

# City of Capitola Agenda



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

## **CAPITOLA CITY COUNCIL REGULAR MEETING THURSDAY, JUNE 28, 2012 CLOSED SESSION – 6:00 PM CITY MANAGER'S OFFICE**

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

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

Negotiator: Jamie Goldstein, City Manager

Employee Organizations: Association of Capitola Employees, Capitola Police Captains, and Capitola Police Officers Association.

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

Significant exposure to litigation pursuant to subdivision (b) of GC §54956.9: Two cases:

1. City of Capitola Insurance Coverage Claim Against Lexington Insurance (Noble Gulch Storm Drain Failure);
2. Pacific Cove Mobile Home Park Pipe Failure and Closure;
3. Consideration of lawsuit against the Department of Finance – Disputed Recognized Obligations of the Successor Agency.

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

1. Kevin Calvert, D.D.S. and Pamela Calvert vs. City of Capitola, et al. [Superior Court of the State of California for County of Santa Cruz, Case #CV 172804];
2. Katie Saldana vs. City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 172324];
3. Foremost Insurance Company vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 173228];
4. Truck Insurance vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173071];
5. David Ross; Carousel Taffy Morro Bay, Inc.; Village Mouse dba; The Thomas Kinkade Gallery Capitola; Judith Ferro vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 173642];
6. American Alternative Insurance Corporation; Central Fire Protection District of Santa Cruz County vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173926].

### **PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code §54957)**

City Council's Performance Evaluation of City Attorney

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

Claimant: Tracey Conklin

Claimant: Christopher Flynn

Agency claimed against: City of Capitola

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

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

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

**2. PRESENTATIONS**

A. Mayor's Proclamation honoring Big Brothers Big Sisters of Santa Cruz County on their 30<sup>th</sup> anniversary.

**3. REPORT ON CLOSED SESSION**

**4. ADDITIONS AND DELETIONS TO AGENDA**

**5. PUBLIC COMMENTS**

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

**6. COUNCIL/STAFF ANNOUNCEMENTS**

**7. COMMITTEE APPOINTMENTS**

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

**8. CONSENT CALENDAR**

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

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

A. Consideration of approving the City Council Minutes of the Regular Meeting of May 10, 2012.

**RECOMMENDED ACTION:** Approve minutes.

B. Consideration of denying liability claims and forward to the City's liability insurance carrier:

1. Tracey Conklin in the amount of \$89,393.15 and forward to the City's liability insurance carrier.

2. Christopher Flynn in the amount of \$48,000 and forward to the City's liability insurance carrier.

**RECOMMENDED ACTION:** Deny liability claims.

## 8. CONSENT CALENDAR (continued)

- C. Consideration of approving City Check Register Reports dated May 18, May 25, June 1, June 8, and June 15, 2012.  
RECOMMENDED ACTION: Approve the City Check Register Reports.
- D. Consideration of approving the Memorandum of Understanding with the Association of Capitola Employees bargaining unit.  
RECOMMENDED ACTION: Approve agreement.
- E. Consideration of approving a contract with the Housing Authority of the County of Santa Cruz for the reuse of housing funds in an amount not to exceed \$40,000.  
RECOMMENDED ACTION: Approve contract.
- F. Consideration of the 2012 Slurry Seal Program approval of plans, specifications and estimate and authorization to advertise for bids.  
RECOMMENDED ACTION: Approve plans, specification and estimate; authorize advertising for bids.
- G. Consideration of approving the Memorandum of Understanding with the Police Captains bargaining unit.  
RECOMMENDED ACTION: Approve agreement.

## 9. GENERAL GOVERNMENT/PUBLIC HEARINGS

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

- A. Continued Public Hearing from the May 24, 2012 City Council Meeting:  
700 Escalona Drive – Project Application # 12-019  
Appeal of Planning Commission decision to deny a Coastal Permit and Design Permit to construct a new two-story single-family residence in the R-1 (Single-Family Residence) Zoning District [APN 036-141-20]. Filed 2/14/12. Property Owner: Lori Perpich & Alberto Munoz. Representative: Derek Van Alstine.  
RECOMMENDED ACTION: Approve the application.
- B. Consideration of authorizing the City Manager to enter into an agreement with Community Based Health and Human Service Providers Program funding for Fiscal Year 2012/2013.  
RECOMMENDED ACTION: Approve subcommittee recommendations for funding amounts.

## 9. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

- C. Continued from the June 14, 2012 City Council meeting:  
Discussion regarding a Visitor Service Fee (Transient Occupancy Tax) Measure for the November 6, 2012 Election.  
RECOMMENDED ACTION: Council discretion to either:
1. Retain the current Visitor Service Fee (Transient Occupancy Tax - TOT) tax at 10%, or
  2. Continue the hearing to July 12, 2012 City Council meeting and direct staff to prepare a Resolution to increase the TOT consistent with measures considered by other local jurisdictions.
- D. Consideration of a Resolution to Levy the Capitola Village and Wharf Business Improvement Area (CVWBIA) Assessments for Fiscal Year 2012/2013.  
RECOMMENDED ACTION: Adopt Resolution.
- E. Consideration of the acceptance of the Rispin property title and review Rispin Park proposed development plans.  
RECOMMENDED ACTION: Accept title to Rispin property and approve recommended development plan phasing.

AT THIS POINT, ITEMS REMOVED FROM CONSENT CALENDAR WILL BE CONSIDERED

## 10. COUNCIL/STAFF COMMUNICATIONS

A. Staff CommentsB. City Council/Treasurer Comments/Committee Reports

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

## 11. ADJOURNMENT

Adjourn to the next Regular Meeting of the City Council to be held on Thursday, July 12, 2012, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

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

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

**Agenda and Agenda Packet Materials:** The City Council Agenda and the complete agenda packet are available on the Internet at the City's website: [www.ci.capitola.ca.us](http://www.ci.capitola.ca.us). Agendas are also available at the Capitola Post Office located at 826 Bay Avenue, Capitola.

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

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

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

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

# City of Capitola Mayor's Proclamation

## **BIG BROTHERS BIG SISTERS OF SANTA CRUZ COUNTY**

*WHEREAS, Big Brothers Big Sisters of Santa Cruz County have been providing mentoring services to children and their families in the City of Capitola for thirty years; and*

*WHEREAS, Big Brothers Big Sisters of Santa Cruz County is a leader in prevention-based services and have served over four thousand five hundred children and youth in our community, aged 7 to 18 years; and*

*WHEREAS, Big Brothers Big Sisters of Santa Cruz County have continued to meet their goals for at-risk youth to increase their sense of self esteem and confidence; thereby keeping them in school, away from drugs and alcohol, out of the juvenile justice system, and able to make healthier life choices; and*

*WHEREAS, youth matched to Big Brothers or Big Sisters have been provided with caring and supportive adult positive role models who offered opportunities and options not otherwise available; and*

*WHEREAS, thousands of volunteer hours have been spent by carefully screened and trained volunteer mentors who provided one-to-one guidance, friendship, positive role-modeling, and support to youth in Capitola over the past thirty years; and*


*WHEREAS, Big Brothers Big Sisters of Santa Cruz County have and will continue to create new opportunities to place appropriate mentors with the children and youth from the increasing number of families in need; and*

*WHEREAS, Big Brothers Big Sisters of Santa Cruz County have demonstrated its commitment to the community by providing quality mentoring services to children and youth throughout the City of Capitola; and*

*WHEREAS, the success of Big Brothers Big Sisters of Santa Cruz County can be attributed to a dedicated staff, volunteer Board of Directors, volunteer mentors, and a large volunteer base who have generated community support and enthusiasm.*

*NOW, THEREFORE, In recognition of the quality mentoring services provided by Big Brothers Big Sisters of Santa Cruz County, I, Michael Termini, Mayor of the City of Capitola, do hereby proclaim June 14, 2012 "Big Brothers Big Sisters Day."*

*IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Capitola this 14<sup>th</sup> day of June, in two thousand twelve.*

  
\_\_\_\_\_  
Michael Termini, Mayor  
Signed and sealed this 28th day of June 2012





Item #: 8.A.

## CITY COUNCIL AGENDA REPORT

### MEETING OF JUNE 28, 2012

FROM: OFFICE OF THE CITY CLERK

SUBJECT: APPROVAL OF THE MAY 10, 2012 REGULAR COUNCIL MEETING CAPITOLA CITY  
COUNCIL MINUTES

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**RECOMMENDED ACTION:** Approve the subject minutes as submitted.

**DISCUSSION:** Attached for City Council review and approval are the minutes to the subject meeting.

**ATTACHMENTS**

1. May 10, 2012 Minutes

Report Prepared By: Susan Sneddon, CMC  
City Clerk

Reviewed and Forwarded  
By City Manager: \_\_\_\_\_

**NOT OFFICIAL UNTIL APPROVED BY COUNCIL**

**CITY OF CAPITOLA  
CITY COUNCIL**

**May 10, 2012  
Capitola, California**

**MINUTES OF A REGULAR MEETING****6:00 P.M. — CLOSED SESSION — CITY MANAGER'S OFFICE****CALL TO ORDER**

At 6:00 p.m. in the City Hall Council Chambers, **Mayor Termini** noted that all Council Members were present. Mayor Termini made an announcement regarding the items to be discussed in Closed Session, as follows:

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to subdivision (b) of GC §54956.9: Two cases:

1. City of Capitola Insurance Coverage Claim Against Lexington Insurance (Noble Gulch Storm Drain Failure);
2. Pacific Cove Mobile Home Park Pipe Failure and Closure.

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

1. Kevin Calvert, D.D.S. and Pamela Calvert vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 172804];
2. Katie Saldana vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 172324];
3. Foremost Insurance Company vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173228];
4. Truck Insurance vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173071];
5. David Ross; Carousel Taffy Morro Bay, Inc.; Village Mouse dba The Thomas Kinkadee Gallery Capitola; Judith Ferro vs. the City of Capitola, , et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173642];
6. American Alternative Insurance Corporation; Central Fire Protection District of Santa Cruz County vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173926].

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

Negotiator: Jamie Goldstein, City Manager

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

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code §54957)**

Title: City Manager

**Mayor Termini** noted that there was no one in the audience; therefore, the City Council recessed at 6:05 p.m. to the Closed Session in the City Manager's Office.



## 7:00 P.M. – OPEN SESSION

## REGULAR MEETING OF THE CAPITOLA CITY COUNCIL

## CALL TO ORDER

**Mayor Termini** called the Regular Meeting of the Capitola City Council to order at 7:10 p.m. on Thursday, May 10, 2012, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

## 1. ROLL CALL AND PLEDGE OF ALLEGIANCE:

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

**ABSENT:** None

**OTHERS:** City Treasurer Jacques Bertrand

**STAFF:** City Manager Jamie Goldstein, City Attorney John Barisone, Public Works Director Steve Jesberg, Finance Director Tori Hannah, Police Chief Rudy Escalante, Interim Community Development Director Susan Westman, Administrative Services Director Lisa Murphy, and City Clerk Susan Sneddon

## 2. PRESENTATIONS:

## A. Introduction of new Police Officer, Steve Anderson. [480-05]

**Police Chief Escalante** introduced the new Police Officer Anderson.

## B. Presentation by New Brighton Middle School Environmental Club. [430-05]

The New Brighton Middle School Environmental Club was unable to attend the Council meeting.

## C. Presentation on the 60th Annual Begonia Festival. [1050-70]

**Lin Banks** and **Laurie Hill** provided an update regarding the 60<sup>th</sup> annual Capitola Begonia Festival.

## 3. REPORT ON CLOSED SESSION [520-25]

**City Attorney Barisone** stated that items the City Council discussed in Closed Session are the items listed on the May 10, 2012, Closed Session Agenda. The City Council discussed the potential first-party insurance-coverage lawsuit against Lexington Insurance Company's failure to honor the City's claim for property damages from the March 2011 pipe-failure incident; a status report was received, and the City Council provided direction regarding the potential prosecution of the lawsuit. **City Attorney Barisone** stated that the City Council did not discuss the litigation cases against the City of Capitola, arising out of the March 2011 pipe failure by third-party property owners, because there were no new developments to report. He stated that the City Council received a status report from the City Manager and the Administrative Services Director, the City's

## 3. REPORT ON CLOSED SESSION (continued)

labor negotiators, regarding the following employee bargaining organizations: (1) Association of Capitola Employees; (2) Capitola Police Captains; (3) Capitola Police Officers Association; (4) Confidential Employees; (5) Mid-Management Group; and (6) Department Head Group; the Council took no reportable action. **Mr. Barisone** stated that the labor negotiators took instruction from the Council with regard to ongoing negotiations. He stated that due to time constraints the City Manager's performance evaluation did not occur.

## 4. ADDITIONS AND DELETIONS TO AGENDA (none provided)

## 5. PUBLIC COMMENTS

**Marilyn Garrett** spoke against wireless technologies.

**Lynn and John Plecque** read a letter to the City Council regarding the loss of their dog that was struck and killed by a vehicle on Gilroy Drive. They provided a neighborhood petition requesting that the Council provide direction to make the neighborhood roads safer.

**A member of the Capitola Village Resident Association Board of Directors** stated that he supports reducing speed in the area of Riverview Terrace and Gilroy Drive.

**Marge Hansen, 601 Oak Drive, Capitola resident,** requested that the red curb zone be lengthened at Gilroy Drive and Beverly Avenue.

**Ernie Tavella, 615 Riverview Drive,** stated that increased police enforcement is needed in his neighborhood because people are driving too fast.

**Nathan Cross, 620 Gilroy Drive,** stated that the traffic and speeding on Gilroy Drive has been an issue.

**City Manager Goldstein** stated that the Police Chief has placed a radar detector in the area to monitor vehicle speeds, and staff anticipates bringing a proposed project to the Council with the results, as well as several options to address these issues.

**Interim Community Development Director Westman** announced that the next General Plan workshop will be held on Saturday, May 12<sup>th</sup> (9:30 a.m. to 12:30 p.m.) at the Community Center located on Jade Street; the focus will primarily be regarding the Pacific Cove and the City Hall properties.

## 6. COUNCIL/STAFF ANNOUNCEMENTS

**Mayor Termini** asked about fencing at the construction site for the Opal Cliffs Elementary School.

**Public Work Director Jesberg** responded that Soquel Union Elementary School District staff is looking into modifying the design of the temporary fencing during the construction of the school; currently it is two feet from the existing fence.

**Interim Community Development Director Westman** responded that she will research this issue, and City staff will email the City Council members the results of the investigation.

**Council Member Harlan** stated that at the May 9th Association of Monterey Bay Area Governments meeting she received the Fiscal Year 2012-2013 Draft Monterey Bay Region Overall Work Program, including the Metropolitan Transportation Plan for the three local counties. Also at the meeting they received a Caltrans presentation on the California Interregional Blueprint. She stated that St. John's Helpful Shop is requesting donations of paper bags.

**Council Member Norton** requested that a draft plastic bag ordinance be agendaized to a future City Council meeting.

**Administrative Services Director Murphy** stated that the City of Santa Cruz Transportation and Public Works Commission recently discussed amending the City's ordinance regarding environmentally acceptable packaging and products; the City of Watsonville adopted a plastic bag ordinance; the City of Carmel's plastic bag ordinance did not pass.

**Council Member Storey** requested that staff report to the Council what other local cities that recently adopted plastic bag ordinances did regarding California Environmental quality Act (CEQA) issues.

## 7. COMMITTEE APPOINTMENTS (none)

## 8. CONSENT CALENDAR

**Council Member Storey** stated that he will recuse himself from participating on Item # 8.E. regarding 700 Escalona Drive (Project Application # 12-019); since the project application property is located within 500 feet of his property.

**Council Member Norton** stated that he will recuse himself from participating on Item # 8.D. regarding 115 San Jose Avenue Appeal (Project Application #11-100) due to a conflict of interest. He stated that he is not the applicant's representative.

**Mayor Termini** stated that he will recuse himself from participating on Item # 8.D. regarding 115 San Jose Avenue Appeal (Project Application #11-100) due to a conflict of interest.

## 8. CONSENT CALENDAR (continued)

- A. Consideration of the approval of the City Council Minutes of the Special Closed Session of April 5, 2012, and the minutes of the Regular Meeting of April 12, 2012.
- B. Receive Planning Commission Action Minutes for the Regular Meeting of May 3, 2012. [740-50]
- C. Consideration of adopting Ordinance No. 969 amending Title 10 (Vehicles and Traffic) of the Capitola Municipal Code to prohibit commercial traffic on Reposa Avenue. [490-20]
- D. 220 Oakland Avenue – Project Application # 12-044: Appeal of Planning Commission decision to approve a Fence Permit and a Major Revocable Encroachment Permit to construct a wall within the City right-of-way as part of a single-family residential use in the R-1 (Single-Family Residence) Zoning District [APN 036-124-20]. Filed 3/29/12. Property Owner: Christann A. Bohnet. Representative: John Draga. (Set public hearing for June 14, 2012). [730-10]
- E. Mayor's Proclamation honoring the American Red Cross of Santa Cruz County and designating May 16, 2012, as "Heroes Day." [120-40]

***ACTION: Motion by Council Member Harlan, seconded by Council Member Nicol, to approve Items No. 8. A, B, C, F, and G on the Consent Calendar. The motion was unanimously carried.***

*The City Council voted separately on the following Consent Calendar items (Item # 8.D. and Item # 8.E).*

- D. 115 San Jose Avenue – Project Application #11-100: Appeal of Planning Commission decision to deny a Conditional Use Permit for a take-out restaurant with the sale and dispensing of alcohol in the CV (Central Village) Zoning District [APN 035-221-27]. Filed 9/15/11. Property Owner: Peter Dwares. Representative: Dennis Norton Designs. (Set public hearing for May 24, 2012). [730-10]

***ACTION: Motion by Council Member Harlan, seconded by Council Member Nicol, to set a public hearing for the May 24, 2012, City Council meeting regarding 115 San Jose Avenue (Project Application #11-100) – Appeal of Planning Commission decision to deny a Conditional Use Permit for a take-out restaurant with the sale and dispensing of alcohol in the CV (Central Village) Zoning District [APN 035-221-27]. The motion carried with the following vote: AYES: Council Members Harlan, Nicol, and Storey. NOES: None. ABSENT: None. ABSTAIN: Council Member Norton and Mayor Termini***

## 8. CONSENT CALENDAR (continued)

- E. **700 Escalona Drive – Project Application # 12-019:** Appeal of Planning Commission decision to deny a Coastal Permit and Design Permit to construct a new two-story single-family residence in the R-1 (Single-Family Residence) Zoning District [APN 036-141-20]. Filed 2/14/12. Property Owner: Lori Perpich & Alberto Munoz. Representative: Derek Van Alstine. (Set public hearing for May 24, 2012). [730-10]

***ACTION:** Motion by Council Member Harlan, seconded by Council Member Nicol, to set a public hearing for the May 24, 2012 City Council meeting regarding 700 Escalona Drive (Project Application # 12-019) – Appeal of Planning Commission decision to deny a Coastal Permit and Design Permit to construct a new two-story single-family residence in the R-1 (Single-Family Residence) Zoning District [APN 036-141-20]. The motion carried with the following vote: AYES: Council Members Harlan, Norton, Nicol, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: Council Member Storey.*

## 9. GENERAL GOVERNMENT/PUBLIC HEARINGS

- A. Receive report on Clares Street and 41<sup>st</sup> Avenue intersection options. [940-40]

**Public Works Director Jesberg** introduced this item. He stated that staff is recommending to modify the No. 3 lane in the eastbound direction on Clares Street by eliminating the left turn movement from the curb lane (right lane) resulting in 2 dedicated left turn lanes and a through/right-turn lane. He stated the analysis concludes that this change would appear to improve the approach operations by better distributing the traffic volumes. In addition he reviewed other recommended modifications to this intersection.

**Mayor Termini** opened this item for public comment.

**Ed Bottorff, 321B Capitola Avenue**, stated that he is in favor of this recommendation.

**Mayor Termini** closed this item for public comment.

***Motion by Council Member Nicol, seconded by Council Member Storey, approve staff's recommendations but without restricting the right turn on red from westbound Clares Street onto northbound 41<sup>st</sup> Avenue. Motion failed.***

**Mayor Termini** stated that he is in favor of having a “no right-hand turn on red” onto northbound 41st Avenue at the red traffic signal for vehicles traveling westbound on Clares Street as recommended by the Police Department.

## 9. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**Police Chief Escalante** stated that traffic at this intersection frequently backs up when vehicles in the 41<sup>st</sup> Avenue northbound left-hand turn lane are making U-turns resulting in a backup and causing delays for the vehicles westbound on Clares Street making a left turn onto 41<sup>st</sup> Avenue (northbound) at this intersection.

**ACTION: Motion by Council Member Norton, seconded by Council Member Harlan, to direct the Public Works Department to modify the lane configuration on eastbound Clares Street between 40th Avenue and 41st Avenue to eliminate the left turn movement from the curb lane (right lane) resulting in two dedicated left turn lanes and a through/right-turn lane and related actions. The motion carried with the following vote: AYES: Council Members Harlan, Norton, Nicol, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None**

- B. Consideration of an Ordinance amending Title 17 Chapter 50 (Floodplain District) of the Capitola Municipal Code as required by the Federal Emergency Management Agency (FEMA) for the community to participate in the National Flood Insurance Program (NFIP), and consideration of a Resolution authorizing the City Manager to submit a Local Coastal Program Amendment to the California Coastal Commission for certification. (Introduce Ordinance) [740-30]

**Public Works Director Jesberg** introduced this item. He stated that the recommended action required by the Federal Emergency Management Agency (FEMA) is to amend the City's municipal code pertaining to floodplain management to comply with new regulations. He stated that the proposed ordinance better defines the building hazards and provisions for allowing construction in the flood hazard areas; the variance and appeal processes are also better detailed in the revised code.

**Mayor Termini** opened the public hearing.

No public comment provided.

**Mayor Termini** closed the public hearing.

**Council Member Norton** asked if the property owners affected by the proposed ordinance were notified. (**Public Works Director Jesberg** responded that the property owners were not notified). **Council Member Norton** requested an interpretation by the City's Building Inspector of commercial properties in the village. He stated his concern that commercial properties, unless they are in the historic district, will not be able to be built with a commercial area on the first floor.

## 9. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**Public Works Director Jesberg** stated that the City's Building Inspector's opinion is that the regulations will not change with the adoption of the proposed ordinance. He stated that Building Inspector Wheeler will be present at the second reading of the ordinance to answer any questions.

**ACTION: Motion by Council Member Nicol, seconded by Council Member Harlan, to approve the introduction of the proposed ordinance amending Title 17 Chapter 50 (Floodplain District) of the Capitola Municipal Code as required by the Federal Emergency Management Agency (FEMA) for the community to participate in the National Flood Insurance Program (NFIP), and consideration of a Resolution authorizing the City Manager to submit a Local Coastal Program Amendment to the California Coastal Commission for certification. AYES: Council Members Harlan, Norton, Nicol, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.**

C. Consideration of an Ordinance amending Title 8 Chapter 6 (Recycling) of the Capitola Municipal Code regarding mandatory commercial recycling. (Introduce Ordinance) [930-30]

**Administrative Services Director Murphy** introduced this item. She stated that Assembly Bill 32 pursuant to the California Global Warming Solutions Act mandates commercial recycling for all businesses and multifamily residential dwellings with five or more units beginning July 1, 2012.

**ACTION: Motion by Council Member Norton, seconded by Council Member Storey, to introduce an ordinance amending Title 8 Chapter 6 (Recycling) of the Capitola Municipal Code regarding mandatory commercial recycling. AYES: Council Members Harlan, Norton, Nicol, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.**

## 10. COUNCIL/STAFF COMMUNICATIONS

A. Staff Comments (none provided)

B. City Council/Treasurer Comments/Committee Report (None provided)

**Council Member Norton** asked about the City's contract with Charter Communications.

**Administrative Services Director Murphy** responded that Charter Communications entered into a state franchise agreement earlier this year; therefore, they are no longer operating under the City's jurisdiction. She stated that she will continue to process issues related to Charter Communications.

## 10. COUNCIL/STAFF COMMUNICATIONS (continued)

**Council Member Storey** stated that since the City no longer has authority over Charter Communications, he is concerned that the public may assume that it is the City's responsibility to respond to concerns related to Charter Communications services.

**Council Member Harlan** suggested that the Mayor send a letter to Charter Communications that the City has concerns regarding their services

**Mayor Termini** stated that a letter will be mailed, with a copy being provided to the state's representatives, regarding the City's concern over the state franchise.

**Mayor Termini** stated that the only Caltrans sign on Highway 1 for the Capitola exits that direct drivers to the "beach" is at the Park Avenue exit. He suggested that staff request Caltrans post two more "beach" signs for the other two Capitola exits.

**City Treasurer Bertrand, member of the City's Finance Advisory Committee**, asked when a report of the City's benchmark analysis comparing similar cities' costs, revenues and services would be available.

**Mayor Termini** responded that the results of the benchmark analysis will be reported when the information is compiled.

## 11. ADJOURNMENT

At 8:50 p.m. **Mayor Termini** adjourned to the next Special Budget Study Session of the City Council to be held on Wednesday, May 23, 2012, at 6:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.





Item #: 8.B.

## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 28, 2012

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: LIABILITY CLAIMS

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

**DISCUSSION:**

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

1. Tracey Conklin: \$89,393.15
2. Christopher Flynn: \$48,000

**ATTACHMENTS:** None

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

Reviewed and Forwarded  
by City Manager: \_\_\_\_\_



## CITY COUNCIL AGENDA REPORT

### MEETING OF JUNE 28, 2012

FROM: FINANCE DEPARTMENT  
SUBJECT: CITY CHECK REGISTER REPORT

**RECOMMENDED ACTION:** Receive the attached Check Register Reports for May 18, May 25, June 1, June 8, and June 15, 2012.

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

Date	Starting Check #	Ending Check #	Total Checks	Amount
5/18/2012	69672	69731	60	\$147,749.51
5/25/2012	69732	69843	112	\$128,795.38
6/1/2012	69844	69888	45	\$76,449.57
6/8/2012	69889	69937	49	\$107,703.71
6/15/2012	69938	69993	56	\$166,985.46

The check register of May 11, 2012 ended with check #69671.


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

Check	Issued to:	Dept.	Purpose	Amount
69714	Stewart Title of Calif Inc	CM	MHP #77 Purchase	\$89,390.54
69726	ICMA Retirement Trust	CM	Employee Funded Retirement	\$11,313.48
69737	Atchison, Barisone et al	CM	Apr 2012 Legal Services	\$11,233.19
69812	PG&E	PW	Monthly Electric	\$12,304.46
69834	Susan Westman	CDD	May Comm Dev Dir	\$10,320.00
69852	Coffelt Construction	PW	Removal of 4 Mobile Homes	\$10,700.00
69888	Mark Vasko	CM	MHP #47 Purchase	\$18,000.00
69923	Power Engineering	PW	Wharf Steel Pile Replacement	\$50,649.12
69935	Sidney Jackson	CM	MHP Rental Assistance	\$18,008.76
69973	RBF Consulting	PW	Hazard Mitigation Plan	\$22,203.00
69985	Bob & Gay Allen	CM	MHP #54 Purchase	\$50,000.00
69990	Patricia Hope Sales	CM	MHP #43 Purchase	\$32,000.00

**ATTACHMENTS:**

1. Check Register for May 18, 2012
2. Check Register for May 25, 2012
3. Check Register for June 1, 2012
4. Check Register for June 8, 2012
5. Check Register for June 15, 2012

Report Prepared By: Linda Benko  
AP Clerk

Reviewed and Forwarded  
by City Manager: 

**ATTACHMENT 1**


Checks dated 5/18/12 numbered 69672 to 69731 for a total of \$147,749.51 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 5/18/12 the unaudited cash balance is \$2,150,042


**CASH POSITION - CITY OF CAPITOLA 5/18/12**

	<u>Net Balance</u>
General Fund	41,538
Contingency Reserve Fund	404,896
Worker's Comp. Ins. Fund	58,210
Self Insurance Liability Fund	215,426
Stores Fund	3,397
Information Technology Fund	165,022
Equipment Replacement	413,183
Compensated Absences Fund	4,112
Public Employee Retirement - PERS	247,173
Open Space Fund	256
Capital Improvement Projects	596,830
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>2,150,042</u></u>

The Emergency Reserve Fund balance is \$153,045.54 and is not included above.

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

5/18/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Jacques J.J. Bertrand, City Treasurer

6 + 5.12  
\_\_\_\_\_  
Date

City of Capitola  
**City Checks Issued 5/18/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69672	05/18/2012 Invoice 828	Open	Date 04/30/2012	Description Apr12 Earth Day Advertising	AdManor, Inc.	\$842.50
69673	05/18/2012 Invoice 43396	Open	Date 04/19/2012	Description Find safe combo-PD	ALLSAFE LOCK COMPANY	\$64.00
69674	05/18/2012 Invoice 624-May12	Open	Date 05/01/2012	Description Long Distance, May 2012 Fund 2211, IT	AT&T	\$7.82
69675	05/18/2012 Invoice 263224 263436	Open	Date 05/04/2012 05/07/2012	Description Equipment repair Equipment repair	B & B SMALL ENGINE REPAIR	\$76.29
69676	05/18/2012 Invoice 2012-00000743	Open	Date 05/11/2012	Description Sports Officials April 22 to May 12 2012	BEYERS, FRED C	\$242.00
69677	05/18/2012 Invoice 2972583	Open	Date 05/10/2012	Description Wood-Fund 1311, Wharf Fund	BIG CREEK LUMBER	\$60.25
69678	05/18/2012 Invoice 2012-00000742	Open	Date 05/11/2012	Description Sports Officials April 22 to May 12 2012	BUMGARNER, ERIC D	\$162.00
69679	05/18/2012 Invoice 532 530	Open	Date 04/23/2012 04/21/2012	Description Uniform Expense, Thompson-PD Uniform Expense, Thompson-PD	CALIFORNIA COAST UNIFORM CO.	\$418.01
69680	05/18/2012 Invoice 11205105	Open	Date 05/05/2012	Description install motorcycle numbers Fund 1316, Parking Reserve	CHRISP COMPANY	\$811.80
69681	05/18/2012 Invoice 1205514 1188082-01 1205514-01	Open	Date 04/20/2012 04/24/2012 04/24/2012	Description Cleaning supplies Cleaning supplies Cleaning supplies	CLEAN SOURCE	\$1,922.28
69682	05/18/2012 Invoice 212650	Open	Date 05/08/2012	Description Install Line in Back Room, City Hall Fund 2211, IT	COMMUNICATION SERVICE CORP.	\$105.84
69683	05/18/2012 Invoice 12040073-A	Open	Date 04/20/2012	Description Chains & slings	COORD. WIRE ROPE OF NO. CA INC.	\$825.39

## City Checks Issued 5/18/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69684	05/18/2012 Invoice R212593	Open	Date 04/02/2012	Description Memorial Plaque Expense	CRESTOR INC.	\$1,030.32
69685	05/18/2012 Invoice CVS-20120502	Open	Date 05/02/2012	Description Misc supplies-PD	CVS PHARMACY INC.	\$64.21
69686	05/18/2012 Invoice EM9544	Open	Date 05/16/2012	Description Mobile Home Purchase, Ser No. RD55564t Fund 1420, The Cove Bond	DEPT OF HOUSING AND COMMUNITY DEV (HCD)	\$35.00
69687	05/18/2012 Invoice AU9634	Open	Date 05/16/2012	Description Mobile Home Purchase, Ser No. B44245 Fund 1420, The Cove Bond	DEPT OF HOUSING AND COMMUNITY DEV (HCD)	\$35.00
69688	05/18/2012 Invoice 308555	Open	Date 05/03/2012	Description Lower ramp Fund 1311, Wharf Fund	DOGHERRA'S INC.	\$157.50
69689	05/18/2012 Invoice 11678	Open	Date 05/02/2012	Description Cultural Commission Logo Redesign	DYNAMIC PRESS	\$45.00
69690	05/18/2012 Invoice 4689753 4696889	Open	Date 05/02/2012 05/03/2012	Description Irrigation supplies - Lawn Way Irrigation clock - Noble Gulch	EWING IRRIGATION	\$149.93
69691	05/18/2012 Invoice 667211	Open	Date 05/01/2012	Description Plants	FARWEST NURSERY	\$24.15
69692	05/18/2012 Invoice 12-725559 12-75560	Open	Date 05/04/2012 05/04/2012	Description 568 Gal Ethanol 150 Gal Diesel	FLYERS ENERGY, LLC	\$3,215.30
69693	05/18/2012 Invoice 104718	Open	Date 04/17/2012	Description Successor Agency Svcs through 03/31/12	GOLDFARB & LIPMAN, LLP	\$987.00
69694	05/18/2012 Invoice May12-1 May12-2	Open	Date 05/15/2012 05/15/2012	Description Mechanic Mechanic	HOWARD, CHARLIE	\$1,440.00
69695	05/18/2012 Invoice 5112	Open	Date 04/30/2012	Description Backflow testing	JIM CLARK BACKFLOW	\$560.58

# City Checks Issued 5/18/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69696	05/18/2012	Open			KING'S PAINT AND PAPER, INC.	\$101.41
	Invoice		Date	Description		Amount
	A158113		04/26/2012	Floating dock paint		\$101.41
				Fund 1311, Wharf Fund		
69697	05/18/2012	Open			LABOR READY SOUTHWEST INC.	\$1,897.48
	Invoice		Date	Description		Amount
	70331559		04/27/2012	FY 11/12 Seasonal Temp Labor		\$948.74
	70611559		05/04/2012	FY 11/12 Seasonal Temp Labor		\$948.74
69698	05/18/2012	Open			LEWIS TREE SERVICE INC.	\$9,400.00
	Invoice		Date	Description		Amount
	19490		05/07/2012	Prune/remove elm trees, City Hall Pkg lot		\$8,550.00
	19489		05/07/2012	Prune oaks,remove telephone poles, Pac Cove Pkg lot		\$850.00
69699	05/18/2012	Open			LUICH, JAY	\$154.00
	Invoice		Date	Description		Amount
	2012-00000741		05/11/2012	Sports Officials April 22 to May 12 2012		\$154.00
69700	05/18/2012	Open			MID-COUNTY AUTO SUPPLY	\$325.80
	Invoice		Date	Description		Amount
	300226		04/23/2012	auto parts-PW F-250		\$7.55
	300249		04/23/2012	auto parts-Sweeper		\$49.61
	300156		04/23/2012	auto parts-John Deere Mower		\$9.69
	300296		04/24/2012	auto parts-PD81		\$241.51
	300283		04/23/2012	auto parts-Volunteer GEM Vehicle		\$10.20
	300537		04/25/2012	auto parts-All Vehicles		\$7.24
69701	05/18/2012	Open			MONTEREY BAY SYSTEMS	\$350.71
	Invoice		Date	Description		Amount
	136476&136369		04/20/2012	Q2 CY2012 Contract Service, Copier		\$350.71
				Fund 2211, IT=\$137.95		
69702	05/18/2012	Open			ORCHARD SUPPLY HARDWARE	\$164.58
	Invoice		Date	Description		Amount
	6009-2483436		04/27/2012	Auto parts-PD Vehicles		\$17.30
	6013-3174891		04/24/2012	Tape		\$19.46
	6013-3785309		04/27/2012	Paint supplies		\$56.26
	6011-4797322		04/30/2012	Misc. Maint Supplies		\$12.10
	6014-4524022		04/30/2012	Paint supplies		\$17.84
	6011-4797401		04/30/2012	Drill bits		\$41.62
69703	05/18/2012	Open			PACIFIC VETERINARY SPECIALISTS IN	\$256.89
	Invoice		Date	Description		Amount
	216551		04/19/2012	Animal Control Exp, PD (12C-00594)		\$256.89
69704	05/18/2012	Open			PRAXAIR DISTRIBUTION INC.	\$62.00
	Invoice		Date	Description		Amount
	42704114		04/20/2012	Gases, Corp Yard		\$62.00
69705	05/18/2012	Open			QUARTARARO, ROD V.	\$165.00
	Invoice		Date	Description		Amount
	2012-00000744		05/11/2012	Sports Officials April 22 to May 12 2012		\$165.00

# City Checks Issued 5/18/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69706	05/18/2012	Open			RED SHIFT INTERNET SERVICES	\$115.11
	Invoice		Date	Description		Amount
	1511578		05/01/2012	May 2012 Internet Access-Fund 2211, IT		\$65.17
	1511579		05/01/2012	May 2012 Internet Access		\$49.94
69707	05/18/2012	Open			REED, DANIEL H.	\$198.00
	Invoice		Date	Description		Amount
	2012-00000746		05/11/2012	Sports Officials April 22 to May 12 2012		\$198.00
69708	05/18/2012	Open			RODGERS, PETER A	\$121.00
	Invoice		Date	Description		Amount
	2012-00000745		05/11/2012	Sports Officials April 22 to May 12 2012		\$121.00
69709	05/18/2012	Open			SCC AUDITOR-CONTROLLER	\$9,528.50
	Invoice		Date	Description		Amount
	Apr2012		05/10/2012	Apr 12 Citation Pass Thru		\$9,528.50
69710	05/18/2012	Open			SCC ENVIRONMENTAL HEALTH SVC	\$1,151.00
	Invoice		Date	Description		Amount
	IN0060946		04/25/2012	Annual Heath Permit - Corp Yard		\$1,151.00
69711	05/18/2012	Open			SCC INFORMATION SERVICES	\$704.99
	Invoice		Date	Description		Amount
	2012-FYQ3		04/20/2012	Jan thru Mar 2012 Radio Shop Invoice		\$704.99
69712	05/18/2012	Open			SANTA CRUZ SENTINEL	\$1,158.11
	Invoice		Date	Description		Amount
	2040516-Apr12		04/30/2012	April Newspaper Ads		\$1,158.11
69713	05/18/2012	Open			SMITH, BRET	\$865.00
	Invoice		Date	Description		Amount
	20120511		05/01/2012	Rebuild City Hall garbage enclosure		\$865.00
69714	05/18/2012	Open			STEWART TITLE OF CALIFORNIA, INC	\$89,390.54
	Invoice		Date	Description		Amount
	463633		05/14/2012	Pac Cove MHP #77-Escrow No. 463633		\$89,390.54
				Fund 1420, The Cove Bond		
69715	05/18/2012	Open			SUMMIT UNIFORM CORP	\$247.89
	Invoice		Date	Description		Amount
	46143		04/24/2012	Uniform Exp, Minium		\$323.67
	1255		04/23/2012	Credit, Duty Bag Exchange, Anderson		(\$75.78)
69716	05/18/2012	Open			THILL, WENDY	\$80.00
	Invoice		Date	Description		Amount
	2012-00000747		05/11/2012	Sports Officials April 22 to May 12 2012		\$80.00
69717	05/18/2012	Open			UNITED STATES POSTAL SERVICE	\$950.00
	Invoice		Date	Description		Amount
	20120514		05/10/2012	Postage for Twilight Concert Mailing		\$950.00



City of Capitola  
**City Checks Issued 5/18/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69718	05/18/2012	Open			WESTMAN, SUSAN	\$158.47
	Invoice		Date	Description		Amount
	05/12/12		05/12/2012	Reimb GPAC Workshop #4 supplies		\$83.90
	05/11/12		05/11/2012	Reimb GPAC Workshop #4a		\$74.57
				Fund 1313, Gen Plan Update		
69719	05/18/2012	Open			Hamilton Manufacturing Corp.	\$43.11
	Invoice		Date	Description		Amount
	1229100		05/11/2012	Coin Counter Hopper-PD		\$43.11
69720	05/18/2012	Open			Sprague, Christian	\$106.00
	Invoice		Date	Description		Amount
	2012-00000085		07/18/2011	Replace Lost Check, Camp Jr. Ldr		\$106.00
69721	05/18/2012	Open			Sprague, Christian	\$75.50
	Invoice		Date	Description		Amount
	2011-00000870		06/24/2011	Replace Lost Check, Camp Jr. Ldr		\$75.50
69722	05/18/2012	Open			GLACIER WATER SERVICES, INC.	\$50.00
	Licensee Type		Date	Description		Amount
	Business		5/10/2012	Refund Business License Overpayment		\$50.00
69723	05/18/2012	Open			CAPITOLA PEACE OFFICERS ASSOC.	\$780.50
	Invoice		Date	Description		Amount
	POA5-18-12		05/18/2012	POA Dues, Employee Funded		\$780.50
69724	05/18/2012	Open			CENTRAL FIRE PROTECTION DISTRICT	\$85.00
	Invoice		Date	Description		Amount
	Insp3-31		03/31/2011	Replace Lost Check, Tent Inspection		\$85.00
69725	05/18/2012	Open			GROGAN, JASON	\$1,654.11
	Invoice		Date	Description		Amount
	20120518		05/17/2012	Advance Disability Payment		\$1,654.11
69726	05/18/2012	Open			ICMA RETIREMENT TRUST 457	\$11,313.48
	Invoice		Date	Description		Amount
	ICMA5-18-12		05/18/2012	Retirement Plan Contribution, Employee Funded		\$11,313.48
69727	05/18/2012	Open			LIUNA PENSION FUND	\$484.00
	Invoice		Date	Description		Amount
	LIUNA5-18-12		05/18/2012	Pension Dues, Employee Funded		\$484.00
69728	05/18/2012	Open			UNION BANK OF CALIFORNIA	\$397.41
	Invoice		Date	Description		Amount
	PARS5-18-12		05/18/2012	Retirement Plan Contribution, Employee Funded		\$397.41
69729	05/18/2012	Open			UNITED WAY OF SANTA CRUZ COUNTY	\$20.00
	Invoice		Date	Description		Amount
	UW-May12		05/18/2012	United Way Donation, Employee Funded		\$20.00

# City Checks Issued 5/18/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69730	05/18/2012	Open			UPEC LIUNA LOCAL 792	\$1,836.75
	Invoice		Date	Description		Amount
	UPEC5-18-12		05/18/2012	Union Dues, Employee Funded		\$1,836.75
69731	05/18/2012	Open			CALIF. SOCIETY OF MUNI. FINANCE OFFICERS	\$75.00
	Invoice		Date	Description		Amount
	20120524		05/18/2012	CSMFO Meeting		\$75.00
Check Totals:				Count	60	Total \$147,749.51


Checks dated 5/25/12 numbered 69732 to 69843 for a total of \$128,795.38 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 5/25/12 the unaudited cash balance is \$2,462,126

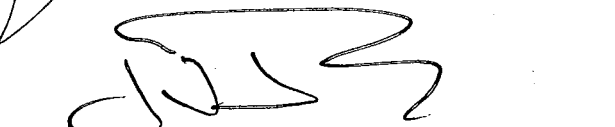
**CASH POSITION - CITY OF CAPITOLA 5/25/12**

	<u>Net Balance</u>
General Fund	355,464
Contingency Reserve Fund	404,896
Worker's Comp. Ins. Fund	58,210
Self Insurance Liability Fund	215,426
Stores Fund	2,664
Information Technology Fund	163,913
Equipment Replacement	413,183
Compensated Absences Fund	4,112
Public Employee Retirement - PERS	247,173
Open Space Fund	256
Capital Improvement Projects	596,830
<b>TOTAL GENERAL FUND &amp; COUNCIL DESIGNATED FUNDS</b>	<u><u>2,462,126</u></u>

The Emergency Reserve Fund balance is \$153,045.54 and is not included above.

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

5/25/12  
Date

  
\_\_\_\_\_  
Jacques J.J. Bertrand, City Treasurer

6-15-12  
Date

City of Capitola  
**City Checks Issued 5/25/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69732	05/25/2012 Invoice 831719-5	Open	Date 05/15/2012	Description Pump	A TOOL SHED	\$107.00
69733	05/25/2012 Invoice 3807	Open	Date 05/09/2012	Description Rispin fence repair	ABACHERLI FENCE CO.	\$550.00
69734	05/25/2012 Invoice 43485 43502	Open	Date 05/11/2012 05/02/2012	Description Keys, Lifeguards Keys, PW Vehicles	ALLSAFE LOCK COMPANY	\$89.94 \$82.65 \$7.29
69735	05/25/2012 Invoice 331630	Open	Date 05/03/2012	Description Wood chips	APTOS LANDSCAPE SUPPLY, INC.	\$55.08
69736	05/25/2012 Invoice 2012-00000772	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	ARITCHITA, WIND C.	\$140.40
69737	05/25/2012 Invoice 30385	Open	Date 05/21/2012	Description Apr2012 Legal Services	ATCHISON, BARISONE, & CONDOTTI	\$11,233.19
69738	05/25/2012 Invoice 38689 38690	Open	Date 05/22/2012 05/22/2012	Description May 2012 wharf meter reading May 2012 Pac Cove MHP meter reading	AUTOMATED TEST ASSOCIATES	\$92.00 \$25.00 \$67.00
69739	05/25/2012 Invoice 264326 264834	Open	Date 05/17/2012 05/23/2012	Description Oil mix Parts	B & B SMALL ENGINE REPAIR	\$252.28 \$40.69 \$211.59
69740	05/25/2012 Invoice 2923	Open	Date 05/18/2012	Description Pac Cove MHP May 2012 Landscape main	BACK TO EDEN LANDSCAPING INC.	\$575.00
69741	05/25/2012 Invoice CC-Apr2012	Open	Date 05/06/2012	Description City Credit Card Charges, Apr 2012 Fund 1000, Gen Fund=\$776.92 Fund 2210, Stores=\$37.74 Fund 2211, IT=\$99.00	BANK OF AMERICA	\$913.66
69742	05/25/2012 Invoice 2012-00000774	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	BARRETT, SHARON	\$65.00

# City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69743	05/25/2012 Invoice 2012-00000775	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	BARTLETT, GERRY	\$1,319.50
69744	05/25/2012 Invoice 223359	Open	Date 04/26/2012	Description Batteries for Irao's wheelchair	BATTERIES PLUS	\$539.98
69745	05/25/2012 Invoice 2435863	Open	Date 04/30/2012	Description Misc Supplies, PD	BAY PHOTO LAB	\$43.90
69746	05/25/2012 Invoice 2012-00000776	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	BETZ, SHERRI	\$4,509.05
69747	05/25/2012 Invoice 2012-00000761	Open	Date 05/18/2012	Description Officials May 5 to May 18 2012	BEYERS, FRED, C	\$33.00
69748	05/25/2012 Invoice 2012-00000777	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	BOSSO, AMY TOY	\$390.00
69749	05/25/2012 Invoice 2012-00000764	Open	Date 05/18/2012	Description Officials May 5 to May 18 2012	BUMGARNER, ERIC D	\$54.00
69750	05/25/2012 Invoice 907933 910441	Open	Date 05/21/2012 05/15/2012	Description Fingerprinting H&S analysis, PD	CA DEPARTMENT OF JUSTICE	\$49.00
69751	05/25/2012 Invoice 126268 126355	Open	Date 04/30/2012 04/30/2012	Description Pay Station Maint, Apr 2012 April on-line meters	CALE AMERICA INC.	\$895.00
69752	05/25/2012 Invoice 539 546	Open	Date 04/25/2012 04/27/2012	Description Uniform Expense, Anderson-PD Uniform Expense, Anderson-PD	CALIFORNIA COAST UNIFORM CO.	\$226.08
69753	05/25/2012 Invoice 122	Open	Date 05/07/2012	Description 4th Qtr FY11/12 Visitor & Econ Services	CAPITOLA-SOQUEL CHAMBER OF COMMERCE	\$7,500.00
69754	05/25/2012 Invoice 21100011	Open	Date 05/21/2012	Description Rec Brochures Printing	CASEY PRINTING	\$5,140.26

# City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69755	05/25/2012 Invoice 2012-00000792	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	CENTRAL COAST LACROSSE ASSOC.	\$119.60
69756	05/25/2012 Invoice 2012-00000778	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	CHARLEBOIS, FREDERIC	\$5,051.75
69757	05/25/2012 Invoice 0198562-May12	Open	Date 05/11/2012	Description Internet Access Fund 2211, IT	Charter Communications	\$131.93
69758	05/25/2012 Invoice 175708	Open	Date 05/11/2012	Description Auto parts-2005 Chevy Impala	CHEVROLET OF WATSONVILLE	\$266.24
69759	05/25/2012 Invoice 9644	Open	Date 04/30/2012	Description April Facility Cleaning Service Fund 1000, Gen Fund=\$3397.00 Fund 1311, Wharf Fund=\$145.00	CLEAN BUILDING MAINTENANCE	\$3,542.00
69760	05/25/2012 Invoice 1210861	Open	Date 05/01/2012	Description Cleaning supplies	CLEAN SOURCE	\$1,073.27
69761	05/25/2012 Invoice 1710	Open	Date 03/31/2012	Description Quarterly PEG Revenue Fees Fund 1320, PEG	COMMUNITY TELEVISION OF SCC	\$4,832.65
69762	05/25/2012 Invoice 60571	Open	Date 05/21/2012	Description Summer brochure mailing	COMPLETE MAILING SERVICE INC	\$1,484.70
69763	05/25/2012 Invoice 060094-Apr12	Open	Date 04/30/2012	Description April Drinking Water	CRYSTAL SPRINGS WATER CO.	\$251.70
69764	05/25/2012 Invoice 2012-00000780	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	DICKS, CHUCK	\$197.60
69765	05/25/2012 Invoice 2012-00000782	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	EVANS, PAT	\$197.60
69766	05/25/2012 Invoice 4703855	Open	Date 05/04/2012	Description Timer valves - 41st north	EWING IRRIGATION	\$357.48

# City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69767	05/25/2012 Invoice 2012-00000773	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	FAIA ARTWORKS	\$364.00
69768	05/25/2012 Invoice 147997	Open	Date 05/18/2012	Description Plants	FARWEST NURSERY	\$9.70
69769	05/25/2012 Invoice 529930	Open	Date 05/21/2012	Description Jade St Alarm Jun-Aug 2012	FIRST ALARM	\$195.00
69770	05/25/2012 Invoice 2012-00000783	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	FITZGERALD, AIMEE	\$287.30
69771	05/25/2012 Invoice 12-727522 12-727521	Open	Date 05/11/2012 05/11/2012	Description 100 Gal Diesel 517 Gal Ethanol	FLYERS ENERGY, LLC	\$2,845.89
69772	05/25/2012 Invoice 2012-00000784	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	FRANCA, CLAUDIO	\$234.00
69773	05/25/2012 Invoice 2012-00000781	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	GEDDES, SESE EGAN	\$128.70
69774	05/25/2012 Invoice 100556 9123	Open	Date 05/16/2012 05/17/2012	Description Irrigation leak, Clares median-labor & mat'k Wharf-water repair-Fund 1311, Wharf	Geo. H. Wilson, Inc.	\$3,244.68
69775	05/25/2012 Invoice 696662	Open	Date 04/30/2012	Description Pathway fines - Rotary Park	GRANITE ROCK COMPANY	\$23.91
69776	05/25/2012 Invoice 11204	Open	Date 05/16/2012	Description Represent City re:Flood-related Ins. Claims	GUMBINER & ESKRIDGE LLP	\$600.00
69777	05/25/2012 Invoice 298327	Open	Date 05/11/2012	Description Parking Meter Maint Exp, PD	HENDERSON, ADAM	\$562.50
69778	05/25/2012 Invoice 2012-00000785	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	HILL, CAROL	\$117.00

# City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69779	05/25/2012 Invoice 2012-00000779	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	HO KUK MU SUL CORPORATION	\$52.65
69780	05/25/2012 Invoice 2012-00000786	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	HOWELLS, NANCY	\$46.80
69781	05/25/2012 Invoice 2012-00000787	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	INK, BRUCE	\$148.20
69782	05/25/2012 Invoice 2012-00000789	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	JOHNSTON, DAVID, L.	\$278.20
69783	05/25/2012 Invoice 2012-00000790	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	KAPLAN, PHIL	\$754.65
69784	05/25/2012 Invoice 131349	Open	Date 05/02/2012	Description City Hall Copier Maint Contract Fund 2211, IT	KBA Docusys	\$142.17
69785	05/25/2012 Invoice A158361 A158375 A158990	Open	Date 05/01/2012 05/01/2012 05/10/2012	Description Axford Lane Axford Lane Primer - Bandstand	KING'S PAINT AND PAPER, INC.	\$667.77
69786	05/25/2012 Invoice 2012-00000791	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	KRAFT, MARC	\$915.20
69787	05/25/2012 Invoice 26-15161	Open	Date 05/11/2012	Description May2012 Seasonal Labor	LABORMAX STAFFING	\$901.60
69788	05/25/2012 Invoice 2012-00000793	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	LANCASTER, HELEN	\$629.85
69789	05/25/2012 Invoice 512791	Open	Date 05/01/2012	Description Psychological Evaluation, PD New Hire	LAW ENFORCEMENT PSYCH. SERVICE	\$350.00



## City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69790	05/25/2012	Open			LLOYD'S TIRE SERVICE INC.	\$1,049.61
	Invoice		Date	Description		Amount
	227096		05/04/2012	Flat Repair		\$35.00
	227297		05/08/2012	John Deere Mower Tires		\$107.66
	227751		05/17/2012	Tires, 2008 F-250 PU		\$856.95
	227807		05/18/2012	Tire rotation & balance		\$50.00
69791	05/25/2012	Open			LOOMIS	\$1,269.36
	Invoice		Date	Description		Amount
	11050623		04/30/2012	Apr2012 Armored Car Service		\$1,269.36
69792	05/25/2012	Open			LUCAS, SAMANTHA	\$286.00
	Invoice		Date	Description		Amount
	2012-00000794		05/22/2012	Late Spring Instructor Payments 2012		\$286.00
69793	05/25/2012	Open			MAC LAUGHLIN, DAWN	\$234.00
	Invoice		Date	Description		Amount
	2012-00000795		05/22/2012	Late Spring Instructor Payments 2012		\$234.00
69794	05/25/2012	Open			Mainstreet Media dba GOODTIMES	\$200.00
	Invoice		Date	Description		Amount
	71060		04/19/2012	Goodtimes Ad, Apr 19 2012		\$200.00
				Fund 1321, BIA		
69795	05/25/2012	Open			MARCHESE, HELEN	\$407.61
	Invoice		Date	Description		Amount
	Petty Cash-May12		05/21/2012	Replenish Petty Cash, May 2012		\$407.61
				Fund 1000, Gen Fund=\$332.61		
				Fund 1314, Green Bldg=\$75.00		
69796	05/25/2012	Open			MARRUJO, SANDY	\$494.00
	Invoice		Date	Description		Amount
	2012-00000796		05/22/2012	Late Spring Instructor Payments 2012		\$494.00
69797	05/25/2012	Open			MATTERN, MARK	\$260.00
	Invoice		Date	Description		Amount
	2012-00000797		05/22/2012	Late Spring Instructor Payments 2012		\$260.00
69798	05/25/2012	Open			MCCUTCHEN, SUELLEN	\$107.25
	Invoice		Date	Description		Amount
	2012-00000798		05/22/2012	Late Spring Instructor Payments 2012		\$107.25
69799	05/25/2012	Open			MCLAUGHLIN, MARY	\$928.20
	Invoice		Date	Description		Amount
	2012-00000799		05/22/2012	Late Spring Instructor Payments 2012		\$928.20
69800	05/25/2012	Open			MEGAPATH COVAD COMMUNICATIONS	\$643.86
	Invoice		Date	Description		Amount
	47925940		04/28/2012	Internet Access-Fund 2211, IT		\$643.86

## City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69801	05/25/2012	Open			MID-COUNTY AUTO SUPPLY	\$490.85
	Invoice		Date	Description		Amount
	300922		04/30/2012	auto parts-PD072		\$3.14
	300965		04/30/2012	auto parts-PD072		\$18.19
	300994		04/30/2012	auto parts-PD072		\$21.87
	302332		05/11/2012	Auto parts-PD082		\$16.24
	302124		05/09/2012	Auto parts-Fleet		\$68.53
	302059		05/09/2012	Auto parts-2002 Chevy Impala		\$12.80
	302058		05/09/2012	Auto parts-PD, Crown Vic		\$75.24
	302048		05/09/2012	Auto parts-Crown Vic		\$31.53
	302309		05/10/2012	Auto parts-Fleet		\$5.35
	302242		05/10/2012	Auto parts-PD Crown Vic		\$27.01
	302227		05/10/2012	Auto parts-PD 082		\$6.03
	301524		05/04/2012	Auto parts-Suzuki		\$65.00
	301763		05/07/2012	Auto parts-John Deere Mower		\$2.64
	301722		05/07/2012	Shop Manual, Motorcycle		\$50.83
	301308		05/02/2012	Auto parts-PD Radar Trailer		\$4.31
	301249		05/02/2012	Auto parts-PD Suzuki Dual Sport		\$11.87
	301288		05/02/2012	Auto parts-Fleet		\$23.71
	301439		05/03/2012	Auto parts-John Deere Mower		\$11.50
	301412		05/03/2012	Auto parts-Fleet		\$24.07
	301393		05/03/2012	Auto parts-PD Radar Trailer		\$10.99
69802	05/25/2012	Open			MILES, MITCHELL, A.	\$1,211.60
	Invoice		Date	Description		Amount
	2012-00000800		05/22/2012	Late Spring Instructor Payments 2012		\$1,211.60
69803	05/25/2012	Open			MISSION LINEN SUPPLY	\$797.46
	Invoice		Date	Description		Amount
	April2012		05/01/2012	April Mat & Uniform Cleaning		\$797.46
69804	05/25/2012	Open			MITCHELL, JEANI	\$453.05
	Invoice		Date	Description		Amount
	2012-00000801		05/22/2012	Late Spring Instructor Payments 2012		\$453.05
69805	05/25/2012	Open			MOJICA, CESAR	\$44.00
	Invoice		Date	Description		Amount
	2012-00000760		05/18/2012	Officials May 5 to May 18 2012		\$44.00
69806	05/25/2012	Open			MUNISERVICES, LLC	\$5,258.08
	Invoice		Date	Description		Amount
	27744		04/30/2012	Q4 2011 Sales Tax Reporting Systems		\$1,139.85
	27921		04/30/2012	Q4 CY2011 Sales and Use Tax Report		\$3,990.75
	27922		04/30/2012	Q4 CY2011 District Tax Audit		\$127.48
69807	05/25/2012	Open			NAPCO Energy Management Services	\$187.50
	Invoice		Date	Description		Amount
	1		05/04/2012	Condensate Pan, Server Room, City Hall		\$187.50

# City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69808	05/25/2012	Open			NORTH BAY FORD	\$1,222.60
	Invoice		Date	Description		Amount
	227742		05/01/2012	Auto parts-PD072		\$36.83
	227835		05/11/2012	Upholstery parts-PD Crown Vic		\$814.96
	227937		05/11/2012	Auto parts-PD081		\$370.81
69809	05/25/2012	Open			OFFUTT, MELISSA	\$325.00
	Invoice		Date	Description		Amount
	2012-00000802		05/22/2012	Late Spring Instructor Payments 2012		\$325.00
69810	05/25/2012	Open			ORCHARD SUPPLY HARDWARE	\$622.10
	Invoice		Date	Description		Amount
	6009-1384099		04/30/2012	Misc. Maint Supplies		\$55.15
	6014-4524294		05/01/2012	Floating dock supplies		\$69.90
	6013-3766572		05/02/2012	Rope		\$95.80
	6013-3176296		05/01/2012	Misc. Maint Supplies		\$36.75
	6009-2434527		05/02/2012	Misc. Maint Supplies		\$55.18
	6015-1132936		05/03/2012	Wire brush		\$35.71
	6014-3464511		05/03/2012	Drill bits & misc.		\$27.48
	6013-1237253		05/07/2012	Misc. Maint Supplies		\$27.48
	6013-1237440		05/08/2012	Bolts		\$4.82
	6013-9877454		05/08/2012	Painting supplies		\$9.39
	6007-3695476		05/08/2012	Painting supplies		\$17.29
	6007-3695500		05/08/2012	Alarm batteries		\$14.06
	6007-2435720		05/09/2012	Misc. Maint Supplies		\$21.61
	6009-1336258		05/09/2012	Misc. Maint Supplies		\$9.71
	6007-2435908		05/10/2012	Painting supplies		\$15.59
	6005-3696927		05/10/2012	Lag bolts - Hooper stairs		\$25.85
	6011-2438168		05/03/2012	Rec Center supplies		\$42.21
	6007-2435750		05/09/2012	Sports supplies-Rec		\$25.82
	6011-4790835		05/14/2012	Tools, Fleet		\$8.10
	6009-2436587		05/11/2012	Sand		\$24.20
				Fund 1000, Gen Fund=\$373.74		
				Fund 1311, Wharf Fund=\$248.36		
69811	05/25/2012	Open			PACIFIC GAS & ELECTRIC	\$1,000.00
	Invoice		Date	Description		Amount
	0007187012-5		05/07/2012	Wharf gas line project		\$1,000.00
				Fund 1311, Wharf Fund		
69812	05/25/2012	Open			PACIFIC GAS & ELECTRIC	\$12,304.46
	Invoice		Date	Description		Amount
	2012-00000765		05/15/2012	Monthly Elec		\$12,304.46
				Fund 1000, Gen Fund=\$3886.41		
				Fund 1300, SLESF=\$70.30		
				Fund 1310, Gas Tax=\$6800.07		
				Fund 1311, Wharf Fund=\$1547.68		
69813	05/25/2012	Open			PACIFIC GAS & ELECTRIC	\$647.81
	Invoice		Date	Description		Amount
	2012-00000766		05/15/2012	Pac Cove MHP Elec and Gas		\$647.81

# City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69814	05/25/2012	Open			PALACE ART & OFFICE SUPPLIES	\$644.66
	Invoice		Date	Description		Amount
	956334		05/02/2012	Office Supplied, City hall		\$229.49
	956656		05/04/2012	paper-PD		\$46.44
	956458		05/03/2012	Office Supplies, City Hall		\$110.78
	956518		05/03/2012	Office Supplies, City hall		\$23.63
	957949		05/14/2012	Office Supplies, City Hall		\$2.12
	958553		05/17/2012	Paper, City hall		\$232.20
				Fund 1000, Gen Fund=\$46.44		
				Fund 2210, Stores=\$598.22		
69815	05/25/2012	Open			PITNEY BOWES INC.	\$519.99
	Invoice		Date	Description		Amount
	2012-00000759		05/04/2012	Postage for postage meter-Rec		\$519.99
69816	05/25/2012	Open			POT, TRENISE	\$1,088.10
	Invoice		Date	Description		Amount
	2012-00000803		05/22/2012	Late Spring Instructor Payments 2012		\$1,088.10
69817	05/25/2012	Open			ProBUILD COMPANY LLC	\$264.22
	Invoice		Date	Description		Amount
	5623359		05/16/2012	Wood		\$264.22
69818	05/25/2012	Open			PUBLIC ENGINES, INC./CRIME REPOR	\$1,188.00
	Invoice		Date	Description		Amount
	15568		05/01/2012	Annual renewal, Jun12-Jun13, Crime Repo		\$1,188.00
69819	05/25/2012	Open			QUARTARARO, ROD V.	\$66.00
	Invoice		Date	Description		Amount
	2012-00000763		05/18/2012	Officials May 5 to May 18 2012		\$66.00
69820	05/25/2012	Open			REED, DANIEL H.	\$99.00
	Invoice		Date	Description		Amount
	2012-00000762		05/18/2012	Officials May 5 to May 18 2012		\$99.00
69821	05/25/2012	Open			REPUBLIC ITS INC.	\$7,350.00
	Invoice		Date	Description		Amount
	RI-130789		04/30/2012	Signal Repairs/Replacement		\$7,350.00
				Fund 1310, Gas Tax		
69822	05/25/2012	Open			SANTA CLARA COUNTY OFFICE OF THE SHERI	\$300.96
	Invoice		Date	Description		Amount
	1800033435		05/04/2012	Coplink annual bill 7/1/11 thru 6/30/12		\$300.96
69823	05/25/2012	Open			SCC OFFICE OF EDUCATION	\$30.00
	Invoice		Date	Description		Amount
	11563		05/02/2012	Fingerprinting-Rec		\$30.00
69824	05/25/2012	Open			SC OCCUPATIONAL MEDICAL CTR	\$531.00
	Invoice		Date	Description		Amount
	I-5724		04/30/2012	General Physical Exam, Sandretti		\$531.00

# City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69825	05/25/2012 Invoice 3508065-Apr12	Open	Date 04/30/2012	Description Ad for Jr Guard staff	SANTA CRUZ SENTINEL	\$261.30 \$261.30
69826	05/25/2012 Invoice 2012-00000804	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	SEE-CABARGA, DIANE	\$464.10 \$464.10
69827	05/25/2012 Invoice 22047KM	Open	Date 05/02/2012	Description Sports Supplies Softballs	SPORT ABOUT	\$763.31 \$763.31
69828	05/25/2012 Invoice 974855313-125	Open	Date 04/26/2012	Description Mar-Apr12 Cell Phone Service	SPRINT	\$3,411.78 \$3,411.78
69829	05/25/2012 Invoice 5891806-1	Open	Date 05/21/2012	Description Jun 2012 Employee Life and Disability Ins	THE HARTFORD -PRIORITY ACCOUNT:	\$1,749.96 \$1,749.96
69830	05/25/2012 Invoice CNIN023664	Open	Date 05/01/2012	Description Copier Maint. City Hall Fund 2210, Stores	TRI-COUNTY BUSINESS SYSTEMS INC	\$97.74 \$97.74
69831	05/25/2012 Invoice 954791202	Open	Date 05/19/2012	Description shipping-PD	UNITED PARCEL SERVICE	\$6.57 \$6.57
69832	05/25/2012 Invoice 202809000 203039193	Open	Date 05/04/2012 05/08/2012	Description Copier Lease Payment, City hall Copier Lease, PD, May 2012 Fund 1000, Gen Fund=\$287.57 Fund 2211, IT=\$91.95	US BANCORP EQUIPMENT FINANCE	\$379.52 \$91.95 \$287.57
69833	05/25/2012 Invoice 2012-00000788	Open	Date 05/22/2012	Description Late Spring Instructor Payments 2012	WEINSTEIN, JOHANNA	\$514.80 \$514.80
69834	05/25/2012 Invoice 20120523	Open	Date 05/23/2012	Description May Contract Services, Comm Dev Directo	WESTMAN, SUSAN	\$10,320.00 \$10,320.00
69835	05/25/2012 Invoice 20120522	Open	Date 05/24/2012	Description Reimburse Education Exp	WILSON, LORRIE	\$1,163.11 \$1,163.11
69836	05/25/2012 Invoice T9211	Open	Date 05/01/2012	Description K-9 Training April 2012-PD	WITMER-TYSON IMPORTS INC.	\$500.00 \$500.00

# City Checks Issued 5/25/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount	
69837	05/25/2012 Invoice 2001325-002	Open	Date 05/21/2012	Description Class refund	Antonelli, Kendra	\$50.00 \$50.00	
69838	05/25/2012 Invoice 2001330.002	Open	Date 05/21/2012	Description Facility deposit	Big Sister, Big Brother	\$110.25 \$110.25	
69839	05/25/2012 Invoice 2012-00000752	Open	Date 05/21/2012	Description JG refund	Manchester, Brandi	\$261.00 \$261.00	
69840	05/25/2012 Invoice 2001332-002	Open	Date 05/21/2012	Description JG refund	Ottenberg, Julie	\$228.00 \$228.00	
69841	05/25/2012 Invoice 2001326-002	Open	Date 05/21/2012	Description Partial refund JG switch sessions	Sherer, Michele	\$128.00 \$128.00	
69842	05/25/2012 Invoice 2001327-002	Open	Date 05/21/2012	Description Refund from account	Weaver, Janice	\$33.00 \$33.00	
69843	05/25/2012 Invoice 2001329-002	Open	Date 05/21/2012	Description Class refund	Wolff, Jean	\$47.00 \$47.00	
Check Totals:				Count	112	Total	\$128,795.38

Checks dated 6/1/12 numbered 69844 to 69888 for a total of \$76,449.57 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 6/1/12 the unaudited cash balance is \$2,298,689

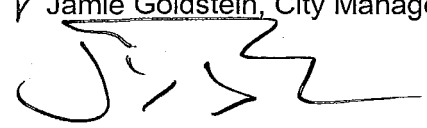
**CASH POSITION - CITY OF CAPITOLA 6/1/12**

	<u>Net Balance</u>
General Fund	143,203
Contingency Reserve Fund	404,896
Worker's Comp. Ins. Fund	58,210
Self Insurance Liability Fund	214,715
Stores Fund	2,702
Information Technology Fund	162,104
Equipment Replacement	413,183
Compensated Absences Fund	4,112
Public Employee Retirement - PERS	298,479
Open Space Fund	256
Capital Improvement Projects	596,830
<b>TOTAL GENERAL FUND &amp; COUNCIL DESIGNATED FUNDS</b>	<u><u>2,298,689</u></u>

The Emergency Reserve Fund balance is \$153,045.54 and is not included above.

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

6/1/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Jacques J.J. Bertrand, City Treasurer

6.15.12  
\_\_\_\_\_  
Date

City of Capitola  
**City Checks Issued 6/1/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69844	06/01/2012	Open			NANCY WALLINGFORD	\$26.25
	Licensee Type Business			Description Business License Refund	Amount \$26.25	
69845	06/01/2012	Open			ADT SECURITY SERVICES, INC.	\$256.41
	Invoice		Date	Description	Amount	
	71510198		05/12/2012	422 Cap Ave. Jun 1 thru Aug 31 2012	\$139.54	
	71510205		05/12/2012	1465 38th Ave. Jun 1 thru Aug 31 2012	\$116.87	
69846	06/01/2012	Open			ALLSAFE LOCK COMPANY	\$21.60
	Invoice		Date	Description	Amount	
	43537		05/22/2012	Keys-PD	\$21.60	
69847	06/01/2012	Open			AMERICAN ASSOC. OF STATE & LOCAL HISTO	\$115.00
	Invoice		Date	Description	Amount	
	104589		05/03/2012	Museum Membership, 7/1/12 to 6/30/13	\$115.00	
69848	06/01/2012	Open			BIG CREEK LUMBER	\$52.57
	Invoice		Date	Description	Amount	
	2972103		05/03/2012	Bolts-Fund 1311, Wharf Fund	\$35.77	
	2973148		05/17/2012	PT wood	\$16.80	
69849	06/01/2012	Open			CALIF. LAW ENFORCEMENT ASSOC.	\$534.00
	Invoice		Date	Description	Amount	
	Jun2012		05/24/2012	Long Term Disability Ins, PD	\$534.00	
69850	06/01/2012	Open			CAPITOLA PEACE OFFICERS ASSOC.	\$780.50
	Invoice		Date	Description	Amount	
	POA6-1-12		05/31/2012	POA Dues, Employee Funded	\$780.50	
69851	06/01/2012	Open			CLARK, DAVE	\$327.60
	Invoice		Date	Description	Amount	
	2012-00000809		05/29/2012	Late Spring Instr. Payment - Last	\$327.60	
69852	06/01/2012	Open			COFFELT CONSTRUCTION & TRANS.	\$10,700.00
	Invoice		Date	Description	Amount	
	49		05/30/2012	Removal of 4 mobile homes Fund 1420, The Cove Bond Fund	\$10,700.00	
69853	06/01/2012	Open			CRUZIO THE INTERNET STORE INC.	\$39.95
	Invoice		Date	Description	Amount	
	28750-41		05/26/2012	Gen Plan website hosting-Acct 28750 Fund 1313, Gen Plan Update	\$39.95	
69854	06/01/2012	Open			D-MAIL INC.	\$335.31
	Invoice		Date	Description	Amount	
	20120508		05/08/2012	Summer Music Postcards	\$335.31	
69855	06/01/2012	Open			FEDERAL EXPRESS	\$116.80
	Invoice		Date	Description	Amount	
	7-892-27235		05/21/2012	Apr-May 2012 Shipping	\$116.80	



City of Capitola  
**City Checks Issued 6/1/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69856	06/01/2012	Open			FLYERS ENERGY, LLC	\$2,928.35
	Invoice		Date	Description		Amount
	12-730548		05/18/2012	509 Gal Ethanol		\$2,259.45
	12-730549		05/18/2012	170 Gal Diesel		\$668.90
69857	06/01/2012	Open			GROGAN, JASON	\$1,654.11
	Invoice		Date	Description		Amount
	20120601		05/24/2012	Advance Disability Pension Payment		\$1,654.11
69858	06/01/2012	Open			HANNA, CARIN	\$180.00
	Invoice		Date	Description		Amount
	05/25/12		05/25/2012	Refund Planner Cost Recovery Fees		\$180.00
69859	06/01/2012	Open			HOWARD, CHARLIE	\$1,450.00
	Invoice		Date	Description		Amount
	05/14-05/20/12		05/30/2012	Mechanic		\$720.00
	05/21-05/25/12		05/30/2012	Mechanic		\$730.00
69860	06/01/2012	Open			ICMA	\$445.00
	Invoice		Date	Description		Amount
	424854-12/13		05/10/2012	Membership, Murphy, 7/1/12-6/30/13		\$445.00
69861	06/01/2012	Open			ICMA RETIREMENT TRUST 457	\$4,969.83
	Invoice		Date	Description		Amount
	ICMA6-1-12		05/31/2012	Retirement Plan Contribution, Employee F		\$4,969.83
69862	06/01/2012	Open			INTERNAT'L INSTITUTE OF MUNICIPAL CLERK:	\$150.00
	Invoice		Date	Description		Amount
	Sneddon-2013		03/28/2012	Membership, S Sneddon, thru 3/31/2013		\$150.00
69863	06/01/2012	Open			JAMES P ALLEN & ASSOC	\$405.00
	Invoice		Date	Description		Amount
	051412		05/14/2012	Consulting arborist services, 1007 Balboa .		\$405.00
69864	06/01/2012	Open			JOHNNY FABULOUS	\$400.00
	Invoice		Date	Description		Amount
	031212		03/12/2012	June 3 Musician, Jazz at the park		\$400.00
69865	06/01/2012	Open			LABORMAX STAFFING	\$901.60
	Invoice		Date	Description		Amount
	26-15280		05/18/2012	11/12-12/13 Seasonal Labor		\$901.60

City of Capitola  
**City Checks Issued 6/1/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69866	06/01/2012	Open			LEHR AUTO ELECTRIC & EMERGENC'	\$8,388.70
	Invoice		Date	Description		Amount
	201435		05/07/2012	Install radio and computers-PD		\$866.24
	201437		05/07/2012	Install radio and computers-PD		\$1,293.40
	201436		05/07/2012	Install radio and computers-PD		\$866.24
	201429		05/07/2012	Install radio and computers-PD		\$897.41
	201433		05/07/2012	Install radio and computers-PD		\$866.24
	201430		05/07/2012	Install radio and computers-PD		\$897.41
	201432		05/07/2012	Install radio and computers-PD		\$897.41
	201431		05/07/2012	Install radio and computers-PD		\$906.94
	201434		05/07/2012	Install radio and computers-PD		\$897.41
				Fund 1300, SLESF		
69867	06/01/2012	Open			LUHN, JEFFERY, JAY	\$291.20
	Invoice		Date	Description		Amount
	2012-00000808		05/29/2012	Late Spring Instr. Payment - Last		\$291.20
69868	06/01/2012	Open			MARINE RESCUE PRODUCTS	\$1,905.00
	Invoice		Date	Description		Amount
	25025A		05/21/2012	JG Paddleboards		\$1,905.00
69869	06/01/2012	Open			MID-COUNTY AUTO SUPPLY	\$618.97
	Invoice		Date	Description		Amount
	303009		05/17/2012	Auto parts-Sweeper		\$169.08
	302615		05/14/2012	Auto parts-Sweeper		\$21.03
	302614		05/14/2012	Auto parts-2005 Chevy Impala		\$5.62
	302869		05/16/2012	Auto parts-PD31 + Shop		\$306.55
	302912		05/16/2012	Auto parts-PD041		\$34.43
	302943		05/16/2012	Auto parts-PD Vehicles		\$19.68
	303069		05/17/2012	Auto parts-Chevy Impala		\$6.95
	303144		05/18/2012	Auto parts		\$55.63
69870	06/01/2012	Open			MILLER'S TRANSFER & STORAGE CO	\$201.45
	Invoice		Date	Description		Amount
	83255		05/03/2012	May Records Storage, April Handling		\$201.45
69871	06/01/2012	Open			MORENO, LEO	\$477.04
	Invoice		Date	Description		Amount
	20120518		05/24/2012	Meals & Mileage Reimb, Training, PD		\$477.04
69872	06/01/2012	Open			ORCHARD SUPPLY HARDWARE	\$269.88
	Invoice		Date	Description		Amount
	6007-3526960		05/14/2012	Steel rakes		\$19.46
	6014-6876880		05/15/2012	Plants		\$17.02
	6007-3527242		05/16/2012	Misc.		\$38.93
	6011-1521440		05/16/2012	Batteries		\$39.98
	6011-1521445		05/16/2012	Signs		\$48.46
	6007-3467430		05/17/2012	Bolts		\$47.67
	6005-4768946		05/21/2012	Posts - beach		\$58.36

## City Checks Issued 6/1/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69873	06/01/2012	Open			PALACE ART & OFFICE SUPPLIES	\$86.60
	Invoice		Date	Description		Amount
	17192		05/10/2012	Replacement chairs for patrol-PD		\$861.67
	C15979		05/10/2012	Return Office Chairs		(\$775.07)
69874	06/01/2012	Open			POT, TRENISE	\$387.40
	Invoice		Date	Description		Amount
	2012-00000810		05/29/2012	Late Spring Instr. Payment - Last		\$387.40
69875	06/01/2012	Open			PPD MULTIMEDIA INC.	\$200.00
	Invoice		Date	Description		Amount
	20560		05/24/2012	Sign Design, Stand Alone Village sign		\$200.00
				Fund 1321, BIA		
69876	06/01/2012	Open			REPUBLIC ITS INC.	\$819.13
	Invoice		Date	Description		Amount
	RR-131486		05/12/2012	FY 11/12 Traffic Signal Maintenance		\$120.89
	RR-131485		05/12/2012	FY 11/12 Traffic Signal Maintenance		\$698.24
				Fund 1310, Gas Tax		
69877	06/01/2012	Open			SALINAS VALLEY SOLID WASTE AUTH	\$5,000.00
	Invoice		Date	Description		Amount
	2012		05/22/2012	FY11/12 Media Services, Grant Funded		\$5,000.00
69878	06/01/2012	Open			SAN FRANCISCO CHRONICLE	\$894.00
	Invoice		Date	Description		Amount
	084757702-Apr12		04/30/2012	BIA Advertising, Apr 2012		\$894.00
				Fund 1321, BIA		
69879	06/01/2012	Open			SHEN, YAMING	\$189.00
	Invoice		Date	Description		Amount
	2012-00000807		05/29/2012	Late Spring Instr. Payment - Last		\$189.00
69880	06/01/2012	Open			SOQUEL CREEK WATER DISTRICT	\$5,777.09
	Invoice		Date	Description		Amount
	Mar-May2012a		05/18/2012	Mar-May2012 Water Usage		\$4,716.39
	Mar-May2012		05/18/2012	Mar-May Irrigation Water		\$1,060.70
				Fund 1000, Gen Fund=\$5045.70		
				Fund 1311, Wharf Fund=\$731.39		
69881	06/01/2012	Open			SPORT ABOUT	\$1,305.72
	Invoice		Date	Description		Amount
	4282		04/20/2012	Camp t-shirts-Rec		\$1,305.72
69882	06/01/2012	Open			THE CIMA COMPANIES, INC.	\$710.24
	Invoice		Date	Description		Amount
	CACAP-12		03/23/2012	Volunteer Insurance, Jul12-Jul13		\$710.24
				Fund 2213, Self Insurance Fund		
69883	06/01/2012	Open			TROUTNER, JON dba THE PRIMADON:	\$400.00
	Invoice		Date	Description		Amount
	1110		05/24/2012	June 17 Music in the Park Artist		\$400.00

# City Checks Issued 6/1/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount	
69884	06/01/2012	Open			UNION BANK OF CALIFORNIA	\$379.27	
	Invoice		Date	Description		Amount	
	PARS6-1-12		05/31/2012	Retirement Plan Contribution, Employee F		\$379.27	
69885	06/01/2012	Open			WORKGROUP-IT LLC	\$1,809.00	
	Invoice		Date	Description		Amount	
	12-1123		05/02/2012	Annual License, Red Condor Fund 2211, Info Tech		\$1,809.00	
69886	06/01/2012	Open			Crum, Carol	\$50.00	
	Invoice		Date	Description		Amount	
	2012-00000771		05/29/2012	Class refund		\$50.00	
69887	06/01/2012	Open			Lifestyle Escapes	\$1,500.00	
	Invoice		Date	Description		Amount	
	2012-00000806		05/23/2012	Bandstand deposit refund		\$1,500.00	
69888	06/01/2012	Open			Vasko, Mark	\$18,000.00	
	Invoice		Date	Description		Amount	
	2012-00000805		05/25/2012	Pac Cove MHP Space No. 47-Vasko Fund 1420, The Cove Bond fund		\$18,000.00	
Check Totals:				Count	45	Total	\$76,449.57

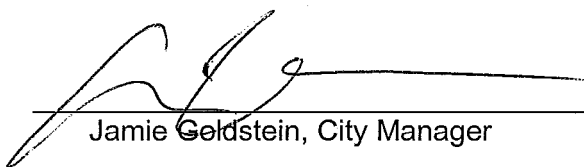
Checks dated 6/8/12 numbered 69889 to 69937 for a total of \$107,703.71 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 6/8/12 the unaudited cash balance is \$2,243,321


**CASH POSITION - CITY OF CAPITOLA 6/8/12**

	<u>Net Balance</u>
General Fund	157,183
Contingency Reserve Fund	404,896
Worker's Comp. Ins. Fund	58,210
Self Insurance Liability Fund	214,715
Stores Fund	1,473
Information Technology Fund	161,752
Equipment Replacement	413,183
Compensated Absences Fund	4,112
Public Employee Retirement - PERS	230,712
Open Space Fund	256
Capital Improvement Projects	596,830
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u><u>2,243,321</u></u>

The Emergency Reserve Fund balance is \$153,045.54 and is not included above.

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

6/8/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Jacques J.J. Bertrand, City Treasurer

6.15.12  
\_\_\_\_\_  
Date

# City Checks Issued 6/8/2012

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Payee Name	Transaction Amount
69889	06/08/2012	Open			A TOOL SHED	\$95.00
	Invoice		Date	Description	Amount	
	835181-5		05/25/2012	Compactor Rental	\$95.00	
69890	06/08/2012	Open			ADVANTAGE CREDIT INC.	\$10.00
	Invoice		Date	Description	Amount	
	186164		05/31/2012	VIP credit check-PD	\$10.00	
69891	06/08/2012	Open			AFLAC	\$251.74
	Invoice		Date	Description	Amount	
	642041		05/14/2012	May12 Suppl. Health Ins, Employee funded	\$251.74	
69892	06/08/2012	Open			ALLSAFE LOCK COMPANY	\$17.58
	Invoice		Date	Description	Amount	
	43545		05/23/2012	Keys - Finance drawer, City Hall Lobby	\$17.58	
69893	06/08/2012	Open			BODY THERAPEUTIC PRODUCTS	\$415.62
	Invoice		Date	Description	Amount	
	720119		05/16/2012	Sunblock, Jr Guards	\$415.62	
69894	06/08/2012	Open			CALIFORNIA COAST UNIFORM CO.	\$199.12
	Invoice		Date	Description	Amount	
	575		05/10/2012	Uniform Exp-Vest add-ons for Anderson-PI	\$64.95	
	584		05/14/2012	Uniform Exp, Weagle - PD	\$108.24	
	582		05/11/2012	Uniform Exp - Lippi VIP	\$25.93	
69895	06/08/2012	Open			CHANTICLEER VET HOSPITAL	\$527.20
	Invoice		Date	Description	Amount	
	14977-May 2012		05/31/2012	May 2012 Animal Control Expense	\$527.20	
69896	06/08/2012	Open			CLEAN SOURCE	\$1,284.55
	Invoice		Date	Description	Amount	
	1210861-01		05/11/2012	Poly Bags	\$243.56	
	1217804		05/18/2012	Cleaning supplies	\$1,040.99	
69897	06/08/2012	Open			COAST COUNTIES TOWING	\$95.00
	Invoice		Date	Description	Amount	
	50502		05/29/2012	Tow for PD vehicle	\$95.00	
69898	06/08/2012	Open			CVS PHARMACY INC.	\$86.61
	Invoice		Date	Description	Amount	
	2012-00000850		06/05/2012	Supplies for Camp	\$86.61	
69899	06/08/2012	Open			DE LAGE LANDEN FINANCIAL SERVICE	\$334.07
	Invoice		Date	Description	Amount	
	13786802		05/20/2012	Lease Payment, City Hall Copier Fund 2210, Stores	\$334.07	

# City Checks Issued 6/8/2012

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Payee Name	Transaction Amount
69900	06/08/2012	Open			EWING IRRIGATION	\$178.78
	Invoice		Date	Description		Amount
	4721404		05/08/2012	Irrigation supplies		\$74.96
	4721405		05/08/2012	Irrigation supplies		\$14.82
	4768856		05/15/2012	Misc.		\$69.92
	4784744		05/18/2012	Irrigation supplies		\$19.08
69901	06/08/2012	Open			EXTRA SPACE STORAGE OF SC INC	\$282.00
	Invoice		Date	Description		Amount
	2522221-Jun12		06/01/2012	Evidence storage-PD		\$282.00
69902	06/08/2012	Open			FELLOWS, LESLIE	\$775.00
	Invoice		Date	Description		Amount
	20120604		06/04/2012	Jun 3 Program Coord Pymt, Music @ Beac		\$775.00
69903	06/08/2012	Open			FLYERS ENERGY, LLC	\$4,653.90
	Invoice		Date	Description		Amount
	12-730173		05/23/2012	Farm Hose		\$32.47
	12-731885		05/23/2012	300 Gal Diesel		\$1,233.14
	12-732966		05/25/2012	509 Gal Ethanol		\$2,280.43
	12-732967		05/25/2012	280 Gal Diesel		\$1,107.86
69904	06/08/2012	Open			GOLDFARB & LIPMAN, LLP	\$3,697.00
	Invoice		Date	Description		Amount
	104891		05/15/2012	Successor Agency Legal Issues		\$3,697.00
69905	06/08/2012	Open			HAMMAR, MIKE	\$1,000.00
	Invoice		Date	Description		Amount
	20120627		06/05/2012	June 27th Twilight Concert Artist		\$1,000.00
69906	06/08/2012	Open			JAMES P ALLEN & ASSOC	\$225.00
	Invoice		Date	Description		Amount
	20120601		06/01/2012	Consulting Arborists Services		\$225.00
69907	06/08/2012	Open			JIMMIE SMITH PLUMBING, INC.	\$148.00
	Invoice		Date	Description		Amount
	W05189		05/29/2012	Perry Park plumbing repair		\$148.00
69908	06/08/2012	Open			KBA Docusys	\$88.02
	Invoice		Date	Description		Amount
	133645		05/21/2012	Copier contract REC		\$83.34
	121607-121545		06/04/2012	Inv adjustment		\$4.68
69909	06/08/2012	Open			KING'S CLEANERS	\$692.00
	Invoice		Date	Description		Amount
	May2012		05/29/2012	Uniform cleaning - PD		\$692.00
69910	06/08/2012	Open			LABOR READY SOUTHWEST INC.	\$1,897.48
	Invoice		Date	Description		Amount
	70941559		05/11/2012	Seasonal Labor-PW		\$948.74
	71211559		05/18/2012	Seasonal Labor-PW		\$948.74

City of Capitola  
**City Checks Issued 6/8/2012**

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Payee Name	Transaction Amount
69911	06/08/2012	Open			LABORMAX STAFFING	\$769.66
	Invoice		Date	Description		Amount
	26-15437		05/25/2012	Seasonal Labor-PW		\$769.66
69912	06/08/2012	Open			MAR MONTE MEDICAL CLINIC	\$55.00
	Invoice		Date	Description		Amount
	712864		06/01/2012	Medical Expense		\$55.00
69913	06/08/2012	Open			MID-COUNTY AUTO SUPPLY	\$63.21
	Invoice		Date	Description		Amount
	303154		05/18/2012	Tools, Corp Yd		\$63.21
69914	06/08/2012	Open			MISSION PRINTERS	\$287.16
	Invoice		Date	Description		Amount
	43506		05/11/2012	5000 White City Hall Envelopes Fund 2210, Stores		\$287.16
69915	06/08/2012	Open			MORRISON, EDWARD L	\$6,300.00
	Invoice		Date	Description		Amount
	Morrison-5		06/01/2012	Inspection Services-PW		\$6,300.00
69916	06/08/2012	Open			NORTH BAY FORD	\$645.80
	Invoice		Date	Description		Amount
	228283		05/31/2012	auto parts		\$28.50
	228264		05/30/2012	auto parts		\$109.57
	228261		05/29/2012	auto parts		\$380.74
	228173		05/22/2012	auto parts		\$17.42
	228178		05/23/2012	auto parts		\$109.57
69917	06/08/2012	Open			ORCHARD SUPPLY HARDWARE	\$84.79
	Invoice		Date	Description		Amount
	6013-2099991		05/23/2012	Misc.		\$13.18
	6007-2438788		05/23/2012	Wood screws		\$34.09
	6013-2090309		05/25/2012	Center Supplies-Rec		\$37.52
69918	06/08/2012	Open			PACIFIC PUBLISHING	\$2,094.06
	Invoice		Date	Description		Amount
	24795		03/31/2012	City Newsletter		\$2,094.06
69919	06/08/2012	Open			PALACE ART & OFFICE SUPPLIES	\$768.29
	Invoice		Date	Description		Amount
	958419		05/17/2012	Markers		\$12.98
	958727		05/18/2012	Paper-PD		\$46.44
	958810		05/21/2012	Clasp Envelopes		\$6.48
	8771070		05/24/2012	Manilla Folders, City Hall		\$27.24
	C954693		05/23/2012	Credit Return, Rec		(\$7.57)
	C958419		05/25/2012	Return Office Supplies		(\$12.98)
	17190		05/16/2012	Office Chair		\$558.00
	959190		05/23/2012	Markers		\$12.98
	8769151		05/19/2012	Supplies for Camp		\$126.31
	C8769151		05/19/2012	Return Camp supplies		(\$1.59)



City of Capitola  
**City Checks Issued 6/8/2012**

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Payee Name	Transaction Amount
69920	06/08/2012	Open			PAST PERFECT SOFTWARE INC.	\$352.00
	Invoice		Date	Description		Amount
	2012-34339		05/31/2012	Annual Support Renewal		\$352.00
				Fund 2211, Info Tech		
69921	06/08/2012	Open			PHIL ALLEGRI ELECTRIC, INC.	\$297.33
	Invoice		Date	Description		Amount
	16862		05/15/2012	Install Outlets, Council Chambers		\$297.33
				Fund 1320, PEG		
69922	06/08/2012	Open			POT, TRENISE	\$33.80
	Invoice		Date	Description		Amount
	2012-00000857		06/05/2012	Late LS Instr. Payment		\$33.80
69923	06/08/2012	Open			POWER ENGINEERING CONTRACTOR	\$50,649.12
	Invoice		Date	Description		Amount
	1209-02		05/30/2012	Wharf Steel Pile Removal and Installation		\$50,649.12
				Fund 1311, Wharf fund		
69924	06/08/2012	Open			ProBUILD COMPANY LLC	\$194.32
	Invoice		Date	Description		Amount
	5072269		05/23/2012	Visqueen - flume		\$194.32
69925	06/08/2012	Open			SCC INFORMATION SERVICES	\$502.78
	Invoice		Date	Description		Amount
	May2012		05/29/2012	SCAN charge, May 2012		\$502.78
69926	06/08/2012	Open			SANTA CRUZ MUNICIPAL UTILITIES	\$606.80
	Invoice		Date	Description		Amount
	Apr-May2012		05/24/2012	Water bills, Street Medians		\$606.80
69927	06/08/2012	Open			THE CLEANING MACHINE INC.	\$2,866.75
	Invoice		Date	Description		Amount
	5294		05/17/2012	Esplanade pressure washing		\$2,691.75
	5295		05/17/2012	Esplanade pressure washing		\$175.00
				Fund 1310, Gas Tax		
69928	06/08/2012	Open			TLC ADMINISTRATORS, INC.	\$3,788.37
	Invoice		Date	Description		Amount
	93030-Jun2012		06/01/2012	Jun2012 Dental & Vision Ins, Employee fur		\$3,788.37
69929	06/08/2012	Open			TRINDADE, WALTER	\$1,000.00
	Invoice		Date	Description		Amount
	20120620		06/05/2012	June 20th Twilight Concert Artist		\$1,000.00
69930	06/08/2012	Open			US BANCORP EQUIPMENT FINANCE, I	\$80.12
	Invoice		Date	Description		Amount
	204031736		05/24/2012	Monthly Copier Lease, Rec		\$80.12
69931	06/08/2012	Open			WATSONVILLE BLUEPRINT	\$26.30
	Invoice		Date	Description		Amount
	34405		05/31/2012	print and scan		\$26.30

# City Checks Issued 6/8/2012

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Payee Name	Transaction Amount
69932	06/08/2012	Open			Breed, Amie	\$190.00
	Invoice		Date	Description		Amount
	2012-00000858		06/05/2012	JG refund		\$190.00
69933	06/08/2012	Open			Double Tree by Hilton Hotel Sacramento	\$538.47
	Invoice		Date	Description		Amount
	2012-00000849		05/31/2012	POST reimbursable Travel for Eller		\$538.47
69934	06/08/2012	Open			Fisher, Gretchen	\$36.00
	Invoice		Date	Description		Amount
	2012-00000853		05/31/2012	Refund cite 11135189		\$36.00
69935	06/08/2012	Open			Jackson, Sidney	\$18,008.76
	Invoice		Date	Description		Amount
	2012-00000848		05/31/2012	Pac Cove MHP Rental Assistance Final Pa Fund 1420, The Cove Bond		\$18,008.76
69936	06/08/2012	Open			Setcom Corporation	\$99.15
	Invoice		Date	Description		Amount
	12183		05/17/2012	Helmet extension cable Invoice #12183		\$99.15
69937	06/08/2012	Open			Wolles, Charmin	\$412.00
	Invoice		Date	Description		Amount
	2012-00000852		06/05/2012	JG refund		\$412.00
Check Totals:				Count	49	Total \$107,703.71

Checks dated 6/15/12 numbered 69938 to 69993 for a total of \$166,985.46 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 6/15/12 the unaudited cash balance is \$2,153,939

**CASH POSITION - CITY OF CAPITOLA 6/15/12**

	<u>Net Balance</u>
General Fund	59,608
Contingency Reserve Fund	404,896
Worker's Comp. Ins. Fund	58,210
Self Insurance Liability Fund	209,919
Stores Fund	1,481
Information Technology Fund	161,565
Equipment Replacement	413,183
Compensated Absences Fund	4,112
Public Employee Retirement - PERS	243,881
Open Space Fund	256
Capital Improvement Projects	596,830
<b>TOTAL GENERAL FUND &amp; COUNCIL DESIGNATED FUNDS</b>	<u><u>2,153,939</u></u>

The Emergency Reserve Fund balance is \$153,045.54 and is not included above.

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

6/15/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Jacques J.J. Bertrand, City Treasurer

6.15.12  
\_\_\_\_\_  
Date

City of Capitola  
**City Checks Issued 6/15/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69938	06/15/2012 Invoice CV-4061012	Open	Date 06/10/2012	Description BIA Artwork Revisions for Brochure Fund 1321, BIA	57 DESIGN INC.	\$100.00 \$100.00
69939	06/15/2012 Invoice 0612-01	Open	Date 06/06/2012	Description Soquel Creek Monitoring-Fish Contract Ye	ALLEY, DONALD	\$6,674.85 \$6,674.85
69940	06/15/2012 Invoice 43621	Open	Date 06/08/2012	Description Keys-PD	ALLSAFE LOCK COMPANY	\$63.18 \$63.18
69941	06/15/2012 Invoice 20120531	Open	Date 05/31/2012	Description Pacific Cove MHP Relocation Services Fund 1420, The Cove Bond Fund	AUTOTEMP INC.	\$9,750.35 \$9,750.35
69942	06/15/2012 Invoice 2973986	Open	Date 05/31/2012	Description Lifeguard tower supplies	BIG CREEK LUMBER	\$115.15 \$115.15
69943	06/15/2012 Invoice 7081 7076	Open	Date 06/04/2012 06/04/2012	Description Survey + legal description/520 Pilgrim Hil Street retaining wall review	BOWMAN & WILLIAMS, INC.	\$1,800.00 \$1,260.00 \$540.00
69944	06/15/2012 Invoice 912908	Open	Date 06/06/2012	Description Fingerprinting-Rec	CA DEPARTMENT OF JUSTICE	\$32.00 \$32.00
69945	06/15/2012 Invoice 587 604	Open	Date 05/16/2012 05/22/2012	Description Uniform Exp, Mendoza - PD Uniform Exp, Moreno-PD	CALIFORNIA COAST UNIFORM CO	\$356.04 \$227.27 \$128.77
69946	06/15/2012 Invoice 1822FY12-13 378FY12-13	Open	Date 06/01/2012 06/01/2012	Description July 1 2012 to Jun 30 2012 Held July 1 2012 thru Jun 30 2013 Escalante	CALIF. POLICE CHIEFS ASSOC.	\$505.00 \$125.00 \$380.00
69947	06/15/2012 Invoice POA-Jun15	Open	Date 06/13/2012	Description POA Dues, Employee Funded	CAPITOLA PEACE OFFICERS ASSOC.	\$780.50 \$780.50
69948	06/15/2012 Invoice 20120523	Open	Date 05/23/2012	Description Workshop for dealing w/angry people-PD	CONFLICT RESOLUTION CTR OF SC	\$300.00 \$300.00

# City Checks Issued 6/15/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69949	06/15/2012	Open			FLYNN, CAROLYN	\$2,600.00
	Invoice		Date	Description		Amount
	CBF-5-2012_G		06/30/2012	Professional Services 5/1-5/30/12_G		\$150.00
	CBF-5-2012_H		05/30/2012	Professional Services 5/1-5/30/12_H		\$100.00
	CBF-5-2012_DRI-1		05/30/2012	Professional Services 5/1-5/30/12_DRI-1		\$1,150.00
	CBF_5-2012_DRI-3		05/30/2012	Professional Services 5/1-5/30/12_DRI_3		\$1,200.00
				Fund 1313, Gen Plan Update=\$100.00		
				Fund 1350, CDBG Grants=\$2350.00		
				Fund 1351, CDBG Programs=\$150.00		
69950	06/15/2012	Open			GOV'T FINANCE OFFICERS ASSOC.	\$318.00
	Invoice		Date	Description		Amount
	20120608		06/08/2012	Two Memberships		\$318.00
69951	06/15/2012	Open			GROGAN, JASON	\$1,654.11
	Invoice		Date	Description		Amount
	20120615		06/11/2012	Advance Disability Pension Pymt		\$1,654.11
69952	06/15/2012	Open			HARLAN, STEPHANIE	\$295.68
	Invoice		Date	Description		Amount
	Sep2011		06/07/2012	Reimb Travel Exp, League of CA Cities Cc		\$295.68
69953	06/15/2012	Open			HOWARD, CHARLIE	\$1,250.00
	Invoice		Date	Description		Amount
	5/28-6/1/12_1		06/11/2012	Mechanic		\$550.00
	5/28-6/1/12_2		06/11/2012	Mechanic		\$60.00
	6/4-6/8/12		06/11/2012	Mechanic		\$640.00
69954	06/15/2012	Open			ICMA RETIREMENT TRUST 457	\$4,713.66
	Invoice		Date	Description		Amount
	ICMA-Jun15		06/13/2012	Retirement Plan Payment, Employee Func		\$4,713.66
69955	06/15/2012	Open			INTERWEST CONSULTING GROUP IN	\$728.41
	Invoice		Date	Description		Amount
	12600		06/06/2012	May 2012 Plan Check Svcs, Bldg Dept		\$728.41
69956	06/15/2012	Open			JOBS AVAILABLE	\$39.00
	Invoice		Date	Description		Amount
	30751-2012		06/07/2012	Subscription		\$39.00
69957	06/15/2012	Open			KBA Docusys	\$32.39
	Invoice		Date	Description		Amount
	137073		06/11/2012	6/8-7/7 Base Rate, Rec Copier		\$32.39
69958	06/15/2012	Open			LABOR READY SOUTHWEST INC.	\$2,267.72
	Invoice		Date	Description		Amount
	71551559		06/25/2012	11/12-12/13 Seasonal Labor		\$1,318.98
	71871559		06/01/2012	11/12-12/13 Seasonal Labor		\$948.74

City of Capitola  
**City Checks Issued 6/15/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69959	06/15/2012 Invoice 26-15603	Open	Date 06/01/2012	Description Seasonal Labor - PW	LABORMAX STAFFING	\$841.13
69960	06/15/2012 Invoice 11050623	Open	Date 04/30/2012	Description Apr2012 Armored Car Service	LOOMIS	\$1,269.36
69961	06/15/2012 Invoice 24090313 24122498	Open	Date 05/27/2012 06/03/2012	Description Temp Receptionist Temp Receptionist	MANPOWER	\$494.59
69962	06/15/2012 Invoice 303642 303839 303838 303403	Open	Date 05/23/2012 05/24/2012 05/24/2012 05/21/2012	Description auto parts-Fleet auto parts-DUI Trailer auto parts-F800 Dump Truck auto parts-PD082	MID-COUNTY AUTO SUPPLY	\$171.80
69963	06/15/2012 Invoice 83352	Open	Date 06/02/2012	Description June Storage, May Handling-Rclds mgmt	MILLER'S TRANSFER & STORAGE CO	\$205.00
69964	06/15/2012 Invoice May2012	Open	Date 06/01/2012	Description May2012 Uniform, Mop, Mat, & Linen	MISSION LINEN SUPPLY	\$768.07
69965	06/15/2012 Invoice EAP	Open	Date 05/21/2012	Description FY11/12 EAP Premium Fund 2213, Self-Insurance	MONTEREY BAY AREA SELF INS AUTI	\$3,617.88
69966	06/15/2012 Invoice MBA10-1112	Open	Date 05/29/2012	Description Claim Settlement, O'Leary Fund 2213, Self-Insurance	MONTEREY BAY AREA SELF INS AUTI	\$1,178.60
69967	06/15/2012 Invoice 40754	Open	Date 06/06/2012	Description FY 11/12 Beach Shuttle Service	MV TRANSPORTATION, INC.	\$1,702.20
69968	06/15/2012 Invoice 6009-3690550 6007-1380287 6007-2430446 6014-6870218 6013-1231473	Open	Date 05/29/2012 05/29/2012 05/30/2012 05/30/2012 05/31/2012	Description Misc. Pruners/loppers - Cary Rake - Chris Batteries Caution tape	ORCHARD SUPPLY HARDWARE	\$136.91
69969	06/15/2012 Invoice 950233	Open	Date 05/31/2012	Description Markers-Fund 2210, Stores	PALACE ART & OFFICE SUPPLIES	\$5.25

## City Checks Issued 6/15/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69970	06/15/2012 Invoice 042012070	Open	Date 05/16/2012	Description Apr 2012 Citation processing	PHOENIX GROUP INFORMATION SYS.	\$1,690.75
69971	06/15/2012 Invoice 946759	Open	Date 05/16/2012	Description Postage machine rental-Rec	PITNEY BOWES INC.	\$146.14
69972	06/15/2012 Invoice 42974887	Open	Date 05/20/2012	Description Acetylene, Corp Yd	PRAXAIR DISTRIBUTION INC.	\$60.00
69973	06/15/2012 Invoice 12030662 12040868 12040810	Open	Date 04/27/2012 05/25/2012 05/25/2012	Description Develop Local Hazard Mitigation Plan Develop Local Hazard Mitigation Plan Traffic Study 1575 38th Avenue Senior Ho Fund 1000, Gen Fund=\$2909.50 Fund 1350, CDBG Grants=\$19,293.50	RBF CONSULTING	\$22,203.00
69974	06/15/2012 Invoice 1516836 1516837	Open	Date 06/01/2012 06/01/2012	Description Jun2012 Internet Access-Fund 2211, IT Jun2012 Internet Access	RED SHIFT INTERNET SERVICES	\$115.11
69975	06/15/2012 Invoice May2012	Open	Date 06/07/2012	Description Citation Surcharges, May 2012	SCC AUDITOR-CONTROLLER	\$9,488.50
69976	06/15/2012 Invoice June 2012	Open	Date 05/29/2012	Description June 2012 scan open query	SCC INFORMATION SERVICES	\$502.78
69977	06/15/2012 Invoice May2012	Open	Date 05/31/2012	Description Advertising	SANTA CRUZ SENTINEL	\$651.38
69978	06/15/2012 Invoice 2685180001	Open	Date 05/01/2012	Description IT Supplies-Fund 2211, IT	STAPLES	\$29.94
69979	06/15/2012 Invoice 46415	Open	Date 05/15/2012	Description Uniform Expense-Evans, PD	SUMMIT UNIFORM CORP	\$165.62
69980	06/15/2012 Invoice PARS-Jun15	Open	Date 06/13/2012	Description Retirement Plan Contribution, Employee F	UNION BANK OF CALIFORNIA	\$380.36

City of Capitola  
**City Checks Issued 6/15/2012**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69981	06/15/2012 Invoice 954791212	Open	Date 05/26/2012	Description Shipping, PD	UNITED PARCEL SERVICE	\$68.08
69982	06/15/2012 Invoice Summer2012News	Open	Date 06/13/2012	Description City newsletter postage	UNITED STATES POSTAL SERVICE	\$900.00
69983	06/15/2012 Invoice CAP-18 UW-Jun2012	Open	Date 06/05/2012 06/13/2012	Description Community Assessment Project, Year 18 United Way Contribution, Employee Funde	UNITED WAY OF SCC	\$1,020.00
69984	06/15/2012 Invoice 204756720	Open	Date 06/07/2012	Description City Hall Canon 2525 Copier Fund 2211, IT	US BANCORP EQUIPMENT FINANCE	\$91.95
69985	06/15/2012 Invoice 2012-00000864	Open	Date 06/11/2012	Description Pac Cove MHP Space #54_Allen Settleme Fund 21420, The Cove Bond	Allen, Bob & Gay	\$50,000.00
69986	06/15/2012 Invoice 4666	Open	Date 06/07/2012	Description Refund Bldg Overpayment	Anderson, Dennis	\$204.02
69987	06/15/2012 Invoice 2001352-002	Open	Date 06/12/2012	Description Sports refund	Clifton, Mary	\$80.00
69988	06/15/2012 Invoice 2001355-002	Open	Date 06/12/2012	Description Sports refund	Gregor, Eduard	\$261.00
69989	06/15/2012 Invoice 2012-00000865	Open	Date 06/12/2012	Description Pac Cove MHP #43 Subtenant Hacker anc Fund 1420, The Cove Bond	Hacker and Pamela Bone, Stuart	\$2,000.00
69990	06/15/2012 Invoice 2012-00000866	Open	Date 06/12/2012	Description Pac Cove MHP Space #43 Hope Sales Fund 1420, The Cove Bond	Hope Sales, Patricia	\$32,000.00
69991	06/15/2012 Invoice Hunt	Open	Date 06/05/2012	Description Refund Village permit 50% of year	Hunt, Tara	\$25.00
69992	06/15/2012 Invoice 13131992	Open	Date 06/06/2012	Description Refund for citation 13131992	Lopez-Covarrabias, Nora	\$96.00



# City Checks Issued 6/15/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
69993	06/15/2012	Open			Nguyen, Christy Le	\$39.00
	Invoice		Date	Description		Amount
	11135505		06/07/2012	Refund citation 11135505		\$39.00
Check Totals:				Count	56	Total \$166,985.46



# CITY COUNCIL AGENDA REPORT

## MEETING OF JUNE 28, 2012

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: ASSOCIATION OF CAPITOLA EMPLOYEES MEMORANDUM OF UNDERSTANDING

**RECOMMENDED ACTION:** Authorize the City Manager to approve the negotiated changes in salary and benefits for July 1, 2012 – June 30, 2015 for the Association of Capitola Employees (ACE) Bargaining Unit.

**BACKGROUND:** The ACE Bargaining Unit Memorandum of Understanding (MOU) expires on June 30, 2012. As required by state law the City has negotiated with the bargaining unit on working conditions, salary and benefit changes, and has reached an agreement with the bargaining unit.

**DISCUSSION:** After several weeks of good faith negotiations with the employee bargaining units the City negotiating team recommends a three-year agreement expiring June 30, 2015. The proposed agreement includes a requirement that new employees pay 5% more toward their pension costs during their first five years with the City. Below are the negotiated changes listed by the year the changes will be implemented for the agreement.

YEAR	COST OF LIVING INCREASE	HEALTH CARE	PERS REFORM
Yr 1: 7/1/12	0%	+\$25 for Emp/\$50 for Emp+1 or more	Employer Cap on contribution of 11.488% for new hires.
Yr 2: 7/1/13	0%	+\$25 for Emp/\$50 for Emp+1 or more	
Yr 3: 7/1/14	1 year average of CPI		

**Year 1 - Effective July 1, 2012:**

**COLA:** 0% Cost of Living Increase;

**Health Care:** An increase in the flexible spending contribution amount for medical, dental and vision as follows: Employee only and those who choose not to utilize the City's insurance, an increase of \$25 per month, employee plus one and employee plus two will receive an increase of \$50 per month to help offset the rising cost of health insurance.

**Year 2 - Effective July 1, 2013:**

**COLA:** 0% Cost of Living Increase;

**Health Care:** An increase in the flexible spending contribution amount for medical, dental & vision as follows: Employee only and those who choose not to utilize the City's insurance, an increase of \$25 per month, employee plus one and employee plus two will receive an increase of \$50 per month to help offset the rising cost of health insurance.

**Year 3 - Effective July 1, 2014:**

**COLA:** The employees will receive a cost of living increase based on the one year average of the San Francisco-Oakland-San Jose Consumer Price Index for All Urban Consumers January 2013 through December 2013.

JUNE 28, 2012: ASSOCIATION OF CAPITOLA EMPLOYEES MOU

In addition, a 5% pay equity adjustment shall be made for the Administrative Assistant in the Police Department and the Mechanic effective July 1, 2012. Finally, the agreement includes the following statement: "If the Police Officers Association should be granted any salary or health care flex plan increase during the term of the agreement, the members of ACE shall receive the same increase at the same time."

**FISCAL IMPACT:** Below is a summary table with the cumulative fiscal impact of the agreement with Ace and included are agreements that were recently approved. Year three is based on a 1% salary increase. Year three fiscal impacts will be dependent upon the actual CPI, but by knowing the impact of 1% one is able to formulate a fiscal scenario.


	Year 1	Year 2	Year 3 @ 1%
<b>ACE</b>	\$ 15,000	\$ 10,000	\$ 17,700
<b>Confidential</b>	\$ 1,200	\$ 1,200	\$ 2,400
<b>Mid-Managers</b>	\$ 2,100	\$ 2,100	\$ 5,200
<b>Dept. Heads</b>	\$ 1,800	\$ 8,050	\$ 10,250
<b>Added Cost per year</b>	<b>\$ 20,100</b>	<b>\$ 21,350</b>	<b>\$ 35,550</b>
<b>Total Cumulative added cost</b>	<b>\$ 20,100</b>	<b>\$ 41,450</b>	<b>\$ 77,000</b>

The 5% PERS cap reduction for new employees will result in limited savings in the next fiscal year as it is unlikely the City will hire a significant number of new employees. Over the long term it is anticipated the costs savings from the PERS cap reduction, if applied to all bargaining units in the City, will average approximately \$50,000 – \$70,000/year, or 1% of payroll.

**ATTACHMENT:**

- 1) MOU for the Association of Capitola Employees' Bargaining Unit

Report Prepared By: Lisa G. Murphy  
Administrative Services Director

Reviewed and Forwarded  
by City Manager: 

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
ASSOCIATION OF CAPITOLA EMPLOYEES  
AND CITY OF CAPITOLA  
PERIOD 7/01/2012 to 6/30/15  
TABLE OF CONTENTS**

	<u>Page</u>
<b>SECTION I: UNION RECOGNITION.....</b>	1
<b>SECTION II: WAGE .....</b>	4
A. Wage Schedule and Wage Increases.....	4
B. Police Department Administrative Assistant.....	4
C. Conversion to Hourly Rate.....	5
D. Service.....	5
E. Types of Appointments.....	5
F. Public Works Employees, Shift Changes, Shift Differential.....	6
G. Emergency Call Back Compensation.....	6
H. Parking Enforcement Officers.....	7
I. License and Certification Reimbursement.....	7
<b>SECTION III: OVERTIME.....</b>	7
<b>SECTION IV: MERIT PAY AND EFFECTIVE DATE OF INCREASES.....</b>	7
<b>SECTION V: VACATION.....</b>	8
A. Accrual.....	8
B. Accumulation.....	8
C. Scheduling.....	8
D. Vacation Cash Out On Termination.....	8
E. Mandatory Cash Out Before Termination.....	9
F. Optional Vacation Cash Out.....	9
<b>SECTION VI: SICK LEAVE.....</b>	9
A. Sick Leave Accrual.....	9
B. Sick Leave – Family Care.....	9
C. Sick While on Vacation.....	9
D. Sick Leave Cash Out.....	9
<b>SECTION VII: HOLIDAYS .....</b>	9
A. Schedule.....	9
B. Personal Holidays.....	10
C. Holiday Hours Bank.....	10
<b>SECTION VIII: BEREAVEMENT LEAVE .....</b>	10
<b>SECTION IX: JURY DUTY.....</b>	10
<b>SECTION X: LEAVE OF ABSENCE WITHOUT PAY.....</b>	10
<b>SECTION XI: ACCRUALS AFTER DATE OF SEPARATION.....</b>	11
<b>SECTION XII: BENEFITS FOR PART-TIME EMPLOYEES.....</b>	11
<b>SECTION XIII: FLEXIBLE SPENDING ARRANGEMENT CONTRIBUTION....</b>	11

	<u>Page</u>
<b>SECTION XIV: RETIREMENT BENEFITS</b> .....	12
A. PERS.....	12
B. LIUNA National Industry Pensions.....	12
<b>SECTION XV: PHYSICAL EXAMINATIONS</b> .....	13
<b>SECTION XVI: LIFE INSURANCE</b> .....	13
<b>SECTION XVII: MILEAGE REIMBURSEMENT</b> .....	13
<b>SECTION XVIII: UNIFORMS</b> .....	13
<b>SECTION XIX: SHOES, APPAREL AND EQUIPMENT REIMBURSEMENT</b> ....	13
<b>SECTION XX: INCENTIVE PROGRAMS</b> .....	14
A. Longevity Pay Incentive.....	14
B. Education Reimbursement Program.....	14
C. Bilingual Pay.....	14
<b>SECTION XXI: PERSONNEL EVALUATIONS</b> .....	14
<b>SECTION XXII: LUNCH AND REST PERIODS</b> .....	15
<b>SECTION XXIII: EMERGENCY MEALS</b> .....	15
<b>SECTION XXIV: LIGHT DUTY ASSIGNMENT</b> .....	15
<b>SECTION XXV: PROBATIONARY PERIOD</b> .....	15
A. Regular Appointment Following Probationary Period.....	15
B. Objective of Probationary Period.....	16
C. Rejection of Probationer.....	16
D. Rejection following Promotion.....	16
<b>SECTION XXVI: GRIEVANCE PROCEDURE</b> .....	16
A. Definition of a Grievance.....	16
B. Right to Representation.....	16
C. Limitations on Money Damages.....	17
D. Procedure.....	17
<b>SECTION XXVII: LAYOFFS</b> .....	18
<b>SECTION XXVIII: SAFETY</b> .....	18
<b>SECTION XXIX: MISCELLANEOUS</b> .....	18
A. Legal Defense.....	18
B. Use of Employer Facilities.....	19
C. Bargaining Time.....	19
D. Re-opener.....	19
E. Required Meetings.....	19
F. Disciplinary Appeal.....	19
G. Personnel Rules.....	19
H. Fair Labor Standards Act.....	20
I. POA "Me Too" Clause.....	20

**ASSOCIATION OF CAPITOLA EMPLOYEES  
MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (MOU) is made and entered into between the City of Capitola (hereinafter referred to as "City") and Laborers International of North American (LIUNA) Local 792 (herein referred to as "the union") for the Association of Capitola Employees (ACE) for and on behalf of its members identified. This agreement shall cover the period from July 1, 2012 through June 30 2015 and shall be effective upon ratification by the bargaining unit and approval by the Capitola City Council.

The City's "Standard MOU Provisions" and "Additional MOU Provisions" are hereby incorporated into this MOU by this reference. To the extent there is a conflict between either the Standard MOU Provisions or Additional MOU Provisions with this MOU, this MOU shall govern. The City and Union agree that, prior to March 31, 2007, they shall incorporate provisions from the Standard MOU Provisions and Additional MOU Provisions not specifically set forth in this MOU into this MOU, so long as incorporation does not result in a substantive change in the terms and conditions of employees covered by this MOU.

**I. UNION RECOGNITION**

1. Pursuant to the Meyers-Miliias-Brown Act and the City's Employer-Employee Relations Resolution, the Union, affiliated with Laborer's International Union of North America, Local792, is hereby recognized as the exclusively recognized employee organization of the General Government Employees and Association of Capitola Employees bargaining unit. Classifications in the bargaining unit are listed in Section I.16 below. Pursuant to language in the Employee-Employer Relations Ordinance, this list can be amended from time to time.
2. The parties hereto recognize that membership in the Union is not compulsory, that employees have the right to join, not join, maintain, or drop their membership in the Union and that neither party shall exert any pressure on or discriminate against an employee regarding such matters. In light of the agency fee provisions contained in this section, the Union agrees that it is obligated to represent all of the employees in the bargaining unit fairly and equally, without regard to whether or not an employee is a member of the Union. (Government Code Section 3502)
3. Effective 30 days after the effective date of this MOU, in accordance with Government Code Section 3502.5, employees who are members of the bargaining unit represented by the Union, as a condition of continued employment, shall be required to either belong to the Union or to pay to the Union an amount equal to a service fee in an amount not to exceed the standard initiation fee, periodic dues, and general assessments for the Union. (Government Code Section 3502.5(a)) The Union shall notify the City in writing as to the amount of the service fee.

4. Any employee of the City subject to this MOU who is a member of a bona fide religion, body or sect that has historically held conscientious objections to joining or financially supporting a public employee organization will, upon presentation of verification of active membership in such religion, body or sect be permitted to make a charitable contribution equal to the service fee in lieu of Union membership or service fee payment.

Declarations of or applications for religious exemption and any supporting documentation will be forwarded to the Union within fifteen days of receipt by the City. The Union will have fifteen days after receipt of a request for religious exemption to challenge any exemption that the City grants. If challenged, the deduction to the charity of the employee's choice will commence but will be held in escrow pending resolution of the challenge. Charitable contributions will be by regular payroll deduction only. For purposes of this paragraph, charitable deduction means a contribution to a non-religious and non-labor charitable organization exempt from taxation under Section 501(c)(3) of the IRS Code chosen by the employee. (Government Code Section 3502.5(c))

5. The City shall notify new employees that the Union is the exclusive recognized bargaining representative for employees in the bargaining unit and provide new employees with a copy of the current Memorandum of Understanding. Within 30 days after employment, new employees shall, as a condition of continued employment, be required to either belong to the Union or to pay to the Union an amount equal to a service fee in an amount not to exceed the standard initiation fee, periodic dues, and general assessments for the Union. (Government Code Section 3502.5(a))
6. This section of the MOU shall not apply to supervisory employees. (Government Code Section 3502.5(e))
7. The City shall make available payroll deductions for unit members for both regular Union dues and for payment of the service fee to the Union pursuant to an appropriate authorization form signed by the employee or the provisions of this Section. Those funds shall be remitted to the Union on a monthly basis. An employee's earnings must be regularly sufficient after other legal and required deductions are made to cover the amount of the dues or service fee. When an employee is in a non-pay status for an entire pay period, no withholding will be made to cover the pay period from future earnings. In the case of an employee who is in a non-pay status during only part of the pay period, and the salary is not sufficient to cover the full dues or service fee, no deduction shall be made. In addition, all other legal and required deductions have priority over Union dues and the service fee.
8. The Union shall keep an adequate itemized record of its financial transactions and shall make available annually, to the City and to the employees who are members of the Union, within 60 days after the end of its fiscal year, a detailed written financial report in the form of a balance sheet and an operating statement, certified as to accuracy by its president and treasurer or corresponding principal officer, or by a certified public accountant. The Union, if it is required to file financial

reports under the Labor-Management Disclosure Act of 1959 or required to file financial reports under Government Code Section 3546.5, may satisfy this financial reporting requirement by providing the City with a copy of those financial reports. (Government Code §3502.5(f))

9. The Union shall indemnify, defend and hold the City, its employees, officials, representatives and agents harmless against any claims made, and against any suit instituted against the City on account of payroll deductions made pursuant to this Section for dues or service fees. In addition, the Union shall refund to the City any amount paid to it in error upon presentation of supporting evidence.
10. Any dispute between the Union and any employee on the interpretation or application of this Section shall, at the request of the Union or the affected employee, be decided by final and binding arbitration under the rules of the American Arbitration Association. The Union and the employee shall each bear one half the cost of the arbitration, including the fee of the American Arbitration Association, the arbitrator and any court reporter fees and costs. The City will not protest or interfere with any final and binding decision under this Section.
11. Union Notification. The City shall give reasonable written notice to Union when it is affected by any ordinance, rule, resolution, or regulation proposed to be adopted and directly relating to matters within the scope of representation.
12. Bulletin Boards. The Union shall be provided a bulletin board in the employee break room. The Union agrees that notices posted on the bulletin boards shall not contain anything that may be construed as maligning or derogatory to the City or its representatives. The Union shall be responsible for maintaining the bulletin board in a business-like manner. The Union shall be responsible for placement of and removal of outdated material. However, the City shall retain the right to remove maligning, derogatory, or inappropriate or outdated material.
13. Time Off for Union Officials. During the term of this agreement, two employees from the unit shall be allowed a reasonable amount of paid release time off for “meet and confer” or “meet and consult” sessions scheduled with the City’s designated representatives, providing there is no disruption of work. The Union shall notify the City Manager in advance of the meeting of the specific members who will be in attendance. Union members shall obtain permission through supervisory channels before leaving their work or work locations.
14. Time Off Without Loss of Pay. The Union may request, and the City may grant, time off without loss of pay to Union representatives to assist the City in the formulation of policies and procedures mutually beneficial to the City and the Union. However, such time off shall be at the discretion of the City Manager.



15. Union Stewards. The unit shall be authorized to designate two employees within the unit as stewards and must furnish a list of these stewards to the City Manager within five working days after appointment or election. One steward at a time shall be allowed a reasonable amount of paid release time for the purpose to representing a unit employee within the steward's area of representation in the filing or processing of grievances or disciplinary appeals, as long as there is no interruption of work in the employee's division. Stewards must first obtain permission.
16. Represented Employees. This unit represents the following classifications: Accounts Receivable/Payable Clerk, Account Technician, Accountant I, Accountant II, Administrative Assistant, Administrative Clerk I, Administrative Clerk II, Administrative Records Analyst, Building Inspector I, Building Inspector II, Class Coordinator, Development Services Technician, Data Entry Clerk, Equipment Operator, Maintenance Worker I, II III, Mechanic, Museum Coordinator, Parking Enforcement Officer, Planner, Receptionist, Records Clerk, Records Coordinator, Records Management Clerk, Recreation Assistant, Recreation Facility Custodian, Recreation Receptionist, and Sports Coordinator.
17. When a new position is created by the City that is not managerial, supervisory or confidential, the City will provide the Union with a position description and will advise the Union as to whether or not, in its judgment, the position is appropriate for inclusion in the bargaining unit. If the Union disagrees with the City's decision, it will notify the City, and the City and the Union will meet to resolve the disagreement.

## II. WAGES

- A. Wage Schedule and Wage Increases: The wage schedule attached to this Memorandum of Understanding sets forth the base pay, subject to such adjustments (such as longevity pay) as are specifically set forth in this MOU. Letters "A" to "E" have been used to designate the respective pay steps for each position. The rates contained in the wage schedule are base salary rates and do not include overtime or benefits. The City will compile and average the San Francisco – Oakland – San Jose Consumer Price Index (all urban consumers) reported CPI for January 2013 through December 2013. If the resulting figure for averaged CPI is greater than 0%, that figure shall be used as the percentage for salary increase for members of the unit, effective the first full pay period in July, 2014. A 5% salary increase shall be made for the Police Department Administrative Assistant and the Mechanic effective first full pay period in July, 2012.
- B. Police Department Administrative Assistant: The Police Department Administrative Assistant will be granted a specialty pay increase of 5% when certified by POST to conduct back ground investigations. This pay will be retroactive to the time of certification. In addition, in 2012 a compensation analysis was conducted for the Police Department Administrative Assistant. The result is the Police Department Administrative Assistant will be granted an increase of 5% for recognition of an equity adjustment effective the first full pay period in July, 2012.

- C. Conversion To Hourly Rate: Whenever it is necessary to compute an hourly pay rate in order to apply any provision of this MOU, that will be done by multiplying any monthly rate by 12 in order to derive an annual rate, and dividing the annual rate by 2080 (or proportionate number of hours for part time positions, e.g., 1040 for a half-time position).
- D. Service: The word "service" as used in this MOU means continuous full-time service in the position in which the employee is being considered for salary advancement, service in a higher position, or service in a position allocated to the same salary schedule and having generally similar duties and requirements. A lapse of service of any employee for a period of time longer than thirty days by reason of resignation or discharge shall serve to eliminate the accumulated length of service time of such employee, and any such employee re-entering the service of the City shall be considered as a new employee, unless another standard is established by the personnel rules, in which case that standard shall apply.
- E. Types of Appointment  
For all types of appointments, refer to the personnel rules, except for Acting Appointments.
1. Acting Appointments  
Acting appointment may be either full-time or part-time, as established by the City Manager. An acting appointment occurs when an employee is temporarily appointed to a higher class position. While serving under an acting appointment, an employee will receive additional compensation as determined by the City Manager. Such pay will be no less than 5% above the employee's regular compensation. It may be up to, but ordinarily will not be in excess of the first step of the position occupied. Such pay shall begin on the first work day of the appointment.
  2. Work Out of Class  
Work out of class occurs when an employee is designated to work in a higher classification and actually performs or is responsible for performing the majority of duties of the higher classification. If an employee works out of class for four or more consecutive hours, the employee will receive work out of class pay for all hours worked out of class. The employee shall receive either 5.0% above the employee's usual rate of pay, or pay at the next highest pay step in the out of class job classification, whichever is greater.
  3. Acting Supervisors Pay for Public Works  
If an employee is designated by the Department Head or the Department Head's designee to perform the duties of Park's Maintenance Supervisor or Facilities and Street Maintenance Supervisor for a period of three consecutive days, with Fridays and Mondays being consecutive days, then that employee shall receive a 10% increase to his or her salary for all such hours worked.

4. **Equipment Operators Pay**  
If an employee is designated by the Department Head or the Department Head's designee to perform the duties of an Equipment Operator for a period of at least four consecutive hours or longer, then that employee shall receive a 5% increase to salary for all such hours worked.

F. Public Works Employees, Shift Changes Shift Differential

1. **Shift Changes:** In order to provide necessary services, the hours of Public Works employees may be adjusted from time to time. However, when a change in a schedule occurs within the given two-week pay period, all non-overtime hours worked outside of the pre-adjustment work schedule shall be additionally compensated at a rate equal to 5% of base wage rate.
2. **Shift Differential:** Employee's who are required to report to work two or more hours before the employee's regular time to begin work, shall receive a 5% increase to salary for all such hours worked prior to regular work hours.

G. Emergency Call Back Compensation

1. "Call back" refers to a situation where an employee has completed his/her regular work day without knowing that he/she would be called back (by his/her superior or as a result of emergency circumstances) to work during hours of the day not occurring during the employee's regular workday. An employee who is required to come to work not more than one hour early, but is not thereafter released from work before the start of the regular workday is not on "call back".
2. Employees called back to work shall be treated as having worked at least two hours, even if actual time is less.
3. **Public Works:** The rate of pay for Public Works department employees (except the department head and the Maintenance Superintendent) call back hours is as follows
  - i. Two and a half times the employee's hourly base rate for hours served between the hours of 10pm and 6 am; or
  - ii. Two times hourly base rate for hours served during other times of the day.
4. For all employees not covered by subsection (c) (except those in the management bargaining unit) call back hours will be paid the same as overtime.

5. Time spent traveling to and from the place of call back work is not counted in applying the provisions of this section, or XXIX. E.
  6. Units of time that are both call back and overtime will receive the most favorable of the two treatments, but no single unit of time will be treated as both call back and overtime.
- H. Parking Enforcement Officers: Parking enforcement officers shall receive a minimum of 4 hours pay for court appearances that are not scheduled as part of their regular workday.
- I. License and Certificate Reimbursement: The City will reimburse employees for the cost of specialized licenses and certificates required to perform their job.

### **III. OVERTIME**

All employees within the Union are hourly employees and can accrue overtime subject to the laws, rules, regulations and any other MOU provisions of the City, state and federal government. The normal regular work week commences on Sunday and consists of forty (40) hours except that the regular work week of public works department personnel engaged in maintenance activities shall be as approved by the City Manager. Except for employees exempt under the FLSA, overtime will be compensated at the rate of one and one-half times the base rate of pay for all hours worked over 40 hours per week in a workweek. Such additional compensation shall, at the employee's election, be either in cash or compensatory time off, in accordance with Labor Code section 204.3. The Department Head must approve overtime.

"Hours worked" shall not include sick leave. Nor shall such a definition include vacation or compensated leave time off not scheduled in advance by at least ten working days. "Hours Worked" shall also not include workers compensation time off unless immediate treatment is required on the date of injury for the injury incurred, in which case overtime is allowed providing the overtime accrued is an extension of the workday and the hours worked for the week exceed 40 hours.

### **IV. MERIT PAY AND EFFECTIVE DATE OF INCREASES**

A merit pay advancement for an employee shall become effective on the first day of the pay period in which the minimum length of service has been satisfactorily completed.

Any other mid-pay period payroll adjustments will occur at the beginning of the pay period in which the adjustments falls for all odd numbered calendar years; and, at the beginning of the following pay period for the even number calendar years.

When an employee has not been approved for advancement to the next higher wage step, the employee shall be reconsidered for such advancement after the completion of either three months of additional service, or after a period of three to six months of additional service if the supervisor concludes that three months will be insufficient time to evaluate whether the performance deficiencies that led to the denial of the step increase have been adequately addressed. At the time a step increase is denied, the supervisor shall identify

in writing the timing of reconsideration of the step increase. An employee whose step increase is denied shall also be advised in writing (typically in a performance evaluation) of the reason(s) why the step increase was denied. Grants and denials of step increases shall be on a merit basis only.

Regardless of whether subsequent reconsideration of a denial of a step increase does or does not result in a step increase, the employee's annual review date shall be as originally designated.

V. **VACATION**

A. Accrual

Vacation accrues on a prorated basis, based upon a 30-day month. The rates of accrual are as follows:

<u>Years of Employment</u>	<u>Vacation Days</u>
1 and 2	12
3 and 4	14
5 through 9	17
10 through 19	22
20 and higher	27

B. Accumulation

1. An employee may not accumulate more than, but instead each year must cash out pursuant to Section V.E. below, all accumulated vacation in excess of (360hours; except that
2. An employee who had accumulated more than 360 hours as of January 1, 2011 may maintain that level: provided, however, that if accumulated vacation falls below 360 hours, the provisions of Section V.B.1, above, shall thereafter apply.

C. Scheduling

Vacations shall be scheduled upon the request of the employee and the approval of the Department. The Department shall consider both the desire of the employee and the needs of the Department in deciding whether to approve or deny a vacation request.

Vacation sign-ups shall be on a first come first serve basis. If more employees request vacation for a given time than can be accommodated by the Department, the more senior employee shall be given the time off. Nothing herein shall require the cancellation of an already approved vacation for a less senior employee upon the request of a more senior employee. "Seniority" as used in this section shall mean length of continuous employment in a paid status in a regular position.

D. Vacation Cash Out On Termination

Upon termination, an employee shall be paid for all accumulated vacation to the separation date, at a rate equal to 100% of his/her current hourly pay rate. Alternatively, an employee may individually contractually establish, in writing,

with the City Manager, mutually agreeable provisions regarding the timing and terms of the cash pay out.

E. Mandatory Cash Out Before Termination

An employee who has accumulated more than 360 hours or who is subject to a higher accumulation level under Section V(B)(2), as of the last pay period in April of any year shall be paid in cash at a rate equal to 100% of his/her current hourly pay rate for all hours in excess of 360 or that applicable higher accumulation level except that such payment shall not exceed the employee's annual vacation accrual amount. These cash out payments will be included with the paycheck for the first full pay period in May.

F. Optional Vacation Cash Out

In any calendar year, an employee may cash out up to 40 hours of accumulated vacation.

**VI. SICK LEAVE**

A. Sick Leave Accrual

Sick leave accrues on a pro-rated basis, based upon a 30-day month. Twelve days accrue each calendar year. Parking Enforcement Officers working a 4/10 shift shall accrue 120 hours per calendar year.

B. Sick Leave-Family Care

Sick leave may be used to care for members of the immediate family in accordance with the FMLA and CFRA, or as approved by the City Manager.

C. Sick While on Vacation

An employee who becomes ill or is hospitalized while on vacation and provides a written statement from a licensed physician or medical doctor that the illness would have resulted in the employee not being able to come to work, shall have the period of illness charged against sick leave and not vacation leave.

D. Sick Leave Cash Out

Sick Leave may not be cashed out.

**VII. HOLIDAYS**

A. Schedule

There shall be twelve (12) holidays granted annually for the term of the MOU. The holidays to be observed during calendar year are set forth below.

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New Year's Day	1/01/
Martin Luther King Day	*
Lincoln's Birthday	2/12/
Washington's Birthday	*
Memorial Day	*
Independence Day	7/4/

Labor Day	*
Columbus Day	10/11/
Veterans' Day	11/11/
Thanksgiving Day	*
Friday Following Thanksgiving	*
Christmas Day	12/25/

\* These holidays shall be taken at the same time as the federal holidays are taken. Holidays listed above occurring on a Saturday shall be observed on Friday. Holidays occurring on a Sunday shall be observed on Monday.

In addition, City Hall will be closed for one week during the Christmas holidays during which employees affected by the closure will be permitted to use vacation, personal holidays or sick leave in order not to lose compensation.

**B. Personal Holidays**

All regular positions are entitled to three (3) personal holidays per calendar year. Unused Personal Holidays are not cumulative.

**C. Holiday Hours Bank**

Police Clerks, Parking Enforcement Officers, Administrative Records Analyst and the Police Department Administrative Assistant shall receive a bank of holiday hours, based upon eight (8) hours for each holiday, to be taken in the same manner as Police Officers.

**VIII. BEREAVEMENT LEAVE**

Leave of absence with pay because of death in the immediate family of an employee shall be granted for a period not to exceed three days. Entitlement to leave of absence under this section shall be in addition to any other entitlement for sick leave, or any other leave. For purposes of this section, "immediate family" means mother, step-mother, father, step-father, husband, wife, domestic partner as defined by the State of California, son, step-son, daughter, step-daughter, brother, sister, foster parent, foster child, brother-in-law, sister-in-law, mother-in-law, father-in-law and grandparents, and any individual to whom an employee is serving in Loco Parentis.

**IX. JURY DUTY**

Leave of absence with pay shall be granted to an employee while serving on jury duty. Time spent commuting from home to and from jury duty is not compensable; time spent traveling from court to place of work is compensable. Any jury fee awarded shall be deposited with the City Treasurer.

**X. LEAVE OF ABSENCE WITHOUT PAY**

A leave of absence without pay may be granted by the City Manager upon the request of the employee seeking such leave, but such leave shall not be for longer than one year.

**XI. ACCRUALS AFTER DATE OF SEPARATION**

An employee's separation date is the last date actually worked, except that an employee who, as of the last day worked, has not used all of his/her yearly allotment of vacation may extend the separation date by the number of days necessary to reach the full yearly allotment. "Yearly allotment" means the amount of vacation that the employee was entitled to accrue in his/her last year of employment. Unless otherwise provided by state law, none of the following accrue after the date of separation: sick leave, vacation, personal holidays, holiday pay, administrative leave, Flex Plan contributions, or payment of the insurance premiums described in Section XIII.A. below.

**XII. BENEFITS FOR PART-TIME EMPLOYEES**

Sick leave benefits are described in Section VI above.

**XIII. FLEXIBLE SPENDING ARRANGEMENT CONTRIBUTIONS**

A. The City makes a flexible spending arrangement ("Flex Plan") contribution on behalf of each qualified employee for medical, dental & vision coverage. For those employees who have selected health coverage through PERS, from the monthly contribution set forth herein, \$108 per month effective January 1, 2011 will be paid to PERS for what is sometimes referred to as "employer contribution". *For all employees the City will no longer charge to the employee the \$1.50 per paycheck plan fee.* Effective the first full pay period in July, 2012 the contribution, for full-time regular employees, shall be:

- \$675 per month for employee only
- \$849 for employee plus one
- \$1,049 for employee plus two or more

Effective the first full pay period in July, 2013, the rates shall be as follows:

- \$700 per month for employee only
- \$899 for employee plus one
- \$1,099 for employee plus two or more

B. Employees who can verify to the City's satisfaction that: they have equivalent health coverage for medical (including dental & vision), which will remain in effect until the next enrollment date; or who purchase a CalPERS Health Plan and dental and vision coverage, but do not use their entire monthly contribution, may use the remaining funds to purchase benefits other than medical (including dental & vision) coverage or take this amount in cash for the "employee only" contribution amount. (If a cash payment is taken, it is not included in the employee's compensation for the CalPERS retirement plan.)

C. The City reserves the option of adding additional programs to the cafeteria plan, as they may become available.

D. The City will allow, and to a minor degree facilitate, the LIUNA Health Care Health Care plan availability to the represented membership. This benefit shall be at no cost to the City, with the exception of a minor amount of staff time, as may



be determined by the City Manager, to administer the disbursements of premium payments.

- E. The City reserves the option of adding additional programs to the cafeteria plan, as they may become available.

#### **XIV. RETIREMENT BENEFITS**

##### **A. PERS**

The City participates in the Public Employee Retirement System (PERS) operated by the State of California. Benefits provided are detailed in separate publications, depending upon the plan. The City provides 2.5% at 55 Retirement Plan for non-sworn employees, with the single-highest year option. The City's contribution toward the combined employer and employee cost of PERS retirement is capped at no more than 16.488% of reportable salary. If the actual PERS contribution rate exceeds 16.488% of reportable salary for any fiscal year, the employee will pay the difference on a pre-tax basis. Contributions will be reported in accordance with the current CalPERS contract, ie: the employee portion (8%) plus any amount above the cap is reported to PERS as paid by the employee.

In 2007, the City implemented a cost-sharing benefit that consists of the City paying 8% of the normal member's contributions as Employer Paid Member Contributions (EPMC), with additional cost sharing contributions not to exceed a total of 16.259% through June 30, 2019. The City agrees to report the value of the Employer Paid Member Contributions as salary for retirement benefit plan purposes.

For all eligible employees hired on or after July 1, 2012 the City's PERS contribution rate shall be capped at no more than 11.488% of reportable salary. Once an employee hired on or after July 1, 2012 accrues five (5) years of total service, s/he shall be entitled to the same terms that apply to all other current employees. EPMC and the Value of EPMC will be the same for employees hired after July 1, 2012 as employees hired prior to that date.

All employees hired prior to July 1, 2012 the City's contribution cap shall remain as stated above at 16.488%.

##### **B. LIUNA National Industry Pension**

General Government Employees: The City will contribute \$0.25 per hour (not including overtime or compensatory time) each pay period to the LIUNA pension fund on behalf of each of the following classifications (which were formerly a separate unit with a separate MOU represented by LIUNA): Mechanic, Parking Enforcement Officer, Equipment Operator, Maintenance Worker I, II & III and Recreation Facility Custodian. The compensation schedules attached hereto will be reduced \$.25 per hour. The City's sole obligation shall be to forward designated amounts to the fund. The Union shall indemnify and hold harmless the City against any and all claims made as a result of the City's actions pursuant to this section.

Association of Capitola Employees: The City will allow the pretax contributions to LIUNA National Industry Pension for the following classifications formerly comprising the separate ACE Unit in the same manner as the General Government Employees when, and if past service credit benefit again becomes available: Account Technician, Accounts Receivable/Payable Clerk, Accountant I, & II, Administrative Assistant, Administrative Clerk I, Administrative Clerk II, Administrative Records Analyst, Building Inspector I, Building Inspector II, Class Coordinator, Development Services Technician, Data Entry Clerk, Information Systems Specialist, Museum Coordinator, Planner, Receptionist, Records Clerk, Records Coordinator, Records Management Clerk, Recreation Assistant and Recreation Receptionist, Sports Coordinator.

**XV. PHYSICAL EXAMINATIONS**

The City, for any employee receiving flex credit contributions, will provide a bi-annual physical examination for employee. Public Works employees may have the physical on an annual basis. The City will pay the amount not covered by the health care program.

**XVI. LIFE INSURANCE**

The City will continue to provide term life insurance in the amount of \$50,000 and long-term disability insurance.

**XVII. MILEAGE REIMBURSEMENT**

Employees required to use their personal vehicles while on City business will be reimbursed at the rate set by the Internal Revenue Service.

**XVIII. UNIFORMS**

City will purchase uniforms for newly hired police department employees and will repair or replace uniforms on an as needed basis. In addition City will cover the cost of reasonable cleaning of police department authorized uniforms. Employees will be responsible for delivering uniforms to, and retrieving uniforms from, the employer designated cleaning establishment.

**XIX. SHOES, APPAREL AND EQUIPMENT REIMBURSEMENTS**

- A. Parking Code Enforcement Officers: The City will also cover the cost of needed uniform item replacements, including shoes and will provide needed wheelchair repair and maintenance. Necessity will be reasonably determined by employer. Wheelchairs provided by the City shall remain property of the City.
- B. Safety shoes and Apparel: Equipment Operator, Mechanic, Maintenance Worker and Recreation Facility Custodian will each calendar year receive: one pair of approved safety shoes, up to five city-logoed shirts, and up to five pairs of denims. The Public Works Director shall determine replacement frequency and kind.

**XX. INCENTIVE PROGRAMS**

A. Longevity Pay Incentive

Upon completing continuous years of service with the City, an employee's base pay shall be increased as follows:

1. 15 years' continuous service – 5.0%
2. 20 years' continuous service - an additional 5.0%, which shall be compounded with the 15 year recognition.

B. Education Reimbursement Program

For employees who received advance approval from the City Manager prior to October 12, 2006, the City will reimburse employees for tuition and textbooks upon the completion of courses approved in advance by the City Manager in accordance with the following schedule:

State supported California colleges and universities - 100% tuition and textbook reimbursement.

Private colleges and universities - 100% of tuition or the tuition of the University of California whichever is less. Textbook reimbursement will be at 100%.

The grandfathered employees are listed in Attachment 2 to this MOU.

For all other employees, the City will reimburse employees for tuition upon the completion of courses approved in advance by the City Manager up to a maximum of \$500 per calendar year for classes completed in that same calendar year. Textbook reimbursement for courses approved in advance by the City Manger shall be at 100%.

C. Bilingual Pay

Employees proficient in the Spanish language shall receive premium pay equal to five (5%) percent of base salary in addition to their regular wage, if:

1. Employee passes the City's bilingual competency test as administered by the Personnel Department on an annual basis to maintain the bonus pay. The City Manager may waive the annual testing requirement for individuals upon recommendation of the department head. Annual basis refers to the fiscal year; and
2. The employee is required to serve as a translator on a regular and ongoing basis, as certified by the Department Head.

**XXI. PERSONNEL EVALUATIONS**

For probationary employees, a performance evaluation is required, at a minimum, every three months.

For permanent employees, a performance evaluation is required annually. The completed evaluation should be submitted ten working days before the annual due date. Nothing in this provision shall prevent departments from issuing performance evaluations more frequently than the required time period.

Merit pay increases will go into effect on a timely basis, unless the performance evaluation of less than "meets standards" has been completed at least two weeks prior to the anniversary date.

If an employee does not agree with an evaluation, the employee may prepare a written response to the evaluation which shall be kept in the employee's personnel file with the contested evaluation. The employee also may request a meeting with the City Manager to discuss the evaluation.

## **XXII. LUNCH AND REST PERIODS**

Full-time employees shall be entitled to an unpaid lunch period of thirty (30) minutes at or about the mid-point of their workday. If an emergency occurs such that there is a need for the employee to work during the employee's lunch period, the employee will be compensated for the lunch period.

Employees shall be allowed a 15 minute rest period during each four hours of work. An exception to this general rule is that the rest periods may be combined and scheduled as mutually agreed to by an employee and supervisor. In addition, the City reserves the right in emergency situations to require employees to work through rest periods.

Rest periods shall be considered compensable work time.

## **XXIII. EMERGENCY MEALS**

The City shall arrange for meals for employees assigned to work four (4) or more hours contiguous to the employee's shift when the employee is not provided notice of the need to work the overtime at least 12 hours prior to either commencing the overtime work or shift.

## **XXIV. LIGHT DUTY ASSIGNMENT**

An employee who has been cleared by a physician to return to work with specified medical restrictions, may return to work within those restrictions, at the City's discretion. The release must be in writing. Nothing in this section is intended to imply that an employee has a right to a light duty assignment. All such assignments are temporary assignments and are subject to the Department Head's periodic review of the employee's continued need for limited duty and the City's ability to continue the employee in the assignment. No change in base pay will result from this assignment.

## **XXV. PROBATIONARY PERIOD**

Regular Appointment Following Probationary Period. All original and promotional appointments shall be tentative and subject to an initial probationary period of six (6) months actual service, as may be adjusted for approved leave, to be determined for each

class by the Personnel Officer. The Department Head may recommend and the Personnel Officer may approve an extension of the initial probationary period up to six (6) additional months. The Probationary employee shall be informed three (3) weeks prior to the expiration of any probationary period, that the probationary period will be extended, and reasons shall be given for the extension.

The Department Head shall file with the Personnel Officer a Personnel Action Form that either (1) the service of the probationary employees has been satisfactory and that retention in the competitive service of such employee is denied; (2) the probationary period should be extended; or (3) the service of the employee has been unsatisfactory and his/her employment should be terminated. If at anytime during the probationary period the department head notifies the Personnel Officer that performance is less than satisfactory, the Personnel Officer will communicate that less than satisfactory performance to the appointing authority who may give or cause to be given to the employee a notice of immediate termination.

Objective of Probationary Period. The probationary period shall be regarded as part of the examination process and shall be utilized for closely observing the employee's actual performance and for securing the most effective adjustment of a new employee to his/her position.

Rejection of Probationer. During the probationary period, an employee may be rejected at any time by the appointing authority and without the right of appeal. Written notification of rejection by the appointing authority shall be served on the probationer.

Rejection Following Promotion. The rules and rights afforded employees rejected during or at the conclusion of the probationary period following a promotional assignment shall be as set forth in the City's Personnel Rules.

## **XXVI. GRIEVANCE PROCEDURE**

- A. Definition of a Grievance: A grievance is defined as an allegation presented in writing by an employee or group of employees that the City has failed to provide a condition of employment, which is established by law, Memorandum of Understanding, by written City or departmental rules, provided that the enjoyment of both such right is not made subject to the discretion of the Department Head or the City by the terms of law, Memorandum of Understanding, or by written City or departmental rules and, provided further, that the conditions of employment which are the subject matter within the scope of representation as defined in California Government Code Section 3504. Notwithstanding the above, excluded from this grievance procedure are employee evaluations, and any other matter that is assigned its own appeal procedure such as discipline and an alleged violation of the harassment policy.
- B. Right to Representation: An employee having a grievance shall have the right to consult with and be assisted by a representative of his/her own choice throughout the grievance process. In those cases in which an employee elects to represent him/herself or arranges for other representation, the Union shall have the right to

participate in the grievance procedure to the extent necessary to protect the interest of its members in negotiated conditions of employment.

- C. Limitations on Money Damages: In no event shall any grievance include a claim for money relief for more than the twenty-one day period plus such reasonable discovery period, unless otherwise provided by law.
- D. Procedure: Failure of the employee to timely file a grievance and/or comply with the time limits at any step of this grievance procedure shall constitute an abandonment of the grievance. Failure of the employer to respond within the time limits at any step of this grievance procedure shall result in an automatic advancement of the grievance to the next step. The parties may mutually agree to extend the time permitted under any of the steps

### **Step 1**

A grievance must be presented to the grievant's supervisor within twenty-one (21) calendar days from the day upon which the City allegedly failed to provide a condition of employment, or within twenty-one (21) calendar days from the time in which an employee might reasonably have been expected to have learned of such alleged failure to provide. The written grievance shall include the following:

- a) Date of submission;
- b) Signature of employee or employees;
- c) The MOU provision, Personnel Rule, Administrative Policy or other rule or policy allegedly violated;
- d) A description of the relevant facts, including specifically how, when and by whom the grieved condition of employment was violated;
- e) The requested resolution or remedy; and
- f) The name of any representative chosen by the grievant.

The supervisor shall provide the grievant with a written response within seven (7) actual working days.

### **Step 2**

If the grievance is not resolved at Step 1, the employee shall have seven (7) actual working days after receipt of the supervisor's Step 1 response to file an appeal with the Department Head. The Department Head may, but is not required to, meet with the grievant to discuss the grievance. The Department Head shall have seven (7) actual working days from either receipt of the appeal, or the meeting with the grievant, whichever is later, to provide the grievant with a written response.

### **Step 3**

If the grievance is not resolved at Step 2, the employee shall have seven (7) actual working days after receipt of the Department Head's Step 2 response to file an appeal with the City Manager. The City Manager shall meet with the grievant and other persons the City Manager believes would be useful to the City Manager's consideration of the grievance within seven (7) actual working days after receipt of the grievant's appeal. The City Manager shall have seven (7) actual working days from the date of the meeting with the grievant to provide the grievant with a written decision.

The Union may, in its own name, file a grievance with the City Manager alleging that the City has failed to provide it some organizational right which is established by law, provided that such right is not made subject to the discretion of the City. Such Union grievance shall be filed with the City Manager and heard and determined pursuant to the provisions of this step of the grievance procedure. The City Manager shall meet with the Union and other persons the City Manager believes would be useful to the City Manager's consideration of the grievance within (7) actual working days after receipt of the Union's grievance. The City Manager shall have seven (7) actual working days from the date of the meeting with the Union to provide the Union with a written decision.

#### **Step 4**

An employee dissatisfied with the City Manager's decision on the employee's Step 3 grievance may appeal the grievance to the City Council within (7) seven actual working days of receipt of the City Manager's decision. The City Council will schedule a hearing within a reasonable time period after receipt of the appeal. The decision of the City Council following the hearing shall be final.

### **XXVII. LAYOFFS**

Layoffs shall be governed by Personnel Rule 12. The City will make its best efforts to provide an additional 30 days of EAP benefits to employees who are laid off to assist them in their transition. If continued EAP benefits are not available, the City will meet with the Union to discuss the possibility of the City providing laid off workers with guidance on resume writing, conducting a job search, job interviewing, coping with stress and/or unemployment insurance benefits.

### **XXVIII. SAFETY**

The City and employees shall comply with all Federal, State and local health and safety laws and regulations and the City's "Loss Control, Injury and Illness Prevention Safety Program." At least two employees within this bargaining unit shall be permitted to serve on the City-wide safety committee called for in the City's "Loss Control, Injury and Illness Prevention Safety Program."

### **XXIX. MISCELLANEOUS**

Nothing in this plan will preclude the incumbents of any position from negotiating individual contractual provisions, provided that: such individual negotiations arise out of situations in which the employee has, or is negotiating towards, voluntarily terminating his/her employment or temporarily working in a higher paid position; and any resulting provision does not purport to affect the rights of any other member of the unit.

#### **A. Legal Defense**

Except as provided in Government Code Section 995.2, City shall provide a defense including but not limited to legal counsel in: a) any civil action or proceeding described in Government Code Section 995; b) any administrative action or proceeding described in Section 995.6; or any criminal action or proceeding described in Government Code Section 995.8. "Proceeding" as used

in this section is applicable to situations where a claim or action is threatened, but not filed, if a reasonable, prudent person would consult or retain counsel in response to the possibility of actual civil, administrative, or criminal action. If City pays for a defense, but a court or tribunal issues a final ruling that would, under Section 995.2, preclude City payments for defense, employee shall immediately reimburse City, and if he/she fails to do so, City may offset any such amounts against compensation otherwise due employee under this contract.

B. Use of Employer Facilities

Employer facilities, such as the City Hall Community Room, may be made available, upon timely application, for use by employees and the recognized entity representing the employees. Such use shall not occur during regular duty hours, other than the lunch period. Application for such use shall be made to the management person under whose control the facility is placed.

C. Bargaining Time

A reasonable number of Employee members of the entity representing the bargaining unit shall be allowed time to absent themselves from duties for a reasonable period without loss of pay, for the purpose of participating in contract negotiations. They shall be extended the same privilege to participate in any meetings mutually called by the parties during the term of this agreement for review of grievances and contract compliance questions.

D. Re-opener

Upon the request of this bargaining unit, the parties will negotiate whether specific provisions will be added to the MOU about awards of days off for five years of accident-free work.

E. Required Meetings

Administrative staff members covered under this MOU who are required to attend meetings outside their regular work schedules will be paid at the overtime rate (1.5) for two hours, or for the hours actually worked, whichever is greater.

F. Disciplinary Appeal

Employees of this unit shall have available to them the predisciplinary Skelly meeting for any discipline that results in a suspension of one day without pay or more. In addition, all disciplinary matters of three days suspension without pay or greater shall be subject to Personnel Rule 11, section 7.a. for post discipline appeals.

G. Personnel Rules

The City retains the right to amend and create personnel rules, provided they are not in conflict with specific provisions of this MOU. Where appropriate, City will meet and confer with applicable employee group or groups (Government Code Section 3300 and following), before amending or creating new personnel rules.



H. Fair Labor Standards Act

All positions included in this Memorandum of Understanding are covered by appropriate sections of the Fair Labor Standards Act of 1935, as amended.

- I. Me Too Clause: If during the effective time period of this agreement, the Police Officers Association receives a salary COLA or health care Flex Plan increase in an amount greater than the terms included in this agreement, the members of ACE shall receive the same COLA and/or Flex Plan increase at the same time.

**CITY OF CAPITOLA**

**ASSOCIATION OF CAPITOLA EMPLOYEES**

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

\_\_\_\_\_  
Ellis Miller, UPEC, Local 792  
Labor Representative

\_\_\_\_\_  
Lisa Murphy  
Administrative Services Director

\_\_\_\_\_  
Mark Sessions

\_\_\_\_\_  
Denice Pearson

\_\_\_\_\_  
Tracie Hernandez

\_\_\_\_\_  
Lance Elliot

Attachments:

1. Salary Schedule
2. Educational Reimbursement "Grandfathered Employees"

Reference Documents

\*Amended June 28, 2007 to include Accountant II (Reso. No. 3642)

\*\*Amended May 24, 2007 to change Counter/Records Technician to Development Services Technician (Reso. No. 3633)

\*\*\*ISS Position moved to the Confidential Unit Effective July 1, 2007 (letter agreement)

\*\*\*\*Amended July 6, 2007 as per the original agreement to incorporate those provisions from the Standard and Additional MOU not specifically set forth in this agreement.

**ACE SALARY SCHEDULE  
JANUARY 1, 2012 - JUNE 30, 2014**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
ACCOUNT TECHNICIAN	3908	4103	4308	4523	4749
ACCOUNTANT I	4722	4958	5206	5466	5739
ACCOUNTANT II	5208	5468	5741	6028	6329
ACCOUNTS CLERK	3546	3723	3909	4104	4309
ADMINISTRATIVE ASSISTANT	3579	3758	3946	4143	4350
ADMINISTRATIVE CLERK I	2782	2921	3067	3220	3381
ADMINISTRATIVE CLERK II	3220	3381	3550	3728	3914
ADMINISTRATIVE RECORDS ANALYST	4223	4434	4656	4889	5133
BUILDING INSPECTOR I	3994	4194	4404	4624	4855
BUILDING INSPECTOR II	4660	4893	5138	5395	5665
CLASS COORDINATOR	3388	3557	3735	3922	4118
DATA ENTRY CLERK	2792	2932	3079	3233	3395
DEVELOPMENT SERVICES TECHNICIAN	3758	3946	4143	4350	4568
EQUIPMENT OPERATOR	3742	3929	4125	4331	4548
MAINTENANCE WORKER	3565	3743	3930	4127	4333
*MECHANIC	3911	4107	4312	4528	4754
MUSEUM COORDINATOR	3547	3724	3910	4106	4311
PARKING ENFORCEMENT	3228	3389	3558	3736	3923
PLANNER	4559	4787	5026	5277	5541
RECEPTIONIST	3063	3216	3377	3546	3723
RECORDS CLERK	3449	3621	3802	3992	4192
RECORDS COORDINATOR	3579	3758	3946	4143	4350
RECORDS MGT CLERK	3499	3674	3858	4051	4254
RECREATION ASSISTANT	2619	2750	2888	3032	3184
RECREATION FACILITY CUSTODIAN	2531	2658	2791	2931	3078
RECREATION RECEPTIONIST	2919	3065	3218	3379	3548
SPORTS COORDINATOR	3388	3557	3735	3922	4118

**ACE SALARY SCHEDULE  
JULY 1, 2014 - JUNE 30, 2015**

To be determined as per MOU



Item #: 8.E.

## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 28, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: CONSIDERATION OF A CONTRACT WITH THE HOUSING AUTHORITY OF SANTA CRUZ COUNTY FOR THE REUSE OF HOUSING FUNDS IN THE AMOUNT OF \$40,000

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**RECOMMENDED ACTION:** Authorize the City Manger to sign a new contract with the Housing Authority of Santa Cruz County for various types of technical assistance in the amount of \$40,000.

**BACKGROUND:** Over the last 10 years the City of Capitola has had contracts with the Housing Authority of Santa Cruz County to implement housing programs within the City of Capitola. Previously those contacts also include the Capitola Redevelopment Agency as a partner. As there is no longer a Redevelopment Agency in place, this revised contract will allow the City to continue this on-going work with the Housing Authority. The money in this contract is not new money coming from the City but money currently deposited with the Housing Authority and can only be used for specific affordable housing programs.

**DISCUSSION:** The City of Capitola has had a very good working relationship with the Housing Authority of Santa Cruz County. The Housing Authority is able to provide technical assistance and advise for housing programs which current existing in the City of Capitola. The majority of these programs relate to affordability requirements in existing mobile home parks because of the types of financing and assistance received when these parks were purchases by the residents. In addition, the City's inclusionary housing program will require technical assistance as properties are added to the program or there is an ownership change.

The form of the contact has been approved by the City Attorney and the Housing Authority.

**ATTACHMENT:**

1. Contract with the Housing Authority of Santa Cruz County.

Report Prepared By: Susan Westman  
Interim Community Development Director

Reviewed and Forwarded  
By City Manager: 

# ATTACHMENT 1

## CITY OF CAPITOLA PROFESSIONAL SERVICES AGREEMENT HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

THIS AGREEMENT is entered into on June 28, 2012, by and between the City of Capitola, hereinafter called "City" and "Housing Authority of the County of Santa Cruz", hereinafter called "Consultant".

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

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

### SECTION 1 Scope of Services

This Agreement commits the City to provide funding for technical assistance including income verification, and other technical assistance as detailed in Appendix One.

### SECTION 2 Duties of Consultant

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

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

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

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

### SECTION 3 Duties of the City

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

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

### SECTION 4 Fees and Payment

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

amount of the contract. In addition each invoice submitted by Consultant to City shall specify the remaining balance under this Agreement during the current fiscal year.

SECTION 5  
**Changes in Work**

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

SECTION 6  
**Time of beginning**

The contract become valid once it is signed by both parties. Work can begin when there is a valid contract.

SECTION 7  
**Termination**

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

SECTION 8  
**Insurance**

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

***Minimum Scope of Insurance***

Coverage shall be at least as broad as:

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

***Minimum Limits of Insurance***

Consultant shall maintain limits no less than:

- |  |  |
|--|--|
| 1. General Liability:<br>(including operations,<br>products and completed<br>operations) | <b>\$1,000,000</b> per occurrence and \$2,000,000 in<br>aggregate (including operations, for bodily injury,<br>personal and property damage. |
| 2. Automobile Liability:   | <b>\$1,000,000</b> per accident for bodily injury and<br>property damage.  |
| 3. Errors and Omissions<br>Liability:<br>Limits  | <b>\$1,000,000</b> per claim and in the aggregate.   |

**Other Insurance Provisions**

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

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

**Acceptability of Insurers**

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

**Verification of Coverage**

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

**SECTION 9  
Indemnification**

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

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

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

SECTION 11  
**Legal Action/Attorneys' Fees**

If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees in addition to any other relief to which he or she may be entitled. Either the Santa Cruz County Superior or Municipal Court shall have jurisdiction over any such action and that Court shall be authorized to determine which party is the prevailing party and what amount constitutes reasonable attorneys' fees to be awarded to the prevailing party.

SECTION 12  
**Assignment**

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

SECTION 13  
**Amendments**

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

SECTION 14  
**Miscellaneous Provisions**

1. *Project Manager.* Director reserves the right to approve the project manager assigned by Consultant to said work. No change in assignment may occur without prior written approval of the City.
2. *Consultant Service.* Consultant is employed to render professional services only and any payments made to Consultant are compensation solely for such professional services.
3. *Licensure.* Consultant warrants that he or she has complied with any and all applicable governmental licensing requirements.
4. *Other Agreements.* This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter, and no other agreement, statement or promise related to the subject matter of this Agreement which is not contained in this Agreement shall be valid or binding.
5. *City Property.* Upon payment for the work performed, or portion thereof, all drawings, specifications, records, or other documents generated by Consultant pursuant to this Agreement are, and shall remain, the property of the City whether the project for which they are made is executed or not. The Consultant shall be permitted to retain copies, including reproducible copies, of drawings and specifications for information and reference in connection with the City's use and/or occupancy of the project. The drawings, specifications, records, documents, and Consultant's other work product shall not be used by the Consultant on other projects, except by agreement in writing and with appropriate compensation to the City.
6. *Consultant's Records.* Consultant shall maintain accurate accounting records and other written documentation pertaining to the costs incurred for this project. Such records and documentation shall be kept available at Consultant's office during the period of this Agreement, and after the term of this Agreement for a period of three years from the date of the final City payment for Consultant's services.

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

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

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

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

CONSULTANT  
HOUSING AUTHORITY OF THE COUNTY  
OF SANTA CRUZ  
2931 Mission Street  
Santa Cruz, CA 95060

By: \_\_\_\_\_  
Benjamin Goldstein, City Manager

By: \_\_\_\_\_  
Ken Cole, Executive Director

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
John G. Barisone, City Counsel



## **APPENDIX ONE**

### **Scope of Services**

#### **General Professional Services**

Technical services, at the direction of City staff, subject to availability of Consultant, may include by are not limited to the following:

1. At the direction of the City, provide specialized reports and analysis on affordable housing projects, including mobile home park conversions to resident ownership.
2. Identification, evaluation, and recommendation of private and public sources of funds to provide land write-downs, gap financing, constructions loans, reserve funding, letters of credit and guarantees, predevelopment loans, operating and overhead expenses for affordable providers, loans to single family homebuyers, property rehabilitation loans, and other mechanisms to stimulate affordable housing.
3. Work with City staff to generate potential development models and financing options.
4. Based on information provided by potential affordable housing developers, provide in-depth financial and feasibility analysis of proposed projects.
5. Advise for-profit and non-profit developers of financing programs for affordable housing. Clarify types of loans and financing mechanisms.
6. Evaluate and recommend projects for the expenditure of the City's Inclusionary Housing Funds.
7. Upon specific direction from City, respond to periodic notices of availability of funds for specific programs that may be of benefit to City.
8. Assist the City with the establishment of regulatory agreements and monitoring guidelines.
9. Develop eligibility certification process for prospective residents of units assisted by the City.
10. Complete other work assignments mutually agreed upon by the City and the Housing Authority.
11. Provide detail of work completed during the hours billed on submitted invoices.

The City may, at its sole discretion, perform these services with City staff or contract with other parties to carry out any of these listed activities.

**APPENDIX TWO**  
**Fees and Payments**

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

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

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

This contract is for \$40,000.

Payments shall be made monthly by the City based on itemized invoices from the Consultant, which list actual costs and expenses. Such payments shall be for the invoice amount. Invoices shall indicate the total services provided and the hours worked by Consultant's staff.

Unless otherwise specified in the attached fee schedule, Consultant's fees shall be payable on monthly statements. The monthly statements shall detail the time worked by each class of employee and the expenses incurred for which billing is made. The monthly statements shall contain the following affidavit signed by a principal of the Consultant's firm:

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

### Housing Authority Hourly Contract Rates and Fee Schedule

Staff	FY 2010-11 Hourly Rate <sup>1</sup>
Assistant Executive Director	\$190
Project Analyst	\$140
Housing Inspector & Executive Secretary	\$103
Administrative Clerk II	\$78
Administrative Clerk I	\$73

**Sole Source Purchases Determination  
Housing Authority of the County of Santa Cruz, June 28, 2012**

---

**BACKGROUND:** The City of Capitola Purchasing and Procurement Policy (Administrative Policy III-4), Section II B and C requires telephone quotes for purchases between \$2,000 - \$10,000, and requires a formal RFP bid procedure for purchases over \$10,000. The policy conditions for Sole Source (Section II B1 and B2), which are purchases exempt from the competitive process.

**DISCUSSION:** The contract with **Housing Authority of the County of Santa Cruz**, in the amount of \$40,000 dated June 28, 2012 is a qualified sole source purchase within the City Administrative Policy III-4 Section B2 (check one of the following)

**Policy Section B1: Materials, Supplies & Equipment:**

\_\_\_\_\_ (a ) Definition. Sole source purchases are used where no secondary source is reasonably available precluding the use of a competitive process.

**Policy Section B2: Consultant or General Services:**

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

\_\_\_\_\_ (b.) If a firm is a highly recognized authority in a field or specialty, or has unique specific knowledge regarding the project, then the firm may be selected without other solicitations for contracts and upon written justification and recommendation of the department head and approval by the City Manager or designee.

\_\_\_\_\_ (c.) Upon those infrequent occasions when confidence in the consultant and quality of service are important.

The Housing Authority of the County of Santa Cruz has provided technical assistance to the City for many years and has helped set up and administer many of the City' current housing programs.

---

Dept Head

Date

---

City Manager

Date



## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 28, 2012

FROM: DEPARTMENT OF PUBLIC WORKS

SUBJECT: 2012 SLURRY SEAL PROGRAM APPROVAL OF PLANS, SPECIFICATIONS  
AND ESTIMATE AND AUTHORIZATION TO ADVERTISE FOR BIDS

---

**RECOMMENDED ACTION:** Approve plans, specifications, and engineer's estimate for construction of the 2012 Capitola Slurry Seal Program and authorize advertising the project to receive bids setting the bid opening date for August 1, 2012 at 11:00 a.m.

**BACKGROUND:** This project will complete a slurry seal and restriping on the following streets as shown on the plan sheets included as Attachment 1. Full plans and specifications are available for review in the Public Works office.

- Depot Hill Area: Escalona Drive, Sacramento Avenue, southern portion of Hollister Avenue, Oakland Avenue, Saxon Avenue, southern portion of Central Avenue, and western end of Grand Avenue;
- Jewel Box east of 49<sup>th</sup> Avenue: Prospect Avenue, Opal Street, Jewel Street, Garnet Street, and Emerald Street;
- Deanes Lane neighborhood: Deanes Lane, Edmund Lane, Sellars Lane, Albert Lane, and Virgil Lane;
- Reposa Avenue, which will also be restriped to narrow the streets as agreed upon with the residents.

**DISCUSSION:** The estimated cost of construction is \$92,200 as detailed in the attached estimate included as Attachment 2.

The proposed construction schedule is as follows:

Authorization to Advertise:	June 28, 2012
Bids Opened:	August 1, 2012
Contractor Begins Work:	September, 2012
Project Completion:	October, 2012

**FISCAL IMPACT:** The current Capital Improvement Program has \$101,000 in funding allocated to slurry seal projects.

### **ATTACHMENTS**

1. Plan Sheets
2. Construction Estimate

Report Prepared By: Steven Jesberg  
Public Works Director

Reviewed and Forwarded  
By City Manager: 

# 2012 CAPITOLA SLURRY SEAL PROGRAM

TO BE SUPPLEMENTED BY STANDARD PLANS DATED JUNE, 2006

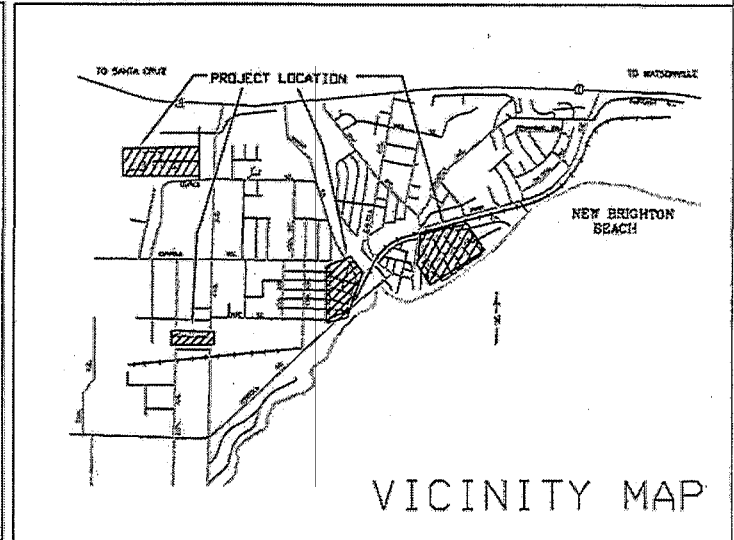
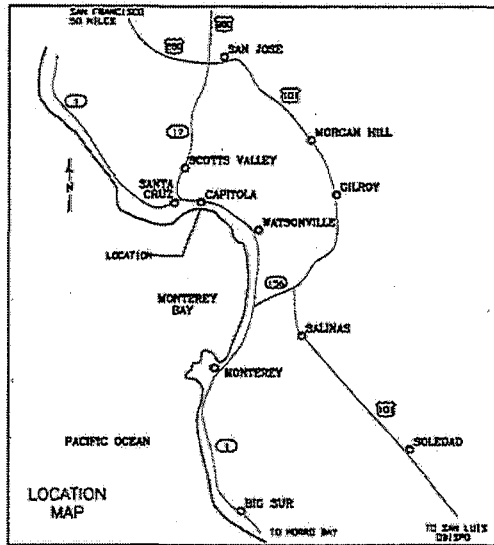
## SHEET INDEX:

- 1 TITLE SHEET
- 2 JEWEL BOX PLAN AND QUANTITIES
- 3 DEWEY HILL PLAN AND QUANTITIES
- 4 DEANES LANE PLAN AND QUANTITIES
- 5 REPOSA AVENUE PLAN AND QUANTITIES

## APPLICABLE STATE STANDARD PLANS

- 1) ABBREVIATIONS
- 2) LINES AND SYMBOLS
- 3) PAVEMENT MARKERS AND TRAFFIC LINES
- 4) PAVEMENT MARKINGS - WORDS
- 5) TRAFFIC CONTROL SYSTEM FOR LANE CLOSURE

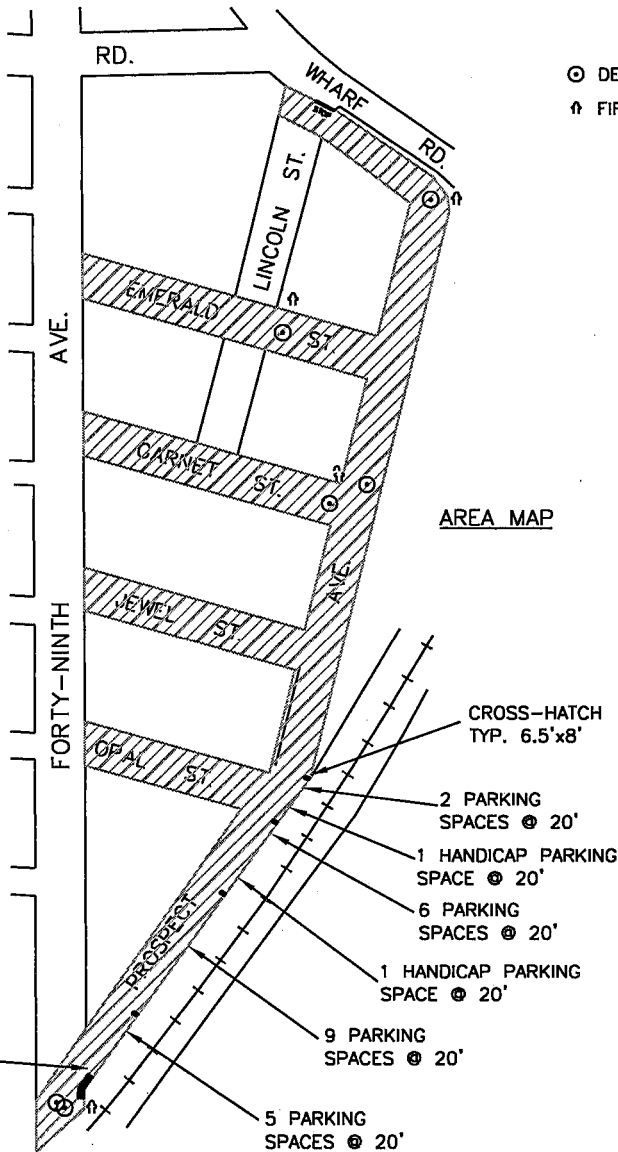
A-10A&B  
 A-10B, C, & D  
 A-20A, B, C, & D  
 A-24A, B, C, D, & E  
 T-11



THE CONTRACTOR SHALL POSSESS THE CLASS (OR CLASSES) OF LICENSE AS SPECIFIED IN THE "SPECIAL PROVISIONS".

TITLE SHEET		AS BUILT			CITY OF CAPITOLA DEPARTMENT OF PUBLIC WORKS		2012 CAPITOLA SLURRY SEAL PROGRAM			
DATE ACCEPTED _____		PROJECT ENGR. _____					RESURFACED MP 16-18-12 CUSTODIAN SEC. 1 16-18-12	SHEET 1		
REVISIONS BY _____		DATE _____		APPROVED BY: NONE DATE: 11/15/12		OF 5		NO. BY DATE REVISION OF:		

ATTACHMENT 1



⊙ DENOTES FIRE HYDRANT MARKER  
 † FIRE HYDRANT

SLURRY SEAL QUANTITY SUMMARY

STREET	LIMITS	S. Y.
JEWEL ST	49TH AVE - PROSPECT AVE	1298
GARNET ST	49TH AVE - PROSPECT AVE	1511
EMERALD ST	49TH AVE - PROSPECT AVE	1547
PROSPECT AVE	49TH AVE - LINCOLN ST	6102
OPAL ST	49TH AVE - PROSPECT AVE	978
	TOTAL	11436

AREA MAP

PARKING COUNT

TYPE	QUANTITY
STANDARD PARKING SPOTS	22
HANDICAP PARKING SPOTS	2
TOTAL	24

STRIPING SUMMARY

ITEM	QUANTITY
STOP LETTERS	1
STOP LIMIT LINE	1
PARKING 'T' S	20
HANDICAP LEGEND	2
CROSS-HATCH (4" STRIPE)	4
FIRE HYDRANT MARKERS	6

CROSS-HATCH  
 41'x9' WRAP  
 AROUND CORNER

CROSS-HATCH  
 TYP. 6.5'x8'

2 PARKING  
 SPACES @ 20'

1 HANDICAP PARKING  
 SPACE @ 20'

6 PARKING  
 SPACES @ 20'

1 HANDICAP PARKING  
 SPACE @ 20'

9 PARKING  
 SPACES @ 20'

5 PARKING  
 SPACES @ 20'

AS BUILT

DATE ACCEPTED \_\_\_\_\_  
 PROJECT ENGR. \_\_\_\_\_  
 REVISIONS BY \_\_\_\_\_  
 DATE \_\_\_\_\_



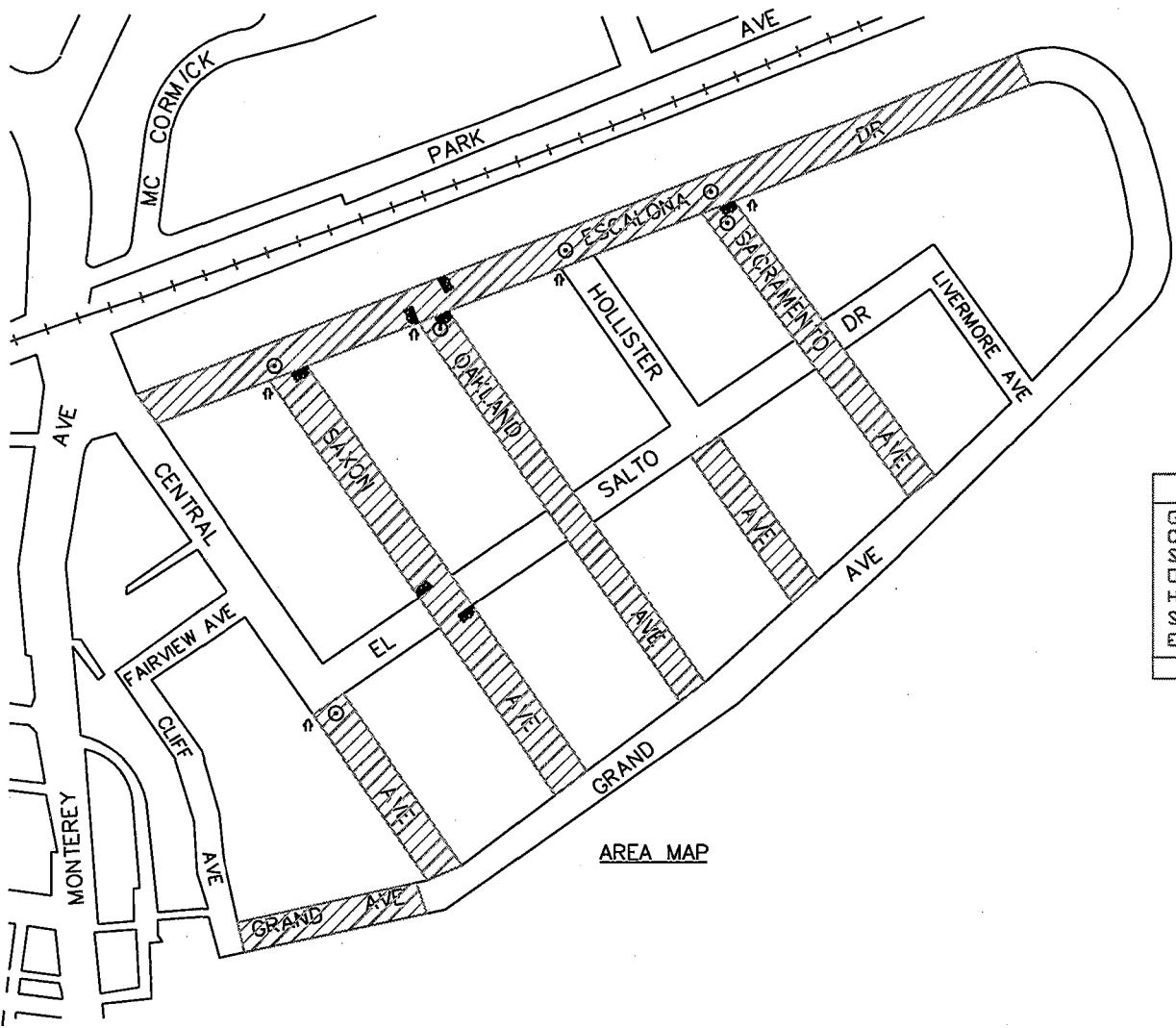
CITY OF CAPITOLA  
 DEPARTMENT OF PUBLIC WORKS

NO.	BY	DATE	REVISION	CHK. BY	DATE	SCALE	NTS

SLURRY SEAL 2012  
 JEWEL BOX

DESIGNED BY: MP 6-18-12  
 DRAWN BY: SEJ 6-18-12  
 APPROVED BY: \_\_\_\_\_  
 SCALE: NTS

SHEET 2  
 OF 5



⊙ DENOTES FIRE HYDRANT MARKER  
 ⚡ FIRE HYDRANT

SLURRY SEAL QUANTITY SUMMARY

STREET	LIMITS	S. Y.
GRAND AVE.	CLIFF AVE - CENTRAL AVE	881
CENTRAL AVE	EL SALTO DR - GRAND AVE	1439
SAXON AVE	ESCALONA AVE - GRAND AVE	1948
OAKLAND AVE	ESCALONA AVE - GRAND AVE	1773
HOLLISTER AVE	EL SALTO DR - GRAND AVE	636
SACRAMENTO AVE	ESCALONA AVE - GRAND AVE	1418
ESCALONA AVE	WEST END - EAST END	6260
TOTAL		14355

STRIPING SUMMARY

ITEM	QUANTITY
STOP LETTERS	7
STOP LIMIT LINE	7
FIRE HYDRANT MARKERS	6

AREA MAP

AS BUILT

DATE ACCEPTED \_\_\_\_\_  
 PROJECT ENGR. \_\_\_\_\_  
 REVISIONS BY: \_\_\_\_\_  
 DATE: \_\_\_\_\_



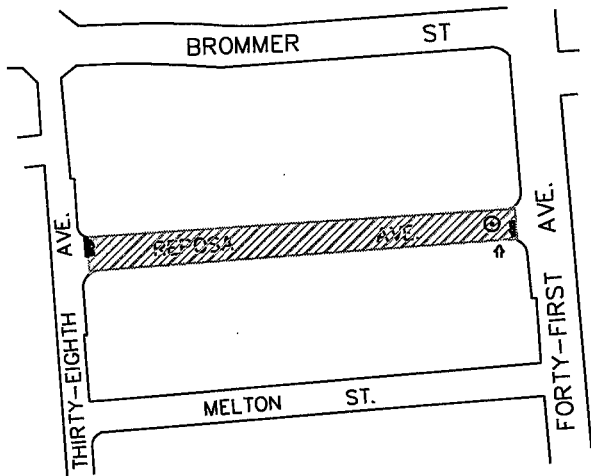
CITY OF CAPITOLA  
 DEPARTMENT OF PUBLIC WORKS

NO.	BY	DATE	REVISION	CD

SLURRY SEAL 2012 DEPOT HILL		SHEET
DESIGNED BY	6-18-12	3
CHECKED BY	6-18-12	
APPROVED BY		DATE
SCALE: NTS		OF 5

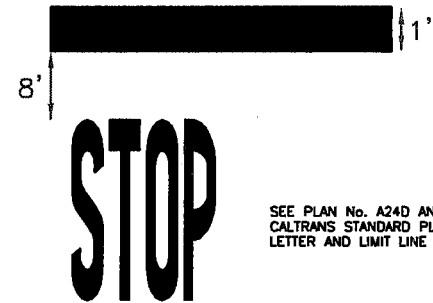






AREA MAP

⊙ DENOTES FIRE HYDRANT MARKER  
 † FIRE HYDRANT

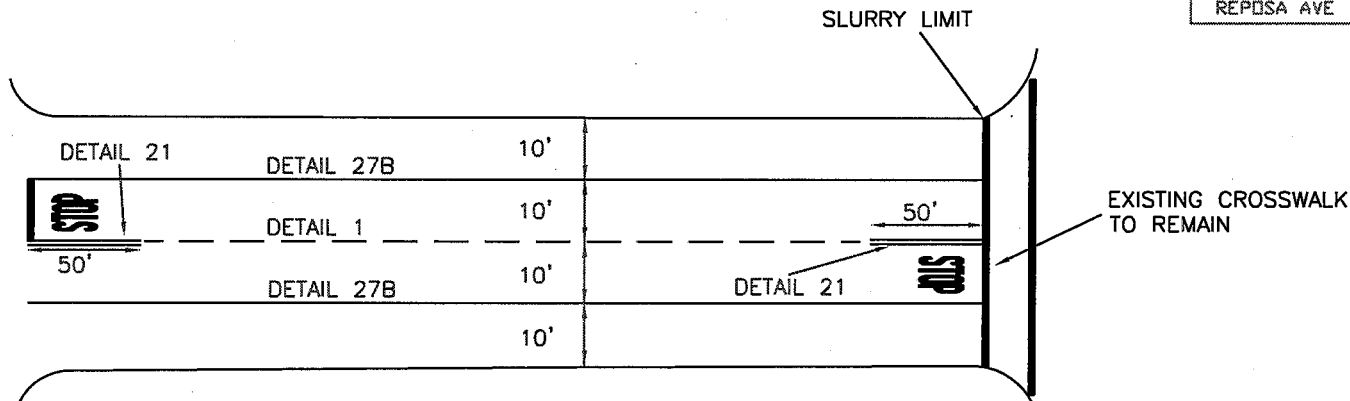


STOP BAR DETAIL

SEE PLAN No. A24D AND A24E OF CALTRANS STANDARD PLANS FOR LETTER AND LIMIT LINE DIMENSIONS.

SLURRY SEAL QUANTITY SUMMARY

STREET	LIMITS	S. Y.
REPOSA AVE	38TH AVE - 41ST AVE	2787



REPOSA AVENUE STRIPING PLAN

STRIPING SUMMARY

ITEM	QUANTITY
STOP LETTERS	2
STOP LIMIT LINE	1
DETAIL 1 STRIPE	560'
DETAIL 27B STRIPE	1370'
DETAIL 21 STRIPE	100'
FIRE HYDRANT MARKER	1

AS BUILT

DATE ACCEPTED \_\_\_\_\_  
 PROJECT ENGR. \_\_\_\_\_  
 REVISIONS BY \_\_\_\_\_  
 DATE: \_\_\_\_\_



CITY OF CAPITOLA  
 DEPARTMENT OF PUBLIC WORKS

NO.	BY	DATE	REVISION	CHK'D	SCALE	NTS	DATE	OF

SLURRY SEAL 2012  
 REPOSA AVE

DESIGNED BY: MP 6-18-12  
 DRAWN BY: SEJ 6-18-12  
 APPROVED: \_\_\_\_\_  
 SCALE: NTS  
 DATE: \_\_\_\_\_  
 SHEET 5 OF 5





# CITY COUNCIL AGENDA REPORT

## MEETING OF JUNE 28, 2012

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: POLICE CAPTAINS MEMORANDUM OF UNDERSTANDING FOR THE PERIOD OF JULY 1, 2012 THROUGH JUNE 30, 2013

**RECOMMENDED ACTION:** Authorize the City Manager to approve the negotiated changes in benefits for July 1, 2012 – June 30, 2013 for the Police Captains bargaining unit.

**BACKGROUND:** The Police Captains Bargaining Unit Memorandum of Understanding (MOU) expires on June 30, 2012. As required by state law the City has negotiated with the bargaining unit on working conditions, salary and benefit changes, and has reached agreement the unit.

**DISCUSSION:** After several weeks of good faith negotiations with the Police Captain's bargaining unit the City negotiating team recommends a one year contract expiring June 30, 2013 which includes a requirement that new employees pay 5% more toward their pension costs during their first five years with the City.

In addition, the Captain has agreed to a zero Cost of Living Adjustment during the term of this agreement. There will be an increase for health care as follows: employee only and those who choose not to utilize the City's insurance, an increase of \$25 per month, employee plus one and employee plus two will receive an increase of \$50 per month to help offset the rising cost of health insurance.

**FISCAL IMPACT:** The total cost for this agreement is \$600 for FY12/13. Below is a summary table with the cumulative fiscal impact of the agreement with the Police Captains and the agreements that were recently approved. Year three is based on a 1% salary increase for the other groups. Year three fiscal impacts will be dependent upon the actual CPI, but by knowing the impact of 1% one is able to formulate a fiscal scenario.

	Year 1	Year 2	Year 3
ACE	\$ 15,000	\$ 10,000	\$ 17,700
Mid-Managers	\$ 2,100	\$ 2,100	\$ 5,200
Dept. Heads	\$ 1,800	\$ 8,050	\$ 10,250
Confidential	\$ 1,200	\$ 1,200	\$ 2,400
Captain	\$ 600	N/A	N/A
Added Cost per year	\$ 20,700	\$ 21,350	\$ 35,550
Total Cumulative added cost	\$ 20,700	\$ 42,050	\$ 77,600

The 5% PERS cap reduction for new employees will result in limited savings in the next fiscal year as it is unlikely the City will hire a significant number of new employees. Over the long term it is anticipated the costs savings from the PERS cap reduction, if applied to all bargaining units in the City, will average approximately \$50,000 – \$70,000/year, or 1% of payroll.

**ATTACHMENT:** MOU for the Police Captain's Employees' Bargaining Unit.

Report Prepared By: Lisa G. Murphy  
Administrative Services Director

Reviewed and Forwarded  
by City Manager: 

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE  
POLICE CAPTAINS AND CITY OF CAPITOLA  
PERIOD 7/1/12-6/30/13**

This Memorandum of Understanding (MOU) shall become effective upon ratification by the Police Captains (Employees) and approval by the City of Capitola City Council. This MOU shall be in effect from July 1, 2012 to June 30, 2013.

In recognition of the need to prevent compaction between the Captains and the Police Officer Association (POA) employees, the Captains shall not receive less than the cost of living adjustments received by the Police Officers Association for any given year under consideration. Should an increase of the POA cost of living be more than the Captains salary adjustment for that contract year, the Captain's salary shall be adjusted by the increased amount and such adjustment shall occur at the time the POA adjustment is implemented. It also is the City's goal to maintain a minimum 15% differential in compensation between a top-step Sergeant and a top step Captain taking into account salary, education incentive pay, shift differential and longevity pay.

1. Personnel Rules

The Personnel Rules and Regulations of the City of Capitola, existing or hereafter adopted, are not altered, changed or modified unless by explicit provisions of this MOU.

2. Salary

- A. Attached hereto is a salary schedule applicable to Police Captains.
- B. Except as provided in Section 3, Employee's monthly salary shall be as shown on the attached schedule. "Salary" does not include, and is in addition to: flex plan, PERS, or other benefits to which Employee is entitled. For the purposes of this contract, Police Captains start at Step E of the attached pay scale that was in effect at the time of promotion.

3. Longevity Pay Incentive

Employees having 10 consecutive years of full time employment with the City of Capitola are eligible for a 5% longevity enhancement, which shall be applied to base salary. Employees having 15 consecutive years of full time employment with the City of Capitola are eligible for an additional compounded 5% longevity enhancement.

4. Vacation

- A. Vacation  
Vacation Accrual

Vacation accrues on a prorated basis, based upon a 30-day month. The rates of accrual are as follows:

<u>Years of Employment</u>	<u>Vacation Days</u>
1 and 2	12
3 and 4	14
5 through 9	17
10 through 19	22
20 and higher	27

B. Accumulation

- (1) An employee, may generally not accumulate more than 540 hours of vacation, but instead each year must cash out, pursuant to Sections 4C and 4D below, all accumulated vacation in excess of 67.5 days (540 hours), except that
- (2) An employee who had accumulated more than 67.5 vacation days (540 hours) as of 6/30/94 may maintain that level: provided, however, that if accumulated vacation falls below 67.5 days (540 hours), the provisions of (B) (1), above shall thereafter apply.

C. Vacation Cash Out On Termination

An employee who has unused vacation and who leaves the City service for any reason will not continue to accrue vacation after the last day of regular on-the-job employment (separation date) and will be paid at the then applicable rate for all accumulated but unused vacation leave to the date of separation.

D. Vacation Cash Out Before Termination

Employee will be eligible to convert up to 40 hours per fiscal year of accumulated vacation time to cash. The pay out rate is calculated by converting Employee's salary, at the rate applicable on the cash out date, to an hourly rate in the manner set forth in attached section 2 of Standard MOU Provisions.

5. Holidays/Personal Holidays

Holiday compensation is covered by Section 40 of the attached "Standard" and "Additional" MOU provisions, with the following exceptions:

Employee shall also be entitled to 3 personal holidays per calendar year. Unused personal holidays are not cumulative.

6. Incorporated Provisions

The following sections of the "Standard" and "Additional" MOU are attached hereto and incorporated herein: 2 (Wage Schedule/Hourly Rates), 3 (Service), 4 (Types of Appointments), 5 (Beginning Salary Rates), 6 (Advancement Within

Schedule), 7 (Promotion To New Position), 9 (Personnel Rules), 10 (Effective Date of Pay Increase), 13 (Sick Leave Defined), 16 (Bereavement Leave), 17 (Family and Medical Leave Act of 1993), 19 (Accruals After Date of Separation), 22 (Drug Free Policy), 26 (Re-opener), 40 (Holidays), and 50 (Education Reimbursement).

7. Sick Leave Accrual/Medical Report  
Sick leave accrues on a prorated basis, based upon a 30-day month. Twelve days (96 hours) accrue each calendar year.
  
8. Sick Leave Cash Out  
Employees shall have no right to cash out any sick leave. With the exception of Captain Tom Held who is subject to a memorandum dated May 22, 2003 from the City Manager which states under item #3, "A second set of employees are those who have accumulated more than 240 hours of sick leave as of 6/30/94 and who have been employed for at least ten years. These employees are identified by name on a list maintained by the Executive Assistant to the City Manager, and these employees have their cashable sick leave capped at the amount accumulated on that 6/30/94 date, and this amount of cashable sick leave shall remain as cashable sick until: 1) all or any portion of the cashable sick leave is cashed out, in which case the amount of accumulated cashable sick leave hours is permanently reduced by the amount of hours cashed out and shall not ever be increased; 2) all or any portion of the cashable sick leave is reduced through use, in which case the amount of cashable sick leave hours is permanently reduced by the number of hours used and shall not ever be increased; 3) termination, at which time all remaining cashable sick leave shall be cashed out, unless an agreement to extend the period of cash out is reached between the City and employee." At the time of ratification of this MOU, Captain Held has 517.68 eligible cashable sick leave hours.
  
9. Insurance  
The City will provide term life insurance in the amount of \$50,000 and long-term disability insurance to date of separation.
  
10. Physical Examinations  
The City, in conjunction with the comprehensive health care insurance program, will provide an annual physical examination for Employee only. City will pay the amount not covered by the health care program.
  
11. Retirement Program  
The City participates in the Public Employees Retirement System operated by the State of California. Benefits provided are detailed in separate publications, depending upon the plan. The City pays the employee and employer share of the retirement contributions and has a 3% at 50 program for safety programs. The parties understand that when the City's PERS Excess Assets have significantly decreased, the City's Total Employer Rate will increase: Each member of the bargaining unit agrees to a cap on the amount that the City will pay to PERS. That cap will be 28.291%. The Cap is calculated as follows:

	2008-09 MOU Cap
	<u>Net POB</u>
Employer Variable:	16.955%
Employer paid employee costs	9.000%
Employer paid member contrib. (a)	1.526%
Employer paid member contrib. (b)	<u>0.810%</u>
TOTAL	28.291%

Should at any time the PERS costs to the City exceed the percentages defined above, the employees agree that the portion of the employer paid employee costs or employer paid contributions will be reduced and assumed by the employee in an equal percent or any part of a percent that actual PERS costs exceed the above caps. If at any time the employer paid employee costs or employer paid member contributions are wholly paid by the employee and PERS costs continue to increase the employee will also assume those increases. It is agreed by the City and the Captains that this provision expires with the termination of this Memorandum of Understanding and is open for negotiation for renewal of the next Memorandum of Understanding.

With regard to the "Amortization of Side Fund" portion of the employer rate, i.e. the portion of the employer rate attributable to the City's unfunded liability, if PERS should in the future decrease that rate as a direct result of a City payment to reduce the Side Fund, the City's cap would reduce by the percentage decrease that PERS identifies as resulting from the City payment. This also applies to the 2007 Capitola Pension Obligation Bond.

For all eligible employees hired on or after July 1, 2012 the City's PERS contribution rate shall be capped at no more than 23.291% of reportable salary. Once an employee hired on or after July 1, 2012 accrues five (5) years of total service, s/he shall be entitled to the same terms that apply to all other current employees. EPMC and the Value of EPMC will be the same for employees hired after July 1, 2012 as employees hired prior to that date.

All employees hired prior to July 1, 2012 the City's contribution cap shall remain as stated above at 28.291%.

12. Jury Duty

Leave of absence with pay shall be granted to Employee while serving on jury duty. Any jury fee awarded shall be deposited with the City Treasurer.

13 Grievance Procedure

A. Definition. Until modified by adoption of City-wide Personnel Rules, grievance is defined as an allegation by an employee or group of employees that the Employer has failed to provide a condition of employment, which is established by law, Compensation Plan, by an pertinent written City or departmental rules, provided that the enjoyment of such right is not made subject to the discretion of the Employer by the



terms of this Compensation Plan and, provided further, that if the grievance pertains to "conditions of employment" the subject is a matter that is within "scope of representation" as defined in California Government Code Section 3504.

B. Department Review and Adjustment of Grievances. The following is the procedure to be followed in the resolution of grievances.

1. Employee shall have the right to consult with and be assisted by a representative of his own choice in this and all succeeding steps of this section and may thereafter file a grievance in writing with the immediate supervisor. Within five actual working days after receipt of any written grievance, the immediate supervisor shall return a copy of the written grievance to Employee with his/her answer thereto, in writing.
2. If the grievance is not resolved at the first level, Employee shall have five actual working days after receipt of the answer within which to file an appeal with the City Manager.
3. The City Manager shall have five actual working days in which to review, and if necessary, hold hearings, and answer the grievance in writing. Unless waived by the mutual agreement of Employee or his representative and the City Manager, a hearing is required at this step, and Employee, and his representative, shall have the right to be present and participate in such hearing. The time limit at this step may be extended by mutual agreement between the City Manager and Employee or his representative.

C. Effect of Failure of Timely Action. Failure of Employee to file an appeal within the required time limit at any step shall constitute an abandonment of the grievance. Failure of the Employer to respond within the time limit at any step shall result in an automatic advancement of the grievance to the next step.

D. Limitation on Stale Grievances. A grievance shall be void unless presented within thirty (30) calendar days from the day upon which the Employer has allegedly failed to provide a condition of employment, or within thirty (30) calendar days from the time at which an employee might reasonably have been expected to learn of such alleged failure to provide. In no event shall any grievance include a claim for salary or similar monetary relief for more than the thirty-day period plus such reasonable discovery period.

14. Administrative Leave

As an exempt employee, Employee is entitled to 10 days per year of Administrative Leave (time off). Administrative Leave is non-cumulative. It may not be converted to cash.

15. Mileage Reimbursement

Employees required to use their personal vehicles while on City business will be reimbursed at the most recent rate set by the Internal Revenue Service.

16. Flexible Spending Arrangement Contributions

The City makes a flexible spending arrangement ("Flex Plan") contribution on behalf of each qualified employee. For those employees who have selected health coverage through PERS, from the monthly contribution set forth herein, \$108 per month effective January 1, 2011, will be paid to PERS for what is sometimes referred to as "employer contribution". For all employees the City will no longer charge to the employee the \$1.50 per paycheck plan fee. The contribution for full-time regular employees is as follows:

- Employee Only: \$675 per month
- Employee + 1: \$849 per month
- Employee + 2 or more: \$1,099 per month

Employees who can verify to the City's satisfaction that: they have equivalent health coverage for medical (including dental & vision) provided through their spouse, which will remain in effect until the next enrollment date; or who purchase a CalPERS Health Plan and dental and vision coverage, but do not use their entire monthly contribution may use the remaining funds to purchase benefits other than medical (including dental & vision) coverage or take this amount in cash for the employee only contribution amount. (If a cash payment is taken, it is not included in the employee's compensation for the CalPERS retirement plan).

The city reserves the option of adding additional programs to the cafeteria plan, as they may become available.

17. Uniform Allowance

Each year Employer shall pay \$29.00 per pay period as and for a uniform allowance. Employer has made no representation as to the tax treatment of such allowance.

Compensation paid or the monetary value for the purchase, rental and/or maintenance of required uniforms will be reported to CalPERS, to the extent allowable by CalPERS.

18. Workers Compensation

Workers Compensation is payable as provided in the California Labor Code.

19. Reserved

20. Captain probation

Probation for the position of Captain shall be six months and shall be governed by the attached Standard MOU Provisions.

CITY OF CAPITOLA

By: \_\_\_\_\_

Date: \_\_\_\_\_

**EMPLOYEE**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**EXCERPTS FROM STANDARD MOU PROVISIONS**

2. Wage Schedules/Hourly Rates

The wage schedules contained in, or attached to, this Memorandum of Understanding set forth the base pay, subject to such adjustments (such as longevity pay) as are specifically set forth in this MOU. Letters, such as "A" to "F", designate the respective pay steps for each position. The rates contained in the wage schedule do not include overtime or benefits.

Whenever it is necessary to compute an hourly pay rate in order to apply an provision of this MOU, that will be done by multiplying any monthly rate by 12 in order to derive an annual rate, and dividing the annual rate by 2080 (or proportionate number of hours for part time positions, e.g., 1040 for a half-time position).

3. Service

The word "service" as used in this Memorandum of Understanding means continuous full-time service in the position in which the employee is being considered for salary advancement, service in a higher position, or service in a position allocated to the same salary schedule and having generally similar duties and requirements. A lapse of service of any employee for a period of time longer than thirty days by reason of resignation or discharge shall serve to eliminate the accumulated length of service time of such employee, and any such employee re-entering the service of the City shall be considered as a new employee.

4. Types of Appointment

The following types of appointment may be either full-time, as established by the City Manager:

a. Probationary appointment

A probationary appointment is for a specified period of time, during which job performance is evaluated as a basis for subsequent regular appointment.

b. Regular appointments.

A regular appointment ordinarily follows successful completion of a probationary period. "Regular" means a position that is, regardless of the number of hours worked per week, intended to be continuous and uninterrupted (except for authorized paid or unpaid leave). Positions intended to be seasonal, of a limited term, on call only, emergency, intermittent, substitute, or on any other irregular basis are not "regular." The positions set forth in the wage schedule are all regular positions, and unless specifically stated, the pay rate is applicable to a full-time position. All positions covered by the section are half time or more.

c. Acting appointments.

An acting appointment occurs when an employee is temporarily assigned to, and performs all the duties of a position other than the position he/she normally occupies, or when an employee is assigned an acting appointment pending evaluation of the employee's ability to perform the duties of the position.

d. Accruals for part time positions.

When a position is less than full time it will be classified by a fraction. For example "half-time" regular employment is expected to average 20 hours per week; "three-quarters" employment is expected to average 30 hours per week. Vacation accrual, sick leave accrual, Flex Plan contributions, holidays, personal holidays are paid or accrued according to these classifications. Thus, compared to a full time employee, a half-time employee, even if actual time occasionally exceeds or falls below 20 hours in a week, when compared to a full time employee: receives one-half the Flex Plan contribution; accrues one-half the number of hours of vacation or sick leave; and is paid for four hours on a holiday or personal holiday.

5. Beginning Salary Rates

A new employee's base pay shall be computed by using the rate shown as step "A" in the schedule allocated to the class of employment for which the employee has been hired, except that upon recommendation of the department head under whom the employee will serve and with the approval of the City Manager, such new employee may be employed at a higher step, depending upon the employee's qualifications.

6. Advancement Within the Schedule

The following provisions govern salary advancement within the schedule:

a. Probationary advancement

Upon successful completion of probation, an employee (except an employee that was hired at the top step) will advance one step.

b. Regular Merit advancement

An employee may be considered for advancement upon completion of the minimum length of service specified for step increases. Unless specifically otherwise stated, this will be 12 months for full-time appointments and proportionately adjusted for other appointments. For instance half-time appointments will be evaluated for regular merit adjustments every 24 months. Advancement to higher steps shall be granted only for continued meritorious and efficient service and continued improvement by the employee in the effective performance of the duties of the position held.

c. Special Merit advancement

When an employee consistently demonstrates exceptional ability and proficiency in the performance of assigned duties, the supervising department head may recommend to the City Manager that said employee be advanced to higher pay step without regard to the minimum length of service provisions contained in this resolution. The City Manager may approve and effect such advancement.

d. Denial of advancement

When an employee has not been approved for advancement to the next higher wage step, such employee may be reconsidered for such advancement after the completion of three months of additional service.

7. Promotion to New Position

When an employee is promoted to a position in a higher classification, such employee shall be assigned to step "a" in the appropriate schedule for the higher classification. However, if such employee is already being paid at a rate equal to or higher than step "A", he/she shall be placed in the step in the appropriate salary schedule which will grant such employee a salary increase of not less than 5%.

9. Personnel Rules

The City retains the right to amend and create personnel rules, provided they are not in conflict with specific provisions of the MOU. Where appropriate, City will meet and confer with applicable employee group or groups (Government Code Section 3300 and following), before amending or creating new personnel rules.

10. Effective Date of Pay Increase

A merit-pay advancement for an employee shall become effective on the first day of the pay period in which the minimum length of service has been satisfactorily completed. Any other mid-pay period payroll adjustments will occur at the beginning of the pay period in which the adjustment falls for all odd numbered calendar years; and, at the beginning of the following pay period for the even number calendar years.

13. Sick Leave Defined

Employees have the right under federal and state law (see Section 17 below) to be absent from regularly scheduled work without being reprimanded, disciplined, or discharged. They may also have additional rights under their MOUs. "Sick leave" as used herein refers to an employee's rights to be compensated, by means other than Workers Compensation benefits, while on medical leave or where so allowed, by specific provisions in the MOU, such as bereavement leave.

16. Bereavement Leave

Leave of absence with pay because of death in the immediate family of an employee shall be granted for a period not to exceed three days. Entitlement to leave of absence under this section shall be in addition to any other entitlement for sick leave, or any other leave. For purposes of this section, "immediate family" means mother, step-mother, father, step-father, husband, wife, son, step-son, daughter, step-daughter, brother, sister, foster parent, foster child, brother-in-law, sister-in-law, mother-in-law, father-in-law and grandparents.

17. Family & Medical Leave Act of 1993

The City shall follow the provisions provided for family leave as specified in the federal Family & Medical Leave Act of 1993, and the state Family Rights Act as it applies to public employees.

19. Accruals after Date of Separation

An employee's separation date is the last date actually worked, except that an employee who, as of the last day worked, has not used all of his/her yearly allotment of vacation may extend the separation date by the number of days necessary to reach the full yearly allotment. "Yearly allotment" means the amount of vacation that the employee was entitled to accrue in his/her last year of employment. Unless otherwise provided by state law, none of the following accrue after the date of separation: sick leave, vacation, personal holidays, holiday pay, administrative leave, Flex Plan contributions, or the insurance described in Section 20.

22. Drug Policy

The City is implementing its "Drug Free Workplace Policy".

26. Re-opener

Upon request of any bargaining unit, the parties will negotiate whether specific provisions will be added to the MOU about awards of days off for five years of accident free work

40. Holiday Schedule

There shall be twelve (12) holidays granted annually for the life of the MOU. The holidays to be observed during the calendar year 2012 are set forth below.

---

New Year's Day	1/01
Martin Luther King Day	*
Lincoln's Birthday	2/12
Washington's Birthday	*
Memorial Day	*
Independence Day	7/4
Labor Day	*
Columbus Day	*
Veterans' Day	11/11
Thanksgiving Day	*
Friday Following Thanksgiving	*
Christmas Day	12/25

\*These Holidays are taken at the same time as the federal holiday is scheduled. Holidays listed above occurring on a Saturday shall be observed on Friday. Holidays occurring on a Sunday shall be observed on Monday.

In addition, City hall will be closed for one week during the Christmas holidays during which employees affected by the closure will be permitted to use vacation, personal holidays or sick leave in order not to lose compensation.

50. Education Reimbursement Program

The City will reimburse employees for tuition and textbooks upon the completion of courses approved in advance by the City Manager in accordance with the following schedule:

State supported California colleges and universities - 100% tuition and textbook reimbursement.

Private colleges and universities - 100% of tuition or the tuition of the University of California whichever is less. Textbook reimbursement will be at 100%.

ATTACHMENT 1

SALARY SCHEDULE

July 1, 2012 Salary Rate	Step A	Step B	Step C	Step D	Step E	Step F
Captain	\$ 8,037	\$ 8,439	\$ 8,861	\$ 9,305	\$ 9,771	\$ 10,260





Item #: 9.A.

## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 28, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT  
SUBJECT: CONTINUATION OF 700 ESCALONA DRIVE – PROJECT APPLICATION # 12-019  
APPEAL OF PLANNING COMMISSION DECISION TO DENY A COASTAL PERMIT  
AND DESIGN PERMIT TO CONSTRUCT A NEW TWO-STORY SINGLE-FAMILY  
RESIDENCE IN THE R-1 (SINGLE-FAMILY RESIDENCE) ZONING DISTRICT [APN 036-  
141-20]. FILED 2/14/12. PROPERTY OWNER: LORI PERPICH & ALBERTO MUNOZ.  
REPRESENTATIVE: DEREK VAN ALSTINE

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**RECOMMENDED ACTION:** That the City Council review the revised design. After review of the design, overturn the Planning Commission denial and approve application #12-019 with the added condition that the three rear windows on the west elevation be modified to protect the privacy of the adjacent neighbor.

**BACKGROUND:** The City Council conducted a hearing regarding this application on May 24, 2012. The Council directed the applicant to work on a modified design. The application has submitted a new design for Council consideration. As this item was continued to a date certain, no new public noticing was done.

**DISCUSSION:** The applicant has submitted a revised design for the 18 foot wide lot on Escalona Drive. The new design conforms to all zoning requirement for development on a lot in the R-1 Zoning District. The house is a total of 965 square feet and provides two uncovered tandem parking places. The City's R-1 standards do not require covered parking for single-family residents smaller than one thousand five hundred (1,500) square feet. The proposal is consistent with front, rear and side yard setback requirements. The design mimics the approved new house being built to the east. The plan which was previously presented to the Council required a variance to allow for two side-by-side parking places at the front of the property. Eliminating the need for the variance has resulted in the building moving more to the rear of the lot but the house still maintains the required 20-foot rear yard setback.

While the project is consistent with the City's zoning regulations, the Council may want to add a condition for some modification to the three rear second-story windows on the west elevation overlooking the neighbor's rear yard. Moving the house to the rear of the property to accommodate the two tandem parking places results in part of the building being located partially behind the existing single family residents on the west side. Traditionally the Design Review process does evaluate the impact a new house or addition on the private open space of neighbors. It would be possible for the three rear windows to use frosted or other obscure glass or the windows themselves be redesigned. This decision could be left up to the applicant but require the sign off of the Community Development Director before a building permit is issued.

### **ATTACHMENTS**

1. Staff Report from the May 24, 2012 City Council Meeting (no attachments except plans submitted May 9, 2012);
2. Appeal letter from applicant Derek Van Alstine, dated April 23, 2012;
3. April 19, 2012 Planning Commission Staff Report;
4. April 19, 2012 Planning Commission Minutes;
5. Revised Plans submitted for the June 28, 2012 City Council meeting;
6. Plans submitted for the May 24, 2012 City Council meeting;
7. Conditions and Findings.

Report Prepared By: Susan Westman  
Interim Community Development Director

Reviewed and Forwarded  
By City Manager: 



## CITY COUNCIL AGENDA REPORT

MEETING OF MAY 24, 2012

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: 700 ESCALONA DRIVE – PROJECT APPLICATION # 12-019  
 APPEAL OF PLANNING COMMISSION DECISION TO DENY A COASTAL PERMIT AND DESIGN PERMIT TO CONSTRUCT A NEW TWO-STORY SINGLE-FAMILY RESIDENCE IN THE R-1 (SINGLE-FAMILY RESIDENCE) ZONING DISTRICT [APN 036-141-20]. FILED 2/14/12. PROPERTY OWNER: LORI PERPICH & ALBERTO MUNOZ. REPRESENTATIVE: DEREK VAN ALSTINE.

---

**RECOMMENDED ACTION:** That the City Council overturn the Planning Commission denial and approve application #12-019.

**BACKGROUND:** On April 19, 2012, the Planning Commission considered an application proposing to demolish an 882 square foot single-family residence currently located on two legal lots of record, and then construct two new two-story single-family residences, one on each lot. The Commission unanimously approved the house located on the standard 4,000 square foot parcel (APN 036-141-005), but denied the house located on the smaller 1,800 square foot parcel (APN 036-141-020) on a 2-1 vote. The two commissioners that opposed the house on the smaller lot objected to the two variances being requested, a second floor side yard variance, and a driveway landscape strip variance.

The applicant has appealed the application (Attachment 1). The appeal letter, Planning Commission report and corresponding minutes from the hearing are attached as Attachments 1 through 3. In addition, the applicant has revised the floor plans to eliminate the requested side yard setback variances. The revised plans are included as Attachment 4.

**PROJECT DESCRIPTION:** The subject site is a fairly flat pair of parcels containing an 882 square foot single-family residence within a developed single-family neighborhood. With the existing home proposed for demolition, the application is to construct two new single-family homes, one on each legal lot of record. As previously mentioned, the Planning Commission approved the larger home on the standard 4,000 square foot parcel. The house conforms to the R-1 single-family development standards, including height, setbacks, parking, and floor area ratio (FAR).

The smaller of the two lots (APN 036-141-020) is only 18' in width, totaling 1,800 square feet. The new two-story home is proposed to be 1,044 square feet with no garage. The smaller house will match the larger home, using the same architecture and materials. A color and materials board will be available for review at the City Council meeting.

Two turf block parking spaces will be located in front of the home, with a concrete entry path and new landscaping to match the adjacent parcel. The parcel is located in a curb, gutter, and sidewalk exempt area, therefore no street improvements are proposed. Utilities will be required to be undergrounded. The proposed house conforms to most of the R-1 single-family development

standards; however, two variances were requested of the Planning Commission. As previously mentioned, the applicant has revised the floor plans to eliminate the requested side yard setback variance.

### Variances

As part of the Planning Commission consideration, two variances were being requested for the smaller lot:

1. Second Floor Side Yard Setback - As per the R-1 zoning requirements, the required side yard setback for the second floor is 4'-6". The structure is proposed to encroach 1 ½" into the side yard setback along the left side, maintaining a 4'-4 ½" setback.
2. Reduction in Landscaping – Section 17.51.130(10) requires that "Two feet of landscape planting is required in the front yard setback between the parking area and the side property line." Due to the 18' width of the lot, and the fact that the minimum width for the two combined parking spaces is 18', there is no room to meet the two foot landscape strip requirement.

Since the denial by the Planning Commission, the applicant has revised the drawings and has been able to eliminate the need for the second floor side yard setback variance. The only variance necessary at this time is for the reduction in landscaping.

Per Code Section 17.66.090, a variance permit may be granted if the City Council finds:


1. That because of special circumstances applicable to subject property, including size, shape, topography, location or surroundings, the strict application of this title is found to deprive subject property of privileges enjoyed by other properties in the vicinity and under identical zone classification;
2. That the grant of a variance permit would not constitute a grant of special privilege inconsistent with the limitations upon other properties in the vicinity and zone in which subject property is situated.

**DISCUSSION:** The applicant has eliminated the need for the second floor side yard setback, and has made an effort to add greenery to the front yard by incorporating turf block into the required parking areas. Staff can support the requested landscape reduction variance, specifying the constraints associated with the extremely narrow width of the lot, as well as the small size of the lot.

### ATTACHMENTS

1. Appeal letter from applicant Derek Van Alstine, dated April 23, 2012
2. April 19, 2012 Planning Commission Staff Report
3. April 19, 2012 Planning Commission Minutes
4. Revised plans submitted May 9, 2012
5. Conditions and Findings

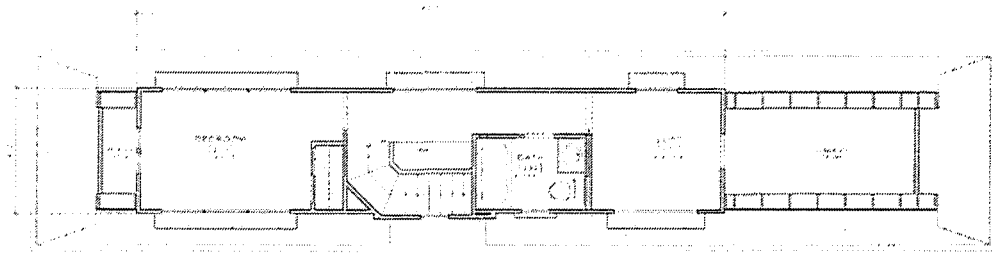
Report Prepared By: Ryan Bane  
Senior Planner

Reviewed and Forwarded  
By City Manager: 

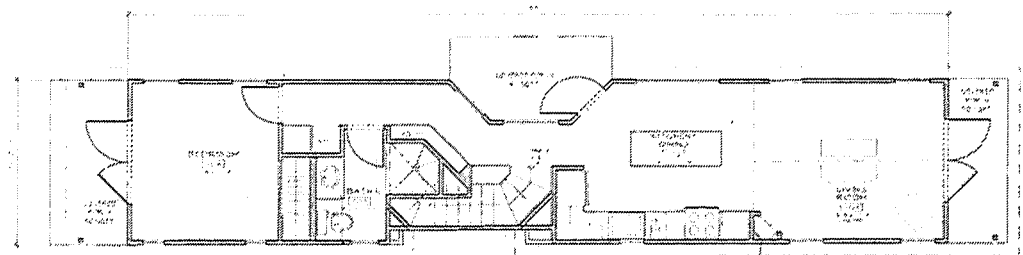








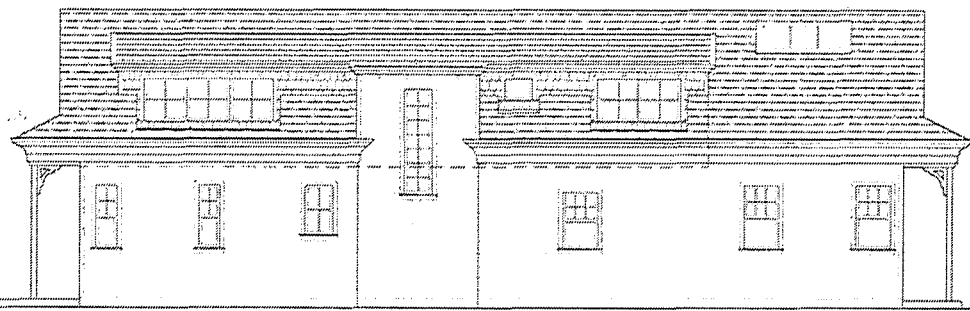
② SECOND FLOOR PLAN



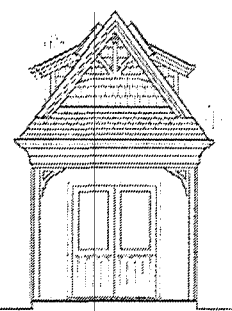
① FIRST FLOOR PLAN

WALL LINE

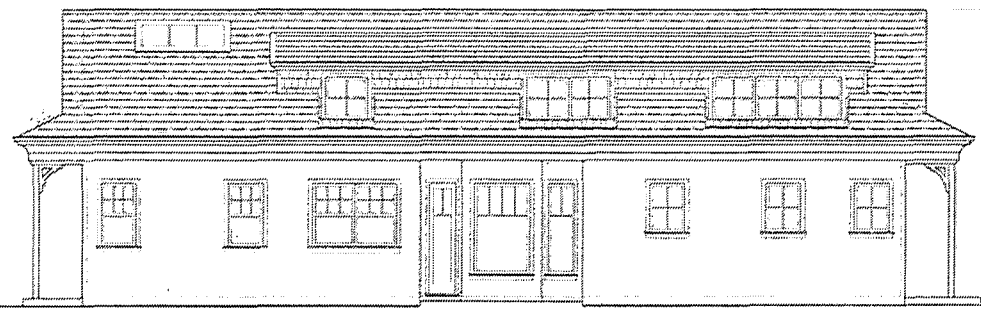
DEREK VAN ALSTINE  
 RESIDENTIAL DESIGN INC.  
 DWRD.  
 MUNCY COTTAGE  
 73 ESCALONA DRIVE  
 CAPITOLA, CA 95010  
 A2



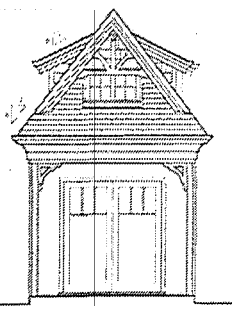
2 WEST ELEVATION



1 SOUTH ELEVATION

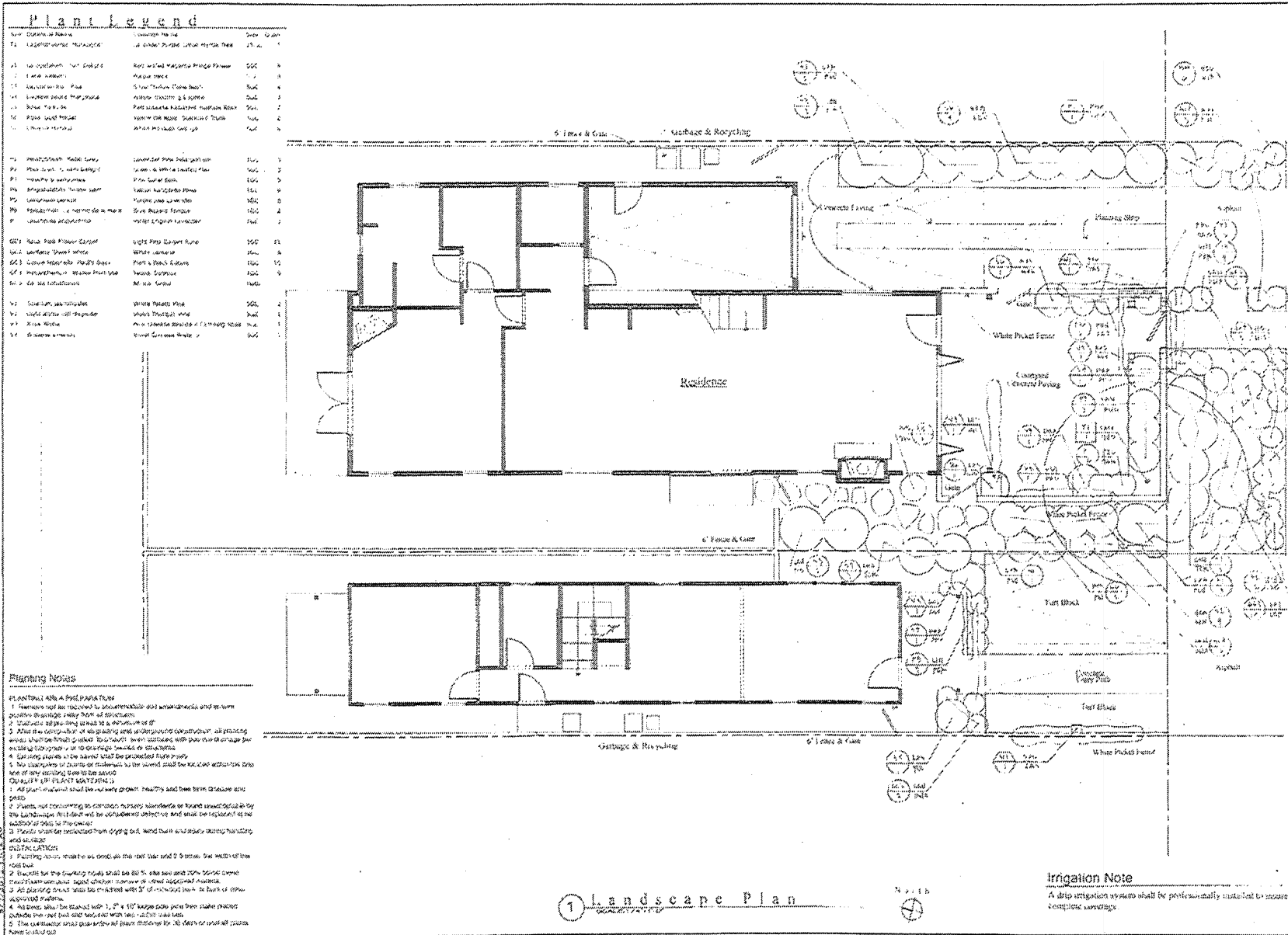


4 EAST ELEVATION



3 NORTH ELEVATION





**Plant Legend**

Code	Plant Name	Quantity	Notes
P1	Large Tree	1	Plant in front of house
P2	Medium Tree	2	Plant in front of house
P3	Small Tree	4	Plant in front of house
P4	Shrub	8	Plant in front of house
P5	Flowering Shrub	12	Plant in front of house
P6	Perennial	24	Plant in front of house
P7	Annual	48	Plant in front of house
P8	Groundcover	96	Plant in front of house
P9	Grass	192	Plant in front of house
P10	Water Feature	1	Plant in front of house
P11	Light Pole	1	Plant in front of house
P12	Water Feature	1	Plant in front of house
P13	Water Feature	1	Plant in front of house
P14	Water Feature	1	Plant in front of house
P15	Water Feature	1	Plant in front of house
P16	Water Feature	1	Plant in front of house
P17	Water Feature	1	Plant in front of house
P18	Water Feature	1	Plant in front of house
P19	Water Feature	1	Plant in front of house
P20	Water Feature	1	Plant in front of house
P21	Water Feature	1	Plant in front of house
P22	Water Feature	1	Plant in front of house
P23	Water Feature	1	Plant in front of house
P24	Water Feature	1	Plant in front of house
P25	Water Feature	1	Plant in front of house
P26	Water Feature	1	Plant in front of house
P27	Water Feature	1	Plant in front of house
P28	Water Feature	1	Plant in front of house
P29	Water Feature	1	Plant in front of house
P30	Water Feature	1	Plant in front of house

**Planting Notes**

1. Plants not to be removed to adjacent lots and are to be planted in place.
2. Plants to be removed to be replaced with similar plants.
3. All plants to be removed to be replaced with similar plants.
4. Existing plants to be removed shall be protected until removed.
5. No plants to be removed shall be removed until after the start of the planting season.

**QUALITY CONTROL**

1. All plants to be removed shall be removed from the site and be in good health and free of disease and pests.
2. Plants not conforming to minimum nursery standards or found to be defective by the landscape architect shall be removed and replaced with similar plants at the contractor's expense.
3. Plants shall be protected from drying out, wind burn and other damage during and after removal.
4. All plants to be removed shall be removed from the site and be in good health and free of disease and pests.
5. The contractor shall guarantee all plants removed to be free of disease and pests.

1 Landscape Plan

**Irrigation Note**  
 A drip irrigation system shall be professionally installed to ensure complete coverage.

ELLIEN COOPER  
 LANDSCAPE ARCHITECT  
 788 ESCALONA DRIVE  
 CAPITOLA, CA 95010  
 (831) 335-1111  
 www.ellencooper.com

D E R E K V A N A L S T I N E  
R E S I D E N T I A L D E S I G N , I N C .

April 23, 2012

RECEIVED

APR 24 2012

CITY OF CAPITOLA

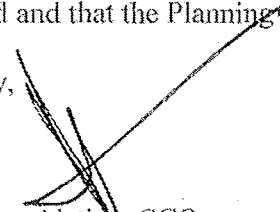
City of Capitola  
Community Development Department  
420 Capitola Avenue  
Capitola, CA 95010

Re: Munoz Residence  
700 Escalona Drive  
APN: 036-141-05, 20  
App#: 12-019

To Whom It May Concern:

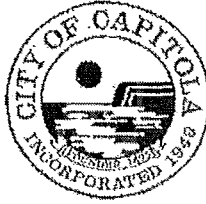
On behalf of our clients Lori and Alberto Munoz we would like to appeal the Planning Commissions April 19, 2012 decision to deny a portion of their project at 700 Escalona Drive, Capitola, CA 95010. We believe that Planning Staff was correct in supporting the variances as requested and that the Planning Commission denied the request for variances in error.

Sincerely,



Derek Van Alstine, CCO  
Derek Van Alstine Residential Design, Inc.

716 SOQUEL AVE., STE A, SANTA CRUZ, CA 95062  
phone 831-426-8400 • 831-426-8446 fax  
derek@vanalstine.com



STAFF REPORT

TO: PLANNING COMMISSION

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

DATE: APRIL 19, 2012

SUBJECT: 700 ESCALONA DRIVE #12-019 APN: 036-141-05, 20  
 Coastal Permit and Design Permit to demolish an existing one-story single-family residence located on two legal lots of record, and construct two new two-story single-family residences in the R-1 (Single-Family Residence) Zoning District. A variance for a second floor setback and reduction in landscaping is requested for the house located on APN 036-141-020. This project requires a Coastal Permit which is appealable to the California Coastal Commission after all possible appeals are exhausted through the City.  
 Environmental Determination: Categorical Exemption  
 Property Owner: Lori Perpich & Alberto Munoz, filed 2/14/12  
 Representative: Derek Van Alstine

APPLICANT'S PROPOSAL

The applicant is proposing to demolish an 882 square foot single-family residence currently located on two legal lots of record, and then construct two new two-story single-family residences, one on each lot. The project is located at 700 Escalona in the R-1 (Single Family Residence) zoning district. The use is consistent with the General Plan, Zoning Ordinance and Local Coastal Plan.

<u>STRUCTURAL DATA – APN 036-141-05</u>				
<u>SETBACKS</u>		<u>Required</u>	<u>Proposed</u>	
<u>Front Yard</u>	Garage	18'	36'	
	1 <sup>st</sup> Story	15'	16'	
	2 <sup>nd</sup> Story	20'	43'	
<u>Rear Yard</u>	1 <sup>st</sup> Story	20'	20'	
	2 <sup>nd</sup> Story	20'	24'	
<u>Side Yard</u>	1 <sup>st</sup> Story	4' (l) & (r)	7' (l) & 4' (r)	
	2 <sup>nd</sup> Story	6' (l) & (r)	9' (l) & 6' (r)	
<u>HEIGHT</u>		25'	24'-9"	

<b>FLOOR AREA RATIO</b>	<b>Lot Size</b>	<b>MAX (54%)</b>	<b>Proposed (54%)</b>		
	4,000 sq. ft	2,160 sq. ft.	2,158 sq. ft		
	<b>Habitable Space</b>	<b>First Floor Deck or Porch</b>	<b>Second Floor Deck</b>	<b>Garage</b>	<b>Total</b>
Proposed First Story	1,298 sq. ft.	108 sq. ft.*	n/a	200 sq. ft.	1,498 sq. ft.
Proposed Second Story	660 sq. ft.	-	n/a	n/a	660 sq. ft.
Proposed TOTAL	1,958 sq. ft.	108 sq. ft.*	n/a	200 sq. ft.	2,158 sq. ft.
<b>PARKING</b>					
	<b>Required</b>	<b>Proposed</b>			
	3 spaces, one of which must be covered	1 covered space 2 uncovered			
Total	3 spaces	3 spaces			

\* There is a credit of 150 sq. ft. for first floor covered porches.

<b>STRUCTURAL DATA – APN 036-141-20</b>					
<b>SETBACKS</b>		<b>Required</b>	<b>Proposed</b>		
<b>Front Yard</b>					
	Garage	18'	n/a		
	1 <sup>st</sup> Story	15'	19'-6"		
	2 <sup>nd</sup> Story	20'	41'		
<b>Rear Yard</b>					
	1 <sup>st</sup> Story	20'	20'		
	2 <sup>nd</sup> Story	20'	20'		
<b>Side Yard</b>					
	1 <sup>st</sup> Story	3' (l) & (r)	3'-1" (l) & (r)		
	2 <sup>nd</sup> Story	4'-6" (l) & (r)	4'-4 1/2" (l) & 4'-6" (r)		
<b>HEIGHT</b>		25'	21'-2 1/2"		
<b>FLOOR AREA RATIO</b>					
	<b>Lot Size</b>	<b>MAX (58%)</b>	<b>Proposed (58%)</b>		
	1,800 sq. ft	1,044 sq. ft.	1,044 sq. ft		
	<b>Habitable Space</b>	<b>First Floor Deck or Porch</b>	<b>Second Floor Deck</b>	<b>Garage</b>	<b>Total</b>
Proposed First Story	639 sq. ft.	139 sq. ft.*	n/a	n/a.	639 sq. ft.
Proposed Second Story	405 sq. ft.	-	n/a	n/a	405 sq. ft.
Proposed TOTAL	1,044 sq. ft.	139 sq. ft.*	n/a	n/a	1,044 sq. ft.
<b>PARKING</b>					
	<b>Required</b>	<b>Proposed</b>			
	2 spaces, neither of which must be covered	2 uncovered			
Total	2 spaces	2 spaces			

\* There is a credit of 150 sq. ft. for first floor covered porches.

### **ARCHITECTURAL AND SITE REVIEW COMMITTEE**

On June 14, 2012, the Architectural and Site Review Committee reviewed the application.

- City Landscape Architect Susan Suddjian complimented the planting strip in the driveway and thought the planting plan looked great.
- Public Works Director Steve Jesberg conditioned that a drainage plan be developed and that the development implement at least one low impact development BMP from the *Slow it. Spread it. Sink it. Homeowner's Guide to Greening Stormwater Runoff* by the Resource Conservation District of Santa Cruz County.
- Historian Carolyn Swift explained that the house is not historic.
- Senior Planner Bane noted that utilities would need to be undergrounded, and that the applicant should contact PG&E and the Soquel Creek Water District to begin approvals through those entities.

### **DISCUSSION**

The subject site is a fairly flat pair of parcels containing an 882 square foot single-family residence within a developed single-family neighborhood. With the existing home proposed for demolition, the application is to construct two new single-family homes, one on each legal lot of record.

#### **APN 036-141-05**

The larger of the two lots is a standard 4,000 square foot parcel. The new two-story home will consist of 1,958 square feet of living space and a 200 square foot one-car garage. The proposed house is a traditional vernacular style, employing shed roof dormers and a mix of materials including horizontal wood siding for the first floor, wood shingle exterior for the second floor, aluminum clad wood windows and doors, wood trim and asphalt shingle roof. A color and materials board will be available for review at the Planning Commission meeting.

All new landscaping is proposed for the front of the home, including a courtyard enclosed by a white picket fence as indicated on the landscape plan provided, with all trees proposed for removal. The project is located in a curb, gutter, and sidewalk exempt area, therefore no street improvements are proposed. Utilities will be required to be undergrounded. The proposed house conforms to the R-1 single-family development standards, including height, setbacks, parking, and floor area ratio (FAR).

#### **APN 036-141-20**

The smaller of the two lots is only 18' in width, totaling 1,800 square feet. The new two-story home will be 1,044 square feet with no garage. The cottage sized house will match the larger home, using the same architecture and materials. A color and materials board will be available for review at the Planning Commission meeting.

Two turf block parking spaces will be located in front of the homes, with a concrete entry path and new landscaping to match the adjacent parcel. The parcel is located in a curb, gutter, and sidewalk exempt area, therefore no street improvements are proposed. Utilities will be required

to be undergrounded. The proposed house conforms to most of the R-1 single-family development standards; however, two variances are being requested.

### Variances

Two variances are being requested for the smaller lot (APN 036-141-020):

1. Second Floor Side Yard Setback - As per the R-1 zoning requirements, the required side yard setback for the second floor is 4'-6". The structure is proposed to encroach 1 ½" into the side yard setback along the left side, maintaining a 4'-4 ½" setback.
2. Reduction in Landscaping – Section 17.51.130(10) requires that "Two feet of landscape planting is required in the front yard setback between the parking area and the side property line." Due to the 18' width of the lot, and the fact that the minimum width for the two combined parking spaces is 18', there is no room to meet the two foot landscape requirement.

Per Code Section 17.66.090, a variance permit may be granted when the Planning Commission finds:

1. That because of special circumstances applicable to subject property, including size, shape, topography, location or surroundings, the strict application of this title is found to deprive subject property of privileges enjoyed by other properties in the vicinity and under identical zone classification;
2. That the grant of a variance permit would not constitute a grant of special privilege inconsistent with the limitations upon other properties in the vicinity and zone in which subject property is situated.

Staff can support the requested variances, specifying the constraints associated with the extremely narrow width of the lot, as well as the small size of the lot.

### RECOMMENDATION

Staff recommends that the Planning Commission **approve** project application #12-019 based on the following Conditions and Findings for Approval.

### CONDITIONS

1. The project approval consists of demolition of an 882 square foot single-family residence currently located on two legal lots of record, and construction of two new two-story single-family residences, one on each lot at 700 Escalona Drive.
2. Any significant modifications to the size or exterior appearance of the structure must be approved by the Planning Commission.
3. Hours of construction shall be Monday to Friday 7:30 a.m. – 9:00 p.m., and Saturday 9:00 a.m. – 4:00 p.m., per city ordinance.
4. The utilities shall be underground to the nearest utility pole in accordance with PG&E and Public Works Department requirements. A note shall be placed on the final building plans indicating this requirement.

5. An encroachment permit shall be acquired for any work performed in the right-of-way.
6. The project shall implement Low Impact Development BMP's outlined in the *Slow it. Spread it. Sink it. Homeowner's Guide to Greening Stormwater Runoff* by the Resource Conservation District of Santa Cruz County. The applicant shall provide details on the bmp's implemented and with a goal of not allowing more than 25% of total impervious area from discharging directly from the site.
7. The final landscape plan shall be submitted with the building permit application and will include the specific number of plants of each type and their size, as well as the irrigation system to be utilized. Front yard landscaping shall be installed prior to final building occupancy.
8. Affordable housing in-lieu fees shall be paid as required to assure compliance with the City of Capitola Affordable (Inclusionary) Housing Ordinance. Any appropriate fees shall be paid prior to building permit issuance.
9. Prior to granting of final occupancy, compliance with all conditions of approval shall be demonstrated to the satisfaction of the Zoning Administrator or Community Development Director.

#### **FINDINGS**

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

Planning Department Staff, the Architectural and Site Review Committee, and the Planning Commission have all reviewed the project. The project generally conforms to the development standards of the R-1 (Single Family Residence) Zoning District. Conditions of approval have been included to carry out the objectives of the Zoning Ordinance, General Plan and Local Coastal Plan.

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

Planning Department Staff, the Architectural and Site Review Committee, and the Planning Commission have all reviewed the project. The project generally conforms to the development standards of the R-1 (Single Family Residence) Zoning District. Conditions of approval have been included to ensure that the project maintains the character and integrity of the neighborhood.

**C. The variance to the side setback and landscape reduction will better serve the intent of the Zoning Ordinance than will the literal enforcement of the requirements of the Ordinance.**

The extremely narrow width and small size of the parcel are special circumstances that exist, which makes it difficult to develop and provide the required landscaping and setbacks. This strict application of the Zoning Ordinance would deprive the subject property of privileges enjoyed by other properties in the vicinity and under identical zone classification. The granting of a variance would not constitute a grant of special privilege inconsistent with the limitations upon other properties in the vicinity.

- D. This project is categorically exempt under Section 15303(a) of the California Environmental Quality Act and is not subject to Section 753.5 of Title 14 of the California Code of Regulations.**

This project involves construction of two new single-family residences in the R-1 (single family residence) Zoning District. Section 15303 of the CEQA Guidelines exempts the construction of up to three single-family residences in an urbanized area.

**Report Prepared By:** Ryan Bane  
Senior Planner

Attachment A - Project Plans (Munoz Residence)  
Attachment B – Project Plans (Munoz Cottage)



## ATTACHMENT 4

CAPITOLA CITY PLANNING COMMISSION MINUTES – APRIL 19, 2012

THE MOTION CARRIED ON THE FOLLOWING VOTE: AYES: COMMISSIONERS ORTIZ, SMITH AND CHAIRPERSON GRAVES. NOES: NONE. ABSENT: COMMISSIONERS NEWMAN AND ROUTH. ABSTAIN: NONE.

#### 4. CONSENT CALENDAR

NONE.

#### 5. PUBLIC HEARINGS

Item 5.A was moved to the end of the agenda.

##### B. 700 ESCALONA AVENUE #12-019 APN: 036-141-05, 20

Coastal Permit and Design Permit to demolish an existing one-story single-family residence located on two legal lots of record, and construct two new two-story single-family residences in the R-1 (Single-Family Residence) Zoning District. A variance for a second floor setback and reduction in landscaping is requested for the house located on APN 036-141-20. This project requires a Coastal Permit which is appealable to the California Coastal Commission after all possible appeals are exhausted through the City.

Environmental Determination: Categorical Exemption

Property Owner: Lori Perpich & Alberto Munoz, filed 2/14/12

Representative: Derek Van Alstine

Senior Planner Bane presented the staff report.

Derek Van Alstine, designer and representative, spoke in support of the application.

Chairperson Graves inquired if the applicant had considered creating two lots of equal size.

Derek Van Alstine responded that the original application included a lot line adjustment that created two lots, more equal proportion. However, the Interim Planning Director was unable to support the proposal due to non-compliance with the Subdivision Map Act

Commissioner Ortiz requested staff clarification regarding the Planning Director's determination, and if the applicant had verified the second floor access, for the smaller home, with the fire department.

Public Works Director Steven Jesberg stated that staff could not support the lot line adjustment proposal because it would create a new non-conforming lot, and not in compliance with the Subdivision Map Act.

Derek Van Alstine stated that the home has been designed to the current building code requirements and access has been addressed in compliance with the building code.

The public hearing was opened.

Cathlin Atchison, spoke in opposition to the home requiring the variance. She stated many neighbors have applied for different variances and did not receive approval. This application would set a precedent.

Stan Ketner, spoke in opposition to the home requiring the variance. The smaller lot could support a granny unit or a guest cottage, but not a two story home without a garage.

Willow Miller, spoke in opposition to the home requiring the variance. The proposed home is a large building on a small lot.

Tracy Arminino, spoke in opposition to the home requiring the variance. She spoke with concerns about the lack of covered parking.

The public hearing was closed.

Senior Planer Bane stated that the parking ordinance does not require covered parking for homes less than 1,500 sq. ft., but two uncovered spaces in driveway are permitted.

Chairperson Graves stated that the front yard is all parking and lacks landscaping.

Commissioner Ortiz was not supportive of the variance. The new residence should be designed to meet the requirements without the need for a variance. There was a very careful and detailed effort made when the city drafted the floor area ratio portion of the ordinance. Although the smaller home may meet the floor area ratio, the intent of the ordinance is to design new buildings to meet all the current standards without exceptions or variances.

Commissioner Smith stated the size of the lot justifies a hardship for the 1½ inches on each side yard. She also supported the on-site parking as proposed. She commented that the lot is extremely small and 18 feet in width is difficult to build on, but the design meets the floor area ration with the exception of the 1½ " variance on each side.

Chairperson Graves stated that the floor area ratio has allowed a large building on the small lot. He could not support the residence on the small lot, but could support residence on the larger lot. He suggested combining the lots and designing a larger home with a secondary dwelling unit. He questioned why the project was processed as one with two separate legal lots of record, two separate application numbers, and two homes.

Senior Planner Bane stated that the application for the two homes was made as a package and therefore processed as one project.

Commissioner Newman suggested that the item be continued to the next meeting to allow all the Commissioners to hear all of the public testimony and participate in the discussion.

Derek Van Alstine requested the Commission support the larger home and deny the smaller home.

Chairperson Graves recognized a member of the public to address the Commission regarding the larger home.

Cathlin Atchison, spoke in support of the larger home.

**A MOTION WAS MADE BY COMMISSIONER ORTIZ AND SECONDED BY COMMISSIONER SMITH TO APPROVE PROJECT APPLICATION #12-019 (APN: 036-141-05) WITH THE FOLLOWING CONDITIONS AND FINDINGS:**

**CONDITIONS**

1. The project approval consists of demolition of an 882 square foot single-family residence currently located on two legal lots of record, and construction of two one new two-story single-family residences, ~~one on each~~ lot at 700 Escalona Drive (APN: 036-141-05).

2. Any significant modifications to the size or exterior appearance of the structure must be approved by the Planning Commission.
3. Hours of construction shall be Monday to Friday 7:30 a.m. – 9:00 p.m., and Saturday 9:00 a.m. – 4:00 p.m., per city ordinance.
4. The utilities shall be underground to the nearest utility pole in accordance with PG&E and Public Works Department requirements. A note shall be placed on the final building plans indicating this requirement.
5. An encroachment permit shall be acquired for any work performed in the right-of-way.
6. The project shall implement Low Impact Development BMP's outlined in the *Slow it. Spread it. Sink it. Homeowner's Guide to Greening Stormwater Runoff* by the Resource Conservation District of Santa Cruz County. The applicant shall provide details on the bmp's implemented and with a goal of not allowing more than 25% of total impervious area from discharging directly from the site.
7. The final landscape plan shall be submitted with the building permit application and will include the specific number of plants of each type and their size, as well as the irrigation system to be utilized. Front yard landscaping shall be installed prior to final building occupancy.
8. Affordable housing in-lieu fees shall be paid as required to assure compliance with the City of Capitola Affordable (Inclusionary) Housing Ordinance. Any appropriate fees shall be paid prior to building permit issuance.
9. Prior to granting of final occupancy, compliance with all conditions of approval shall be demonstrated to the satisfaction of the Zoning Administrator or Community Development Director.

#### FINDINGS

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

Planning Department Staff, the Architectural and Site Review Committee, and the Planning Commission have all reviewed the project. The project generally conforms to the development standards of the R-1 (Single Family Residence) Zoning District. Conditions of approval have been included to carry out the objectives of the Zoning Ordinance, General Plan and Local Coastal Plan.

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

Planning Department Staff, the Architectural and Site Review Committee, and the Planning Commission have all reviewed the project. The project generally conforms to the development standards of the R-1 (Single Family Residence) Zoning District. Conditions of approval have been included to ensure that the project maintains the character and integrity of the neighborhood.

- C. **The variance to the side setback and landscape reduction will better serve the intent of the Zoning Ordinance than will the literal enforcement of the requirements of the Ordinance.**

The extremely narrow width and small size of the parcel are special circumstances that exist, which makes it difficult to develop and provide the required landscaping and setbacks. This strict application of the Zoning Ordinance would deprive the subject property of privileges enjoyed by other properties in the vicinity and under identical zone classification. The granting of a variance

would not constitute a grant of special privilege inconsistent with the limitations upon other properties in the vicinity.

- D. This project is categorically exempt under Section 15303(a) of the California Environmental Quality Act and is not subject to Section 753.5 of Title 14 of the California Code of Regulations.

This project involves construction of two new single-family residences in the R-1 (single family residence) Zoning District. Section 15303 of the CEQA Guidelines exempts the construction of up to three single-family residences in an urbanized area.

THE MOTION CARRIED ON THE FOLLOWING VOTE: AYES: COMMISSIONERS ORTIZ, SMITH AND CHAIRPERSON GRAVES. NOES: NONE. ABSENT: COMMISSIONER ROUTH. ABSTAIN: COMMISSIONER NEWMAN.

A MOTION WAS MADE BY COMMISSIONER ORTIZ AND SECONDED BY CHAIRPERSON GRAVES TO DENY PROJECT APPLICATION #12-019 (APN: 036-141-20).

Under discussion, Chairperson Graves stated that he could not support the variance, and as proposed the front yard is all parking and no landscaping.

THE MOTION CARRIED ON THE FOLLOWING VOTE: AYES: COMMISSIONER ORTIZ AND CHAIRPERSON GRAVES. NOES: COMMISSIONER SMITH. ABSENT: COMMISSIONER ROUTH. ABSTAIN: COMMISSIONER NEWMAN.

C. 220 OAKLAND AVENUE #12- 034 & 044 APN: 036-124-20

Fence Permit and a Major Revocable Encroachment Permit to construct a wall within the city right-of-way as part of a single-family residential use in the R-1 (Single-Family Residence) Zoning District.

Environmental Determination: Categorical Exemption

Property Owner: Christann A Bohnet, filed 3/29/12

Representative: John Draga

Senior Planner Bane presented the staff report.

Commissioner Newman recused himself as he has worked for the project applicant in the past.

Commissioner Smith clarified that the fence design is not a main consideration in this application for meeting or tying into the historic standards. She stated that the mission style fence proposed does not maintain the historic style as of the residence, and she was concerned. She stated that staff could approve the portion of fencing along the Oakland Avenue frontage, but not the fencing along the Escalona Avenue frontage.

Senior Planner Bane stated that the historic standards are a consideration for denial, but not main basis for recommending denial. The fencing along Oakland Avenue meets the ordinance requirements, but staff has concerns about the fence design.

Chairperson Graves clarified the location of the proposed fence.

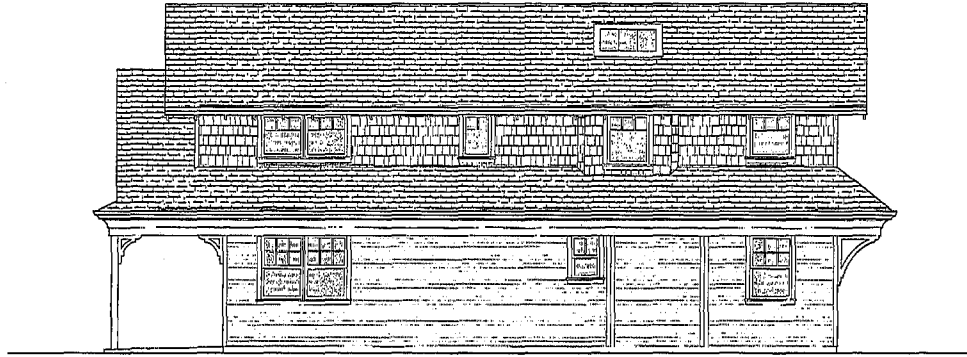
The public hearing was opened.

Jerry Clarke, spoke in support of the application.

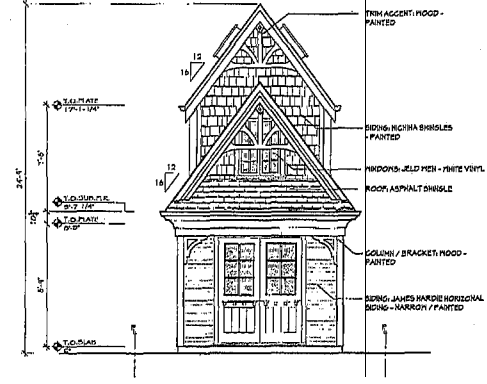




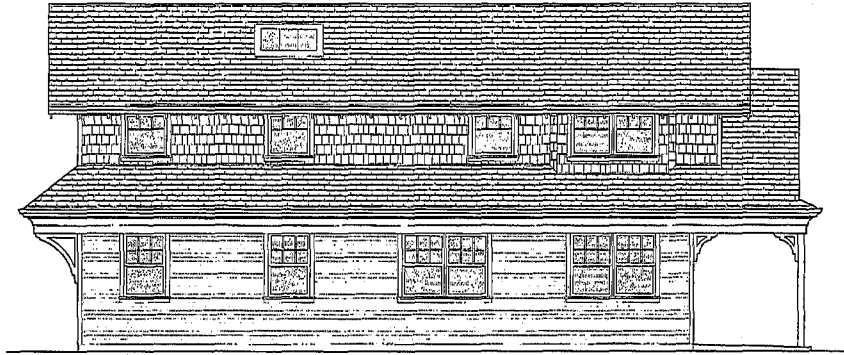




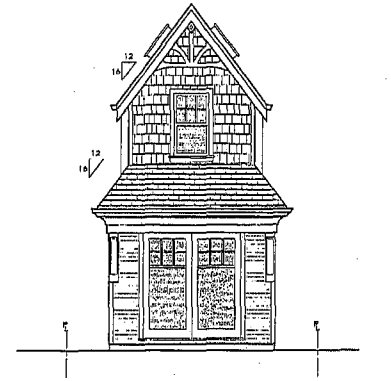
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1 SOUTH ELEVATION  
SCALE: 1/4"=1'-0"



4 WEST ELEVATION  
SCALE: 1/4"=1'-0"



3 NORTH ELEVATION  
SCALE: 1/4"=1'-0"

DEREK VAN ALSTINE  
RESIDENTIAL DESIGN INC.  
7650 DEL AVENUE SUITE A, SANTA CRUZ, CALIFORNIA  
501.252.8100 PHONE 501.252.8100 FAX

DVRD  
ARCHITECTURE  
INCORPORATED  
ALL RIGHTS RESERVED

MUNOZ COTTAGE  
700 ESCALONA DRIVE  
CAPITOLA, CA 95010

026-141-20

ISSUE DESCRIPTION

ISSUE NO.

DATE

DESIGN DEVELOPMENT

PLANNING PERMIT

12 JUNE 12

BUILDING PERMIT

REVISION

NO.

DESCRIPTION

DATE

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EXTERIOR ELEVATIONS

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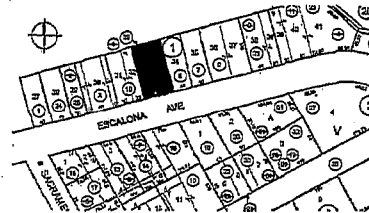


SUBJECT  
PROPERTY



700 ESCALONA DR.

1 ESCALONA DRIVE - NORTH  
ESCALONA



2 ESCALONA DRIVE - SOUTH  
ESCALONA

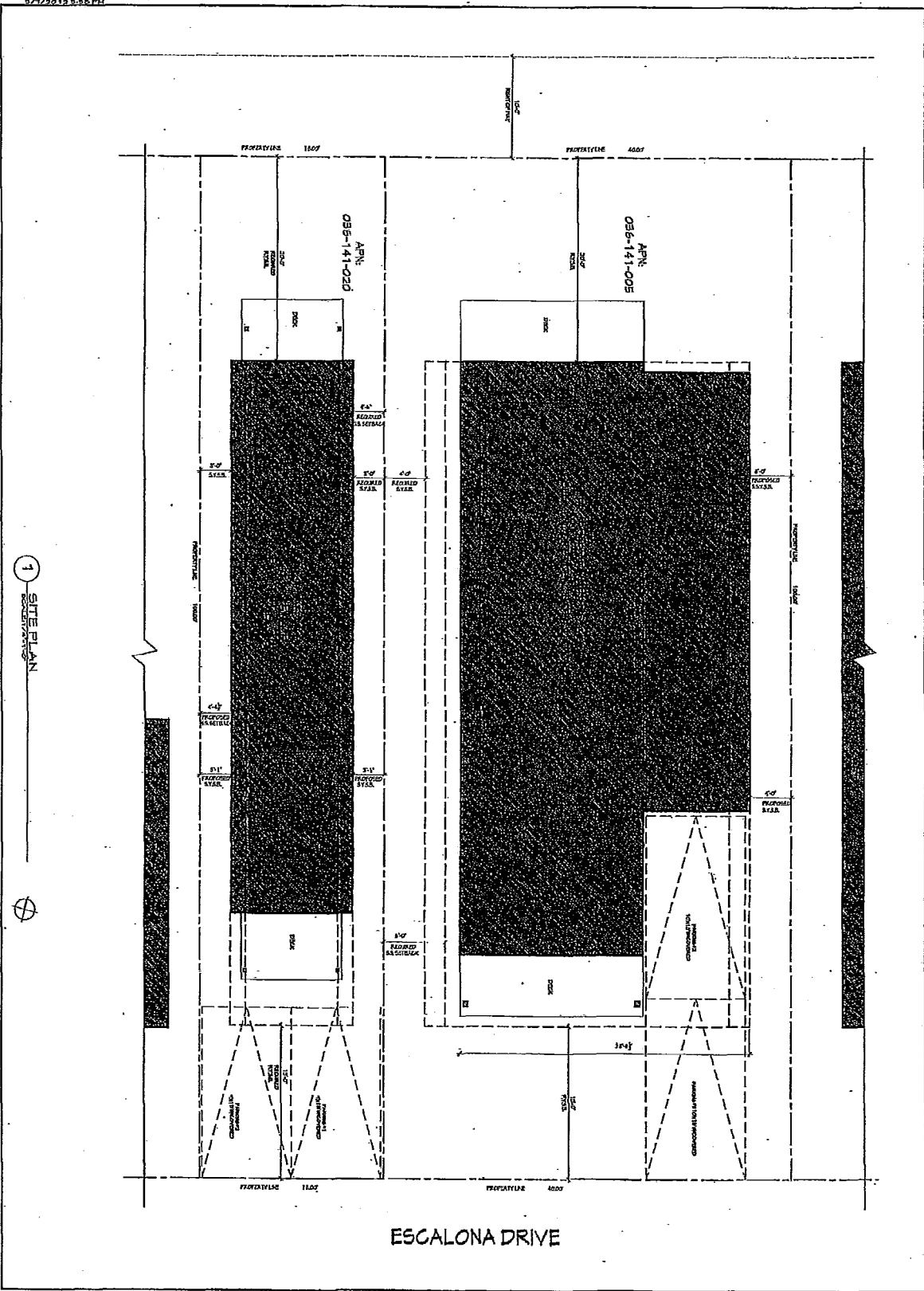
DEREK VAN ALSTINE  
RESIDENTIAL DESIGN INC.  
184008 AVENUE SANTA ANITA DRIVE CALIFORNIA  
91343-3910 DEREK@DVADESIGN.COM

DVRP  
DESIGN REVIEW PERMIT

MUNOZ COTTAGE  
700 ESCALONA DRIVE  
CAPITOLA, CA 95010

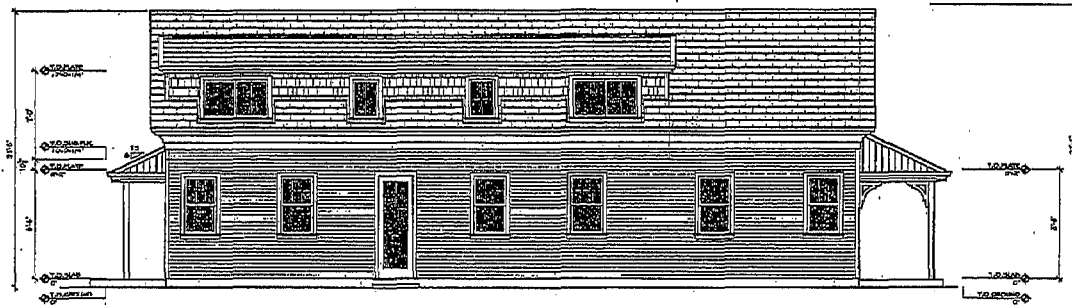
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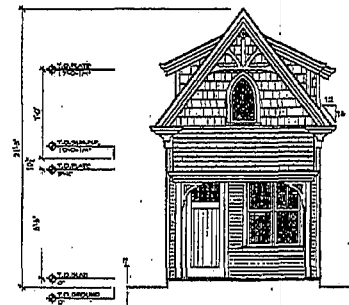


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	<p>ESCALONA DRIVE</p>	
	<p>1507 4007</p>	
	<p>APN 038-141-020 APN 038-141-025</p>	

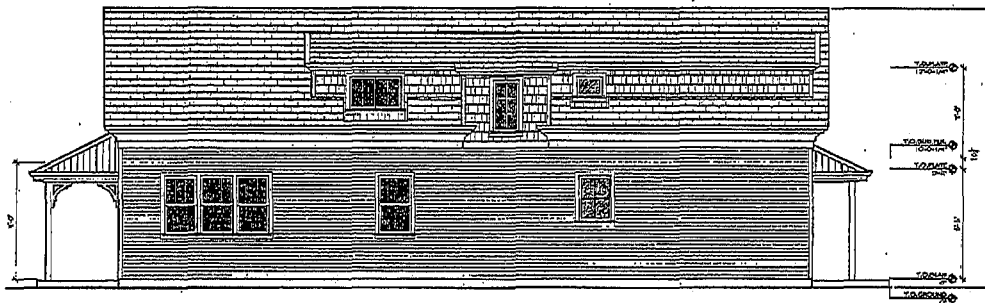




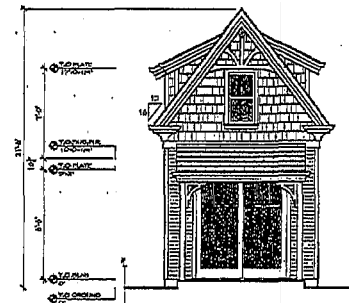
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4 EAST ELEVATION  
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3 NORTH ELEVATION  
SCALE: 1/4"=1'-0"

DEREK VAN ALSTINE  
 RESIDENTIAL DESIGN INC.  
 11500 CALIFORNIA AVENUE SUITE A, SANTA CRUZ, CALIFORNIA  
 95062-4800 TEL: (831) 455-1888 FAX: (831) 455-1889

**DVD**  
 DESIGN

MUNOZ COTTAGE  
 700 ESCALONA DRIVE  
 CAPITOLA, CA 95010

DATE	08-14-12
DATE DESCRIPTION	PERMITS
PREPARED BY	DVA
PROJECT NUMBER	12-001
DATE	08 JAN 12
DESIGN BY	DVA/DVA
PLANNING DEPARTMENT	02 FEB 12
REVISIONS	
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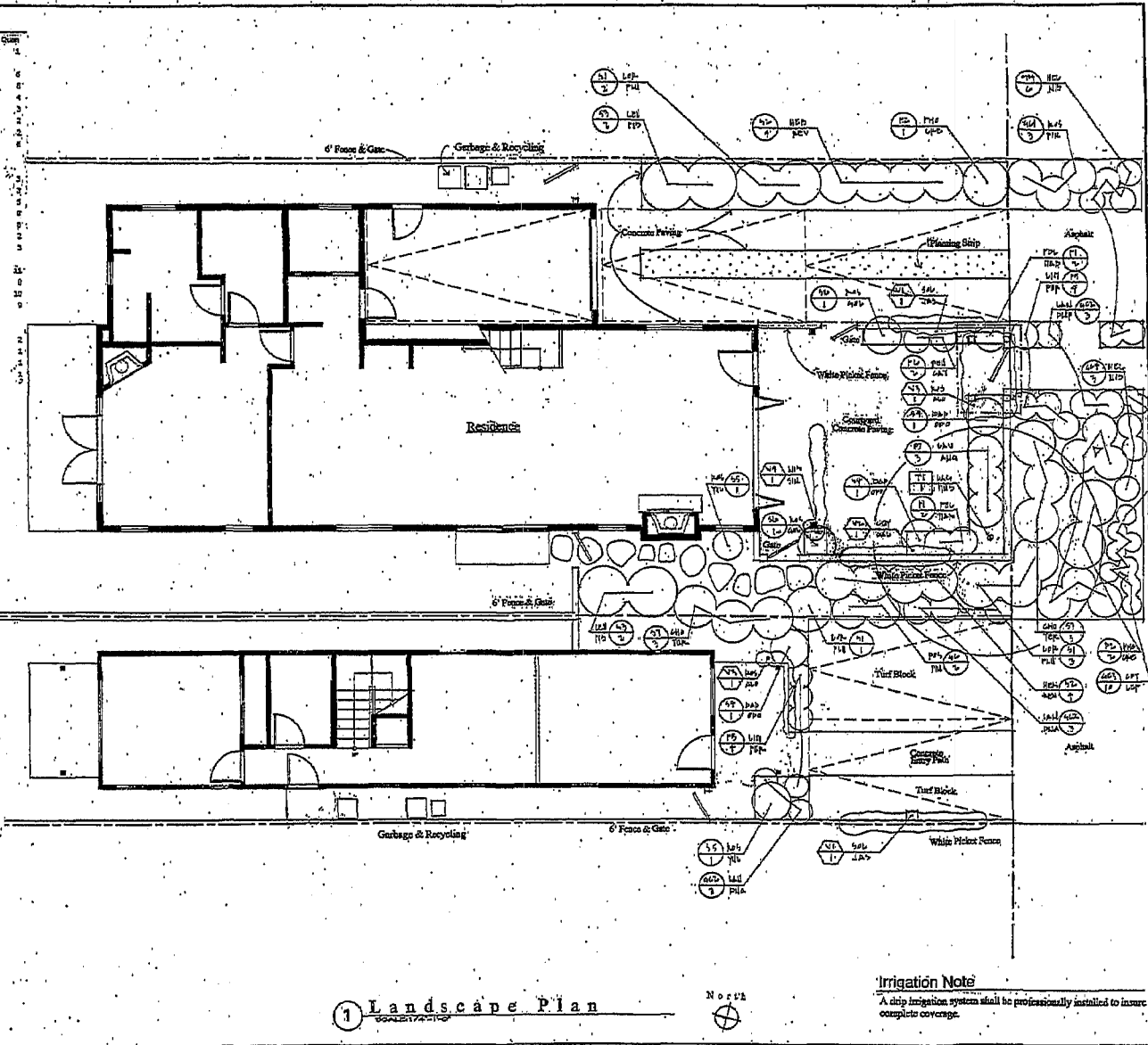
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**Plant Legend**

Sym	Botanical Name	Common Name	Size	Quan
71	Laportea sp.	Lavender Purple Cape Myrtle Tree	1500	1
01	Leucodendron 'Palm Delft'	Red-leaved Hebe	1000	6
02	Hebe 'Taswell'	Purple Hebe	1000	8
03	Leucodendron 'Pica'	Silver/Yellow Core Bush	1000	4
04	Desfontainia 'Mangrove'	White Blooming Desfontainia	1000	2
05	Rosa 'Maidwell'	Red Disease Resistant Hybrid Rose	1000	2
06	Rosa 'Gold Medal'	Yellow 200' Rose - Standard Tree	1000	2
07	Chrysa ternata	White/Green Orange	1000	2
08	Polemonium 'White Grey'	Lavender Pink Polemonium	1000	2
09	Prostratum 'Cypress Dangle'	Green & White Latched Fern	1000	2
10	Hedera asplenifolia	PAK Coral Begonia	1000	2
11	Adiantum 'Yellow Gem'	Yellow Kangaroo Paw	1000	2
12	Utricularia parviflora	Purple Gey Lavender	1000	2
13	Penstemon 'Catherine de la Mare'	Blue Seaward Tongue	1000	2
14	Livistonia australis	Violet English Lavender	1000	2
001	Rose 'Pink Flower Carpet'	Light Pink Carpet Rose	1000	2
002	Lactuca 'Dwarf White'	White Lettuce	1000	2
003	Cornus kousa 'Princess Black'	Plum Black Cornus	1000	2
004	Helleborus 'Yellow Princess'	Yellow Helleborus	1000	2
005	Zeyheria tenuiflora	Korala Grass	1000	2
V1	Soleum Jeanneville	White Fiddle Leaf	5000	2
V2	Cyrtanthus calypsoideus	White Trumpet Vine	5000	2
V3	Rosa 'Tussock'	Pink Disease Resistant Glimming Rose	5000	2
V4	Wickstroemia	Violet Chinese Mistle	5000	2

**Planting Notes**

- PLANTING AREA PREPARATION**
1. Reserve soil as required to accommodate soil amendments and ensure positive drainage away from all structures.
  2. Distribute all planting areas to a minimum of 1".
  3. After the completion of all grading and underground construction, all planting areas shall be finish graded, to smooth, even surfaces with positive drainage per existing topography or to drainage easers or structures.
  4. Existing plants to be saved shall be protected from injury.
  5. No stockpiles of plants or materials to be saved shall be located within the drip zone of any existing tree to be saved.
- QUALITY OF PLANT MATERIALS**
1. All plant material shall be nursery grown, healthy and free from disease and pest.
  2. Plants not conforming to common nursery standards or found unacceptable by the Landscape Architect will be considered defective and shall be replaced at no additional cost to the owner.
  3. Plants shall be protected from drying out, wind burn and injury during handling and storage.
- INSTALLATION**
1. Planting holes shall be as deep as the root ball and 2.5 times the width of the root ball.
  2. Backfill for the planting holes shall be 50% soil and 50% 50-50 blend mixture compact, aged chicken manure or other approved material.
  3. All planting areas shall be mulched with 3" of redwood bark, fir bark or other approved material.
  4. All trees shall be staked with 1/2" x 1/2" x 10' lodge pole pine wire stake placed outside the root ball and secured with two rubber ties to a post.
  5. The contractor shall guarantee all plant material for 30 days or until all plants have settled out.



**Landscape Plan**

North

**Irrigation Note**  
A drip irrigation system shall be professionally installed to insure complete coverage.

101

Escalona Drive  
**Ellen Cooper** Landscape Architect  
 814-426-6845  
 CA Lic. #2937  
**MUNOZ RESIDENCE**  
 700 ESCALONA DRIVE  
 CAPITOLA, CA 95010  
 March 8<sup>th</sup>, 2012  
 LANDSCAPE PLAN  
 LI

**700 ESCALONA DRIVE (APN 036-141-020)**  
**#12-019**

**CONDITIONS OF APPROVAL**

1. The project approval consists of construction of a new two-story single-family residence at 700 Escalona (APN 036-141-020).
2. Any significant modifications to the size or exterior appearance of the structure must be approved by the Planning Commission.
3. Hours of construction shall be Monday to Friday 7:30 a.m. – 9:00 p.m., and Saturday 9:00 a.m. – 4:00 p.m., per city ordinance.
4. The utilities shall be underground to the nearest utility pole in accordance with PG&E and Public Works Department requirements. A note shall be placed on the final building plans indicating this requirement.
5. An encroachment permit shall be acquired for any work performed in the right-of-way.
6. The project shall implement Low Impact Development BMP's outlined in the *Slow it. Spread it. Sink it. Homeowner's Guide to Greening Stormwater Runoff* by the Resource Conservation District of Santa Cruz County. The applicant shall provide details on the bmp's implemented and with a goal of not allowing more than 25% of total impervious area from discharging directly from the site.
7. The final landscape plan shall be submitted with the building permit application and will include the specific number of plants of each type and their size, as well as the irrigation system to be utilized. Front yard landscaping shall be installed prior to final building occupancy.
8. Affordable housing in-lieu fees shall be paid as required to assure compliance with the City of Capitola Affordable (Inclusionary) Housing Ordinance. Any appropriate fees shall be paid prior to building permit issuance.
9. Prior to granting of final occupancy, compliance with all conditions of approval shall be demonstrated to the satisfaction of the Zoning Administrator or Community Development Director.

**FINDINGS**

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

Planning Department Staff, the Architectural and Site Review Committee, and the Planning Commission have all reviewed the project. The project generally conforms to the development standards of the R-1 (Single Family Residence) Zoning District. Conditions of approval have been included to carry out the objectives of the Zoning Ordinance, General Plan and Local Coastal Plan.

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

Planning Department Staff, the Architectural and Site Review Committee, and the Planning Commission have all reviewed the project. The project generally conforms to the development standards of the R-1 (Single Family Residence) Zoning District. Conditions of approval have been included to ensure that the project maintains the character and integrity of the neighborhood.

**C. The variance to the landscape reduction will better serve the intent of the Zoning Ordinance than will the literal enforcement of the requirements of the Ordinance.**

The extremely narrow width and small size of the parcel are special circumstances that exist, which makes it difficult to develop and provide the required landscaping and setbacks. This strict application of the Zoning Ordinance would deprive the subject property of privileges enjoyed by other properties in the vicinity and under identical zone classification. The granting of a variance would not constitute a grant of special privilege inconsistent with the limitations upon other properties in the vicinity.

**D. This project is categorically exempt under Section 15303(a) of the California Environmental Quality Act and is not subject to Section 753.5 of Title 14 of the California Code of Regulations.**

This project involves construction of a new single-family residence in the R-1 (single family residence) Zoning District. Section 15303 of the CEQA Guidelines exempts the construction of up to three single-family residences in an urbanized area.





## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 28, 2012

FROM: CITY MANAGER'S DEPARTMENT  
SUBJECT: COMMUNITY BASED HEALTH AND HUMAN SERVICE PROVIDERS, PROGRAM  
FUNDING FOR FISCAL YEAR 2012-2013

---

**RECOMMENDED ACTION:** Authorize the City Manager to enter into agreements with the attached list of Community Based Health and Human Service Providers for Fiscal Year 2012-2013.

**BACKGROUND:** The proposed Fiscal Year 2012-2013 Budget did not allocate funding for the Community Based Health and Human Service Providers (Providers). Prior to the preparation of the draft budget, the City Council directed staff to defund a number of City-programs, and include an unallocated line item to be discussed during the budget deliberations.

**DISCUSSION:** The City Council reviewed funding for the Providers during the budget hearing held on May 31, 2012 and authorized \$250,000 in funding for the program for Fiscal Year 2012-2013. The Council appointed Mayor Termini and Vice Mayor Harlan to a subcommittee to develop a recommended list for allocating the \$250,000 for City Council consideration. The subcommittee met and reviewed the Fiscal Year 2011-2012 Providers, and their funding amounts, and developed a process to determine their recommendations. The process included: prioritizing programs that provided life essential needs, reducing or eliminating funding for higher cost programs, and in some cases combining funding for programs that are operated by the same Provider.

The recommendations resulted in the same funding as Fiscal Year 2011-2012 for most Providers, an increase in funding for one, elimination of funding for three, a reduction in funding for four, and incorporation of the United Way 211 and Community Assessment Programs.

**FISCAL IMPACT:** None, the adopted budget includes \$250,000 in funding for these programs in Fiscal Year 2012-2013.

**ATTACHMENT:**

- 1) Funding recommendation for Community Based Health and Human Service Providers.

Report Prepared By: Lisa G. Murphy  
Administrative Services Director

Reviewed and Forwarded  
by City Manager: 

# ATTACHMENT 1

Funder: City of Capitola

FY 12/13

Agency Name	Primary Service Strategy	Total Clients	Capitola Clients	% Capitola Clients	Cost Per Cap Client	FY 11/12 Contract Amount	FY 12/13 Requested Amount	Recommended Change	FY 12/13 Recommended Amount
Advocacy, Inc	LS-rep	2726	262	10%	\$16	\$4,235	\$4,235	\$ 3,000	\$7,235
Big Brothers Big Sisters	FS-soc	679	20	3%	\$138	\$2,762	\$2,762		\$2,762
Cabrillo Stroke and Disability Center	ED-edu	252	21	8%	\$322	\$6,758	\$6,758		\$6,758
California Grey Bears, inc.	BN-food	4027	332	8%	\$42	\$13,941	\$13,941		\$13,941
California Rural Legal Assistance	LS-rep	859	32	4%	\$113	\$3,626	\$3,626	\$ (3,626)	\$0
Campus Kids Connection, Inc.	ED-ece	688	205	30%	\$81	\$16,565	\$16,565		\$16,565
CASA of Santa Cruz County	PS-intv	190		0%		\$2,227	\$2,227		\$2,227
Central Coast Center for Independent Living	FS-srv	586	12	2%	\$1,225	\$14,697	\$14,697	\$ (10,000)	\$4,697
Community Action Board - The Shelter Project	BN-hsg	1084	67	6%	\$20	\$1,356	\$1,356		\$1,356
<b>Community Bridges</b>									
Child Development Division	ED-ece	155	3	2%	\$1,811	\$5,433	\$5,433	\$ (4,500)	\$933
Lift Line	BN-trn	609	30	5%	\$1,493	\$44,800	\$44,800		\$44,800
Live Oak Family Resource Center	PS-prev	849	67	8%	\$73	\$4,864	\$4,863		\$4,864
Meals on Wheels for Santa Cruz County	BN-food	1819	79	4%	\$702	\$55,431	\$55,432		\$55,431
<b>Sub-total</b>						<b>\$110,528</b>	<b>\$110,528</b>		<b>\$106,028</b>
Conflict Resolution Center of Santa Cruz	FS-srv					\$2,756	\$2,756		\$2,756
Dientes Community Dental Care	HC-den	7048	356	5%	\$4	\$1,378	\$1,378		\$1,378
Families In Transition	BN-hsg	429	12	3%	\$202	\$2,422	\$2,422		\$2,422
<b>Family Service Agency of the Central Coast</b>									
Counseling - North County	MH-out	980	29	3%	\$160	\$4,645	\$4,645		\$4,645
I-You Venture	MH-mhs	883	130	15%	\$11	\$1,375	\$1,375		\$1,375
Senior Outreach	MH-mhs	117	5	4%	\$275	\$1,375	\$1,375		\$1,375
Suicide Prevention	MH-mhs	4596	307	7%	\$4	\$1,204	\$1,204		\$1,204
<b>Sub-Total</b>						<b>\$8,599</b>	<b>\$8,599</b>		<b>\$8,599</b>
Survivors Healing Center [Moved under United Way]	MH-out	2309	16	1%	\$33	\$528	\$528	\$ (528)	\$0
Homeless Services Center Paul Lee Loft Shelter	BN-hsg	526	17	3%	\$148	\$2,508	\$2,508	\$ (2,508)	\$0
Hospice of Santa Cruz County	HC-spec	843	59	7%	\$23	\$1,380	\$1,380		\$1,380
Native Animal Rescue	EQ-pro					\$1,188	\$1,188		\$1,188
Oneil Sea Odyssey	CD-eng	5300	60	1%	\$97	\$5,816	\$5,816	\$ (3,000)	\$2,816
Parents Center Santa Cruz	MH-out	1388	34	2%	\$208	\$7,088	\$7,088		\$7,088
<b>Santa Cruz Community Counseling Center</b>									
Santa Cruz AIDS Project	BN-hsg	199	9	5%	\$765	\$6,886	\$6,886	\$ (2,000)	\$4,886
Youth Services Counseling	MH-out	2063	66	3%	\$139	\$9,150	\$9,150		\$9,150
<b>Sub-Total</b>						<b>\$16,036</b>	<b>\$16,036</b>		<b>\$14,036</b>
Santa Cruz Co Office of Education	ED-ece	1735	42	2%	\$32	\$1,356	\$1,356	\$ (1,356)	\$0
Santa Cruz Toddler Care Center	ED-ece	54	5	9%	\$247	\$1,234	\$1,234		\$1,234
Save our Shores	EQ-pro	210	150	71%	\$9	\$1,379	\$1,588		\$1,379
Second Harvest Food Bank Santa Cruz County	BN-food	62981	1626	3%	\$6	\$9,825	\$9,825		\$9,825
Senior Citizens Legal Services	LS-rep	784	52	7%	\$187	\$9,743	\$9,743		\$9,743
Senior Network Services, Inc.	FS-srv	16070	804	5%	\$3	\$2,461	\$2,461		\$2,461
<b>Seniors Council of Santa Cruz and San Benito Counties</b>									
Area Agency on Aging	CD-eng	10147	416	4%	\$3	\$1,245	\$1,245		\$1,245
Project Scout	IN-inc	2014	53	3%	\$38	\$2,032	\$2,032		\$2,032
<b>Sub-total</b>						<b>\$3,277</b>	<b>\$3,277</b>		<b>\$3,277</b>
<b>United Way</b>									
Survivor Healing Center								\$ 500	\$500
2-1-1 Help Line	FS-srv	6000	300	5%	\$20			\$ 1,000	\$1,000
Community Assessment								\$ 1,000	\$1,000
Child Abuse Prevention	PS-prev	860	100	12%	\$61	\$6,107	\$6,107		\$6,107
<b>Sub-total</b>						<b>\$6,107</b>	<b>\$7,607</b>		<b>\$8,107</b>
Vista Center for the Blind and Visually Impaired	HC-hss	196	10	5%	\$184	\$1,841	\$1,841		\$1,841
Volunteer - Santa Cruz Center	BN-hsg	6215	122	2%	\$11	\$1,356	\$1,356		\$1,356
Women's Crisis Support - Defensa de Mujeres	JS-cip	1493	37	2%	\$98	\$3,613	\$3,613		\$3,613
WomenCARE	MH-mhs	283	12	4%	\$189	\$2,265	\$2,265		\$2,265
Cultural Council of Santa Cruz County						\$4,147	\$4,147	\$ (3,147)	\$1,000
<b>TOTALS</b>						<b>\$274,998</b>	<b>\$275,207</b>	<b>\$ (25,165)</b>	<b>\$249,833</b>

Service Type Codes: ASP=After School Program, CC=Childcare, D=Disabled, EMP=Employment & Training, FR=Family Resources, H=Health, H/MH=Health/Mental Health, HSG=Housing, MH=Mental Health, N=Nutrition, OTH=Other, YS=Youth Services



## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 28, 2012

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: CONSIDERATION OF A VISITOR SERVICE FEE (TRANSIENT OCCUPANCY TAX) MEASURE FOR NOVEMBER 6, 2012 GENERAL MUNICIPAL ELECTION

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**RECOMMENDED ACTION:** Council discretion to either:

1. Retain the current Visitor Service Fee (Transient Occupancy Tax - TOT) tax at 10%, or
2. Continue the hearing to July 12, 2012 City Council meeting and direct staff to prepare a Resolution to increase the TOT consistent with measures considered by other local jurisdictions.

**BACKGROUND:** The City currently imposes a 10% TOT. On June 14, 2012 the Council considered proposing a ballot measure to voters that would increase the TOT to 12%. At that hearing, the Council directed staff to continue this item to the June 28, 2012 City Council meeting, and to discuss the possible TOT increase with the Santa Cruz Lodging Association (Lodging Association).

The City Council has already taken the necessary steps to add a ballot measure to the November 2012 Election asking voters to approve a permanent one-quarter percent sales tax increase.

**DISCUSSION:** Since the hearing on June 14, 2012 staff met with members of the Lodging Association. The Lodging Association has requested that if the City of Santa Cruz and County of Santa Cruz place TOT increases on the November 2012 ballot, that Capitola also include such an item on the ballot. Their concern is if TOT levels vary by jurisdiction, the situation could lead to unfair competition among their members.

The Lodging Association proposal for a TOT increase includes the following:

- 1) Increase TOT from 10% to 12% over two years, in equal steps on July 1 of each year.
- 2) Allocate 50% of the increase (approximately \$90,000) to the City for tourism-related improvements.
- 3) Annually allocate the remaining 50% of the increase in equal parts, or approximately \$45,000 each, to the following entities to market tourism:
  - i) Santa Cruz Conference and Visitor Council (CVC)
  - ii) Capitola/Soquel Chamber of Commerce (Chamber)
- 4) Include a clause in the ballot measure that there would be no change in TOT for 10 years.

The Lodging Association has indicated they would advocate for the measure's passage if the measure restricted the use of the funds. This would require a two-thirds majority to pass.

In addition, the Lodging Association is proposing the new dedicated TOT revenue would replace the City's current \$17,250 contribution to the CVC, and \$22,500 contribution to the Chamber, resulting in an additional positive General Fund impact.

Both the City of Santa Cruz and the County of Santa Cruz are considering this proposal, and are expected to develop draft ballot language in the next several weeks.

As identified at the June 14, 2012 Council meeting, it is generally thought the inclusion of multiple measures to raise taxes on a single ballot tends to decrease the likelihood of any of the measures passing. The overall revenue impact from the proposed 0.25% increase in the sales tax rate is projected to generate nearly \$1,000,000 annually to the City.

**FISCAL IMPACT:**

Based on the Lodging Association proposal, the net annual increase to the General Fund would be as follows:

1% TOT increase to General Fund	\$90,000
Offset of current Chamber contribution	\$22,500
Offset of current CVC contribution	<u>\$17,250</u>
<b>Total</b>	<b>\$129,750</b>

**ATTACHMENTS**

1. June 14, 2012 Council Meeting Minute Excerpt
2. June 14, 2012 Revised Staff Report
3. Lodging Association Proposal

**Report Prepared By:** Jamie Goldstein, City Manager

**Reviewed and Forwarded  
By City Manager**



CITY OF CAPITOLA  
CITY COUNCIL

June 14, 2012  
Capitola, California

MINUTE EXCERPT

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL

9. GENERAL GOVERNMENT/PUBLIC HEARINGS

C. Consideration of a Resolution regarding a Visitor Service Fee (Transient Occupancy Tax) Measure for November 6, 2012 Election.

**City Manager Goldstein** stated that City Council received a revised staff report recommending that Council not take action at this meeting regarding placing a Transient Occupancy Tax (TOT) Measure on the November 2012 ballot. He stated that the Finance Advisory Committee and staff developed a list proposing revenue generators and expenditure reductions to reduce the City's long-term funding gap. He stated that in January 2012 the Council directed staff to engage in a public opinion poll for the purpose to gauge the community sentiment about various measures and tax initiatives. In March 2012 the Council approved a Resolution to place a Permanent Quarter Cent Sales Tax Measure for the November 2012 ballot, and directed staff to not proceed with a transient occupancy tax (TOT) measure. He stated that the Council may consider placing a 12% TOT Measure on the November 2012 ballot, or alternatively to consolidate efforts with the Sales Tax Measure because it may be difficult to get voter approval for both measures.

**Mayor Termini** opened this item for public comment.

**Chris Ferrante, Coast Santa Cruz Hotel**, stated that discussions should have occurred with the local hotel industry prior to this item going to the City Council.

**Dan Aspromonte, Best Western and Marriott Fairfield Inn**, agreed with Ms. Ferrante that discussions should have occurred with the local hotel industry first; however he is not opposed the proposed TOT measure.

**Council Member Norton** recommended continuing this item to the June 28, 2012 City Council meeting to allow time for discussions with the local hotel industry.

**Mayor Termini** stated that if a TOT measure were approved by the voters 1% of the additional tax increase could fund the Santa Cruz County Visitors Center and the Capitola/Soquel Chamber of Commerce.

***ACTION: Motion made by Council Member Nicol, seconded by Council Member Harlan, to continue the item regarding the consideration of a Visitor Service Fee (Transient Occupancy Tax) Measure for November 6, 2012 Election to the June 28, 2012 City Council meeting. The motion carried with the following vote: AYES: Council Members Harlan, Norton, Nicol, and Mayor Termini. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.***



## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 14, 2012

FROM: OFFICE OF THE CITY CLERK  
SUBJECT: CONSIDERATION OF A VISITOR SERVICE FEE MEASURE FOR NOVEMBER 6, 2012 GENERAL MUNICIPAL ELECTION

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**RECOMMENDED ACTION:** Council discretion to either:

1. Not place a TOT increase on the November ballot, or
2. Adopt a Resolution requesting the inclusion of an additional ballot measure imposing an increase in the visitor service fee on the City of Capitola November 6, 2012 General Municipal Election ballot.

**BACKGROUND:** The City currently imposes a visitor service fee (transient occupancy tax) at a rate of 10%. If approved, a ballot measure would be added to the consolidated November 2012 ballot which, if passed by the voters, will increase the visitor service fee tax rate to 12% being applied to the general fund.

At its January 26, 2012 meeting, Council received a report regarding the City's long range fiscal strategies (Attachment 1). One of the revenue concepts in the January 26, 2012 staff report was an increase in visitor service fee (transient occupancy tax) rate from 10% to 12%-14%.

At the March 22, 2012 meeting, Council approved Resolution No. 3912 requesting County Elections conduct the election (Attachment 2), consolidate the General Municipal Election for the City of Capitola (on Tuesday, November 6, 2012), and include a ballot measure regarding a permanent sales tax increase of one quarter percent be adopted to pay for disaster recovery and to maintain general services including public safety and street improvements.

**DISCUSSION:** Before Council this evening is a draft Resolution amending Resolution No. 3912 adding the inclusion of a ballot measure imposing a 12% visitor service fee for the City's November 6, 2012 General Municipal Election ballot. The visitor service fee for the City of Santa Cruz, Scotts Valley and Watsonville are all currently at 10%; Santa Cruz County will be proposing a 12% TOT in November 2012.

**FISCAL IMPACT:** Should the visitor service fee measure be successful, the implementation of the new rate would begin January 1, 2013 and would generate additional annual revenue estimated at \$180,000 towards the City's General Fund. The City is responsible for costs involved in the printing and distribution of the measure text in the voter information pamphlet, which would include the City Attorney's impartial analysis and any arguments and rebuttal arguments pertaining to the ballot measure. The estimated cost to conduct the City's election is \$3.00 per voter (i.e., 5,000 voters = \$15,000), which the City will incur regardless of whether the new visitor service fee measure is on the ballot.

**ATTACHMENTS**

1. January 26, 2012 Staff Report
2. Resolution No. 3912
3. Draft Resolution

Report Prepared By: Susan Sneddon, City Clerk

Reviewed and Forwarded  
By City Manager:



## CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 26, 2012

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

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**RECOMMENDED ACTION:** That the City Council:

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

**DISCUSSION:**

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

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

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

**Short-Term Versus Long Term Challenges Facing the City**

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

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

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

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

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

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

#### **Defining the Long-Term Gap:**

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

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

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



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

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

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

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

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

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

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

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

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

#### **Is the Gap a Revenue or Expenditure Problem?**

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

- Comprehensive organizational analysis
- Compensation study
- Benchmark analysis

#### **Comprehensive Organizational Analysis**

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

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

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

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

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

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

### ***Compensation Study***

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

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

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

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

### ***Benchmark Analysis***

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

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

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

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

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

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

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

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

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

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

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

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

## SLO often does more, spends less than other cities, analysis shows

**By Lorenz Green**  
By Bureau

San Luis Obispo tends to spend less than similar California cities while providing better services, according to a report compiled by city officials at The Tribune's request.

The Tribune's Editorial Board, which oversees the newspaper's opinion and commentary, asked for the comparison data last fall when the city announced it would consider increasing the sales tax. The Tribune Editorial Board reasoned that the information would help voters assess how well the city uses its existing resources — and ultimately

Please see FINANCES, A6

### HOW SLO'S FINANCES COMPARE: EIGHT CALIFORNIA CITIES SERVE AS BENCHMARKS

**SLO pays less per capita for governmental services ...**

**... but the city earns the most from sales taxes per capita ...**

**... and collects a lower ratio of revenues from fees ...**

**... while employing a mid-range number of staff per capita.**

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

**Service Priorities**

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

**Capital Improvements**

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

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

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

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

**New Revenues**

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

New revenues can be raised in three basic ways:

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

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

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

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

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

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

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

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

**Required Approval: New or Increased Revenues**

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

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

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

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

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

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

### ***Improved Cost Recovery***

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

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

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

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

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

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

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

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

### ***Voter Approved Revenue Increases***

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

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

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



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

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

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

**Next Steps**

The following outlines recommended next steps:

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

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

**ATTACHMENT:**

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

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

**Reviewed and Forwarded  
 By City Manager: \_\_\_\_\_**

RESOLUTION NO. 3912

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA ORDERING AN ELECTION, REQUESTING COUNTY ELECTIONS TO CONDUCT THE ELECTION, AND REQUESTING CONSOLIDATION OF THE GENERAL MUNICIPAL ELECTION IN THE CITY OF CAPITOLA ON TUESDAY, NOVEMBER 6, 2012**

**WHEREAS**, pursuant to Elections Code Section 10002, the governing body of any city may by resolution request the Board of Supervisors of the county to permit the county elections official to render specified services to the city relating to the conduct of an election; and

**WHEREAS**, the resolution of the governing body of the city or district shall specify the services requested; and

**WHEREAS**, pursuant to Elections Code Section 10002, the city or district shall reimburse the county in full for the services performed upon presentation of a bill to the city or district; and

**WHEREAS**, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county, or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

**WHEREAS**, pursuant to Elections Code Section 10400, such election for cities may be either completely or partially consolidated; and

**WHEREAS**, pursuant to Elections Code Section 10403, whenever an election called by a city for submission of any question, proposition, or office to be filled is to be consolidated with a statewide election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for the statewide election, the city shall, at least 88 days prior to the date of the election, file with the board of supervisors, and a copy with the elections office, a resolution of its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the election, at it is to appear on the ballot. Upon such request, the board of supervisors may order the consolidation; and

**WHEREAS**, the resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election; and

**WHEREAS**, various district, county, state and other political subdivision elections may be or have been called to be held on November 6, 2012.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the City Council of the City of Capitola hereby orders an election be called and consolidated with any and all elections also called to be held on November 6, 2012 insofar as said elections are to be held in the same territory or in a territory that is in part the same as the territory of the City of Capitola, and hereby request the Board of Supervisors of the County of Santa Cruz to order such consolidation under Elections Code Sections 10401 and 10403.

**BE IT FURTHER RESOLVED AND ORDERED** that the City Council of the City of Capitola hereby requests the Board of Supervisors to permit the Santa Cruz County elections Department to provide any and all services necessary for conducting the election and agrees to pay for said services; and

**BE IT FURTHER RESOLVED AND ORDERED** that the Santa Cruz County Elections Department conduct the election for the following offices to be voted on at the November 6, 2012, election:

- Selection of two (2) Members of the City Council for the full term of four (4) years, and
- Selection of one (1) City Treasurer for the full term of four (4) years.

**BE IT FURTHER RESOLVED AND ORDERED** that the Santa Cruz County Elections Department shall conduct the election for the following Measure to be voted on at the November 6, 2012, election:

Shall a City of Capitola permanent sales tax increase of one quarter of one percent be adopted to pay for disaster recovery and to maintain general services including public safety and street improvements?	Yes	
	No	

**BE IT FURTHER RESOLVED AND ORDERED** that the Santa Cruz County Elections Department is requested to print the measure text exactly as filed or indicated on the filed document in the Voter's Information Pamphlet section of the Sample Ballot for the November 6, 2012, election, attached hereto as Exhibit "A". The cost of printing and distribution of the measure text will be paid for by the city.

**BE IT FURTHER RESOLVED AND ORDERED** that the City Clerk of the City of Capitola is hereby ordered and directed to cause said proposed ordinance and notice of election to be published in accordance with the provisions of the California State Elections Code.


**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 22<sup>nd</sup> day of March, 2012, by the following vote:

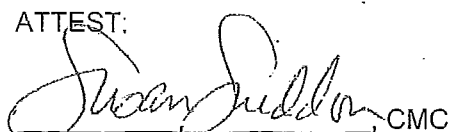
AYES: Council Members Harlan, Norton, Nicol, Storey, and Mayor Termin

NOES: None

ABSENT: None

ABSTAIN: None

  
 Michael Termini, Mayor

ATTEST:  
  
 Susan Sneddon, City Clerk

## EXHIBIT A (DRAFT ORDINANCE)

Measure to be voted on: City of Capitola Permanent Retail Transactions and Use Tax

DRAFT ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF CAPITOLA IMPOSING A PERMANENT RETAIL  
TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF  
EQUALIZATION**

THE PEOPLE OF THE CITY OF CAPITOLA, CALIFORNIA, DO ORDAIN AS  
FOLLOWS:

Section 1. TITLE. This ordinance shall be known as the City of Capitola Permanent Retail Transaction and Use Tax Ordinance. The City of Capitola hereinafter shall be called "City". This ordinance shall be applicable in the incorporated territory of the City.

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being set forth as below.

Section 3. PURPOSE. This ordinance is adopted to achieve the following, among other purposes, and directs the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a permanent retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of equalization in a manner that adapts itself fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

Section 4. CONTRACT WITH STATE. Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transaction and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless

## EXHIBIT A (DRAFT ORDINANCE)

so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the City at the rate of one quarter of one percent (0.25%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance. This tax is in addition to, and not in lieu of, the one quarter of one percent (0.25%) temporary retail transactions and use tax imposed pursuant to Chapter 3.10 of the Capitola Municipal Code.

Section 6. PLACE OF SALE. For the purpose of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of one quarter of one percent (0.25%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales and use tax regardless of the place to which delivery is made. This tax is in addition to, and not in lieu of, the one quarter of one percent (0.25%) temporary excise tax imposed pursuant to Chapter 3.10 of the Capitola Municipal Code.

Section 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

Section 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provision of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made where:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

## EXHIBIT A (DRAFT ORDINANCE)

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code; or,

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Section 10. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactors' permit shall not be required by this ordinance.

Section 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempt from the consumption of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such an address is, in fact, his or her principal place of residence; and

## EXHIBIT A (DRAFT ORDINANCE)

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale price of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subsections (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of like for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transaction tax under any state-administered transaction and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For purposes of subsections (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which the party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through a

## EXHIBIT A (DRAFT ORDINANCE)

representative, agent, canvasser, solicitor, subsidiary, or person the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following" vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 23 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 12. AMENDMENTS. All amendments subsequent to the effective date of this ordinance to part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

Section 13. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 14. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected hereby.

Section 15. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

Section 16. CODIFICATION. Upon adoption of this ordinance pursuant to the voter approval, the City Clerk, in consultation with the City Attorney, is hereby authorized and directed to codify this ordinance in the Capitola Municipal Code.



**City of Capitola  
 Proposal for a continued Partnership with the  
 Santa Cruz County Lodging Association**

Thank you for meeting with the members of the Lodging Association and including us in the process of a potential TOT increase.

Over the past ten-years the City's TOT receipts have grown by nearly 50%, or \$441,000 dollars, although the CVC funding has fluctuated throughout the same 10 year period. The trend of decreased funding for the CVC not only holds true for Capitola, but the County, City of Watsonville, City of Santa Cruz and Scotts Valley. In ten years, overall, Santa Cruz County's total TOT collections have grown over 30%, but the CVC funding has been reduced by almost 20%. Please refer to Exhibit A to see the entire County's ten-year trend.

Although an increase in occupancy is helpful, the industry profitability margins are a fraction of what they once were due to the decline of the Average Daily Rate (ADR) in recent years. In just 6 short years, 2006-2011, our ADR decreased by \$20.00.

<b>Year:</b>	2006	2007	2008	2009	2010	2011
<b>Avg. Occupancy:</b>	59%	61%	55%	48%	50%	56%
<b>Average Daily Rate:</b>	\$130.53	118.50	117.11	108.80	112.08	110.99

Example: \$20.00 per room less in ADR represents a loss of operating income of \$130,000 for a 30 room motel that runs 59% occupancy. This could be the difference of making their mortgage payment or not.

Until the ADR rebounds back to 2006 levels and the occupancy stabilizes around 60%, the industry is still in jeopardy and feels a TOT increase, without dedicated funds to the CVC, would not be prudent for anyone. By supporting a ballot measure which includes a portion of additional TOT dedicated to tourism marketing, the CVC through their marketing efforts will draw more visitors to Santa Cruz and the occupancy and ADR will continue to grow. This will clearly result in continued TOT increases.

Below you will find our proposal:

1. Commit to a two-year funding cycle for the CVC; for this fiscal year commit to \$17,250 and for 2013/14 fiscal year \$17,250.
2. In November of 2012 place a measure on the ballot to increase the TOT in two stages: On July 1, 2013, a ONE percentage point increase to be dedicated to tourism related improvements such as a parking garage. Additionally, the following year beginning July 1, 2014, an increase of an additional ONE percentage point tax dedicated to the CVC and Capitola Chamber of Commerce, split evenly, for the specific purpose of marketing tourism. (Once the latter is implemented, the City will no longer fund the CVC and the Chamber through the general fund)
3. No additional processing expenses for collection and redistribution of funds to the CVC will be applied.
4. A ten-year moratorium of a TOT increase will be added to the ballot measure
5. To ensure each jurisdiction in the County is paying their fair share for the marketing efforts of the County, the City and the Lodging Association will work together to urge all municipalities to support placing the measure on the ballot.

We look forward in continuing our partnership and strengthening our tourism industry.



Item #: 9.D.

## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 28, 2012

FROM: FINANCE DEPARTMENT

SUBJECT: PUBLIC HEARING TO CONSIDER THE LEVY OF CAPITOLA VILLAGE AND WHARF BUSINESS IMPROVEMENT AREA (CVWBIA) ASSESSMENTS FOR FISCAL YEAR 2012/2013

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**RECOMMENDED ACTION:** That the City Council conduct the required Public Hearing and, if there is not a majority vote against the proposed assessment, that the City Council adopt the proposed Resolution confirming the Fiscal Year 2012/2013 Capitola Village and Wharf Business Improvement Area Assessments and adopting the Annual Plan and the Fiscal Year 2012/2013 Capitola Village and Wharf Business Improvement Area Budget, and Levying Business Improvement Assessments for Fiscal Year 2012/2013.

**BACKGROUND:** On June 23, 2005, the City Council adopted Ordinance No. 889 adding Chapter 5.10 to the Capitola Municipal Code establishing the Capitola Village and Wharf Business Improvement Area ("CVWBIA"). The CVWBIA assessments fund the various programs that benefit the businesses within the CVWBIA district boundaries.

**DISCUSSION:** On June 14, 2012, the City Council adopted Resolution No. 3917, Resolution of Intention to Levy Business Improvement Assessments for Fiscal Year 2012/2013, which set a public hearing for June 28, 2012, in accordance with state law and Chapter 5.10 of the Capitola Municipal Code.

Pursuant to Paragraphs 7 and 8 of the Resolution, notice of this public hearing was published in the Santa Cruz Sentinel Newspaper on Sunday, June 17, 2012, and was mailed to affected business owners by the CVWBIA as required by state law on Monday, June 18, 2012.

During the public comment portion of this hearing, written and oral protests may be made pertaining to the proposed levy of assessments, the amount of the proposed assessments, the proposed improvements and activities to be funded with the revenues derived from the proposed levy of assessments, and/or the proposed boundaries of the Assessment District in accordance with California Streets & Highways Code §36524 and §36525.

At the conclusion of the public hearing, absent the receipt of oral and written protests from property owners casting a majority vote against the proposed assessment, the Council is requested to adopt the proposed Resolution confirming the Fiscal year 2012/2013 CVWBIA Assessments and adopting the Annual Plan and Fiscal Year 2012/2013 Budget, as approved by the Council on June 14, 2012, or as amended by the Council during the hearing, if applicable. Adoption of the Resolution constitutes the levy of business improvement assessments for Fiscal Year 2012/2013.

**FISCAL IMPACT:** There is no fiscal impact to the City. All administrative costs for billing and collections incurred by the City are reimbursed to the City from the CVWBIA.

### ATTACHMENTS

1. Draft Resolution confirming the Fiscal Year 2012/2013 Capitola Village and Wharf Business Improvement Area Assessments and adopting the Annual Plan and Fiscal Year 2012/2013 CVWBIA Budget.
2. Resolution No. 3917 adopted on June 14, 2012

Report Prepared By: Lisa Saldana  
Supervising Accountant

Reviewed and Forwarded  
By City Manager:  166

RESOLUTION NO. \_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
CONFIRMING THE FISCAL YEAR 2012/2013 CAPITOLA VILLAGE AND WHARF BUSINESS  
IMPROVEMENT AREA ASSESSMENTS AND ADOPTING THE ANNUAL PLAN  
AND FISCAL YEAR 2012/2013 CVWBIA BUDGET**

**WHEREAS**, the Capitola Village and Wharf Business Improvement Area ("CVWBIA") has prepared a report to the City of Capitola for Fiscal Year 2011/2012 pertaining to the Business Improvement Area assessments for the CVWBIA under California Streets and Highways Code §36533; and

**WHEREAS**, that report was filed with the City Clerk on June 6, 2012; and

**WHEREAS**, Capitola Municipal Code §5.10.050 requires annual assessments to be imposed within the CVWBIA pursuant to a formula set forth in City Council Resolution No. 3453 referenced in Capitola Municipal Code §5.10.030, and later amended by Resolution No. 3546; and

**WHEREAS**, on June 14, 2012, the City Council adopted Resolution No. 3917 stating its intention to levy business improvement assessments for Fiscal Year 2012/2013, receiving the Annual Report and Fiscal Year 2012/2013 Budget, and approving the CVWBIA Assessment Basis/Business Addresses and Assessment Method; and

**WHEREAS**, pursuant to Resolution No. 3917 the City Council, in accordance with California Streets and Highways Code Section 36535, held a public hearing on June 28, 2012, as provided for in Streets and Highways Code Sections 36524 and 36525 at which time it considered the annual report, the levy of business improvement assessments for Fiscal Year 2012/2013, and received oral and written protests and endorsements to the regularity or sufficiency of the proposed business improvement assessments.

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

1. The Fiscal Year 2012/2013 Capitola Village and Wharf Business Improvement Area Annual Report, including the Fiscal Year 2012/2013 budget, as filed with the City Clerk on June 6, 2012, and received by the City Council on June 14 2012, as part of Resolution No. 3917, is hereby confirmed and adopted.

2. The adoption of this resolution shall constitute the Fiscal Year 2012/13 levy of assessments provided for in Chapter 5.10 of the Capitola Municipal Code pertaining to the Capitola Village and Wharf Business Improvement Area zone and rate of assessments adopted by the City Council on June 28, 2012.

**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 28<sup>th</sup> day of June, 2012, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
Michael Termini, Mayor

ATTEST:

\_\_\_\_\_  
Susan Sneddon, City Clerk

## RESOLUTION NO. 3917

**RESOLUTION OF INTENTION OF THE CITY COUNCIL  
OF THE CITY OF CAPITOLA  
TO LEVY BUSINESS IMPROVEMENT ASSESSMENTS  
FOR FISCAL YEAR 2012/2013**

**WHEREAS**, the Capitola Village and Wharf Business Improvement Area ("CVWBIA") has prepared a report to the City of Capitola for Fiscal Year 2011/2012 pertaining to the Business Improvement Area assessments for the CVWBIA under California Streets and Highways Code §36533; and

**WHEREAS**, Capitola Municipal Code §5.10.050 requires annual assessments to be imposed within the CVWBIA pursuant to a formula set forth in City Council Resolution.

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

1. The Annual Report and Proposed FY 2012-13 Budget of the CVWBIA pertaining to business improvement assessments, as presented in Exhibit "A" attached hereto, is received.
2. The City Council intends to levy and collect assessments within the CVWBIA for Fiscal Year 2012/2013.
3. The proposed activities authorized by Capitola Municipal Code Chapter 5.10 are described in the afore-referenced CVWBIA Annual Report. These activities include a variety of promotional activities, including village maintenance and beautification programs, and extended holiday parking programs. A number of promotional information media announcements and publications will also be financed from these funds, including regional magazine advertising, broadcast advertising and website advertising.
4. The Business Improvement Area is bounded per the map of the CVWBIA reproduced as Exhibit "A" to Capitola Municipal Code §5.10.020 and included in the Municipal Code. The CVWBIA boundaries are not being altered.
5. The Annual Report of the CVWBIA is presented in Exhibit "A" attached hereto. The proposed assessments will be calculated under the formula for assessment found in Capitola City Council Resolution No. 3546 adopted May 25, 2006. This formula is based on the classification of benefited businesses and the businesses' number of full-time equivalent employees. Assessments will not be increased.
6. The Capitola City Council will hold a public hearing in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California, at the hour of 7:00 p.m., on Thursday, June 28, 2012, to receive any oral or written protests or endorsements to the regularity or sufficiency of the proposed business improvement assessments. If written protests complying with Streets and Highways Code §36524 and §36525 are received from the owners of businesses which will pay fifty percent or more of the assessments, assessments will not be levied, the procedure will be terminated and will not be reconsidered until one full year has elapsed.

7. The City Clerk is directed to give notice of the public hearing to consider the levy of business improvement assessments for Fiscal Year 2012-2013 by publishing this Resolution of Intention in a newspaper of general circulation in the City once, at least seven days prior to the public hearing. |

8. The CVWBIA Advisory Committee is directed to give notice of the public hearing to each business owner in the area by mailing a copy of the Council's Resolution of Intention to each business.

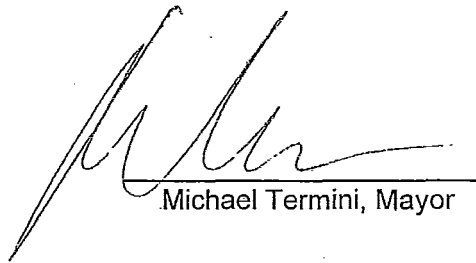
**I HEREBY CERTIFY** that the above and foregoing resolution was passed and adopted by the City Council of the City of Capitola at its regular meeting held on the 14<sup>th</sup> day of June, 2012, by the following vote:

AYES: Council Members Harlan, Norton, Nicol, and Mayor Termini

NOES: None

ABSENT: Council Member Storey

ABSTAIN: None



Michael Termini, Mayor

ATTEST:   
Susan Sneddon, City Clerk

**EXHIBIT A**  
(Resolution No. 3917)

**Annual Report & Proposed Fiscal Year 2012-2013 Budget**  
**CVWBIA Assessment Basis**  
**CVWBIA Business Addresses and Assessment Method**

**Activities**

With the goal of increasing tourism and promoting the Capitola Village and Wharf areas, the Capitola Village and Wharf Business Improvement Area ("CVWBIA" or "District") serves primarily as a marketing agent advocating the Village and Wharf businesses. Therefore the activities of the CVWBIA relate to achieving the objective of marketing the Capitola Village and Wharf Area. Informational brochures for visitors, an attractive and active website linked to Village and Wharf merchants, a Village map identifying locations of Village and Wharf merchants, newsletters, advertising programs, holiday events and Village betterment projects are key focuses of the District. This District is the primary source of funding for the promotion of the Village and Wharf. These goals and objectives can be achieved by the CVWBIA continuing to fund activities and projects that will:

- Increase the number of year-a-round visits to the businesses within the District, emphasizing the period of October through May of each year.
- Increase the numbers of people who stay, shop, and dine in the Village and on the Wharf of Capitola.
- Improve the ease of access to information regarding the businesses and services provided by the Village and Wharf BIA to likely visitors to the area via the Internet and printed brochure/directories.
- Provide fun, family-oriented events throughout the year emphasizing the attributes of the Village and Wharf, by working in partnership with the Capitola-Soquel Chamber of Commerce.
- Improve and enhance the appearance of the Village and Wharf in concert with the City of Capitola.
- Enhance the ability of the CVWBIA to serve as a liaison between individual business owners, local governments, and private agencies, including the City of Capitola.

As the CVWBIA begins its eighth year, we will continue the successful programs developed during the prior years of the CVWBIA. New programs will be put in place.

**We will continue and expand successful programs from the current and prior years, which included the following:**

1. **Village Directories.** Over 75,000 directories were printed and distributed in Fiscal Year 2011-2012.

2. **Directory Distribution.** The CVWBIA has contracted with Certified Folder Display Service for distribution of 45,000 brochures in the San Jose, Santa Clara Area and 20,000 brochures in Santa Cruz. This is the company with exclusive rights to lobby racks in all the hotels, resorts, motels and visitor centers.
3. **Website Presence.** We maintain a very attractive website for ease of use and connectivity to local businesses. The CVWBIA has a strong Internet presence with multiple domain names, which can be used for different projects. The primary domain names are [www.capitolavillage.com](http://www.capitolavillage.com) and [www.explorecapitola.com](http://www.explorecapitola.com). The website has a complete directory of all businesses in the boundaries of the CVWBIA with pictures and links to their individual websites. There is a history of Capitola written by Carolyn Swift, Capitola Museum Coordinator. There is a schedule of events for the year with contact information. The walking tour of Capitola Village is also on the site. Articles with colorful descriptions of Village businesses and activities have been added. There are two ways for the CVWBIA to capture email addresses for future correspondence with visitors to the web site. Email address information is captured via the contest to win a vacation in Capitola Village and visitors are asked to sign up at merchants' shops throughout the Village and Wharf.
4. **Volunteers.** The CVWBIA members participate with the Capitola/Soquel Chamber of Commerce and volunteer at the various events they put on in the Village.
5. **Holiday Activities.** The CVWBIA works with the Chamber and the City on the Christmas Holiday decorations. The CVWBIA hosts a Tree Lighting Ceremony, Community Caroling, and provides Holiday music throughout the Village. The CVWBIA also provides lights for trees throughout the Village as well for houses on Depot Hill that participate in the Holiday decorations.
6. **Advertising.** The CVWBIA placed advertisements in travel magazines that have paid off at many different levels. In addition to the visibility of our ad and URL, the Sunset Magazine named Capitola one of the 20 Best Beach Communities on the west coast. The CVWBIA will continue co-op with the Santa Cruz County Conference and Visitors Council advertising in print, on television and radio, which highlights Capitola.
7. **Membership Breakfast.** The quarterly breakfasts are an opportunity to keep the members informed. In addition we have been offering educational presentations on social networking, search engine optimization and other aspects of marketing on the Internet.
8. **Public Works.** The CVWBIA contributes annually to the City of Capitola Public Works Department. Our contribution is used to help maintain the Village.
9. **Chamber of Commerce.** The CVWBIA contributes annually to support community interest projects.



## Capitola Village & Wharf Business Improvement Area Assessment Basis

The method of assessment breaks down the businesses within the proposed boundary map into seven categories:

1. Retail / Service businesses
2. Restaurant/Bar/Take-out food and beverage businesses
3. Office and Professional businesses
4. Hotel / Motel / Inn businesses
5. Short-term Rental businesses
6. Specialty
7. Seasonal Foods

These five business categories are further broken down by number of employees for the first two categories, a flat fee for the third and fifth categories, and a per unit fee for the Lodging/Motel/Inn businesses. Registered non-profits are exempt from assessment.

The following table represents the proposed method of collection and fee determination for the proposed CVWBIA.

Business Category	Number of Full-Time Equivalent Employees *		
	0 – 5 employees	6 – 10 employees	More than 10 employees
Retail / service	\$420.	\$840.	\$1260.
Restaurant / Bar / Take-out	\$480.	\$960.	\$1440.
Office / Professional	\$120.		
Hotel / Motel	\$360 per unit		
Short-term Rental **	\$180		
Specialty	\$120		
Seasonal Food Service	\$280		

**Footnote\*** “Full-time employee” is considered one who works 2000 hours per year or more. Multiple part-time employees are combined into a single full-time employee for the basis of this assessment calculation.

**Footnote\*\*** “Short-term rental” businesses are defined as those dwellings which, at least once per fiscal year, are rented to a tenant for a tenancy of less than thirty days.

See In-Lieu Payments/Trades Program on the next page.

**In-Lieu Payments/Trades.** The City Manager is authorized to approve “in lieu” assessment payments in the form of Gift Certificates from CVWBIA retail, food or lodging business members whereby these businesses tender retail, restaurant and lodging gift certificates for use by the CVWBIA in connection with its promotional activities. The amount of ‘in lieu’ assessment payments will be fixed per category, with exceptions that may be authorized by the City Manager. The amounts of the gift certificates for each category and payment levels are as follows:

<i>Business Category</i>	<i>Assessment</i>	<i>Cash</i>	<i>In-lieu/Trade</i>
Retail / service:	\$420.	\$345	\$75
	\$840	\$690	\$150
Restaurant / Bar / Take-out	\$480	\$405	\$75
	\$960	\$810	\$150
	\$1,440	\$1,215	\$225
Office / Professional	\$120	\$120	\$0
Short-term Rental	\$180	\$180	\$0
Hotel/Motel	\$360 per unit	50%	50%
Specialty	\$120	\$120	\$0
Seasonal Food Service	\$280	\$235	\$45

**Associate Membership.** CVWBIA is authorized to accept “associate membership” financial contributions from businesses outside the CVWBIA which might wish to participate in the CVWBIA’s promotional activities but which are not subject to the CVWBIA assessments.

**New Business Assessment.** Assessment will be prorated by the quarter in which a business opens. “In Lieu” payments will be accepted.

**Business Closing.** A business notifying the CVWBIA before the end of the first quarter of the fiscal year (September 30th) that the business will close before December 31st will be exempt from paying the assessment for that fiscal year. If the business does not close before December 31st, it must pay the year's assessment in full.

**Delinquencies.** This year we adopted a clear policy relative to delinquent dues. In addition to referring merchants with delinquent dues to a collection agency after 6 months delinquent, the delinquent members will be eliminated from the following listings if dues not paid by specified date:

<u>Listing</u>	<u>Dues must be paid in full by</u>
Web listing	April 30, 2013
Village Listing	April 30, 2013
Village Brochure	April 30, 2013

**Capitola Village & Wharf Business Improvement Area  
Estimated Actual for FY 2011-12 and Proposed Budget for FY 2012-13**

	FY 10/11 Actual	FY 11/12 Adopted	FY 11/12 Mid-Year	FY 12/13 Proposed
<b>Beginning Fund Balance</b>	\$ 7,400	\$ 5,500	\$ 4,200	\$ 12,734
<b>Revenues</b>				
BIA Assessment Revenues- Cash	56,100	58,200	53,444	58,920
BIA Assessment Revenues- Trade	14,200	12,000	10,105	10,500
Interest Revenue	200	100	112	100
<b>Total Revenues</b>	<b>70,500</b>	<b>70,300</b>	<b>63,661</b>	<b>69,520</b>
<b>Total Source of Funds (Beg. Fund Bal &amp; Revenues)</b>	<b>\$ 77,900</b>	<b>\$ 75,800</b>	<b>\$ 67,861</b>	<b>\$ 82,254</b>
<b>Expenditures</b>				
Advertising	\$ 59,900	\$ 58,600	\$ 43,569	\$ 55,100
Maintenance - City Public Works	3,000	3,000	3,000	3,000
Billing/Collection - City Accounting	4,200	4,200	4,200	4,200
Capitola Soquel Chamber Of Commerce	3,000	3,000	3,000	3,000
Supplies	1,200	1,000	843	1,000
Collection Expense	800	500	255	500
Website	-	1,000	-	1,000
Unanticipated Events				8,000
Administrative Assistant	300	300	260	300
<b>Total Use of Funds</b>	<b>72,400</b>	<b>71,600</b>	<b>55,127</b>	<b>76,100</b>
<b>Ending fund Balance at June 30th</b>	<b>\$ 5,500</b>	<b>\$ 4,200</b>	<b>\$ 12,734</b>	<b>\$ 6,154</b>

The following tables provide detail for selected items of the proposed FY 12/13 Budget:

Revenues	Proposed FY 12/13
Food	19,800
Hotels	17,280
Office	2,160
Retail	22,260
Short Term Rentals	7,920
<b>Subtotal</b>	<b>\$ 69,420</b>

Advertising	Proposed FY 12/13
Gift Cert.-Contest *Trade	10,500
Sacramento Magazine	2,500
Holiday	3,000
CVC Partnership	5,500
TV/Radio	5,000
CDS Distribution	6,100
Directories Printing	6,500
Consulting-Marketing & Internet	12,000
Street Directories	3,000
Printing Explore	1,000
<b>Subtotal</b>	<b>\$ 55,100</b>

\* Gift Certificates are provided from "Trade" revenues

## Capitola Village & Wharf Business Improvement Area Budget Discussion

**Revenues:** The proposed revenue is derived from the CVWBIA business listings and proposed assessment rates. The allocation of cash and in-lieu revenue is based upon FY 2011-12 actual.

**Expenditures:**

**Summary.** The proposed expenditures include advertising and related services of \$55,100, City Public Works maintenance for beautification of \$3,000, City Accounting Staff of \$4,200 for billing and accounts payable services, \$3,000 for the partnership with the Chamber of Commerce, \$1,000 for website services and maintenance, unanticipated events, \$8,000 and the \$1,800 balance will be used for administration and office expense.

**Advertising is the CVWBIA's principal expenditure.**

- Members may satisfy a portion of their annual fee with **gift certificates (\$10,500)**. These certificates are used to promote specific businesses in the Village through donations to various activities in the Village and promotional incentives to potential visitors to Capitola.
- The CVWBIA advertises regularly (\$6,500) in **tourist magazines** such as VIA and Sunset Magazine. In addition we advertised in Explore, which is a hard covered promotional book, which is placed in several hundred hotel rooms throughout the area.
- **TV & Radio Advertising (\$5,000)**. While these are a more expensive advertising medias we attempt to take advantage of special opportunities with spots that emphasize the Capitola Village.
- **Local directories** We spend over \$12,000 printing and distributing directories of all members plus special event in the Village. These are very attractive and useful brochures, which are available at all local merchants and in distribution centers throughout the area.

The CVWBIA will begin FY 2012-13 with an estimated fund balance of \$12,734.

Capitola Village & Wharf Business Improvement Area  
Business Address and Assessment Method

<u>Business Address</u>	<u>Business Name</u>	<u>TYPE</u>	<u>FY12/13 Est. Size</u>	<u>FY12/13 Est. Amt Due</u>
209B Esplanade	Bay Bar & Grill	F	0 - 5	\$480
316 Capitola Ave	Bella Roma Café	F	6 - 10	\$960
110 Monterey	Britannia Arms	F	> 10	1440
201 Monterey #C	To Thai For	F	0 - 5	\$480
104 Stockton Ave	Café Violette	F	0 - 5	\$480
105 Stockton Ave	Capitola Coffee Roasters	F	0 - 5	\$480
115 San Jose Ave, Ste. #6	Caruso's Tuscan Cuisine	F	0 - 5	\$480
115 San Jose Ave, Ste. #7	CAVA Wine Bar	F	0 - 5	\$480
123 Monterey	El Toro Bravo	F	0 - 5	\$480
211 Esplanade	Fog Bank Bar & Grill	F	0 - 5	\$480
200 Monterey #3	Geisha Japanese Restaurant & Tea House	F	6 - 10	\$960
231 Esplanade #101	Margaritaville	F	> 10	\$1,440
201 Esplanade	Mr. Kebab & Falafel	F	0 - 5	\$480
231 Esplanade #100	Mr. Toots Coffee & Tea	F	0 - 5	\$480
207 Esplanade	My Thai Beach	F	6 - 10	\$960
215 Esplanade	Paradise Beach Grille	F	> 10	\$1,440
209A Esplanade	Pizza My Heart	F	6 - 10	\$960
115 San Jose Ave, Ste. #1	Seaside Coffee	F	0 - 5	\$480
1750 Wharf Rd	Shadowbrook Restaurant	F	> 10	\$1,440
200 Monterey #1	Souza's Ice Cream & Candy	F	0 - 5	\$480
231 Esplanade #102	Stockton Bridge Grille	F	6 - 10	\$960
427 Capitola Ave	Taqueria Agave	F	0 - 5	\$480
200 Monterey #2	Taqueria Baja	F	0 - 5	\$480
210 Monterey #1	Thai Basil	F	0 - 5	\$480
1400 Wharf Rd	Wharf House Restaurant	F	0 - 5	\$480
203 Esplanade	Zelda's	F	> 10	\$1,440
107 San Jose Ave, Ste. #8	Surfing Dog	F-Seasonal	0-5	\$120
210 Esplanade	Capitola Hotel	H	7 (8?)	\$2,520
5000 Cliff Dr	Harbor Lights Motel	H	10	\$3,600
250 Monterey	Inn at Depot Hill	H	12	\$4,320
1500 Wharf Rd	Venetian Hotel	H	19	\$6,840

<u>Business Address</u>	<u>Business Name</u>	<u>TYPE</u>	<u>FY12/13 Est. Size</u>	<u>FY12/13 Est. Amt Due</u>
312E Capitola Ave	57 Design Inc.	O		\$120
331F Capitola Ave	Advanced Ingredients	O		\$120
312D Capitola Ave	Beach House Rentals	O		\$120
301 Capitola Ave	David Lyng & Associates	O		\$120
201 Monterey #G	Fuse Architects	O		\$120
415 Capitola Ave	James B. Colip Insurance	O		\$120
425 Capitola Ave. #3	Kathy Macdonald Association	O		\$120
314 Capitola Ave	Katz & Lapides	O		\$120
409 Capitola Ave. #A	Liz De Puydt Photography	O		\$120
331 Capitola Ave. #B	Michael Lavigne Real Estate	O		\$120
115 San Jose Ave, Ste. #10	Nails on the Beach	O		\$120
331Capitola Ave Ste K	Newman & Marcus, LLP	O		\$120
413 Capitola Ave	Richard Emigh, Land Use	O		\$120
201 Monterey #E	Run Rhino Inc.	O		\$120
331 Capitola Ave. #D	Suess Insurance Agency	O		\$120
425 Capitola Ave. #2	Webster & Associates	O		\$120
111 Capitola Ave	Alchemology	R	0-5	\$420
103 Stockton Ave	Armida Winery	R	0 - 5	\$420
208A Monterey	Avalon Visions	R	0 - 5	\$420
110 Capitola Ave	Avije Fashion Gallery	R	0 - 5	\$420
110-B Stockton Ave	Granny's By the Sea	R	0 - 5	\$420
312 Capitola Ave	Violet Blossom Massage	O		\$120
417 Capitola Ave	Betsy's Summerhouse Antiques	R	0 - 5	\$420
217 Capitola Ave	Big Kahuna Hawaiian Shirts	R	0 - 5	\$420
312 Capitola Ave	Buck's World	R	0 - 5	\$420
131 Monterey	Capitola Beach Co.	R	0 - 5	\$420
208 San Jose Ave	Stand Up Paddle Capitola	R	0 - 5	\$420
1400 Wharf Rd	Capitola Boat & Bait	R	0 - 5	\$420
215 Capitola Ave	Capitola Dreams Swimwear	R	0 - 5	\$420
109 Capitola Ave	Capitola Seashells	R	0 - 5	\$420
115 San Jose Ave, Ste. #5	Carousel Taffy	R	0 - 5	\$420

<u>Business Address</u>	<u>Business Name</u>	<u>TYPE</u>	<u>FY12/13 Est. Size</u>	<u>FY12/13 Est. Amt Due</u>
205 Capitola Ave	Chocolate Bar	R	0 - 5	\$420
209 Capitola Avenue	Craft Gallery	R	0 - 5	\$420
207 Capitola Ave	Craft Gallery Annex	R	0 - 5	\$420
127 Monterey	Cruz'n	R	0 - 5	\$420
220 Capitola Ave	Mermaid Psychic	O	-	\$120
107 Stockton Ave.	Dogmatic	R	0 - 5	\$420
114 Stockton Av	Euphoria Rio Mix	R	0 - 5	\$420
110 Capitola Ave., #2	Free to Ride	R	0 - 5	\$420
212 Capitola Ave	Gaia Earth Treasures	R	0 - 5	\$420
219 Capitola Ave	Hot Feet	R	0 - 5	\$420
210 Capitola Ave	Hour Place	R	0 - 5	\$420
115 San Jose Ave, Ste. #11	In the Raw	R	0 - 5	\$420
201 Monterey #B	Kickback	R	0 - 5	\$420
118 Stockton Ave.	La Vita Company	R	0-5	\$420
120 Stockton Ave.	Latta	R	0 - 5	\$420
115 San Jose Ave, Ste. #2	Nazar Turkish Imports	R	0 - 5	\$420
112 Capitola Ave.	Lumen Gallery	R	0 - 5	\$420
204 Capitola Ave	Oceania	R	0 - 5	\$420
110 Capitola Ave #1	Panache	R	0 - 5	\$420
321 Capitola Ave	Pacific Gallery	R	0 - 5	\$420
115 San Jose Ave, Ste. #4	Grateful Tie Dye	R	0 - 5	\$420
115 San Jose Ave.	Parking at the Mercantile	R	0-5	\$420
120 Monterey Ave.	Parking at the Theater	R	0-5	\$420
312A Capitola Ave	PhDiamonds	R	0 - 5	\$420
107 Capitola Ave	Phoebe's	R	0 - 5	\$420
300 Capitola Ave	Quality Market	R	0 - 5	\$420
116 San Jose Av	Rainbow City Limit	R	0 - 5	\$420
115 Capitola Ave	Script Craft/Capitola Reef	R	0 - 5	\$420
112 Stockton Av	Sea Level T's	R	0 - 5	\$420
216 Capitola Ave.	Slap Happy	R	0 - 5	\$420
202 Capitola Ave	Nubia	R	0 - 5	\$420

## 7790

<u>Business Address</u>	<u>Business Name</u>	<u>TYPE</u>	<u>FY12/13 Est. Size</u>	<u>FY12/13 Est. Amt Due</u>
214 Capitola Ave	Super Silver	R	0 - 5	\$420
117 Capitola Ave	Surf Shack	R	0 - 5	\$420
503 Capitola Ave	Suzi's	R	0 - 5	\$420
120 San Jose Ave	Sweet Asylum	R	0 - 5	\$420
121 San Jose Ave	Thomas Kinkade Gallery	R	0 - 5	\$420
215 Stockton Ave	Vanity by the Sea	R	0 - 5	\$420
201 Capitola Ave	Village Mouse	R	0 - 5	\$420
201 Monterey #A	Village Sea Glass	R	0 - 5	\$420
122 Capitola Ave	Yvonne Avonne Stone Jacobs, Judy	R	0 - 5	\$420
222 San Jose Av	Jacobs	SR	1	\$180
1500 Wharf Rd. #1	Bob & Carol Coe	SR	1	\$180
303 Cherry Way	Cal & Carla Cornwell	SR	1	\$180
109 San Jose Avenue	Capitola Associates, LLC	SR	1	\$180
305 Riverview Ave.	Capitola Pelican House	SR	1	\$180
307 Capitola Ave #B	Capitola Suites/BF Partnership	SR	1	\$180
207 & 215 San Jose Ave, A & B	Clare St. Laurent	SR	4	\$720
1500 Wharf Rd #5	Colleen Merle Lund	SR	1	\$180
5005 Cliff Dr #6	Connie Eshleman	SR	1	\$180
109 Monterey #8	David Johnson	SR	1	\$180
116 Esplanade #A-B	Dorean Moore	SR	2	\$360
310 Riverview Ave	Eleanor Glover	SR	1	\$180
1500 Wharf Rd #14	Erline Mello	SR	1	\$180
1500 Wharf Rd #8	Everett Eslinger	SR	1	\$180
318 Capitola Ave #2	Fred & Sharon Andres	SR	1	\$180
217 Monterey #A	Greg & Maxine Sivaslian	SR	1	\$180
1445 Wharf Rd	Greg McBride	SR	1	\$180
206 Monterey	Jay & Pamela Chesavage	SR	1	\$180
5005 Cliff Dr #3	Jean Ladoucour	SR	1	\$180
301 Cherry Way	Jeff & Kathie Gaylord	SR	1	\$180
225 San Jose Av	Joseph & Lisa Sabini	SR	1	\$180
1500 Wharf Rd. #20	Leonard Tyson	SR	1	\$180



<u>Business Address</u>	<u>Business Name</u>	<u>TYPE</u>	<u>FY12/13 Est. Size</u>	<u>FY12/13 Est. Amt Due</u>
109 Cherry Way #A-B	Lois Cox & Jim Wittkop	SR	1	\$180
1500 Wharf Rd. #6 1/2	Mary Russell, Sylvia Nurre, Rosemary & John Schaffer	SR	1	\$180
206 Stockton Av	Meredith Howard	SR	1	\$180
4985 Cliff Drive	Michael Hutto	SR	1	\$180
407 Riverview Ave	Michael Pirnik	SR	1	\$180
318 Capitola Ave #5	Mike & Karen McCormick "A Beach Condo"	SR	1	\$180
208 Monterey C	Pat & Frank Castagnola	SR	1	\$180
327 Riverview Ave A	Paulo Franca	SR	1	\$180
1500 Wharf Rd #11	Robert Chestnut "Venetian Condo"	SR	1	\$180
109 Monterey #4	Sharon Dougan	SR	1	\$180
317 Riverview Ave B	Steve & Linda Woodside	SR	1	\$180
5005 Cliff Dr #4, 314 Riverview Ave	Sue Norris	SR	2	\$360
318 Riverview Ave	Tammie Jann	SR	1	\$180
4960 Cliff Dr. #2	Tim & Stacy Hopkins	SR	1	\$180
1500 Wharf Rd #7	Viola M Carr	SR	1	\$180
1500 Wharf Rd #3,4	Watson Family Limited Part- nership (Mike Newell)	SR	2	\$360

<u>Business Category</u>	<u>Assessment Method</u>	<u>Total Estimate</u>	
F=FOOD	Per Employee Category: 0-5; 6-10; >10 Employees	F	\$19,800
H =HOTEL/MOTEL	Per Unit or Room	H	\$17,280
O=OFFICE	Per Business	O	\$2,160
R=RETAIL/SERVICE	Per Employee Category: 0-5; 6-10; >10 Employees	R	\$22,260
SR =SHORT TERM RENTALS	Per Unit or Room	SR	\$7,920
X=EXEMPT	No Assessment	X	
		<b>Total</b>	<b>\$69,420</b>



## CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 28, 2012

FROM: CITY MANAGER, FINANCE DEPARTMENT, PUBLIC WORKS AND POLICE

SUBJECT: CONSIDERATION OF ACCEPTING TITLE TO THE RISPIN PROPERTY AND  
REVIEWING CONCEPTUAL OPTIONS FOR THE RISPIN PROPERTY

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**RECOMMENDED ACTION:** Take the following actions:

1. Approve Resolutions accepting the transfer of the Rispin Property to the City of Capitola; terminating the \$1,350,000 Purchase and Sale Agreement between the City of Capitola and the Successor Agency for the purchase of the Rispin Property; and making related declarations; and
2. Review conceptual phased development options for the Rispin property.

**BACKGROUND:** The City entered into a Purchase and Sale Agreement in 2003 to sell the Rispin Property to the former Redevelopment Agency for \$1,350,000. As part of part of the ABX1 26 RDA dissolution process, the City Council/Successor Agency, with Oversight Board review, needs to dispose of assets and wind-down the affairs of the former Redevelopment Agency.

On April 26<sup>th</sup>, the City Council/Successor Agency deliberated on the preferred method of complying with ABX1 26 requirements for the Rispin Property. At that hearing, the City Council/Successor Agency recommended transferring the property back to City and terminating the \$1.35 million debt. The Successor Agency and the Oversight Board approved resolutions to terminate the Note and transfer the Rispin Property to the City on June 14, 2012 and June 15, 2012, respectively.

The attached resolution accepts the transfer of the Rispin Property from the Successor Agency to the City in consideration for terminating the debt associated with the 2003 Purchase and Sale Agreement.

**DISCUSSION:** Prior to the State's dissolution of the RDA, work had begun on renovating the Rispin property. In 2011 the mansion was secured, including reconstruction of the roof that was destroyed by fire in 2009. Funding to continue this work had been included in last year's RDA budget but this funding was taken by the State as part of the RDA dissolution process. Staff has is recommending the following three phases of work for the completion of the project.

Phase 1

- Remove unnecessary chain link fencing from the site as shown on the site plan included as Attachment 2

Phase 2

- Complete design drawings for entire site
- Complete CEQA review – if necessary
- Construct ADA ramps from upper level to mansion with connection to Rispin/Peery trail
- Resurface walkways around mansion
- Install lighting around mansion and pathways
- Remove perimeter fencing

JUNE 28, 2012: ACCEPTING TITLE TO THE RISPIN PROPERTY AND REVIEWING CONCEPTUAL OPTIONS FOR THE RISPIN PROPERTY

Phase 3

- Wharf Road Wall rehab
- Garden restoration
- Fountain restoration
- Exterior stairway restoration
- Complete lighting including Rispin/Peery pathway and bridge
- Reconstruction of driveway/pathway from mansion to Wharf Road

Phase 1 can begin immediately as City crews are able to schedule the work. Work on Phases 2 and 3 will be dependent upon identification of funding.

At this time both the Police Department and Public Works Department recommend the perimeter fencing remain on the property. This fencing has been a primary deterrent to vandalism occurring in and around the mansion. The following data shows the calls for service for the Police Department over the past seven years for the property. During this same time, the amount of time Public Works has spent maintaining the site has dropped from a high of 340 hours per year to less than 40 hours.

Year	Calls for Service	Notes
2006	116	
2007	40	Developer activity begins on site
2008	46	Temporary perimeter fencing installed
2009	69	Fire in May 2009 – permanent fencing installed
2010	29	
2011	22	
2012 (to date)	12	

In addition to vandalism, the grounds immediately adjacent the mansion are in a state of disrepair and there would be a liability risk to opening these grounds up to the public without completing at least the first two phases of work.

**FISCAL IMPACT:** The estimated impact to the City for accepting the property and terminating the debt associated with the Purchase Agreement is a loss of \$2,291,625 in revenues over the original loan term; however the Department of Finance has already indicated they will not approve the debt as a Recognized Obligation Payment to the Successor Agency making it extremely unlikely the City would be able to obtain that revenue regardless of how title to the Rispin property is held.

As indicated above, the current Fiscal Year Budget for Public Works includes resources necessary to complete Phase I this summer. Completion of future phases would be dependent on funding in upcoming fiscal years. The estimated costs of the development work are as follows:

- Phase 1 - \$5,000
- Phase 2 - \$200,000
- Phase 3 - \$400,000

**ATTACHMENTS:**

1. Resolution
2. Site map

Report Prepared By: Tori Hannah, Finance Director  
Steven Jesberg, Public Works Director  
Rudy Escalante, Chief of Police

Reviewed and Forwarded  
By City Manager/Executive Director 

## RESOLUTION NO. \_\_\_\_

**RESOLUTION OF THE CITY OF CAPITOLA ACCEPTING THE TRANSFER OF THE  
RISPIN PROPERTY TO THE CITY OF CAPITOLA AND TERMINATING A  
PURCHASE AGREEMENT**

WHEREAS, on December 31, 1985, the City of Capitola (the "City") purchased certain property occupied by the Rispin Mansion and located at 2000 Wharf Road in the City of Capitola, County of Santa Cruz, State of California (Assessors' Parcel Numbers 035-371-01 and 035-371-02), as further described on **Exhibit A** and depicted on **Exhibit B** attached hereto and made a part hereof (the "Rispin Property"), for a purchase price of \$1,350,000; and

WHEREAS, the City and the Redevelopment Agency of the City of Capitola (the "Redevelopment Agency") entered into a Purchase and Sale Agreement on July 24, 2003, amended on June 22, 2006 and reentered into on April 26, 2012, and attached hereto as **Exhibit C** (the "Purchase Agreement"), whereby the City agreed to sell the Rispin Property to the Redevelopment Agency for the original purchase price of \$1,350,000 and to loan the Redevelopment Agency \$1,350,000 to be used to acquire the Rispin Property from the City for the benefit of the Redevelopment Project Area and the community, and the Redevelopment Agency agreed to repay the City from available tax increment revenues pursuant to the "Promissory Note" attached as Exhibit B to the Purchase Agreement; and

WHEREAS, on March 8, 2011, the City and the Redevelopment Agency entered into a "Property Conveyance Agreement," whereby the Redevelopment Agency agreed to transfer the Rispin Property to the City, and the City agreed to accept the Rispin Property, and grant deeds evidencing the transfer of the Rispin Property to the City were recorded in the Official Records of Santa Cruz County, California on March 10, 2011 as Documents Nos. 2011-0010678 and 2011-0010679; and

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012; and

WHEREAS, on January 12, 2012, the City Council of the City adopted a resolution accepting for the City the role of Successor Agency to the Redevelopment Agency (the "Successor Agency"); and

WHEREAS, Health & Safety Code Section 34167.5 provides in part that assets transferred from the Redevelopment Agency to the City after January 1, 2011 that are not contractually committed to a third party shall be returned to the Successor Agency; and

WHEREAS, in recognition of Health & Safety Code Section 34167.5, the Successor Agency on March 22, 2012 and the City on April 12, 2012 acknowledged that the Rispin Property was an asset of the Successor Agency; and

WHEREAS, the Dissolution Act created an oversight board to oversee the Successor Agency ("Oversight Board"); and

WHEREAS, while the Dissolution Act generally provides that agreements between the Redevelopment Agency and the City are not enforceable obligations, Health & Safety Code Sections 34178(a) and 34180(h) authorize the Successor Agency and the City, with Oversight Board approval, to reenter into such agreements; and

WHEREAS, at its April 12, 2012 meeting the Oversight Board for the Successor Agency by a unanimous vote authorized the Successor Agency to reenter into the Purchase Agreement; and

WHEREAS, the City and the Successor Agency reentered into the Purchase Agreement on April 26, 2012; and

WHEREAS, at its April 30, 2012 meeting, the Oversight Board determined it would be in the best interests of the taxing entities to terminate the Purchase Agreement and transfer the Rispin Property to the City and directed the Successor Agency staff to prepare the documents needed to effectuate the transfer of the Rispin Property to the City and to terminate the Purchase Agreement; and

WHEREAS, as directed by the Oversight Board, on June 14, 2012, the Successor Agency adopted Resolution No. 002 transferring the Rispin Property to the City and terminating the Purchase Agreement, attached hereto as **Exhibit D**, to become effective upon approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h); and

WHEREAS, the Oversight Board on June 15, 2012 adopted Resolution No. 2012-03, attached hereto as **Exhibit E**, approved Successor Agency Resolution No. 002 and whereas the time prescribed in Health & Safety Code Section 34179(h) has passed without any disapprovals from any of the entities designated in Health & Safety Code Section 34179(h); and

WHEREAS, pursuant to Section 15061(b)(3) of the CEQA Guidelines, the transfer of the Rispin Property from the Successor Agency to the City is exempt from the requirements of CEQA because it can be seen with certainty that there is no possibility transfer of the Rispin Property may have a significant effect on the environment, in that the use of the Rispin Property will not change or otherwise be modified following the conveyance by the Successor Agency to the City.

**NOW, THEREFORE, BE IT RESOLVED** by the Successor Agency as follows:

Section 1. Recitals. The foregoing recitals are true and correct, and are hereby incorporated by reference.

Section 2. Acceptance of Rispin Property. The City hereby accepts the transfer of the Rispin Property from the Successor Agency to the City.

Section 3. Termination of Purchase Agreement. In consideration of the transfer of the Rispin Property to the City, the City hereby terminates the Purchase Agreement as shown in **Exhibit C**.

Section 4. Method of Conveyance. Grant deeds evidencing the transfer of the Rispin Property to the City and the City's acceptance of the Rispin Property were recorded in the Official Records of Santa Cruz County, California on March 10, 2011 as Documents Nos. 2011-0010678 and 2011-0010679.

Section 5. Effect of Property Conveyance Agreement. Nothing in this Resolution shall be deemed to invalidate or amend the terms of the Property Conveyance Agreement. The Property Conveyance Agreement shall remain in full force and effect according to its original terms.

PASSED AND ADOPTED on 28<sup>th</sup> day of June, 2012 by the City Council of the City of Capitola with the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Michael Termini, Mayor

ATTEST:

\_\_\_\_\_  
Susan Sneddon, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**EXHIBIT A**  
**Legal Description**

EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING ON THE NORTHEASTERLY LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AT THE MOST SOUTHERLY CORNER OF LOT 1 OF BLOCK "P", AS SAID LOT AND BLOCK ARE DELINEATED AND SO DESIGNATED ON THAT CERTAIN MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", ETC., FILED FOR RECORD AUGUST 15, 1907, IN BOOK 13 OF MAPS, AT PAGE 31, SANTA CRUZ COUNTY RECORDS, AND RUNNING THENCE ALONG SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD, THE FOLLOWING COURSES AND DISTANCES: NORTH 21 DEGREES 27' 30" WEST 490.46 FEET; THENCE NORTH 18 DEGREES 38' WEST 110.86 FEET; THENCE NORTH 15 DEGREES 21' WEST 798.32 FEET; THENCE NORTH 26 DEGREES 37' WEST 62.32 FEET; THENCE NORTH 38 DEGREES 24' WEST 72.50 FEET; THENCE NORTH 57 DEGREES 14' WEST 98.21 FEET; THENCE LEAVING SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD NORTH 51 DEGREES 56' EAST 303.23 FEET TO THE CENTER OF SOQUEL CREEK; THENCE DOWN THE CENTER OF SAID CREEK THE FOLLOWING COURSES AND DISTANCES, SOUTH 13 DEGREES 10' EAST 126.74 FEET; THENCE SOUTH 3 DEGREES 31' WEST 81.61 FEET; THENCE SOUTH 31 DEGREES 32' EAST 558.63 FEET; THENCE SOUTH 5 DEGREES 15' WEST 404.89 FEET; THENCE SOUTH 17 DEGREES 57' EAST 575.86 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF THE AFORESAID LOT 1 OF BLOCK "P" OF CAPITOLA HEIGHTS; THENCE LEAVING SAID CREEK AND ALONG SAID SOUTHEASTERLY LINE OF SAID LOT 1, SOUTH 65 DEGREES 07' 30" WEST 124.92 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO BRADLEY M. MC DONALD, ET AL, BY DEED RECORDED ON FEBRUARY 1, 1961, IN VOLUME 808, OF OFFICIAL RECORDS, AT PAGE 520, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO CHARLEY ASHTON, ET UX., BY DEED RECORDED JULY 28, 1957, IN VOLUME 1141, OF OFFICIAL RECORDS, AT PAGE 186, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO EDWIN G. SPAITH, ET UX., BY DEED RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425, OF OFFICIAL RECORDS, AT PAGE 402, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN THAT CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 3, 1986 IN BOOK 5917, PAGE 484, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3928 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 176.95 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-01



EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3928 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

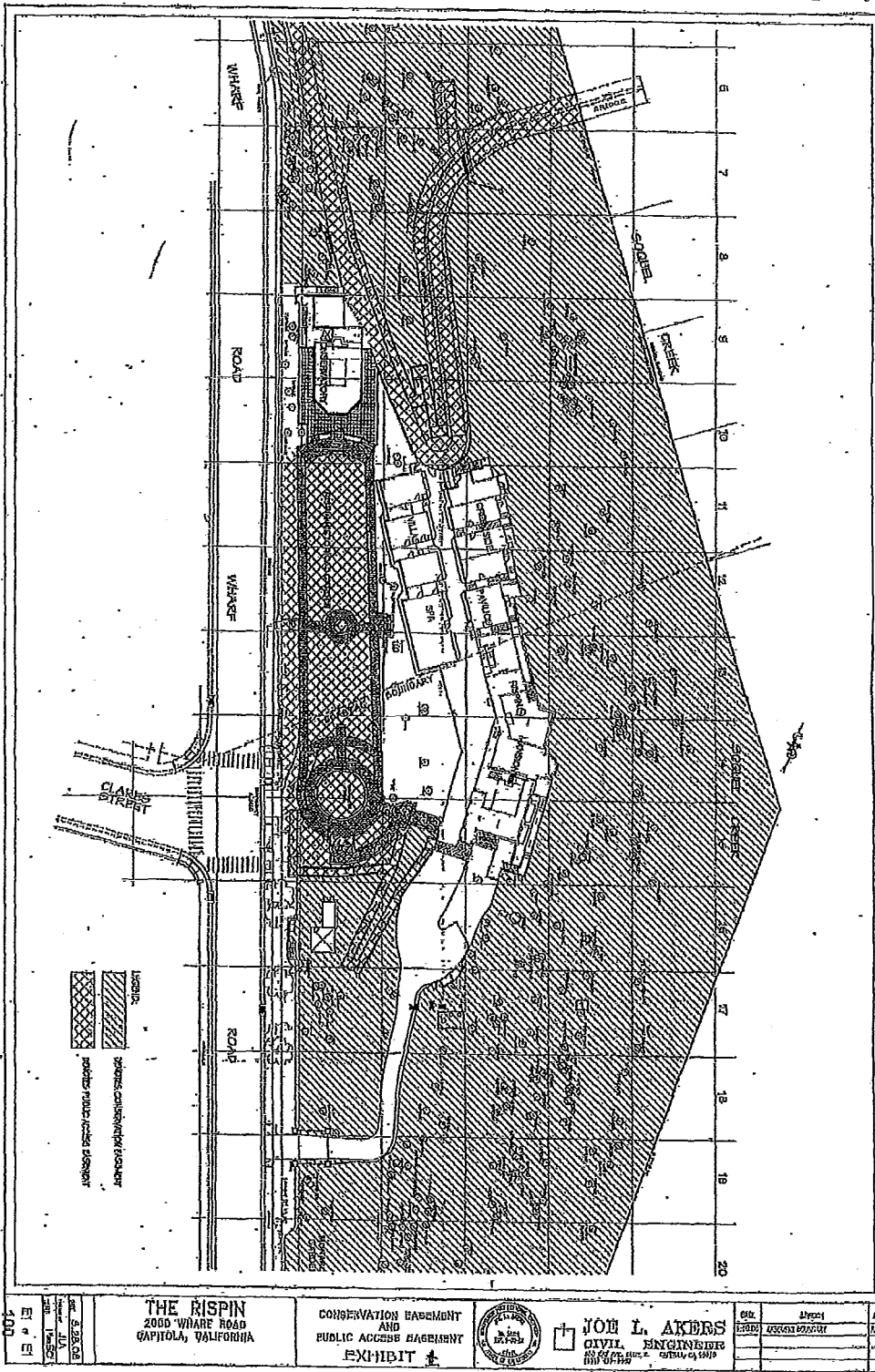
BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 176.95 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-02

# EXHIBIT B

## Easements Encumbering Rispin Property



**EXHIBIT C**  
**Purchase Agreement**

[PP. 129 – 151 + Reentered Agreement]

**AGREEMENT REENTERING INTO LOAN AGREEMENT**  
**(2003 Rispin Purchase Loan)**

This Agreement Reentering into Loan Agreement ("Agreement") is entered into this 26 day of April 2012 by and between the City of Capitola, a California municipal corporation ("City") and the City of Capitola acting as the Successor Agency to the former Redevelopment Agency of the City of Capitola ("Successor Agency").

WHEREAS, the City and the Redevelopment Agency of the City of Capitola (the "Redevelopment Agency") entered into a Purchase and Sale Agreement on July 24, 2003, attached hereto as Exhibit A (the "Loan Agreement"), whereby the City agreed to loan the Redevelopment Agency \$1,350,000 to be used for purposes of acquiring the Rispin Mansion property for park and recreational purposes for the benefit of the Redevelopment Project Area and the community, and the Redevelopment Agency agreed to repay the City over time from available tax increment revenues pursuant to the "Promissory Note" attached as Exhibit B to the July 24, 2003 Loan Agreement; and

WHEREAS, the Rispin Mansion property was acquired by the Redevelopment Agency on December 31, 1985 and

WHEREAS, on February 1, 2012, pursuant to AB1x 26 (the "Dissolution Act"), the Redevelopment Agency, along with all redevelopment agencies in the State of California, was dissolved, and all assets and obligations of the Redevelopment Agency were transferred by operation of law to the Successor Agency; and

WHEREAS, the Rispin Mansion property is an asset of the Successor Agency, as recognized by the Capitola City Council at its meeting of April 12, 2012; and

WHEREAS, the Dissolution Act creates an oversight board for each redevelopment agency to oversee the wind down of the Redevelopment Agency ("Oversight Board"); and

WHEREAS, the Dissolution Act requires that the Successor Agency prepare and the Oversight Board approve a Recognized Obligation Payment Schedule setting forth all Enforceable Obligations (as defined in the Dissolution Act) of the Redevelopment Agency. The Dissolution Act generally provides that agreements between the Redevelopment Agency and the City are not Enforceable Obligations but Health & Safety Code Sections 34178(a) and 34180(h) authorize the Successor Agency and the City, with Oversight Board approval, to reenter into such agreements; and

WHEREAS, at its April 12, 2012 meeting the Oversight Board for the Successor Agency by a unanimous vote authorized the Successor Agency to reenter into the Loan Agreement; and

WHEREAS, the City and the Successor Agency have determined that reentering into the Loan Agreement is in the best interests of the City and the Successor Agency.

109801\1133984.1  
4/16/2012


**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

1. The foregoing recitals are true and correct, and are hereby incorporated by reference and made part of this Agreement.
2. The Successor Agency and the City hereby agree to reenter into the Loan Agreement under the terms and conditions set forth in the Loan Agreement, provided, however, all references in the Loan Agreement to the "Redevelopment Agency of the City of Capitola" or "Agency" shall be deemed to refer to the Successor Agency. The City and the Successor Agency agree that notwithstanding anything set forth in the Loan Agreement, with approval of the Oversight Board, the Successor Agency can prepay the full amount owed under the Loan Agreement at any time without penalty.
3. In reentering into the Loan Agreement, the City is acting in its capacity as a municipal corporation, while the Successor Agency is acting in its capacity as the successor to the former Redevelopment Agency; and both the City and the Successor Agency are acting pursuant to the specific authority granted by the Oversight Board and by Health & Safety Code Sections 34178(a) and 34180(h) authorizing agreements between the City and the Successor Agency. In consequence, the parties to this Agreement are not merged.
4. Except as amended by the foregoing provisions of this Agreement, the Loan Agreement shall remain in full force and effect.
5. This Agreement shall take effect from and after the date of execution of this Agreement by both parties.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereof as of the date first written above.

**CITY OF CAPITOLA, CALIFORNIA,  
a California municipal corporation ("CITY")**

APPROVED AS TO FORM:


  
\_\_\_\_\_  
JAMIE GOLDSTEIN,  
City Manager

ATTEST:

  
\_\_\_\_\_  
Susan Sneddon, City Clerk

**CITY OF CAPITOLA, CALIFORNIA,  
a California municipal corporation  
acting as the Successor Agency to the former City of Capitola Redevelopment Agency  
("SUCCESSOR AGENCY")**

APPROVED AS TO FORM:

  
\_\_\_\_\_  
JAMIE GOLDSTEIN,  
City Manager

ATTEST:

  
\_\_\_\_\_  
Susan Sneddon, City Clerk

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is entered into this 24th day of July, 2003, by and between the City of Capitola, a municipal corporation ("City") and the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency").

RECITALS

A. The Redevelopment Plan for the Capitola Redevelopment Project ("Project") was adopted by the City on June 24, 1982, by Ordinance No. 522.

B. That certain real property legally described in Exhibit A (the "Property") was acquired by the City on December 31, 1985, for a purchase price of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000) and is currently owned in fee by the City.

C. On August 8, 1999, by Resolution No. 3026, the City Council amended the survey area for the Project to include certain real property, including the Property, within the survey area.

D. On February 20, 2003, by Resolution No. 03-01, the Planning Commission of the City of Capitola amended the Preliminary Plan for the Project to include the Property within the Project area.

E. Health and Safety Code Sections 33391 and 33392 authorize the acquisition of the Property by the Agency.

F. Health and Safety Code Section 33220 provides that, for the purpose of aiding and cooperating in the planning or undertaking of the Project, the City may, upon the terms and with or without consideration as it determines, sell or convey any of its property to the Agency.

G. The City and the Agency have determined that it is in the public interest and in furtherance of the Redevelopment Plan for the City to convey the Property to the Agency in accordance with the terms set forth herein.

## AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Agency agree as follows:

### ARTICLE 1. PURCHASE AND SALE

1.01. Purchase and Sale. The City shall sell the Property to the Agency, and the Agency shall purchase the Property from the City, on the terms and conditions specified in this Agreement.

1.02. Purchase Price. The purchase price for the Property shall be ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000.00) (the "Purchase Price").

1.03. Payment. The Agency shall pay the Purchase Price by delivering to the City its promissory note (the "Agency Note") in the amount of the Purchase Price in the form attached hereto as Exhibit B and incorporated herein by this reference.

### ARTICLE 2. CONDITIONS TO CONVEYANCE

2.01. General. The provisions of this Article are conditions precedent to the sale described in Article 1 and, unless otherwise provided expressly or by context, are covenants.

2.02. Title. The City shall cause title to the Property to be conveyed to the Agency by grant deed in the form attached hereto as Exhibit C and incorporated herein by reference subject only to exceptions approved by the Agency. Upon recording of the grant deed, the City shall cause a title insurance company selected by the parties (the "Title Company") to issue its CLTA policy of title insurance insuring title to the Property in the Agency with liability in the amount of the Purchase Price. The City shall, upon the signing of this Agreement, order from the Title Company and cause to be delivered to the Agency for its approval a preliminary title report and legible copies of all documents referred to therein covering or relating to the Property. The Agency shall approve or disapprove the condition of title within thirty (30) days of receipt of the preliminary title report. If the Agency disapproves the condition of title it shall do so in writing within such thirty (30) day period and, in such event, this Agreement shall be automatically terminated.

2.03. Delivery of Documents. Within five (5) days after the date of this Agreement, the City shall deliver to the Agency, for the Agency's approval, the following:

- A. Copies of all leases that affect the Property;
- B. Copies of all environmental assessments and site characterization reports; and
- C. Copies of all soils reports, geological reports, well reports and any other reports, documents or related information pertaining to the Property.

The Agency shall approve or disapprove the condition of the Property within thirty (30) days of receipt of the foregoing documents. If the Agency disapproves the condition of the Property it shall do so in writing within such thirty (30) day period and, in such event, this Agreement shall be automatically terminated.

2.04. Possession. The City shall deliver exclusive possession of the Property to the Agency upon recording of the grant deed.

2.05 Conveyance. The City shall duly execute, acknowledge and deliver the grant deed to the Title Company and the Agency shall duly execute and deliver the Agency Note to the City not later than sixty (60) days after the date of this Agreement. The City shall cause the Title Company to promptly record the grant deed in the official land records of the County of Santa Cruz.

### ARTICLE 3. RECONVEYANCE

If the Redevelopment Plan has not been amended to add the Property to the Project area by December 31, 2005, then the Agency shall re-convey the Property to the City by grant deed approved by the City and the City shall thereupon cancel the Agency Note. There shall be no repayment by the City of any interest payments made by the Agency pursuant to the Agency Note. The terms of this Article 3 shall not be deemed merged and shall survive conveyance of the Property to the Agency.

### ARTICLE 4. MISCELLANEOUS

4.01. Assignment. This Agreement shall bind and inure to the benefit of the successors and assigns of both the City and the Agency. The Agency may not assign its rights under this Agreement without the prior written consent of the City.



4.02. Interpretation. The captions of paragraphs used in this Agreement are for convenience only. The provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of the City and the Agency.

4.03. Time of Essence. Time is of the essence of this Agreement and of the escrow provided for herein.

4.04. Integration. This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, relating to the subject matter which are not fully expressed herein.

4.05. Additional Documents. From time to time prior to and after conveyance, each party shall execute and deliver such instruments of transfer and other documents as may be reasonably requested by the other party to carry out the purpose and intent of this Agreement.

4.06. California Law. This Agreement shall be governed by the laws of the State of California.

4.07. Counterparts. This Agreement and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one (1) document.

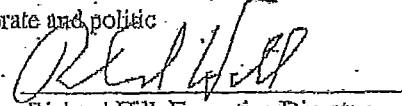
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized as of the date first written above.

CITY OF CAPITOLA, a municipal corporation

By:   
Richard Hill, City Manager

"CITY"

REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA, a public body corporate and politic

By:   
Richard Hill, Executive Director

"AGENCY"

PROMISSORY NOTE

\$1,350,000

July 24, 2003  
Capitola, California

FOR VALUE RECEIVED, the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency") having an address of 420 Capitola Avenue, Capitola, California 95010, promises to pay the City of Capitola, a municipal corporation ("City") a principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000).

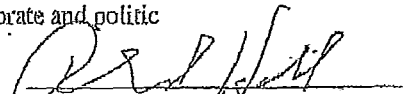
1. This Note is made pursuant to that certain Purchase and Sale Agreement ("Agreement") between the Agency and the City dated July 24, 2003, for the purchase by the Agency of certain real property described therein (the "Property") from the City.
2. The principal sum of this Note shall bear interest, from July 24, 2003, at the rate of five percent (5%) per annum, to be adjusted annually on each June 30 by not more than a percentage of change of an index to be determined by the City Council.
3. Payment of accrued interest shall be made quarterly, not later than September 30, December 31, March 31 and June 30.
4. The outstanding principal sum of this Note shall be due and payable in full on June 24, 2017 (the "Maturity Date"), provided, however, that if the Redevelopment Plan for the Capitola Redevelopment Project is amended to extend the time limit on receipt of tax increment revenues, then the Maturity Date shall automatically be extended until the last date on which the Agency may receive tax increment under the Redevelopment Plan, as amended.
5. Payment shall be made in lawful money of the United States to the City at 420 Capitola Avenue, Capitola, California 95010. The place of payment may be changed from time to time as the City may designate in writing.
6. Principal may be prepaid in whole or in part at any time without penalty.
7. The occurrence of the any of the following shall constitute an event of default under this Note:

- A. There shall be any failure to make the payment of principal or interest which continues for fifteen (15) days after notice that such payment is due; or
  - B. There shall be a failure to comply with any other term, obligation, covenant or condition contained herein, provided, however, that the Agency shall not be in default if the Agency, after the City sends written notice demanding cure of such failure,
    - (1) Cures the default within thirty (30) days, or
    - (2) If the cure requires more than thirty (30) days, immediately commences to cure the failure and thereafter diligently prosecutes such cure to completion within one hundred twenty (120) days after giving notice of default.
8. Upon the occurrence of any event of default, at the option of the City, the entire unpaid principal sum owing on this Note shall become immediately due and payable. This option may be exercised at any time following such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of the City's option. The City's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event of default.
9. At all times following an event of default hereunder by reason of the Agency's failure to pay principal or interest due under this Note, the interest rate on the sums as to which the Agency is in default shall bear interest as of the date such sums were due until repaid at a rate equal to the lower of the highest rate then allowed by law or five percent (5%) over the prime interest rate announced by Wells Fargo Bank, N.A. as of the date such sums were due.
10. The Agency and any endorsers of this Note and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

11. The Agency hereby pledges for repayment of the principal sum and all accrued interest of this Note property taxes allocated and paid to the Agency pursuant to Health and Safety Code Section 33670(b) from the Capitola Redevelopment Project, subject to any bonds or other indebtedness of the Agency outstanding on the date of this Note (including, without limitation, that certain agreement between the Agency and County of Santa Cruz dated November 30, 1984, regarding pass-through of tax increments and that certain Tax Increment Sharing Agreement between the Agency and the Central Fire Protection District dated December 23, 1993) and subject further to any bonds or other indebtedness issued by the Agency after the date of this Note with the consent of the City.
12. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested, at the address stated in this Note or at such address as either party may designate by written notice.
13. This Note shall be binding on the Agency, its successors and assigns.
14. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

REDEVELOPMENT AGENCY OF THE  
CITY OF CAPITOLA, a public body  
corporate and politic

By:

  
Richard Hill, Executive Director

"AGENCY"

AMENDMENT TO PURCHASE AND SALE AGREEMENT  
PERTAINING TO THE RDA ACQUISITION OF THE RISPIN PROPERTY

THIS AMENDMENT TO THE PURCHASE AND SALE AGREEMENT (the "Agreement") is entered into the 22nd day of June 2006, by and between the City of Capitola, a municipal corporation ("City") and the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency").

RECITALS

- A. The Redevelopment Plan for the Capitola Redevelopment Project ("Project") was adopted by the City on June 24, 1982, by Ordinance No. 522, which included the Project within a defined Project Area.
- B. That certain real property legally described in Exhibit A (the "Property") was acquired by the City on December 31, 1985.
- C. On February 20, 2003, by Resolution NO. 03-01 the Planning Commission of the city of Capitola amended the Preliminary Plan for the Project to include the Property within the Project Area.
- D. On July 24, 2003 the City sold to the Agency and the Agency purchased from the City the Property for a purchase price of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000).
- E. The payment for the sale of the Property from the City to the Agency was secured by a Promissory Note, attached to the Agreement as Exhibit B, promising the Agency to pay to the City the principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000), which shall bear interest at the rate of 5% per annum.
- F. The Agency acknowledges that the principal sum of \$1,350,000 identified in the Agreement as due to the City represent a significant sum with which the City could retire or defray some of its existing debt obligations.
- G. The City and Agency have determined that it is to the benefit of the public for the Agency and the City amend Appendix B to the Agreement and revise the interest rate.

AMENDMENT TO THE PURCHASE AND SALE AGREEMENT

NOW THEREFORE, for and in consideration of mutual covenants set forth, the City and the Agency agree to amend item 2. of Exhibit B, Promissory Note, of the Agreement to read as follows:

"2. The principal sum of this Note shall bear interest, from the date of this amendment, at a rate that equals the greater of any of the following: a) the interest rate charged by the Public Employees Retirement System for the City's unfunded liability; or, b) the true interest cost of any pension obligation bond sold by the City; or, c) the State of California Local Agency Investment Fund (LAIF); or d) 5%."

IN WITNESS WHEREOF, the parties hereto have caused the Amendment to be executed by their respective representatives thereunto duly authorized as of the date first written above.

CITY OF CAPITOLA, a municipal corporation

By: Richard Hill  
Richard Hill, City Manager  
"CITY"

REDEVELOPMENT AGENCY OF THE CITY OF  
CAPITOLA, a public body corporate and politic

By: Richard Hill  
Richard Hill, Executive Director  
"AGENCY"

## RESOLUTION NO. 002

**RESOLUTION OF THE CITY OF CAPITOLA ACTING AS THE SUCCESSOR AGENCY TO  
THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA,  
TRANSFERRING THE RISPIN PROPERTY TO THE CITY OF CAPITOLA AND  
TERMINATING A PURCHASE AGREEMENT**

WHEREAS, on December 31, 1985, the City of Capitola (the "City") purchased certain property occupied by the Rispin Mansion and located at 2000 Wharf Road in the City of Capitola, County of Santa Cruz, State of California (Assessors' Parcel Numbers 035-371-01 and 035-371-02), as further described on **Exhibit A** and depicted on **Exhibit B** attached hereto and made a part hereof (the "Rispin Property"), for a purchase price of \$1,350,000; and

WHEREAS, the City and the Redevelopment Agency of the City of Capitola (the "Redevelopment Agency") entered into a Purchase and Sale Agreement on July 24, 2003, amended on June 22, 2006 and reentered into on April 26, 2012, and attached hereto as **Exhibit C** (the "Purchase Agreement"), whereby the City agreed to sell the Rispin Property to the Redevelopment Agency for the original purchase price of \$1,350,000 and to loan the Redevelopment Agency \$1,350,000 to be used to acquire the Rispin Property from the City for the benefit of the Redevelopment Project Area and the community, and the Redevelopment Agency agreed to repay the City from available tax increment revenues pursuant to the "Promissory Note" attached as Exhibit B to the Purchase Agreement; and

WHEREAS, on March 8, 2011, the City and the Redevelopment Agency entered into a "Property Conveyance Agreement," whereby the Redevelopment Agency agreed to transfer the Rispin Property to the City, and the City agreed to accept the Rispin Property, and grant deeds evidencing the transfer of the Rispin Property to the City were recorded in the Official Records of Santa Cruz County, California on March 10, 2011 as Documents Nos. 2011-0010678 and 2011-0010679; and

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012; and

WHEREAS, on January 12, 2012, the City Council of the City adopted a resolution accepting for the City the role of Successor Agency to the Redevelopment Agency (the "Successor Agency"); and

WHEREAS, Health & Safety Code Section 34167.5 provides in part that assets transferred from the Redevelopment Agency to the City after January 1, 2011 that are not contractually committed to a third party shall be returned to the Successor Agency; and

WHEREAS, in recognition of Health & Safety Code Section 34167.5, the Successor Agency on March 22, 2012 and the City on April 12, 2012 acknowledged that the Rispin Property was an asset of the Successor Agency; and

WHEREAS, the Dissolution Act created an oversight board to oversee the Successor Agency ("Oversight Board"); and

WHEREAS, while the Dissolution Act generally provides that agreements between the Redevelopment Agency and the City are not enforceable obligations, Health & Safety Code Sections 34178(a) and 34180(h) authorize the Successor Agency and the City, with Oversight Board approval, to reenter into such agreements; and

WHEREAS, at its April 12, 2012 meeting the Oversight Board for the Successor Agency by a unanimous vote authorized the Successor Agency to reenter into the Purchase Agreement; and

WHEREAS, the City and the Successor Agency reentered into the Purchase Agreement on April 26, 2012; and

WHEREAS, Health and Safety Code Section 34177(e) requires the Successor Agency to dispose of properties of the Redevelopment Agency as directed by the Oversight Board, and Health and Safety Code Section 34181(d) provides that the Oversight Board shall direct the Successor Agency to terminate certain agreements if the Oversight Board has found that early termination would be in the best interests of the taxing entities; and; and

WHEREAS, at its April 30, 2012 meeting, the Oversight Board determined it would be in the best interests of the taxing entities to terminate the Purchase Agreement and transfer the Rispin Property to the City and directed the Successor Agency staff to prepare the documents needed to effectuate the transfer of the Rispin Property to the City and to terminate the Purchase Agreement; and

WHEREAS, pursuant to Section 15061(b)(3) of the CEQA Guidelines, transfer of the Rispin Property from the Successor Agency to the City is exempt from the requirements of CEQA because it can be seen with certainty that there is no possibility that transfer of the Rispin Property may have a significant effect on the environment, in that the use of the Rispin Property will not change or otherwise be modified following the conveyance by the Successor Agency to the City.

**NOW, THEREFORE, BE IT RESOLVED** by the Successor Agency as follows:

Section 1. Recitals. The foregoing recitals are true and correct, and are hereby incorporated by reference.

Section 2. Conveyance and Consideration. As directed by the Oversight Board and consistent with Health and Safety Code Section 34177(e), the Successor Agency hereby transfers the Rispin Property to the City in consideration for the City's agreement to terminate the Purchase Agreement.

Section 3. Termination of Purchase Agreement. As directed by the Oversight Board and consistent with Health and Safety Code Section 34181(d), the Successor Agency hereby terminates the Purchase Agreement as shown in **Exhibit C**.

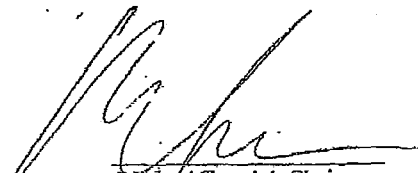


Section 4. Method of Conveyance. Grant deeds evidencing the transfer of the Rispin Property to the City were recorded in the Official Records of Santa Cruz County, California on March 10, 2011 as Documents Nos. 2011-0010678 and 2011-0010679.

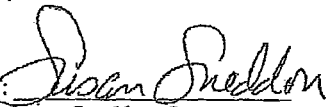
Section 5. Effect of Property Conveyance Agreement. Nothing in this Resolution shall be deemed to invalidate or amend the terms of the Property Conveyance Agreement. The Property Conveyance Agreement shall remain in full force and effect according to its original terms.

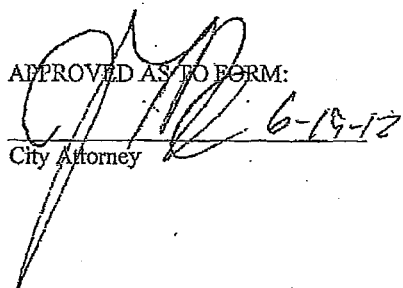
Section 6. Effective Date. This Resolution shall take effect upon approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h).

PASSED AND ADOPTED on the 14<sup>th</sup> day of June, 2012 by the Successor Agency for the Redevelopment Agency of the City of Capitola with the following vote, to wit:



Michael Termini, Chair

ATTEST:   
Susan Sneddon, Secretary

APPROVED AS TO FORM:  
  
City Attorney 6-14-12

## EXHIBIT A

## EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING ON THE NORTHEASTERLY LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AT THE MOST SOUTHERLY CORNER OF LOT 1 OF BLOCK "P", AS SAID LOT AND BLOCK ARE DELINEATED AND SO DESIGNATED ON THAT CERTAIN MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", ETC., FILED FOR RECORD AUGUST 15, 1907, IN BOOK 13 OF MAPS, AT PAGE 31, SANTA CRUZ COUNTY RECORDS, AND RUNNING THENCE ALONG SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD, THE FOLLOWING COURSES AND DISTANCES: NORTH 21 DEGREES 27' 30" WEST 490.46 FEET; THENCE NORTH 18 DEGREES 38' WEST 110.86 FEET; THENCE NORTH 15 DEGREES 21' WEST 798.32 FEET; THENCE NORTH 26 DEGREES 37' WEST 82.32 FEET; THENCE NORTH 38 DEGREES 24' WEST 72.50 FEET; THENCE NORTH 57 DEGREES 14' WEST 98.21 FEET; THENCE LEAVING SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD NORTH 51 DEGREES 56' EAST 303.23 FEET TO THE CENTER OF SOQUEL CREEK; THENCE DOWN THE CENTER OF SAID CREEK THE FOLLOWING COURSES AND DISTANCES, SOUTH 13 DEGREES 10' EAST 126.74 FEET; THENCE SOUTH 3 DEGREES 31' WEST 81.81 FEET; THENCE SOUTH 31 DEGREES 32' EAST 558.63 FEET; THENCE SOUTH 5 DEGREES 15' WEST 404.89 FEET; THENCE SOUTH 17 DEGREES 57' EAST 875.66 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF THE AFORESAID LOT 1 OF BLOCK "P" OF CAPITOLA HEIGHTS; THENCE LEAVING SAID CREEK AND ALONG SAID SOUTHEASTERLY LINE OF SAID LOT 1, SOUTH 65 DEGREES 07' 30" WEST 124.92 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO BRADLEY M. MC DONALD, ET AL, BY DEED RECORDED ON FEBRUARY 1, 1951, IN VOLUME 808, OF OFFICIAL RECORDS, AT PAGE 520, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO CHARLEY ASHTON, ET UX., BY DEED RECORDED JULY 26, 1957, IN VOLUME 1141, OF OFFICIAL RECORDS, AT PAGE 186, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO EDWIN G. SPAITH, ET UX., BY DEED RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425, OF OFFICIAL RECORDS, AT PAGE 402, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN THAT CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 3, 1996 IN BOOK 5917, PAGE 484, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3926 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 18' WEST 176.96 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-01

EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

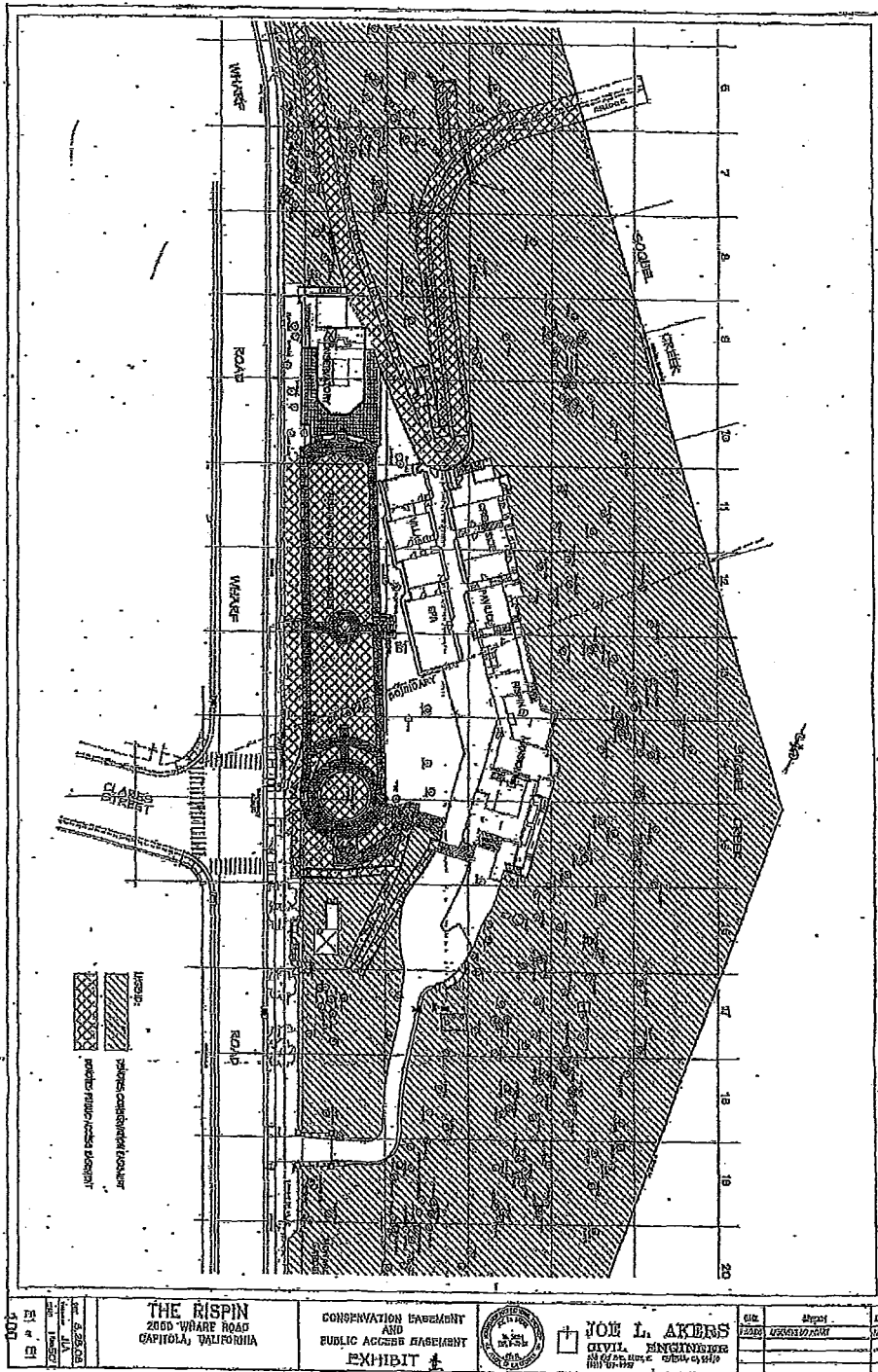
BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3928 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODÉO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 178.95 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-02

EXHIBIT B



## EXHIBIT C

**AGREEMENT REENTERING INTO LOAN AGREEMENT  
(2003 Rispin Purchase Loan)**

This Agreement Reentering into Loan Agreement ("Agreement") is entered into this 26 day of April 2012 by and between the City of Capitola, a California municipal corporation ("City") and the City of Capitola acting as the Successor Agency to the former Redevelopment Agency of the City of Capitola ("Successor Agency").

WHEREAS, the City and the Redevelopment Agency of the City of Capitola (the "Redevelopment Agency") entered into a Purchase and Sale Agreement on July 24, 2003, attached hereto as Exhibit A (the "Loan Agreement"), whereby the City agreed to loan the Redevelopment Agency \$1,350,000 to be used for purposes of acquiring the Rispin Mansion property for park and recreational purposes for the benefit of the Redevelopment Project Area and the community, and the Redevelopment Agency agreed to repay the City over time from available tax increment revenues pursuant to the "Promissory Note" attached as Exhibit B to the July 24, 2003 Loan Agreement; and

WHEREAS, the Rispin Mansion property was acquired by the Redevelopment Agency on December 31, 1985 and

WHEREAS, on February 1, 2012, pursuant to AB1x 26 (the "Dissolution Act"), the Redevelopment Agency, along with all redevelopment agencies in the State of California, was dissolved, and all assets and obligations of the Redevelopment Agency were transferred by operation of law to the Successor Agency; and

WHEREAS, the Rispin Mansion property is an asset of the Successor Agency, as recognized by the Capitola City Council at its meeting of April 12, 2012; and

WHEREAS, the Dissolution Act creates an oversight board for each redevelopment agency to oversee the wind down of the Redevelopment Agency ("Oversight Board"); and

WHEREAS, the Dissolution Act requires that the Successor Agency prepare and the Oversight Board approve a Recognized Obligation Payment Schedule setting forth all Enforceable Obligations (as defined in the Dissolution Act) of the Redevelopment Agency. The Dissolution Act generally provides that agreements between the Redevelopment Agency and the City are not Enforceable Obligations but Health & Safety Code Sections 34178(a) and 34180(h) authorize the Successor Agency and the City, with Oversight Board approval, to reenter into such agreements; and

WHEREAS, at its April 12, 2012 meeting the Oversight Board for the Successor Agency by a unanimous vote authorized the Successor Agency to reenter into the Loan Agreement; and

WHEREAS, the City and the Successor Agency have determined that reentering into the Loan Agreement is in the best interests of the City and the Successor Agency.

109801N133984.1  
4/16/2012


NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. The foregoing recitals are true and correct, and are hereby incorporated by reference and made part of this Agreement.
2. The Successor Agency and the City hereby agree to reenter into the Loan Agreement under the terms and conditions set forth in the Loan Agreement, provided, however, all references in the Loan Agreement to the "Redevelopment Agency of the City of Capitola" or "Agency" shall be deemed to refer to the Successor Agency. The City and the Successor Agency agree that notwithstanding anything set forth in the Loan Agreement, with approval of the Oversight Board, the Successor Agency can prepay the full amount owed under the Loan Agreement at any time without penalty.
3. In reentering into the Loan Agreement, the City is acting in its capacity as a municipal corporation, while the Successor Agency is acting in its capacity as the successor to the former Redevelopment Agency; and both the City and the Successor Agency are acting pursuant to the specific authority granted by the Oversight Board and by Health & Safety Code Sections 34178(a) and 34180(h) authorizing agreements between the City and the Successor Agency. In consequence, the parties to this Agreement are not merged.
4. Except as amended by the foregoing provisions of this Agreement, the Loan Agreement shall remain in full force and effect.
5. This Agreement shall take effect from and after the date of execution of this Agreement by both parties.


IN WITNESS WHEREOF, this Agreement has been executed by the parties hereof as of the date first written above.

CITY OF CAPITOLA, CALIFORNIA,  
a California municipal corporation ("CITY")

APPROVED AS TO FORM:


  
\_\_\_\_\_  
JAMIE GOLDSTEIN,  
City Manager

ATTEST:

  
\_\_\_\_\_  
Susan Sneddon, City Clerk

CITY OF CAPITOLA, CALIFORNIA,  
a California municipal corporation  
acting as the Successor Agency to the former City of Capitola Redevelopment Agency  
("SUCCESSOR AGENCY")

APPROVED AS TO FORM:

  
\_\_\_\_\_  
JAMIE GOLDSTEIN,  
City Manager

ATTEST:

  
\_\_\_\_\_  
Susan Sneddon, City Clerk



## Exhibit A

## PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is entered into this 24th day of July, 2003, by and between the City of Capitola, a municipal corporation ("City") and the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency").

## RECITALS

A. The Redevelopment Plan for the Capitola Redevelopment Project ("Project") was adopted by the City on June 24, 1982, by Ordinance No. 522.

B. That certain real property legally described in Exhibit A (the "Property") was acquired by the City on December 31, 1985, for a purchase price of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000) and is currently owned in fee by the City.

C. On August 8, 1999, by Resolution No. 3026, the City Council amended the survey area for the Project to include certain real property, including the Property, within the survey area.

D. On February 20, 2003, by Resolution No. 03-01, the Planning Commission of the City of Capitola amended the Preliminary Plan for the Project to include the Property within the Project area.

E. Health and Safety Code Sections 33391 and 33392 authorize the acquisition of the Property by the Agency.

F. Health and Safety Code Section 33220 provides that, for the purpose of aiding and cooperating in the planning or undertaking of the Project, the City may, upon the terms and with or without consideration as it determines, sell or convey any of its property to the Agency.

G. The City and the Agency have determined that it is in the public interest and in furtherance of the Redevelopment Plan for the City to convey the Property to the Agency in accordance with the terms set forth herein.

## AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Agency agree as follows:

## ARTICLE 1. PURCHASE AND SALE

1.01. Purchase and Sale. The City shall sell the Property to the Agency, and the Agency shall purchase the Property from the City, on the terms and conditions specified in this Agreement.

1.02. Purchase Price. The purchase price for the Property shall be ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000.00) (the "Purchase Price").

1.03. Payment. The Agency shall pay the Purchase Price by delivering to the City its promissory note (the "Agency Note") in the amount of the Purchase Price in the form attached hereto as Exhibit B and incorporated herein by this reference.

## ARTICLE 2. CONDITIONS TO CONVEYANCE

2.01. General. The provisions of this Article are conditions precedent to the sale described in Article 1 and, unless otherwise provided expressly or by context, are covenants.

2.02. Title. The City shall cause title to the Property to be conveyed to the Agency by grant deed in the form attached hereto as Exhibit C and incorporated herein by reference subject only to exceptions approved by the Agency. Upon recording of the grant deed, the City shall cause a title insurance company selected by the parties (the "Title Company") to issue its CLTA policy of title insurance insuring title to the Property in the Agency with liability in the amount of the Purchase Price. The City shall, upon the signing of this Agreement, order from the Title Company and cause to be delivered to the Agency for its approval a preliminary title report and legible copies of all documents referred to therein covering or relating to the Property. The Agency shall approve or disapprove the condition of title within thirty (30) days of receipt of the preliminary title report. If the Agency disapproves the condition of title it shall do so in writing within such thirty (30) day period and, in such event, this Agreement shall be automatically terminated.

2.03. Delivery of Documents. Within five (5) days after the date of this Agreement, the City shall deliver to the Agency, for the Agency's approval, the following:

- A. Copies of all leases that affect the Property;
- B. Copies of all environmental assessments and site characterization reports; and
- C. Copies of all soils reports, geological reports, well reports and any other reports, documents or related information pertaining to the Property.

The Agency shall approve or disapprove the condition of the Property within thirty (30) days of receipt of the foregoing documents. If the Agency disapproves the condition of the Property it shall do so in writing within such thirty (30) day period and, in such event, this Agreement shall be automatically terminated.

2.04. Possession. The City shall deliver exclusive possession of the Property to the Agency upon recording of the grant deed.

2.05 Conveyance. The City shall duly execute, acknowledge and deliver the grant deed to the Title Company and the Agency shall duly execute and deliver the Agency Note to the City not later than sixty (60) days after the date of this Agreement. The City shall cause the Title Company to promptly record the grant deed in the official land records of the County of Santa Cruz.

### ARTICLE 3. RECONVEYANCE

If the Redevelopment Plan has not been amended to add the Property to the Project area by December 31, 2005, then the Agency shall re-convey the Property to the City by grant deed approved by the City and the City shall thereupon cancel the Agency Note. There shall be no repayment by the City of any interest payments made by the Agency pursuant to the Agency Note. The terms of this Article 3 shall not be deemed merged and shall survive conveyance of the Property to the Agency.

### ARTICLE 4. MISCELLANEOUS

4.01. Assignment. This Agreement shall bind and inure to the benefit of the successors and assigns of both the City and the Agency. The Agency may not assign its rights under this Agreement without the prior written consent of the City.

4.02. Interpretation. The captions of paragraphs used in this Agreement are for convenience only. The provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of the City and the Agency.

4.03. Time of Essence. Time is of the essence of this Agreement and of the escrow provided for herein.

4.04. Integration. This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, relating to the subject matter which are not fully expressed herein.

4.05. Additional Documents. From time to time prior to and after conveyance, each party shall execute and deliver such instruments of transfer and other documents as may be reasonably requested by the other party to carry out the purpose and intent of this Agreement.

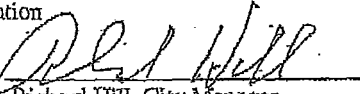
4.06. California Law. This Agreement shall be governed by the laws of the State of California.

4.07. Counterparts. This Agreement and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one (1) document.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereto duly authorized as of the date first written above.

CITY OF CAPITOLA, a municipal corporation

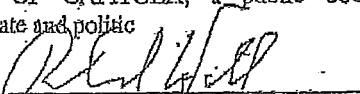
By:

  
Richard Hill, City Manager

"CITY"

REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA, a public body corporate and politic

By:

  
Richard Hill, Executive Director

"AGENCY"

## Exhibit B

## PROMISSORY NOTE

\$1,350,000

July 24, 2003  
Capitola, California

FOR VALUE RECEIVED, the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency") having an address of 420 Capitola Avenue, Capitola, California 95010, promises to pay the City of Capitola, a municipal corporation ("City") a principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000).

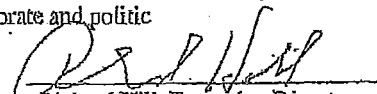
1. This Note is made pursuant to that certain Purchase and Sale Agreement ("Agreement") between the Agency and the City dated July 24, 2003, for the purchase by the Agency of certain real property described therein (the "Property") from the City.
2. The principal sum of this Note shall bear interest, from July 24, 2003, at the rate of five percent (5%) per annum, to be adjusted annually on each June 30 by not more than a percentage of change of an index to be determined by the City Council.
3. Payment of accrued interest shall be made quarterly, not later than September 30, December 31, March 31 and June 30.
4. The outstanding principal sum of this Note shall be due and payable in full on June 24, 2017 (the "Maturity Date"), provided, however, that if the Redevelopment Plan for the Capitola Redevelopment Project is amended to extend the time limit on receipt of tax increment revenues, then the Maturity Date shall automatically be extended until the last date on which the Agency may receive tax increment under the Redevelopment Plan, as amended.
5. Payment shall be made in lawful money of the United States to the City at 420 Capitola Avenue, Capitola, California 95010. The place of payment may be changed from time to time as the City may designate in writing.
6. Principal may be prepaid in whole or in part at any time without penalty.
7. The occurrence of the any of the following shall constitute an event of default under this Note:

- A. There shall be any failure to make the payment of principal or interest which continues for fifteen (15) days after notice that such payment is due; or
- B. There shall be a failure to comply with any other term, obligation, covenant or condition contained herein, provided, however, that the Agency shall not be in default if the Agency, after the City sends written notice demanding cure of such failure,
- (1) Cures the default within thirty (30) days, or
  - (2) If the cure requires more than thirty (30) days, immediately commences to cure the failure and thereafter diligently prosecutes such cure to completion within one hundred twenty (120) days after giving notice of default.
8. Upon the occurrence of any event of default, at the option of the City, the entire unpaid principal sum owing on this Note shall become immediately due and payable. This option may be exercised at any time following such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of the City's option. The City's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event of default.
9. At all times following an event of default hereunder by reason of the Agency's failure to pay principal or interest due under this Note, the interest rate on the sums as to which the Agency is in default shall bear interest as of the date such sums were due until repaid at a rate equal to the lower of the highest rate then allowed by law or five percent (5%) over the prime interest rate announced by Wells Fargo Bank, N.A. as of the date such sums were due.
10. The Agency and any endorsers of this Note and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

11. The Agency hereby pledges for repayment of the principal sum and all accrued interest of this Note property taxes allocated and paid to the Agency pursuant to Health and Safety Code Section 33670(b) from the Capitola Redevelopment Project, subject to any bonds or other indebtedness of the Agency outstanding on the date of this Note (including, without limitation, that certain agreement between the Agency and County of Santa Cruz dated November 30, 1984, regarding pass-through of tax increments and that certain Tax Increment Sharing Agreement between the Agency and the Central Fire Protection District dated December 23, 1993) and subject further to any bonds or other indebtedness issued by the Agency after the date of this Note with the consent of the City.
12. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested, at the address stated in this Note or at such address as either party may designate by written notice.
13. This Note shall be binding on the Agency, its successors and assigns.
14. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

REDEVELOPMENT AGENCY OF THE  
CITY OF CAPITOLA, a public body  
corporate and politic

By:

  
Richard Hill, Executive Director

"AGENCY"

AMENDMENT TO PURCHASE AND SALE AGREEMENT  
PERTAINING TO THE RDA ACQUISITION OF THE RISPIN PROPERTY

THIS AMENDMENT TO THE PURCHASE AND SALE AGREEMENT (the "Agreement") is entered into the 22nd day of June 2006, by and between the City of Capitola, a municipal corporation ("City") and the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency").

RECITALS

- A. The Redevelopment Plan for the Capitola Redevelopment Project ("Project") was adopted by the City on June 24, 1982, by Ordinance No. 522, which included the Project within a defined Project Area.
- B. That certain real property legally described in Exhibit A (the "Property") was acquired by the City on December 31, 1985.
- C. On February 20, 2003, by Resolution NO. 03-01 the Planning Commission of the city of Capitola amended the Preliminary Plan for the Project to include the Property within the Project Area.
- D. On July 24, 2003 the City sold to the Agency and the Agency purchased from the City the Property for a purchase price of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000).
- E. The payment for the sale of the Property from the City to the Agency was secured by a Promissory Note, attached to the Agreement as Exhibit B, promising the Agency to pay to the City the principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000), which shall bear interest at the rate of 5% per annum.
- F. The Agency acknowledges that the principal sum of \$1,350,000 identified in the Agreement as due to the City represent a significant sum with which the City could retire or defray some of its existing debt obligations.
- G. The City and Agency have determined that it is to the benefit of the public for the Agency and the City amend Appendix B to the Agreement and revise the interest rate.

AMENDMENT TO THE PURCHASE AND SALE AGREEMENT

NOW THEREFORE, for and in consideration of mutual covenants set forth, the City and the Agency agree to amend item 2. of Exhibit B, Promissory Note, of the Agreement to read as follows:



"2. The principal sum of this Note shall bear interest, from the date of this amendment, at a rate that equals the greater of any of the following: a) the interest rate charged by the Public Employees Retirement System for the City's unfunded liability; or, b) the true interest cost of any pension obligation bond sold by the City; or, c) the State of California Local Agency Investment Fund (LAIF); or d) 5%."

IN WITNESS WHEREOF, the parties hereto have caused the Amendment to be executed by their respective representatives thereunto duly authorized as of the date first written above.

CITY OF CAPITOLA, a municipal corporation

By: Richard Hill  
Richard Hill, City Manager  
"CITY"

REDEVELOPMENT AGENCY OF THE CITY OF  
CAPITOLA, a public body corporate and politic

By: Richard Hill  
Richard Hill, Executive Director  
"AGENCY"

CAPITOLA SUCCESSOR AGENCY OVERSIGHT BOARD

## RESOLUTION NO. 2012-03

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**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA, APPROVING THE TRANSFER OF THE RISPIN PROPERTY FROM THE SUCCESSOR AGENCY TO THE CITY OF CAPITOLA AND THE TERMINATION OF A LOAN AGREEMENT BETWEEN THE CITY AND THE SUCCESSOR AGENCY, AND MAKING RELATED FINDINGS AND DECLARATIONS**

---

WHEREAS, on December 31, 1985, the City of Capitola (the "City") purchased certain property occupied by the Rispin Mansion and located at 2000 Wharf Road in the City of Capitola, County of Santa Cruz, State of California (Assessors' Parcel Numbers 035-371-01 and 035-371-02), as further described on **Exhibit A** and depicted on **Exhibit B** attached hereto and made a part hereof (the "Rispin Property"), for a purchase price of \$1,350,000; and

WHEREAS, the City and the Redevelopment Agency of the City of Capitola (the "Redevelopment Agency") entered into a Purchase and Sale Agreement on July 24, 2003, amended on June 22, 2006 and reentered into on April 26, 2012, and attached hereto as **Exhibit C** (the "Purchase Agreement"), whereby the City agreed to sell the Rispin Property to the Redevelopment Agency for the original purchase price of \$1,350,000 and to loan the Redevelopment Agency \$1,350,000 to be used to acquire the Rispin Property from the City for the benefit of the Redevelopment Project Area and the community, and the Redevelopment Agency agreed to repay the City from available tax increment revenues pursuant to the "Promissory Note" attached as Exhibit B to the Purchase Agreement; and

WHEREAS, on March 8, 2011, the City and the Redevelopment Agency entered into a Property Conveyance Agreement, whereby the Redevelopment Agency agreed to transfer the Rispin Property to the City, and the City agreed to accept the Rispin Property, and grant deeds evidencing the transfer of the Rispin Property to the City were recorded in the Official Records of Santa Cruz County, California on March 10, 2011 as Documents Nos. 2011-0010678 and 2011-0010679; and

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California

**CAPITOLA SUCCESSOR AGENCY OVERSIGHT BOARD  
RESOLUTION NO. 2012-03**

redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012; and

WHEREAS, on January 12, 2012, the City Council of the City adopted a resolution accepting for the City the role of Successor Agency to the Redevelopment Agency (the "Successor Agency"); and

WHEREAS, Health & Safety Code Section 34167.5 provides in part that assets transferred from the Redevelopment Agency to the City after January 1, 2011 that are not contractually committed to a third party shall be returned to the Successor Agency; and

WHEREAS, in recognition of Health & Safety Code Section 34167.5, the Successor Agency on March 22, 2012 and the City on April 12, 2012 acknowledged that the Rispin Property was an asset of the Successor Agency; and

WHEREAS, the Dissolution Act created an oversight board to oversee the Successor Agency ("Oversight Board"); and

WHEREAS, while the Dissolution Act generally provides that agreements between the Redevelopment Agency and the City are not enforceable obligations, Health & Safety Code Sections 34178(a) and 34180(h) authorize the Successor Agency and the City, with Oversight Board approval, to reenter into such agreements; and

WHEREAS, at its April 12, 2012 meeting the Oversight Board for the Successor Agency by a unanimous vote authorized the Successor Agency to reenter into the Purchase Agreement; and

WHEREAS, the City and the Successor Agency reentered into the Purchase Agreement on April 26, 2012; and

WHEREAS, Health and Safety Code Section 34177(e) requires the Successor Agency to dispose of properties of the Redevelopment Agency as directed by the Oversight Board, and Health and Safety Code Section 34181(d) provides that the Oversight Board shall direct the Successor Agency to terminate certain agreements if the Oversight Board has found that early termination would be in the best interests of the taxing entities; and

WHEREAS, at its April 30, 2012 meeting, the Oversight Board determined it would be in the best interests of the taxing entities to terminate the Purchase Agreement and transfer the Rispin Property to the City and directed the Successor Agency staff to prepare the documents needed to effectuate the transfer of the Rispin Property to the City and to terminate the Purchase Agreement; and

WHEREAS, as directed by the Oversight Board, on June 14, 2012, the Successor Agency adopted Resolution No. 002 transferring the Rispin Property to the City and terminating the Purchase Agreement, attached hereto as **Exhibit D**, to become effective

**CAPITOLA SUCCESSOR AGENCY OVERSIGHT BOARD  
RESOLUTION NO. 2012-03**

upon approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h); and

WHEREAS, City Council will consider adoption of a resolution accepting the Rispin Property and terminating the Purchase Agreement, after approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h).

**NOW, THEREFORE, BE IT RESOLVED** that the Oversight Board hereby finds and determines as follows:

**SECTION 1.** The foregoing recitals are true and correct, and, together with information provided in the staff report and at the Oversight Board meeting, form the basis for the approvals, findings, and determinations set forth below.

**SECTION 2.** Health and Safety Code Section 34181(a) provides that the Oversight Board shall direct the Successor Agency to dispose of all properties of the Successor Agency expeditiously and in a manner aimed at maximizing value. Section 34181(a) further provides that the Oversight Board may direct the Successor Agency to transfer properties used for a governmental purpose to the appropriate public jurisdiction pursuant to any existing agreements related to the use of the property. Health & Safety Code Section 34181(d) provides that the Oversight Board shall direct the Successor Agency to terminate certain agreements obligating the payment of debt service obligations if the Oversight Board has found that early termination would be in the best interests of the taxing entities.

**SECTION 3.** The Oversight Board hereby makes the following findings in relation to Health and Safety Code Sections 34181(a) and 34181(d):

A. The Rispin Property is currently used for a governmental purpose, in that it has been publicly owned since December 31, 1985, and is used for a public park, for environmentally sensitive habitat, and for preservation of an existing structure listed on the National Register of Historic Places.

B. The following existing agreements are related to the use of the Rispin Property:

1. The Purchase Agreement, requiring interest payments to the City of \$104,625 per year and the remaining principal of \$1,350,000 to the City on June 24, 2017 if the Rispin Property remains an asset of the Successor Agency. Such revenues would otherwise be distributed to the taxing entities. The Purchase Agreement further provides that the failure to make such payments constitutes a default;

**CAPITOLA SUCCESSOR AGENCY OVERSIGHT BOARD  
RESOLUTION NO. 2012-03**

2. Public Access Easement encumbering the Rispin Historic Garden and other portions of the Rispin Property, as shown in **Exhibit B**;

3. Conservation Easement protecting the majority of the Rispin Property as environmentally sensitive habitat, as shown in **Exhibit B**; and

4. Stipulated judgment in *Save the Habitat v. City of Capitola*, requiring recordation of the Public Access Easement and the Conservation Easement.

C. The Rispin Property is listed on the National Register of Historic Places, restricting the future use and development of the structures on the site. The Rispin Mansion has deteriorated to such an extent that it is not safe for human habitation and has been sealed by the City to protect public health and safety. The City has estimated the cost of necessary rehabilitation of the Rispin Mansion as at least \$1,000,000.

D. Based on the foregoing, the Oversight Board finds that transfer of the Rispin Property to the City and termination of the Purchase Agreement would be in the best interests of the taxing entities, in that:

1. Sale of the Rispin Property to a private entity in its present deteriorated condition and subject to existing encumbrances would produce no substantial revenue for distribution to taxing entities and could impose substantial liabilities on the Successor Agency.

2. Termination of the Purchase Agreement will make available additional property tax revenue for distribution to the taxing entities in the amount of \$104,625 per year and in the amount of \$1,350,000 on July 24, 2017.

3. The City is the appropriate public jurisdiction to receive the Rispin Property pursuant to the terms of the existing Purchase Agreement and all other agreements relating to the use of the Rispin Property, and because transfer to the City will terminate the Purchase Agreement and provide additional revenues to the taxing entities.

**SECTION 4.** The Oversight Board hereby approves Successor Agency Resolution 002, which Resolution effectuates the transfer of the Rispin Property to the City in accordance with Health & Safety Code Section 34181(a) and terminates the Purchase Agreement in accordance with Health & Safety Code Section 34181(d).

**SECTION 5.** This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

**CAPITOLA SUCCESSOR AGENCY OVERSIGHT BOARD  
RESOLUTION NO. 2012-03**

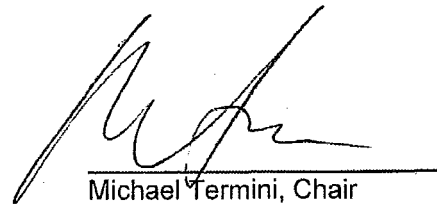
ADOPTED on the 15<sup>th</sup> day of June, 2012 by the Members of the Oversight Board of the Successor Agency for the Redevelopment Agency of the City of Capitola with the following vote, to wit:

AYES: Boardmembers Pirie, Hart, Reece, and Chair Termini

NOES: Boardmembers Bane, Maxwell and Ortiz

ABSENT: None

ABSTAIN: None



Michael Termini, Chair

## EXHIBIT A

### EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

#### PARCEL ONE:

BEGINNING ON THE NORTHEASTERLY LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AT THE MOST SOUTHERLY CORNER OF LOT 1 OF BLOCK "P", AS SAID LOT AND BLOCK ARE DELINEATED AND SO DESIGNATED ON THAT CERTAIN MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", ETC., FILED FOR RECORD AUGUST 15, 1907, IN BOOK 13 OF MAPS, AT PAGE 31, SANTA CRUZ COUNTY RECORDS, AND RUNNING THENCE ALONG SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD, THE FOLLOWING COURSES AND DISTANCES: NORTH 21 DEGREES 27' 30" WEST 490.46 FEET; THENCE NORTH 18 DEGREES 38' WEST 110.86 FEET; THENCE NORTH 15 DEGREES 21' WEST 798.32 FEET; THENCE NORTH 26 DEGREES 37' WEST 62.32 FEET; THENCE NORTH 38 DEGREES 24' WEST 72.50 FEET; THENCE NORTH 57 DEGREES 14' WEST 98.21 FEET; THENCE LEAVING SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD NORTH 51 DEGREES 56' EAST 303.23 FEET TO THE CENTER OF SOQUEL CREEK; THENCE DOWN THE CENTER OF SAID CREEK THE FOLLOWING COURSES AND DISTANCES, SOUTH 13 DEGREES 10' EAST 126.74 FEET; THENCE SOUTH 3 DEGREES 31' WEST 81.61 FEET; THENCE SOUTH 31 DEGREES 32' EAST 558.63 FEET; THENCE SOUTH 5 DEGREES 15' WEST 404.89 FEET; THENCE SOUTH 17 DEGREES 57' EAST 575.66 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF THE AFORESAID LOT 1 OF BLOCK "P" OF CAPITOLA HEIGHTS; THENCE LEAVING SAID CREEK AND ALONG SAID SOUTHEASTERLY LINE OF SAID LOT 1, SOUTH 65 DEGREES 07' 30" WEST 124.92 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO BRADLEY M. MC DONALD, ET AL, BY DEED RECORDED ON FEBRUARY 1, 1951, IN VOLUME 808, OF OFFICIAL RECORDS, AT PAGE 520, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO CHARLEY ASHTON, ET UX., BY DEED RECORDED JULY 26, 1957, IN VOLUME 1141, OF OFFICIAL RECORDS, AT PAGE 186, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO EDWIN G. SPAITH, ET UX., BY DEED RECORDED SEPTEMBER 22, 1951 IN VOLUME 1425, OF OFFICIAL RECORDS, AT PAGE 402, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN THAT CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 3, 1986 IN BOOK 5917, PAGE 484, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3928 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 176.96 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-01



EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

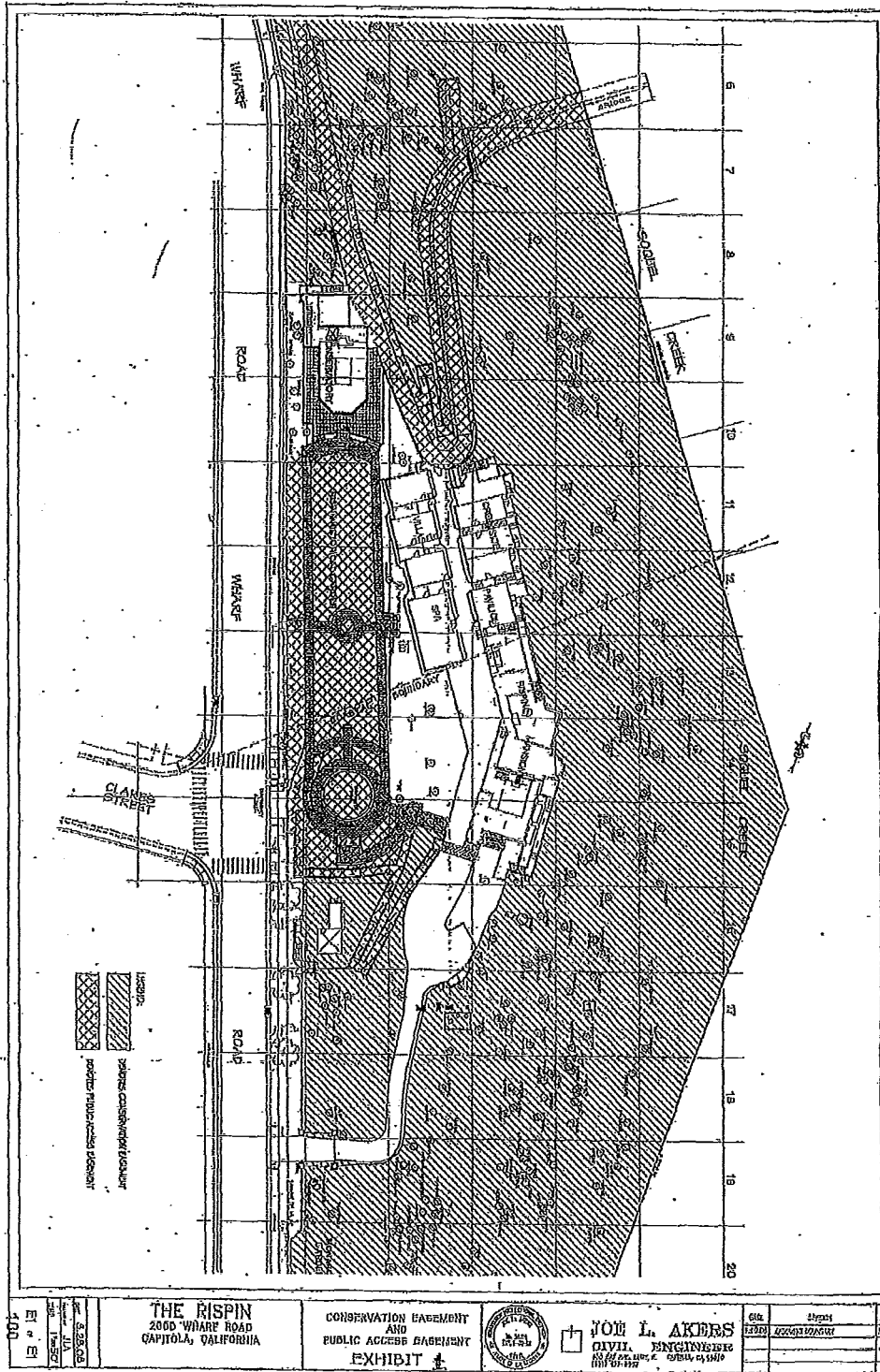
BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3928 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 176.95 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-02

EXHIBIT B



100  
 E 1  
 B

THE RISPIN  
 2000 WHARE ROAD  
 CAPITOLA, CALIFORNIA

CONSERVATION EASEMENT  
 AND  
 PUBLIC ACCESS EASEMENT  
 EXHIBIT 1



JOE L. AKERS  
 CIVIL ENGINEER  
 10000  
 10000

Sheet	Of
10000	10000

## EXHIBIT C

### AGREEMENT REENTERING INTO LOAN AGREEMENT (2003 Rispin Purchase Loan)

This Agreement Reentering into Loan Agreement ("Agreement") is entered into this 26 day of April 2012 by and between the City of Capitola, a California municipal corporation ("City") and the City of Capitola acting as the Successor Agency to the former Redevelopment Agency of the City of Capitola ("Successor Agency").

WHEREAS, the City and the Redevelopment Agency of the City of Capitola (the "Redevelopment Agency") entered into a Purchase and Sale Agreement on July 24, 2003, attached hereto as Exhibit A (the "Loan Agreement"), whereby the City agreed to loan the Redevelopment Agency \$1,350,000 to be used for purposes of acquiring the Rispin Mansion property for park and recreational purposes for the benefit of the Redevelopment Project Area and the community, and the Redevelopment Agency agreed to repay the City over time from available tax increment revenues pursuant to the "Promissory Note" attached as Exhibit B to the July 24, 2003 Loan Agreement; and

WHEREAS, the Rispin Mansion property was acquired by the Redevelopment Agency on December 31, 1985 and

WHEREAS, on February 1, 2012, pursuant to AB1x 26 (the "Dissolution Act"), the Redevelopment Agency, along with all redevelopment agencies in the State of California, was dissolved, and all assets and obligations of the Redevelopment Agency were transferred by operation of law to the Successor Agency; and

WHEREAS, the Rispin Mansion property is an asset of the Successor Agency, as recognized by the Capitola City Council at its meeting of April 12, 2012; and

WHEREAS, the Dissolution Act creates an oversight board for each redevelopment agency to oversee the wind down of the Redevelopment Agency ("Oversight Board"); and

WHEREAS, the Dissolution Act requires that the Successor Agency prepare and the Oversight Board approve a Recognized Obligation Payment Schedule setting forth all Enforceable Obligations (as defined in the Dissolution Act) of the Redevelopment Agency. The Dissolution Act generally provides that agreements between the Redevelopment Agency and the City are not Enforceable Obligations but Health & Safety Code Sections 34178(a) and 34180(h) authorize the Successor Agency and the City, with Oversight Board approval, to reenter into such agreements; and

WHEREAS, at its April 12, 2012 meeting the Oversight Board for the Successor Agency by a unanimous vote authorized the Successor Agency to reenter into the Loan Agreement; and

WHEREAS, the City and the Successor Agency have determined that reentering into the Loan Agreement is in the best interests of the City and the Successor Agency.


NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. The foregoing recitals are true and correct, and are hereby incorporated by reference and made part of this Agreement.
2. The Successor Agency and the City hereby agree to reenter into the Loan Agreement under the terms and conditions set forth in the Loan Agreement, provided, however, all references in the Loan Agreement to the "Redevelopment Agency of the City of Capitola" or "Agency" shall be deemed to refer to the Successor Agency. The City and the Successor Agency agree that notwithstanding anything set forth in the Loan Agreement, with approval of the Oversight Board, the Successor Agency can prepay the full amount owed under the Loan Agreement at any time without penalty.
3. In reentering into the Loan Agreement, the City is acting in its capacity as a municipal corporation, while the Successor Agency is acting in its capacity as the successor to the former Redevelopment Agency; and both the City and the Successor Agency are acting pursuant to the specific authority granted by the Oversight Board and by Health & Safety Code Sections 34178(a) and 34180(h) authorizing agreements between the City and the Successor Agency. In consequence, the parties to this Agreement are not merged.
4. Except as amended by the foregoing provisions of this Agreement, the Loan Agreement shall remain in full force and effect.
5. This Agreement shall take effect from and after the date of execution of this Agreement by both parties.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereof as of the date first written above.

CITY OF CAPITOLA, CALIFORNIA,  
a California municipal corporation ("CITY")

APPROVED AS TO FORM:


  
\_\_\_\_\_  
JAMIE GOLDSTEIN,  
City Manager

ATTEST:

  
\_\_\_\_\_  
Susan Sneddon, City Clerk

CITY OF CAPITOLA, CALIFORNIA,  
a California municipal corporation  
acting as the Successor Agency to the former City of Capitola Redevelopment Agency  
("SUCCESSOR AGENCY")

APPROVED AS TO FORM:

  
\_\_\_\_\_  
JAMIE GOLDSTEIN,  
City Manager

ATTEST:

  
\_\_\_\_\_  
Susan Sneddon, City Clerk

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is entered into this 24th day of July, 2003, by and between the City of Capitola, a municipal corporation ("City") and the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency").

RECITALS

A. The Redevelopment Plan for the Capitola Redevelopment Project ("Project") was adopted by the City on June 24, 1982, by Ordinance No. 522.

B. That certain real property legally described in Exhibit A (the "Property") was acquired by the City on December 31, 1983, for a purchase price of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000) and is currently owned in fee by the City.

C. On August 8, 1999, by Resolution No. 3026, the City Council amended the survey area for the Project to include certain real property, including the Property, within the survey area.

D. On February 20, 2003, by Resolution No. 03-01, the Planning Commission of the City of Capitola amended the Preliminary Plan for the Project to include the Property within the Project area.

E. Health and Safety Code Sections 33391 and 33392 authorize the acquisition of the Property by the Agency.

F. Health and Safety Code Section 33220 provides that, for the purpose of aiding and cooperating in the planning or undertaking of the Project, the City may, upon the terms and with or without consideration as it determines, sell or convey any of its property to the Agency.

G. The City and the Agency have determined that it is in the public interest and in furtherance of the Redevelopment Plan for the City to convey the Property to the Agency in accordance with the terms set forth herein.

## AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Agency agree as follows:

### ARTICLE 1. PURCHASE AND SALE

1.01. Purchase and Sale. The City shall sell the Property to the Agency, and the Agency shall purchase the Property from the City, on the terms and conditions specified in this Agreement.

1.02. Purchase Price. The purchase price for the Property shall be ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000.00) (the "Purchase Price").

1.03. Payment. The Agency shall pay the Purchase Price by delivering to the City its promissory note (the "Agency Note") in the amount of the Purchase Price in the form attached hereto as Exhibit B and incorporated herein by this reference.

### ARTICLE 2. CONDITIONS TO CONVEYANCE

2.01. General. The provisions of this Article are conditions precedent to the sale described in Article 1 and, unless otherwise provided expressly or by context, are covenants.

2.02. Title. The City shall cause title to the Property to be conveyed to the Agency by grant deed in the form attached hereto as Exhibit C and incorporated herein by reference subject only to exceptions approved by the Agency. Upon recording of the grant deed, the City shall cause a title insurance company selected by the parties (the "Title Company") to issue its CLTA policy of title insurance insuring title to the Property in the Agency with liability in the amount of the Purchase Price. The City shall, upon the signing of this Agreement, order from the Title Company and cause to be delivered to the Agency for its approval a preliminary title report and legible copies of all documents referred to therein covering or relating to the Property. The Agency shall approve or disapprove the condition of title within thirty (30) days of receipt of the preliminary title report. If the Agency disapproves the condition of title it shall do so in writing within such thirty (30) day period and, in such event, this Agreement shall be automatically terminated.

2.03. Delivery of Documents. Within five (5) days after the date of this Agreement, the City shall deliver to the Agency, for the Agency's approval, the following:

- A. Copies of all leases that affect the Property;
- B. Copies of all environmental assessments and site characterization reports; and
- C. Copies of all soils reports, geological reports, well reports and any other reports, documents or related information pertaining to the Property.

The Agency shall approve or disapprove the condition of the Property within thirty (30) days of receipt of the foregoing documents. If the Agency disapproves the condition of the Property it shall do so in writing within such thirty (30) day period and, in such event, this Agreement shall be automatically terminated

2.04. Possession. The City shall deliver exclusive possession of the Property to the Agency upon recording of the grant deed.

2.05 Conveyance. The City shall duly execute, acknowledge and deliver the grant deed to the Title Company and the Agency shall duly execute and deliver the Agency Note to the City not later than sixty (60) days after the date of this Agreement. The City shall cause the Title Company to promptly record the grant deed in the official land records of the County of Santa Cruz.

### ARTICLE 3. RECONVEYANCE

If the Redevelopment Plan has not been amended to add the Property to the Project area by December 31, 2005, then the Agency shall re-convey the Property to the City by grant deed approved by the City and the City shall thereupon cancel the Agency Note. There shall be no repayment by the City of any interest payments made by the Agency pursuant to the Agency Note. The terms of this Article 3 shall not be deemed merged and shall survive conveyance of the Property to the Agency.

### ARTICLE 4. MISCELLANEOUS

4.01. Assignment. This Agreement shall bind and inure to the benefit of the successors and assigns of both the City and the Agency. The Agency may not assign its rights under this Agreement without the prior written consent of the City.



4.02. Interpretation. The captions of paragraphs used in this Agreement are for convenience only. The provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of the City and the Agency.

4.03. Time of Essence. Time is of the essence of this Agreement and of the escrow provided for herein.

4.04. Integration. This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, relating to the subject matter which are not fully expressed herein.

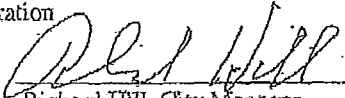
4.05. Additional Documents. From time to time prior to and after conveyance, each party shall execute and deliver such instruments of transfer and other documents as may be reasonably requested by the other party to carry out the purpose and intent of this Agreement.

4.06. California Law. This Agreement shall be governed by the laws of the State of California.

4.07. Counterparts. This Agreement and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one (1) document.

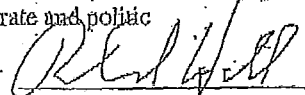
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized as of the date first written above.

CITY OF CAPITOLA, a municipal corporation

By:   
Richard Hill, City Manager

"CITY"

REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA, a public body corporate and politic

By:   
Richard Hill, Executive Director

"AGENCY"

PROMISSORY NOTE

\$1,350,000

July 24, 2003  
Capitola, California

FOR VALUE RECEIVED, the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency") having an address of 420 Capitola Avenue, Capitola, California 95010, promises to pay the City of Capitola, a municipal corporation ("City") a principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000).

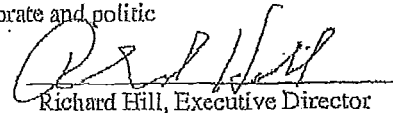
1. This Note is made pursuant to that certain Purchase and Sale Agreement ("Agreement") between the Agency and the City dated July 24, 2003, for the purchase by the Agency of certain real property described therein (the "Property") from the City.
2. The principal sum of this Note shall bear interest, from July 24, 2003, at the rate of five percent (5%) per annum, to be adjusted annually on each June 30 by not more than a percentage of change of an index to be determined by the City Council.
3. Payment of accrued interest shall be made quarterly, not later than September 30, December 31, March 31 and June 30.
4. The outstanding principal sum of this Note shall be due and payable in full on June 24, 2017 (the "Maturity Date"), provided, however, that if the Redevelopment Plan for the Capitola Redevelopment Project is amended to extend the time limit on receipt of tax increment revenues, then the Maturity Date shall automatically be extended until the last date on which the Agency may receive tax increment under the Redevelopment Plan, as amended.
5. Payment shall be made in lawful money of the United States to the City at 420 Capitola Avenue, Capitola, California 95010. The place of payment may be changed from time to time as the City may designate in writing.
6. Principal may be prepaid in whole or in part at any time without penalty.
7. The occurrence of the any of the following shall constitute an event of default under this Note:

- A. There shall be any failure to make the payment of principal or interest which continues for fifteen (15) days after notice that such payment is due; or
  - B. There shall be a failure to comply with any other term, obligation, covenant or condition contained herein, provided, however, that the Agency shall not be in default if the Agency, after the City sends written notice demanding cure of such failure,
    - (1) Cures the default within thirty (30) days, or
    - (2) If the cure requires more than thirty (30) days, immediately commences to cure the failure and thereafter diligently prosecutes such cure to completion within one hundred twenty (120) days after giving notice of default.
8. Upon the occurrence of any event of default, at the option of the City, the entire unpaid principal sum owing on this Note shall become immediately due and payable. This option may be exercised at any time following such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of the City's option. The City's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event of default.
9. At all times following an event of default hereunder by reason of the Agency's failure to pay principal or interest due under this Note, the interest rate on the sums as to which the Agency is in default shall bear interest as of the date such sums were due until repaid at a rate equal to the lower of the highest rate then allowed by law or five percent (5%) over the prime interest rate announced by Wells Fargo Bank, N.A. as of the date such sums were due.
10. The Agency and any endorsers of this Note and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

11. The Agency hereby pledges for repayment of the principal sum and all accrued interest of this Note property taxes allocated and paid to the Agency pursuant to Health and Safety Code Section 33670(b) from the Capitola Redevelopment Project, subject to any bonds or other indebtedness of the Agency outstanding on the date of this Note (including, without limitation, that certain agreement between the Agency and County of Santa Cruz dated November 30, 1984, regarding pass-through of tax increments and that certain Tax Increment Sharing Agreement between the Agency and the Central Fire Protection District dated December 23, 1993) and subject further to any bonds or other indebtedness issued by the Agency after the date of this Note with the consent of the City.
12. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested, at the address stated in this Note or at such address as either party may designate by written notice.
13. This Note shall be binding on the Agency, its successors and assigns.
14. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

REDEVELOPMENT AGENCY OF THE  
CITY OF CAPITOLA, a public body  
corporate and politic

By:

  
Richard Hill, Executive Director

"AGENCY"

AMENDMENT TO PURCHASE AND SALE AGREEMENT  
PERTAINING TO THE RDA ACQUISITION OF THE RISPIN PROPERTY

THIS AMENDMENT TO THE PURCHASE AND SALE AGREEMENT (the "Agreement") is entered into the 22nd day of June 2006, by and between the City of Capitola, a municipal corporation ("City") and the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency").

RECITALS

- A. The Redevelopment Plan for the Capitola Redevelopment Project ("Project") was adopted by the City on June 24, 1982, by Ordinance No. 522, which included the Project within a defined Project Area.
- B. That certain real property legally described in Exhibit A (the "Property") was acquired by the City on December 31, 1985.
- C. On February 20, 2003, by Resolution NO. 03-01 the Planning Commission of the city of Capitola amended the Preliminary Plan for the Project to include the Property within the Project Area.
- D. On July 24, 2003 the City sold to the Agency and the Agency purchased from the City the Property for a purchase price of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000).
- E. The payment for the sale of the Property from the City to the Agency was secured by a Promissory Note, attached to the Agreement as Exhibit B, promising the Agency to pay to the City the principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000), which shall bear interest at the rate of 5% per annum.
- F. The Agency acknowledges that the principal sum of \$1,350,000 identified in the Agreement as due to the City represent a significant sum with which the City could retire or defray some of its existing debt obligations.
- G. The City and Agency have determined that it is to the benefit of the public for the Agency and the City amend Appendix B to the Agreement and revise the interest rate.

AMENDMENT TO THE PURCHASE AND SALE AGREEMENT

NOW THEREFORE, for and in consideration of mutual covenants set forth, the City and the Agency agree to amend item 2. of Exhibit B, Promissory Note, of the Agreement to read as follows:

"2. The principal sum of this Note shall bear interest, from the date of this amendment, at a rate that equals the greater of any of the following: a) the interest rate charged by the Public Employees Retirement System for the City's unfunded liability; or, b) the true interest cost of any pension obligation bond sold by the City; or, c) the State of California Local Agency Investment Fund (LAIF); or d) 5%."

IN WITNESS WHEREOF, the parties hereto have caused the Amendment to be executed by their respective representatives thereunto duly authorized as of the date first written above.

CITY OF CAPITOLA, a municipal corporation

By: Richard Hill  
Richard Hill, City Manager  
"CITY"

REDEVELOPMENT AGENCY OF THE CITY OF  
CAPITOLA, a public body corporate and politic

By: Richard Hill  
Richard Hill, Executive Director  
"AGENCY"

RESOLUTION NO. 002

**RESOLUTION OF THE CITY OF CAPITOLA ACTING AS THE SUCCESSOR AGENCY TO  
THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA,  
TRANSFERRING THE RISPIN PROPERTY TO THE CITY OF CAPITOLA AND  
TERMINATING A PURCHASE AGREEMENT**

WHEREAS, on December 31, 1985, the City of Capitola (the "City") purchased certain property occupied by the Rispin Mansion and located at 2000 Wharf Road in the City of Capitola, County of Santa Cruz, State of California (Assessors' Parcel Numbers 035-371-01 and 035-371-02), as further described on **Exhibit A** and depicted on **Exhibit B** attached hereto and made a part hereof (the "Rispin Property"), for a purchase price of \$1,350,000; and

WHEREAS, the City and the Redevelopment Agency of the City of Capitola (the "Redevelopment Agency") entered into a Purchase and Sale Agreement on July 24, 2003, amended on June 22, 2006 and reentered into on April 26, 2012, and attached hereto as **Exhibit C** (the "Purchase Agreement"), whereby the City agreed to sell the Rispin Property to the Redevelopment Agency for the original purchase price of \$1,350,000 and to loan the Redevelopment Agency \$1,350,000 to be used to acquire the Rispin Property from the City for the benefit of the Redevelopment Project Area and the community, and the Redevelopment Agency agreed to repay the City from available tax increment revenues pursuant to the "Promissory Note" attached as Exhibit B to the Purchase Agreement; and

WHEREAS, on March 8, 2011, the City and the Redevelopment Agency entered into a "Property Conveyance Agreement," whereby the Redevelopment Agency agreed to transfer the Rispin Property to the City, and the City agreed to accept the Rispin Property, and grant deeds evidencing the transfer of the Rispin Property to the City were recorded in the Official Records of Santa Cruz County, California on March 10, 2011 as Documents Nos. 2011-0010678 and 2011-0010679; and

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012; and

WHEREAS, on January 12, 2012, the City Council of the City adopted a resolution accepting for the City the role of Successor Agency to the Redevelopment Agency (the "Successor Agency"); and

WHEREAS, Health & Safety Code Section 34167.5 provides in part that assets transferred from the Redevelopment Agency to the City after January 1, 2011 that are not contractually committed to a third party shall be returned to the Successor Agency; and

WHEREAS, in recognition of Health & Safety Code Section 34167.5, the Successor Agency on March 22, 2012 and the City on April 12, 2012 acknowledged that the Rispin Property was an asset of the Successor Agency; and

WHEREAS, the Dissolution Act created an oversight board to oversee the Successor Agency ("Oversight Board"); and

WHEREAS, while the Dissolution Act generally provides that agreements between the Redevelopment Agency and the City are not enforceable obligations, Health & Safety Code Sections 34178(a) and 34180(h) authorize the Successor Agency and the City, with Oversight Board approval, to reenter into such agreements; and

WHEREAS, at its April 12, 2012 meeting the Oversight Board for the Successor Agency by a unanimous vote authorized the Successor Agency to reenter into the Purchase Agreement; and

WHEREAS, the City and the Successor Agency reentered into the Purchase Agreement on April 26, 2012; and

WHEREAS, Health and Safety Code Section 34177(e) requires the Successor Agency to dispose of properties of the Redevelopment Agency as directed by the Oversight Board, and Health and Safety Code Section 34181(d) provides that the Oversight Board shall direct the Successor Agency to terminate certain agreements if the Oversight Board has found that early termination would be in the best interests of the taxing entities; and; and

WHEREAS, at its April 30, 2012 meeting, the Oversight Board determined it would be in the best interests of the taxing entities to terminate the Purchase Agreement and transfer the Rispin Property to the City and directed the Successor Agency staff to prepare the documents needed to effectuate the transfer of the Rispin Property to the City and to terminate the Purchase Agreement; and

WHEREAS, pursuant to Section 15061(b)(3) of the CEQA Guidelines, transfer of the Rispin Property from the Successor Agency to the City is exempt from the requirements of CEQA because it can be seen with certainty that there is no possibility that transfer of the Rispin Property may have a significant effect on the environment, in that the use of the Rispin Property will not change or otherwise be modified following the conveyance by the Successor Agency to the City.

**NOW, THEREFORE, BE IT RESOLVED** by the Successor Agency as follows:

Section 1. Recitals. The foregoing recitals are true and correct, and are hereby incorporated by reference.

Section 2. Conveyance and Consideration. As directed by the Oversight Board and consistent with Health and Safety Code Section 34177(e), the Successor Agency hereby transfers the Rispin Property to the City in consideration for the City's agreement to terminate the Purchase Agreement.

Section 3. Termination of Purchase Agreement. As directed by the Oversight Board and consistent with Health and Safety Code Section 34181(d), the Successor Agency hereby terminates the Purchase Agreement as shown in **Exhibit C**.

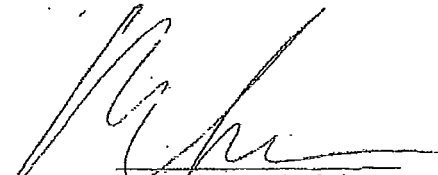


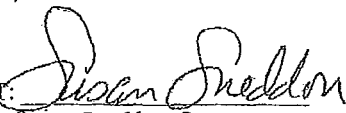
Section 4. Method of Conveyance. Grant deeds evidencing the transfer of the Rispin Property to the City were recorded in the Official Records of Santa Cruz County, California on March 10, 2011 as Documents Nos. 2011-0010678 and 2011-0010679.

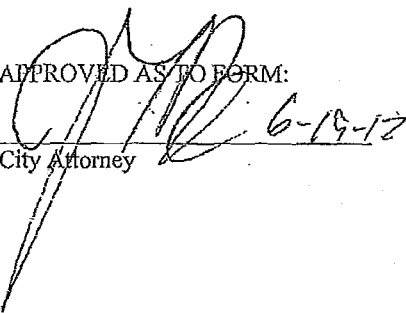
Section 5. Effect of Property Conveyance Agreement. Nothing in this Resolution shall be deemed to invalidate or amend the terms of the Property Conveyance Agreement. The Property Conveyance Agreement shall remain in full force and effect according to its original terms.

Section 6. Effective Date. This Resolution shall take effect upon approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h).

PASSED AND ADOPTED on the 14<sup>th</sup> day of June, 2012 by the Successor Agency for the Redevelopment Agency of the City of Capitola with the following vote, to wit:

  
Michael Termini, Chair

ATTEST:   
Susan Sneddon, Secretary

APPROVED AS TO FORM:  
 6-19-12  
City Attorney

## EXHIBIT A

## EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING ON THE NORTHEASTERLY LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AT THE MOST SOUTHERLY CORNER OF LOT 1 OF BLOCK "P", AS SAID LOT AND BLOCK ARE DELINEATED AND SO DESIGNATED ON THAT CERTAIN MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", ETC., FILED FOR RECORD AUGUST 15, 1907, IN BOOK 13 OF MAPS, AT PAGE 31, SANTA CRUZ COUNTY RECORDS, AND RUNNING THENCE ALONG SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD, THE FOLLOWING COURSES AND DISTANCES: NORTH 21 DEGREES 27' 30" WEST 490.46 FEET; THENCE NORTH 18 DEGREES 38' WEST 110.86 FEET; THENCE NORTH 15 DEGREES 21' WEST 798.32 FEET; THENCE NORTH 26 DEGREES 37' WEST 62.32 FEET; THENCE NORTH 38 DEGREES 24' WEST 72.50 FEET; THENCE NORTH 57 DEGREES 14' WEST 98.21 FEET; THENCE LEAVING SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD NORTH 51 DEGREES 56' EAST 303.23 FEET TO THE CENTER OF SOQUEL CREEK; THENCE DOWN THE CENTER OF SAID CREEK THE FOLLOWING COURSES AND DISTANCES, SOUTH 13 DEGREES 10' EAST 126.74 FEET; THENCE SOUTH 3 DEGREES 31' WEST 81.61 FEET; THENCE SOUTH 31 DEGREES 32' EAST 558.63 FEET; THENCE SOUTH 5 DEGREES 15' WEST 404.69 FEET; THENCE SOUTH 17 DEGREES 57' EAST 575.66 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF THE AFORESAID LOT 1 OF BLOCK "P" OF CAPITOLA HEIGHTS; THENCE LEAVING SAID CREEK AND ALONG SAID SOUTHEASTERLY LINE OF SAID LOT 1, SOUTH 65 DEGREES 07' 30" WEST 124.92 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO BRADLEY M. MC DONALD, ET AL, BY DEED RECORDED ON FEBRUARY 1, 1951, IN VOLUME 808, OF OFFICIAL RECORDS, AT PAGE 520, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO CHARLEY ASHTON, ET UX., BY DEED RECORDED JULY 26, 1957, IN VOLUME 1141, OF OFFICIAL RECORDS, AT PAGE 186, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO EDWIN G. SPAITH, ET UX., BY DEED RECORDED SEPTEMBER 22, 1951 IN VOLUME 1425, OF OFFICIAL RECORDS, AT PAGE 402, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN THAT CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 3, 1986 IN BOOK 5917, PAGE 484, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3928 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 176.95 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-01

EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3926 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 176.95 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-02



## EXHIBIT C

**AGREEMENT REENTERING INTO LOAN AGREEMENT  
(2003 Rispin Purchase Loan)**

This Agreement Reentering into Loan Agreement ("Agreement") is entered into this 26 day of April 2012 by and between the City of Capitola, a California municipal corporation ("City") and the City of Capitola acting as the Successor Agency to the former Redevelopment Agency of the City of Capitola ("Successor Agency").

WHEREAS, the City and the Redevelopment Agency of the City of Capitola (the "Redevelopment Agency") entered into a Purchase and Sale Agreement on July 24, 2003, attached hereto as Exhibit A (the "Loan Agreement"), whereby the City agreed to loan the Redevelopment Agency \$1,350,000 to be used for purposes of acquiring the Rispin Mansion property for park and recreational purposes for the benefit of the Redevelopment Project Area and the community, and the Redevelopment Agency agreed to repay the City over time from available tax increment revenues pursuant to the "Promissory Note" attached as Exhibit B to the July 24, 2003 Loan Agreement; and

WHEREAS, the Rispin Mansion property was acquired by the Redevelopment Agency on December 31, 1985 and

WHEREAS, on February 1, 2012, pursuant to AB1x 26 (the "Dissolution Act"), the Redevelopment Agency, along with all redevelopment agencies in the State of California, was dissolved, and all assets and obligations of the Redevelopment Agency were transferred by operation of law to the Successor Agency; and

WHEREAS, the Rispin Mansion property is an asset of the Successor Agency, as recognized by the Capitola City Council at its meeting of April 12, 2012; and

WHEREAS, the Dissolution Act creates an oversight board for each redevelopment agency to oversee the wind down of the Redevelopment Agency ("Oversight Board"); and

WHEREAS, the Dissolution Act requires that the Successor Agency prepare and the Oversight Board approve a Recognized Obligation Payment Schedule setting forth all Enforceable Obligations (as defined in the Dissolution Act) of the Redevelopment Agency. The Dissolution Act generally provides that agreements between the Redevelopment Agency and the City are not Enforceable Obligations but Health & Safety Code Sections 34178(a) and 34180(h) authorize the Successor Agency and the City, with Oversight Board approval, to reenter into such agreements; and

WHEREAS, at its April 12, 2012 meeting the Oversight Board for the Successor Agency by a unanimous vote authorized the Successor Agency to reenter into the Loan Agreement; and

WHEREAS, the City and the Successor Agency have determined that reentering into the Loan Agreement is in the best interests of the City and the Successor Agency.

10981011133984.1  
4/16/2012


NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. The foregoing recitals are true and correct, and are hereby incorporated by reference and made part of this Agreement.
2. The Successor Agency and the City hereby agree to reenter into the Loan Agreement under the terms and conditions set forth in the Loan Agreement, provided, however, all references in the Loan Agreement to the "Redevelopment Agency of the City of Capitola" or "Agency" shall be deemed to refer to the Successor Agency. The City and the Successor Agency agree that notwithstanding anything set forth in the Loan Agreement, with approval of the Oversight Board, the Successor Agency can prepay the full amount owed under the Loan Agreement at any time without penalty.
3. In reentering into the Loan Agreement, the City is acting in its capacity as a municipal corporation, while the Successor Agency is acting in its capacity as the successor to the former Redevelopment Agency; and both the City and the Successor Agency are acting pursuant to the specific authority granted by the Oversight Board and by Health & Safety Code Sections 34178(a) and 34180(h) authorizing agreements between the City and the Successor Agency. In consequence, the parties to this Agreement are not merged.
4. Except as amended by the foregoing provisions of this Agreement, the Loan Agreement shall remain in full force and effect.
5. This Agreement shall take effect from and after the date of execution of this Agreement by both parties.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereof as of the date first written above.

CITY OF CAPITOLA, CALIFORNIA,  
a California municipal corporation ("CITY")

APPROVED AS TO FORM:


  
\_\_\_\_\_  
JAMIE GOLDSTEIN,  
City Manager

ATTEST:

  
\_\_\_\_\_  
Susan Sneddon, City Clerk

CITY OF CAPITOLA, CALIFORNIA,  
a California municipal corporation  
acting as the Successor Agency to the former City of Capitola Redevelopment Agency  
("SUCCESSOR AGENCY")

APPROVED AS TO FORM:

  
\_\_\_\_\_  
JAMIE GOLDSTEIN,  
City Manager

ATTEST:

  
\_\_\_\_\_  
Susan Sneddon, City Clerk



## Exhibit A

## PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is entered into this 24th day of July, 2003, by and between the City of Capitola, a municipal corporation ("City") and the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency").

## RECITALS

A. The Redevelopment Plan for the Capitola Redevelopment Project ("Project") was adopted by the City on June 24, 1982, by Ordinance No. 522.

B. That certain real property legally described in Exhibit A (the "Property") was acquired by the City on December 31, 1985, for a purchase price of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000) and is currently owned in fee by the City.

C. On August 8, 1999, by Resolution No. 3026, the City Council amended the survey area for the Project to include certain real property, including the Property, within the survey area.

D. On February 20, 2003, by Resolution No. 03-01, the Planning Commission of the City of Capitola amended the Preliminary Plan for the Project to include the Property within the Project area.

E. Health and Safety Code Sections 33391 and 33392 authorize the acquisition of the Property by the Agency.

F. Health and Safety Code Section 33220 provides that, for the purpose of aiding and cooperating in the planning or undertaking of the Project, the City may, upon the terms and with or without consideration as it determines, sell or convey any of its property to the Agency.

G. The City and the Agency have determined that it is in the public interest and in furtherance of the Redevelopment Plan for the City to convey the Property to the Agency in accordance with the terms set forth herein.

## AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Agency agree as follows:

## ARTICLE I. PURCHASE AND SALE

1.01. Purchase and Sale. The City shall sell the Property to the Agency, and the Agency shall purchase the Property from the City, on the terms and conditions specified in this Agreement.

1.02. Purchase Price. The purchase price for the Property shall be ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000.00) (the "Purchase Price").

1.03. Payment. The Agency shall pay the Purchase Price by delivering to the City its promissory note (the "Agency Note") in the amount of the Purchase Price in the form attached hereto as Exhibit B and incorporated herein by this reference.

## ARTICLE 2. CONDITIONS TO CONVEYANCE

2.01. General. The provisions of this Article are conditions precedent to the sale described in Article I and, unless otherwise provided expressly or by context, are covenants.

2.02. Title. The City shall cause title to the Property to be conveyed to the Agency by grant deed in the form attached hereto as Exhibit C and incorporated herein by reference subject only to exceptions approved by the Agency. Upon recording of the grant deed, the City shall cause a title insurance company selected by the parties (the "Title Company") to issue its CLTA policy of title insurance insuring title to the Property in the Agency with liability in the amount of the Purchase Price. The City shall, upon the signing of this Agreement, order from the Title Company and cause to be delivered to the Agency for its approval a preliminary title report and legible copies of all documents referred to therein covering or relating to the Property. The Agency shall approve or disapprove the condition of title within thirty (30) days of receipt of the preliminary title report. If the Agency disapproves the condition of title it shall do so in writing within such thirty (30) day period and, in such event, this Agreement shall be automatically terminated.

2.03. Delivery of Documents. Within five (5) days after the date of this Agreement, the City shall deliver to the Agency, for the Agency's approval, the following:

- A. Copies of all leases that affect the Property;
- B. Copies of all environmental assessments and site characterization reports; and
- C. Copies of all soils reports, geological reports, well reports and any other reports, documents or related information pertaining to the Property.

The Agency shall approve or disapprove the condition of the Property within thirty (30) days of receipt of the foregoing documents. If the Agency disapproves the condition of the Property it shall do so in writing within such thirty (30) day period and, in such event, this Agreement shall be automatically terminated.

2.04. Possession. The City shall deliver exclusive possession of the Property to the Agency upon recording of the grant deed.

2.05 Conveyance. The City shall duly execute, acknowledge and deliver the grant deed to the Title Company and the Agency shall duly execute and deliver the Agency Note to the City not later than sixty (60) days after the date of this Agreement. The City shall cause the Title Company to promptly record the grant deed in the official land records of the County of Santa Cruz.

### ARTICLE 3. RECONVEYANCE

If the Redevelopment Plan has not been amended to add the Property to the Project area by December 31, 2005, then the Agency shall re-convey the Property to the City by grant deed approved by the City and the City shall thereupon cancel the Agency Note. There shall be no repayment by the City of any interest payments made by the Agency pursuant to the Agency Note. The terms of this Article 3 shall not be deemed merged and shall survive conveyance of the Property to the Agency.

### ARTICLE 4. MISCELLANEOUS

4.01. Assignment. This Agreement shall bind and inure to the benefit of the successors and assigns of both the City and the Agency. The Agency may not assign its rights under this Agreement without the prior written consent of the City.

4.02. Interpretation. The captions of paragraphs used in this Agreement are for convenience only. The provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of the City and the Agency.

4.03. Time of Essence. Time is of the essence of this Agreement and of the escrow provided for herein.

4.04. Integration. This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, relating to the subject matter which are not fully expressed herein.

4.05. Additional Documents. From time to time prior to and after conveyance, each party shall execute and deliver such instruments of transfer and other documents as may be reasonably requested by the other party to carry out the purpose and intent of this Agreement.

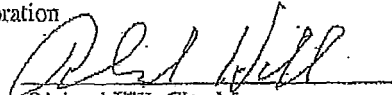
4.06. California Law. This Agreement shall be governed by the laws of the State of California.

4.07. Counterparts. This Agreement and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one (1) document.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized as of the date first written above.

CITY OF CAPITOLA, a municipal corporation

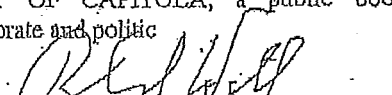
By:

  
Richard Hill, City Manager

"CITY"

REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA, a public body corporate and politic

By:

  
Richard Hill, Executive Director

"AGENCY"

## Exhibit B

## PROMISSORY NOTE

\$1,350,000

July 24, 2003  
Capitola, California

FOR VALUE RECEIVED, the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency") having an address of 420 Capitola Avenue, Capitola, California 95010, promises to pay the City of Capitola, a municipal corporation ("City") a principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000).

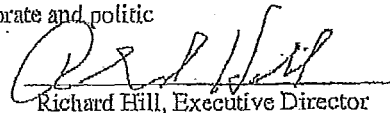
1. This Note is made pursuant to that certain Purchase and Sale Agreement ("Agreement") between the Agency and the City dated July 24, 2003, for the purchase by the Agency of certain real property described therein (the "Property") from the City.
2. The principal sum of this Note shall bear interest, from July 24, 2003, at the rate of five percent (5%) per annum, to be adjusted annually on each June 30 by not more than a percentage of change of an index to be determined by the City Council.
3. Payment of accrued interest shall be made quarterly, not later than September 30, December 31, March 31 and June 30.
4. The outstanding principal sum of this Note shall be due and payable in full on June 24, 2017 (the "Maturity Date"), provided, however, that if the Redevelopment Plan for the Capitola Redevelopment Project is amended to extend the time limit on receipt of tax increment revenues, then the Maturity Date shall automatically be extended until the last date on which the Agency may receive tax increment under the Redevelopment Plan, as amended.
5. Payment shall be made in lawful money of the United States to the City at 420 Capitola Avenue, Capitola, California 95010. The place of payment may be changed from time to time as the City may designate in writing.
6. Principal may be prepaid in whole or in part at any time without penalty.
7. The occurrence of the any of the following shall constitute an event of default under this Note:

- A. There shall be any failure to make the payment of principal or interest which continues for fifteen (15) days after notice that such payment is due; or
  - B. There shall be a failure to comply with any other term, obligation, covenant or condition contained herein, provided, however, that the Agency shall not be in default if the Agency, after the City sends written notice demanding cure of such failure,
    - (1) Cures the default within thirty (30) days, or
    - (2) If the cure requires more than thirty (30) days, immediately commences to cure the failure and thereafter diligently prosecutes such cure to completion within one hundred twenty (120) days after giving notice of default.
8. Upon the occurrence of any event of default, at the option of the City, the entire unpaid principal sum owing on this Note shall become immediately due and payable. This option may be exercised at any time following such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of the City's option. The City's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event of default.
9. At all times following an event of default hereunder by reason of the Agency's failure to pay principal or interest due under this Note, the interest rate on the sums as to which the Agency is in default shall bear interest as of the date such sums were due until repaid at a rate equal to the lower of the highest rate then allowed by law or five percent (5%) over the prime interest rate announced by Wells Fargo Bank, N.A. as of the date such sums were due.
10. The Agency and any endorsers of this Note and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

11. The Agency hereby pledges for repayment of the principal sum and all accrued interest of this Note property taxes allocated and paid to the Agency pursuant to Health and Safety Code Section 33670(b) from the Capitola Redevelopment Project, subject to any bonds or other indebtedness of the Agency outstanding on the date of this Note (including, without limitation, that certain agreement between the Agency and County of Santa Cruz dated November 30, 1984, regarding pass-through of tax increments and that certain Tax Increment Sharing Agreement between the Agency and the Central Fire Protection District dated December 23, 1993) and subject further to any bonds or other indebtedness issued by the Agency after the date of this Note with the consent of the City.
12. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested, at the address stated in this Note or at such address as either party may designate by written notice.
13. This Note shall be binding on the Agency, its successors and assigns.
14. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

REDEVELOPMENT AGENCY OF THE  
CITY OF CAPITOLA, a public body  
corporate and politic

By:

  
Richard Hill, Executive Director

"AGENCY"

AMENDMENT TO PURCHASE AND SALE AGREEMENT  
PERTAINING TO THE RDA ACQUISITION OF THE RISPIN PROPERTY

THIS AMENDMENT TO THE PURCHASE AND SALE AGREEMENT (the "Agreement") is entered into the 22nd day of June 2006, by and between the City of Capitola, a municipal corporation ("City") and the Redevelopment Agency of the City of Capitola, a public body corporate and politic ("Agency").

RECITALS

- A. The Redevelopment Plan for the Capitola Redevelopment Project ("Project") was adopted by the City on June 24, 1982, by Ordinance No. 522, which included the Project within a defined Project Area.
- B. That certain real property legally described in Exhibit A (the "Property") was acquired by the City on December 31, 1985.
- C. On February 20, 2003, by Resolution NO. 03-01 the Planning Commission of the city of Capitola amended the Preliminary Plan for the Project to include the Property within the Project Area.
- D. On July 24, 2003 the City sold to the Agency and the Agency purchased from the City the Property for a purchase price of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000).
- E. The payment for the sale of the Property from the City to the Agency was secured by a Promissory Note, attached to the Agreement as Exhibit B, promising the Agency to pay to the City the principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000), which shall bear interest at the rate of 5% per annum.
- F. The Agency acknowledges that the principal sum of \$1,350,000 identified in the Agreement as due to the City represent a significant sum with which the City could retire or defray some of its existing debt obligations.
- G. The City and Agency have determined that it is to the benefit of the public for the Agency and the City amend Appendix B to the Agreement and revise the interest rate.

AMENDMENT TO THE PURCHASE AND SALE AGREEMENT

NOW THEREFORE, for and in consideration of mutual covenants set forth, the City and the Agency agree to amend item 2. of Exhibit B, Promissory Note, of the Agreement to read as follows:



"2. The principal sum of this Note shall bear interest, from the date of this amendment, at a rate that equals the greater of any of the following: a) the interest rate charged by the Public Employees Retirement System for the City's unfunded liability; or, b) the true interest cost of any pension obligation bond sold by the City; or, c) the State of California Local Agency Investment Fund (LAIF); or d) 5%."

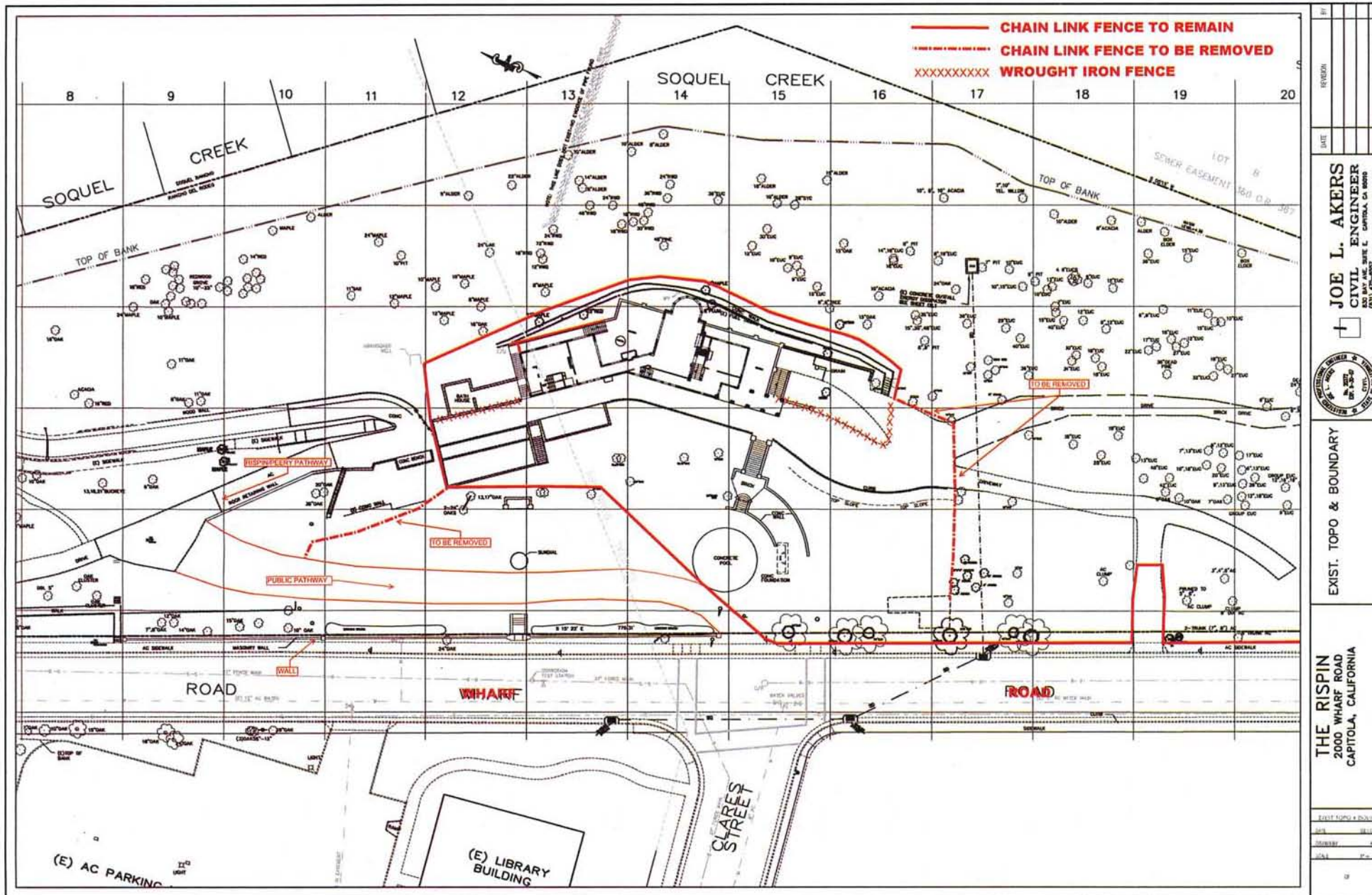
IN WITNESS WHEREOF, the parties hereto have caused the Amendment to be executed by their respective representatives thereunto duly authorized as of the date first written above.

CITY OF CAPITOLA, a municipal corporation

By: Richard Hill  
Richard Hill, City Manager  
"CITY"

REDEVELOPMENT AGENCY OF THE CITY OF  
CAPITOLA, a public body corporate and politic

By: Richard Hill  
Richard Hill, Executive Director  
"AGENCY"



REVISION	DATE	<b>JOE L. AKERS</b> CIVIL ENGINEER 200 BY AVE. SUITE L CAPITOLA, CA 95010 (831) 437-8200
EXIST. TOPO & BOUNDARY		<b>THE RISPIN</b> 2000 WHARF ROAD CAPITOLA, CALIFORNIA