

City of Capitola

Council Meeting Agenda



Mayor: Yvette Brooks
Vice Mayor: Sam Storey
Council Members: Jacques Bertrand
Margaux Keiser
Kristen Petersen

THURSDAY, APRIL 22, 2021

REGULAR MEETING – 7 PM

CLOSED SESSION – 6 PM

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

CONFERENCE WITH LABOR NEGOTIATORS

(Gov't Code § 54957.6)

Negotiators: Algeria Ford, Larry Laurent

Employee Organizations: (1) Association of Capitola Employees; (2) Police Captains; (3) Mid-Management Group; (4) Department Heads; (5) Confidential Employees; (6) Capitola Police Officers Association

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Exposure to litigation pursuant to Gov't. Code § 54956.9(d)(2).
(one potential case)

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 7 PM

*All correspondences received prior to 5:00 p.m. on the Wednesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Wednesday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.
All matters listed on the Regular Meeting of the Capitola City Council Agenda shall be considered as Public Hearings.*

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA
April 22, 2021

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Members Kristen Petersen, Jacques Bertrand, Margaux Keiser, Sam Storey, and Mayor Yvette Brooks

2. PRESENTATIONS

Presentations are limited to eight minutes.

A. Presentation from the Santa Cruz County Sanitation District

3. REPORT ON CLOSED SESSION

4. ADDITIONAL MATERIALS

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

5. ADDITIONS AND DELETIONS TO AGENDA

6. PUBLIC COMMENTS

Please review the Notice of Remote Access for instructions.

7. CITY COUNCIL / STAFF COMMENTS

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

8. CONSENT CALENDAR

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

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

A. Consider the April 8, 2021, City Council Regular Meeting Minutes
RECOMMENDED ACTION: Approve minutes.

B. Staffing Reallocation to Enhance the Police Department Parking Enforcement Unit
RECOMMENDED ACTION: Adopt the proposed resolution authorizing the reallocation of resources for parking meter and pay-station maintenance from the Public Works Department to the Police Department.

C. Consider Suspending Operation of the Summer Beach Shuttle for 2021
RECOMMENDED ACTION: In response to the on-going COVID-19 pandemic, suspend the operation of the beach shuttle for Summer 2021 and extend the contract with MV Transportation for the operation of the shuttle by one year to maintain the existing term length.

D. Ordinance Amending Section 10.40: Speed Limits in the Capitola Municipal Code
RECOMMENDED ACTION: Adopt an ordinance amending Chapter 10.40: Speed Limits of the Capitola Municipal Code, and waive reading of the text.

- E. Consider Authorizing a Memorandum of Understanding for a Revolving Economic Development Loan Program
RECOMMENDED ACTION: Authorize the City Manager to enter a Memorandum of Understanding with jurisdictions in the County, the Small Business Development Center, and the National Development Council for a " Grow Santa Cruz County" Revolving Loan Program in a form approved by the City Attorney; and implement the Grow Santa Cruz Revolving Loan Program for the City of Capitola.
- F. Consider Acceptance of the Capitola Avenue Sidewalk Project and Approval of a Notice of Completion
RECOMMENDED ACTION: Approve the Notice of Completion for the Capitola Avenue Sidewalk Project constructed by Precision Grade Inc. with a final cost of \$127,363.88 and direct the Public Works Department to record the Notice of Completion.
- G. Receive Update on Pandemic Response
RECOMMENDED ACTION: Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action.

9. GENERAL GOVERNMENT / PUBLIC HEARINGS

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

- A. Consider Extending the Temporary COVID-19 Outdoor Activities and Encroachment Agreements and Receive Work Plan for Future Consideration of a Permanent Parklet Program in Capitola Village
RECOMMENDED ACTION: Receive a report regarding the work plan for the development of a permanent parklet program in Capitola Village, and extend the outdoor dining and other commercial outdoor activities currently in place to September 7, 2021.
- B. Discussion of Funding Options for Community Grants in Fiscal Year 2020-21
RECOMMENDED ACTION: Approve community grant funding for Fiscal Year 2020-21 as recommended by the Community Grant Subcommittee; direct staff to return with a budget amendment.
- C. Castle Mobile Home Estates Regulatory Agreement
RECOMMENDED ACTION: Approve the new Castle Mobile Home Estates regulatory agreement.
- D. Out-of-School-Time Program Update
RECOMMENDED ACTION: Adopt a resolution related to the Out-of-School Time program that authorizes the City Manager to sign amendment to the agreement with County Parks (if necessary), and amends the Out-of-School Time program budget.
- E. Consider Options for Implicit Bias Training
RECOMMENDED ACTION: Either 1) form an ad-hoc subcommittee to review implicit/unconscious bias training program proposals and assign Council members to the committee, or 2) direct staff to review proposals and recommended one to Council.

10. ADJOURNMENT

NOTICE OF REMOTE ACCESS

In accordance with the current Santa Cruz County Health Order outlining social distancing requirements and Executive Order N-29-20 from the Executive Department of the State of California, the City Council meeting is not physically open to the public and in person attendance cannot be accommodated.

To watch:

- Online <http://capitolaca.igam2.com/Citizens/Default.aspx>
- Spectrum Cable Television channel 8

To join Zoom:

- Join the Zoom Meeting with the following link:
<https://us02web.zoom.us/j/87031705395?pwd=VVRKMfZDOTBmUS9rNzZIUENTQ3dDdz09>
- If prompted for a passcode, enter **873384**

-OR- With a landline or mobile phone, call one of the following numbers:

- **1 669 900 6833**
- **1 408 638 0968**
- **1 346 248 7799**
- Enter the meeting ID number: **870 3170 5395**
- When prompted for a Participant ID, press #

To submit public comment:

When submitting public comment, one comment (via phone **or** email, not both), per person, per item is allowed. If you send more than one email about the same item, the last received will be read.

- Zoom Meeting (Via Computer or Phone) Link:
 - IF USING COMPUTER:
 - § Use participant option to “raise hand” during the public comment period for the item you wish to speak on. Once unmuted, you will have up to 3 minutes to speak
 - IF CALLED IN OVER THE PHONE:
 - § Press *9 on your phone to “raise your hand” when the mayor calls for public comment. Once unmuted, you will have up to 3 minutes to speak
- Send Email:
 - During the meeting, send comments via email to publiccomment@ci.capitola.ca.us
 - § Emailed comments on items will be accepted after the start of the meeting until the Mayor announces that public comment for that item is closed.
 - § Emailed comments should be a maximum of 450 words, which corresponds to approximately 3 minutes of speaking time.
 - § Each emailed comment will be read aloud for up to three minutes and/or displayed on a screen.
 - § Emails received by publiccomment@ci.capitola.ca.us outside of the comment period outlined above will not be included in the record.

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

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA April 22, 2021

Civil Procedure §1094.6. Please refer to code of Civil Procedure §1094.6 to determine how to calculate when a decision becomes “final.” Please be advised that in most instances the decision become “final” upon the City Council’s announcement of its decision at the completion of the public hearing. Failure to comply with this 90-day rule will preclude any person from challenging the City Council decision in court.

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

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

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

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

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



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: City Manager Department

SUBJECT: Presentation from the Santa Cruz County Sanitation District

BACKGROUND/DISCUSSION: Beatriz Barranco, Water/Wastewater Operations Manager, and Monica Tomlinson, Environmental Programs Coordinator, of the Santa Cruz County Sanitation District will present an update on the Federal Pretreatment Program. The program was designed to protect the municipal sewer system from industrial wastewater discharges that may harm the publicly owned treatment works and damage the environment. Our local Santa Cruz County Sanitation District oversees this program in our area.

Report Prepared By: Chloe Woodmansee
City Clerk

Reviewed and Forwarded by:

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

Jamie Goldstein, City Manager

4/15/2021



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: City Manager Department

SUBJECT: Consider the April 8, 2021, City Council Regular Meeting Minutes

RECOMMENDED ACTION: Approve minutes.

DISCUSSION: Attached for Council review and approval are the minutes of the regular meeting held on April 8, 2021.

ATTACHMENTS:

1. 4-8-21 draft

Report Prepared By: Chloe Woodmansee
City Clerk

Reviewed and Forwarded by:

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

Jamie Goldstein, City Manager

4/16/2021

**DRAFT CAPITOLA CITY COUNCIL
REGULAR MEETING MINUTES
THURSDAY, APRIL 8, 2021 - 7 PM**

CLOSED SESSION – 5 PM

CALL TO ORDER AND ROLL CALL

Mayor Brooks called the meeting to order at 5 p.m.

Council Member Margaux Keiser: Remote, Council Member Jacques Bertrand: Remote, Vice-Mayor Sam Storey: Remote, Council Member Kristen Petersen: Remote, Mayor Yvette Brooks: Remote.

No members of the public were present, and the Council adjourned to the virtual meeting with the following items to be discussed in Closed Session:

CONFERENCE WITH LABOR NEGOTIATORS

Gov't Code § 54957.6

Negotiators: Algeria Ford, Larry Laurent

Employee Organizations: (1) Association of Capitola Employees; (2) Police Captains; (3) Mid-Management Group; (4) Department Heads; (5) Confidential Employees; (6) Capitola Police Officers Association;

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 7 PM

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Member Jacques Bertrand: Remote, Council Member Kristen Petersen: Remote, Vice-Mayor Sam Storey: Remote, Mayor Yvette Brooks: Remote, Council Member Margaux Keiser: Remote.

2. REPORT ON CLOSED SESSION – NONE

3. ADDITIONAL MATERIALS

A. Item 8.A: five emails

B. Item 8.B: one email

C. Item 8.F: one revised ordinance

4. ADDITIONS AND DELETIONS TO AGENDA – NONE

5. PUBLIC COMMENTS

James Weller spoke in support of a train along the rail/trail corridor.

6. CITY COUNCIL / STAFF COMMENTS

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
April 8, 2021

Director Jesberg announced that the flume project should be completed by the end of next week.

Council Member Bertrand reported on recent Regional Transportation Commission activity.

Council Member Petersen congratulated the BIA and local businesses that participated in the Easter Egg Scavenger Hunt.

Mayor Brooks announced a ribbon cutting at Cheese Shop 831 on Saturday, April 10, 2021, and her upcoming town hall talk with Supervisor Koenig on Monday, April 12, 2021.

7. CONSENT CALENDAR

MOTION:	APPROVE, ADOPT, AND DETERMINE AS RECOMMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Jacques Bertrand
SECONDER:	Sam Storey
AYES:	Bertrand, Petersen, Storey, Brooks, Keiser

- A. Consider the March 25, 2021, City Council Regular Meeting Minutes
RECOMMENDED ACTION: Approve minutes.
- B. Approval of City Check Registers Dated March 5, March 12, March 19 and March 26.
RECOMMENDED ACTION: Approve check registers.
- C. Adopt Resolution Approving the 2021 Community Development Block Grant Application
RECOMMENDED ACTION: Adopt the proposed resolution authorizing the City Manager to submit a 2021 Community Development Block Grant (CDBG) application requesting up to \$500,000 of CDBG grant funds for three public service activities and to execute the grant agreement upon award.
- D. Receive Update on Pandemic Response
RECOMMENDED ACTION: Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action.

8. GENERAL GOVERNMENT / PUBLIC HEARINGS

- A. Consider Approval of the Proposed Depot Hill Stairs Public Art Project
RECOMMENDED ACTION: Approve the installation of an ocean-themed mural for the Depot Hill stairs, as recommended by the Art and Cultural Commission.

Assistant to the City Manager Laurent presented the staff report and introduced artist Michael Kirby.

In response to public concern, Council Member Petersen asked if the artist would be willing to work with a different color palette than the one proposed.

Council Member Bertrand asked the artist if the paint and pigmentation would outlast the environmental impacts such as salty sea-air. Mr. Kirby assured the Council that his materials will last despite the environment and use of the stairs.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
April 8, 2021

Mayor Brooks asked about an anti-graffiti coating; Mr. Kirby replied that he did not recommend one. In response to a question, Assistant Laurent explained that there is a condition that the mural withstand time, and that Public Works would be informed on how to maintain the mural.

There was no public comment.

MOTION:	APPROVE THE INSTALLATION OF THE OCEAN-THEMED MURAL
RESULT:	AMENDED BY COUNCIL MEMBER PETERSEN
MOVER:	Jacques Bertrand
SECONDER:	Margaux Keiser

Council Member Petersen said she appreciates the mural but would feel more comfortable if the color palette was more reflective of the Pacific Ocean; she suggested one more official approval of the color palette before mural installation.

MOTION:	APPROVE THE INSTALLATION OF THE OCEAN-THEMED MURAL WITH THE UNDERSTANDING THAT THE COLOR PALETTE WILL BE ALTERED FROM THE PROPOSED AND MORE BLUE THAN PURPLE.
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Jacques Bertrand
SECONDER:	Margaux Keiser
AYES:	Bertrand, Petersen, Storey, Brooks, Keiser

- B. Application from the Capitola Village and Wharf Business Improvement Association to Change Sign on Arbor at Stockton Avenue and Capitola Avenue
RECOMMENDED ACTION: Council discretion to approve or deny an application from the Capitola Village and Wharf Business Improvement Association to replace the sign hanging at the Stockton-Capitola Avenue arbor with a surfboard-style sign.

Director of Public Works Jesberg presented a staff report.

Vice-Mayor Storey asked why the BIA is requesting sign replacement. DeeDee Wilson, BIA representative, responded that the signs need a refresh and that the current sign is not clearly visible from afar.

Council Member Keiser asked for more information about the sign's visibility.

Mayor Brooks confirmed that the BIA's intention is to use the slogan "where everything is a step away" consistently across all BIA marketing.

There was no public comment.

Mayor Brooks suggested the BIA get a full-size mock-up made before committing to the design.

Vice-Mayor Storey suggested that the proposed slogan is not inclusive as not everyone can walk. He also asked that a maintenance plan be considered.

Council Member Keiser agreed that a realistic mockup would be appreciated before approving the design.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
April 8, 2021

MOTION:	CONTINUE THIS ITEM TO SEE AN UPDATED DESIGN AND APPROVE OR DENY THE APPLICATION AT A FUTURE DATE
RESULT:	ITEM CONTINUED TO FUTURE COUNCIL MEETING [UNANIMOUS]
MOVER:	Kristen Petersen
SECONDER:	Jacques Bertrand
AYES:	Bertrand, Petersen, Storey, Brooks, Keiser

C. TEFRA Hearing Regarding Conduit Financing for the Independent Cities Finance Authority for Castle Mobile Estates
RECOMMENDED ACTION:

1. Conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, in connection with the proposed issuance of one or more series of tax-exempt revenue refunding bonds in an amount not to exceed \$12,500,000 by the Independent Cities Finance Authority; and
2. Adopt a resolution approving the issuance of the Bonds by the Independent Cities Finance Authority for the benefit of Millennium Housing LLC, (Castle Mobile Estates) a California limited liability company, to provide for the refunding of prior bonds, repayment of the City loan, to make certain improvements to Castle Mobile Estates, and to make certain deposits required under the Indenture. Such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Internal Revenue Code, and California Government Code Section 6500 et seq., and does not constitute a Project approval by, or indebtedness of, the City of Capitola.

Finance Director Malberg presented a staff report and introduced Preston Olsen.

Council Member Bertrand asked about the regulatory agreement. Staff assured him they are committed to protecting affordable housing, and that an agreement will come before Council at a future meeting.

There was no public comment.

MOTION:	CONDUCT PUBLIC HEARING AND ADOPT PROPOSED RESOLUTION AS RECOMMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Jacques Bertrand
SECONDER:	Kristen Petersen
AYES:	Bertrand, Petersen, Storey, Brooks, Keiser

D. Introduction to Objective Standards for Mixed Use and Multifamily Developments
RECOMMENDED ACTION: Accept staff presentation on objective standards for mixed use and multifamily developments in preparation for future ordinance amendments to the Capitola zoning code.

Director Herlihy introduced Ben Noble, who presented a report.

Vice-Mayor Storey asked if the standards will still allow for Capitola to maintain its eclectic character. Mr. Noble said that protecting this diversity is important and that the standards are unlikely to dictate such detailed specifics. Vice-Mayor Storey asked about Regional Housing Needs Allocation (RHNA) numbers; Director Herlihy explained that the mall is not considered an opportunity site but could be recommended as one when the housing element is updated in 2023.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
April 8, 2021

Council Member Bertrand asked if different designs that reflect the aesthetic of the specific areas in Capitola will be presented in the Objective Standards. Mr. Noble agreed that this is a likely approach.

There was no public comment.

RESULT: RECEIVE REPORT

E. Community Development Block Grant - Coronavirus Relief Funding Program Income
RECOMMENDED ACTION: Accept staff presentation on the Community Development Block Grant (CDBG) program income, take public input, and adopt a resolution authorizing the City Manager to submit an application to reallocate program income funds into CDBG-CV2&3 economic development grants and execute the contract upon award.

Director Herlihy presented a brief staff report.

There was no public comment.

MOTION: ADOPT A RESOLUTION REPEALING RESOLUTION NO 4211 AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND COMMITMENT OF PROGRAM INCOME FUNDS AND ANY AMENDEMENTS THERETO FROM THE CDBG-CV ROUND 2 AND 3 AND CDBG PROGRAM INCOME FUNDS
RESULT: ADOPTED [UNANIMOUS]
MOVER: Sam Storey
SECONDER: Kristen Petersen
AYES: Bertrand, Petersen, Storey, Brooks, Keiser

F. Consider the First Reading of an Ordinance Amending Section 10.40 Speed Limits in the Capitola Municipal Code,
RECOMMENDED ACTION: Introduce for first reading, by title only, waiving further reading of the text, an ordinance amending Chapter 10.40 of the Capitola Municipal Code, Speed Limits.

Director Jesberg presented the staff report.

Council Member Bertrand confirmed that the speed data was collected during the day.

Mayor Brooks asked why the City could not ask for multiple reductions in speed on certain street sections. Director Jesberg explained that going against California Traffic Code can be problematic; Chief McManus said that the Courts can challenge reductions and the City could lose the ability to use radar/lydar speed enforcement.

Council Member Bertrand spoke about speeding on Monterey Avenue.

There was one public comment, asking that speed limits be lowered on Park Avenue.

Attachment: 4-8-21 draft (Approve Council Minutes)

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
April 8, 2021

MOTION:	ACCEPT FIRST READING OF THE PROPOSED ORDINANCE
RESULT:	FIRST READING [UNANIMOUS]
MOVER:	Sam Storey
SECONDER:	Jacques Bertrand
AYES:	Bertrand, Petersen, Storey, Brooks, Keiser

9. ADJOURNMENT

The meeting was closed at 9:20PM to the next regular City Council Meeting on April 22, 2021.

Yvette Brooks, Mayor

ATTEST:

Chloé Woodmansee, City Clerk

Attachment: 4-8-21 draft (Approve Council Minutes)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: Capitola Police Department

SUBJECT: Staffing Reallocation to Enhance the Police Department Parking Enforcement Unit

RECOMMENDED ACTION: Adopt the proposed resolution authorizing the reallocation of resources for parking meter and pay-station maintenance from the Public Works Department to the Police Department.

BACKGROUND: The Police Department and its parking enforcement officers are tasked with the overall management of parking programs throughout the City, in addition to the maintenance of property and equipment that supports those parking programs. Current staffing for the Parking Enforcement Unit is two full time employees working under the direction of a police supervisor as a collateral duty.

Until 2017, historical staffing for the Parking Enforcement Unit was three full time employees. In 2017, one enforcement officer resigned, and with budget constraints preventing the immediate backfill of the vacated position, the City moved parking equipment maintenance to the Public Works Department. To managed parking meter maintenance Public Works added a half-time mechanic. At the same time, the Police Department hired a part-time hourly employee for enforcement purposes. Unfortunately, this plan did not work as well as intended because the half-time mechanic was not consistently and immediately available to respond when needed due to priority public works duties. As a result, most of the equipment maintenance, repair, and upkeep was handled by parking enforcement staff. Since late 2019, the entire maintenance program has been handled by the part-time hourly employee assigned to the Parking Enforcement Unit.

With the retirement of a full time Parking Enforcement Officer (PEO) in the summer of 2020, the Police Department promoted the part time hourly PEO to full time status, leaving the part-time PEO position vacant. The maintenance duties previously performed by the part-time employee were assumed in his new position as a full-time PEO, in addition to the role's other important responsibilities, specifically high visibility engagement with the public and needed parking enforcement.

DISCUSSION: The Parking Enforcement Unit is not able to effectively sustain the minimum level of necessary operations with the current staffing level of two parking enforcement officers. As we continue to recover from the impacts of the pandemic, the demands placed upon the Parking Enforcement Unit are increasing; especially as we approach the summer months and

Parking Enforcement Staffing
April 22, 2021

the relative increase in visitors to our City. Staff recommends that the City return to the previous staffing level of three PEO's. Public Works concurs with the return to the historic model for parking meter maintenance and is proposing to convert one Mechanic position to a currently frozen Maintenance Worker 1 position. The vacant Mechanic position would then be frozen. The Maintenance Worker position will be filled with existing personnel in the Public Works Department. The proposed resolution following this report outlines this reallocation of resources.

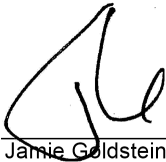
FISCAL IMPACT: The projected salary savings in the Public Works Department is approximately \$15,000. The 2020 salary cost for the part-time PEO assigned to the Parking Enforcement Unit was approximately \$25,000. Therefore the combined savings from the reclassification of the Public Works position in addition the savings from the currently unfilled part-time position in the Parking Enforcement Unit totals \$40,000.

The salary and benefits for the full time PEO position on an annual basis is approximately \$63,000.

If approved, the additional costs for the remainder of FY 2020-21 will be covered by salary savings because of the previously mentioned retirement. In FY 2021-22 personnel costs will be reduced in the Public Works Department by approximately \$15,000 and total personnel costs in the Police Department will increase by approximately \$38,000 for a net increase to city-wide personnel costs of \$23,000.

Report Prepared By: Terry McManus
Police Chief

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/15/2021

Parking Enforcement Staffing
April 22, 2021

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
AUTHORIZING THE REALLOCATION OF RESOURCES FOR
PARKING METER AND PAYSTATION MAINTENANCE
FROM THE PUBLIC WORKS DEPARTMENT
TO THE POLICE DEPARTMENT**

WHEREAS, in Fiscal Year 2018 a mid-year budget amendment was made to reallocate resources from the Police Department to the Public Works Department for parking meter and pay station maintenance; and

WHEREAS, the changes included creating a position in Public Works that was 50% meter maintenance mechanic and 50% maintenance worker in Public Works; and

WHEREAS, in the Police Department a full time Parking Enforcement Officer position was reduced to part time; and

WHEREAS, best efforts were made to make this plan work for both departments but ultimately the split in demand on the Public Works crew member became difficult to sustain and the Police Department began reassuming the meter maintenance; and

WHEREAS, due to recent personnel change in the Police Department due to a retirement of a Parking Enforcement Officer, the staff recommends restoring the part time Parking Enforcement Officer to its original full time status and changing the Public Works position to full time Maintenance Worker and the parking meter and pay station maintenance returning to the Police Department.

NOW, THEREFORE, BE IT FUTHER RESOLVED, by the City Council of the City of Capitola to approve the following:

1. Convert an existing Mechanic position to a Maintenance Worker 1-2 position in Public Works; and
2. Increase a part time Parking Enforcement Officer to a full-time position and authorize recruiting to fill this position.

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 22nd day of April, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Yvette Brooks, Mayor

ATTEST:

Chloé Woodmansee, City Clerk



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: Public Works Department

SUBJECT: Consider Suspending Operation of the Summer Beach Shuttle for 2021

RECOMMENDED ACTION: In response to the on-going COVID-19 pandemic, suspend the operation of the beach shuttle for Summer 2021 and extend the contract with MV Transportation for the operation of the shuttle by one year to maintain the existing term length.

BACKGROUND: On May 28, 2020, the City approved a contract with MV Transportation for the operation of the City's summer shuttle program.

Typically, the shuttle operations begin Memorial Day weekend and run weekends and holidays through the Art and Wine Festival in mid-September. Due to the COVID-19 pandemic and the related health orders, the shuttle did not operate last summer.

The City's current contract with MV Transportation states that, if the City does not begin shuttle service in 2021 due to COVID-19, the contract will commence in 2022. The contract further indicates that, if services are delayed, the Consumer Price Index (CPI) increases stipulated in the current contract will be applied to the 2022 rate. Staff requests authority to negotiate an extension of the contract with MV Transportation to maintain the original 5-year term.

DISCUSSION: As the COVID-19 pandemic is ongoing, staff recommends the shuttle service be suspended until the summer of 2022. If the Art & Wine Festival is held this September, the Chamber will use MV Transportation for event-specific shuttle services and Public Works staff will coordinate this operation with the Chamber.

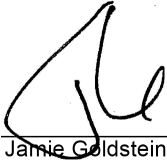
The operation of the summer beach shuttle is part of the City's Local Coastal Plan with ties to the enforcement of the neighborhood permit parking program. Public Works has discussed suspending the shuttle this summer with the California Coastal Commission staff, and they concur that suspending shuttle service this year makes sense. However, the Coastal Commission requests that if pandemic related health orders are rescinded mid-summer, the City re-evaluate and consider beginning shuttle operations at that time.

FISCAL IMPACT: The contract cost to run the shuttle for 2021 would be \$75,000. The costs would be split between fiscal years 2020-21 (May and June) and 2021-2022 (July to September), with respective costs \$15,500 and \$59,5000. However, if the shuttle is suspended for 2021, funds will be not required. Regardless, the 2021-22 budget will need to include expenditures for May and June of 2022 in the amount of \$16,100.

Beach Shuttle Operation 2021
April 22, 2021

Report Prepared By: Steve Jesberg
Public Works Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/16/2021



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: City Manager Department

SUBJECT: Ordinance Amending Section 10.40: Speed Limits in the Capitola Municipal Code

RECOMMENDED ACTION: Adopt an ordinance amending Chapter 10.40: Speed Limits of the Capitola Municipal Code, and waive reading of the text.

BACKGROUND: At the April 8, 2021, City Council meeting, staff presented the first reading of a proposed ordinance that will amend Chapter 10.40: Speed Limits and adopt a new Engineering and Traffic Study, pursuant to sections 22356, 22358, and 40802 of the California Vehicle Code. As presented and based upon findings of the survey the speed limits will be lowered (from 35 to 30 MPH) on portions of Park Avenue and 41st Avenue; all other speed limits will be unchanged.

DISCUSSION: Ordinance changes require two approvals, a first reading when an ordinance is introduced and a second reading when an ordinance is formally adopted. This item is the second reading of the proposed ordinance; adoption of which will facilitate the use of radar detection for enforcement purposes on all forty-seven street segments identified in the new Engineering and Traffic study. If adopted, the ordinance will become effective on May 22, 2021. A clean copy of the proposed final ordinance follows.

FISCAL IMPACT: None.

Report Prepared By: Chloe Woodmansee
City Clerk

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

4/15/2021

Speed Survey
April 22, 2021

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
AMENDING CHAPTER 10.40 OF THE CAPITOLA MUNICIPAL CODE AMENDING
SPEED LIMITS**

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

SECTION 1. Findings.

The City Council finds as follows:

A. California Vehicle Code section 40802 requires the use of radar (or any other electronic device that measures the speed of moving objects) for enforcement of declared prima facie speed limits be justified by an engineering and traffic survey conducted no more than five years, or seven years old if the arresting officer has completed the training required in CVC 40802, prior to the date of an alleged speeding violation.

B. Cal. Vehicle Code sections 22357 and 22358 further allow the City to determine and declare prima facie speed limits, by ordinance, that increase or decrease existing prima facie speed limits, provided that the revised prima facie speed limits are determined on the basis of an engineering and traffic survey.

C. On or around January 15, 2020 National Data Surveying Services (NDS), a traffic data collection company, collected traffic speed data on various street segments throughout Capitola. City staff used this data to complete an engineering and traffic survey ("Survey"). The Survey provides background information, analysis results of the street and traffic conditions, justification for the use of radar to enforce declared prima facie speed limits, and recommendations for prima facie speed limits for the forty-seven street segments analyzed, including decreases to existing prima facie speed limits on two street-portions thereof. Accordingly, the City Council finds that the adjustments to the prima facie speed limits as outlined in this Ordinance will facilitate the orderly movement of traffic and be reasonable and safe for the community.

SECTION 2. Amendment of Chapter 10.40 of the Capitola Municipal Code (Speed Limits)

Chapter 10.40 of the Capitola Municipal Code, entitled Speed Limits, is hereby amended in its entirety as shown in in Exhibit A, attached hereto and incorporated herein by reference.

SECTION 3. Compliance with the California Environmental Quality Act.

For purposes of the California Environmental Quality Act (Public Resources Code Section 21000, et seq.), a "project" is defined in State CEQA Guidelines Section 15378 (a) as "the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment". The City Council hereby finds that the action to adopt this ordinance will not result in any change in the environment and thus is not a project subject to the requirements of CEQA. Further, even if the action to adopt this ordinance was deemed to be a project subject to CEQA, the City Council finds the proposed ordinance is exempt from CEQA under the common sense

Speed Survey
April 22, 2021

exemption set forth in Section 15061(b)(3), which provides that CEQA only applies to projects which have the potential for causing a significant effect on the environment, and thus where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

SECTION 4. Severability.

The City Council hereby declares every section, paragraph, sentence, clause and phrase of this ordinance to be severable. If any section, paragraph, sentence, clause or phrase of this ordinance is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses or phrases.

SECTION 5. Inclusion in the Capitola Municipal Code.

It is the intention of the Capitola City Council that the text in Exhibit A of this ordinance be made a part of the Capitola Municipal Code and that the text may be renumbered or re-lettered and the word "Ordinance" be changed to "Section," "Chapter," or any other appropriate word or phrase consistent with this intention.

SECTION 6. Effective Date and Duration.

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

SECTION 7. Publication.

A summary of the ordinance was prepared by the City Clerk and published five days prior to the ordinance's adoption date; the ordinance summary, along with the names of the members of the City Council voting for and against its passage, will again be published within fifteen (15) days of its passage at least once in a newspaper of general circulation published and circulated in the City of Capitola. This ordinance was introduced on the 8th day of April, 2021, and was passed and adopted by the City Council of the City of Capitola on the 22nd day of April, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Yvette Brooks, Mayor

ATTEST:

Chloé Woodmansee, City Clerk

Speed Survey
April 22, 2021

Exhibit A

Sections:

10.40.010 California Vehicle Codes

10.40.020 Sign posting.

10.40.030 Prima facie speed limits established by engineering and traffic survey.

10.40.010 California Vehicle Code

Pursuant to the provisions of Sections 22357 and 22358 of the California Vehicle Code, the City of Capitola has the authority to determine on the basis of an engineering and traffic survey for streets within its jurisdiction to facilitate the orderly movement of traffic in a reasonable and safe manner.

10.40.020 Sign posting.

The prima facie speed limits herein declared shall be effective when appropriate signs have been posted and that the superintendent of streets is authorized and directed to erect, place and maintain such appropriate street and pavement signs and markings as may be required to give notice to the prima facie speed limit as detailed in 10.40.030

10.40.030 Prima facie speed limits established by engineering and traffic survey.

List of Streets Studied in this Survey

No	Street	Recommended Speed (mph)	Number of Sections
1	38th Avenue	25	2
2	41st Avenue	30	5
3	47th Avenue	25	2
4	49th Avenue	25	1
5	Bay Avenue	25	4
6	Brommer Street	25	1
7	Capitola Avenue	25	6
8	Capitola Road	25	5
9	Clares Street	25	3
10	Cliff Drive	25	1
11	Jade Street	25	1
12	Kennedy Drive	25	2
13	Monterey Avenue	25	5
14	Park Avenue (Monterey Avenue to Coronado Avenue)	25	1
15	Park Avenue (Coronado Avenue to Highway 1)	30	2
16	Stockton Avenue	25	1
17	Topaz Street	25	2
18	Wharf Road	25	3

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CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: Community Development

SUBJECT: Consider Authorizing a Memorandum of Understanding for a Revolving Economic Development Loan Program

RECOMMENDED ACTION: Authorize the City Manager to enter a Memorandum of Understanding with jurisdictions in the County, the Small Business Development Center, and the National Development Council for a “Grow Santa Cruz County” Revolving Loan Program in a form approved by the City Attorney; and implement the Grow Santa Cruz Revolving Loan Program for the City of Capitola.

BACKGROUND: The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by the former President on March 27, 2020, and provides funding to the U.S. Department of Commerce, Economic Development Administration (EDA) and its Economic Adjustment Assistance Program (EAA) to assist communities impacted by the COVID-19 Pandemic. The EDA received \$1.5 billion in CARES Act to funds for its various nationwide programs. Establishing a Santa Cruz County Revolving Loan Fund (RLF) was identified as a likely candidate for EDA assistance in discussions between Northern California representatives of the Economic Development Administration.

The EDA-funded RLF programs now include more than 500 local RLFs nationwide. The purpose of each is to provide business loans to those that cannot otherwise obtain traditional bank financing. These loans provide access to capital as gap financing, which helps small businesses grow into enterprises that can qualify for conventional business financing. The Santa Cruz RLF will operate on a semi-permanent county-wide basis and the loan fund will consist of two types of capital: loans up to \$25,000 and resilience loans up to \$500,000.

DISCUSSION: In early Spring 2020, staff participated in a series of discussions with the other jurisdictions in Santa Cruz County about a County-wide revolving loan fund to help in recovery efforts. Following expressed interest, City of Santa Cruz economic development staff engaged the Small Business Development Center and National Development Council (NDC) in a broader discussion about management, underwriting the program, and opportunities through EDA. NDC is a financial services and technical assistance provider and has administered the City of Santa Cruz’s economic development Grow Santa Cruz loan program for more than five years.

NDC took the lead in applying to the EDA for a County revolving loan fund using the City of Santa Cruz’s current Grow Santa Cruz Loan program as an initial program match. The application was successful and NDC was awarded a \$2.75 million Economic Development

Revolving ED Loan MOU
April 22, 2021

Revolving Loan Fund to create a loan program in Santa Cruz County. NDC is committing to provide the broader Santa Cruz community a minimum of 20% match funds, with the potential for overall program to be leveraged for up to \$16 million in further funds.

The City of Santa Cruz, City of Capitola, City of Scotts Valley, City of Watsonville, County of Santa Cruz, and the Small Business Development Center (SBDC), and NDC are now seeking to enter a Memorandum of Understanding (MOU) to implement the program.

The MOU will define the responsibilities and commitments of NDC, the Small Business Development Center, and the other participating agencies. This program was developed as a countywide program to create additional business lending resources. The partners will assist in identifying prospective businesses and screening and scheduling local business owners for the NDC loan officer. NDC will reserve final investment decisions based on credit approval by an internal committee. The program can be increased in size at any time by additional contributions from the partners or any local banking institutions.

Source of Funds

In addition to the EDA revolving loan funding award of \$2.75 million, some potential loans may be eligible for NDC's 7a SBA Resilience Product or NDC's i-Bank guarantee loan program. In these instances, a smaller portion of funding (no more than 25%) would use awarded EDA revolving loan funding allowing for more significant leveraging of EDA funds. EDA funds could cover 100% of loan amounts for loans that do not qualify for other NDC programs. While not required, participating jurisdictions may provide additional lending capital. Such additional capital would increase the overall scale and leveraging of the program funds within the jurisdiction providing the supplemental capital but would not change the funding allocations for participating jurisdictions of the initial seed capital provided by EDA or NDC.

Funding Allocation

The Grow Santa Cruz County Revolving Loan Program funding allocation is proposed based on the number of sales tax accounts within each of the jurisdictions in Santa Cruz County. In this program, the total potential maximum lending capacity (without providing additional funding) is roughly \$381,506 in the City of Capitola.

Under the proposed MOU, the participating jurisdictions agree to work towards identifying business lending needs that are program appropriate within each of their respective jurisdictions. Following an initial six-month program review, participating jurisdictions will meet and reevaluate the success of the program, along with current fund allocations, to ensure equitable and effective funding disbursements. Additional analysis will be ongoing and NDC will provide participating jurisdictions a loan fund leveraging performance review twice annually.

The Grow Santa Cruz County Loan Program is intended to launch in late April. Marketing for the program will begin following successful approval by the jurisdictions of program participation and the creation of joint marketing materials.

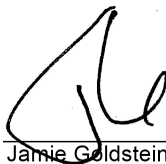
FISCAL IMPACT: NDC is responsible for the administration of the EDA RLF grant and program; no additional funding is required, or proposed at this time, from the City of Capitola.

Report Prepared By: Katie Herlihy

Revolving ED Loan MOU
April 22, 2021

Community Development Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/16/2021



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: Public Works Department

SUBJECT: Consider Acceptance of the Capitola Avenue Sidewalk Project and Approval of a Notice of Completion

RECOMMENDED ACTION: Approve the Notice of Completion for the Capitola Avenue Sidewalk Project constructed by Precision Grade Inc. with a final cost of \$127,363.88 and direct the Public Works Department to record the Notice of Completion.

BACKGROUND: The Capitola Avenue Sidewalk Project re-constructed a section of sidewalk on the 300 block of Capitola Avenue that was undermined and did not meet current ADA standards. The scope of work included demolition of the old sidewalk and construction of a new retaining wall and sidewalk. Precision Grade, Inc. was awarded the project on May 1, 2020, with a contract price of \$115,250.

DISCUSSION: The final cost of construction was \$127,363.88, which is \$12,113.88 more than the contract bid amount. The increases between the bid amount and final cost were due to several small items that came up during construction such as conflicts with a sanitary sewer lateral, the roadway near the curb requiring more reconstruction than was anticipated, and additions to the curb to accommodate the public-art hand railing.

The Notice of Completion is included as Attachment 1, and a Final Cost Summary as Attachment 2.

FISCAL IMPACT:

Budget: \$200,000

Final Expenditures:

Engineering design	\$ 64,757
Construction (estimated)	\$127,364
Total	\$192,121

Fund Balance: \$ 7,879
(available in CIP budget for future projects)

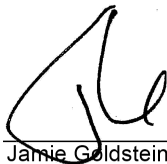
ATTACHMENTS:

1. Notice of Completion Capitola Ave Sidewalk
2. Final Cost Summary

Capitola Avenue Sdewalk Notice of Completion
April 22, 2021

Report Prepared By: Chloe Woodmansee
City Clerk

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/15/2021

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Capitola
Public Works Department
Attn: Steven Jesberg
420 Capitola Avenue
Capitola, California 95010

SPACE ABOVE THIS LINE FOR RECORDER'S USE

THIS INSTRUMENT IS BEING RECORDED FOR THE BENEFIT OF THE CITY OF CAPITOLA.
NO RECORDING FEE IS REQUIRED PURSUANT TO GOVERNMENT CODE §27383.

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the City of Capitola, owner of the property hereinafter described, whose address is 420 Capitola Avenue, Capitola, California, has caused a work of improvements more particularly described as follows:

PROJECT NAME: Capitola Avenue Sidewalk Project (Schedule A)

PROJECT DESCRIPTION: Sidewalk and Retaining Wall Construction

to be constructed on property more particularly described as follows:

DESCRIPTION: Capitola Avenue, Capitola CA

ADDRESS: 300 block

APN: N/A

The work of the improvement was completed by:

CONTRACTOR: Precision Grade, Inc.

ADDRESS: 107 The Alameda, Suite A, San Juan Bautista, CA 65045

The work of the improvements was actually completed on the 29th day of March 2021 and accepted by the City Council of said City on the 22nd day of April 2021.

Signature of City Official: _____
Chloe Woodmansee, City Clerk

The undersigned certifies that he is an officer of the City of Capitola, that he has read the foregoing Notice of Completion and knows the content thereof; and that the same is true of his own knowledge, except as to those matters which are therein stated on information or belief, and as to those matters that he believes to be true. I certify under penalty of perjury that the foregoing is true and correct. Executed at the City of Capitola, County of Santa Cruz, State of California.

Steven E. Jesberg
Director of Public Works

Signed: _____
Date: _____

Attachment: Notice of Completion Capitola Ave Sidewalk (Capitola Avenue Sidewalk Notice of Completion)

City of Capitola
Final Cost Summary

Project: Capitola Avenue Sidewalk (Schedule A)

Item No.	Item Description	Unit	Bid Quantity	Actual Final Quantity	Diff	Unit Cost	Final Cost	Difference
BASE BID (SCHEDULE A)								
1	Mobilization	LS	1	1.00	-	\$8,400.00	\$ 8,400.00	\$0.00
2	Construction Area Signs	LS	1	1.00	-	\$1,760.00	\$ 1,760.00	\$0.00
3	Traffic Control System	LS	1	1.00	-	\$2,570.00	\$ 2,570.00	\$0.00
4	Survey and Construction Staking	LS	1	1.00	-	\$3,500.00	\$ 3,500.00	\$0.00
5	Temporary Water Pollution Control and Erosion Control	LS	1	1.00	-	\$2,300.00	\$ 2,300.00	\$0.00
6	Relocate Water Utility Box	EA	1	1.00	-	\$3,720.00	\$ 3,720.00	\$0.00
7	Relocate Sanitary Sewer Clean Out Box	EA	1	1.00	-	\$1,660.00	\$ 1,660.00	\$0.00
8	Adjust Water Utility Box to Grade	EA	1	1.00	-	\$320.00	\$ 320.00	\$0.00
9	Adjust Cable Utility Box to Grade	EA	1	1.00	-	\$410.00	\$ 410.00	\$0.00
10	Adjust Storm Drain Inlet to Grade	EA	1	1.00	-	\$578.00	\$ 578.00	\$0.00
11	Salvage Pedestrian Railing	LF	107	107.00	-	\$13.00	\$ 1,391.00	\$0.00
12	Roadway Excavation	CY	43	43.00	-	\$294.00	\$ 12,642.00	\$0.00
13	Aggregate Base (Class 2)	CY	12	30.88	18.88	\$370.00	\$ 11,425.60	\$6,985.60
14	Hot Mix Asphalt (Type A)	TON	5	6.01	1.01	\$550.00	\$ 3,305.50	\$555.50
15	Minor Concrete (Curb and Gutter)	LF	107	107.00	-	\$85.00	\$ 9,095.00	\$0.00
16	Minor Concrete (Sidewalk)	SQFT	718	718.00	-	\$14.00	\$ 10,052.00	\$0.00
17	Minor Concrete (Curb Ramp)	SQFT	187	187.00	-	\$16.00	\$ 2,992.00	\$0.00
18	Detectable Warning Surface	SQFT	15	15.00	-	\$34.00	\$ 510.00	\$0.00
19	Curb Drain (City)	EA	1	1.00	-	\$490.00	\$ 490.00	\$0.00
20	Retaining Wall Type 1 (Cast In Place)	LF	85	85.00	-	\$499.00	\$ 42,415.00	\$0.00
21	Relocate Roadside Sign	EA	1	1.00	-	\$365.00	\$ 365.00	\$0.00
22	Wood Mulch	CY	5	5.00	-	\$242.00	\$ 1,210.00	\$0.00
23	Brick Paver	SF	21	21.00	-	\$80.00	\$ 1,680.00	\$0.00
	Extra work (sewer, colored concrete, curb)		0	1	1.00	4572.78	4572.78	\$4,572.78

Schedule A Total \$ 127,363.88 \$ 12,113.88

Summary

Original Bid:	\$	115,250.00
Changes:	\$	12,113.88
Final Cost:	\$	127,363.88

Attachment: Final Cost Summary (Capitola Avenue Sidewalk Notice of Completion)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: City Manager Department

SUBJECT: Receive Update on Pandemic Response

RECOMMENDED ACTION: Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action.

BACKGROUND: In December 2019, an outbreak of a respiratory illness linked to the novel coronavirus (COVID-19) was first identified. In March 2020, the state of California, the County of Santa Cruz, and the City of Capitola each declared a state of emergency due to the virus. Also in March, the World Health Organization declared COVID-19 a pandemic.

Since March 2020, State and local health officers have issued health orders to stop the spread of COVID-19; in Santa Cruz County this included March, April, and May 2020 Shelter-In-Place orders that were more restrictive than statewide guidance. Since then, the County Health Officer has incorporated all Orders of the State Public Health Officer, which set baseline statewide restrictions on travel and non-residential business activities.

Blueprint for a Safer Economy & Local Tier Status

On August 28, 2020, the State Monitoring List was replaced by the Blueprint for a Safer Economy. In this new system, every county in California is assigned to a tier based on its rate of new COVID-19 cases and positivity. The tiers, from most restrictive to least, are: Purple-Widespread; Red- Substantial; Orange- Moderate; and Yellow- Minimal.

At the start of this system on August 31, Santa Cruz County was placed in the Purple-Widespread tier. Originally, tier assignments were announced weekly, on Tuesdays. Since the surge in November, the California Department of Public Health (CDPH) has said that tier assignments may be announced at any time and could occur more than once a week. The table below shows where Santa Cruz County has fallen within the tier system since its implementation.

Date	Tier Assignment	Weeks in Tier
August 31	Purple Widespread Tier	Two
September 8	Red Substantial Tier	Seven

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April 22, 2021

October 27	Orange Moderate Tier	Two
November 10	Red Substantial Tier	Two
November 16	Purple Widespread Tier	Sixteen
March 10, 2021	Red Substantial Tier	Two+
March 31, 2021	Orange Moderate Tier	Three+

As of April 16, Merced County alone is in the Purple-Widespread tier, 21 Counties are in the Red-Substantial tier, 33 are in the Moderate-Orange tier (including Santa Cruz), and three Counties are in the Yellow-Minimal Tier. Nearly all the Bay Area is within the Moderate-Orange tier.

Beyond the Blueprint: State Reopening

On April 6, Governor Newsom announced that if two basic qualifiers continue to be met, California will fully reopen the economy on June 15, 2021. In other words, the current Blueprint (tier system) will no longer restrict and dictate sector operations. The two qualifiers are: 1) equitable vaccine availability; if vaccine supply is sufficient for Californians 16 years and older who wish to be inoculated and 2) consistently low burden of disease, meaning that hospitalizations are stable and low, and specifically hospitalizations among fully vaccinated individuals are low.

Though not all details are available, guidance states that when California fully opens the economy, the Blueprint for a Safer Economy will no longer be in effect and the tier system will not be used. Instead, usual operations can be resumed by business sectors along with “common-sense” health measures such as masking, testing, and testing or vaccination verification requirements for large-scale, higher-risk events.

The guidance also stipulates that schools and higher-learning institutions should conduct full-time, in person instruction (in compliance with Cal/OSHA emergency temporary standards); that workplaces must promote policies that reduce risk (including masking, improved ventilation, and allowing remote work when possible without impacting business operations); and that Californians and travelers are subject to any current Center of Disease Control and California Department of Public Health travel restrictions.

Local Case Numbers and Statistics

As of April 16, there are 15,495 known COVID-19 cases in Santa Cruz County; of these known cases 444 are in the City of Capitola. In our County, there have been 202 deaths due to COVID-19.

In Santa Cruz County, the rate of new cases per day per 100k is at 3.4 (an increase from 2.9 two weeks ago), with an adjusted case rate for tier assignment of 2.2. There is an overall positivity rate of 1 %.

Vaccine/Testing Status

According to state data recorded on April 12, more than 23 million COVID-19 vaccine doses have been administered in the State of California. 39.1% of people are partially vaccinated;

COVID-19 Emergency- Update 24
April 22, 2021

21.6% are fully vaccinated. With an average vaccination rate of about 391,650 per day, it will take another three months to cover 75% of the state's population. According to state-level guidance, all Californians aged 16 and older are eligible for a vaccination beginning April 15.

As of April 12, 117,949 Santa Cruz County residents (43%) have received at least one dose of a COVID-19 vaccine. Of the people that have received a vaccine, 72,331 (26.4%) are fully vaccinated. In a press conference on Wednesday, April 14, Deputy Health Officer Dr. Ghilarducci said that county health officials expect herd immunity by early-to-mid summer in Santa Cruz County.

According to the Center for Disease Control and Prevention (CDC), people are considered fully vaccinated 2 weeks after their second dose in a 2-dose series, such as the Pfizer or Moderna vaccines, or 2 weeks after a single-dose vaccine, such as Johnson & Johnson's vaccine.

The City continues to offer voluntary onsite COVID-19 rapid-testing clinic to all employees and insured household members, through the private company Virtual Hearing Solutions.

Capitola Single Use Plastic Bag Ordinance

Capitola's plastic bag ordinance requires stores to charge 25-cents for single use paper bags. Single use plastic bags are not allowed. The ordinance allows the City Manager to waive the 25-cent fee for single use bags. That fee was waived in March of 2020, due to the pandemic causing stores to prohibit shoppers from using their own reusable bags.

While most stores are once again allowing shoppers to use their own reusable bags, if they so wish, not all stores are allowing this. Hopefully, this will shift as Santa Cruz County moves to less restrictive tiers. Staff has spoken with all major grocery stores in Capitola regarding the Capitola Single Use Plastic Bag Ordinance. All major grocery stores are charging for single use bags, and only Nob Hill is not allowing shoppers to use their own reusable bags. Staff has sent out communication to the stores that may not be in full compliance with Capitola Single Use Plastic Bag Ordinance, and will send out communication to all retailers and continue to enforce on a complaint basis.

Behavioral Guidance

The CDC maintains that it is critical to protect yourself and others from the spread of COVID-19; the best and easiest ways to do so are as follows:

- Wear a mask that covers your nose and mouth
- Stay 6-feet apart from others who don't live with you
- Get a COVID-19 vaccine when it is available to you
- Avoid crowds and poorly ventilated indoor spaces
- Wash your hands often with soap and water, or hand sanitizer if soap and water are not available

DISCUSSION: Due to the City, County, and State's emergency declarations, City departments continue to implement strategies to protect the community and employees while maintaining essential levels of service to the public.

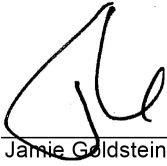
If major changes occur between the date of agenda publication and the City Council meeting, further updates on the regional and local coronavirus response can be provided in a verbal report at the meeting.

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April 22, 2021

FISCAL IMPACT: Fiscal impacts from the pandemic have been accounted for in the updated FY 20/21 Budget. Those impacts are being reviewed on a quarterly basis by the City Council. In addition, the City Council has set aside \$600,000 to help ensure the City has available resources should the pandemic result in further unforeseen impacts. The next scheduled budget review is an item on this agenda.

Report Prepared By: Chloe Woodmansee
City Clerk

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/15/2021



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: Public Works Department

SUBJECT: Consider Extending the Temporary COVID-19 Outdoor Activities and Encroachment Agreements and Receive Work Plan for Future Consideration of a Permanent Parklet Program in Capitola Village

RECOMMENDED ACTION: Receive a report regarding the work plan for the development of a permanent parklet program in Capitola Village, and extend the outdoor dining and other commercial outdoor activities currently in place to September 7, 2021.

BACKGROUND: On January 14, 2021, the City Council extended the temporary program allowing restaurants and businesses to operate utilizing outdoor spaces, including road right of way, with the new deadline of May 31, 2021. On March 25, 2021, the City Council directed staff to prepare a report to extend these temporary measures to a date to be determined to allow the City to develop a long-term strategy for an outdoor dining parklet program in Capitola Village, while the temporary measures deemed necessary due to the pandemic remain in place.

Outdoor dining in the Village, as it currently exists, would impact the traditional Capitola Art and Wine Festival which typically takes place the on weekend following Labor Day. For 2021, barring pandemic related restrictions and subject to City approval, the Festival would be scheduled for September 11 and 12. To allow for a potential festival, Staff recommends extending the outdoor dining program with a new deadline of September 7, 2021 (the day after Labor Day). The Capitola Beach Festival, which similarly would be scheduled on September 25 and 26, would not be impacted by outdoor dining. Both the Car Show and Wharf to Wharf race, which typically happen earlier in the summer, have already been cancelled by event organizers.

This extension of the current outdoor dining program will allow staff time to research and develop provisions for a use of public streets parklet program and to prepare the necessary regulatory approvals, ordinance changes, and policy updates for City Council consideration. Staff has drafted a work plan for the development of a parklet program in the Village. The work plan, included as Attachment 1, includes details on the stakeholders to be consulted, information to be gathered, proposed public input methods, decision points, and a timeline.

DISCUSSION: The emergency orders issued by the City allowing the outdoor dining programs were authorized under Health and Safety Orders issued by both the State and County Health Officer. Extending the programs while these orders remain in place is consistent with the orders. Should the orders be rescinded prior to September 7, staff will determine if additional actions are necessary to keep the temporary dining program in place.

Temporary Outdoor Dining Extension
April 22, 2021

Developing a parklet program will be a significant staff undertaking and require extensive coordination with all stake holders. The City has already received preliminary input from the California Coastal Commission that any permanent parklet program that removes Village parking will require an update to the City's Local Coastal Plan.

FISCAL IMPACT: The cost of developing a plan is mostly compromised of staff work time. The fiscal impacts of a permanent parklet program will be identified as the work plan is completed by staff. The temporary outdoor dining program reduces parking meter revenue by approximately \$12,000 per month based on pre-pandemic annual revenue. The recommended extension through September 7 allows slightly more than three additional months of the temporary program.

ATTACHMENTS:

1. Parklet Work Plan (PDF)

Report Prepared By: Steve Jesberg
Public Works Director

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/16/2021

Workplan for the Study and Development of a Permanent Parklet Program in Capitola Village

Revision Date: April 14, 2021

Goal: Develop a recommendation to the City Council whether to continue the outdoor dining in the Village and if so, propose new guidelines for its continuation

Stakeholders

- Capitola community
- City Council
- BIA
- Coastal Commission staff
- Village Residents Association
- Event organizers

Preliminary information needed:

- Coastal Commission opinion
 - Overall support
 - Coastal Plan amendment
 - Individual CDP's (permitting)
 - Changes in parking counts and demand and in lieu program
- Cost of finished/unfinished private commercial rental space in the Village
- Utility locations
- Parking meter revenue
- Parking spaces per existing dining areas currently
- Research City of Santa Cruz and other nearby cities program details
- Safety report Accident/injury data (PD) after existing outdoor dining started
- Impact on Police Department and Public Works staffing
- Impact from special event sponsors
 - Car Show
 - Wharf to Wharf
 - Art and Wine Festival
 - Capitola Beach Festival
- Identify all necessary zoning and policy changes

Public input

- BIA survey provided.
- Additional survey of business
 - Willingness to pay
 - # of spaces they would be interested in using
 - Estimate on additional employment and revenue (taxes)
 - Other questions?
- City survey
 - Open to the public

Decision points

- How many spaces would be available for outdoor dining and where?
- How long would the spaces be available, e.g. 3 year lease?
- What are minimum design standards?
- How would we allocate the spaces?
- Would the City develop any infrastructure or all private development?
- How much would we charge?
- Impacts on special events
- Additional Police Department and Public Works Department staffing requirements

Timeline

- April 22, 2021 – City Council extend existing program and review work plan
 - Current program is set to expire May 31, 2021
- May information gathering
- June 1, 2021
 - Complete gathering of preliminary information above
 - Complete city survey
 - Update COVID health orders (June expiration?)
- June and July discussions before Council – multiple meetings
- September 2021 - Public Hearing on first reading
 - Ordinance amendments (zoning)
 - Policy amendments
- October - Final adoption and submission to Coastal Commission
- Coastal Commission approval 3-6 months



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: City Manager Department

SUBJECT: Discussion of Funding Options for Community Grants in Fiscal Year 2020-21

RECOMMENDED ACTION: Approve community grant funding for Fiscal Year 2020-21 as recommended by the Community Grant Subcommittee; direct staff to return with a budget amendment.

BACKGROUND: As a result of significant projected revenue decreases due to COVID-19, the City Council approved the 2020/2021 fiscal year budget with no funding for the Community Grant program. The City has been working to secure other funding sources for some of the previous grantees, such as the Community Development and Block Grant (CDBG) Coronavirus Aid, Relief and Economic Security (CARES) Act grant funding.

In typical years, the City of Capitola Community Grant program has funded more than thirty programs with the general fund and another eight programs with the dedicated Transitory Occupancy Tax Early Childhood and Youth Program (ECYP). Grantees receive two payments: in December and June.

In February 2020, the City Council received a report from Optimal Solutions Consulting for recommendations on improving the Community Grant program. Council approved an incremental change approach and directed staff to:

- Revise the program application,
- Develop a data-driven process,
- Review the allocation and reporting, and
- Align priorities and consider working with other funders.

Staff updated Community Grant application as recommended. Staff has not created a detailed timeline to implement the remainder of the recommended changes, due to the uncertainty of the program.

At the February 25, 2021, City Council meeting, Council set a strategic review of the City's community grant program as a goal for the 21/22 Fiscal Year. Staff anticipates bringing future items to Council as part of that process.

Also at the February 25 meeting, Councilmembers Petersen and Bertrand requested that a reevaluation of community grant funding in fiscal year 2020-21 be brought back to Council as part of the mid-year budget review.

At the March 11 mid-year budget review Council directed staff to open the Community Grant

Community Grants FY 20/21
April 22, 2021

application process for Fiscal Year 2020-21. Council also formed a subcommittee to review and recommend grantee applications, and appointed Mayor Brooks and Council Member Petersen to the committee.

DISCUSSION: Staff opened the Fiscal Year 2020-21 application process on March 15, 2021 and sent information and the updated application to all grantees that were awarded funds in the previous grant cycle. The application period was open for three weeks and closed at 5pm on April 5, 2021.

The City received applications from ten organizations for eleven separate programs. Nine of the ten organizations received funding from the City of Capitola during the previous two-year grant cycle which ran from July 2018 through June 2020. The total amount requested for fiscal year 2020-21 is \$76,300.00.

The Council subcommittee reviewed applications and recommended that nine of the ten prior applicants receive a 2.25% increase to the amount they received in Fiscal Year 2019-20. The subcommittee recommended that The United Way receive the full \$5,000 requested because during the City's 2018-2020 grant cycle the organization did not receive funding for the 211 system, as it had in the past. The subcommittee did not recommend funding the one new applicant for fiscal year 2020-21.

The total funding amount the subcommittee recommended is \$44,652.56. Of this amount, \$43,648.46, will come from the general fund and \$1,004.10 from the dedicated ECYP fund.

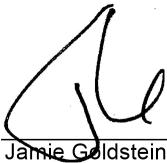
FISCAL IMPACT: The fiscal year 2020-21 general fund impact is \$43,648.46 and the fiscal impact to the dedicated ECYP fund will be \$1,004.10.

ATTACHMENTS:

1. FY 20-21 Grant Applications

Report Prepared By: Larry Laurent
Assistant to the City Manager

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/16/2021

Organization	Program	2020-21 Request	2019-20 Award	FY 2020-21 Subcommittee Recommended Award (2.25% increase)
Cabrillo College Stroke and Disability Learning Center (SDLC)		\$ 8,000.00	\$ 7,608.00	\$ 7,779.18
United Way of Santa Cruz County	211 Helpline and Community Assessment Project	\$ 5,000.00	\$ 2,122.00	\$ 5,000.00
Senior Network Services		\$ 3,000.00	\$ 2,721.00	\$ 2,782.22
Conflict Resolution Center of Santa Cruz		\$ 3,500.00	\$ 3,412.00	\$ 3,488.77
Volunteer Center of Santa Cruz County	Empowered Aging	\$ 15,000.00	\$ 3,412.00	\$ 3,488.77
NAMI (National Alliance on Mental Illness) Santa Cruz County		\$ 10,000.00	\$ -	\$ -
Dientes Community Dental Care		\$ 1,500.00	\$ 1,490.00	\$ 1,523.53
Community Bridges	Live Oak Community Resources	\$ 15,000.00	\$ 5,400.00	\$ 5,521.50
Community Bridges*	Child Development Division	\$ 5,000.00	\$ 982.00	\$ 1,004.10
Native Animal Rescue		\$ 1,400.00	\$ 1,274.00	\$ 1,302.67
Family Service Agency of the Central Coast		\$ 12,400.00	\$ 12,481.00	\$ 12,761.82
		\$ 79,800.00	\$ 40,902.00	\$ 44,652.56
* Funded from Children's Fund				

Attachment: FY 20-21 Grant Applications (Community Grants FY 20/21)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: Community Development

SUBJECT: Castle Mobile Home Estates Regulatory Agreement

RECOMMENDED ACTION: Approve the new Castle Mobile Home Estates regulatory agreement.

BACKGROUND: Millennium Housing LLC, is the owner of Castle Mobile Homes Estates, a 108-space mobile home park located at 1098 38th Avenue in Capitola. On February 24, 2011, the City and the Capitola Redevelopment Agency, now known as the Housing Successor Agency, entered into a cooperation agreement, which was amended on March 8, 2011. Pursuant to the cooperation agreement, the City loaned up to two million dollars to Millennium Housing to assist in the acquisition and rehabilitation of the Castle Mobile Home Estates and for subsidies for the benefit of 86 very low-, low-, and moderate-income households. In addition to the City's loan, the project was funded by bond revenues.

Millennium Housing is in the process of refinancing the outstanding prior bonds, paying off the City loan, and making certain improvements including the addition of a laundry facility. The payoff of the City loan will increase the City's Affordable Housing Program fund balances by slightly over \$2 million as detailed in the fiscal impact section of this report.

On April 8, 2021, the City Council held a TEFRA hearing for conduit financing for the independent cities finance authority for Castle Mobile Estates. In that hearing, the City authorized the issuance of a new set of bonds.

When Millennium purchased the park, Millennium had an agreement with the Independent Cities Finance Authority (ICFA), who issued the first set of bonds, and a separate agreement with the City. Millennium's agreement with the City was a regulatory agreement, which governed the affordability components of the project.

Millennium Housing is proposing a new agreement between the City, ICFA, and Millennium, that will combine provisions from the current regulatory agreement and Millennium's agreement with ICFA to simplify the administration and monitoring requirements. Because redevelopment funds were used for the City's original loan, Millennium Housing is still obligated to restrict the spaces in accordance with the redevelopment housing fund requirements, which are codified in the current regulatory agreement. These requirements are also included in the proposed new agreement.

Updated Regulatory Agreement - Castle
April 22, 2021

DISCUSSION: The regulatory agreement establishes the terms and conditions that govern the management of Castle Mobile Estates, including the number of units that are restricted to very low-, low- and moderate-income households, the duration of the affordable housing restrictions, and the rental assistance program. These requirements are included in the proposed new regulatory agreement and discussed in more detail below.

The proposed new agreement maintains 86 total affordable units within the park while increasing the number of units available to very low- and low- income households. The following table shows the proposed modifications within each income level.

Income Levels	2011 Regulatory Agreement	2021 Regulatory Agreement
Very low- income households (50% area median income)	21	22
Low- income households (80% area median income)	11	31
Moderate income households (120% area median income)	54	33
Total	86	86

The proposed agreement extends the affordability restrictions by an additional ten years. The original agreement was due to expire in 2066, 55 years from the date of the original agreement (2011). In the proposed agreement, Millennium will restrict the units for an additional 55 years, through 2076.

The 2011 regulatory agreement also includes a rental assistance program, which uses a portion of the City's loan funds to assist tenants with rent based on income qualifications. In the proposed new agreement, Millennium will continue the rental assistance program by providing rental assistance to all residents that are currently eligible.

Overall, the updated development agreement is in alignment with the City's affordable housing goals. It will create more affordable housing units within the very low- and low- income households, extend the affordability requirements for an additional ten years, and maintain the existing rental assistance program.

FISCAL IMPACT: The City Housing Successor Agency Fund will receive approximately \$1.8 million, and the Housing Trust Fund will receive approximately \$202,000 from the loan repayment, with those funds becoming available to reprogram into the City's affordable housing program.

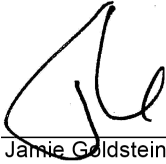
ATTACHMENTS:

1. 2021 Updated Castle Regulatory Agreement (PDF)

Report Prepared By: Katie Herlihy
Community Development Director

Updated Regulatory Agreement - Castle
April 22, 2021

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/15/2021

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
Preston Olsen, Esq.)
Gilmore & Bell, P.C.)
15 West South Temple, Suite 1450)
Salt Lake City, UT 84101)

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This document is recorded for the benefit of the Independent Cities Finance Authority, and the recording is fee exempt under Section 27383 of the Government Code.

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS
(Castle Mobile Estates)**

by and among the

INDEPENDENT CITIES FINANCE AUTHORITY,
as Authority

And

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

And

CITY OF CAPITOLA,
as City

And

MILLENNIUM HOUSING LLC,
as Borrower

Dated as of May 1, 2021

Relating to:
\$_____

Independent Cities Finance Authority
Mobile Home Park Revenue Refunding Bonds
(Castle Mobile Estates) Series 2021

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REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(Castle Mobile Estates)

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the “Regulatory Agreement”), made and entered into as of May 1, 2021, is by and among the Independent Cities Finance Authority, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), U.S. Bank National Association, a national banking association, as trustee (the “Trustee”) under an Indenture of Trust dated as of the date hereof between the Authority and the Trustee, the City of Capitola, a municipal corporation, as the Successor Housing Agency to the Redevelopment Agency of the City of Capitola, a public body, corporate and politic (the "Former Agency") and Millennium Housing LLC, a California limited liability company, as the owner of the property described in Exhibit A attached hereto (the “Borrower”).

RECITALS:

WHEREAS, the Legislature of the State of California enacted Chapter 8, Part 5 of Division 31 of the California Health and Safety Code (the “Act”) to authorize cities, including joint powers authorities among cities, to issue bonds to finance the acquisition of mobile home parks to provide housing for persons of very low income; and

WHEREAS, the Authority is a constituted authority within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Authority previously issued its Mobile Home Park Revenue Bonds (Castle Mobile Estates) Series 2011A (the “Prior Series A Bonds”), its Mobile Home Park Subordinate Revenue Bonds (Castle Mobile Estates) Series 2011B (Federally Taxable) (the “Prior Series B Bonds) and its Mobile Home Park Subordinate Revenue Bonds (Castle Mobile Estates) Series 2011C (the “Prior Series C Bonds” and collectively with the Prior Series A Bonds and the Prior Series B Bonds, the “Prior Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2011 (the “Prior Indenture”), between the Authority and MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.), in such capacity (the “Prior Trustee”), and loaned the proceeds of the Prior Bonds (the “Prior Loan”) to . Borrower, in order to provide financing and refinancing with respect to the acquisition and improvement of a mobile home park known as the Caste Mobile Estates (the “Project”) located at 1099 38th Avenue, Capitola, California; and

WHEREAS, the Authority has adopted a resolution (the “Resolution”) authorizing the issuance of revenue bonds in connection with the financing of the Project to be owned by the Borrower; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution, the Authority proposes to issue \$ _____ initial principal amount of its revenue bonds designated “Independent Cities Finance Authority Mobile Home Park Revenue Refunding Bonds (Castle Mobile Estates) Series 2021” (the “Bonds”), the proceeds of which will be loaned to the Borrower (the “Loan”)

which, in consideration of the Loan, will cause to be delivered to the Trustee its promissory note (the "Note") secured by the Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing pertaining to the Project (the "Mortgage") recorded in the office of the County Recorder for the County of Santa Cruz; and

WHEREAS, the Authority, the Trustee and the Borrower have entered into a Loan Agreement, dated the date hereof (the "Loan Agreement"), pursuant to which the Authority will make the Loan to the Borrower to finance the Project and pay and redeem the Prior Bonds; and

WHEREAS, the Note will be held by the Trustee in trust for the benefit of the Owners from time to time of the Bonds pursuant to the terms of the Indenture to pay when due the principal of and interest on the Bonds; and

WHEREAS, all things necessary to make the Bonds, when issued as provided in the Indenture, the valid and binding limited obligations of the Authority according to the import thereof, and to constitute the Indenture a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Bonds have been done and performed, and the creation, execution, and delivery of the Indenture and the execution and issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Former Agency provided a loan to the Borrower in the amount of Two Million Dollars (\$2,000,000) (the "Former Agency Loan"), the proceeds of which were used to assist in the purchase of the Project, subject to the terms of certain documents, including that certain Regulatory Agreement and Declaration of Restrictive Covenants between the City, the Former Agency and the Borrower (the "City Regulatory Agreement"); and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be used and operated in accordance with the Code (including Section 501(c)(3) of the Code) and the Act, the Authority, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the operation of the Project.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority, the Trustee and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. In addition to the terms defined in the foregoing recitals, the following terms used in this Regulatory Agreement shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

“Adjusted Income” - The anticipated total annual income of the individuals or family who intend to occupy a Space, determined in a manner consistent with determinations of lower income families by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as in effect immediately before such termination). Subsection (g) and (h) of Code section 7872 shall not apply in determining income hereunder.

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)

“Administration Agreement” - The Administration and Oversight Agreement, dated as of May 1, 2021, by and among the Authority, the Borrower and the Oversight Agent.

“Area” - The Santa Cruz-Watsonville, CA MSA or such other area as may be designated by HUD in which the Project is located.

“Authority Annual Fee” - An amount equal to 1/10 of one percent of the outstanding principal amount of the Bonds payable to the Authority 1/12 of such amount monthly, on the 15th day of each month, from the General Account of the Administration Fund, commencing _____ 15, 2022 and ending with the end of the term of this Regulatory Agreement. In addition, the Borrower agrees to reimburse the Authority up to \$3,000 per year for costs, if any, incurred by the Authority for any audit report relating to the Bonds, such amount to be paid from amounts in the General Account of the Administration Fund promptly upon receipt by the Borrower and the Trustee of an invoice detailing the costs incurred by the Authority.

“Certificate of Continuing Program Compliance” - The certificate with respect to the Project to be filed by the Borrower with the Authority and the Oversight Agent which shall be substantially in the form attached hereto as Exhibit C.

“City” - The City of Capitola, California, a municipal corporation.

“Code” - The Internal Revenue Code of 1986, as amended; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law. Any reference to a particular provision of the Code shall be deemed to include (a) any successor provision of any successor internal revenue law and (b) the applicable regulations, whether final, temporary or proposed, under such provision or successor provision.

“Extremely Low Income Residents” - Individuals or families whose Adjusted Income does not exceed the qualifying limits for extremely low income families (currently 30% or less of the Median Income for the Area), adjusted for actual household size, and as published by the State of California Department of Housing and Community Development.

“Functionally Related and Subordinate” - Facilities for use exclusively by tenants, for example, swimming pools, other recreational facilities, parking areas and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers or maintenance personnel; provided that the same are of a character and size commensurate with the character and size of the Project and, as to size, does not exceed that necessary to service the requirements of the residents of the Project.

“Income Certification” - The Income Certification attached hereto as Exhibit B.

“Low Income Residents” - Individuals or families whose Adjusted Income does not exceed the qualifying limits for low income families (currently 80% or less of the Median Income for the Area), adjusted for actual household size, as established and amended from time to time pursuant to Section 8 for the United States Housing Act of 1937, and as published by the State of California Department of Housing and Community Development. If all occupants of a Space are or will be full

time students during five calendar months of the calendar year at an educational institution (other than a correspondence school) with regular faculty and students, such occupants shall not be considered to be Low Income Residents unless all such students are either (i) married and eligible to file a joint federal income tax return or (ii) single parents and their children and such parents and children are not dependents of another individual or (ii) receiving assistance under Title IV of the Social Security Act (including AFDC/TANF) or the Job Training Partnership Act or under similar Federal, State, or local laws, or were previously under the care and placement responsibility of the State agency responsible for administering a plan under Part B or part E of Title IV of the Social Security Act (foster care assistance). For purposes of determining Low Income Residents the combined Adjusted Income of all occupants of a Space, whether or not legally related, shall be utilized.

“Low Income Spaces” - The Spaces in the Project occupied by Low Income Residents.

“Median Income for the Area” - As of any date, the median gross income for the Area as most recently determined by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended, (or if such program is terminated, under such program as in effect immediately before such termination). Except for any HUD Hold Harmless Impacted Project, as defined in Code section 142(d)(2)(E)(iv), any determination of Median Income for the Area with respect to the Project for any calendar year after 2008 shall not be less than the Median Income for the Area determined with respect to the Project for the calendar year preceding the calendar year for which such determination is made. Special rules for determining the Median Income for the Area for calendar years after 2008 for HUD Hold Harmless Impacted Projects are set forth in Code section 142(d)(2)(E)(iv).

“Moderate Income Residents” - Individuals or families whose Adjusted Income does not exceed the qualifying limits for moderate income families (currently 120% or less of the Median Income for the Area), adjusted for actual household size, and as published by the State of California Department of Housing and Community Development.

“Moderate Income Spaces” - The Spaces in the Project occupied by Moderate Income Residents pursuant to Section 5(c) of this Regulatory Agreement.

"Oversight Agent" - The Oversight Agent appointed under the Administration Agreement, which shall initially be Wolf & Company Inc.

“Oversight Agent’s Fee” - The administration fee of the Oversight Agent, as set forth in the Administration Agreement.

"Park Maximum Space Rent" – The maximum monthly rent for a Space which shall not exceed Eight Hundred and Twenty Five Dollars (\$825.00), plus permitted increases as provided in this Regulatory Agreement.

“Prior Bonds” means, collectively, the Authority’s previously issued Mobile Home Park Revenue Bonds (Castle Mobile Estates) Series 2011A (the “Prior Series A Bonds”), its Mobile Home Park Subordinate Revenue Bonds (Castle Mobile Estates) Series 2011B (Federally Taxable)

(the “Prior Series B Bonds”) and its Mobile Home Park Subordinate Revenue Bonds (Castle Mobile Estates) Series 2011C (the “Prior Series C Bonds”).

“Project” means the Caste Mobile Estates consisting of 108 Spaces located at 1099 38th Avenue, Capitola, California, on the real property more particularly described in Exhibit A hereto.

“Qualified Project Period” - The period beginning on the later of (i) the date of issuance of the Bonds or (ii) the first date on which at least 10% of all of the Spaces in the Project are first occupied and ending on the latest of (v) May 1, 2076, (w) the date which is 15 years after the later of the date of issuance of the Bonds or the date on which at least 50% of the Spaces in the Project are first occupied, (x) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, (y) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates, or (z) the date which is 30 years after the date of issuance of the Bonds; provided such period is subject to extension in accordance with Section 5(i) hereof.

“Qualified Residents” - means Moderate Income Residents, Low Income Residents and Very Low Income Residents.

“Qualified Space” - a Moderate Income Space, a Low Income Space and a Very Low Income Space.

"Rental Assistance Program" means the program established and operated by Borrower in cooperation with the City, to provide rental assistance to eligible Residents as provided in Section 6 of this Agreement.

"Residents" - means Moderate Income Residents, Low Income Residents, Very Low Income Residents and Extremely Low Income Residents.

“Space” - A mobile home space within the Project upon which a mobile home may be placed. The term Space shall also include any unit in any existing building located on the Project site.

“Tax Certificate” - The certificate as to arbitrage of the Authority and Borrower, dated as of the Closing Date, with respect to the Bonds.

“Treasury Regulations” - The regulations of the Department of the Treasury, Internal Revenue Service under Section 142(d) of the Code or predecessor Code sections, including, Regulation Section 1.103-8(b).

“Very Low Income Residents” - Individuals or families whose Adjusted Income does not exceed the qualifying limits for very low income families (currently 50% or less of the Median Income for the Area), adjusted for actual household size, as established and amended from time to time pursuant to Section 8 for the United States Housing Act of 1937, and as published by the State of California Department of Housing and Community Development. If all occupants of a Space are or will be full-time students during five calendar months of the calendar year at an educational institution (other than a correspondence school) with regular faculty and students, such occupants shall not be considered to be Very Low Income Residents unless all such students are either (i)

married and eligible to file a joint federal income tax return or (ii) single parents and their children and such parents and children are not dependents of another individual or (ii) receiving assistance under Title IV of the Social Security Act (including AFDC/TANF) or the Job Training Partnership Act or under similar Federal, State, or local laws, or were previously under the care and placement responsibility of the State agency responsible for administering a plan under Part B or part E of Title IV of the Social Security Act (foster care assistance). For purposes of determining Very Low Income Residents the combined Adjusted Income of all occupants of a Space, whether or not legally related, shall be utilized.

“Very Low Income Spaces” - The Spaces in the Project occupied by Very Low Income Residents pursuant to Section 5(a) of this Regulatory Agreement.

Such terms as are not defined herein shall have the meanings assigned to them in the Indenture. Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof. The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Representations and Warranties of the Borrower. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

- (a) The Borrower’s reasonable expectations respecting the use of Bond proceeds are accurately set forth in the Tax Certificate and Agreement executed by the Borrower on the Closing Date. No commercial property for lease (other than the Spaces) is being financed by the Bonds.
- (b) The statements made in the various certificates delivered by the Borrower to the Authority or the Trustee are true and correct.
- (c) Not more than 2% of the proceeds of the Bonds shall be applied to pay Cost of Issuance.
- (d) Money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower in a manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bonds from being “arbitrage bonds” under the Code.

(e) The Borrower will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement and this Regulatory Agreement.

Section 3. Residential Rental Property. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being owned and operated for the purpose of providing qualified residential rental housing, consisting of one mobile home Space for each household, together with facilities which are Functionally Related and Subordinate to such Spaces.

(b) All of the mobile homes in the Project will contain separate facilities for living, sleeping, eating, cooking and sanitation, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) All of the Spaces will be available for rental on a continuous basis to members of the general public during the Qualified Project Period, and the Borrower will not give preference to any particular class or group in renting the Spaces in the Project, except to the extent that Spaces are required to be leased or rented to Moderate Income Residents, Low Income Residents or Very Low Income Residents.

(d) The Project comprises a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(e) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, and the Borrower shall not take any steps toward such conversion without an opinion of Bond Counsel that interest on the Bonds will not thereby become includable in gross income for federal income tax purposes.

(f) Should involuntary noncompliance with the provisions of this Regulatory Agreement be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, it will either prepay the Note or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements hereof.

(g) There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, ancestry, national origin, source of income (e.g. AFDC (or its successor program, if any) or SSI) or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project nor shall the transferee or any person claiming under or through the transferee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Project.

(h) The Moderate Income Spaces, Low Income Spaces and Very Low Income Spaces shall be intermingled with, and shall be of comparable quality to, all other Spaces in the Project. Tenants in all Spaces shall have equal access to and enjoyment of all common facilities of the Project.

(i) In the aggregate, no more than two persons per bedroom, plus one person shall occupy any Space in the Project, not including children born after the date of initial occupancy by a household. For example, with respect to a two bedroom mobile home, maximum occupancy shall be 5 persons (exclusive of post-occupancy children described above).

(j) None of the Spaces in the Project shall at any time be utilized on a transient basis; none of the residents of the Project are residing at the Project for any ancillary purpose unrelated to housing; none of the Spaces in the Project are being leased or rented to a person or person who does not occupy such Space; and neither the Project nor any portion thereof shall be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, retirement home, sanitarium, rest home, or by a cooperative housing corporation (as defined in Section 216(b)(1) of the Code).

(k) Substantially all (i.e., not less than 95%) of the Project shall consist of proximate structures located on one or more contiguous tracts of land which have similarly constructed Spaces financed pursuant to a common plan together with Functionally Related and Subordinate facilities, all of which shall be owned by the same "person" (as such term is used in the Treasury Regulations) for federal tax purposes.

Section 4. Additional Program Requirements. The following provisions shall apply during the term of this Agreement, irrespective of whether any Bonds are outstanding.

(a) The Borrower shall notify the Authority, the City and the Oversight Agent of the operations/management company it will employ for the Project no less than thirty (30) days prior to the signing of a contract with any such entity. Qualifications of the firm(s) shall also be provided at that time and the Authority and the City shall have the right to submit comments on the qualifications of the firm, which shall be considered by Borrower prior to execution of a contract.

(b) The Borrower is responsible for all management functions with respect to the Project including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Authority shall have no responsibility over management of the Project. In no instance shall the Borrower delegate or forego its responsibility to operate the Project in the manner set forth in this Agreement and the Loan Agreement, except as expressly provided in Section 4(a) above.

(c) The Authority, through its Authorized Officer, and the City reserve the right to conduct on or about May 15 of each year, commencing May 15, 2022, an annual (or more frequently, if deemed necessary by the Authority or the City) review of the management practices and financial status of the Project. The purpose of each periodic review will be to enable the Authority to determine if the Project is being operated and managed in accordance with the requirements and standards of this Agreement. The Borrower shall cooperate with the Authority and the City in such reviews, including but not limited to making its books and records regarding the Project available for inspection by the Authority and the City.

(d) The Borrower agrees, for the entire term of this Agreement, to maintain all common area interior and exterior improvements and common buildings on the Project (exclusive of the mobile homes and tenant spaces), including, without limitation, landscaping at the Project, in good condition and repair, including necessary replacements (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials.

(e) The Authority and the City place prime importance on quality maintenance to ensure that all affordable housing projects that receive financing assistance within the jurisdiction of the Authority and the City are not allowed to deteriorate due to below-average maintenance. Normal wear and tear of the Project will be acceptable to the Authority and the City assuming the Borrower agrees to provide all necessary improvements to assure the Project is maintained in good condition. The Borrower shall make all repairs and replacements necessary to keep the Project in good condition and repair.

(f) In the event that the Borrower breaches any of the covenants contained in this Section 4 and such default continues for a period of ten (10) days after written notice from the Authority or the City, with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from the Authority or the City with respect to landscaping and building improvements, then the Authority and/or the City, in addition to whatever other remedy they may have at law or in equity, shall have the right to enter upon the Project and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, the Authority or the City shall be permitted (but are not required) to enter upon the Project and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Project, and to attach a lien on the Project, or to assess the Project, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Authority or the City and/or costs of such cure, including a fifteen percent (15%) administrative charge, which amount shall be promptly paid by the Borrower to the Authority or the City, as applicable, upon written demand

Section 5. Qualified Residents. Pursuant to the requirements of the Code and the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period:

(i) not less than twenty-two (22) Spaces or twenty percent (20%) of the total Spaces in the Project shall be continuously occupied by Very Low Income Residents. The monthly rent charged for not less than one-half of such Spaces required to be occupied by Very Low Income Residents shall be not greater than as follows:

(A) where a Very Low Income Resident is both the registered and legal owner of the mobile home and is not making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding a reasonable allowance for other related housing costs determined at the time of acquisition of the Project by the Borrower and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and the mobile home) shall not exceed one-twelfth of 30 percent of 50 percent of Median Income for the Area, adjusted for household size in the manner set forth below.

(B) where a Very Low Income Resident is the registered owner of the mobile home and is making mortgage payments for the purchase of that mobile home, the total rental charge for occupancy of the Space (excluding any charges for utilities and storage and excluding any supplemental rental assistance from the State, the federal government, or any other public agency to the Very Low Income Resident or on behalf of the Space and mobile home), shall not exceed one-twelfth of 15 percent of 50 percent of Median Income for the Area, as adjusted for household size in the manner set forth below.

(C) where a Very Low Income Resident rents both the mobile home and the Space occupied by the mobile home, the total rental payments paid by the Very Low Income Resident on the mobile home and the Space occupied by the mobile home (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to that Very Low Resident or on behalf of that Space and mobile home) shall not exceed one-twelfth of 30 percent of 50 percent of Median Income for the Area adjusted for household size in the manner set forth below.

In adjusting rent for household size, it shall be assumed that one person will occupy a recreational vehicle, two persons will occupy a single-wide mobile home and three persons will occupy a multi-sectional mobile home; or as permitted under Section 52102(a) of the California Health and Safety Code, it shall be assumed that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit.

(b) The Borrower also hereby represents, as of the date hereof, and warrants, covenants and agrees that not less than thirty-one (31) Spaces or twenty-nine percent (29%) of the total Spaces in the Project (not including any Spaces required to be occupied by Very

Low Income Residents under Sections 5(a) above) shall be continuously occupied by Low Income Residents during the Qualified Project Period.

(c) The Borrower also hereby represents, as of the date hereof, and warrants, covenants and agrees that not less than thirty-three (33) Spaces or thirty-one percent (31%) of the total Spaces in the Project (not including any Spaces required to be occupied by Very Low Income Residents or Low Income Residents under Sections 5(a) and Section 5(b) above, respectively) shall be continuously occupied by Moderate Income Residents during the Qualified Project Period.

(d) In the event a recertification of such tenant's income in accordance with Section 5(e) below demonstrates that such tenant no longer qualifies as a Qualified Resident, the Space occupied by such Resident shall continue to be treated as a Qualified Space unless and until any Space in the Project thereafter is occupied by a new tenant other than a Qualified Resident. Moreover, a Space previously occupied by a Qualified Resident and then vacated shall be considered occupied by a Qualified Resident until reoccupied, other than for a temporary period, at which time the character of the Space shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days. Notwithstanding anything herein to the contrary, if at any time the number of Qualified Residents falls below the number required by subparagraph (a)(i) or (b) of this Section, the next available vacant Space shall be rented to a Qualified Resident.

(e) Immediately prior to a Qualified Resident's occupancy of a Qualified Space (or prior to the Closing Date with respect to Spaces previously occupied), the Borrower will obtain and maintain on file an Income Certification form from each Qualified Resident occupying a Qualified Space, dated immediately prior to the initial occupancy of such Qualified Resident in the Project (or prior to the Closing Date in the case of existing Qualified Residents). In addition, the Borrower will provide such further information as may be required in the future by the State of California, and by the Act, as the same may be amended from time to time, as requested by the Authority or the Oversight Agent. The Borrower shall verify that the income provided by an applicant with respect to a Space to be occupied after the Closing Date is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from applicant's current employer, such as a current pay stub or W-2 form, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income reasonably satisfactory to the Oversight Agent or (4) such other information as may be reasonably requested by the Oversight Agent.

Within ten days after the last day of each calendar quarter during the term of this Regulatory Agreement commencing with the quarter ending September 30, 2021, the Borrower shall advise the Oversight Agent or in the absence of an Oversight Agent, the Authority, of the status of the occupancy of the Project by delivering to the Oversight Agent a Certificate of Continuing Program Compliance; provided, however, with the prior written approval of the Oversight Agent or the Authority, as the case may be, such Certificate need be filed only semi-annually. Copies of the most recent Income Certifications for Qualified

Residents commencing or continuing occupancy of a Qualified Space shall be made available to the Authority or Oversight Agent upon request.

(f) Annually, the Borrower shall recertify the income of the occupants of such Qualified Spaces by obtaining a completed Income Certification based upon the current income of each occupant of the Space. The Borrower need not verify the income of tenants in connection with any such recertification. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as a Qualified Resident, such household will no longer qualify as a Qualified Resident, and the Borrower either (i) will designate another Qualified Resident and Space in the Project as a Qualified Resident, and a Qualified Space, respectively, or (ii) will rent the next available vacant Space to one or more Qualified Residents.

(g) The Borrower will maintain complete and accurate records pertaining to the Qualified Spaces, and will permit any duly authorized representative of the Authority, the Oversight Agent, the Trustee (who shall have no duty to inspect), the Department of the Treasury or the Internal Revenue Service to inspect during normal business hours and with prior notice the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Qualified Spaces.

(h) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d)(7) of the Code (currently IRS form 8703), and shall provide a copy of such certification to the Oversight Agent.

(i) Each lease or rental agreement pertaining to a Qualified Space occupied after the Closing Date shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the Qualified Resident in determining qualification for occupancy of the Qualified Space, and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease. Each lease or rental agreement will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 5(e) above will disqualify the Space as a Qualified Space and provide grounds for termination of the lease. The Borrower agrees to provide to the Oversight Agent, and the Authority, a copy of the form of application and lease to be provided to prospective Qualified Residents and any amendments thereto.

(j) In the event, despite Borrower's exercise of best efforts to comply with the provisions of Section 5 of this Regulatory Agreement, the Borrower shall have been out of compliance with any of the restrictions of Section 5 hereof relative to Qualified Residents, for a period in excess of six months, then at the sole option of the Authority the term of the Regulatory Agreement shall be automatically extended for the period of non-compliance upon written notice to the Borrower, the Trustee and the Oversight Agent from the Authority, such extension to relate to the Qualified Spaces and Qualified Residents as to which such noncompliance relate.

Section 6. City Regulatory Agreement Requirements. The following additional requirements are imposed for the benefit of the City as the Successor Housing Agency to the Redevelopment Agency of the City of Capitola in connection with the Former Agency Loan which was funded with redevelopment housing funds pursuant to Health and Safety Code Sections 33334.2 and 33334.3. The Parties agree that the affordability requirements set forth in Section 5 of this Regulatory Agreement can be used to meet the requirements set forth in Section 6 of this Regulatory Agreement.

(a) Affordability Requirements.

(i) Not less than twenty-two (22) Spaces or twenty percent (20 %) of the total Spaces in the Project shall be continuously occupied by Very Low Income Residents.

(ii) Not less than thirty-one (31) Spaces or twenty nine percent (29%) of the total Spaces in the Project shall be continuously occupied by Low Income Residents.

(iii) Not less than thirty-three (33) Spaces or thirty one percent (31%) of the total Spaces in the Project shall be continuously occupied by Moderate Income Residents.

(b) Space Rent Structure.

(i) Park Maximum Space Rent. The Space rent for Residents may not exceed the Park Maximum Space Rent.

(ii) Annual Increase in Park Maximum Space Rent. Borrower may increase the Space Rents no more often than once a year, with a minimum ninety (90) day advance written notice to the Residents. Increases in Park Maximum Space Rents shall be limited to the percentage increase over the preceding year in the Consumer Price Index [All Urban Consumers], San Francisco-Oakland Area, published by the United States Department of Labor, Bureau of Labor Statistics.

(iii) Extraordinary Rent Increases Required to Meet Requirements of Bond Documents. Borrower may apply to City to increase Park Maximum Space Rents if, due to unusual circumstances such as disaster, fire, need for major repairs, and/or damage to the Park, Net Operating Revenues, as defined in the Loan Agreement, are insufficient to meet the requirements of the Bond Documents. Owner shall support any such request with information reasonably requested by City, including without limitation audited financial statements showing Operating Revenues and Operation and Maintenance Costs, as defined in the Loan Agreement. Owner hereby agrees that City's determination regarding the need to increase Park Maximum Space Rents to meet the requirements of the Bond Documents shall be determined at City's sole discretion.

(iv) Affordable Space Rent. Space Rent paid by Very Low Income Residents, Low Income Residents and Moderate Income Residents shall not exceed the maximum monthly housing cost as described below:

(A) The maximum monthly housing cost for a Very Low Income Resident shall not exceed one-twelfth of 30 percent of 50 percent of Median Income for the Area, adjusted for assumed household size as described above.

(B) The maximum monthly housing cost for a Low Income Resident shall not exceed one-twelfth of 30 percent of 70 percent of Median Income for the Area, adjusted for assumed household size as described above.

(C) The maximum monthly housing cost for a Moderate Income Resident shall not exceed one-twelfth of 30 percent of 110 percent of Median Income for the Area, adjusted for assumed household size as described above.

In no case shall the Space Rent paid by any Resident exceed the Park Maximum Space Rent.

(c) Rental Assistance Program. The City and the Borrower shall continue the Rental Assistance Program. All Residents currently eligible shall continue to be eligible to participate in the Rental Assistance Program. As of the date of this Agreement, eleven (11) Residents participate in the Rental Assistance Program. The Very Low Income Residents in the Rental Assistance Program receive One Hundred Dollars (\$100) a month, and the Extremely Low Income Residents in the Rental Assistance Program receive One Hundred and Fifty Dollars (\$150) a month. Such Residents shall continue to receive such rental assistance payments from the Borrower until the earlier: (i) termination of their occupancy of a Space or (ii) their income exceeds the amount for a Very Low Income Resident (which will make them ineligible to participate in the Rental Assistance Program.)

(d) Owner Occupants. All Resident shall be required to own and occupy their mobile homes in the Project as their principal place of residency and shall not be permitted to rent out their mobile homes. All new residents shall be required to sign a certificate stating their intent to own and occupy their mobile home in the Project as their principal place of residency prior to execution of a rental agreement. The Borrower may grant limited exceptions to the owner-occupancy requirement and permit rental of mobile homes by Residents for a maximum of six (6) months (with two (2) three (3) month extensions for good cause) in the event of hardship circumstances requiring an owner to temporarily vacate the mobile home, provided the owner intends in good faith to re-occupy the mobile home at the end of such time period; or may grant limited exceptions as otherwise required by the Mobile Home Residency Law or other State law or by the Bond Documents. The Borrower shall obtain from all new Residents, and shall utilize best efforts to obtain from all Residents, annual owner-occupancy certifications, in which each resident certifies under penalty of perjury that he or she owns his or her mobile home (or the mobile home is owned by another

resident member of the household) and he or she occupies the mobile home as his or her principal place of residence; and upon request, shall submit evidence of such certifications to the City. For purposes of this Agreement, "principal place of residency" shall mean the principal residence of the resident as claimed for property and income tax purposes.

(e) Enforcement by the City. If Borrower fails to perform any obligation under this Section 6 within thirty (30) days after the City has notified the Borrower in writing of the breach, or if the breach cannot be cured within thirty(30) days, failed to commence to cure within thirty (30) days and thereafter diligently pursue such cure, the City shall have the right to enforce the provisions of this Section 6 by bringing an action at law or in equity to compel the Borrower's performance of its obligations under this Section 6, and/or for damages.

Section 7. Tax Status of the Bonds. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds or the exemption from California personal income tax of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Authority, the Trustee and the Borrower, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 145 of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds; and

(c) It will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority, the Trustee and the Borrower, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any document transferring any interest in the Project (other than leases of Spaces in the Project to individual tenants) to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 8. Modification of Special Tax Covenants. The Borrower, the Trustee and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement which must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority (in its sole and absolute discretion), the Trustee and the Borrower and approved by the written opinion of Bond Counsel that such amendment (a) will not affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, and (b) shall not conflict with any restrictions imposed by the Authority, the Act, the regulations promulgated under the Code or the Code, as applicable.

(c) The Borrower, the Authority and, if applicable, the Trustee shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 8, and each of the Borrower and the Authority hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Authority, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if either the Borrower or the Authority defaults in the performance of its obligations under this subsection (c); provided, however, that the Trustee shall take no action under this subsection (c) without first notifying the Borrower or the Authority, or both of them, as is applicable, unless directed in writing by the Authority or the Borrower and without first providing the Borrower or the Authority, or both, as is applicable, an opportunity to comply with the requirements of this Section 8.

Section 9. Indemnification. The Borrower shall indemnify, hold harmless and defend the Authority, the Oversight Agent and the Trustee and the respective officers, members, directors, officials and employees of each of them (the “Indemnified Party”) against all loss, claims, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, attorneys’ fees and expenses, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), directly or indirectly resulting from or arising out of or related to (a) the operation, use, occupancy, maintenance, or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto); (b) any written statements or representations with respect to the Borrower, the Project or the Bonds made or given to the Authority, the Oversight Agent or the Trustee, or any underwriters or purchasers of any of the Bonds, by the Borrower, or any of its agents or employees, including, but not limited to, statements or representations of facts or financial information; or (c) any actions taken by the Court in joining the Authority as an associate member or holding a public hearing with respect to the financing of the Project by the Authority through the issuance of the

Bonds; provided, however, the Borrower shall not be obligated to indemnify the Authority, the Trustee, the Oversight Agent or the Oversight Agent for damages caused by the gross negligence or willful misconduct of the Authority, the Trustee or the Oversight Agent. The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, the Oversight Agent and the Trustee from (x) any lien or charge upon payments by the Borrower to the Authority and the Trustee hereunder and (y) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority, the Oversight Agent or the Trustee shall give prompt notice to the Borrower, and the Borrower shall assume the investigation defense thereof, including the employment of counsel selected by the Indemnified Party and reasonably acceptable to the Borrower and the payment of all reasonable expenses related thereto, with full power to litigate, compromise or settle the same, provided that the Authority, the Oversight Agent and the Trustee, as the case may be, shall have the right to review and approve or disapprove any such compromise or settlement, such approval shall not be unreasonably withheld. The Authority shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defeasance thereof, and the Borrower shall pay the costs incurred by the Authority in connection with any such action or proceeding, including the reasonable fees and expenses of such separate counsel, as such costs are incurred by the Authority. The determination by the Authority to retain such separate legal counsel shall be at the sole discretion of the Authority.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to this Regulatory Agreement shall survive the final payment or defeasance of the Bonds and in the case of the Trustee and the Oversight Agent any resignation or removal. The provisions of this Section shall survive the termination of this Regulatory Agreement.

Section 10. Consideration. The Authority has issued the Bonds to provide funds to make the Loan under the Loan Agreement to finance the Project, all for the purpose, among others, of inducing the Borrower to own and operate the Project such that the Project shall contribute to the Authority’s efforts to provide affordable housing to Low Income Residents and Very Low Income Residents in the City and to the satisfaction of the City’s ongoing housing burden. In consideration of the issuance of the Bonds by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of the interest on the Bonds and the exemption from California personal income tax of the interest on the Bonds. In performing their duties and obligations hereunder, the Authority and the Trustee may rely upon statements and certificates of the Borrower and Qualified Residents, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Authority and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or review

of the operations or records of the Borrower and may rely solely upon any notice or certificate delivered to the Trustee by the Borrower, the Authority or the Oversight Agent with respect to the occurrence or absence of a default.

Section 12. Sale or Transfer of the Project. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Authority and upon receipt by the Authority and the Trustee of (i) evidence satisfactory to the Authority that the Borrower's purchaser or transferee has assumed in writing and in full, the Borrower's duties and obligations under this Regulatory Agreement and under the Administration Agreement, (ii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and the Administration Agreement and that such obligations and this Regulatory Agreement and the Administration Agreement are binding on the transferee, (iii) the Authority receives evidence acceptable to the Authority that either (A) the transferee has experience in the ownership, operation and management of comparable projects without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the transferee agrees to retain a property management firm with the experience and record described in subparagraph (A) above, and in either case, at its option, the Authority may cause the Oversight Agent to provide on-site training in program compliance if the Authority determines such training is necessary, (iv) an opinion of Bond Counsel to the effect that such sale will not in and of itself cause interest on the Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes, and (v) evidence that the Borrower has complied with any applicable provisions of Section 6.2 of the Loan Agreement. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 12 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than ninety (90) days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Authority, the Oversight Agent and the Trustee a notice in writing explaining the nature of the proposed transfer. Notwithstanding the foregoing, the Borrower may transfer ownership of the Project to an affiliated entity of the Borrower with prior written notice to the Authority accompanied by (i) an opinion of counsel to the affiliate that it has assumed the obligations of the Borrower under this Regulatory Agreement and the Administration Agreement and (ii) an opinion of Bond Counsel to the effect that such transfer will not in and of itself cause interest on the Bonds to become included in the gross income of the recipients thereof for federal income tax purposes.

Section 13. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, the Loan Agreement and the Note. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by the Authority, the Trustee and the Borrower, subject to compliance with any of the provisions contained in this Regulatory Agreement only if there shall have been received an opinion of Bond Counsel that such termination will not adversely affect the exclusion

from gross income for federal income tax purposes of interest on the Bonds, or the exemption from State personal income tax of the interest on the Bonds.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement, and all and several of the terms hereof, shall terminate and be of no further force and effect in the event of (a) a foreclosure or delivery of a deed in lieu of foreclosure whereby a third party shall take possession of the Project, (b) involuntary non-compliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the date hereof which prevents the Authority and the Trustee from enforcing the provisions hereof, or (c) condemnation or a similar event, and, in each case, the payment in full and retirement of the Bonds theretofore or within a reasonable period thereafter. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

When all of the Bonds have been paid or deemed paid pursuant to Article XIII of the Indenture, the Trustee shall no longer have any duties or obligations hereunder, and all references to the Trustee shall thereafter be deemed references to the Authority.

Section 14. Covenants to Run With the Land. The Borrower hereby subjects the Project (including the Project site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that upon the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

Section 15. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Residents and Very Low Income Residents, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Section 16. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use of the Project.

Section 17. Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if

such default remains uncured for a period of 60 days after notice thereof shall have been given by the Authority or the Trustee to the Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, and provided further, in the event any default relates to Section 5 hereof and the Borrower is exercising best efforts to comply with such restrictions as determined by the Authority in its sole discretion, then the cure period described above shall be 6 months and the Qualified Project Period shall be extended for a like period under Section 5(i) hereof), then the Trustee, subject to the provisions of Section 9 hereof and to the extent directed in writing by the Authority, subject to the provisions of the Indenture, acting on its own behalf or on behalf of the Authority, shall declare an “Event of Default” to have occurred hereunder, and, at its option, may take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; and
- (c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

In addition to the enforcement remedies set forth above, upon the Borrower’s default under this Regulatory Agreement, the Authority shall have the right (but not the obligation) to lease up to 20% of the Spaces in the Project for a rental of \$1 per Space per year. The Authority shall sublease such units to Qualified Residents to the extent necessary to comply with the provisions hereof. Any rent paid under such a sublease shall be paid to the Borrower after the Authority has been reimbursed for any expenses incurred by it in connection with the sublease; provided that, if the Borrower is in default under the Loan, such rent shall be used to make payments under the Loan.

The Trustee shall have the right, in accordance with this Section 17 and the provisions of the Indenture, without the consent or approval of the Authority, to exercise any or all of the rights or remedies of the Authority hereunder; provided that prior to taking any such act the Trustee shall give the Authority written notice of its intended action. All fees, costs and expenses of the Trustee, the Authority and the Oversight Agent (including, without limitation, reasonable attorneys’ fees and expenses) reasonably incurred in taking any action pursuant to this Section 17 shall be the sole responsibility of the Borrower; provided the Trustee shall not be obligated to take any action hereunder that results in expenses or liability to the Trustee unless it is compensated and reimbursed for its expenses, including reasonable attorneys’ fees and expenses, and indemnified to its satisfaction against liability.

After the Indenture has been discharged, or if the Trustee fails to act under this Section 17, the Authority may act in its own behalf to declare an “Event of Default” to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

Section 18. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto, to be recorded and filed, prior to the recording of the Deed of Trust and the disbursement of the Loan, in the real property records of the County and in such other places as the Authority or the Trustee may reasonably request (including, but not limited to, in the grantor-grantee index to the name of the Borrower as grantor and to the Authority as grantee). The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 19. Payment of Fees. The Borrower will pay to the Authority the Authority Annual Fee, including the portion thereof billed currently by the Authority to the Borrower for the Authority's audit fees and expenses, which shall be paid by the Borrower promptly upon receipt of such invoice and to the Oversight Agent, the Oversight Agent's Fee, each when due. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Annual Fee, and to the Oversight Agent, the Oversight Agent's Fee, and, in the event of a default hereunder, to the Authority and the Trustee reasonable compensation for any services rendered by either of them hereunder and reimbursement for all expenses reasonably incurred by either of them in connection with such default.

Section 20. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California. Except as expressly provided herein and in the Agreement, the Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

Section 21. Amendments. Except as provided in Section 8(a) hereof, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County. The parties hereto acknowledge that, as long as the Bonds are outstanding, the owners of the Bonds are third party beneficiaries to this Regulatory Agreement.

Section 22. Notice. All notices, certificates or other communications shall be in writing and will be sufficiently given and (except for notices to the Trustee, which shall be deemed given only when actually received by the Trustee) shall be deemed given on the date personally delivered or on the second day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid, by email or by facsimile, addressed as follows:

Authority: Independent Cities Finance Authority
Post Office Box 6740
Lancaster, California 93539-6740
Attention: Executive Director
Fax: (661) 943-5279
Email: debbie@icfauthority.org

Oversight Agent: Wolf & Company Inc.
241 South Figueroa Street, Suite 100
Los Angeles, California 90012
Attention: Wesley R. Wolf
Fax: (213) 741-0519
Email: wesley@wolfco.net

Trustee: U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services
Telephone: (213) 615-6002

City: Successor Housing Agency
City of Capitola
420 Capitola Avenue
Capitola, CA 95010
Attention: City Manager
Fax:
Email:

Borrower: Millennium Housing LLC
611 Anton Blvd., Suite 890
Costa Mesa, CA 92626
Attention: George Turk
Fax: 949-515-5101
Email: gturk@Millenniumhousing.net

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 23. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 24. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original. The exchange of copies of this Regulatory Agreement and the signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of

this Regulatory Agreement as to the parties hereto and may be used in lieu of the original Regulatory Agreement and signature pages for all purposes.

Section 25. Trustee Acting Solely in Such Capacity. In accepting its obligations hereunder, the Trustee acts solely as trustee for the benefit of the Registered Owners, and not in its individual capacity; and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, Article VIII of the Indenture.

The Trustee shall act as specifically provided herein and no implied duties or obligations shall be read into this Regulatory Agreement against the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture and not in its individual, corporate or personal capacity and except as specifically provided herein, nothing herein shall be construed as imposing any duties or obligations upon the Trustee beyond those contained in the Indenture.

After the date on which no Bonds remain outstanding as provided in the Indenture, the Trustee shall have no duties or responsibilities under this Regulatory Agreement, and all references herein to the Trustee shall be deemed references to the Authority.

Section 26. Compliance by Borrower. The Trustee shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory Agreement. The Oversight Agent shall assume such responsibilities under the terms of the Administration Agreement among the Oversight Agent, the Authority and the Borrower.

Section 27. Limited Liability of the Authority. The Authority's liability under this Regulatory Agreement shall be limited as set forth in Section 14.3 of the Indenture.

IN WITNESS WHEREOF, the Authority, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

INDEPENDENT CITIES FINANCE
AUTHORITY

By: _____
Deborah J. Smith, Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

CITY OF CAPITOLA, a municipal
corporation, as the Successor Agency to the
Redevelopment Agency of the City of
Capitola

By: _____
Its: _____

MILLENNIUM HOUSING LLC, a
California limited liability company

By: MILLENNIUM HOUSING
CORPORATION, a California nonprofit
public benefit corporation, its sole member

By: _____
Lorraine M. Carraway, Vice President

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

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STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)

EXHIBIT A

LEGAL DESCRIPTION

The real property is situated in the City of Capitola, County of Santa Cruz, State of California, and is described as follows:

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)

EXHIBIT B

CASTE MOBILE ESTATES
FORM OF INCOME CERTIFICATION

We understand that completing this profile will assist the non-profit in determining property tax abatement and preserving the park's tax-exempt status based on household income.

- 1. There is/are _____ person(s) in our household. There are _____ bedrooms in our mobile home.
2. My/our home is a (check one): _____ single-wide _____ double-wide _____ triple-wide
3. The total combined income of our household from all sources (both taxable & non-taxable)* annually is (please check one of the spaces below):

Table with 3 columns of income brackets: Less than \$13,800 to Less than \$26,200; Less than \$29,500 to Less than \$52,400; Less than \$52,500 to \$81,001 or more.

*INCOME INCLUDES:

Gross Wages/Salary including- (Overtime, Commissions and Fees, Tips and Bonuses), Interest and Dividends or other income from investments (401k, IRA, etc.), Social Security, Alimony and Child Support, Gifts and Contributions, Military Pay and Income Tax Credits, Unemployment Benefits, Disability Payments, Workers Compensation, Pensions.

INCOME DOES NOT INCLUDE:

Medical Reimbursements, Scholarships, Combat Pay, Government Relocation Payments, Foster Care Payments, Food Stamps, Job Training Act Payments, Low-Income Home Energy Assistance Payments.

- 4. (a) Does your household have savings, stocks, bonds or equity in real property with a combined total value exceeding \$5,000 (DO NOT INCLUDE YOUR HOME). _____ Yes _____ No
(b) If Yes, the amount of income received from such assets must be included in your answer to question #3 above.
5. My/Our current mortgage payment (if any) is \$_____
6. My/Our annual property tax payments are approximately \$_____
7. My/Our monthly utility bill total (water, natural/propane gas, electricity) is approximately \$_____
8. (a) Are ALL of the persons in the household full-time students? _____ Yes _____ No
(b) If the answer to 8(a) is Yes, are at least two (2) of the occupants husband and wife entitled to file a joint federal income tax return? _____ Yes _____ No
9. How many members of the household are age 55 or over? _____
10. Do you OWN AND OCCUPY this home as your full-time primary residence? _____ Yes _____ No

I/we certify that the information provided above is true and correct under penalty of perjury. SPACE # _____

Head of Household Signature _____ Date _____ Second Head of Household Signature _____ Date _____
Printed Name _____ Printed Name _____

Please return Income Certification to: Millennium Housing LLC, 611 Anton Blvd., Suite 809, Costa Mesa, CA 92626

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)

ATTACHMENT NO. 1

Total Anticipated Income includes the following:

1. all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;
2. the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowances for depreciation of capital assets except for straight line depreciation as provided in Internal Revenue Service regulations); any withdrawal of cash or assets from the operation of a business or profession will be included in income except to the extent the withdrawal is reimbursed of cash or assets invested in the operation by the family;
3. interest and dividends (including income from assets and other net income from real or personal property);
4. the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including any lump sum payment or prospective monthly amounts for the delayed start of a periodic payment;
5. payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
6. the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities plus the maximum amount that the public assistance agency could in fact allow for shelter and utilities;
7. periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from organizations or persons not occupying the Space;
8. all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse (or other persons whose dependents are occupying the Space); and
9. any financial assistance, in excess of amounts received for tuition, received under the Higher Education Act of 1965, from private sources, or from an institution of higher education, except if such amounts are received by persons over the age of 23 with dependent children.

Excluded from such anticipated income are:

1. temporary, nonrecurring or sporadic gifts;
2. amounts which are specifically for or in reimbursement of medical expenses for any family member;

3. lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses, except as provide in paragraph 5 above;
4. subject to paragraph 9 above, the full amount of student financial assistance paid directly to the student or to the educational institution;
5. special pay to a household member in the Armed Forces who is away from home and exposed to hostile fire;
6. amounts received under training programs funded by HUD;
7. payments received for the care of foster children or foster adults;
8. amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency;
9. income of a live-in aide, as defined in 24 CFR 5.608;
10. amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred and which are made solely to allow participation in a specific program;
11. reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
12. amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply;
13. income from the employment of children (including foster children) under the age of 18 years;
14. adoption assistance payments in excess of \$480 per adopted child;
15. earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of the household or spouse);
16. deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;
17. amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disable family member at home; and

18. incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs.

Full-Time Student means an individual who during each of five (5) calendar months during the calendar year in which occupancy of the Space begins (i) is enrolled as a full-time student at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or (ii) is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

EXHIBIT C

Period Covered _____
[Quarterly]

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

The undersigned, Millennium Housing LLC (the “Borrower”), has read and is thoroughly familiar with the provisions of:

1. The Regulatory Agreement and Declaration of Restrictive Covenants dated as of May 1, 2021 (the “Regulatory Agreement”) among the Borrower, the Independent Cities Finance Authority (the “Authority”) and U.S. Bank National Association (the “Trustee”);
2. The Indenture of Trust dated as of May 1, 2021 (the “Indenture”) between the Authority and the Trustee; and
3. The Loan Agreement dated as of May 1, 2021 among the Borrower, the Trustee and the Authority.

As of the date of this Certificate, the following percentages of total Spaces in the Project are (i) occupied by Very Low Income Residents or Low Income Residents (as such terms are defined in the Regulatory Agreement) or (ii) currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Resident or Low Income Resident vacated such Space; as indicated:

Total Project Spaces: _____

Number of Spaces Occupied by
Very Low Income Residents: _____ Percent: _____

Held vacant for occupancy continuously since last occupied by Very Low Income
Resident: _____ Percent: _____ Unit Nos: _____

Number of Spaces Occupied by
Low Income Residents (not including any Spaces occupied by Very Low Income Residents):
_____ Percent: _____

Held vacant for occupancy continuously since last occupied by Low Income
Resident: _____ Percent: _____ Unit Nos: _____

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)

- 5. The undersigned hereby certifies that the Borrower is not in default under any of the terms and provisions of the above documents, and no event has occurred which, with the passage of time, would constitute a default thereunder [or if such event has occurred explain below the event and the steps being taken to remedy such event].

MILLENNIUM HOUSING LLC,
 a California limited liability company

By: MILLENNIUM HOUSING CORPORATION, a
 California nonprofit public benefit corporation, its
 sole member

By: _____
 Title _____

Attachment: 2021 Updated Castle Regulatory Agreement (Updated Regulatory Agreement - Castle)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: City Manager Department
SUBJECT: Out-of-School-Time Program Update

RECOMMENDED ACTION: Adopt a resolution related to the Out-of-School Time program that authorizes the City Manager to sign amendment to the agreement with County Parks (if necessary), and amends the Out-of-School Time program budget.

BACKGROUND: For the 2020/21 school year, Capitola Recreation partnered with the Soquel Union Elementary School District (SUESD) to launch the Out-of-School Time (OST) program. The program was designed to assist students and working families by providing a distance learning “classroom,” recreation activities, homework support, and a healthy snack. The program is operated in accordance with the childcare guidance provided by the California Department of Public Health (CDPH) and Santa Cruz County Public Health Orders. Recent revisions to this guidance allow for modification to the number of students/leaders in each “pod” (or stable-group), if Santa Cruz County is not in the Purple Tier.

In October 2020, the City entered a Memorandum of Understanding (MOU) with Santa Cruz County Department of Parks, Open Spaces, and Cultural Services (County Parks), which operates a similar distance learning and enrichment program. The MOU was intended to reduce the City’s fee charged to participating families and was extended in January 2021. Under the agreement, County Parks reimburses the City for all direct OST expenses, County Parks is responsible for collecting fees from registered participants, and City of Capitola staff have access to County Parks’ registration system allowing Capitola Recreation to serve its traditional support role in answering questions and assisting participants registering in the ACTIVENet system.

On March 30, 2021, SUESD announced a full reopening schedule. Beginning Monday, April 19 all transitional-kindergarten to second grade students will return to school five days a week for about four hours of in-person instruction a day. On April 26, students in third through eighth grade will return for a similar schedule of instruction. Families were given the option to choose if they wanted to continue Distance Learning or return to school. Considering this SUESD announcement, City staff surveyed current OST participants and 35 of 41 reported they plan to return to in-person learning, and would like an afterschool recreation program.

Staff reached out to SUESD to assess the community need for an afterschool program at the district’s elementary schools and middle school. The organization Campus Kids Connection (CKC) is the school district’s provider for onsite afterschool care, however due to the pandemic

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they were required to cease operation and do not plan to reestablish their program until next school year. As Capitola Recreation Division's residency requirements include the school district boundaries and City residents attend SUESD schools, Capitola Recreation is considered a reasonable partner to provide an afterschool program in absence of any other provider. Therefore, SUESD staff identified space for on-site afterschool care provide by Capitola Recreation. Staff also reached out to County Parks to discuss the school district transition and come to an agreement about the best opportunity for the community.

DISCUSSION: For the remainder of the school year, Capitola Recreation will transition the current OST program to and OST Afterschool program. This program will be open to those currently enrolled in the OST Distance Learning program, as well as the broader public with enrollment opening on April 19.

The program will transition as follows. A single pod, consisting of 24 participants, will be established at each school site: Soquel Elementary, Main Street Elementary, Santa Cruz Gardens Elementary, and New Brighton Middle School. OST Staff that previously supervised a distance learning pod will be transferred to work at a school site. OST Afterschool will operate Monday through Friday from 12:30pm to 5pm under the existing fee schedule for afterschool programs (\$15 per day for residents and \$17 per day for non-residents). Current participants in OST Distance Learning that are returning to school will be transferred to OST Afterschool a few days later, after Staff perform duties to clean and set up at the new sites.

In addition to the new OST Afterschool program, Capitola Recreation will retain one OST Distance Learning pod at Jade Street Community Center to support the participants that elect to remain with distance learning. This one pod will remain under the existing County Parks agreement. A revised budget for expenses for this remaining pod has been provided to County Parks and will be invoiced at the conclusion of the school year. If County Parks chooses to amend the current MOU to reflect the program reduction, the funding in the amended MOU will reflect this revised budget; staff requests authorization for the City Manager to sign such an amendment, if/when one is presented by County Parks.

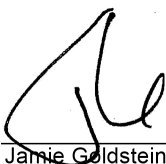
FISCAL IMPACT: Changes to the County Parks agreement will result in Staff invoicing the County \$9,397 for the remaining OST pod (as opposed to the original \$40,000 outlined for the month of May). The City will open enrollment for OST Afterschool with an anticipated revenue of \$33,000 for the remainder of the school year. Staff anticipates a decrease in expenses with the reduction of part-time staff hours.

ATTACHMENTS:

1. OST Program Budget Amendment 2 (PDF)

Report Prepared By: Nikki Bryant Bryant LeBlond
Recreation Supervisor

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

4/16/2021

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RESOLUTION NO. _

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
AMENDING THE FISCAL YEAR 2020-21 BUDGET**

WHEREAS, the Capitola Recreation Division, in partnership with the Soquel Union Elementary School District, is operating an Out-of-School Time Program (OST) to provide services to students and working families; and

WHEREAS, the City entered a Memorandum of Understanding (MOU) with Santa Cruz County Department of Parks, Open Spaces, and Cultural Services in which the County reimburses the City for all direct OST expenses. The County and City have agreed that the MOU will be amended to state that the County will provide up to \$120,000 in funding to the City to support the OST program for the remaining school year; and

WHEREAS, Soquel Union Elementary School District students are returning to in-person learning for the remainder of the school year, necessitating changes to program operations in which the Recreation Department will return to collecting registration fees; and

WHEREAS, in changing how the program operates, the City must also amend the fiscal year 2021-21 budget; and

WHEREAS, the City anticipates the County submitting an amended MOU incorporating the changes to the OST program.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Capitola that the 2020/2021 Fiscal Year Budget is hereby amended to increase Recreation Fees - Outside of Schooltime revenues by \$33,000 and decrease Local Government/Agency – Santa Cruz County grant revenues by \$30,000 as detailed on the attached budget amendment; and

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

BE IT FURTHER RESOLVED that the City Manager is authorized to sign any amendments to or amended versions of the City's current Memorandum of Understanding with the County to facilitate these changes.

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 22nd day of April 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Yvette Brooks, Mayor

ATTEST:

Chloé Woodmansee, City Clerk

City of Capitola Budget Adjustment Form



Date 4/13/2021

Requesting Department Rereation

Administrative Council

Item # TBD
 Council Date 4/23/2021
 Council Approval _____

Revenues		
Account #	Account Description	Increase/Decrease
1000-50-50-525-3470.025	Recreation fees-OST	33,000
1000-50-50-525-3350.010	Local Govt/ Agency - SC County	(30,000)
Total		3,000

Expenditures		
Account #	Account Description	Increase/Decrease
Total		-

Net Impact **3,000**

Purpose: Recreation Outside-of-Schoolltime (OST) budget adjustment related to returning to in-person learning

Department Head Approval _____

Finance Department Approval _____

City Manager Approval _____

Attachment: OST Program Budget Amendment 2 (OST Update)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF APRIL 22, 2021

FROM: City Manager Department
SUBJECT: Consider Options for Implicit Bias Training

RECOMMENDED ACTION: Either 1) form an ad-hoc subcommittee to review implicit/unconscious bias training program proposals and assign Council members to the committee, or 2) direct staff to review proposals and recommended one to Council.

BACKGROUND: At the March 25 meeting, the City Council directed staff request proposals from firms to provide the City with implicit/unconscious bias training.

DISCUSSION: Staff has issued a request for proposals, which closes on April 19. If the City Council wishes to form an ad-hoc subcommittee to review the proposals and then recommend one to the full Council, staff suggest City Council assign members to such a committee this evening. If Council does not wish to form a subcommittee, staff is prepared to review the proposals and recommend a firm to the City Council.

Under both options the full City Council would authorize the contract at a future meeting.

FISCAL IMPACT: Fiscal impact will be based on the proposal selected.

Report Prepared By: Larry Laurent
Assistant to the City Manager

Reviewed and Forwarded by:

Jamie Goldstein, City Manager

4/15/2021