromonte, Best Western and Marriott Fairfield Inn, provided his support for the SCCCVV.

Toni Castro, Capitola/Soquel Chamber of Commerce, thanked the City Council for their continued support. She briefly discussed benefits that the Chamber provides the City.

Mayor Termini closed the public comment period for this item.

Motion by Council Member Harlan, seconded by Council Member Storey, in support of the City providing ongoing funding for Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council. The motion was unanimously carried.

E. **Consideration of a staff report analyzing the Finance Advisory Committee Report regarding Long-Term City Revenue/Expenditure Projections. [330-40]**

Mayor Termini stated that the Finance Advisory Committee is not available to present this item, so it is being continued to a future Council meeting.

Council Member Harlan moved, seconded by Council Member Storey, to continue this item to a future City Council Agenda when members of the Finance Advisory Committee are available.

F. **Consideration of a contract for public opinion polling. [160-50/500-10 A/C: City of Santa Cruz/Bregman & Associates or FM3]**

Interim Finance Director Statler provided a brief history of this item. He stated that the City needs to ensure long-term fiscal health and service levels; the Council may want to explore a revenue ballot measure. He reviewed the steps in pursuing a revenue ballot measure, which includes a public opinion survey to assess the feasibility. He suggested that if Council wants to consider a measure on the November 2012 ballot, they need to move forward with the public opinion research so the results are available by March 2012. He stated that the revenue concepts that came out of the City Council and the Finance Advisory Committee Joint Study Session held in October 2011 included looking at improving the City's cost recovery and possibly increasing sales tax and the transient occupancy tax. He reviewed the following steps for successful measures: (1) feasibility assessment whereby public opinion research and assessments are done; (2) educational campaign; and (3) community-based group to campaign for its

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

passage. He suggested that if the City Council wants to conduct public opinion research, they could consider a contract with Fairbank, Maslin, Maullin, Metz and Associates (FM3), a recognized leader in the field of public opinion polling in California.

City Council discussion ensued regarding various options in conducting public opinion polling.

Mayor Termini opened the public comment period for this item.

Carin Hanna, Craft Gallery, asked how much a one-quarter-cent increase in sales tax would result in annually. (**City Manager Goldstein** replied that the increase would amount to approximately \$900,000 per year; possibly \$1 million per year increase after Target is open). Ms. Hanna stated as a retailer she supports an increase in sales tax.

Dan Aspromonte, Best Western and Marriott Fairfield Inn, expressed concerns regarding increasing the TOT.

Mayor Termini closed the public comment period for this item.

Council Member Nicol stated that tourists typically do not select their destination based on TOT. He stated that he believes most residents are not in favor of any type of tax increase; the community finds that the most popular taxes are those that somebody else pays. He stated the last survey indicated that 17% of the sales tax paid in the City was paid by the residents. He stated that currently there is Measure "D" (to sunset in year 2017) which is a one-quarter-cent sales tax. He stated it is reasonable to ask the voters to approve an additional one-quarter-cent sales tax. He stated that in order for the voters to approve a sales tax increase, the City would need to demonstrate that expenditures have been reduced and that the City plans to spend the added revenue for projects, such as deferred street maintenance. He stated that if the City does a sales tax measure, it should be a General Fund Tax because it may be unlikely that the required 51% of voters would approve a tax increase. He stated that he does not support a TOT increase. In addition, he does not support spending \$23,000 for a public opinion survey; instead the City can make a case with the mid-year budget report. He asked about the approximate cost to put a measure on a ballot. (**City Manager Goldstein** responded approximately \$5,000).

City Council discussion ensued regarding this item.

Council Member Storey made a motion to authorize the City Manager to expend \$10,000 to complete a public opinion polling with Bregman & Associates on the question of a sales tax increase measure for the November 2012 ballot.

Council Member Harlan seconded the motion with the amendment of including public opinion polling for a TOT increase.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Motion by Council Member Storey, seconded by Council Member Harlan, to authorize the City Manager to expend \$10,000 to complete a public opinion polling with Bregman & Associates on the question of a sales tax measure for the November 2012 ballot with an amendment to include public opinion polling on TOT. The motion failed with the following roll call vote: AYES: Council Member Storey and Mayor Termini. NOES: Council Members Harlan, Norton, and Nicol ABSENT: None. ABSTAIN: None.

Motion by Council Member Harlan, seconded by Council Member Norton, to authorize the City Manager to enter into a contract with FM3 in the amount of \$23,000 to conduct public opinion research for both sales tax and TOT measures to determine if a revenue ballot measure should be pursued and to assess current community perception of City services and to approve an amendment to the Fiscal Year 2011/2012 Budget, moving \$13,000 from Contingency Reserves to Contract Services. The motion carried on the following vote: AYES: Council Members Harlan, Norton, and Mayor Termini. NOES: Council Members Nicol and Storey. ABSENT: None. ABSTAIN: None.

G. Consideration of increasing the existing half time Building Inspector position to a full-time position. [660-10/330-10]

Motion by Council Member Harlan, seconded by Council Member Norton, to approve increasing the existing half-time Building Inspector position to a permanent full-time position effective February 5, 2012; and approve a budget amendment Resolution No. 3908 increasing expenditures in the Green Building Fund by \$25,000, reducing the Public Works Contract Services by \$5,000, increasing the Community Development Department revenues by \$25,000 and increasing the Community Development Department Personnel costs by \$30,000 to cover the increased salary expenditures for the remainder of Fiscal Year 2011/2012 Budget. The motion carried on the following vote: AYES: Council Members Harlan, Norton, Nicol, and Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

7. COUNCIL/RDA DIRECTOR/STAFF COMMUNICATIONS

8. ADJOURNMENT

Adjourned at 12:16 a.m. to the next Regular Joint Meeting of the City Council to be held on Thursday, February 9, 2012, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.



CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: CITY TREASURER

DATE: FEBRUARY 14, 2012

SUBJECT: TREASURER'S REPORT FOR THE MONTH ENDED JANUARY 31, 2012
(UNAUDITED)

RECOMMENDED ACTION: By motion, that the City Council accept the City Treasurer's Report for the month ended January 31, 2012 (unaudited) for the City of Capitola.

BACKGROUND

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

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

DISCUSSION - EXECUTIVE SUMMARY AT JANUARY 31, 2012

The City Cash Position at January 31, 2012 totals \$3,233,800. LAIF deposits include \$2,557,800 of City and Assessment District Funds. The LAIF investment return as of January 31, 2012 was .385%.

The General Fund Balance Sheet consists of:

Total Assets	\$2,904,400 (includes Rispin receivable of \$1,350,000)
Total Liabilities	\$2,232,300
Total Fund Balance	\$ 672,100 (includes Rispin receivable of \$1,350,000)

Fund Balance

General Fund	\$ 672,100
Designated Reserves:	699,700
Capital Improv. Projects	651,600
Special Revenues:	1,209,700
Debt Service	36,500
Internal Services:	1,032,700
Total	\$ 4,302,300

FISCAL IMPACT: None.

ATTACHMENTS:

1. January 31, 2012 City Treasurer's Report
2. LAIF rates

Report Prepared By:
Lisa Saldana
Supervising Accountant

**Reviewed and Forwarded
By City Manager:**



Treasurer's Report for Month Ended January 31, 2012 (UNAUDITED)

BACKGROUND

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

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

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

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

DISCUSSION

The following information is for the month ended January 31, 2012. Such information is unaudited.

CASH BALANCE BY FUND

As of January 31, 2012, the LAIF deposits include \$2,557,800 of City and Assessment District funds. The LAIF investment return as of January 31, 2012 was .385%. The following summarizes the City's total cash balance of \$3,233,800 at January 31, 2012 amongst the funds:

		January 31, 2012
<u>General Fund</u>		699,300
<u>Special Revenues</u>	S L E S F	28,600
	SCC NARCOTICS ENFORCEMENT TEAM	(7,100)
	GAS TAX	16,900
	WHARF FUND	76,700
	DEVELOPMENT FEES FUND	3,400
	PEG CABLE TV ACCESS FUND	64,500
	CAPITOLA VILLAGE & WHARF BIA	23,900
	GREEN BUILDING	91,700
	PARIING RESERVE FUND	(2,600)
	TECHNOLOGY FEE FUND	20,400
	CDBG - GRANTS	4,500
	CDBG PROGRAM INCOME	(17,100)
	CDBG PROGRAM INCOME 07-08 RLF	-
	HOUSING PROGRAM LOAN FUND	3,100
	HOME GRANT FUND	5,200
	AFFORDABLE HOUSING TRUST FUND	170,700
	BEGIN GRANT FUND	60,100
	PUBLIC ART FUND	398,400
	OPEN SPACE PURCHASE	300
	GENERAL PLAN UPDATE	261,200
<u>Internal Service</u>		
	WORKER'S COMPENSATION	58,200
	SELF INSURANCE	17,900
	STORES	11,400
	INFORMATION TECHNOLOGY	32,300
	EQUIPMENT REPLACEMENT	10,100
	PUBLIC EMPLOYEE RETIREMENT	270,800
<u>Reserves</u>		
	EMERGENCY RESERVES	151,800
	CONTINGENCY RESERVES	-
	COMPENSATED ABSENCES	83,000
<u>Capital Projects</u>		
	VARIOUS CAPITAL PROJECTS	657,400
<u>Debt Service</u>		
	DEBT SERVICE FUND	38,800
TOTAL ALL FUNDS		<u><u>3,233,800</u></u>
General Fund		699,300
Internal Services		400,700
Reserves		234,800
		<u><u>1,334,800</u></u>

GENERAL FUND SUMMARY BALANCE SHEET

The following is the General Fund summary balance sheet:

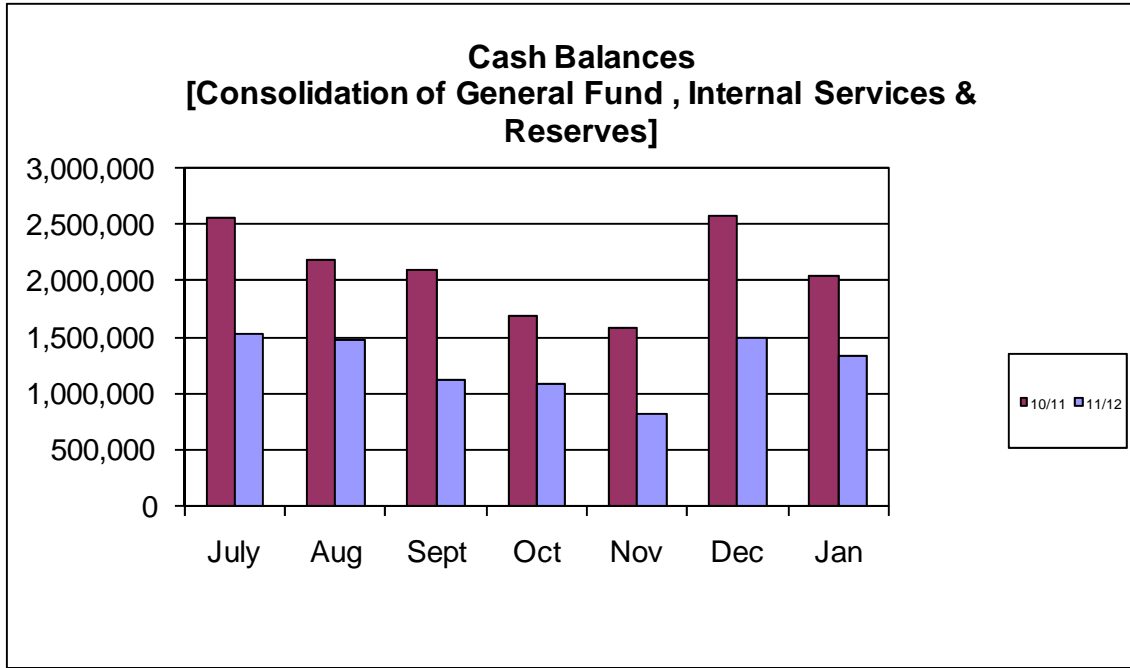
General Fund: Summary Balance Sheet	6/30/2011	Incr/Decr	1/31/2012
Cash	(240,500)	939,800	699,300
Prepaid Expenditures	3,700	(2,000)	1,700
Accounts Receivable	59,300	(36,300)	23,000
Accounts Receivable - Intergovernmental ¹	1,179,300	(966,900)	212,400
Accounts Receivable - RDA (Rispin)	1,350,000	-	1,350,000
Short Term Loans - RDA	-	-	-
Long Term Loans - RDA	618,000	-	618,000
TOTAL ASSETS	\$ 2,969,800	\$ (65,400)	\$ 2,904,400
Accounts Payable	261,200	(202,200)	59,000
Payroll Related Liabilities	335,800	(392,300)	(56,500)
Other Deposits and Other Liabilities	243,800	11,200	255,000
Deferred Revenue -- RDA	618,000	-	618,000
Deferred Revenue	368,700	(151,800)	216,900
Due to Other Funds	-	1,139,900	1,139,900
TOTAL LIABILITIES	\$ 1,827,500	\$ 404,800	\$ 2,232,300
FUND BALANCE²			
Rispin Mansion Transaction	1,350,000	-	1,350,000
Fund Balance Reserves	12,600	-	12,600
Available Fund Balance:			
Prior Year Fund Balance	-	-	(219,900)
Current Year Operating Results	-	(470,600)	(470,600)
Net, Available Fund Balance	\$ (219,900)	\$ (470,600)	\$ (690,500)
TOTAL FUND BALANCE	\$ 1,142,300	\$ (470,600)	\$ 672,100

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

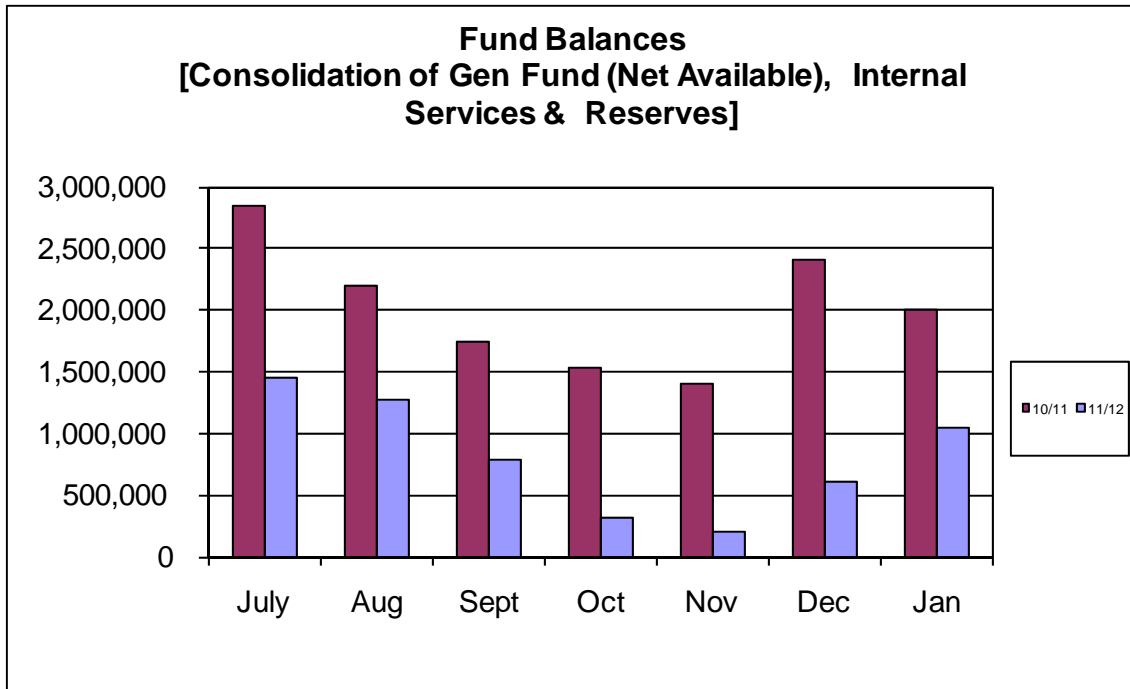
² Fund Balance is segregated for the amounts related to the Rispin Mansion Note Payable to the City and amount available.

CASH BALANCE & FUND BALANCE

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



January 31, 2012 Total= \$1,334,800: Gen Fund= \$699,300, Internal Service= \$400,700, Reserves= \$234,800



January 31, 2011 Total= \$1,041,900: Gen Fund= (\$690,500), Internal Service= \$1,032,700, Reserves= \$699,700

CHANGES IN TOTAL FUND BALANCE

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

	Beginning Fund Balance: 7/01/11	Incr/(Decr) July-Dec	Revenue	Expenditure	Interfund Transfers	Unaudited Fund Balance: 1/31/12
General Fund: Rispin	1,350,000	-	-	-	-	1,350,000
General Fund: Reserved	12,600	-	-	-	-	12,600
General Fund: Available	(219,900)	(871,600)	1,268,900	(867,900)	-	(690,500)
Designated Reserves:	-	-	-	-	-	-
Emergency Reserves @ 5%	134,700	33,900	0	(16,800)	-	151,800
Compensated Absences	64,700	65,100	0	(46,800)	-	83,000
Contingency Reserves @10%	934,900	(470,000)	0	0	-	464,900
	-	-	-	-	-	-
Capital Improv. Projects:	1,053,900	(202,700)	0	(199,900)	-	651,300
Open Space Purchase	300	-	0	0	-	300
Special Revenues:	-	-	-	-	-	-
Gas Tax	-	1,300	19,700	(12,900)	-	8,100
Law Enforcement Grants	9,900	16,000	4,700	(4,900)	-	25,700
PEG Cable TV Access	77,500	(13,100)	100	0	-	64,500
Capitola & Wharf BIA	5,500	26,600	0	(5,600)	-	26,500
Development Fees	2,000	-	0	0	-	2,000
Wharf Fund	46,400	30,000	1,400	(2,300)	-	75,500
Green Building	48,700	44,500	0	(1,500)	-	91,700
Parking Reserve Fund	180,700	(182,400)	0	(900)	-	(2,600)
Technology Fee Fund	11,300	8,600	500	0	-	20,400
CDBG-Grants (Reimburseme	(4,100)	26,800	0	(6,400)	-	16,300
CDBG - Program Income	(15,500)	(1,400)	0	(200)	-	(17,100)
CDBG - Prog Inc 07-08 RLF	-	-	0	0	-	-
HOME Program Re-Use	5,100	(3,100)	1,100	0	-	3,100
HOME Grant Fund	5,200	-	97,400	(97,400)	-	5,200
Affordable Housing Trust	343,100	(176,400)	4,000	0	-	170,700
Begin Grant Fund	60,000	-	100	0	-	60,100
Public Art Program	127,700	270,700	0	0	-	398,400
General Plan Maintenance	303,300	64,800	3,800	(110,700)	-	261,200
	-	-	-	-	-	-
Debt Service:POB	252,900	(13,600)	0	(202,800)	-	36,500
Internal Services:	-	-	-	-	-	-
Equipment Replacement	305,900	31,500	0	(2,300)	-	335,100
Information Technology	173,200	16,400	0	(13,000)	-	176,600
Public Employee Retirement	473,700	(240,900)	0	0	-	232,800
Self-Insurance Liability	277,400	(51,800)	0	(5,900)	-	219,700
Stores	14,300	(300)	0	(3,700)	-	10,300
Worker's Compensation	174,800	(233,500)	116,900	0	-	58,200
	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL CITY	6,210,200	(1,824,600)	1,518,600	(1,601,900)	-	4,302,300

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

General Fund Revenues: For the month ending January 31, 2012, total revenues were \$1,268,900 which included Charges for Services of \$412,400 (32%), Sales Tax of \$310,200 (24%), and Business License of \$140,400 (11%).

General Fund Expenditures: For the month ending January 31, 2012, total expenditures were \$867,900 which includes Staffing for (2) pay periods of \$415,000 (47%), Contract Services of \$279,500 of which \$100,700 is for the quarterly 911 JPA, (32%), Internal Service Charge, and Supplies of \$47,400 (5%).

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

Internal Services: During the month of January 2012, \$116,900 was transferred from the General Fund to the Workers Compensation Internal Service Fund.

Reviewed By:

Jacques Bertrand, City Treasurer

ATTACHMENT 2

Pooled Money Investment Account
PMIA Average Monthly Effective Yields

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385											



Item #: 5.D.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: POLICE DEPARTMENT

SUBJECT: ADOPT RESOLUTION ACCEPTING A HOMELAND SECURITY GRANT IN THE AMOUNT OF \$9,910 AND AMENDING THE FY 2011-12 GENERAL FUND OPERATING BUDGET BY INCREASING BOTH REVENUES AND EXPENDITURES BY \$9,910

RECOMMENDED ACTION: By motion adopt the proposed Resolution Amending the General Fund FY 2011-12 Operating Budget to Accept Homeland Security Grant Program Funds in the Amount of \$9,910 and Authorizing Budget Expenditures of \$9,910 for the purchase of mobile radios.

BACKGROUND: The City of Capitola, in conjunction with other public safety and health care agencies in Santa Cruz County, applied for and received Homeland Security Grant Program funding for FY 2011-12. The City's share of the Homeland Security Grant Program is \$9,910. Funding for this grant is based on each city's or jurisdiction's proportion of the total county population. Funding for this Homeland Security Grant is designed to provide financial support to the City to purchase federally mandated narrow banded emergency communications equipment.


DISCUSSION: As required by the grant, the Police Department intends to utilize the funds to pay for the purchase of narrowband compliant mobile radios.

FISCAL IMPACT: All of the funds from this grant must be used for the purchase of narrowband compliant mobile radios for the Police Department.

ATTACHMENTS:

1. Draft Resolution
2. Letter from County of Santa Cruz OES
3. Budget Adjustment

Prepared by: Tom Held, Police Captain

Reviewed and Forwarded
By City Manager: 

DRAFT

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
AMENDING THE BUDGET TO ACCEPT HOMELAND SECURITY GRANT FUNDS OF
\$9,910 AND AUTHORIZING BUDGET EXPENDITURES OF \$9,910 FOR
THE 2011-2012 FISCAL YEAR**

WHEREAS, the Capitola Police Department is a recipient of a Homeland Security Grant; and

WHEREAS, a budget amendment must be enacted before funds can be accepted and expended for their intended and legally mandated purposes.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2011-2012 budget is amended as follows:

1. Accept \$9,910 in Homeland Security Grant funds for fiscal year 2011-2012;
2. Authorize expenditures of \$9,910

BE IT FURTHER RESOLVED that the Finance Department shall record these changes into the City's accounting records in accordance with appropriate accounting practices.

BE IT FURTHER RESOLVED that these grants will be expended pursuant to the conditions of the grant program.

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 23rd day of February, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Michael Termini, Mayor

ATTEST:

_____, CMC
Susan Sneddon, City Clerk



COUNTY OF SANTA CRUZ

OFFICE OF EMERGENCY SERVICES

495 UPPER PARK ROAD, SANTA CRUZ, CA 95065-2121

(831) 458-7150 FAX: (831) 458-7139

PAUL HORVAT, OES

paul.horvat@co.santa-cruz.ca.us

Chief Mike Card
Capitola Police Department
422 Capitola Avenue
Capitola, CA 95010

January 17, 2012

Dear Chief Card,

I'm pleased to inform you that on January 10, 2012, 2012 the Board of Supervisors accepted the 2011 State Homeland Security Grant that allocates a total of \$9,910 to the Capitola Police Department for Mobile Radio Equipment. With this approval, you can proceed with the approved project in accordance with your City's financial procedures.

As with previous grants, this grant is funded on a reimbursement basis. Because of the project-based allocation method that separates the funding sources for each project, it will be necessary to keep your records so that charges can be tracked. When requesting reimbursement, please separate your claim by project number and funding source within each project. The attached instruction sheet will also provide additional information necessary for us to process your reimbursement expeditiously. The State is instituting tighter monitoring and auditing requirements and will be reviewing files to assure that all requirements have been met. **Because of this we are requiring that requests for reimbursement and supporting documentation be submitted to our office in PDF form in addition to hard copy.**

Submit your reimbursement requests along with documentation of your expenses to Carol Johnson at 701 Ocean Street, Room 330 Santa Cruz, CA 96060, who will submit reimbursement requests to the State. As soon as cash is received from the State, the County will process the payment to the Capitola Police Department. As you know, our experience with State reimbursements is that it can take as long as three or four months before cash is actually received.

Thanks for all your help in bringing this project together. As always, if there's any way in which I can assist your office in meeting the grant requirements, please let me know.

Sincerely,

Paul Horvat
Emergency Services Manager

Attachment: 01/10/12 Board of Supervisors Agenda Item Letter
11/17/12 Cal EMA Letter – Approval of Grant #2011-SS-0077, Cal EMA ID#087-00000



Item #: 5.E.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: DEPARTMENT OF PUBLIC WORKS

SUBJECT: DRAFT LETTER TO CALIFORNIA PUBLIC UTILITIES COMMISSION
REGARDING FEES FOR THE SMARTMETER OPT-OUT PROGRAM

RECOMMENDED ACTION: By motion authorize and direct the Mayor to send the attached letter to the California Public Utilities Commission regarding the imposition of fees include in the PG&E Smartmeter opt-out program.

BACKGROUND: On February 9, 2012 the City Council directed staff to prepare a letter for the Mayor's signature to the California Public Utilities Commission object to the fees included in the PG&E Smartmeter opt-out program.

DISCUSSION: A draft letter is included as an attachment for council consideration. If approved the letter will be signed and sent.

FISCAL IMPACT: None

ATTACHMENTS

1. Draft letter

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

Reviewed and Forwarded
By City Manager: _____



DRAFT

ATTACHMENT 1

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

<date>

Michael R. Peevey, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Subject: PG&E Smartmeter Opt-out Program

Dear Mr. Peevey;

Since the inception of the PG&E Smartmeter program the City of Capitola has strongly supported the implementation of an opt-out plan for those customers who prefer to be service by analog meters. The reasons for an individual to select to opt-out vary from invasion of privacy to health concerns. The City Council for the City of Capitola was delighted that the California Public Utilities Commission finally adopted an opt-out program earlier this month.

However, the City Council for the City of Capitola strongly objects to the imposition of fees included in the program. Requiring customers to pay a \$75 set up fee for a meter they never wanted, and in some cases asked to have the installation delayed seems outrageous. In addition, unless a service fee reduction equal to the \$10 monthly fee was approved for those with a Smartmeter, the monthly fee also is out-of-line.

The City Council for the City of Capitola believes a free opt-out program should have been included in the Smartmeter program from the beginning, and the customers should not have to pay now for the California Public Utilities Commission and PG&E failure to do so. It is now up to your agency to provide the proper direction to PG&E and provide a program that meets the demands of public.

Sincerely,

Michael Termini
Mayor



Item #: 6.A.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: COMMUNITY GRANT PROGRAM FUNDING FOR FY11-12

RECOMMENDED ACTION: Determine if the remaining \$137,000 of funding for the FY11-12 Community Grants should be allocated.

BACKGROUND: In prior fiscal years, \$275,000 was allocated to grantees in the City's Community Grant program. This year the City withheld 50% of that allocation pending the reimbursement of at least \$500,000 for damages relating to the failed storm drain pipe in the Pacific Cove Mobile Home Park (Park). To date, no reimbursements have been received. The City's insurance provider has denied coverage, and state and Federal reimbursements will not occur. The City has retained the law firm of Gumbiner & Eskridge in an attempt to recover funds from the City's insurance carrier.

DISCUSSION: During the FY11-12 budget deliberations, City Council allocated \$337,000 to the City's reserve funds, which were under funded by approximately \$1.6 million due to the City's disaster response. The funding for the reserve funds came from \$200,000 (CIP) and 50% of the Community Grant funding (\$137,000).


If City Council would like to fund the remaining \$137,000 to the Community Grants there are several options as listed below, none of which are from the current fiscal year general fund revenue, as there are no available funds.

1. Reserve Fund: this would bring the combined Emergency & Contingency Reserve year end fund balance down to \$380,000. This is utilizing one-time funding for an ongoing expense and would bring the Reserve Fund deficit to \$1.4 million.
2. Equipment Reserve Fund: There is an estimated fund balance of \$300,000 in the Equipment Reserve. This is also a one-time funding source. The primary impact would be to the deferred replacement of old police and public works vehicles, resulting in increased repair costs.

In either case, the City Council needs to be aware the City may be faced with additional unanticipated expenditures in the coming months. The dissolution of the Redevelopment Agency has both one-time and on-going impacts that are impossible to predict today, and could result in significant impacts to future City budgets.

FISCAL IMPACT: To fully fund the Community Grant program, an additional \$137,000 would need to be allocated from one of the identified funds. Staff does not recommend funding the remaining amount until the City receives reimbursement from the City's insurance company for damages incurred from the disaster in March 2011.

Report Prepared By: Lisa G. Murphy
Administrative Services Director

Reviewed and Forwarded
By City Manager: 



Item #: 6.B.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: CITY MANAGER AND FINANCE DEPARTMENTS

SUBJECT: LONG RANGE FISCAL STRATEGY FOLLOW-UP
(CONTINUED FROM JANUARY 26, 2012)

BACKGROUND: This item was on the Agenda for the January 26, 2012 City Council meeting. As representatives from the Financial Advisory Committee (FAC) were unable to attend the meeting that evening, City Council continued the item to a future hearing date when FAC representatives could be present. Christine Buechting, FAC Chairperson, has indicated she will attend the February 23, 2012 Council meeting and be available to answer questions and offer a short presentation in response to the staff report.

Attached is the complete City Council Agenda Report for the Meeting of January 26, 2012. There is no new information for this item.

ATTACHMENTS:

1. Agenda Report for January 26, 2012

Report Prepared By: Tori Hannah
Finance Director

Reviewed and Forwarded
By City Manager: 



CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

FROM: CITY MANAGER AND FINANCE DEPARTMENTS

SUBJECT: LONG RANGE FISCAL STRATEGY FOLLOW-UP

RECOMMENDED ACTION: That the City Council:

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

DISCUSSION:

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

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

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

Short-Term Versus Long Term Challenges Facing the City

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

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

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

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

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

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

Defining the Long-Term Gap:

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

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

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

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

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

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

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

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

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

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

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

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

Is the Gap a Revenue or Expenditure Problem?

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

- Comprehensive organizational analysis
- Compensation study
- Benchmark analysis

Comprehensive Organizational Analysis

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

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

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

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

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

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

Compensation Study

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

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

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

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

Benchmark Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New Revenues

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

New revenues can be raised in three basic ways:

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

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

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

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

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

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

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

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

Required Approval: New or Increased Revenues

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

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

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

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

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

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

Improved Cost Recovery

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

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

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

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

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

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

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

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

Voter Approved Revenue Increases

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

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

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

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

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

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

Next Steps

The following outlines recommended next steps:

Task	Target Date
<ul style="list-style-type: none"> • Continue to closely evaluate cost saving opportunities 	Ongoing
<ul style="list-style-type: none"> • Prepare “benchmark study” to assess the City’s fiscal accountability in answering the question: how do we know the City is wisely using the resources it already has? 	March 2012
<ul style="list-style-type: none"> • Develop user fee cost recovery policy and present to Council for approval. 	April 2012
<ul style="list-style-type: none"> • Analyze key revenues in accordance with the adopted user fee cost recovery policy and make recommendations for changes as appropriate as part of the 2012-13 Budget process. 	June 2012

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

ATTACHMENT:

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

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

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



Item #: 6.C.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: CITY MANAGER AND FINANCE DEPARTMENTS

SUBJECT: FINANCIAL MANAGEMENT IMPROVEMENTS

RECOMMENDED ACTION:

Approve the financial management improvements recommended in this report and direct staff to return with follow-up actions where necessary for formal implementation.

BACKGROUND:

Bill Statler served as the Interim Finance Director from September 15, 2011 through February 5, 2012. Based on his observations and a review of the City's financial management policies, procedures and practices, this report presents recommended system improvements.

DISCUSSION:

The recommended financial management improvements presented below are based on two key principles:

Effective Use of Limited Resources. All of the proposed changes stem from the concept that the City should focus its limited resources on high-value, high-priority services. In light of recent staffing reductions and resource constraints, this means modifying and/or eliminating "red tape," low-value efforts – while still maintaining appropriate internal controls, accountability and transparency. Ensuring that current policies, procedures and practices continue to make sense is especially important in the context of other system improvements that may have been made over time (and thus are now duplicative in their goals but with increased resource commitments because the organization has not let go of the old procedures when the new ones were implemented). This includes technology changes that provide the foundation for productivity improvements; "best practices" that have surfaced since policies and procedures were last reviewed; and the simple passage of time since authority limits were last set. In short, being good stewards of the public resources entrusted to the City means using limited resources wisely in achieving the City's goals and objectives.

Effective Council Policy and Decision Making. Like most of us, the Council is agenda-driven: if something appears on the Council's agenda, it should be reasonable to assume the item relates to an important policy decision that only the Council should make. That said, there are times when items are on the agenda when there is no discretionary action for the Council to take. Virtually all "receive and file" actions fall into this category: if this is truly the only action required of the Council, the action could be as readily achieved – and with far fewer staff resources - by placing the item in the Council's mail box. Many "ratification" actions fall into this category as well. For example, if the Council is simply reviewing an action that has already

taken place and cannot be revoked, then what is the discretionary action that being asked of the Council? In this case, informing the Council on a more timely basis than the next agenda via a number of other communication methods may be far more effective.

Why does this matter? Because as a practical matter, even the most minor of Council agenda items requires significant staff resources to produce: it requires preparation by the assigned staff member and review by the department head; possible review by Finance for any fiscal considerations and by the City Attorney for legal ones; final review and approval by the City Manager; and agenda coordination; and after action follow-up and records management by the City Clerk's Office. Stated simply, there is a significant transaction cost associated with all agenda items. Where there are legitimate policy issues the Council needs to decide, this effort is certainly justified. However, where there are not, placing items on the agenda diverts limited resources from higher priority areas in delivering important services to the community. And given the wide variety of communication media available than in the past, there are equally effective ways (perhaps more so) of ensuring transparency and community access to City information.

Lastly, placing items on the agenda where the Council does not have a meaningful role makes poor use of the Council's time, too. There are many issues that require significant hours of Council commitment, including attending community meetings and events; making site visits on planning items; reading numerous and lengthy reports; and preparing for and attending Council meetings. Limiting the placement of items on the agenda where the Council action is truly needed will help Council members focus their efforts on things that matter and make a difference.

While these two principles apply to all of the City's "business practices," the following are recommended changes to the City's financial management practices.

Register of Warrants

Historically, Council approval was required before any disbursements could be made. For this reason, city councils throughout the State approved a Register of Warrants. Over time, the State has made changes allowing for greater discretion in approving disbursements prior to council approval in recognizing the need to pay vendors on a timely basis, improve productivity by making accounts payable an ongoing process rather than a peak workload twice per month; and that many disbursements were being made electronically through wire transfers and automated clearing house (ACH) transactions rather than by check. Based on State law changes (primarily Government Code Section 37208), the City adopted Ordinance 806 in 1998 allowing for payment approval by the City Manager (or designee), but with check disbursements to be returned to the Council after their issuance for ratification.

Since then, Government Code Section 37208(c) has been added that "warrants or checks may be presented to the legislative body for ratification and approval in the form of an audited comprehensive annual financial report." The City prepares audited comprehensive annual financial reports; and accordingly, Council ratification is no longer required. Accordingly, in accordance with the principles discussed above, staff recommends discontinuing the placement of the Register of Warrants on the Council agenda for ratification: under authorization provided by the Council 14 years ago in 1998, there is no discretionary action to be taken by the Council; and this will free-up staff resources for more important tasks. The check register will remain a public document and available for public (or Council) review at any time.

Accounting for Cash Flow Interfund Borrowings

As the Council is aware, the City used significant reserves in responding to the storm drain damage in March 2011. This has led to the need to borrow from other funds on a temporary basis to cover short-term General Fund cash flow needs.

There are two conceptual approaches in accounting for these types of short-term interfund borrowings:

- Formally posting “due to/due from” between affected funds on a periodic basis in the general ledger.
- Only posting interfund payables and receivables (due to/due from) at year-end (if applicable at all by then).

This second approach is the most prevalent financial management practice:

- In most cases (and in the case of Capitola), there will not be an outstanding receivable/payable at year-end; and as such, significant staff effort goes into posting transactions during the year for no net effect at year-end. If there is an outstanding due to/due from at year end, this is significant and should be shown this way. In accordance with generally accepted accounting principles (GAAP), it will also be fully disclosed in the audited financial statements.

The City’s financial position on a cash basis is better presented by showing negative cash balances if they in fact arise. In fact, posting interfund cash “due to’s” and “due from’s” masks the cash position of any fund needing short-term advances: it will never show a cash deficit.

Accordingly, in order more effectively use limited staff resources and better reflect individual fund financial condition, staff recommends not posting interfund payables and receivables during the fiscal year, but showing any applicable interfund “due to/due from” as appropriate under “GAAP” in the City’s audited financial statements.

Streamline and Improve Financial Reporting

Traditionally, the monthly “Treasurer’s Report” was focused on cash and investments. Over time, the City has expanded this to also provide broader monthly financial information and placed this report on the Council agenda.

A drawback with this approach is it diverts attention away from its core purpose: reporting on cash and investments. There are more effective ways of reporting on the City’s fiscal status, such as a quarterly financial newsletter that is emailed to, Council, all employees, and posted on the City’s web site. This report could consolidate existing quarterly revenue and budgetary reports with cash and investment information to produce a document that provides an overall view of the City’s financial status. Quarterly reports will be more meaningful for their intended audience: the Council, community, senior managers and the organization as a whole.

In overcoming this drawback, staff recommends the following financial reporting improvements:

-
- Shift the focus to quarterly reporting, where more meaningful information and analysis will be provided. Along with general purpose reporting, this could include focused reports on key revenues such as sales tax and transient occupancy tax (TOT).
- File monthly information with the City Clerk and Council containing the information that is required in Government Code Section 41004. This would include a one to two page summary of receipts, disbursements, and fund balances

- Discontinue providing these reports as Council agenda items but instead more broadly distribute this information in other ways.

In short, shifting to quarterly off-agenda reporting will result in more meaningful reports, better monitoring of the City's fiscal status and better use of limited staff resources. The following is a web site link that provides examples of the types of interim reports broadly distributed to the Council, organization and community by the City of San Luis Obispo for investments, sales tax, TOT and financial reports: www.slocity.org/finance/reports.asp.

Budget Administration

Under Section 3.20.050(D) of the municipal code, the "budget officer" (City Manager for practical purposes) "is authorized to approve transfers and revisions of appropriations within a budget unit." However, Council approval is required for any budget amendment of \$10,000 or more.

There are four drawbacks with this approach:

- This limit was set in 1998: fourteen years ago. Solely due to the passage of time, some revision in the limit is appropriate.
- It is unclear what constitutes a \$10,000 budget amendment. Is transferring \$5,500 from one line account to another a \$5,500 budget amendment or \$11,000? If budget amendments for 20 line items of \$1,000 each are processed at the same time, with no net increase in expenditures, does this constitute an amendment in excess of \$10,000?
- The current policy does not explicitly limit staff authority to appropriate expenditures from available fund balance. A narrow interpretation of current policy could lead to the conclusion that, if under \$10,000, the City Manager could have the authority to amend the budget in a way that results in an increase in net appropriations.
- The City's Municipal Code also requires budget amendments of \$10,000 or more should be placed on the Council's regular agenda for consideration and discussion. This requires Council to devote additional time to presentations by staff when the information contained in the staff report may be sufficient to justify action.

For clarity and improved budget management, staff recommends the following budget amendment policy:

Council has the sole authority for adopting the City's budget, and may amend or supplement the budget at any time after its adoption by majority vote of the Council.

After the budget adoption, any supplemental appropriations of fund balance, or budget transfers over \$25,000 within a "Budget Unit" will require Council approval. Budget amendments that require Council approval may be placed on the consent agenda.

Level of Budget Control

The "level of budget control" – the level at which expenditures are not to exceed appropriations – is a separate issue from budget amendment authority. The City's existing Budget Policies (page 11 of the 2011-12 Budget) do an excellent job of articulating these, summarized as follows:

- Budget control is at the "Budget Unit," which is defined as the "department, fund or other organizational unit whose financial activities are accounted for separately."
- In the case of the General Fund, the Budget Unit is the department level.

No changes in the City's budget control policies are recommended.

In addition, the City Manager and the Finance Director will establish budgetary control procedures for transfers below the \$25,000 threshold

Purchasing Update

There are four primary drivers behind updating the City's purchasing policies:

- More meaningfully involving the Council in the purchasing process.
- Resolving discrepancies between the City's Purchasing Ordinance adopted in 2001 and purchasing procedures adopted by the Council in 2002 and revised in 2006.
- Integrating all purchases – supplies, equipment, services and construction projects – into one system.
- Accounting for the passage of time since the City's purchasing authority limits were last formally set ten years ago.

Council Involvement in the Purchasing Process

Like most cities, the Council is currently involved in the purchasing process at the "contract award" stage in the bid process. There are two drawbacks with this late involvement:

- Detailed bid packages defining the items to be purchased and the process for doing so have already been prepared, limiting the Council's input and making any changes awkward at best (and most likely requiring the issuance of new invitations for bids or requests for proposals). This requires added staff work – which was likely very extensive to begin with – and delays the purchase of needed supplies, equipment, services and construction projects.
- When the Council is being asked to weigh, it is often for the relatively simple ministerial task of determining who submitted the lowest bid.

It makes more sense to move the Council's involvement to an earlier stage, where it can better exercise policy discretion: approval of the bid package and authorization to invite bids or request proposals.

This provides the Council with meaningful discretion on whether to purchase the item at all and at what cost; and to define the work scope and the term and conditions of the purchase. However, once these parameters are in place, the recommended approach delegates to staff the ministerial action of determining who submitted the lowest bid and awarding the contract. In those few cases where bids come in above budget or there are other unexpected issues, bid award would return to the Council. This revision will make purchasing more efficient while retaining appropriate internal controls and more meaningfully involving the Council in the formal purchasing process. In fact, on many important purchases and bids, Council is been engaged prior to the issuance of a bid, or RFP. This proposed change codifies this practice, and streamlines the process at the ministerial contract award stage.

Discrepancies between Purchasing Ordinance and Purchasing Procedures

The following compares key features of the City's Purchasing Ordinance adopted in 2001 (Municipal Code Section 3.16) and purchasing procedures adopted in 2002 and revised in 2006:

Purchasing Ordinance (2001)	Purchasing Procedures (2002, Revised 2006)
Scope: Supplies, equipment and general services (operation and maintenance); does not address consultant (professional) services	Scope: Similar but includes consultant services
Over the Counter (No Specific Bidding Requirements)	
City Manager/delegated staff authority: \$10,000 or less	Department Heads: \$2,000 or less
Informal Bidding (Open Market)	
\$10,000 to \$20,000 <i>There is an internal contradiction within the Ordinance (most likely a typo at the time): in two places, Section 3.16.070 places the limit at \$20,000; Section 3.16.070(A) says \$25,000.</i>	\$2,000 to \$10,000
Verbal or written quotations: Up to \$10,000	Same
Written quotation: \$10,000 to \$50,000	Formal bid process
Award via purchase order or contract by City Manager/delegated staff	Award Via purchase order
Formal Bidding	
More than \$50,000	More than \$10,000
Policies/procedures not addressed	Formal Invitation for Bids (IFB) or Request for Proposal (RFP) process; prepared and issued by staff; formal published notice; sealed bids/proposals
	Award by Council
	Formal contract (purchase orders typically issued as well)
Construction Projects	
Not addressed	Partially addressed

It is not clear why the City adopted some policies via ordinance in 2001 (Attachment 1) and then augmented them with additional policies and procedures a year later (but not by ordinance) – some of which seem to be in conflict. While the 2001 (revised in 2006) policies (Attachment 2) are more recent, typically ordinances are viewed as being superior to other Council actions. On the other hand, the 2002/2006 policies are clearer and more comprehensive than the 2001 Ordinance.

With very few exceptions, the types of policies and procedures set forth in Attachment 2 are typically included in the Purchasing Ordinance. This approach eliminates the potential for conflicts between policy documents and places them in one easily accessible place. Accordingly, staff recommends that any updates place all key policies and procedure in the Purchasing Ordinance. There will still be the need for internal administrative procedures for implementation; but the key policies should be comprehensively set forth in one place: the Purchasing Ordinance.

Integration of Purchasing Policies into One System

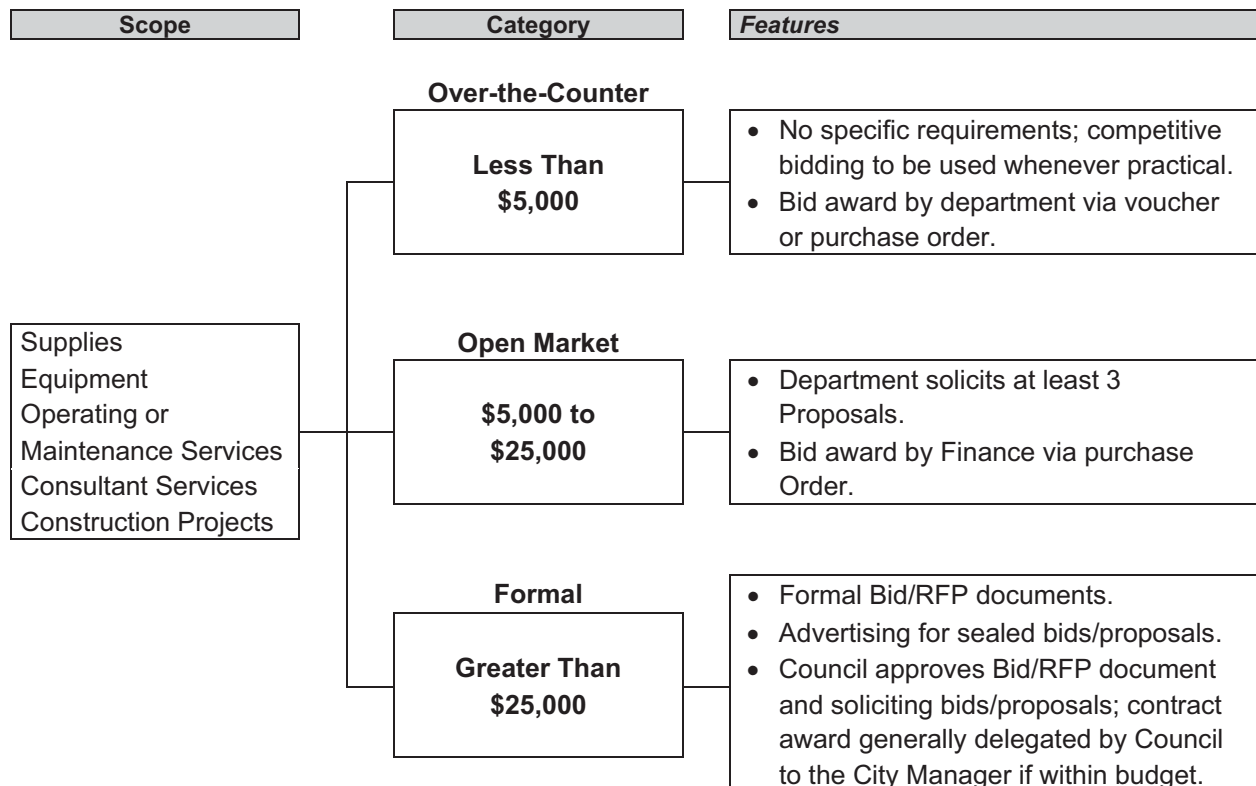
For consistency and ease of administration, policies and procedures for construction projects should be more clearly integrated with the City’s other purchasing policies for supplies, equipment and services.

Updated Purchasing Limits

The following provides an overview of the proposed purchasing system. Key changes reflect the concepts discussed above, summarized as follows:

- Council involvement is earlier in the formal bid process.
- Policies and procedures are integrated for all purchases: supplies, equipment, maintenance and operation services, consultant services and construction projects.
- Staff approval of purchases are set at \$5,000. This is a decrease from the \$10,000 level set in the 2001 Purchasing Ordinance, and an increase in the \$2,000 level set in the 2006 procedures. Although no specific purchasing requirements are established for this level of purchase, competitive bidding should be used whenever practical. Along with clarifying policies and procedures between the two documents, this change will facilitate Internet purchases as well as smaller purchases from local vendors.
- Open market procedures (informal bidding procedures) are set at \$10,000 to \$25,000. This is a decrease from the limit of \$50,000 set in the Purchasing Ordinance and the \$10,000 limit in the 2006 Procedures.
- Formal bidding/requests for proposals are set at purchases in excess of \$25,000.

Proposed Purchasing System Overview



Use of Resolutions

Extensive use of resolutions has its roots in the fact that until fairly recently, many cities did not routinely prepare staff reports for each Council agenda item. For this reason, resolutions with their “whereases” and “therefores” were the only formal documentation for why the council made the decision it did.

Accordingly, with the advent of staff reports that clearly lay-out the recommendation, the reasons for the recommendation and its fiscal impact, resolutions often do not fill the same need that they did in the past. However, many resolutions continue to be prepared when they are no longer needed: the staff report contains the same information (and often in greater detail). Where this occurs, limited staff resources are being used to prepare duplicative work for the same outcome.

There are times when resolutions are needed. For example, the State Government Code requires that many planning actions be approved by resolution; and grant regulations may require this as well. It may also be appropriate to adopt major policies by resolution. However, the vast majority of Council actions do not require resolutions.

In general, staff recommends limiting the use of resolutions in the future to only those circumstances where they are truly needed (such as those discussed above). While this applies to a wide variety City agenda items, there are two specific financial management areas where resolutions are not required and as such staff recommends no longer preparing them:

- **Budget Amendments.** The staff report should always be clear on the budget amendment action needed.
- **Contracts.** In this case, not only should the staff report discuss all significant issues, but the resolution duplicates information provided in the agreement itself.

Next Steps

All of the recommended changes can be placed into operation fairly quickly. Before doing so, however, it will be important to develop internal procedures and staff training to ensure that they are understood throughout the organization. Additionally, in some cases, municipal code and resolution changes will be necessary to formally implement them. Where this is needed, staff will return within 60 days with the revisions. However, before investing the resources necessary to do so, staff wanted Council direction to make these changes.

FISCAL IMPACT

There are no direct fiscal impacts associated with the recommended changes. However, they will result in improved organizational effectiveness, freeing-up limited resources for higher priority services while maintaining appropriate internal controls, accountability and transparency.

ATTACHMENTS

1. Purchasing Ordinance (Municipal Code Section 3.16)
2. Purchasing and Procurement Policy

Report Prepared By: Tori Hannah, Finance Director
Bill Statler, prior Interim Finance Director

Reviewed and Forwarded
By City Manager:



Chapter 3.16 PURCHASING AND PURCHASING CONTRACTS

3.16.010 Purpose.

The purpose of this chapter is to:

- A. Provide for the authority of city officers to enter into certain contracts even without a formal city council approval of the specific contract or transaction and to set forth procedural requirements; and
- B. Establish efficient procedures for the purchase of supplies, equipment and general services at the lowest possible cost commensurate with quality needed, to exercise positive financial control over purchases to clearly define authority for the purchasing function, and to assure the quality of purchases; and
- C. To inform those wishing to contract with the city of the authority of the city employee or official to create a binding contract; and
- D. To assist the city treasurer in carrying out his or her duties under Government Code Section 41001. (Ord. 832 (part), 2001)

3.16.020 Limitations.

The authority created by this chapter applies only to contracts, the predominant purchase of which is the purchase by the city of goods or services; and the city's primary performance under such contract is the payment of money. This chapter does not confer authority to authorize the payment of money for grants, gifts, or other expenditure that is without consideration.

Authority conferred in this chapter upon the city manager applies to situations in which an interim city manager is serving or in situations in which the city manager has appointed an acting city manager. (Ord. 832 (part), 2001)

3.16.030 General procedural requirements.

All contracts must be in writing and be signed in the name of the city. They may be transmitted by facsimile or electronic mail. (Ord. 832 (part), 2001)

3.16.040 Definitions.

For the purposes of this chapter, the following definitions shall apply:

- A. "Best value" means the best value to the city based on all factors, including but not limited to, the following:
 - 1. Cost;
 - 2. The ability, capacity, and skill of the contractor to perform the contract or provide the supplies, services or equipment required;
 - 3. The ability of the contractor to provide the supplies, services, or equipment promptly or within the time specified without delay or interference;
 - 4. The character, integrity, reputation, judgment, experience, and efficiency of the contractor;
 - 5. The quality of the contractor's performance on previous purchases or contracts with the city;
 - 6. The ability of the contractor to provide future maintenance, repair, parts, and services for the use of the supplies purchased; and
 - 7. The contractor's ability to supply or act in a timely manner.
- B. "Change order" means a change or addendum of an executed contract.
- C. "Consultant or professional services" means the services of an attorney, engineer, doctor, financial consultant, planning or environmental consultant, investment advisor, bank or trustee officer, or other professional.

D. "Contract" means any agreement to do or not do a certain thing. "Contract" and "agreement" are synonymous. The term "contract" includes, but is not limited to, a purchase order, a contract for services, an addendum or change order or a letter agreement.

E. "Emergency" means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, or proclaimed pursuant to Section 8.08.060.

F. "General services" means and includes any work performed or services rendered by an independent contractor, with or without the furnishing of materials, including, but not limited to, the following:

1. Maintenance or nonstructural repair of city buildings, structures or improvement which does not require engineering plans, specifications or design, including, but not limited to, unscheduled replacement of broken window panes, fire extinguisher maintenance, minor roof repairs, plumbing, elevator maintenance, custodial services and pest control;

2. Repair, modifications and maintenance of city equipment and software;

3. Cleaning, analysis, testing, moving, removal or disposal (other than by sale) of city supplies and equipment;

4. Repainting, care or maintenance of public grounds, including, but not limited to, trees, shrubbery, flowers, lawns;

5. Providing temporary personnel services;

6. Providing other miscellaneous services to facilitate city operations;

7. Performing repair, demolition or other work required to abate nuisances under this code;

8. Licensing software;

9. Leasing or rental of equipment (personal property) for use by the city; and

10. A maintenance agreement for equipment owned or leased by the city. "General services" does not include:

a. Work defined as public projects that must be put out to bid pursuant to Public Contract Code Section 20162.

b. Items such as meals or transportation, which personally are consumed or utilized by the individual who contracts for the item.

G. "Supplies and equipment" means and includes all such items purchased on behalf of the city except for supplies or materials finished for a public project. (Ord. 832 (part), 2001)

3.16.050 City manager authority.

A. The city manager is authorized to enter into and sign for and on behalf of the city, without the prior approval of the city council, a contract:

1. Which contains an initial maximum compensation figure of ten thousand dollars or less, or a change order not exceeding seven thousand five hundred dollars. (Cumulative additional orders exceeding twenty-five thousand dollars must be approved by the city council);

2. For which moneys have been appropriated; and

3. For which he or she determines the city has made reasonable efforts to obtain best value.

B. In an emergency (as defined in Section 3.16.040), the city manager may authorize the expenditure of any unencumbered moneys in the emergency reserve fund, notwithstanding the fact that such moneys may not have been appropriated for such purpose, to the extent that other moneys have not been appropriated or are otherwise unavailable therefor.

C. Contracts wherein all the city's costs will be reimbursed pursuant to an existing separate contract. (Ord. 832 (part), 2001)

3.16.060 City manager delegation of authority.

Providing the city manager first establishes written procedures, the city manager may delegate the authority for other city employees to enter into contracts for purchases of general services or supplies and equipment for ten thousand dollars or less. (Ord. 832 (part), 2001)

3.16.070 Purchases of general services or supplies and equipment for between ten thousand dollars and twenty thousand dollars.

A. Quotation Requirement. The purchase of supplies, equipment and general services of a value from ten thousand dollars to twenty-five thousand dollars may be made by persons authorized by Section 3.16.060 in the open market, following the procedure prescribed in this section and the city manager's procedures.

1. Minimum Number of Quotations. Open-market purchases shall, whenever feasible, be based on at least three quotations.

2. Notice Inviting Quotations. The purchasing employee shall solicit quotations by written request or telephone to prospective vendors. Telephone quotations shall be memorialized in a contemporaneous writing.

3. Quotations. Quotations shall be submitted to the finance director who shall keep a record of all open-market orders and quotes for a period of one year after the submission of quotes or placing of orders. This record is open to public inspection. For a purchase of up to ten thousand dollars, the quotations may be verbal or written. For a purchase in an amount over ten thousand dollars to fifty thousand dollars, the quotations shall be written (including facsimile and electronic mail).

4. Award of Contract. A contract shall be awarded to the quotation representing the best value as defined in Section 3.16.040. The basis upon which the award is made shall be in writing.

B. Exceptions. The quotation procedure under this section may be dispensed with for purchases between ten thousand dollars and twenty thousand dollars where supplies and equipment are purchased through cooperative purchasing arrangements with the state or other group of multiple governmental entities. (Ord. 832 (part), 2001)

**ADMINISTRATIVE POLICY**

Number: III-4
Issued: August 29, 2002
Revised: 3/9/06
Jurisdiction: City Council

PURCHASING & PROCUREMENT POLICY**PURPOSE**

To establish policies and procedures to meet the City's requirements which provide an economic and efficient process for the purchase materials, supplies, services and equipment for the City consistent with the City's Municipal Code, and State and Federal laws, rules and regulations.

POLICY

It is the policy of the City of Capitola to comply with all purchasing rules and regulations established by the City, the State of California and the Federal Government. Within this context, it is the City's goal to establish efficient procedures for the purchase of supplies, equipment and general services at the lowest cost commensurate with quality needed, to exercise positive financial control over purchases, to clearly define authority for the purchasing function, and to assure the quality of purchases.

RESPONSIBILITY

Each department is responsible for following the provisions of this Administrative Procedure. Department Heads will be responsible for the process of distributing, advertising, collecting and evaluating all procurement activities conducted within their Departments.

If Finance staff receives an invoice for payment in excess of \$2,000 and it appears that this policy was not followed (i.e., three bids are not documented or copy of purchase order is not attached to the invoice), the invoice will be stamped with the "Purchasing Policy Waived" stamp and submitted to the City Manager for payment approval.

LOCAL VENDOR PREFERENCE POLICY

Departments are encouraged, whenever legal and economical to do so and whenever product is of competitive quality, to do business with Capitola-based businesses due to the benefit to the community and the advantages in timing and availability. Purchasers will actively seek to identify local vendors interested and able to conduct business with the City of Capitola. It is important that purchasers include in their inquiry or invitation to bid, the opportunity for vendors to identify themselves as local and to provide necessary supporting evidence (see definition of local vendor).

Bids, quotes, or offers submitted by Capitola-based vendors will be credited with the current local (City) sales tax and local (City) transactions & use tax in effect. This net bid will be used to compare bids. In the event of a tie, bids submitted by Capitola vendors will be given preference.

ALTERNATIVE FUEL VEHICLES

Vehicles powered by clean alternative fuels as defined by the Energy Policy Act of 1992 and other energy efficient advanced technology vehicles shall be given consideration when purchasing new and replacement fleet vehicles.

TERMINOLOGY

Bid: Formal process to obtain lowest responsive responsible bidder or price for materials, supplies and equipment estimated to cost more than \$10,000. In accordance with Chapter 2.5, Section 20164 of the Public Contract code, Invitations to Bid are advertised, with bids submitted in sealed envelopes to the project manager with formal public opening. Used where City wishes to award based on specific product or service specification, using cost or price related criteria.

Contract: A written agreement between two or more persons setting forth a matter of performance and compensation or consideration given for the performance. The term contract includes, but is not limited to; purchase orders, contract for services, an addendum or change order or a letter agreement.

Emergency: An unexpected occurrence or threatened occurrence that poses a danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, or any emergency proclaimed pursuant to Municipal Code 8.08.060.

Informal Bid Process: The informal bid process, which does not require public notice, or advertising or sealed bid process with public opening, can be done verbally or written. Cost is less than \$10,000. A telephone quotation sheet is required.

Local Business (Local vendor/Capitola-based business): Any business which has a retail outlet within city limits of the City of Capitola and holds the required licenses and permits for conducting its business within the City.

Request for Proposal: An offer in to provide materials, supplies or services where the City selects vendor/consultant usually based upon criteria specified in Request for Proposal such as competence, qualifications and expertise in the field. Price is not the sole basis for selection, but may be considered in the criteria for evaluating proposals. Typically used for Services contracts.

Services: Any work performed or services rendered by an independent contractor, with or without the furnishing of materials such as a professional consultant.

Sole Source: Sole source purchases are used where no secondary source is reasonably available precluding the use of a competitive process. Other exceptions are discussed in Section III. B.

PROCEDURES

I. Purchasing Procedures

- A. Purchase Order: Purchase Orders are generated by the Finance Department for any purchase of goods (material, supplies, or equipment) or services over \$10,000 upon authorization by the City Council (Exhibit A). The Purchase Order is the vendor's authority to perform services or ship goods and receive payment. It is also the City's commitment to pay for such goods and services. The Purchase Order is the acceptance of a bid quotation or offer, and a contractual relationship is established upon its issuance and acceptance by the vendor. The Department is responsible for submitting a copy of the Purchase Order to the City Clerk's Office for Central Files.
- B. Department Purchase Order: A Department Purchase Order (Exhibit B) is generated by the Department Head for all purchases of goods and services between \$2,000 and \$10,000.
- C. City Credit Card: The City Manager may assign a City Credit Card to authorized City personnel for miscellaneous purchases. These procedures are subject to the terms and conditions of the City's Credit Card program, including permissible vendor and types of purchases.
- D. Prepayment: Prepayment is discouraged. A request for a check will be authorized only when a vendor requires prepayment. Use the vendor's fee sheet or a letter from the vendor stating the cost, stamp it with the Claim Stamp and submit to Finance. Reimbursement for employee expenses should be appropriately approved prior to mailing the expenditure.

II. Procurement Methods and Authorization for Services, Materials, Supplies and Equipment

A. \$2,000 or Less (Excluding Taxes & Freight) No Quotes Are Required

1. Purchasing Process: The purchaser is responsible for protecting the best interests of the City and making the most cost-effective purchase. A City Credit Card may be used for purchases up to \$2,000 based on appropriate Department approvals.
2. Authority: Department Heads and the Assistant to the City Manager are authorized for expenditures up to \$2,000.
3. Invoices: Submit invoices stamped with the "Claim Approval Stamp" and completed by the Department to Finance for payment.

B. Purchase over \$2,000 up to \$10,000 (Excluding Taxes and Freight) Department Purchase Order Form Required

1. Purchasing Process: The purchaser is responsible for protecting the best interests of the City and making the most cost-effective purchase. A City Credit Card may be used for purchases up to \$10,000 based on City Managers approval.
2. Authority: The City Manager is authorized for expenditures up to \$10,000.
3. Documentation: Three quotes must be documented in writing on the Telephone Quote Form (Exhibit C) and submitted to the Finance Department with the Department Purchase Order Form (Exhibit B) and the invoice for payment.

C. Purchases over \$10,000 (Excluding Taxes and Freight) Council Must Award Contract

1. Purchasing Process: Purchases of supplies, equipment and materials, must be based on a minimum of three bids/quotes (Exhibit D), (see Section 4.C. for process) and awarded to the lowest responsible respondent. Service contracts may be based on a Request for Proposal (RFP). See Section 4.D. for process.
2. Authority: Purchases of supplies, equipment and materials or for services over \$10,000 will be made by a formal RFP or Invitation To Bid process and awarded by the City Council to the respondent submitting the lowest price in a bid. If it is an RFP, the most qualified respondent based on the awarding criteria in the RFP will be awarded the contract.
3. Documentation: The quotes must be documented in writing and referenced in the staff report to City Council for approval. The Department will keep a record of all open market responses for a period of at least three months after the conclusion of the contract or one-year whichever is shorter.
4. Exceptions: The quotation procedure under this section may be dispensed with for purchases where supplies and equipment are purchased through cooperative purchasing arrangements with the State or other group of multiple governmental entities. Exceptions may also be made in the case of Emergency and Sole Source Purchases.

III. Additional Procurement Procedures

A. Emergency Purchases

1. Authority. The City Manager or designee must approve emergency purchases of more than \$2,000.

Documentation. It will be the responsibility of the requesting department to attach a copy of the written justification of the emergency signed by the City Manager to any invoices at the time the invoice is submitted to accounts payable for payment.

2. Reporting. All emergency purchases of goods and services over \$2,000 will be immediately reported by the department responsible for the purchase to the City Clerk for inclusion as an information item on the Agenda for the next scheduled meeting of the City Council.

In accordance with Chapter 2.5, Section 22050(a) of the Public Contract Code, the information on emergency purchase action shall be presented to the City Council for review and determination, by a four-fifths vote, that there is a need to continue the emergency action. This must occur within seven days after the action, or at the City Councils next regularly scheduled meeting if that meeting will occur within 14 days after the action. The emergency purchase action shall be presented to the City Council at least at every subsequent regularly scheduled meeting until the action is terminated. The City Council must determine, by a four-fifth vote, that there is a need to continue the emergency action.

B. Sole Source

1. Materials, Supplies & Equipment:

- a. Definition. Sole source purchases are used where no secondary source is reasonably available precluding the use of a competitive process. The following are examples of circumstances, which could necessitate sole source procurements:
 - 1) Where compatibility of equipment, accessories or replacement parts is an important consideration;
 - 2) Where public utility services are to be procured;
 - 3) Where a sole supplier's item is needed for trial use or testing;
 - 4) Where a used item is offered at a bargain price and subject to prior sale;
 - 5) Where a cooperative purchasing agreement has been developed with another public agency that used a competitive selection process.
 - 6) Where supply proximity is an important consideration.

2. Consultant or General Services:

- a. In the case where a consulting firm has satisfactorily performed the previous stage of a project (e.g. a pre-design), or has acquired extensive background and working knowledge, the firm may be selected for follow-up work without solicitations from other firm upon written justification and recommendation of the department head and approval by the City Manager or designee.

- b. If a firm is a highly recognized authority in a field or specialty, or has unique specific knowledge regarding the project, then the firm may be selected without other solicitations for contracts and upon written justification and recommendation of the department head and approval by the City Manager or designee.
 - c. Upon those infrequent occasions when confidence in the consultant and quality of service are important.
3. Documentation: It is the responsibility of the requesting department to maintain in their files a complete, written justification of the sole source purchase approved by the City Manager.
 4. Authorization & Reporting: All sole source purchases of more than \$10,000 are authorized by the City Council and fully disclosed in the staff agenda report. Sole source purchases between \$2,000 and \$10,000 are authorized by the City Manager. Sole source purchases less than \$2,000 are authorized by the Department Heads.

C. Purchase of Capital Equipment

Expenditures for the acquisition of vehicles and equipment should be capitalized if the cost is greater than \$3,000 and the useful life is longer than three years.

Vehicle purchases should include the purchase price and all other vehicle equipment related expenditures.

D. Multiple Year Contracts

1. Applicability. When it is in the best interest of the City, multiple year contracts will be allowed. High vendor "startup costs" or the need for continuity may make a multiple year contract financially or operationally advantageous to the City. Under no circumstances should a multiple year contract be used to avoid competitive procurement procedures.
2. Termination Due to Lack of Funds. All multiple year contracts should contain a clause allowing the City to terminate the contract in thirty (30) days or subsequent fiscal years due to a lack of budgeted funds.
3. Term. The term of a multiple year contract should be clearly delineated. "Open end" contracts will not be used.
4. Authority. Multiple year contracts are subject to the same authority levels detailed above.
5. Changes. Changes to multiple year contracts are covered under "Change Orders" below.

6. Extension. Extension of contracts requires the approval of the City Manager via City contract amendment form.
7. Addendum. Increase in dollar amounts on an agreement, which results in an aggregate total in excess of \$25,000 requires approval from the City Council.

IV. Selection Procedures

- A. **Purchases of up to \$2,000**: Purchases of Services, Supplies, Materials and Equipment, which are estimated to be \$2,000 or less, do not require a quote. The purchaser is responsible for protecting the best interests of the City and making the most cost-effective purchase.
- B. **Purchases of over \$2,000 and up to \$10,000**: Purchases of Services, Supplies, Materials and Equipment which are estimated to be more than \$2,000 and up to \$10,000, may be done informally with telephone quotes, which must be documented with a Telephone Quote sheet.
- C. **Formal Bidding (Invitation to Bid) For Contracts Over \$10,000**
 1. Published Notice. In accordance with Chapter 2.5, Section 20164 of the Public Contract Code, notices inviting bids shall include a general description of the articles to be purchased, shall state where bid forms and specifications may be secured and the time and place for opening bids. Notice shall be published at least twice in a newspaper of general circulation or a recognized trade journal in which such notices are customarily published. The Department Head shall also solicit sealed bids from a cross section of responsible prospective suppliers whose names are on the bidders list if a list is maintained.
 2. Pre-Bidder's Conference. A pre-bidder conference may be held to clarify the Notice Inviting Bids, or Request for Proposal, answer respondents' questions, tour a site, etc. If no pre-bidder conference is held or if questions arise subsequent to the conference, such questions should be submitted in writing. A copy of all questions and responses should be distributed to all respondents through an informational addendum.
 3. Bid Opening Procedure. Sealed Bids shall be submitted to the Project Manager and shall be identified as bids on the outside of the envelope. Bids shall be opened in public and read aloud at the time and place stated in the public notice. A tabulation of all bids received shall be available for public inspection during regular business hours for a period not less than thirty (30) calendar days after the bid opening.
 4. Rejection of Bids. At the direction of the City Council, the Project Manager may reject any and all bids/responses presented and re-advertise.

5. Award of Bid. Award of bid shall be made to the responsible bidder submitting the lowest price.
6. Tie Bids. If two or more bids received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of readvertising the bids, the City Council may accept the one it chooses or accept the lowest bid made by negotiation with the tie bidders at the time of the bid opening.
7. Bidder Failure. The City Council may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsible bidder.
8. Performance Bond. When deemed necessary by the Project Manager, a Performance Bond may be required on any bid. When required, the bond form, amount and conditions will be included in the bid documents.
9. Labor and Material/Payment Bond. When deemed necessary by the Project Manager, a Labor and Material/Payment Bond may be required on any bid. When required, the bond form, amount and conditions will be included in the bid documents.
10. Insurance. Insurance requirements will be provided via Purchase Order terms and conditions, or Request for Proposal terms and conditions information or City Contract.

D. Request for Proposal (RFP)

1. Request for Proposal (RFP): Normally associated with General Services Contracts over \$10,000. Document which requests a firm to submit a proposal to perform the scope of work associated with a specific project. Cost is not the sole basis for selection in an RFP, other criteria such as experience, turn around time, and approach to work are determining factors when evaluating a proposal.
 - a. RFP Requirements. The RFP will be specific to the project and preparation will require some general knowledge of the project. However, preparation of the RFP should not involve any work for which the proposer would normally be compensated during the project. For example, on engineering projects, free preliminary engineering in the RFP should be discouraged. The RFP should address the following:
 - 1) Required Information: In the RFP, the consultant shall be advised of the following requirements:
 - a. Standard contract requirements
 - b. Selection criteria.
 - c. Date and time proposal is due.

d. The name and telephone number of the staff member responsible for the project.

2) Selection & Evaluation Criteria. Proposals will be evaluated on the basis of the evaluation factors listed in the Request for Proposal. Respondents should be ranked based on the selection criteria. As a minimum, the following criteria will be used to evaluate the RFP.

- a. Firm experience (including work and project-related references).
- b. Specific staff experience and availability (including work and project-related references).
- c. Approved methods to accomplish the work.
- d. Scope of work and schedule

b. Price Considerations. Although price is always a consideration in recommending awarding the final selection, prices will not be a mandatory consideration in the initial evaluation process. At the discretion of the department, a department may opt to adopt an RFP procedure with price information in a separate sealed envelope. The envelopes shall not be opened until the highest rated firm is identified based upon demonstrated competence and professional qualifications. At that time, the price information will be compared to professional qualification to ensure that the price is fair and reasonable. If a major discrepancy between highest rated firm and the others exist, that discrepancy shall be evaluated and explained before award of the work. If not satisfactorily resolved, the department may to negotiate with the next-highest-ranked firm.

V. Change Orders

A. Change Orders: Vendors may not proceed until change order has been authorized.

1. Change Orders: City Manager will approve all change orders of up to \$7,500. City Council will approve change orders over \$7,500. All change order requests will be on the original amount of the contract. Cumulative change orders exceeding \$25,000 must be approved by the City Council.

VI. Other Purchasing Information

A. Purchasing for Personal Use

Purchases for personal use will not be made for/by employees using City personnel, facilities or supplies.

B. Confidential Information

Information furnished by vendors and/or contractors regarding price, terms, performance specifications, or other data, other than information available at a public bid opening will be confidential until after the award.

C. Conflict of Interest

No City employee who participates in the selection or approval of a vendor, contractor, product, source, specifications, or who has supervisory responsibility for such employee, shall have any financial interest in the company, which furnishes the services, supplies, material or equipment being purchased.

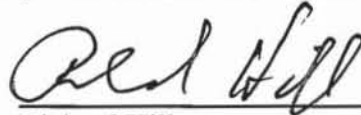
D. Inspection and Testing

The City shall, at its discretion, inspect materials, supplies and equipment delivered to determine their conformance with the specifications set forth in the order or contract.

E. Petty Cash:

Petty cash is for reimbursing employees for authorized purchases for up to \$80. All reimbursement requests must be accompanied by a receipt.

This policy was approved and authorized by the City Council on March 9, 2006:



Richard Hill
City Manager

EXHIBITS (All forms are available on the Shared Drive: R:\FORMS\FINANCE RELATED FORMS\PURCHASING RELATED FOR DEPTS)

- A. Dept. PO approval form - over \$10,000
- B. Dept. PO approval form - up to \$10K
- C. Telephone Quotes
- D. Bid Summary Form

APPROVED PURCHASE ORDER

[click here & enter today's date]

PO#

[enter Vendor name]
 [enter Attention: (delete if none)]
 [enter mailing address]
 [enter City, State & Zip]

RE: Approved Purchase Order

To whom it may concern,

The following purchase for the City of Capitola has been approved. Unless otherwise stated payment terms are NET 30 days. Please include the following Purchase Order Number on all related invoices.

Quantity	Description	\$ Amount
TOTAL		

Authorized by:

City Manager approval is required:

Richard Hill, City Manager

 [Enter name of Dept head or auth. person]

[Enter your Dept]

Internal Use

1. Complete the following information:

Account Code:	Account Balance:
---------------	------------------

2. PO# = date of Council meeting & item # (example 061803#5B)

3. Print this form on City Letterhead and deliver to your vendor (if required). Retain a copy for your records.

4. FOR PAYMENT SUBMIT COPY OF PO TO A/P WITH: 1) STAMPED INVOICE

This form is required for all purchases over \$10,000. Your department head & the City Manager must sign it. Purchases in excess of \$10,000, Council Approval is required.

APPROVED PURCHASE ORDER

[click here & enter today's date]

[enter Vendor name]

[enter Attention: (delete if none)]

[enter mailing address]

[enter City, State & Zip]

RE: Approved Purchase Order

To whom it may concern,

The following purchase for the City of Capitola has been approved. Unless otherwise stated payment terms are NET 30 days. Please include the following Purchase Order Number on all related invoices: [[CLICK HERE & ENTER YOUR FIRST & LAST NAME INITIALS] [CLICK HERE & ENTER TODAY'S MONTH, DAY & YEAR (MMDDYY)] C]

Quantity	Description	\$ Amount
TOTAL		
		Total can't exceed \$10,000

Authorized by:

For purchases in excess of \$2,000, City Manager approval is necessary:

_____ [Enter name of Dept head or auth. person]

_____ **Richard Hill, City Manager**

[Enter your Dept]

Internal Use

1. Complete the following information:

Account Code:	Account Balance:
---------------	------------------

2. Print this form on City Letterhead and deliver to your vendor (if required). Retain a copy for your records.

3. FOR PAYMENT SUBMIT FORM TO A/P WITH: 1) STAMPED INVOICE 2) COPY OF PO 3) PROOF OF THREE BIDS

This form is required for all purchases between \$2,000 - \$9,999. It must be signed by your department head or other authorized person. For purchases between \$2,000 - \$10,000, City Manager approval is mandatory and a copy of this form must be attached to all related invoices and delivered to Finance. For purchases in excess of \$10,000, Council Approval is required.

TELEPHONE QUOTES:

Staff Contact : _____ Extension: _____

#1

Date: _____ Vendor Name: _____ Contact Name: _____ Phone # _____

	QUANTITY	UNIT	UNIT COST	DESCRIPTION	SALES	TAX			TOTAL
(1)	10		-		yes	\$	-	\$	-
(2)			-			\$	-	\$	-
(3)			-			\$	-	\$	-
(4)			-			\$	-	\$	-
(5)			-			\$	-	\$	-
Freight - if applicable					no	\$	-	\$	-
TOTAL BID									-

#2

Date: _____ Vendor Name: _____ Contact Name: _____ Phone # _____

	QUANTITY	UNIT	UNIT COST	DESCRIPTION	SALES	TAX			TOTAL
(1)	10		-		yes	\$	-	\$	-
(2)			-			\$	-	\$	-
(3)			-			\$	-	\$	-
(4)			-			\$	-	\$	-
(5)			-			\$	-	\$	-
Freight - if applicable					no	\$	-	\$	-
TOTAL BID									-

#3

Date: _____ Vendor Name: _____ Contact Name: _____ Phone # _____

	QUANTITY	UNIT	UNIT COST	DESCRIPTION	SALES	TAX			TOTAL
(1)	10		-		yes	\$	-	\$	-
(2)			-			\$	-	\$	-
(3)			-			\$	-	\$	-
(4)			-			\$	-	\$	-
(5)			-			\$	-	\$	-
Freight - if applicable					no	\$	-	\$	-
TOTAL BID									-

Procedures:

The Departments are responsible for obtaining and documenting quotes

Circle the number of the bid that you are awarding

Telephone Quotes are submitted with request for Purchase Order (PO) . - Please complete on your PC

Sales Tax - in the "SALES" column enter either yes or no

Freight is entered in the far right column

If the department is not recommending the lowest bidder have the City Manager , initial and date his approval by the bid # selected

BID SUMMARY

Staff Contact : _____ Extension: _____

#1

Date: _____ Vendor Name: _____ Contact Name: _____ Phone # _____

	QUANTITY	UNIT	UNIT COST	DESCRIPTION	SALES TAX			TOTAL
(1)	10		-		yes	\$	-	\$ -
(2)			-			\$	-	\$ -
(3)			-			\$	-	\$ -
(4)			-			\$	-	\$ -
(5)			-			\$	-	\$ -
Freight - if applicable					no	\$	-	\$ -
TOTAL BID								\$ -

#2

Date: _____ Vendor Name: _____ Contact Name: _____ Phone # _____

	QUANTITY	UNIT	UNIT COST	DESCRIPTION	SALES TAX			TOTAL
(1)	10		-		yes	\$	-	\$ -
(2)			-			\$	-	\$ -
(3)			-			\$	-	\$ -
(4)			-			\$	-	\$ -
(5)			-			\$	-	\$ -
Freight - if applicable					no	\$	-	\$ -
TOTAL BID								\$ -

#3

Date: _____ Vendor Name: _____ Contact Name: _____ Phone # _____

	QUANTITY	UNIT	UNIT COST	DESCRIPTION	SALES TAX			TOTAL
(1)	10		-		yes	\$	-	\$ -
(2)			-			\$	-	\$ -
(3)			-			\$	-	\$ -
(4)			-			\$	-	\$ -
(5)			-			\$	-	\$ -
Freight - if applicable					no	\$	-	\$ -
TOTAL BID								\$ -

Procedures:

The Departments are responsible for obtaining and documenting quotes
 Circle the number of the bid that you are awarding
 bid summary are submitted with request for Purchase Order (PO) . - Please complete on your PC
 Sales Tax - in the "SALES" column enter either yes or no
 Freight is entered in the far right column
 If the department is not recommending the lowest bidder have the City Manager , initial and date his approval by the bid # selected



CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: REVIEW OF AN ORDINANCE TO REDUCE SINGLE-USE PLASTIC AND
PAPER CARRYOUT BAGS

RECOMMENDED ACTION: Provide direction.

BACKGROUND: In March of 2010 the City Council supported a regional effort to implement an ordinance that would reduce the use of single use plastic and paper carryout bags. Last September, after the County of Santa Cruz adopted an ordinance to reduce the use of single-use plastic and paper carryout bags, the City Council conceptually supported a similar ordinance. Soon after, "Save the Plastic Bag Coalition" filed a lawsuit against the County seeking to invalidate the ordinance.

City staff has held off moving forward with an ordinance for Capitola until the County lawsuit was settled. The County successfully negotiated a settlement with the plaintiffs under which the County would agree to amend their Ordinance to exempt restaurants from its requirements, in exchange for plaintiff's agreement to dismiss its litigation.

On February 7, 2012 the County amended the ordinance to exempt restaurants. The ordinance will become effective as planned on March 20, 2012.

DISCUSSION: In conversations with City staff since the settlement agreement with the County, the Save the Plastic Bag Coalition (Coalition) was very adamant that the settlement was not based the merits of the County's environmental documentation, which has been the basis of their other lawsuits, but on the applicability to restaurants. Although the Coalitions states that they did not sue the County over the environmental documentation, the Coalition states they do not believe the MND prepared by the County was adequate. The Coalition reaffirmed their position that all jurisdictions who pass plastic bag ban ordinances must prepare a full Environmental Impact Report (EIR) or they will consider filing a lawsuit, even with an EIR the Coalition stated they would most likely sue the City.

The proposed ordinance which staff presented in October would ban the use of single use plastic carryout bags for restaurants and retail businesses, require that all paper carryout bags have a minimum of 40% post consumer recycled content, and encourage the use of reusable carryout bags in the City of Capitola, thereby reducing the number of bags manufactured, and the number that are released to the environment or disposed of in landfills. The proposed ordinance would have prohibited retail product stores using plastic carryout bags, and would require them to charge \$0.10 on each paper carryout bag for one year from the date the ordinance would take effect. The charge would be increased to \$0.25 on each paper carryout bag after the initial one-year period. The ban on single use plastic bags would not apply to plastic or paper bags used to protect produce or bulk goods or otherwise used to protect items as they are put into a carryout bag at checkout.

CEQA: The County of Santa Cruz approved a Mitigated Negative Declaration (MND) at a hearing on September 13, 2011. The MND concluded all environmental factors could be mitigated to less than a significant level with mitigation. The mitigation measure calls for the County to work with the Central Coast Recycling Media Coalition (CCRMC) and contribute a minimum of \$10,000 per year to the CCRMC to support ongoing programs promoting the use of reusable bags.

The County's MND could be used to help develop an MND for the City of Capitola. An MND would take approximately four months and cost roughly \$10,000.

PUBLIC OUTREACH: Staff will continue its public outreach campaign informing residents and business of the proposed ordinance which will include mailings, web site, scroll, free re-usable bag distribution, signage, commercials, city newsletter and cart hangers. Public outreach efforts to date include free distribution of reusable bags to several large grocery stores and schools, as well as signs for businesses reminding shoppers to bring their reusable bags, City Newsletter and two articles in "Wasteline" (Green Waste Recovery publication). This measure will help to reduce litter throughout the City and reduce the impact of plastic bags on our beaches and the marine environment.

FISCAL IMPACT: The cost to prepare an MND is approximately \$10,000. Funding has not been identified for this project.

ATTACHMENT

1. Draft Ordinance

Report Prepared By: Lisa G. Murphy
Administrative Services Director

**Reviewed and Forwarded
By City Manager:**



ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
ENACTING A NEW CHAPTER X.XX OF THE CAPITOLA MUNICIPAL CODE RELATING TO
THE REDUCTION OF SINGLE-USE PLASTIC AND PAPER CARRYOUT BAGS

BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAPITOLA AS
FOLLOWS:

Section 1. Chapter X.XX is hereby added to the Capitola Municipal Code to read as follows:

“CHAPTER _____

SINGLE-USE PLASTIC AND PAPER CARRYOUT BAG REDUCTION

Sections:

- X.XX.010 Purpose and Findings
- X.XX.020 Definitions
- X.XX.030 Ban on Plastic Carryout Bags and Store Charge for Single-Use Paper Carryout Bags
- X.XX.040 Implementation
- X.XX.050 Exemptions Allowing Single Use Bags
- X.XX.060 Enforcement
- X.XX.070 Violations
- X.XX.080 Severability
- X.XX.090 Effective Date
- X.XX.100 No Conflict With Federal or State Law
- X.XX.110 Preemption

x.xx.010 Purpose and Findings.

A. It is the intent of the City of Capitola, in enacting Chapter _____ to eliminate the common use of plastic single-use carryout bags, encourage the use of reusable bags by consumers and retailers, and to reduce the consumption of single-use bags in general.

B. Whereas the City of Capitola has an obligation to protect the environment, the economy, and public health. The City of Capitola has a 75 percent waste reduction goal, which is to be reached by waste reduction, reuse, recycling, and composting. The City of Capitola makes the following findings:

1. Globally, an estimated 500 billion to 1 trillion petroleum-based plastic bags are used each year, which equals over 1 million per minute, the production and use of which uses over 12 million barrels of oil. The Department of Resources Recycling and Recovery (CalRecycle) estimates that Californians use nearly 20 billion single-use plastic bags per year and discard over 100 hundred plastic bags per second. Further the Environmental Protection Agency estimates that only 5 percent of the plastic bags in California and nationwide are currently recycled.

2. The production and disposal of plastic bags causes significant environmental impacts, including contamination of the environment, the deaths of thousands of marine animals through ingestion and entanglement, widespread litter and debasement of the urban environment, and increased waste disposal costs.

3. Most plastic carryout bags do not biodegrade, but instead persist in the environment for hundreds of years; rather than breaking down, they slowly break up through abrasion, tearing, and photodegradation into toxic plastic bits that contaminate soil and water, while entering the food web when animals inadvertently ingest these materials. Toxic substances present in plastics are known to cause death or reproductive failure in fish, shellfish, wildlife, and in the humans ingesting the fish.

4. Plastic bits absorb dangerous compounds such as chlorodiphenyl/dichloroethylene (DDE), polychlorinated biphenyls (PCB), and other toxic materials present in ocean water. Plastics have been found to concentrate these toxic chemicals at levels of up to 1 million times the levels found in seawater. Plastic bits have displaced plankton in the Pacific Gyre.

5. The U.S. Marine Mammal Commission estimates that 267 marine species have been reported entangled in or having ingested marine debris. Plastic can constrict the animals' movements or block their digestive system, killing the animals through starvation, exhaustion, or infection from deep wounds caused by tightening material.

6. According to Save Our Shores, a Santa Cruz based marine conservation non-profit that conducts beach, river, and inland cleanups in the coastal regions of Santa Cruz, San Mateo, and Monterey Counties, from June 2007 to May 2011, over 400 cleanups were conducted where volunteers removed a total of 26,000 plastic bags. Unchecked, this material would have likely entered the marine environment of the Monterey Bay National Marine Sanctuary.

7. Plastic bags returned to supermarkets may be recycled into plastic lumber; however, a very low percentage of bags are actually returned. Recycling bags into lumber does not reduce the impact of making new plastic carryout bags.

8. Compostable plastic carryout bags, as currently manufactured, do not solve the problems of wildlife damage, litter, or resource use addressed by this ordinance. Compostable carryout bags are designed to remain intact until placed in a professional compost facility, so they do not degrade quickly as litter or in a marine environment. Producing compostable bags consumes nearly as much fossil fuel as noncompostable bags. Mixing compostable bags with regular plastic bags prevents recycling or composting either of them. Therefore, there is no exemption in this ordinance for compostable carryout bags.

9. According to Californians Against Waste, Californians pay up to \$200 per household each year in State and Federal taxes to clean up litter and waste associated with single-use bags, on top of the \$40 per household per year in hidden grocery costs to offset the expense of the nearly 1,000 "free" bags received from grocers.

10. Reusable bags are readily available from numerous sources and vendors. Many grocery and other retail establishments throughout the City of Capitola already offer reusable bags for sale at a price as low as 50 cents.

11. This ordinance recognizes that there are energy and environmental consequences of using paper bags. While paper bags do not have the end-of-use impacts of plastic bags, they may use comparable or more energy and resources to manufacture. For this reason, a store charge on paper bags is indicated, as an incentive to reduce their use and encourage reusable bags. Paper bags that contain a minimum of 40 percent post consumer recycled content have fewer negative impacts than virgin paper bags.

12. Paper shopping bags with 40 percent post consumer recycled content are easily available, and such bags are in wide use by City of Capitola merchants.

13. State law currently prohibits local jurisdictions from placing fees on single-use checkout plastic bags. Therefore, several California Cities have adopted or are pursuing a ban as the most effective remaining means to eliminate the impacts these plastic bags cause. State law does not prohibit jurisdictions from placing fees on paper bags.

X.XX.020 Definitions.

A. For the purposes of this Chapter, the following definitions apply:

1. "Carryout bags" means bags provided by retailers to customers at the point of sale to hold customers' purchases. "Carryout bags" do not include bags used to contain loose items prior to checkout, such as meat, produce, and bulk goods, and does not include prepackaged products.

2. "Single-use plastic bag" or "single-use plastic carryout bag" means a single-use carryout bag of any size that is made from plastic and provided at the point of sale to customers by a retail establishment. Single-use plastic bags include both compostable and non-compostable carryout bags.

3. "Single-use paper bag" means a checkout bag provided by a retail establishment at the point of sale that is made from paper and is not a reusable bag.

4. "Recyclable" means material that can be sorted, cleansed, and reconstituted using the City's available recycling collection programs for the purpose of using the altered form in the manufacture of a new product. Recycling does not include burning, incinerating, converting, or otherwise destroying sold waste.

5. "Reusable bag" means any bag with handles that is specifically designed and manufactured for multiple reuse, and is either 1) made of cloth or other washable woven fabric, or 2) made of durable material that is at least 2.25 mils thick. A "reusable bag" may be made of recyclable plastic such as high density polyethylene (HDPE), low density polyethylene (LDPE), or polypropylene.

6. "Retail establishment" or "retail store" means all sales outlets, stores, shops, restaurants, vehicles, or other places of business located within the City of Capitola, which operate primarily to sell or convey goods, including "to-go" food, directly to the ultimate consumer.

7. "Exempted uses" means those point-of-purchase or delivery sales, which have received an exemption under Section X.XX.050 that allows the use of single-use bags.

8. "Prepared food" means foods or beverages which are prepared on vendor's premises by cooking, chopping, slicing, mixing, freezing, or squeezing, and which require no further preparation to be consumed. "Prepared food" does not include any raw uncooked meat product or fruits and vegetables, which are not chopped, squeezed, or mixed.

9. "Take-out food" means prepared food or beverages requiring no further preparation to be consumed, and which are generally purchased in order to be consumed off restaurant or retail food vendor's premises.

X.XX.030 Ban on plastic bags and store charge for single-use paper carryout bags.

A. No retail establishment shall provide plastic carryout bags to customers at the point of sale, except as permitted in this chapter.

B. Single-use paper carryout bags provided to customers shall contain a minimum of 40 percent post consumer recycled paper fiber, and be recyclable in the City of Capitola's curbside recycling program.

C. During the period of time starting on the date that this chapter takes effect and continuing for one year thereafter, retail establishments shall charge a minimum 10-cent fee for each single-use paper checkout bag provided to customers at the point of sale. At the completion of the initial one-year period established by this subdivision, the charge shall increase to a minimum 25 cents per bag provided. Retail establishments shall keep annual records of paper bag distribution to be made available to the City Manager or designee upon request. The records shall be evaluated annually for the first five years by the City to ensure the effectiveness of the ordinance. If it is determined that single-use paper bag or plastic reusable bag use has increased beyond anticipated levels, the City Council shall consider increasing the store charge to improve the effectiveness of the ordinance.

D. The charge imposed pursuant to this section shall not be applied to customers participating in the California Special Supplemental Food Program for Women, Infants, and Children, the State Department of Social Services Food Stamp program, or other government subsidized purchase programs for low-income residents.

E. Notwithstanding the fee to be charged in Section X.XX.XXX(C) on single-use paper carryout bags, and notwithstanding the definition of "retail establishment" or "retail store" in section X.XX.020, single-use paper carryout bags may be distributed by food vendors for the transportation of prepared take-out food intended for consumption off the food vendor's premises without charging a fee.

F. The ban on single-use plastic bags and the charge on single-use paper bags would not apply to plastic or paper bags used to protect produce, meat, or otherwise used to protect items as they are put into a carryout bag at checkout. Other examples include: paper bags to protect bottles, plastic bags around ice cream or other wet items, paper bags used to weigh candy, paper pharmacy bags or paper bags to protect greeting cards.

G. Retail establishments are strongly encouraged to make reusable bags available for sale to customers at a reasonable price. Reusable bags which meet the requirements of this ordinance may be distributed without charge during limited-duration promotional events.

H. Retail establishments shall indicate on the customer transaction receipt the number of carryout bags provided, and the total amount charged for those bags.

I. City of Capitola contractors and special events promoters, and their vendors, shall not provide single-use plastic carryout bags to participants while performing under a City of Capitola contract or permit.

X.XX.040 Implementation.

A. Sixty days before this ordinance takes effect, the City of Capitola shall post, mail or deliver a copy of it to retail establishments within the city limits of the City of Capitola.

B. The City of Capitola will distribute to each store a reproducible placard designed to inform shoppers of the City of Capitola policy for carryout bags.

X.XX.050 Exemptions allowing single use bags.

A. The City Manager, or the manager's designee, may exempt a retail establishment from the requirement set forth in Section X.XX.030 of this chapter for a one-year period upon the retail establishment showing, in writing, that this chapter would create an undue hardship or practical difficulty not generally applicable to other persons in similar circumstances. The decision to grant or deny an exemption shall be in writing, and the City Manager or the manager's designee's decision shall be final.

B. An exemption application shall include all information necessary for the City Manager or the manager's designee to make a decision, including but not limited to documentation showing factual support for the claimed exemption.

C. The City Manager or managers' designee may approve the exemption application in whole or in part, with or without conditions.

X.XX.060 Enforcement. Enforcement of this ordinance shall be as follows:

A. The City Manager, or designee, shall have primary responsibility for enforcement of this ordinance and shall have authority to issue citations for violation of this chapter. The City Manager, or designee, is authorized to establish regulations or administrative procedures to ensure compliance with this chapter.

B. A person or entity violating or failing to comply with any of the requirements of this chapter shall be guilty of an infraction.

C. The City of Capitola may seek legal, injunctive, or any other relief to enforce the provisions of this chapter and any regulation or administrative procedure authorized by it.

D. The remedies and penalties provided in this chapter are cumulative and not exclusive of one another.

E. The City Manager or designee may inspect any retail establishment's premises to verify compliance with this ordinance.

X.XX.070 Violations. Violations of this ordinance shall be enforced as follows:

A. Violation of this chapter is hereby declared to be a public nuisance. Any violation described in the preceding paragraph shall be subject to abatement by the City of Capitola, as well as any other remedies that may be permitted by law for public nuisances, and may be enforced by injunction, upon a showing of violation.

B. Upon a first violation by a retail establishment, the City Manager, or designee, shall mail a written warning to the retail establishment. The warning shall recite the violation, and advise that future violations may result in fines.

C. Upon a second or subsequent violation by a retail establishment, the following penalties will apply:

1. A fine not exceeding one hundred dollars (\$100) for the first violation that occurs 30 days or more after the first warning.

2. A fine not exceeding two hundred dollars (\$200) for the second violation that occurs 60 days or more after the first warning.

3. A fine not exceeding five hundred dollars (\$500) for the third violation that occurs 90 days or more after the first warning.

4. A fine not exceeding five hundred dollars (\$500) for every 30 day period not in compliance, that occurs 90 days or more after the first warning.

D. Special events promoters and their vendors who violate this ordinance in connection with commercial or non-commercial special events shall be assessed fines as follows:

1. A fine not exceeding two hundred dollars (\$200) for an event of 1 to 200 persons.

2. A fine not exceeding four hundred dollars (\$400) for an event of 201 to 400 persons.

3. A fine not exceeding six hundred dollars (\$600) for an event of 401 to 600 persons.

4. A fine not exceeding one thousand dollars (\$1,000) for an event of 601 or more persons.

E. Remedies and fines under this section are cumulative.

X.XX.080 Severability.

If any word, phrase, sentence, part, section, subsection, or other portion of this chapter, or any application thereof to any person or circumstance is declared void, unconstitutional, or invalid for any reason, then such word, phrase, sentence, part, section, subsection, or other portion, or the proscribed application thereof, shall be severable, and the remaining provisions of this chapter, and all applications thereof, not having been declared void, unconstitutional or invalid, shall remain in full force and effect. The City of Capitola hereby declares that it would have passed this title, and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases had been declared invalid or unconstitutional.

X.XX.090 Effective date.

This ordinance shall become effective six (6) months after the date of final passage by the City of Capitola City Council.

X.XX.100 No conflict with Federal or State law.

Nothing in this ordinance shall be interpreted or applied so as to create any requirement, power, or duty in conflict with any Federal or State law.

X.XX.110 Preemption.

The provisions of this chapter shall be null and void if State or Federal legislation, or administrative regulation, takes effect with the same or substantially similar provisions as contained in this chapter. The City Council shall determine whether or not identical or substantially similar statewide legislation has been enacted or regulations issued."

Section 3. This ordinance shall take effect and be in full force on _____, 2012.

This ordinance was introduced on the ___ day of _____, 20__, and was passed and adopted by the City Council of the City of Capitola on the ___ day of _____, 20__, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DISQUALIFIED:

APPROVED: _____
Dennis R. Norton, Mayor

ATTEST:

_____, MMC
Pamela Greeninger, City Clerk



Item #: 6.E.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: **809/815/819 BAY AVENUE APPLICATION #10-038 APN: 035-021-43**
APPEAL OF A PLANNING COMMISSION DENIAL FOR A PROPOSED AMENDMENT
TO A MASTER USE PERMIT (NOB HILL CENTER) TO RELOCATE THE RECYCLING
FACILITIES ON THE SITE LOCATED IN THE CC (COMMUNITY COMMERCIAL)
ZONING DISTRICT.
PROPERTY OWNER: BAY CREEK PROPERTIES / FILED 5/18/10
REPRESENTATIVE: CRAIG FRENCH

RECOMMENDED ACTION: It is recommended that the City Council approve application #10-038, subject to the attached Conditions and Findings (Attachment 4), including a new condition requiring the installation of additional sound deadening material in the transfer container (Condition #2).

BACKGROUND:

As part of the Nob Hill Center renovation project (Application #02-082), a Master Use Permit was approved which conditioned the location of the recycling facilities on the site. Condition #19 reads as follows:

19. Recycling facilities and operations shall be located at the site identified behind the carwash. Attended recycling operations shall be restricted to Thursday through Monday between the hours of 11:00AM-6:00PM, except Saturday when hours may be 8:30AM-5:00PM. Businesses themselves shall not conduct noise-generating recycling activities within exterior portions of the shopping center between the hours of 6:00PM-8:00AM, each day of the week.

On May 5, 2010 the City received a complaint that the facilities had been moved from the area next to the carwash to the parking lot area adjacent to the Nob Hill and CVS receiving area. Redtree Properties was contacted by the City and made aware of the above mentioned condition. Redtree quickly responded with an application to gain approval for the relocation.

On June 3, 2010, the Planning Commission considered the relocation of the recycling facilities with several neighbors expressing opposition to the new location due to noise and the volume of customers that it attracts. The Commission denied the proposal on a 5-0 vote, stating that the new location was inappropriate due to the impacts on the residential neighborhood. An appeal from Raleys/Nob Hill (Attachment 3) was received on June 11, 2010.

On September 9, 2010, the City Council heard the appeal. The hearing appeal was continued, with direction to staff and the parties involved to work out alternative locations or other measures to mitigate the issues raised. Staff was directed to return to the City Council within 60 days.

On September 21, 2010, the Community Development Department staff met with representatives of the Sleep Center, Redtree, Nob Hill, CVS and Nexcycle in an effort to resolve the current appeal pending before City Council. Redtree indicated that the current location is unacceptable and identified an envelope on the south-east side of the property that would be acceptable. The group largely

discussed operational changes that Nexcycle could implement to mitigate and address noise concerns raised by surrounding residents. Based on the discussion, staff outlined an approach to follow in order to return to Council with an appropriate location and information in order to render a decision. It was decided that:

- Planning staff would take noise readings to establish a baseline for recycling operations as currently permitted.
- Planning staff would contact residential neighbors to inform them the City will temporarily allow the recycling center to be relocated to the south-east area adjacent to CVS for approximately one week to obtain noise readings.
- Staff would take noise meter readings during the week the recycling center is operating at the new location.
- After a week, the recycling center would return to the approved location near the car wash.
- Nexcycle would submit a new operations plan to address noise issues, including a permanent container with sound proofing to use when transferring recyclables.
- Staff would prepare a staff report for the November 10th Council meeting with noise information gathered under Nexcycle's new operations plan.

Staff took noise readings for several weeks during the month of October, and organized a neighborhood meeting at the site on October 26, 2010. Approximately eight neighbors attended, in addition to a representative of Nexcycle. Staff explained that the City had been taking baseline noise readings and that Nexcycle would be moving their operations to the proposed location for one week so that we could take additional readings. The Nexcycle representative described their proposed procedural changes and the sound proofing container that was being prepped. Staff then listened to neighbor's concerns and suggestions, which included the following:

- Have a sign at the approved location to inform customers of the temporary location of the recycling facilities during the test week.
- Concern with transients loitering at Peery Park and the surrounding area.
- Remove the benches completely from Peery Park.
- Concern with increased traffic and conflicts between pedestrians and vehicles near the proposed location.
- Nexcycle should have after-hours contact information so neighbors have someone to contact.
- Add a condition of approval that limits the crushing of glass.
- If the new location is approved, revisit the use after six months.
- Relocate the facility directly adjacent to the CVS building as opposed to at the base of Peary Park.

After the meeting, Redtree granted Nexcycle permission to temporarily (one week) move the facility adjacent to CVS as suggested by the neighbors. The new soundproof container and standard collection container were moved into place on Friday, October 29th.

On November 10, 2010, the City Council approved the temporary relocation of the recycling facility to a location adjacent to the CVS building for a six month period, subject to conditions of approval, and directed staff to continue to take noise readings and observations at the site. The appeal was to return to Council for consideration after six months of operation.

DISCUSSION:

In March of 2010, the recycling center was moved to the new location adjacent to CVS. The facility has been operating Tuesday through Saturday between the hours of 11am and 6pm. No complaints regarding the recycling facility have been received over the 8-month review period. Staff has taken noise readings over the last several months and has compiled the information for the City Council to review.

Noise

Chapter 17.60.030 of the Zoning Code provides considerations for approving Conditional Use Permits. Section 17.60.030(E)(7) specifically addresses noise constraints for small collection facilities sited in a commercial or industrial zone. The section states that small collection facilities "Shall not exceed noise levels of 60 dBA as measured from the property line of residentially zoned or occupied property or otherwise shall not exceed seventy dBA."

The following are the noise readings taken by staff from March through October 2011. The readings were taken at the top of Peery Park at the residential property line with a Quest Technologies sound level meter that was calibrated in November of 2010.

Date	Time	Observations	Lowest dBa	Average dBa	Highest dBa	Cause of Peak dBa
3/17	12:40pm	Freeway noise, loading area activity, no transients	48.2	50	60.4	Loading area, moving of pallets
3/30	4:45pm	Freeway noise, truck delivery, no transients	49.7	52	58.6	Shutting of truck door
4/14	12:20pm	Trucks unloading at dock, freeway noise, residential construction, no transients	48.9	51	57.7	Trucks unloading
4/25	1:30pm	Truck delivery, no transients	44.8	52	60.4	Truck delivery
5/11	11:55am	Windy conditions, several trucks unloading, no transients	45.5	51	72.6	Delivery truck brakes
5/19	12:15pm	Freeway noise, loading dock noise, no transients	47.2	49	60.4	Loading dock equipment
6/9	11:45am	Freeway noise, no transients	48.7	50	70.2	Truck gate coming down
6/16	4:45pm	Freeway noise, windy conditions, truck idling, no transients	49.9	51	58.9	Car driving by in neighborhood
7/14	1:10pm	Freeway noise, windy conditions, no transients	48.5	50	57.7	Loading dock activity
7/27	11:30am	Freeway noise, several delivery trucks, no transients	49.3	51	64.7	Pallet dropping off of truck
8/11	5:00pm	Freeway noise, no transients	50.1	52	56.4	People talking nearby
8/24	11:50am	Freeway noise, no transients, loading dock activity, no transients	47.9	50	62.5	Loading dock activity

9/7	11:10am	Freeway noise, truck deliveries, noticeable line of customers at recycling center, no transients	46.7	50	72.6	Truck gate release
9/21	12:15pm	Freeway noise, no transients	47.2	51	64.8	Truck back-up warning sound
10/20	12:40pm	Freeway noise, loading dock noise, no transients	47.0	51	57.3	Truck unloading
10/28	11:10am	Freeway noise, noticeable line of customers at recycling center, no transients	46.7	50	72.4	Truck unloading

While observing the area, staff found the receiving area for the shopping center to be busy throughout the day, with the majority of noise generated from a variety of trucks backing up and unloading stock. Noise generated from the loading dock had a general range from 53dBa up to 72dBa in the highest cases.

While observing the recycling facility, staff found that in most cases there was little activity occurring. However, when there was activity, the most audible noise was the transferring of glass, which had a general range of 51dBa to 60dBa. There were three instances where the transfer of glass exceeded 60dBa, reaching a level of 64 dBa. The transfer and crushing of plastics and aluminum was barely audible.

Staff recognizes the recycling center is an important use that provides a valuable service to the community and helps the city meet its recycling goals. While the new location is closer to residential properties in comparison to the old site, it still maintains a distance of approximately 140' from the nearest residence. The new location is also close to the loading dock area where there has historically been noise generating operations occurring throughout the day.

Over the last several months of observation, staff has found the recycling facility to fall within the allowable decibel range, however there were three instances when it exceeded the 60dBa limit. In order to address this, staff recommends that additional noise insulation be added to the transfer container. The following condition has been added to the conditions of approval to address the sound proofing:


2. Additional sound deadening material shall be added to the transfer container in order to bring the noise generation of the recycling facility within the allowable 60dBa sound limit. This shall be completed within 2 months of approval and sound tested by city staff when completed.

FISCAL IMPACT - N/A

ATTACHMENTS

- Attachment 1 – November 10, 2010 City Council Minutes
- Attachment 2 – November 10, 2010 City Council Staff Report with attachments
- Attachment 3 – Project Vicinity Map and Photos
- Attachment 4 – Conditions and Findings

Report Prepared By: Ryan Bane
Senior Planner

**Reviewed and Forwarded
By City Manager:** 

CAPITOLA CITY COUNCIL – NOVEMBER 10, 2010

11805

3. CONSENT CALENDAR (Continued)

- D. Receive and file the withdrawal of appeal of the Planning Commission's approval of Project Application #10-072 granting Conditional Use and Sign Permits for the Capitola Target Store to be Located at 1825 41st Avenue. APN 034-261-51. Property Owner: Target Corporation. Representative: Target Corporation c/o John Dewes. [730-10]

This item was pulled for separate discussion. (See discussion and action on page 11809.)

- E. Approve proposed Cellular Telephone Use Administrative Policy. [100-10/ Administrative Policies Binder]

Prior to action on the Consent Calendar, Council Member Nicol questioned Item 3.E. pertaining to the Cellular Telephone Use Policy as it relates to the revision to paragraph 4.h. He asked for the rationale behind that clause. City Manager Goldstein provided an example and said the paragraph clarifies that checking your blackberry at home does not constitute overtime.

ACTION: Council Member Nicol moved, seconded by Council Member Norton, to approve the Cellular Telephone Use Administrative Policy, as submitted. The motion carried on the following vote: AYES: Council Members Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: Council Member Graves.

4. ~~PUBLIC HEARINGS~~

- A. Continued Public Hearing on Project Application #10-038, 809/815/819 Bay Avenue, to Consider Appeal of a Planning Commission Denial for a Proposed Amendment to a Master Use Permit (Nob Hill Center) to Relocate the Recycling Facilities on the Site Located in the CC (Community Commercial) Zoning District; APN: 035-021-43; Filed 5/18/10; Property Owner: Bay Creek Properties; Representative: Craig French. [730-10]

Senior Planner Bane summarized the written agenda report. Utilizing a PowerPoint Presentation, he provided background information regarding this application and discussed the neighborhood meeting between residents, property owner and recycler. He reviewed the neighbors' concerns and suggestions made at the meeting. He clarified that the hours of operation are Tuesday through Saturday from 11 am to 6 pm. As part of this proposal, he said staff has added new conditions 5 through 8 for approval of the project application. Following his report, Senior Planner Bane responded to questions of council members.

Mayor Storey opened the public hearing at 8:04 p.m.

John Henken, 640 Center Street, said he was not notified of the neighborhood meeting. He then discussed decibel readings reported by staff, readings that he recorded, noise reduction and possible solutions. Mr. Henken submitted his statements in writing for the record.

Tammy Tahara, resident of Riverview Drive with her partner Roy Horn, commented on the noise generated by the recycling center, especially the glass transfer process, which is very loud and can be heard in her home with the doors and windows closed. She also commented that a resident from across Soquel Creek on Wharf Road came across the bridge to see what was causing the loud noise in her neighborhood.

Kate Arrieta, Center Street resident, thanked Craig French for moving the recycling structure closer to the CVS building. She suggested making the pedestrian walkway more noticeable and asked if the hours of operation could be during daylight hours only, as it is dark by 5 p.m.

4. A. PUBLIC HEARINGS (Continued)

Mayor Storey closed the public hearing at 8:14 p.m.

Considerable Council discussion was followed by this action:

ACTION: Council Member Norton moved, seconded by Council Member Begun, to approve the recommended action for Project Application #10-038 for a proposed amendment to a Master Use Permit for Nob Hill Center to relocate the recycling facilities on the site, as follows:

1. Approved the temporary relocation of the recycling facility adjacent to the CVS building for a six-month period, subject to the Conditions and Findings of approval (Attachment 4 of the agenda report) with Condition #12 changed to read: "The facility shall operate only during the hours between 11 am and 6 pm on Tuesday through Saturday."
2. Directed staff to continue to take noise readings and observations at the site; and
3. Continued the appeal for consideration by the City Council in six months.

Mayor Storey asked how staff is going to evaluate whether it has been successful in 6 months when this item returns. Senior Planner Bane said the decibel levels and response of the neighborhood would determine its success.

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

5. OTHER BUSINESS

A. Consider Capitola-Soquel Chamber of Commerce request for suspending parking meter enforcement in the Village from Friday, November 26, 2010, through Saturday, December 25, 2010, and request to increase the 2-hour parking limit to 3 hours. [470-30]

Toni Castro, Capitola-Soquel Chamber of Commerce, said she had an additional request from the Capitola Village and Wharf Business Improvement Area to hang banners on Monterey and Capitola Avenues from November 25 to December 25, 2010, informing the public of the Holiday Parking in the Village. Ms. Castro responded to questions of council members regarding the request for 3-hour parking, saying it would give shoppers more time to shop and eat in the Village.

Capitola Village and Wharf Business Improvement Area member Carin Hanna informed the council that the BIA members were informed of this request and agrees to try it out for a month.

Council Member Norton said he would like to see more businesses open during the evenings during the holiday season. Mrs. Hanna explained the difficulty of hiring and training people for a short period of time.

City Manager Goldstein commented on the additional request for banners. Since the city manager has the discretion to approve requests for banners, the city council does not have to deal with that additional request.

Council discussion was followed by this action:

ACTION: Council Member Graves moved, seconded by Council Member Begun, to approve the request by the Capitola Soquel Chamber of Commerce to suspend parking meter enforcement in the Village from Friday, November 26, 2010, through Saturday, December 25, 2010, and approved a 3-hour parking limit in the Village during the Holiday Season, as requested. The motion carried unanimously.

Item #: 4.A.



CITY COUNCIL AGENDA REPORT

MEETING OF NOVEMBER 10, 2010

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

DATE: NOVEMBER 3, 2010

SUBJECT: **809/815/819 BAY AVENUE** **#10-038** **APN: 035-021-43**
 Appeal of a Planning Commission denial for a proposed amendment to a Master Use Permit (Nob Hill Center) to relocate the recycling facilities on the site located in the CC (Community Commercial) Zoning District.
 Property Owner: Bay Creek Properties / Filed 5/18/10
 Representative: Craig French

Recommended Action:

Staff recommends the following for application #10-038:

1. Allow the temporary relocation of the recycling facility adjacent to the CVS building for a six month period, subject to the attached conditions of approval (Attachment 4);
2. Direct staff to continue to take noise readings and observations at the site; and
3. Continue the appeal and have it return to Council for consideration in six months.

BACKGROUND

As part of the Nob Hill Center renovation project (Application #02-082), a Master Use Permit was approved which conditioned the location of the recycling facilities on the site. Condition #19 reads as follows:

19. Recycling facilities and operations shall be located at the site identified behind the carwash. Attended recycling operations shall be restricted to Thursday through Monday between the hours of 11:00AM-6:00PM, except Saturday when hours may be 8:30AM-5:00PM. Businesses themselves shall not conduct noise-generating recycling activities within exterior portions of the shopping center between the hours of 6:00PM-8:00AM, each day of the week.

On May 5, 2010 the City received a complaint that the facilities had been moved from the area next to the carwash to the parking lot area adjacent to the Nob Hill and CVS receiving area. Redtree Properties was contacted by the City and made aware of the above mentioned condition. They quickly responded with an application to gain approval for the relocation.

On June 3, 2010, the Planning Commission considered the relocation of the recycling facilities with several neighbors expressing opposition to the new location due to noise and the volume of customers that it attracts. The Commission denied the proposal on a 5-0 vote, stating that the new location was inappropriate due to the impacts on the residential neighborhood. An appeal from Raleys/Nob Hill (Attachment 3) was received on June 11, 2010.

On September 9, 2010, the City Council heard the appeal. The hearing appeal was continued, with direction to staff and the parties involved to work out alternative locations or other measures to mitigate the issues raised. Staff was directed to return to the City Council within 60 days.

DISCUSSION

On September 21, 2010, the Community Development Department staff met with representatives of the Sleep Center, Redtree, Nob Hill, CVS and Nexcycle in an effort to resolve the current appeal pending before City Council. Redtree indicated that the current location is unacceptable and identified an envelope on the south-east side of the property that would be acceptable. The group largely discussed operational changes that Nexcycle could implement to mitigate and address noise concerns raised by surrounding residents. Based on the discussion, staff outlined an approach to follow in order to return to Council with an appropriate location and information in order to render a decision. It was decided that:

- Planning staff would take noise readings to establish a baseline for recycling operations as currently permitted.
- Planning staff would contact residential neighbors to inform them the City will temporarily allow the recycling center to be relocated to the south-east area adjacent to CVS for approximately one week to obtain noise readings.
- Staff would take noise meter readings during the week the recycling center is operating at the new location.
- After a week, the recycling center would return to the approved location near the car wash.
- Nexcycle would submit a new operations plan to address noise issues, including a permanent container with sound proofing to use when transferring recyclables.
- Staff would prepare a staff report for the November 10th Council meeting with noise information gathered under Nexcycle's new operations plan.

Staff took noise readings for several weeks during the month of October, and organized a neighborhood meeting at the site on October 26, 2010. Approximately eight neighbors attended, in addition to a representative of Nexcycle. Staff explained that the City had been taking baseline noise readings and that Nexcycle would be moving their operations to the proposed location for one week so that we could take additional readings. The Nexcycle representative described their proposed procedural changes and the sound proofing container that was being prepped. Staff then listened to neighbor's concerns and suggestions, which included the following:

- Have a sign at the approved location to inform customers of the temporary location of the recycling facilities during the test week.
- Concern with transients loitering at Peery Park and the surrounding area.
- Remove the benches completely from Peery Park.
- Concern with increased traffic and conflicts between pedestrians and vehicles near the proposed location.
- Nexcycle should have after-hours contact information so neighbors have someone to contact.
- Add a condition of approval that limits the crushing of glass.
- If the new location is approved, revisit the use after six months.
- Relocate the facility directly adjacent to the CVS building as opposed to at the base of Peary Park.

After the meeting, Redtree granted Nexcycle permission to temporarily (one week) move the facility adjacent to CVS as suggested by the neighbors. The new soundproof container and standard collection container were moved into place on Friday, October 29th.

Noise

Chapter 17.60.030 of the Zoning Code provides considerations for approving Conditional Use Permits. Section 17.60.030(E)(7) specifically addresses noise constraints for small collection facilities sited in a commercial or industrial zone. The section states that small collection facilities "Shall not exceed noise levels of 60 dBA as measured from the property line of residentially zoned or occupied property or otherwise shall not exceed seventy dBA."

The following are the noise readings taken by staff during the month of October, prior to moving the recycling facility to the proposed location adjacent to the CVS store. The readings were taken at the top of Peery Park at the residential property line.

Date	Time	Observations	Lowest dBa	Average dBa	Highest dBa	Cause of Peak dBa
10/4	12:40pm	Freeway noise, loading area activity, windy conditions, no transients	51.2	55	57.4	Loading area, moving of pallets
10/4	4:40pm	Windy conditions, residential construction, truck delivery, no transients	51.9	55	59	Residential construction
10/5	9:01am	5 Trucks unloading at dock, freeway noise, residential construction, no transients	47.9	50	54.8	Trucks unloading
10/5	1:12pm	Truck delivery, windy conditions, residential construction, no transients	45.8	46	68.9	Pallet dropping off of truck
10/6	12:50pm	Windy conditions, residential construction, no transients	44.3	46	53	Residential construction
10/14	12:15pm	Freeway noise, loading dock noise, no transients	52.2	47	61.9	Loading dock equipment
10/14	5:30pm	Freeway noise, no transients	50.8	56	62.5	Loading dock activity
10/18	12:42pm	Freeway noise, truck idling, no transients	47.7	50	60.7	Car driving by in neighborhood
10/19	1:13pm	Freeway noise, loading dock noise, no transients	50.6	52	58.7	Loading dock activity

The following are the noise readings taken by staff during the week that the recycling facility was temporarily located at the proposed location adjacent to the CVS store. The readings were taken at the top of Peery Park at the residential property line.

Date	Time	Observations	Lowest dBa	Average dBa	Highest dBa	Cause of Peak dBa
11/2	12:55pm	Large truck idling near loading dock, no customers at Nexcycle, no transients	50	52	57.9	Loading dock forklift
11/2	1:15pm	Freeway noise, no transients	48.2	49	52	Loud noise from inside Nexcycle container
11/2	5:50pm	Freeway noise, Nexcycle customers, no transients	50.3	52	59	Transfer of glass by Nexcycle
11/3	1:32pm	Several customers at Nexcycle, Activity at loading dock, trash disposal, no transients	46.2	50	63	Transfer of glass by Nexcycle
11/3	5:05pm	Freeway noise, Nexcycle customers, no transients	51.4	54	58.3	Transfer of glass by Nexcycle

While observing the recycling facility, staff found that the most audible noise was the transferring of glass, which had a general range of 49dBa to 59dBa. The transfer and crushing of plastics and aluminum was barely audible. The receiving area for the shopping center was found to be busy throughout the day, with activities having a general range between 53dBa to 60dBa.

New Conditions

Four new conditions of approval have been added in response to concerns raised by neighbors at the neighborhood meeting. They are as follows:

5. The transfer of all recyclables shall be done within the collection container.
6. Contact information, including a phone number, shall be conspicuously posted on the recycling structure identifying who to call for questions or complaints.
7. Temporary signage shall be installed for two weeks following the temporary relocation of the recycling facilities. The signage shall direct customers to the new temporary location.
8. Within thirty days of the temporary approval of this permit, Nexcycle shall submit a parking lot restriping plan that addresses potential pedestrian and bicycle conflicts to be approved by the City Public Works Director.

FISCAL IMPACT

N/A

ATTACHMENTS

- Attachment 1 – September 9, 2010 City Council Staff Report (without attachments)
- Attachment 2 – September 9, 2010 City Council Minutes
- Attachment 3 – Project Vicinity Map and Photos
- Attachment 4 – Conditions and Findings
- Attachment 5 – Correspondence

Report Prepared By: Ryan Bane
Senior Planner

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

Item #: 4.A.



CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 9, 2010

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

DATE: AUGUST 26, 2010

SUBJECT: **809/815/819 BAY AVENUE** #10-038 APN: 035-021-43
 Appeal of a Planning Commission denial for a proposed amendment to a Master Use Permit (Nob Hill Center) to relocate the recycling facilities on the site located in the CC (Community Commercial) Zoning District.
 Property Owner: Bay Creek Properties / Filed 5/18/10
 Representative: Craig French

Recommended Action: That the City Council consider the appeal of the Planning Commission's denial of Application #10-038 to relocate the recycling facilities at 809/815/819 Bay Avenue (Nob Hill Center). One of the following actions would be necessary, depending upon the Council's decision:

- 1) Uphold Appeal: Motion and roll call vote to uphold the appeal and approve Application #10-038 to relocate the recycling facilities with the recommended Conditions and Findings provided in Attachment 6; or
- 2) Deny Appeal: Motion and roll call vote to deny the appeal and uphold the Planning Commission's denial of Application #10-038 to relocate the recycling facilities.

BACKGROUND

As part of the Nob Hill Center renovation project (Application #02-082), a Master Use Permit was approved which conditioned the location of the recycling facilities on the site. Condition #19 reads as follows:

19. Recycling facilities and operations shall be located at the site identified behind the carwash. Attended recycling operations shall be restricted to Thursday through Monday between the hours of 11:00AM-6:00PM, except Saturday when hours may be 8:30AM-5:00PM. Businesses themselves shall not conduct noise-generating recycling activities within exterior portions of the shopping center between the hours of 6:00PM-8:00AM, each day of the week.

On May 5, 2010 the city received a complaint that the facilities had been moved from the area next to the carwash to the parking lot area adjacent to the Nob Hill and CVS receiving area. Redtree Properties was contacted by the City and made aware of the above mentioned condition. They quickly responded with an application to gain approval for the relocation.

On June 3, 2010, the Planning Commission considered the relocation of the recycling facilities with several neighbors expressing opposition to the new location due to noise and the volume of customers that it attracts. The Commission denied the proposal on a 5-0 vote, stating that the new location was inappropriate due to the impacts on the residential neighborhood. An appeal from Raleys/Nob Hill (Attachment 3) was received on June 11, 2010. The appeal letter, Planning Commission reports and corresponding minutes from the hearings are attached for your information as Attachments 1 through 5.

PROJECT DESCRIPTION

Redtree Properties, owners of the shopping center, are requesting relocation of the recycling facility, stating that the location behind the car wash is unacceptable to the property owners, has caused complaints from tenants, and that the new location is more appropriate for recycle operations as it is more adjacent to the retailers that sell the CRV beverage containers. In addition, the area already functions as a delivery, receiving area, and supports back-of-the-house operations for those retailers.

The new location near the southwest corner of the site is within the paved parking lot area at the base of Peery Park. The facility consists of a new altered cargo container outfitted to process and store recyclables. Proposed hours of operation are Tuesday-Saturday from 11AM-6PM.

Staff recognizes that the recycling center is an important use that provides a valuable service to the community and helps the city meet its mandated recycling goals. The new location is closer to residential properties in comparison to the old site, but still maintains a distance of approximately 140' from the nearest residence. The new location is also close to the loading dock area where there is noise generating operations occurring throughout the day. While the originally approved location behind the carwash is preferred over the proposed location, it would be disappointing to lose such a valuable asset to the community.

FISCAL IMPACT

N/A

ATTACHMENTS

- Attachment 1 – Email appeal from Will Mitchell, Raleys/Nob Hill, dated June 11, 2010
- Attachment 2 – Appeal letter from Will Mitchell, Raleys/Nob Hill, dated June 25, 2010
- Attachment 3 – Project Vicinity Map and Photos
- Attachment 4 – June 3, 2010 Planning Commission Staff Report
- Attachment 5 – June 3, 2010 Planning Commission Minutes
- Attachment 6 – Conditions and Findings

Report Prepared By: Ryan Bane
Senior Planner

**Reviewed and Forwarded
By City Manager:** 

11757

CAPITOLA CITY COUNCIL – SEPTEMBER 9, 2010

3. F. CONSENT CALENDAR (Continued)

Assistant to the City Manager Murphy said the City does not have \$14,000 to purchase the copier outright at this time. She also said if the City were to purchase the machine, they would have to enter into a maintenance agreement for additional costs.

ACTION: Council Member Norton moved, seconded by Council Member Nicol, to approve a five-year lease agreement with Tri-County Business Systems for a copier lease and maintenance agreement in the amount of \$308.61 per month plus tax, for a total of \$20,229.00 over five years, as submitted. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

G. Adopt Resolution Approving the Final Map for a Six-Unit Condominium Sub-division on Kennedy Drive, Tract No. 1562, John J. McCoy Developer.

This item was pulled for separate discussion. (See discussion and action on Pages 11765 and 11766.)

4. PUBLIC HEARINGS

A. Public Hearing on Project Application #10-038, 809/815/819 Bay Avenue, to Consider Appeal of a Planning Commission Denial for a Proposed Amendment to a Master Use Permit (Nob Hill Center) to Relocate the Recycling Facilities on the Site located in the CC (Community Commercial) Zoning District; APN 035-021-43; Filed 5/18/10; Property Owner: Bay Creek Properties; Representative: Craig French. Presentation: Community Development Department. [730-10]

Senior Planner Ryan Bane summarized the written agenda report and responded to questions of council members.

The Council then heard from the applicant, Craig French of Redtree Properties, as well as Reggie Owen, representing Nob Hill Foods, and Kevin Tippets of NexCycle.

Mayor Storey opened the hearing to the public at 9:33 p.m.

The following people addressed the council regarding their concerns about the recycling facility: Kate Arrieta, Center Street; Joe, Center Street; Tim Reynolds; Damian Alcaraz, Center Street; Tammy Tahara, Riverview Avenue; and Frederick Coquelin, Cabrillo Mobile Home Park.

Mayor Storey closed the public hearing at 9:41 p.m.

Council discussion was followed by this action:

ACTION: Council Member Begun moved, seconded by Council Member Norton, to continue the consideration of the appeal and to direct staff and the parties involved to work out alternative locations or other measures to mitigate the issues at its current location.

Under discussion of the motion, Council Member Norton clarified that the intent is to find a location for recycling in the general vicinity of its current location. He said we need a recycling facility in this town and in the area it currently exists.

Council Member Nicol believes the proposed location is far superior to the current location. He too would like to have the parties find a way to mitigate the noise concerns. He believes the vagrancy issue could be addressed through our law enforcement team. **115**

4. A. PUBLIC HEARINGS (Continued)

Following council member comments on the motion, Mayor Storey asked to have the matter brought back to the Council within 60 days, and then called for the vote. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

The City Council took a short break at 9:50 p.m. and reconvened at 9:58 p.m.

B. Public Hearing on the Capitola Road Traffic Calming Project to Review Traffic Safety Improvements between 41st Avenue and 42nd Avenue. Presentation: Public Works Department. [940-40]

Public Works Director Jesberg summarized the written agenda report, and he informed the council that the project is about half-way complete. He commented on the medians that exist on Capitola Road and on 41st Avenue. He feels it will be a much safer section of road once the medians are installed.

Capitola Police Sergeant Matt Eller said traffic problems are solved by engineering, education and enforcement. He discussed the various traffics movements occurring at that location and reported that there have been 6 collisions in that area between December 16 and mid-July. Sergeant Eller also discussed the median on 41st Avenue between Clares Street and Gross Road, and he said collisions have been reduced significantly since the median was installed. He said that people do not like change and it may take some time to adjust to it. The change will come with education and signage. He then responded to questions of council members.

Public Works Director Jesberg said his recommendation would be to complete the project, let it operate, and to come back for review. He then responded to questions of council members.

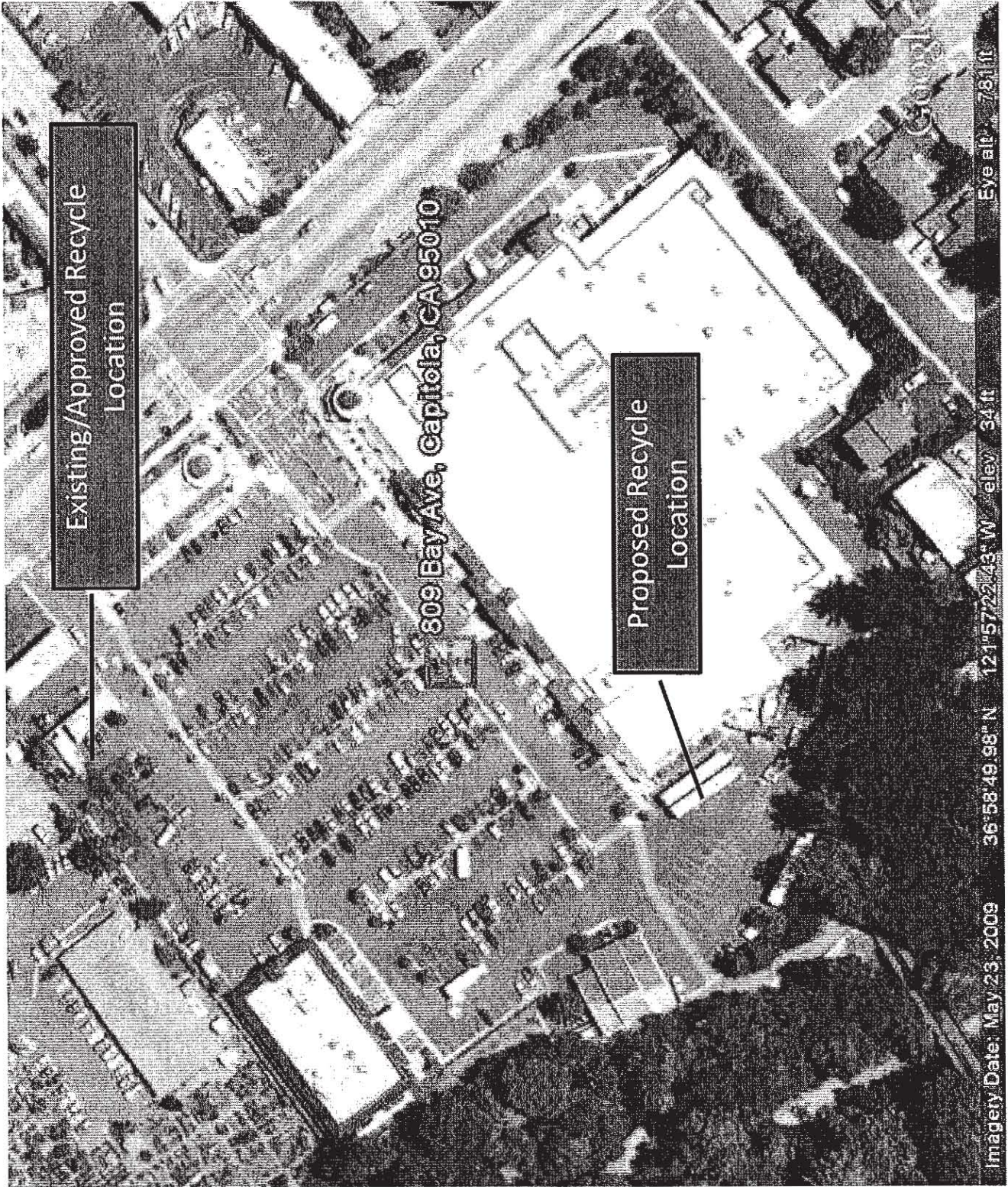
At 10:23 p.m., Mayor Storey opened the public hearing.

The following people expressed their concerns regarding the placement of the medians on Capitola Road:

Greg Tedesco, Magellan Street, discussed his concerns about the new medians and how the cars are now stacking up. He also pointed out that there are 2 left-turn lanes on the other side of 41st Avenue. Mr. Tedesco said, "If it's not broke, don't fix it." People have been making that corridor work for years. He urged the council to remove the medians.

Mick Routh thanked the council for this review of the project, particularly since the project is in process. He expressed concerns regarding the myriad of U-turns this project has created, the impacts to businesses, etc. He suggested creating two left-turn lanes on Capitola Road to southbound 41st Avenue. Mr. Routh then commented on cars exiting the DMV that will not be able to make a left turn, delivery trucks not being able to make U-turns and ingress and egress to the Chevron Station. He feels a lot more problems have been created than existed before, and he would like to see the medians removed. If not removed, he suggested making modifications to address the issues raised.

Sherry Pinkerton, Manager at the Chevron Station, said their business has seen a 20% decline in customers since the new medians have been installed. She also expressed concerns about the traffic and the difficulty for customers entering and exiting the business.



809/815/819 BAY AVENUE - APPLICATION #10-038

CONDITIONS

1. The project approval consists of an amendment to an existing Master Use Permit to allow for the relocation of the recycle center from behind the carwash to the area adjacent to CVS building at 809 Bay Avenue (Nob Hill Center).
2. The application shall be reviewed by the Planning Commission upon evidence of non-compliance with conditions of approval or applicable municipal code provisions.
3. The facility shall be no larger than five hundred square feet and shall provide parking for removal of the materials and for customers depositing the materials.
4. The facility shall accept only glass, metal or plastic containers, papers and reusable items. Used motor oil may be accepted with a permit from the Santa Cruz County environmental Health Department and the Hazardous Wastes Commission.
5. The transfer of all recyclables shall be done within the collection container.
6. Contact information, including a phone number, shall be conspicuously posted on the recycling structure identifying who to call for questions or complaints.
7. Temporary signage shall be installed for two weeks following the temporary relocation of the recycling facilities. The signage shall direct customers to the new temporary location.
8. Within thirty days of the temporary approval of this permit, Nexcycle shall submit a parking lot restriping plan that addresses potential pedestrian and bicycle conflicts to be approved by the City Public Works Director.
9. The facility shall use no power-driven processing equipment, except reverse vending machines.
10. The facility shall be maintained free of litter and any other undesirable materials.
11. The facility shall not exceed noise levels of sixty dBA as measured from the property line of residentially zoned or occupied property or otherwise shall not exceed seventy dBA.
12. The facility shall operate only during the hours between 9AM and 7PM.
13. Containers shall be clearly marked to identify the type of materials which may be deposited; the facility shall be clearly marked to identify the name and telephone number of the facility operator and the hours of operation, and display a notice stating that no material shall be left outside the recycling enclosure or containers.
14. The facility may have identification signs with a maximum of ten square feet, in addition to informational signs required by the city.
15. The facility shall not impair the landscaping required by local ordinances for any concurrent use by this title or any permit issued pursuant thereto.

FINDINGS

- A. **The application, subject to the conditions imposed, will secure the purposes of the Zoning Ordinance and General Plan.**

Planning Staff and the Planning Commission have reviewed the application and determined that the new location of the recycling facility meets the requirements of the Zoning Ordinance and General Plan.

- B. **The application will maintain the character and integrity of the neighborhood.**

Planning Department Staff and the Planning Commission have reviewed the application and determined that the new location of the recycling facility will maintain the character and integrity of the neighborhood. Conditions of approval have been included to ensure that the facility operates in such a way that it will not disturb the neighboring residents and will remain a valuable asset to the community.

- C. **This project is categorically exempt under Section 15302 of the California Environmental Quality Act and is not subject to Section 753.5 of Title 14 of the California Code of Regulations.**

The proposed project involves the replacement and relocation of an existing facility on the same site and with the same purpose and capacity as the previous facility. No adverse environmental impacts were discovered during project review by either the Planning Department Staff or the Planning Commission.

Greeninger, Pam

From: Johnson, Derek
Sent: Thursday, November 04, 2010 1:14 PM
To: 'Tammy'
Cc: cardanuy@nexcollect.com; Bane, Ryan; Greeninger, Pam
Subject: RE: Recycler noise levels

Dear Ms Tahara,

We have been to the site five times to take noise readings since it moved behind CVS last week. The item will be going to the City Council on November 10, 2010. The meeting begins at 7:00 pm. City Staff is recommending that the facility be permitted to move behind CVS for six months, and afterwards, reevaluate its location based on continued noise readings and public feedback. Please let me know if you have any questions.

Best,

Derek

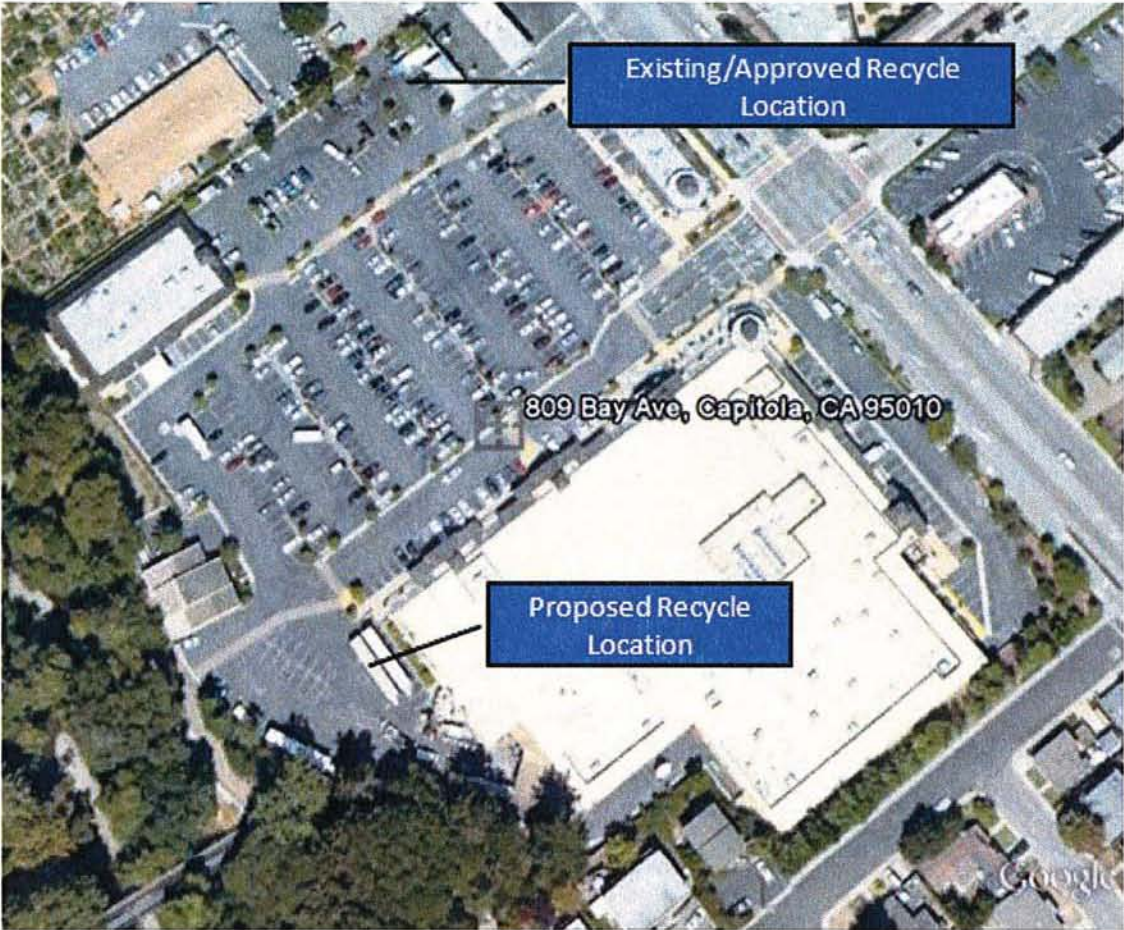
-----Original Message-----

From: Tammy [mailto:tammy_tahara@yahoo.com]
Sent: Thursday, November 04, 2010 12:20 PM
To: Johnson, Derek
Cc: cardanuy@nexcollect.com
Subject: Recycler noise levels

Hi mr Johnson

My partner, Roy Horn, and I live at 803 Riverview Dr. And we are experiencing the noise, smell and commotion the recycler has produced since it was moved behind Nob Hill. I am home most of the time and when glass is being dumped from one container to another I go to the top of the path leading through Peery Park and have yet to see anyone taking noise level readings. I can hear this noise inside my house with the doors and windows shut! Also the noise produced by loading and unloading the recycler itself is so loud that I could not stand on the pathway and speak without shouting to two other neighbors/women who were observing this activity. These women live across the bridge in the Rispon Mansion area and they came over to see what the ruckus was about. When will someone be here to take noise level readings when these two activities are taking place? Readings at other times will not give an accurate account of the noise and commotion generated by having the recycler so close to a residential area.

Thank You,
Tammy Tahara
831 475 6977
Sent from my iPhone



809/815/819 BAY AVENUE - APPLICATION #10-038CONDITIONS

1. The project approval consists of an amendment to an existing Master Use Permit to allow for the relocation of the recycle center from behind the carwash to the area adjacent to CVS building at 809 Bay Avenue (Nob Hill Center).
2. Additional sound deadening material shall be added to the transfer container in order to bring the noise generation of the recycling facility within the allowable 60dBa sound limit. This shall be completed within 2 months of approval and sound tested by city staff when completed.
3. The application shall be reviewed by the Planning Commission upon evidence of non-compliance with conditions of approval or applicable municipal code provisions.
4. The facility shall be no larger than five hundred square feet and shall provide parking for removal of the materials and for customers depositing the materials.
5. The facility shall accept only glass, metal or plastic containers, papers and reusable items. Used motor oil may be accepted with a permit from the Santa Cruz County environmental Health Department and the Hazardous Wastes Commission.
6. The transfer of all recyclables shall be done within the collection container.
7. Contact information, including a phone number, shall be conspicuously posted on the recycling structure identifying who to call for questions or complaints.
8. Temporary signage shall be installed for two weeks following the temporary relocation of the recycling facilities. The signage shall direct customers to the new temporary location.
9. Within thirty days of the temporary approval of this permit, Nexcycle shall submit a parking lot restriping plan that addresses potential pedestrian and bicycle conflicts to be approved by the City Public Works Director.
10. The facility shall use no power-driven processing equipment, except reverse vending machines.
11. The facility shall be maintained free of litter and any other undesirable materials.
12. The facility shall not exceed noise levels of sixty dBA as measured from the property line of residentially zoned or occupied property or otherwise shall not exceed seventy dBA.
13. The facility shall operate only during the hours between 9AM and 7PM.
14. Containers shall be clearly marked to identify the type of materials which may be deposited; the facility shall be clearly marked to identify the name and telephone number of the facility operator and the hours of operation, and display a notice stating that no material shall be left outside the recycling enclosure or containers.

15. The facility may have identification signs with a maximum of ten square feet, in addition to informational signs required by the city.
16. The facility shall not impair the landscaping required by local ordinances for any concurrent use by this title or any permit issued pursuant thereto.

FINDINGS

- A. **The application, subject to the conditions imposed, will secure the purposes of the Zoning Ordinance and General Plan.**

Planning Staff and the Planning Commission have reviewed the application and determined that the new location of the recycling facility meets the requirements of the Zoning Ordinance and General Plan.

- B. **The application will maintain the character and integrity of the neighborhood.**

Planning Department Staff and the Planning Commission have reviewed the application and determined that the new location of the recycling facility will maintain the character and integrity of the neighborhood. Conditions of approval have been included to ensure that the facility operates in such a way that it will not disturb the neighboring residents and will remain a valuable asset to the community.

- C. **This project is categorically exempt under Section 15302 of the California Environmental Quality Act and is not subject to Section 753.5 of Title 14 of the California Code of Regulations.**

The proposed project involves the replacement and relocation of an existing facility on the same site and with the same purpose and capacity as the previous facility. No adverse environmental impacts were discovered during project review by either the Planning Department Staff or the Planning Commission.



Item #: 6.F.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: **835 BAY AVENUE #12-001 APN: 035-011-03, 035-381-01**

Conditional Use Permit to install a model manufactured home in conjunction with an existing manufactured home sales business (Ideal Homes) in the CC (Community Commercial) Zoning District.

Environmental Determination: Categorical Exemption

Property Owner: Redtree Properties, owner/filed: 1/3/12

Representative: Richard Emigh

RECOMMENDED ACTION: The Planning Commission recommended that the proposed use does not conform to the CC (Community Commercial) Zoning District standards, and does not represent an appropriate gateway to the city.

BACKGROUND:

On February 2, 2012, the Planning Commission considered the proposed application. On a 5-0 vote, the Commission recommended that the proposed use does not conform to the CC (Community Commercial) Zoning District standards, and does not represent an appropriate gateway to the city.

The Planning Commission staff report and minutes from the public hearing have been included for your information (Attachments 1-2).

DISCUSSION:

Ideal Homes is a business that sells manufactured homes, mobile homes and real estate. Their primary business is to install new manufactured homes on private property or in mobile home parks throughout the county. The *Ideal Homes* office is located in a multi tenant building at 831 Bay Avenue, facing directly on to Bay Avenue. They are requesting approval to place a 1,500 square foot display model home on the vacant property just to the north of their office at 835 Bay Avenue, commonly known as the Grimes property.

While this specific type of use is not listed as a permitted or conditional use in the CC zoning district, Conditional Use Section 17.27.060(R) states that a Conditional Use Permit can be granted for:

“Other uses similar to the above, not inconsistent with the general purposes of this chapter and the general plan, subject to approval by the city council upon the recommendation of the planning commission”.

This section can generally be used as a “catch all” for uses that are not specifically listed in the CC zoning section, but would be seen as compatible and appropriate for the zoning district. As it states, the approval is subject to approval by the City Council upon recommendation of the Planning Commission. The Planning Commission has recommended that the proposed use does not conform to the CC (Community Commercial) Zoning District standards, and does not represent an appropriate gateway to the city.

In terms of the general purposes of the CC district, Section 17.27.020 states:

“The purpose of CC districts is to provide at readily accessible locations for a wide variety of retail, service and administrative establishments which are required to serve a large trading area population. Principal uses should be conducted within an enclosed building. No residential uses are anticipated in this district.”

As proposed, the model home would be setback approximately 95' from the sidewalk and maintain a 27' setback from the southern property line. The existing wood fence and gate enclosing the property will remain. Access will be gained via a proposed 4' wide asphalt walkway that will connect the existing office to the model, meeting minimum ADA standards. The model will not have a foundation, but will have side skirting to screen the underside of the structure. Planter boxes are also proposed along the frontage of the model, including two 24" box trees. Planter boxes will be planted with a mix of ornamental grasses and flowering ground cover. In addition, a 2' section of ground cover is proposed to be planted on both sides of the asphalt walkway.


Access to the model will be limited to foot traffic via the proposed pathway, with clients parking in the adjacent office parking lot. The model home will maintain the same hours of operation as the Ideal Homes office, which is 8:00am-5:00pm daily.

FISCAL IMPACT - N/A

ATTACHMENTS

- Attachment 1 – February 2, 2012 Planning Commission Minutes
- Attachment 2 – February 2, 2012 Planning Commission Staff Report
- Attachment 3 – Project Plans
- Attachment 4 – Project description letter from the applicant
- Attachment 5 – Photo of the proposed manufactured home
- Attachment 6 – Letter from the applicant, dated February 14, 2012

Report Prepared By: Ryan Bane
Senior Planner

**Reviewed and Forwarded
By City Manager:** 

C. 835 BAY AVENUE

#12-001

**APN: 035-011-03,
035-381-01**

Conditional Use Permit to install a model manufactured home in conjunction with an existing manufactured home sales business (Ideal Homes) in the CC (Community Commercial) Zoning District.

Environmental Determination: Categorical Exemption

Property Owner: Redtree Properties, owner/filed: 1/3/12

Representative: Richard Emigh

Senior Planner Bane presented the staff report.

Commissioner Ortiz supported the hours of operation proposed in the conditions of approval, 8:00 a.m. to 8:00 p.m. rather than the hours proposed by the applicant, 8:00 a.m. to 5:00 p.m.

Commissioner Smith clarified that the model home will be for display use only.

The public hearing was opened.

Richard Emigh, spoke in support of the application.

John Barss, owner of Ideal Homes, spoke in support of the application.

Commissioner Smith asked how many additional homes are anticipated to sell with the advertising of the model home displayed? And is there any additional advertising proposed, such as banners or signage, on the model home.

Commissioner Ortiz asked the material and location of the landscape boxes proposed.

In response, John Barss stated there would be approximately 15 additional units sold per year with the additional advertising.

Richard Emigh explained the location of proposed landscape boxes. The materials and final design are not completed, but all the landscaping will be in removable boxes. There is no signage proposed.

The public hearing closed.

Commissioner Routh stated that the use is not allowable under the CC zoning district regulations and is a violation of the zoning ordinance. He stated the proposed model home is an outdoor display for the business office, Ideal Homes.

Commissioner Newman stated that the proposal was not an appropriate use for a gateway to the city. He supported the general concept of the model home, but not at this location.

Commissioner Ortiz stated that this is not an appropriate use for the site and concurred with Commissioner Newman. She stated that there are numerous illegal outdoor displays throughout the CC zoning district and could not support the proposal.

Commissioner Smith stated that this was not an appropriate use in the zoning district and concurred with the previous Commissioner's comments.

Chairperson Graves stated that the model home display was not an appropriate use in CC zoning district. He also commented that there are several outdoor displays throughout the city and could not be supportive of the proposal.

A MOTION WAS MADE BY COMMISSIONER ROUTH AND SECONDED BY COMMISSIONER NEWMAM TO RECOMMEND TO THE CITY COUNCIL THAT THE PROPOSED USE DOES NOT CONFORM TO THE ZONING DISTRICT STANDARDS, AND DOES NOT REPRESENT AN APPROPRIATE GATEWAY TO THE CITY.

Commissioner Ortiz stated that there are existing outdoor sales issues and there is no reason to allow this proposal.

MOTION PASSED 5-0



STAFF REPORT

TO: PLANNING COMMISSION

FROM: PLANNING DEPARTMENT

DATE: JANUARY 26, 2012 (AGENDA: FEBRUARY 2, 2012)

SUBJECT: **835 BAY AVENUE #12-001 APN: 035-011-03, 035-381-01**
Conditional Use Permit to install a model manufactured home in conjunction with an existing manufactured home sales business (Ideal Homes) in the CC (Community Commercial) Zoning District.
Environmental Determination: Categorical Exemption
Property Owner: Redtree Properties, owner/filed: 1/3/12
Representative: Richard Emigh

APPLICANT'S PROPOSAL

The applicant is requesting a Conditional Use Permit to display a model manufactured home on a vacant property located at 835 Bay Avenue (Grimes Property), adjacent to their office (Ideal Homes) at 831 Bay Avenue. The parcel is located in the CC (Community Commercial) zoning district. The use is not listed in the Zoning Code; therefore the City Council will have to determine if the use will be consistent with the general purposes of the CC zoning and the General Plan, subject to a recommendation by the Planning Commission.

ARCHITECTURAL AND SITE REVIEW COMMITTEE

On January 11, 2012, the Architectural and Site Review Committee reviewed the application.

- City Landscape Architect Susan Suddjian encouraged more landscaping.
- Public Works Director Steve Jesberg indicated that County drainage impact fees would likely be applied to the project.
- Building Official Mark Wheeler explained that an ADA compliant path of travel would be required to access the model home.
- Senior Planner Bane requested a more complete site plan as well a project description clarifying the proposal.

DISCUSSION

Ideal Homes is a business that sells manufactured homes, mobile homes and real estate. Their primary business is to install new manufactured homes on private property or in mobile home parks throughout the county. The *Ideal Homes* office is located in a multi tenant building at 831 Bay Avenue, facing directly on to Bay Avenue. They are requesting approval to place a 1,500 square foot

display model home on the vacant property just to the north of their office at 835 Bay Avenue, commonly known as the Grimes property.

While this specific type of use is not listed as a permitted or conditional use in the CC zoning district, Conditional Use Section 17.27.060(R) states that a Conditional Use Permit can be granted for:

“Other uses similar to the above, not inconsistent with the general purposes of this chapter and the general plan, subject to approval by the city council upon the recommendation of the planning commission”.

This section can generally be used as a “catch all” for uses that are not specifically listed in the CC zoning section, but would be seen as compatible and appropriate for the zoning district. As it states, the Planning Commission will be making a recommendation to the City Council which will ultimately make the decision on whether to approve or deny the application.

In terms of the general purposes of the CC district, Section 17.27.020 states:

“The purpose of CC districts is to provide at readily accessible locations for a wide variety of retail, service and administrative establishments which are required to serve a large trading area population. Principal uses should be conducted within an enclosed building. No residential uses are anticipated in this district.”

As proposed, the model home would be setback approximately 95’ from the sidewalk and maintain a 27’ setback from the southern property line. The existing wood fence and gate enclosing the property will remain. Access will be gained via a proposed 4’ wide asphalt walkway that will connect the existing office to the model, meeting minimum ADA standards. The model will not have a foundation, but will have side skirting to screen the underside of the structure. Planter boxes are also proposed along the frontage of the model, including two 24” box trees. Planter boxes will be planted with a mix of ornamental grasses and flowering ground cover. In addition, a 2’ section of ground cover is proposed to be planted on both sides of the asphalt walkway.

Access to the model will be limited to foot traffic via the proposed pathway, with clients parking in the adjacent office parking lot. The model home will maintain the same hours of operation as the Ideal Homes office, which is 8:00am-5:00pm daily.

RECOMMENDATION

Staff recommends that the Planning Commission carefully consider if the proposed use is consistent with the general purposes of the CC (Community Commercial) Zoning District, and whether it will be a compatible and appropriate use for the location. Based on Commission discussion, the Planning Commission shall make a recommendation to the City Council. If the Commission votes to recommend approval of application #12-001 to the City Council, it is recommended that the approval be based on the following Conditions and Findings for Approval.

CONDITIONS

1. The project approval consists of a Conditional Use Permit to display a model manufactured home on a vacant property located at 835 Bay Avenue.
2. Any significant modifications to the size or exterior appearance of the structure must be approved by the Planning Commission.

3. The application shall be reviewed by the Planning Commission upon evidence of non-compliance with conditions of approval or applicable municipal code provisions.
4. Business hours will be limited to 8:00 a.m. – 8:00 p.m.
5. Prior to granting of final occupancy, compliance with all conditions of approval shall be demonstrated to the satisfaction of the Zoning Administrator or Community Development Director.

FINDINGS

A. The application, subject to the conditions imposed, will secure the purposes of the Zoning Ordinance and General Plan.

Planning Staff and the Planning Commission have reviewed the application and determined that the proposed business is consistent with the purposed of the CC Zoning District and, for reasons indicated in the Staff Report, will meet the requirements of Zoning District. Conditions of approval have been included to ensure that the use is consistent with the Zoning Ordinance and General Plan.

B. The application will maintain the character and integrity of the neighborhood.

Planning Department Staff and the Planning Commission have reviewed the project and determined that the model home use and related improvements maintain the character and integrity of this area of the City. Conditions of approval have been included to carry out these objectives.

C. This project is categorically exempt under Section 15303(c) of the California Environmental Quality Act and is not subject to Section 753.5 of Title 14 of the California Code of Regulations.

Section 15303(c) of the CEQA Guidelines exempts construction of small facilities or structures not involving the use of significant amounts of hazardous substances, and not exceeding 2,500 square feet in floor area if the project is in an area where all public facilities are available to allow for the development and the project is not located in an environmentally sensitive area. This project involves locating a 1,500 square foot model home on a vacant parcel within an urban area. No adverse environmental impacts were discovered during review of the proposed project

Report Prepared By: Ryan Bane
Senior Planner

Attachment A – Project Plans
Attachment B – Project description letter from the applicant
Attachment C – Photo of the proposed manufactured home

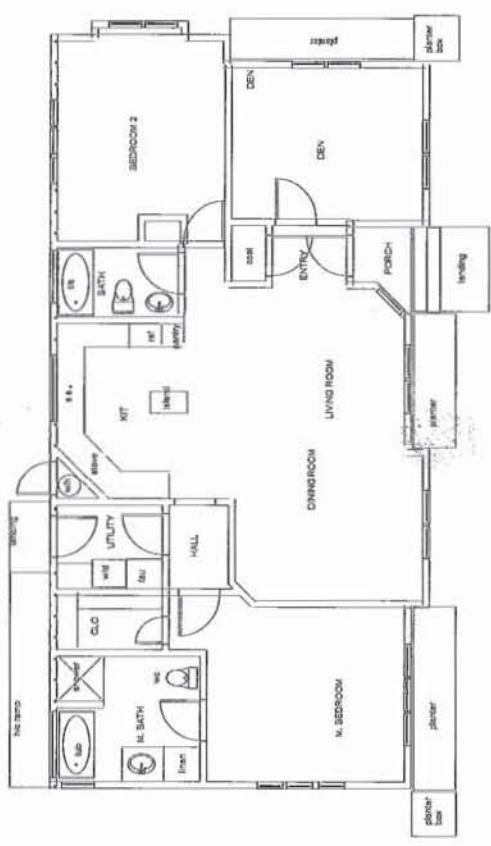
RICHARD L. EMIGH
 A.I.B.D.
 DRAFTING, DESIGNING & LAND USE ANALYSIS
 413 Capitola Avenue
 Capitola, CA 95010
 Phone: 831-479-1452
 Fax: 831-479-1476



USE PERMIT PLANS
 IDEAL HOMES, 831 BAY AVE., CAPITOLA
 FOR DISPLAY UNIT
 MANUFACTURER:

FLOOR PLANS

SHEET
 A-2

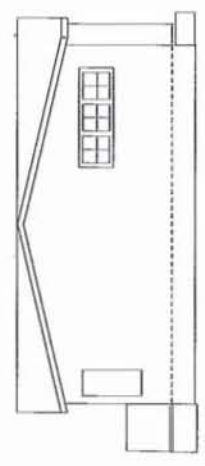
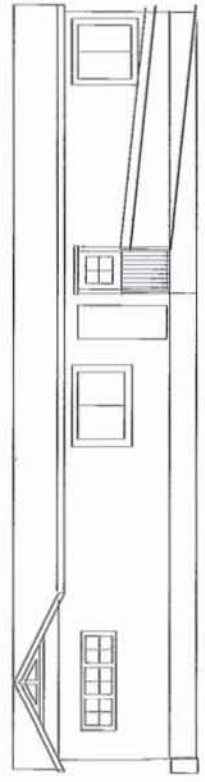
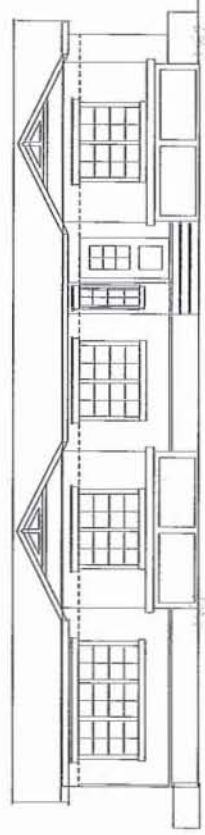
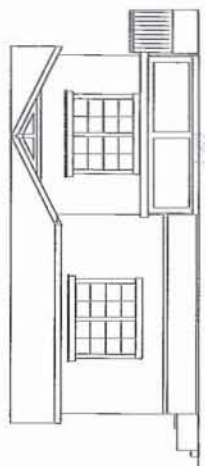


ELEVATIONS

WALKING FOOTING

USE PERMIT PLANS
IDEAL HOMES, 831 BAY AVE., CAPITOLA
FOR DISPLAY UNIT

RICHARD L. EMIGH
A.I.B.D.
DRAFTING, DESIGNING & LAND USE ANALYSIS
Capitola, CA 95010
Phone: 831-479-1452
Fax: 831-479-1478





RICHARD L. EMIGH A.I.B.D.
DRAFTING, DESIGNING & LAND USE ANALYSIS

413 Capitola Avenue Capitola, CA 95010
Phone: 831-479-1452 Fax: 831-479-1476

January 18, 2012

City of Capitola

RE: Ideal Homes Proposed Display Unit.

Ideal Homes is requesting approval to place a display Model Home just to the North of their Office located at 831 Bay Avenue. Enclosed as **Exhibit A** is a photo of the proposed unit showing the materials and colors to be used if approved.

As proposed the unit is to be placed on a part of the lot owned by Redtree Properties, LP. Enclosed as **Exhibit B** is a aerial photo showing the location of the land to be leased by Ideal Homes from Redtree Properties. The front of the proposed Display Model will be approximately 95' from the back of the sidewalk line (We were able to move the unit to the East as recommended by the review committee)

The Model will have electrical service and no other utilities connected. The proposed unit will have skirting around all sides and will not have a foundation; it will be set on stands installed with the required earthquake anchors to prevent any structural failure. As proposed there will be landscape planter boxes across most of the front and right (north) side.

The Cover sheet shows the Proposed location, New Pathway, Existing office and existing HC parking area

Sheet A-1 shows the floor plan, leased area and elevations at 1/8" = 1' 0"

Sheet A-2 shows the floor plan at 1/4" = 1' 0"

Sheet A-3 shows the elevations at 1/4" = 1' 0"

Ideal Homes requested me to help them through the planning process
Please see **Exhibit C** which is a copy of their letter.

Respectfully Submitted

Richard L Emigh

RECEIVED

JAN 18 2012

CITY OF CAPITOLA



EXHIBIT A

PHOTO OF UNIT ATTACHMENT 5

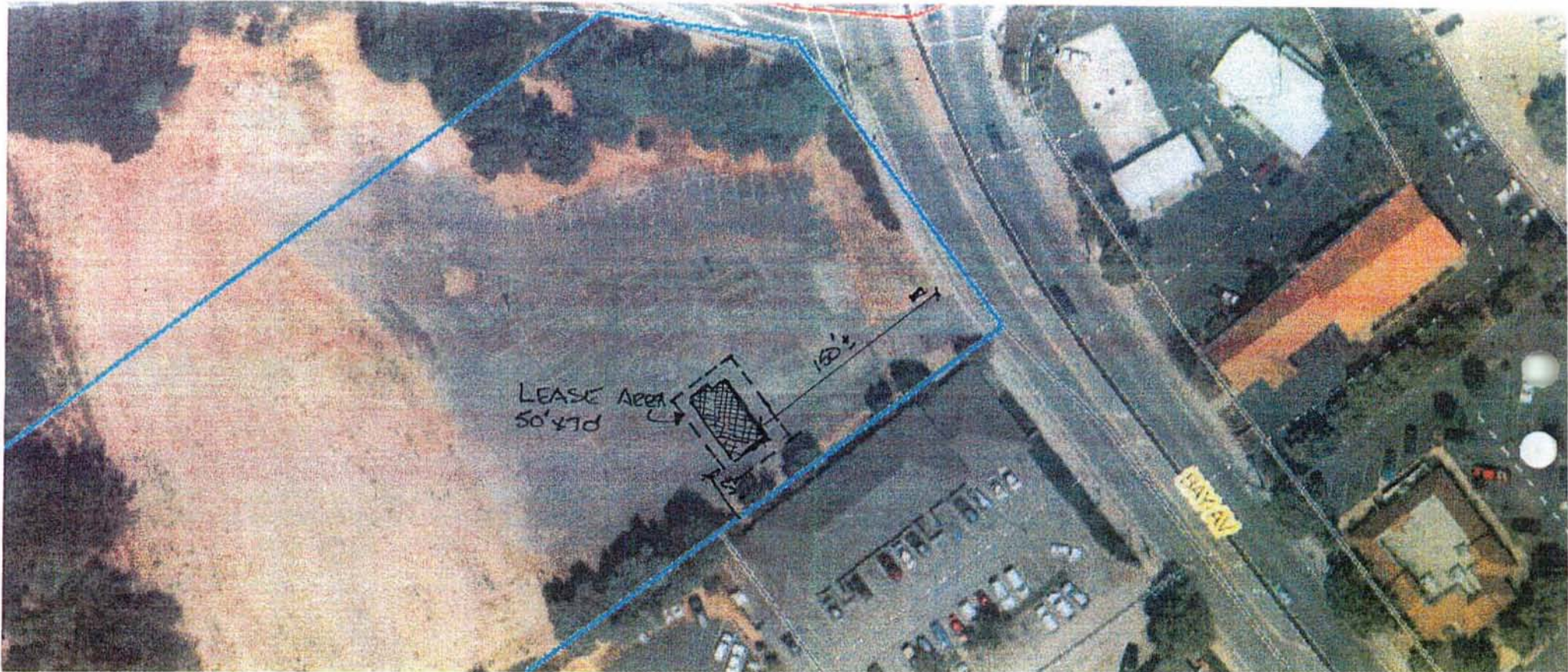
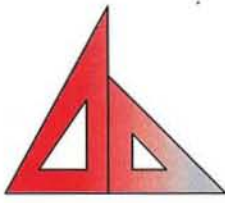


EXHIBIT B SCALE 1"=100'

LOCATION OF LEASE AREA
AND DISPLAY UNIT. (150'± FROM
BACK OF SIDEWALK)

By R.L. EMIGH 12-22-2011



RICHARD L. EMIGH **A.I.B.D.**
DRAFTING, DESIGNING & LAND USE ANALYSIS

413 Capitola Avenue Capitola, CA 95010
Phone: 831-479-1452 Fax: 831-479-1476

February 14, 2012

City of Capitola, Council.

RE: Application # 12-001

APN: 035-011-03,035-381-01

835 Bay Avenue (Ideal Homes, manufactured home sales business)

The subject application, to place a modular display unit on the lot was recommended for denial by the Planning Commission. We are contesting this recommendation for denial. The denial was primarily based on the opinion of one of the Commissioners (Mick Routh) that the proposal did not meet the code because the unit would be an outside display of merchandise. If this is a correct understanding of the Capitola Zoning regulations the Planning Department should not have accepted the application.

The Planning Department report included the required findings needed if the Planning Commission chose approve the proposed use. We believe the use could be allowed with a Conditional Use Permit with Architectural Review.

The Architectural Advisory Committee approved the proposal and recommended the unit placed closer to Bay Avenue. As suggested we moved the unit some 50 feet east, which is closer to Bay Avenue. The Capitola Zoning Ordinance, Chapter 17.27 CC Community Commercial District Section G. lists "New Car Sales;" as a conditional use. Section R. states "Other uses similar to the above, not inconsistent with the general purposes of this chapter and the general plan, subject to approval by the city council upon recommendation of the planning commission."

Because the planning commission has recommended denial it seems you must also deny the use permit. However we appeal to you that the reason for the recommended denial was based on an inaccurate judgment on what "outdoor display" means. If the stance of the Planning Commission is correct, then the New Car Sales East of 41st Ave. should not be allowed to have any cars outside their buildings. It is our opinion that the restrictions on outdoor display applies to small items which are usually sold inside a building such as books, clothing, shoes, and merchandise which can easily be put on a table or moved inside each evening. In other words the restriction of display does not apply to large objects which cannot easily be moved indoors. This use is unique as it can not easily be moved. It is our opinion that the Application for a Conditional Use Permit could be approved as it is similar to the Car Sales which have outside display of sales items in the same CC Zoning District. If this requires sending the proposal back to the Planning Commission we request you do so. If you agree with our perspective we hope you can approve the request without sending the item back to the Planning Commission.

Signed, Richard L Emigh

for John Barss, Ideal Homes

17.27.060 Conditional uses.

Capitola Municipal Code

[Up](#)[Previous](#)[Next](#)[Main](#)[Search](#)[Print](#)[No Frames](#)[Title 17 ZONING](#)[Chapter 17.27 CC COMMUNITY COMMERCIAL DISTRICT](#)**17.27.060 Conditional uses.***

* **CodeAlert:** This topic has been affected by [947](#). To view amendments and newly added provisions, please refer to the [CodeAlert Ordinance List](#).

The following are conditional uses in a CC district, subject in each case to the securing of a use permit as provided in Chapter 17.60:

- A. Bakeries and supermarkets;
- B. Professional, general administrative and business offices that occupy more than three thousand square feet of building area;
- C. Banks and financial services that occupy more than three thousand square feet of building area;
- D. Personal service establishments entirely within enclosed buildings that occupy more than three thousand square feet of building area, such as barbershops, beauty parlors, shoe repair shops, tailor shops, clothes cleaning and laundry agencies and self-service laundrettes, retail dry cleaning establishments provided the solvents used in the cleaning process shall be nonflammable and nonexplosive and are in fluid-tight cleaning units approved by the state fire marshal; no dry cleaning is permitted of clothes other than those delivered to the establishment by consumers;
- E. Limited repair services conducted entirely within enclosed buildings that occupy more than three thousand square feet of building area, such as jewelry, domestic appliances, typewriter and business machine repair shops;
- F. Lodges, clubs and restaurants, not including restaurants with drive-up windows or car service;
- G. New car sales;
- H. Vocational and specialized schools;
- I. Auditoriums, assembly halls and exhibition halls;
- J. Commercial entertainment establishments such as theaters, bowling alleys, billiard and pool parlors, dancehalls and skating rinks, and amusement centers;
- K. Limited food preparation with retail outlets on the same premises, such as bakeries;
- L. Business establishments that sell or dispense alcoholic beverages for consumption upon the premises;
- M. Motels and hotels;
- N. Service stations;
- O. Wholesale without stock, where the storage of merchandise is limited to samples only;
- P. Home equipment rental establishments conducted within a closed building;
- Q. Caterers;
- R. Other uses similar to the above, not inconsistent with the general purposes of this chapter and the general plan, subject to approval by the city council upon the recommendation of the planning commission;
- S. Any activity which includes any significant alteration of a historic feature;
- T. Auto repair shops as a secondary use to a primary use;

U. Reverse vending machines for beverage containers and small collection facilities of five hundred square feet or less, are subject to the requirements of subsections D and E of Section 17.60.030;

V. Self storage facilities located outside of the Coastal Zone Boundary, subject to the considerations in Section 17.60.030(F);

W. Multiple-family residences provided the residential use is secondary to a principle permitted use on the same lot subject to the following limitations within the coastal zone:

1. First floor uses shall be commercial uses,
2. Commercial ceiling height shall be greater in height than any residential ceiling height located above commercial uses,
3. First floor ceiling heights shall be a minimum of fifteen feet or one hundred twenty percent of the maximum ceiling height of the residential units located above the commercial uses, whichever is greater,
4. Commercial entrances shall be the primary building entries and shall be accented with strong architectural definition. Residential entrances shall be secondary and de-emphasized (e.g., located at the rear of the building, visually unobtrusive, etc.),
5. Adequate separation of different types of uses shall be maintained in order to avoid potential adverse impacts from one use on another due to noise, lighting, odors, vibration, and general nuisances,
6. Adequate separation of different types of uses shall be maintained to protect the aesthetic values and primary uses of the site. (Ord. 949 § 1, 2010; Ord. 947 § 2, 2010;* Ord. 946 § 1, 2010; Ord. 644 § 3, 1987; Ord. 556 § 1 (part), 1984; Ord. 536 § 1 (part), 1983; Ord. 515 § 5 (part), 1982; Ord. 388 § 9.06, 1975)

* The provisions of Ord. 947 pertaining to areas within the Coastal Zone will not become effective until certification by the California Coastal Commission.



Item #: 6.G.

CITY COUNCIL AGENDA REPORT

MEETING OF FEBRUARY 23, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

DATE: FEBRUARY 15, 2012

SUBJECT: **101 GRAND AVENUE #11-120 APN: 036-114-12**
Request for a 50-year extension to the amortization period for a legal nonconforming multi-unit residential use in the AR/R-1 (Automatic Review/Single-Family Residence) Zoning District.
Environmental Determination: Categorical Exemption
Property Owner: Papken S. Der-Torossian
Representative: Dennis Norton

RECOMMENDED ACTION: By motion, approve an 80-year extension of the amortization period to allow the Crest Apartments to continue as a nonconforming use in the R-1 Zoning District.

BACKGROUND

The Crest Apartments is a 19 unit rental apartment building, which is a legal nonconforming use in the R-1 Zoning District. Section 17.72.060 of the Zoning Code regulates nonconforming activities and structures on improved R-1 parcels. Pursuant to 17.72.060(A):

“A. Amortization. Nonconforming activities in R-1 zones must be discontinued on June 26, 2019 or fifty years from the date the activity first became nonconforming, whichever is later, ...”

In anticipation of the upcoming amortization deadline, the owner of the property is requesting an extension of the amortization period. Pursuant to Section 17.72.060(C), owners of parcels having more than two dwelling units which are nonconforming only because they exceed the current density standard may apply to the City Council for one or more extensions of the fifty-year amortization period.

DISCUSSION

Based on Section 17.72.060(C), the City Council can grant an extension to the amortization period if they are able to make the following findings:

1. In this particular situation, the appearance, condition and management of the property is such that the property is not greatly detrimental to the single-family residential character of the neighborhood in which it is located;
2. The extension is necessary in order to prevent a major economic loss to the property owner and to lessen deterioration; and
3. That all reasonable conditions have been imposed for the purpose of repairing dilapidation and bringing, or keeping, the property up to neighborhood standards.

As part of the application, the owner has provided a letter requesting the extension which includes a list of repairs and upgrades that have been completed over the past 35 years (Attachment 1-2), as well as a number of photos showing the existing conditions of the apartment building (Attachment 3). It

2-23-12 AGENDA REPORT: 101 Grand Avenue – Nonconforming Amortization Extension 2
should also be noted that the owner has requested an 80-year extension. This appears to be consistent with Section 17.72.060(C), as it states that “Extensions granted under this section shall be at least fifty years from the date the application is granted”.

Based on staff’s review of the material and upon inspection of the property, it appears that the necessary findings can be made to grant the extension.

- 1. In this particular situation, the appearance, condition and management of the property is such that the property is not greatly detrimental to the single-family residential character of the neighborhood in which it is located;**

While the structure is designed with a 1960’s architectural style, the property appears maintained and managed such that it is not greatly detrimental to the surrounding single-family residential character of the neighborhood. City records show that repair permits have been pulled on a consistent basis over the past 30 years, including deck repairs, solar water heating systems, roof replacement, and foundation repair. The most recent improvements to the property include a series of major investments, including:

- New decks, windows, doors, waterproofing, stucco replacement, and new paint
- New foundations and underpinning
- Bluff top stabilization, including the infill of a sea cave

- 2. The extension is necessary in order to prevent a major economic loss to the property owner and to lessen deterioration; and**

Denial of the extension would ultimately require the 19-unit structure to be limited to a single-family house, thereby severely limiting the income and reducing the value of the property. Therefore, the extension is necessary in order to prevent a major economic loss to the property owner.

- 3. That all reasonable conditions have been imposed for the purpose of repairing dilapidation and bringing, or keeping, the property up to neighborhood standards.**

Based on the existing condition of the property, staff has not included any conditions for the purpose of repairing dilapidation or bringing the property up to neighborhood standards.


It is anticipated that this section of the Zoning Ordinance will be reviewed as part of the General Plan process which includes revising the city’s zoning regulations. With the changes in state law which now require the city to provide an ever increasing number of housing units, the city is going to want to evaluate this ordinance to see if it still fits with the city’s Housing Element goals. This review will be taking place in the spring of 2013.

FISCAL IMPACT - N/A

ATTACHMENTS

- Attachment 1 – Letter from the applicant
- Attachment 2 – Crest Apartment Permit History
- Attachment 3 – Photos of the property
- Attachment 4 – Crest Apartment Plans

Report Prepared By: Ryan Bane
Senior Planner

**Reviewed and Forwarded
By City Manager:** 

11-15-2011

City of Capitola

Community Development Department

420 Capitola Avenue

Capitola, Ca. 95010

Re: 101 Grand Avenue, Capitola (Crest Apartments)

19 Existing Apartment Units

Dear City Planners and City Council,

The subject , 19 unit Apartment building, is located in the AR/R-1 zone. The subject property does not meet the current density requirements and is legally-nonconforming use within the current zoning code. Per the Capitola Municipal Code, non-conforming activities in R-1 zones must be discontinued on June 26, 2019 or fifty years from the date the activity first became nonconforming, whichever is later.

Under the Ordinance, the owner may apply to the City Council for an extension of 50 or more years if the Council can make the following finding. In this particular situation, the appearance, condition and the management is such that the property is not greatly detrimental to the single family residential character of the neighborhood in which it is located. The extension is necessary in order to prevent a major economic loss to the property owner and to lessen deterioration.

Attached is a chronology of repairs and upgrades that have been permitted over the past 35 years. It is clear that this structure has been maintained to the Community standards for R-1 and neighboring Depot Hill. In the last 20 years, over 1.6 Million Dollars have been invested into this structure. The building has just completed major structural modifications, complete exterior facings with new doors , windows , decks, rails, pool and patio surfaces, new paint and roof in the past 3 years. Seven of the units interiors have been upgraded in past 4 years. We have made substantial investments in making this building compatible to the neighborhood and a pleasant environment for its tenants . It is a very popular place to live.

The City of Capitola has issued three Coastal Permits for improvements to this structure in past 3 years and the State Coastal Commission has granted a Coastal permit for the placement of a Sea Plug at the base of the Bluff to be built this Winter. These permits were issued with the understanding that the City and Coastal Commission agree that this building has a substantial life to live and will remain as residential units.

We are requesting a 80 year extension to be granted, which is in the power and preview of the Capitola City Council. Thank you for your consideration.


Papken Der Torrosian (owner)

CREST APARTMENT PERMIT HISTORY**101 GRAND AVE. CAPITOLA**

DATE	PLANNING PERMIT	DESCRIPTION OF WORK	ESTIMATED COST
11/17/06	Zoning #06-064 Coastal -	Foundation underpinning on West side of Apartment project. Geo tech evaluation and engineering.	90,000
06/05/07	#07-037	Deck, window, door replacement, waterproofing and stucco repair. Paint to faces of existing building.	
07/01/10	Planning #09-143 Coastal	Install bluff top stabilization at bluff. Review single family zoning. Environmental and Geological review.	\$35,000
05/05/11	#11-035	Reinforce footings for existing Apartment complex in AR/R-1 zoning district.	\$25,000
07/13/2011	Coastal #3-10-044	Install seawall 50' long including infill of an approximately 20' high by 15' deep sea cave inland of the sea wall toe at the beach and bluffs.	\$80,000
DATE	BUILDING PERMIT	DESCRIPTION OF WORK	ESTIMATED COST
07/10/79	#9626	Replace decks and cat walks.	\$68,000
03/12/80	#9878	Repair decks.	\$22,000
04/08/80	#9911	Deck repair .	\$12,000
01/10/81	#10771	Solar hot water heating system.	\$12,800
06/30/81	#10264	Repair decks.	\$28,000
08/20/81	#10420	Change Apartment complex from single meter to individual meters.	
08/06/82	#10676	Rehab glulam beams and foundation support.	\$60,000
12/10/82		New block and pier shear wall at cliff base for protection. Rehab - structural and glulam beams.	\$60,000
11/06/89	#13082	New 1 ½" gas line and water heater relocation.	\$12,800
11/22/89	#13143	New 400 amp PG&E meter box and 100 amp house panel.	\$18,000
11/22/89	#1343	Electrical – relocate multi electrical service. Earthquake damage repair.	\$22,000
11/22/89	#13142	Electrical – relocate multi service.	\$10,000
05/07/90	#13442	Demo six apartment units and partial garage.	\$68,000
05/10/90	Plumbing	Demo 6 Apartments waste lines and cap.	\$5,000
09/09/90		Reconstruction of parking garage area.	\$88,000
10/03/90	#13665	Demo – in preparation of reconstruction	
11/06/90	#13723	Building, Electrical and Plumbing. Emergency reconstruction parking garage and roof deck.	\$182,000
01/11/91	#13723	Demo and second level roof deck. Fire protection assembly and structural upgrade.	\$16,000

04/24/95	#15446	Reroof	\$38,000
04/25/95	#15446	Reroof & partial sheathing.	\$6,000
01/06/97	#16136	Building – replace deck beam on Unit #13.	\$5,000
10/21/97	#16148	Combo – bathroom addition	\$14,000
12/02/97	#16465	Balcony and mezzanine repair	\$48,000
06/14/99	#1999-260	Compliance w/ SB-873 Swimming pool electrical.	
11/17/06	06-064 Zoning & Coastal	Replace Foundation underpinning on the West side of Apartment project. Geo tech evaluation, engineering.	\$190,000
02/09/07	#2006-186	Partial foundation underpinning, drilled piers. Geotech and soils evaluation. Deck and structural repairs.	\$120,000
02/09/07	#2006-186	Partial foundation and underpinning at west perimeter. Structural repair.	\$200,000
05/15/07	#2007-161	Demolition investigative. Repair work order per abatement order dated 5/8/07.	\$5,000
06/05/07	07-037	Decks, windows, door, waterproofing and stucco replacement. Paint to South & West faces of existing building.	\$140,000
07/25/07	#2007-245	Units 4 & 6 - remove stucco, water sealing at doors and windows. Units 1014, 16-19 – remove and repair all decks, new guardrails. Repair water damage interior – drywall, floor, insulation. Remove and replace windows and sliding glass doors. Includes structural and shear repair. Misc electrical and hearing repairs. Slope and geo evaluation.	\$250,000
04/07/08	#2008-55	Residential remodel – kitchen and 2 bathrooms	\$60,000
04/07/08	#2008-53	Residential remodel – kitchen and 2 bathrooms	\$60,000
06/25/08	#2008-166	Unit #6 - Residential remodel kitchen.	\$90,000
03/20/09	#2009-62	Reroof garage, built up over one existing built up roof.	\$7,800
07/01/10	Planning 09-143 Coastal 3-10-044	Install bluff top stabilization. Review Single family zoning. Environmental, Geologic review.	\$160,000
05/05/11	11-035	Reinforce footings for existing apartment complex in AR/R-1 zoning district.	\$100,000

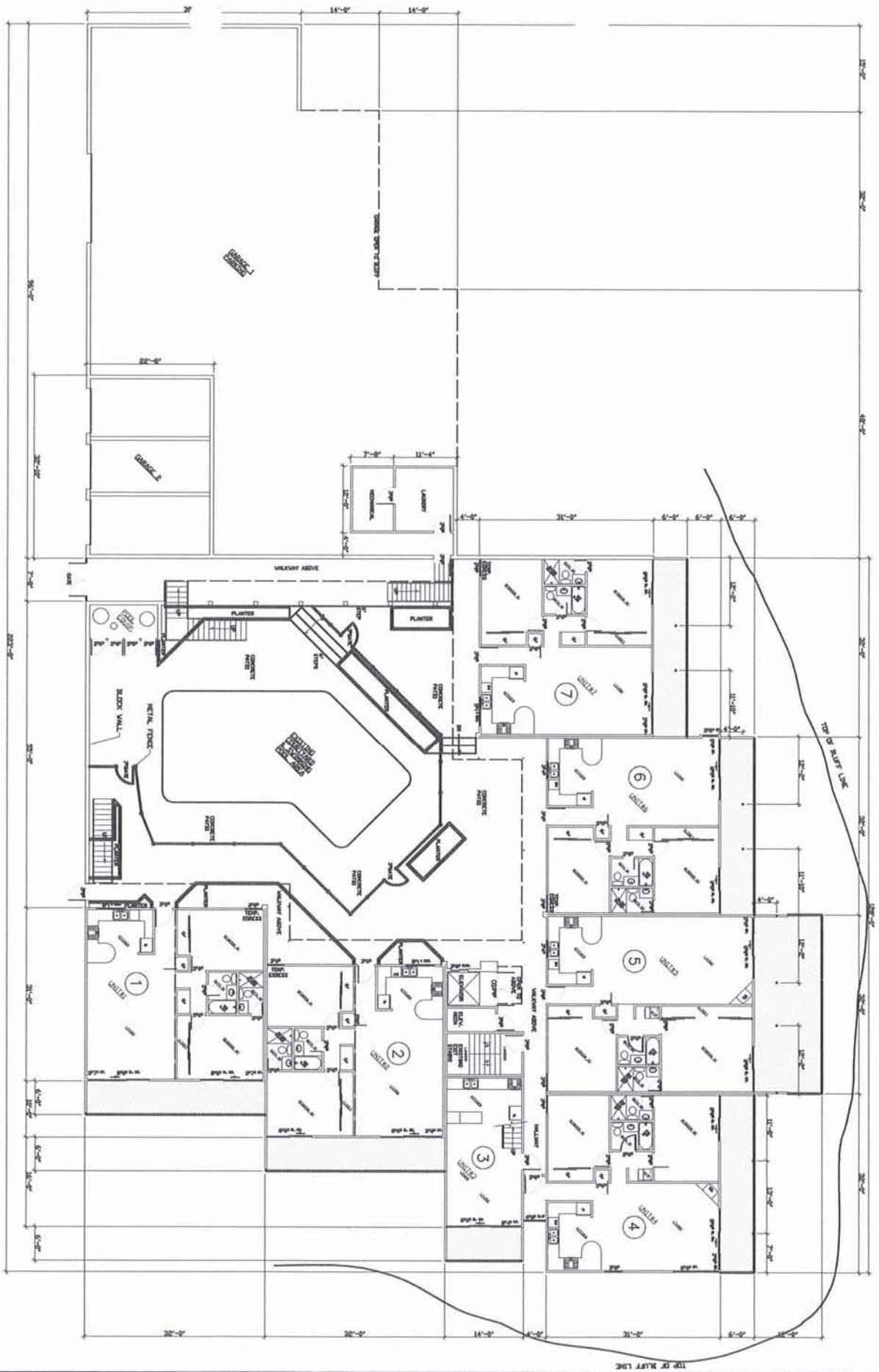
****Estimated Expenses in last 20 years - \$1,649,800**







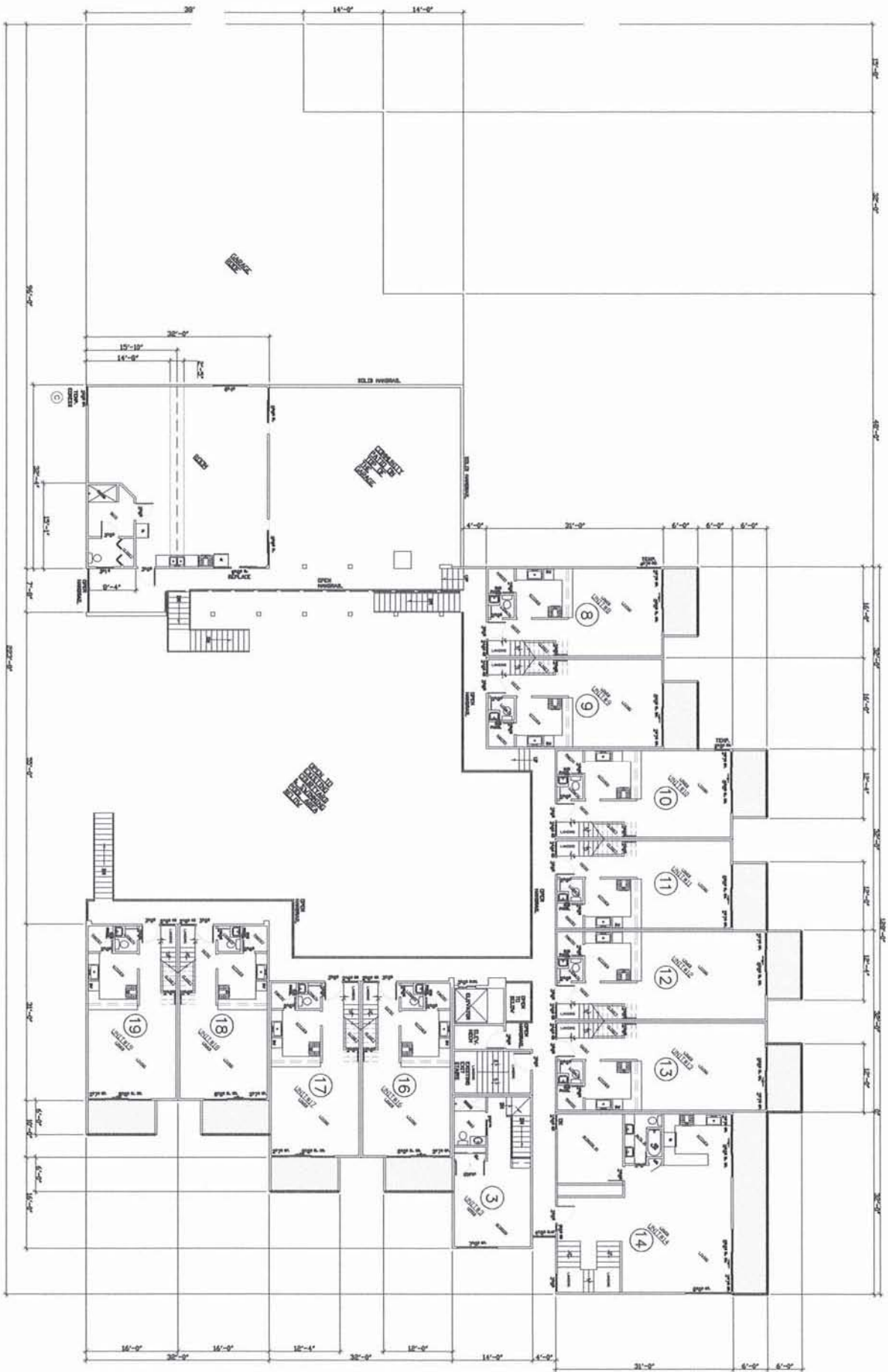




EXISTING FIRST FLOOR



4a	EXISTING FIRST FLOOR	DENNIS NORTON HOME DESIGN AND PROJECT PLANNING 713 G STREET SE, SUITE 101, WASHINGTON, DC 20002 TEL: 202-462-1111	CREST APARTMENTS 101 GRAND AVE. CAPITOLA, CA 95010 APN 036-114-12	PROJECT NO. 036-114-12 SHEET NO. 4a DATE: 07/16/08 DRAWN BY: ORESTIL CHECKED BY:
	03 1/8" = 1'-0" ORESTIL 07/16/08	152		



EXISTING SECOND FLOOR
 1/8" = 1'-0"

4b

06/24/08
 0625712

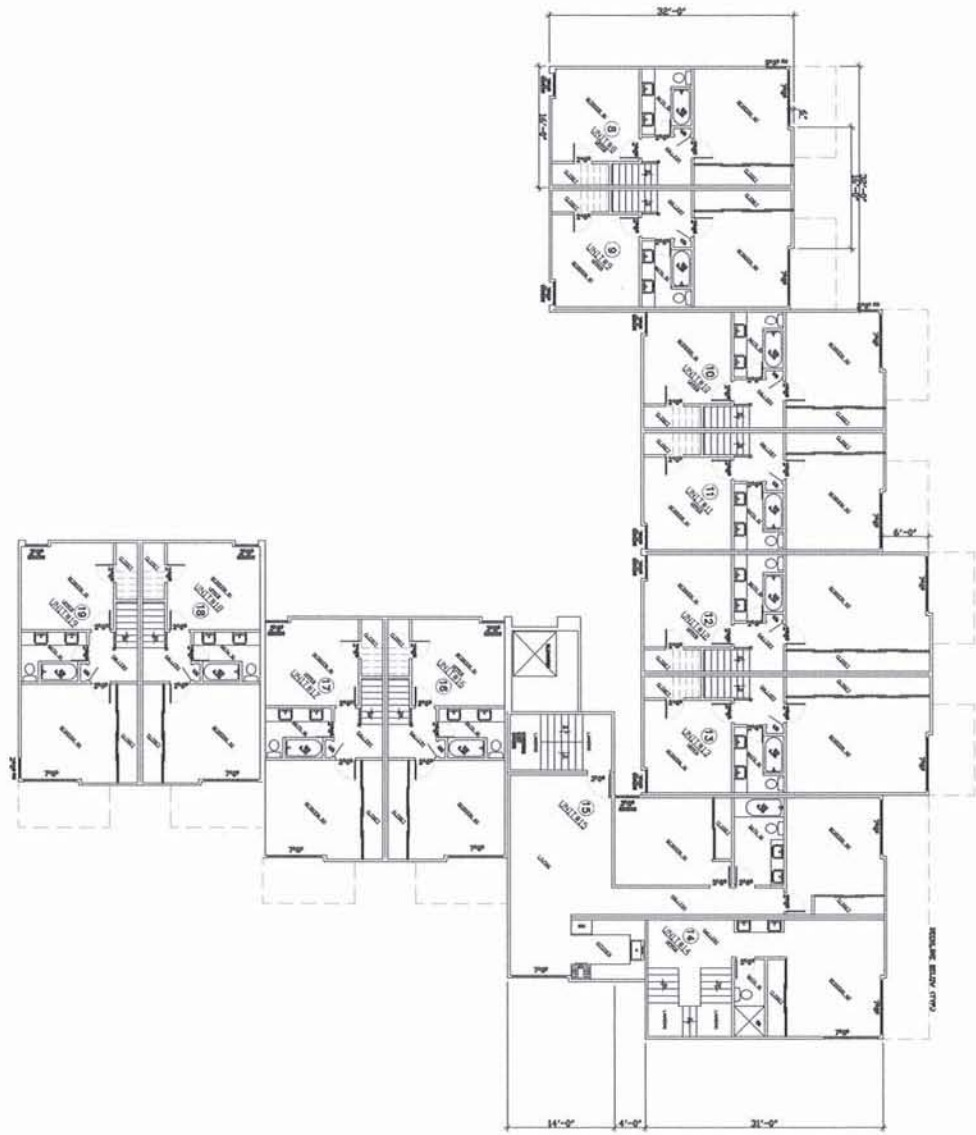
EXISTING
 SECOND FLOOR

DENNIS NORTON
 HOME DESIGN AND
 PROJECT PLANNING
 718 O GAVIRA AVE, OAKVILLE, ON L6H 6H9 CAN 416 8900
 416 432 8888

CREST APARTMENTS
 101 GRAND AVE.
 CAPITOLA, CA 95010
 APN 036-114-12

PROJECT BY
 DENNIS NORTON
 101 GRAND AVE.
 CAPITOLA, CA 95010
 408-967-2502

153



EXISTING THIRD FLOOR



<p>4C</p>	<p>06/24/08</p> <p>1/8"=1'-0"</p> <p>ORSHL3</p>	<p>EXISTING THIRD FLOOR</p>	<p>DENNIS NORTON HOME DESIGN AND PROJECT PLANNING</p> <p>713 G GERRA AVE, GERRA, CA 95020 925 470 2310 925 424 2310</p>	<p>CREST APARTMENTS 101 GRAND AVE. CAPITOLA, CA 95010 APN 036-114-12</p>	<p>PROJECT NO. 036-114-12</p> <p>DATE: 06/24/08</p> <p>SCALE: 1/8"=1'-0"</p> <p>DESIGNER: ORSHL3</p>
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WEST
(VILLAGE)



SOUTH
(OCEAN)



ELEVATIONS
1/8\"/>

5a

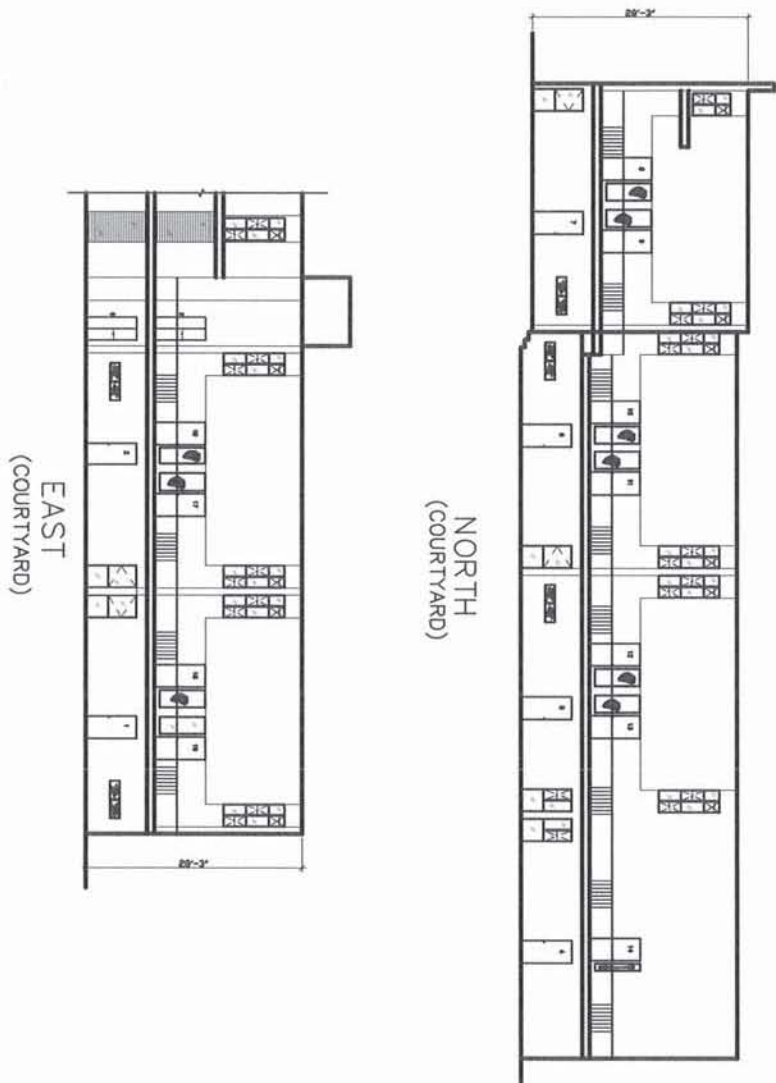
07/31/07
CREST
DRN
GC

EXISTING
ELEVATIONS

DENNIS NORTON
HOME DESIGN AND
PROJECT PLANNING
712 G OPBELLA AVE, OYFOLA, CA 95010 831 470 2310
831 414 0281

CREST APARTMENTS
101 GRAND AVE.
CAPITOLA, CA 95010
APN 036-114-12

PROJECT NO. 036-114-12
DATE: 07/31/07
DRAWN BY: DRN
CHECKED BY: GC



ELEVATIONS
1/8" = 1'-0"

EXISTING
ELEVATIONS

DENNIS NORTON
HOME DESIGN AND
PROJECT PLANNING
712 G STREET SE, OROVILLE, CA 95965 531 433 2515
FAX 531 433 2515

CREST APARTMENTS
101 GRAND AVE.
CAPITOLA, CA 95010
APN 036-114-12

CREST APARTMENTS
2101 N. BROADWAY
SALINAS, CA 95075
408-867-7200

5b
10/11/97
CREST
DNN
CS