



**AGENDA COVER**  
Regular Joint Meeting of the  
**CAPITOLA CITY COUNCIL/  
REDEVELOPMENT AGENCY**  
MEETING DATE: THURSDAY, SEPTEMBER 8, 2011

CITY COUNCIL CHAMBERS: 420 CAPITOLA AVENUE, CAPITOLA

**CLOSED SESSION**  
**REGULAR JOINT MEETING**

**5:30 P.M.**  
**7:00 P.M.**

*Elected Officials*

*Dennis Norton, Mayor*  
*Michael Termini, Vice Mayor*  
*Stephanie Harlan, Council Member*  
*Kirby Nicol, Council Member*  
*Sam Storey, Council Member*  
  
*Jacques Bertrand, City Treasurer*

*City Staff Members*

*Jamie Goldstein, City Manager*  
*John G. Barisone, City Attorney*  
*Pamela Greeninger, City Clerk*  
*Mike Card, Chief of Police*  
*Derek Johnson,*  
*Community Development Director*  
*Steven Jesberg, Public Works Director*  
*Lisa Murphy,*  
*Administrative Services Director*

**Notice regarding City Council/Redevelopment Agency Meetings:** The Capitola City Council and Redevelopment Agency meet jointly on the 2nd and 4th Thursday of each month at 7:00 p.m., in the City Hall Council Chambers located at 420 Capitola Avenue, Capitola.

**Agenda and Agenda Packet Materials:** The City Council/Redevelopment Agency Agenda and the complete agenda packet are available on the Internet at the City's website: [www.ci.capitola.ca.us](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/Redevelopment Agency meetings are cablecast "Live" on Charter Communications Cable TV Channel 8 and are recorded to be replayed at 12:00 Noon on the Saturday following the meetings on Community Television of Santa Cruz County (Charter Channel 71 and Comcast Channel 25). Meetings are streamed "Live" on the City's website at [www.ci.capitola.ca.us](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.

**It is the intent of the City Council to adjourn by 11:30 p.m.**



# AGENDA

## Regular Joint Meeting of the CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY Thursday, September 8, 2011

### **5:30 P.M. - CLOSED SESSION - CITY MANAGER'S OFFICE**

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

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

Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park) [Superior Court of the State of California for County of Santa Cruz, Case #CV 167716]

Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park) [U.S. District Court N.D., Case No. C09-05542 RS (Judge Richard Seeborg)]

Veronica Shepardson, et al. (residents of Surf & Sand Mobile Home Park) vs. City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case No. CV 171269]

Bill Newman, et al. (residents of Surf & Sand Mobile Home Park) vs. Surf and Sand, LLC, Ronald Reed, et al. [Superior Court County of Santa Cruz, Unlimited Jurisdiction, Case No. CV 171783]

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

Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9:  
One Case – Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park

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

Title: City Manager

#### **CONFERENCE WITH REAL PROPERTY NEGOTIATORS** (Govt. Code §54956.8)

Property: McGregor Drive, APN 36-341-02 (City of Capitola, Owner)

City Negotiator: City Manager

Negotiating Parties: City and Soquel Creek Water District

Under Negotiation: Real Property Lease/Sale

**7:00 P.M. - REGULAR JOINT MEETING  
OF THE CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY**

**ROLL CALL AND PLEDGE OF ALLEGIANCE**

Council Members/Directors Harlan, Termini, Nicol, Storey,  
and Mayor/Chairperson Norton

**\* \* \* PRESENTATIONS \* \* \***

Capitola Public Safety & Community Service Foundation  
Raffle Drawing for Trip to Costa Rica and other Cash Prizes

Mayor's Proclamation  
Proclaiming Friday, September 16, 2011  
"Santa Cruz Follies Day"

**1. REPORT ON CLOSED SESSION**

**2. ORAL COMMUNICATIONS**

A. Additions and Deletions to Agenda

B. Public Comments

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

C. Staff Comments

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

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

E. Committee Appointments

*Council Members/RDA Directors/Committee Representatives may present oral updates from standing committees at this time. Committee appointments may also be made by the City Council/Redevelopment Agency at this time.*

- 1) Appointment to fill vacancy of Council Member Termini's Appointee to the Commission on the Environment.

2. ORAL COMMUNICATIONS - Continued

F. Approval of Check Register Reports

- 1) City: Approval of City Check Register Reports dated August 19, 2011 and August 26, 2011.
- 2) RDA: Approval of Redevelopment Agency Check Register Report dated August 26, 2011.

3. **CONSENT CALENDAR**

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

- A. Approve Reading by Title of all Ordinances and Resolutions and declare that said Titles which appear on the Public Agenda shall be determined to have been read by Title and Further Reading Waived.
- B. City/RDA: Approve Minutes of the Regular Joint Meetings of the City Council/Redevelopment Agency of August 11 and 25, 2011.
- C. Receive Planning Commission Action Minutes for the Regular Meeting of September 1, 2011.
- D. Accept update report on the Rispin Property Hazard Abatement Project and, by 4/5 vote approval, make the determination that all hazards at the Rispin Property have not been eliminated and there is need to continue action.

4. **PUBLIC HEARINGS**

*Public Hearings are intended to provide an opportunity for public discussion of each item listed as a Public Hearing. The following procedure is followed for each Public Hearing listed: 1) Staff Explanation; 2) Public Discussion; 3) Council Comments; 4) Close public portion of the Hearing; 5) City Council discussion; and 6) Decision.*

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.

4. PUBLIC HEARINGS - Continued

- A. Continued Public Hearing to consider adoption of an Ordinance Repealing Capitola Municipal Code Chapter 2.18 pertaining to Mobile Home Park Rent Stabilization. [2nd Reading] Presentation: City Attorney.
- B. City/RDA: Continued Joint City Council/Redevelopment Agency Public Hearing to Consider adoption of an Ordinance and necessary City/Agency Resolutions determining the City will comply with the Voluntary Alternative Redevelopment Program pursuant to Part 1.9 of Division 24 of the California Health and Safety Code in order to permit the continued existence and operation of the Redevelopment Agency of the City of Capitola. Presentation: Community Development Department.

5. OTHER BUSINESS

- A. Consider options to address the City's cash management needs. Staff recommendation: adopt Resolution authorizing the City Manager to execute interfund loans and a short-term commercial line of credit, as necessary.
- B. Consider rescheduling the Special Joint Study Session with the Finance Advisory Committee set for September 14 to the first week in October. Staff recommendation: set a new date for the Special Joint Study Session with the Finance Advisory Committee.

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

6. COUNCIL/RDA DIRECTOR/STAFF COMMUNICATIONS

7. ADJOURNMENT

The City Council to adjourn to a Special Joint Meeting with the Finance Advisory Committee to be held on Wednesday, September 14, 2011, at 6:00 p.m. in the City Hall Council Chambers, and then to the next Regular Joint Meeting of the City Council/Redevelopment Agency to be held on Thursday, September 22, 2011, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

# City of Capitola

## Mayor's Proclamation

Proclaiming Friday, September 16, 2011, as  
"Santa Cruz Follies Day"

WHEREAS, for fifty-six years, the Senior Citizens Opportunities, Inc., also known as SCO, Inc., located at the Market Street Senior Center, has been the leading organization for bringing theater, art, and music to the senior community; and

WHEREAS, the Senior Citizens Opportunities, Inc., produces the Annual Senior Follies every September at the Civic Auditorium in the City of Santa Cruz; and

WHEREAS, the Santa Cruz Follies provides a venue for senior performers to participate in all aspects of a musical stage production; and

WHEREAS, the Santa Cruz Follies production greatly enhances the County's economy by attracting tour buses from all over California and parts of Nevada packed with theatergoers who visit, lunch, and shop in the Santa Cruz/Capitola area before the show; and

WHEREAS, the Senior Citizens Opportunities, Inc., has a presence in the Capitola community through its membership in the Capitola-Soquel Chamber of Commerce.

NOW, THEREFORE, I, Dennis R. Norton, Mayor of Capitola, do hereby proclaim Friday, September 16, 2011, as "Santa Cruz Follies Day" in the City of Capitola, and encourage all citizens to support the effort by attending a performance that day at either the 1:00 pm or 7:30 pm at the Santa Cruz Civic Auditorium, 307 Church Street, Santa Cruz.



Dennis R. Norton, Mayor

*Signed and sealed this 8<sup>th</sup> day of September 2011*



Item #: 2.E.1)

## CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 8, 2011

FROM: Office of the City Clerk

DATE: August 29, 2011

SUBJECT: Council Member Termini Appointment of an At-Large Council Member Appointee to the Capitola Commission on the Environment

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**Recommended Action:** Council Member Termini to make his appointment to the Commission on the Environment. By motion and voice vote, the City Council to ratify Council Member Termini's appointment to fill the At-Large Council Member Appointee vacancy on the Commission on the Environment, with a term ending December 2012.

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### **BACKGROUND**

On June 15, 2011, staff received an email from Nathan Cross resigning from his service on the Capitola Commission on the Environment. Nathan was Council Member Termini's appointee on the commission. Staff recruits for the vacancy. Notices were originally posted on June 20, 2011, with the deadline for applications on August 1, 2011. Since no applications were received, notices were posted once again on August 8, 2011, with the deadline for applications "Ongoing until filled." These vacancy notices were posted at City Hall, the Capitola Branch Library, on the Community Channel 8 scroll, the city's website, and press releases sent to the various local publications.

### **DISCUSSION**

The City has received only one application from Uriah Langmeyer. Upon receipt the application was distributed to all Council Members, as well as to the staff representative, Community Development Director, Derek Johnson. At the last meeting, Council Member Termini informed staff that he has interviewed Mr. Langmeyer and directed staff to place this item on the agenda.

**FISCAL IMPACT** – None

### **ATTACHMENTS**

1. Resignation of Nathan Cross
2. Vacancy Notices dated June 20 & August 8, 2011
3. Current Roster
4. Application of Uriah Langmeyer

**Report Prepared By:** Michele Deiter  
Records Coordinator

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

Deiter, Michele

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**From:** Greeninger, Pam  
**Sent:** Wednesday, June 15, 2011 2:37 PM  
**To:** Deiter, Michele  
**Cc:** Termini, Mike; Johnson, Derek; Laurent, Larry  
**Subject:** Nathan Cross Resignation from COE

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**From:** Nathan Cross [mailto:4xross@gmail.com]  
**Sent:** Wednesday, June 15, 2011 9:18 AM  
**To:** Uharriet, Danielle  
**Subject:** Re: C.O.E. June 21, 2011 Meeting

Danielle

I feel I have not been a functioning member of the Environment Commission. I have missed all meetings and I feel terrible about keeping a spot on the commission occupied and I am not attending. I therefore feel it is best for the commission if I resign from my position. I am sure there are many other members of the community that would readily seek to fill my slot.

Please communicate by thoughts and feelings to the entire commission and ask them to accept my resignation.

Sincerely

Nathan Cross

PS please use this new email address for any future correspondence. [4xross@gmail.com](mailto:4xross@gmail.com)

On Jun 14, 2011, at 3:49 PM, Uharriet, Danielle wrote:

Please find attached the June 21, 2011 Commission on the Environment Agenda and Minutes.  
<Agenda June 21, 2011.pdf><Minutes of March 22, 2011.pdf>

Nathan Cross  
Senior Program Director,  
New Administrator Program  
New Teacher Center  
Phone: 831.600.2200  
[www.newteachercenter.org](http://www.newteachercenter.org)





CITY OF CAPITOLA  
420 Capitola Avenue  
Capitola, CA 95010  
(831) 475-7300  
FAX (831) 479-8879

**APPLICATIONS FOR APPOINTMENT TO:**  
**Capitola Commission on the Environment**

**NOTICE IS HEREBY GIVEN**, pursuant to Government Code Section 54974, recruitment has commenced to fill one (1) vacancy on the Capitola Commission on the Environment. This appointment is to fill an unexpired term ending December 2012.

**(1) Appointee of Council Member Michael Termini**

The Capitola City Council is seeking applications from persons who are 18 years of age or older, with an interest in protection and enhancement of the City's environmental influences; i.e. Soquel Creek, the ocean and Capitola Beach, and associated riparian and special habitat areas. Copies of Resolution No. 3424 Establishing the Capitola Commission on the Environment, and Resolution No. 3696 Regarding the Membership are attached.

Regular meetings of the Capitola Commission on the Environment are held on the fourth Tuesday every other month at 6:00 p.m. in the Capitola City Hall Council Chambers located at 420 Capitola Avenue.

Applicants are encouraged to attend a commission meeting to find out more about it and meet the current commissioners. Specific questions regarding the commission can be directed to Council Member Michael Termini by calling (831) 476-7206 or by email at [michael@triadelectric.com](mailto:michael@triadelectric.com) and also to staff representative Community Development Director Derek Johnson, by calling (831) 475-7300, Ext. 216, or by email at [djohnson@ci.capitola.ca.us](mailto:djohnson@ci.capitola.ca.us).


Upon review of applications received, Council Member Michael Termini with the concurrence of the Mayor and City Council, will make his appointment at a Regular Meeting of the City Council to be held on Thursday, August 11, 2011.

**Application Deadline: Monday, August 1, 2011**

Applications may be obtained from the Receptionist at Capitola City Hall, 420 Capitola Avenue, or by calling (831) 475-7300 and requesting an application be sent to you. In addition, a notice with an application form is available in the foyer at City Hall, at the Capitola Branch Library, 2005 Wharf Road, and on the City's Website (for printing) by clicking on **current vacancies** at <http://www.ci.capitola.ca.us/capcity.nsf/CtyCnclComm.html>

I, Michele Deiter, Records Coordinator of the City of Capitola, California, hereby certify that the above Notice was posted on Monday, June 20, 2011

Dated: June 20, 2011

  
Michele Deiter  
Records Coordinator



**CITY OF CAPITOLA**  
420 Capitola Avenue  
Capitola, CA 95010  
(831) 475-7300  
FAX (831) 479-8879

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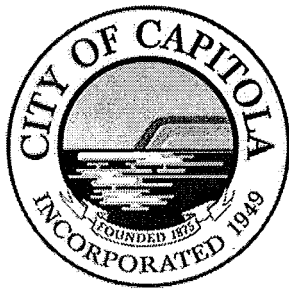
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I, Michele Deiter, Records Coordinator of the City of Capitola, California, hereby certify that the above Notice was posted on Monday, August 8, 2011

Dated: August 8, 2011

  
Michele Deiter  
Records Coordinator



**City of Capitola**  
 420 Capitola Avenue  
 Capitola, CA 95010  
 Phone (831) 475-7300  
 FAX (831) 479-8879

**CAPITOLA  
 COMMISSION ON THE ENVIRONMENT  
 CURRENT MEMBERS**

<u>NAME</u>	<u>ADDRESS AND PHONE NUMBER</u>	<u>DATE APPOINTED</u>	<u>TERM EXPIRES</u>
Bertrand Russell, Elisabeth [At Large Member]	601 Monterey Ave Capitola, CA 95010 (H) 476-5160 (C) 588-1694 Email: <a href="mailto:ebertrandrussell@hotmail.com">ebertrandrussell@hotmail.com</a>	3/12/09 12/09/10	12/12
Forest, Karl [Storey Appointee]	516 Oak Drive Capitola, CA 95010 (H) 462-3549 (W) 331-3219 Email: <a href="mailto:karlforest1@gmail.com">karlforest1@gmail.com</a>	8/13/09 12/09/10	12/12
Graves, Ron [Planning Commission Rep]	420 Riverview Avenue Capitola, CA 95010 (H) 475-3567 Email: <a href="mailto:fishsweetheart@netzero.com">fishsweetheart@netzero.com</a>	1/20/11	12/12
Norton, Dennis [Council Rep]	712 Capitola Avenue #C Capitola, CA 95010 (H) 476-2616 Email: <a href="mailto:Dnortondesigns@msn.com">Dnortondesigns@msn.com</a>	12/08/05 <i>(Vice Chair 2006)</i> 12/11/08 12/09/10	12/12
Sullivan, Kristin Jensen [Harlan Appointee]	508 Oak Drive Capitola, CA 95010 (H) 477-0571 (W) 408-864-8625 Email: <a href="mailto:sully@cruzio.com">sully@cruzio.com</a>	2/10/05 <i>(At Large)</i> 1/18/07 <i>(Chair 2006)</i> 12/11/08 <i>(Graves Appt)</i> 12/09/10	12/12
Sylvan, Kate [Youth Member]	506 Oak Drive Capitola, CA 95010 (H) 464-0528 (C) 331-6208 Email: <a href="mailto:kate.sylvan@yahoo.com">kate.sylvan@yahoo.com</a>	8/12/10	12/12
Tedesco, Greg [Nicol Appointee]	212 Magellan Street Capitola, CA 95010 (H) 476-2974 Email: <a href="mailto:glted@sbcglobal.net">glted@sbcglobal.net</a>	9/10/09 12/09/10	12/12

<u>NAME</u>	<u>ADDRESS AND PHONE NUMBER</u>	<u>DATE APPOINTED</u>	<u>TERM EXPIRES</u>
Wise-West, Tiffany [At-Large Member]	4795 Opal Street Capitola, CA 95010 (C) 345-1328 Email: <a href="mailto:twise99@yahoo.com">twise99@yahoo.com</a>	12/09/10	12/12
VACANT [Termini Appointee]	Capitola, CA 95010 (H) (C) Email:		12/12
Peters, Steven [Ex-Officio Member]	County of Santa Cruz Environmental Health Service 701 Ocean Street, Room 312 Santa Cruz, CA 95060 (W) 454-5010 (FAX) 454-3128 Email: <a href="mailto:env032@co.santa-cruz.ca.us">env032@co.santa-cruz.ca.us</a>	4/5/05 1/18/07 12/11/08 12/09/10	12/12
Ricker, John [Ex-Officio Member]	County of Santa Cruz Environmental Health Service 701 Ocean Street, Room 312 Santa Cruz, CA 95060 (W) 454-2750 (FAX) 454-3128 Email: <a href="mailto:John.Ricker@co.santa-cruz.ca.us">John.Ricker@co.santa-cruz.ca.us</a>	4/5/05 1/18/07 12/11/08 12/09/10	12/12

**STAFF REPRESENTATIVE:**

Derek Johnson, Community Development Director  
(831) 475-7300, Ext. 216  
Email: [djohnson@ci.capitola.ca.us](mailto:djohnson@ci.capitola.ca.us)

**HISTORY OF THE COMMISSION ON THE ENVIRONMENT:**

*January 13, 2005      The Capitola Commission on the Environment was established by Resolution No. 3424*

*February 8, 2007      Resolution No. 3610 Amended Section 3 of Resolution No. 3424 regarding Membership on the Commission.(to allow another Council Member to serve on behalf of the Mayor; add a Youth Member; add Ex-Officio Members)*

*April 24,2008      Resolution No. 3696 Amended Section 3 of Resolution No. 3610 regarding Membership on the Commission.(removed "Appointee of the Mayor" and added two (2) At Large Members)*

*October 8, 2009      Resolution No. 3779 Amended Section 3 of Resolution No. 3696 regarding Youth Member on the Commission (does not require Capitola residence)*

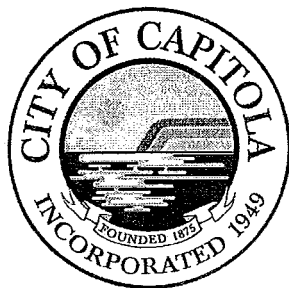
*The Mayor's seat is up each time the mayor changes. Terms for other council appointments are for 2 years and expire following a general municipal election of council members.*

[Revised: 6/11 md]

RECEIVED

ATTACHMENT 4

AUG 9 2011



CITY OF CAPITOLA

420 Capitola Avenue  
Capitola, CA 95010  
(831) 475-7300  
FAX (831) 479-8879

APPLICATION FOR SERVICE ON THE  
**Capitola Commission on the Environment  
Council Appointee Member Vacancy**

PLEASE TYPE OR PRINT

**NAME OF APPLICANT:** URIAH LANGMEYER

**RESIDENCE ADDRESS:** 227#A SAN JOSE AVE.  
CAPITOLA, CA 95010

**MAILING ADDRESS:** \_\_\_\_\_  
*(If Different)*

**EMAIL ADDRESS:** ULANGMEYER@YAHOO.COM

**TELEPHONE NO.:** (H) \_\_\_\_\_ (W) \_\_\_\_\_ (C) 831-325-7053

**EMPLOYMENT:** OSH - NURSERY

**DESCRIBE YOUR EXPERIENCE AND INTEREST IN SERVING ON THE ABOVE-NAMED COMMITTEE** *(Use additional page if necessary)*

I HAVE BEEN A BIG PART OF STUDENT GOVERNMENT IN THE PAST. I AM INTENSELY INTERESTED IN CAPITOLA COMMUNITY & BEING PART OF IT IN THE FUTURE. I ~~AM~~ WAS RAISED TO BE ENVIRON. CONSCIOUS AND I WANT TO WORK ON RECYCLING FOR BUSINESSES & SUSTAINABLE CONSTRUCTION

**DATE:** 8/9/11

[Signature]  
*(Signature of Applicant)*

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

A vacancy notice with an application form can also be obtained on the Web (for printing) by clicking on current vacancies at: <http://www.ci.capitola.ca.us/capacity.nsf/Cty/CnclComm.html>

RECEIVED

AUG 9 2011

DEREK,

I HOPE YOUR DAY IS GOING WELL. URIAH LANGMEYER  
CITY OF CAPITOLA  
HERE. I AM TURNING IN MY APPLICATION FOR THE  
COMMISSION ON THE ENVIRONMENT TODAY. I WANT  
TO START MOVING FORWARD WITH YOUTH INVOLVEMENT.  
I HAVE BEEN UNABLE TO GET A HOLD OF KATE  
BUT I WOULD LIKE TO TALK TO YOU ABOUT  
WHAT I CAN DO. I KNOW YOU GAVE THE GO AHEAD  
TO MOVING FORWARD w/ YOUR SUPERVISION SO  
I GUESS IF WE COULD TALK ABOUT THAT. MY  
# IS 325-7053. I LOOK FORWARD TO WORKING  
WITH YOU.

URIAH LANGMEYER



## CITY COUNCIL AGENDA REPORT

### MEETING OF SEPTEMBER 8, 2011

FROM: FINANCE DEPARTMENT  
 DATE: AUGUST 31, 2011  
 SUBJECT: APPROVAL OF CITY CHECK REGISTER REPORTS

**Recommended Action:** By motion and roll call vote, that the City Council approve the attached Check Register Reports for Aug 19 and Aug 26, 2011.

#### **DISCUSSION**

The attached Check Registers for:

Date	Starting Check #	Ending Check #	Total Checks	Amount
8/19/11	67274	67347	74	\$51,492.13
8/26/11	67348	67439	92	\$153,667.58
8/26/11 Payroll				\$192,938.24
Total				\$398,097.95

The check register of 8/12/11 ended with check #67273.

Wires issued, and a brief description of the expenditure:  
 None

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
67279	Bowman & Williams, Inc	PW	PacCove Slope Eng, fund 1020	\$12,389.73
67360	CalPERS Health Ins	CM	Employee Health Ins, Sep2011, employee funded	\$51,415.15

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

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

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

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

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

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

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

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

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

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

As of 8/31/11 the total cash available is \$2,361,566. The General Operating Fund has a cash balance of \$302,120. Internal Service Funds (#2210 through #2214) were created for City budget purposes and are reclassified for financial reporting into the General Fund. The Compensated Absences Fund (#2216) has a positive cash balance of \$36,114. The Capital Improvement Projects has a positive cash balance of \$986,220. By Council direction the Emergency Reserves Fund (#1020) may not participate in cash loans; the Emergency Reserves Fund has a fund balance of \$ 103,886.

For cash flow purposes these funds are available to the General Fund. A consolidation of these cash balances results in a cash position of \$2,361,566.



The following table shows the funds that are consolidated:

**CASH POSITION - CITY OF CAPITOLA 8/31/11**

	<u>Net Balance</u>
General Fund	302,120
Worker's Comp. Ins. Fund	74,779
Self Insurance Liability Fund	125,978
Stores Fund	12,577
Information Technology Fund	108,606
Equipment Replacement	105,933
Compensated Absences Fund	36,114
Contingency Reserve Fund	330,000
Public Employee Retirement - PERS	278,984
Open Space Fund	256
Capital Improvement Projects	986,220
TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	2,361,566

The Emergency Reserve Fund balance is \$103,885.74 and is not included above.

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

To resolve this cash flow issue, loans in the amount of \$754,895.66 were made from the following funds to the general fund:

- From Contingency Reserve fund: \$404,895.66
- From Equipment Replacement fund: \$200,000.00
- From Information Technology fund: \$50,000.00
- From Self Insurance Liability fund: \$100,000.00

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

**ATTACHMENTS:**

Check Registers for Aug 19 and Aug 26, 2011.

**Report Prepared By: Linda Benko  
AP Clerk**

**Reviewed and Forwarded  
by City Manager:**

\_\_\_\_\_

Checks dated 8/19/11 numbered 67274 to 67347 for a total of \$51,492.13 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 8/19/11 the unaudited cash balance is \$2,253,665

**CASH POSITION - CITY OF CAPITOLA 8/19/11**

	<u>Net Balance</u>
General Fund	184,552
Worker's Comp. Ins. Fund	74,779
Self Insurance Liability Fund	135,245
Stores Fund	13,341
Information Technology Fund	110,698
Equipment Replacement	105,933
Compensated Absences Fund	36,114
Contingency Reserve Fund	330,000
Public Employee Retirement - PERS	265,678
Open Space Fund	256
Capital Improvement Projects	997,069
<b>TOTAL GENERAL FUND &amp; COUNCIL DESIGNATED FUNDS</b>	<u><u>2,253,665</u></u>


The Emergency Reserve Fund balance is \$108,757.33 and is not included above.

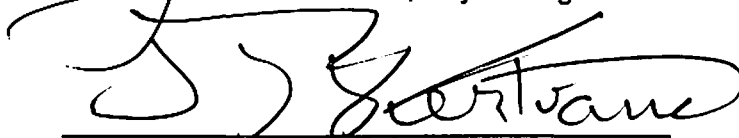
On a fiscal year basis the City's annual budget balances expenditures and revenue in the General Fund. Due to the timing of revenue receipts, during most of the fiscal year General Fund expenditures will outpace revenue.

To resolve this cash flow issue, loans in the amount of \$954,895.66 were made from the following funds to the general fund:

From Contingency Reserve fund: \$604,895.66  
From Equipment Replacement fund: \$200,000.00  
From Information Technology fund: \$50,000.00  
From Self Insurance Liability fund: \$100,000.00

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

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

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

8/19/11  
\_\_\_\_\_  
Date

8.19.11  
\_\_\_\_\_  
Date

City of Capitola  
**City Checks Issued 8/19/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67274	Refund Licensee Type Business	Open	8/12/2011	Refund	DAN ELLIOTS ROOFING COMPANY Transaction Type Refund Overpayment	\$30.00
67275	08/19/2011 Invoice CV-361411	Open	Date 06/14/2011	Description Update BIA brochure, BIA Funded Fund 1321, BIA	57 DESIGN INC.	\$150.00 Amount \$150.00
67276	08/19/2011 Invoice 2209-Aug11 2421-Aug11	Open	Date 08/01/2011 08/01/2011	Description Aug 2011 Long Distance Service Long Distance Service, Aug 2011 Fund 2211, IT	AT&T	\$19.12 Amount \$7.81 \$11.31
67277	08/19/2011 Invoice 2012-00000178	Open	Date 08/16/2011	Description Summer 2 Instructor Payments	BARTLETT, GERRY	\$1,146.60 Amount \$1,146.60
67278	08/19/2011 Invoice 2012-00000179	Open	Date 08/16/2011	Description Summer 2 Instructor Payments	BETZ, SHERRI	\$3,188.25 Amount \$3,188.25
67279	08/19/2011 Invoice 6710	Open	Date 08/04/2011	Description Jul11 Engineering Svcs, PacCove Slope fa Fund 1020, Emergency Reserve	BOWMAN & WILLIAMS, INC.	\$12,389.73 Amount \$12,389.73
67280	08/19/2011 Invoice 2012-00000180	Open	Date 08/16/2011	Description Summer 2 Instructor Payments	BRESLIN-KESSLER, PAUL	\$4,332.25 Amount \$4,332.25
67281	08/19/2011 Invoice 861016	Open	Date 08/03/2011	Description Jul 2011 Fingerprint Appts	CA DEPARTMENT OF JUSTICE	\$178.00 Amount \$178.00
67282	08/19/2011 Invoice Jul2011Statement	Open	Date 07/31/2011	Description Animal Control Expense, PD	CHANTICLEER VET HOSPITAL	\$33.90 Amount \$33.90
67283	08/19/2011 Invoice 1863164	Open	Date 07/26/2011	Description Cleaning supplies	CLEAN SOURCE	\$1,064.58 Amount \$1,064.58
67284	08/19/2011 Invoice 364292	Open	Date 08/08/2011	Description evidence bags-PD	COAST PAPER & SUPPLY INC.	\$92.69 Amount \$92.69
67285	08/19/2011 Invoice 211305	Open	Date 07/29/2011	Description Wiring in Council Chambers Fund 2211, IT	COMMUNICATION SERVICE CORP	\$618.15 Amount \$618.15

City of Capitola  
**City Checks Issued 8/19/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67286	08/19/2011	Open			CRYSTAL SPRINGS WATER CO.	\$247.92
	Invoice		Date	Description		Amount
	60094-Jul2011		07/31/2011	Jul 2011 Drinking water service,all sites		\$247.92
67287	08/19/2011	Open			DAUERMAN, MIKE	\$145.00
	Invoice		Date	Description		Amount
	2012-00000198		08/16/2011	Soccer Officials 2011		\$145.00
67288	08/19/2011	Open			DAVIDSON, ANA LUCIA	\$111.80
	Invoice		Date	Description		Amount
	2012-00000182		08/16/2011	Summer 2 Instructor Payments		\$111.80
67289	08/19/2011	Open			DICKS, CHUCK	\$234.65
	Invoice		Date	Description		Amount
	2012-00000183		08/16/2011	Summer 2 Instructor Payments		\$234.65
67290	08/19/2011	Open			DYNAMIC PRESS	\$32.71
	Invoice		Date	Description		Amount
	10860		07/20/2011	Personnel Action Forms printing		\$32.71
67291	08/19/2011	Open			ENTERSECT CORP	\$17.00
	Invoice		Date	Description		Amount
	39766		08/15/2011	EPO live search-PD		\$17.00
67292	08/19/2011	Open			EVANS, PAT	\$234.65
	Invoice		Date	Description		Amount
	2012-00000185		08/16/2011	Summer 2 Instructor Payments		\$234.65
67293	08/19/2011	Open			EVANS PHOTOGRAPHY	\$1,615.30
	Invoice		Date	Description		Amount
	CTJG-1088456		08/08/2011	Jr Guards Session 2 Photo		\$1,615.30
67294	08/19/2011	Open			EWING IRRIGATION	\$243.06
	Invoice		Date	Description		Amount
	3680126		08/03/2011	Sod - Esplanade Park		\$205.75
	3686821		08/04/2011	Irrigation supplies - Esplanade Park		\$37.31
67295	08/19/2011	Open			FERRASCI-HARP, AMY	\$887.50
	Invoice		Date	Description		Amount
	1		08/11/2011	Jul2011 BIA Support, BIA funded Fund 1321, BIA		\$887.50
67296	08/19/2011	Open			FILICE, RENEE	\$276.90
	Invoice		Date	Description		Amount
	2012-00000177		08/16/2011	Summer 2 Instructor Payments		\$276.90
67297	08/19/2011	Open			FITZGERALD, AIMEE	\$164.45
	Invoice		Date	Description		Amount
	2012-00000186		08/16/2011	Summer 2 Instructor Payments		\$164.45

City of Capitola  
**City Checks Issued 8/19/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67298	08/19/2011	Open			GALLI UNIFORM COMPANY	\$306.13
	Invoice		Date	Description		Amount
	17692		07/18/2011	Kimura Uniform Exp		\$30.09
	17682		07/14/2011	100 Lifeguard uniform Patches		\$276.04
67299	08/19/2011	Open			GALLS	\$166.59
	Invoice		Date	Description		Amount
	511508697		07/21/2011	Gloves for Lifeguards		\$166.59
67300	08/19/2011	Open			GEDDES, SESE EGAN	\$85.80
	Invoice		Date	Description		Amount
	2012-00000184		08/16/2011	Summer 2 Instructor Payments		\$85.80
67301	08/19/2011	Open			GILBARCO INC.	\$107.17
	Invoice		Date	Description		Amount
	04081041		07/22/2011	Software-Fund 2211, IT		\$107.17
67302	08/19/2011	Open			GRANITE ROCK COMPANY	\$208.98
	Invoice		Date	Description		Amount
	650637		07/31/2011	Bumper strip		\$208.98
67303	08/19/2011	Open			GREENWIRE INC.	\$300.00
	Invoice		Date	Description		Amount
	1433		07/28/2011	on-line Business Software Training Fund 2211, IT		\$300.00
67304	08/19/2011	Open			HANNA, CARIN	\$843.46
	Invoice		Date	Description		Amount
	20110801		08/01/2011	Reimb Misc Expenses for BIA, BIA Funded Fund 1321, BIA		\$843.46
67305	08/19/2011	Open			HERNANDEZ, JAMIE	\$22.00
	Invoice		Date	Description		Amount
	2012-00000199		08/16/2011	Soccer Officials 2011		\$22.00
67306	08/19/2011	Open			HILL, CAROL	\$67.60
	Invoice		Date	Description		Amount
	2012-00000187		08/16/2011	Summer 2 Instructor Payments		\$67.60
67307	08/19/2011	Open			HO KUK MU SUL CORPORATION	\$144.95
	Invoice		Date	Description		Amount
	2012-00000181		08/16/2011	Summer 2 Instructor Payments		\$144.95
67308	08/19/2011	Open			INK, BRUCE	\$395.20
	Invoice		Date	Description		Amount
	2012-00000188		08/16/2011	Summer 2 Instructor Payments		\$395.20
67309	08/19/2011	Open			JIMMIE SMITH PLUMBING, INC.	\$142.56
	Invoice		Date	Description		Amount
	WO2016		08/10/2011	Plumbing leak - El Camino Medio		\$142.56
67310	08/19/2011	Open			JOHANNA, ANOUK	\$291.20
	Invoice		Date	Description		Amount
	2012-00000189		08/16/2011	Summer 2 Instructor Payments		\$291.20

City of Capitola  
**City Checks Issued 8/19/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67311	08/19/2011	Open			KAPLAN, PHIL	\$887.90
	Invoice		Date	Description		Amount
	2012-00000190		08/16/2011	Summer 2 Instructor Payments		\$887.90
67312	08/19/2011	Open			KING'S PAINT AND PAPER, INC.	\$68.46
	Invoice		Date	Description		Amount
	A143804		08/09/2011	Paint - Library		\$34.23
	A144012		08/12/2011	Paint - Library		\$34.23
67313	08/19/2011	Open			KRAFT, MARC	\$457.60
	Invoice		Date	Description		Amount
	2012-00000191		08/16/2011	Summer 2 Instructor Payments		\$457.60
67314	08/19/2011	Open			LAMBERT & SON MOVING	\$1,525.50
	Invoice		Date	Description		Amount
	10712		07/26/2011	Move from City Hall to 411 Capitola Avenue		\$1,525.50
				Fund 1020, Emergency Reserve		
67315	08/19/2011	Open			Mainstreet Media dba GOODTIMES	\$430.00
	Invoice		Date	Description		Amount
	119567		06/30/2011	Visitors Guide, BIA Funded		\$430.00
				Fund 1321, BIA		
67316	08/19/2011	Open			MANPOWER	\$358.82
	Invoice		Date	Description		Amount
	22710454		08/07/2011	Temp Receptionist		\$358.82
67317	08/19/2011	Open			MEGAPATH COVAD COMMUNICATION	\$643.86
	Invoice		Date	Description		Amount
	47398904		07/27/2011	T-1 Line-Fund 2211, IT		\$643.86
67318	08/19/2011	Open			MID-COUNTY AUTO SUPPLY	\$441.60
	Invoice		Date	Description		Amount
	269427		07/21/2011	auto parts, Dual Sport Motorcycle		\$7.92
	269468		07/22/2011	auto parts, PD Motorcycles		\$5.36
	269220		07/20/2011	auto parts, PD041		\$30.96
	269229		07/20/2011	auto parts-Sweeper		\$38.57
	269258		07/20/2011	auto parts-PD ES0II		\$6.64
	269184		07/20/2011	auto parts-PD ES0II		\$24.22
	269346		07/21/2011	Auto Parts, PD071		\$14.63
	269252		07/20/2011	Return Auto Parts		(\$14.33)
	269944		07/26/2011	2" ball hitch		\$43.25
	269878		07/26/2011	auto parts-shop use		\$49.82
	269877		07/26/2011	auto parts-PD041		\$234.56
67319	08/19/2011	Open			MILES, MITCHELL, A.	\$842.40
	Invoice		Date	Description		Amount
	2012-00000192		08/16/2011	Summer 2 Instructor Payments		\$842.40
67320	08/19/2011	Open			MISSION LINEN SUPPLY	\$875.88
	Invoice		Date	Description		Amount
	Jul2011		07/31/2011	Jul2011 Mat, Mop, and Coverall Cleaning		\$875.88

City of Capitola  
**City Checks Issued 8/19/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67321	08/19/2011	Open			MITCHELL, JEANI	\$514.80
	Invoice		Date	Description		Amount
	2012-00000193		08/16/2011	Summer 2 Instructor Payments		\$514.80
67322	08/19/2011	Open			MONTEREY BAY SYSTEMS	\$484.20
	Invoice		Date	Description		Amount
	110412		07/05/2011	Copier maint, PD Copier		\$484.20
67323	08/19/2011	Open			MURPHY, COLLEEN	\$123.50
	Invoice		Date	Description		Amount
	2012-00000194		08/16/2011	Summer 2 Instructor Payments		\$123.50
67324	08/19/2011	Open			OFFUTT, MELISSA	\$292.50
	Invoice		Date	Description		Amount
	2012-00000195		08/16/2011	Summer 2 Instructor Payments		\$292.50
67325	08/19/2011	Open			ORCHARD SUPPLY HARDWARE	\$140.02
	Invoice		Date	Description		Amount
	3278		07/27/2011	Misc Hardware		\$34.68
	6007-3522313		07/27/2011	Batteries		\$30.23
	6011-2090633		07/28/2011	Irrigation supplies		\$5.60
	6007-2682485		07/28/2011	Irrigation supplies - Soquel Creek Park		\$7.86
	6007-2682486		07/28/2011	Plants		\$5.72
	6010-1033348		07/29/2011	Plants		\$21.61
	6014-4105661		08/01/2011	Wasp spray		\$6.48
	6011-4791805		08/02/2011	Misc.		\$10.36
	6008-1137436		08/04/2011	Rivets		\$17.48
67326	08/19/2011	Open			PALACE ART & OFFICE SUPPLIES	\$846.35
	Invoice		Date	Description		Amount
	915821		08/02/2011	Paper, City Hall-Fund 2210, Stores		\$139.32
	916072		08/03/2011	Desk units-PD		\$449.72
	916344		08/04/2011	Office supplies-PD		\$23.06
	916072-1		08/04/2011	desk unit-PD		\$89.95
	916342		08/04/2011	File boxes-PD		\$48.63
	8650124		08/01/2011	Office Supplies, Museum		\$74.04
	8650901		08/03/2011	Camp supplies		\$21.63
67327	08/19/2011	Open			PARK N' POOL CORP	\$4,035.67
	Invoice		Date	Description		Amount
	21488		07/29/2011	Beach trash cans		\$4,035.67
67328	08/19/2011	Open			PFX PET SUPPLY, LLC	\$28.84
	Invoice		Date	Description		Amount
	CD11694375		08/08/2011	Katie dog food		\$28.84
67329	08/19/2011	Open			PHIL ALLEGRI ELECTRIC, INC.	\$151.05
	Invoice		Date	Description		Amount
	16141		07/29/2011	Pac Cove, Space 47 Outlet Replacement		\$151.05

City of Capitola  
**City Checks Issued 8/19/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67330	08/19/2011	Open			PRINTING SYSTEMS, INC.	\$381.72
	Invoice		Date	Description		Amount
	69883		07/29/2011	City Checks		\$381.72
67331	08/19/2011	Open			PRINTWORX	\$1,942.47
	Invoice		Date	Description		Amount
	10689		06/24/2011	Capitola Visitor's Brochure-BIA Funded Fund 1321, BIA		\$1,942.47
67332	08/19/2011	Open			SHEN, YAMING	\$175.50
	Invoice		Date	Description		Amount
	2012-00000196		08/16/2011	Summer 2 Instructor Payments		\$175.50
67333	08/19/2011	Open			STAPLES	\$141.53
	Invoice		Date	Description		Amount
	5944		07/11/2011	Printer Ink		\$139.29
	1533473001		07/11/2011	Inv adjustment, Printer Ink Fund 2211, IT		\$2.24
67334	08/19/2011	Open			Stumpf Enterprises, Inc.	\$2,004.47
	Invoice		Date	Description		Amount
	212-4036		08/17/2011	Custom cabinets for PD Fund 1020, Emergency Reserve		\$2,004.47
67335	08/19/2011	Open			SUMMIT UNIFORM CORP	\$781.57
	Invoice		Date	Description		Amount
	42371		07/25/2011	Damsen uniform-PD		\$599.71
	42376		07/26/2011	Ryan uniform-PD		\$181.86
67336	08/19/2011	Open			TOTLCOM	\$270.00
	Invoice		Date	Description		Amount
	203335		08/08/2011	PD Phone Reinstall Fund 2211, IT		\$270.00
67337	08/19/2011	Open			TRI-COUNTY BUSINESS SYSTEMS INC	\$5.97
	Invoice		Date	Description		Amount
	ARIN001550		07/22/2011	Toner, Sharp Copier Fund 2210, Stores		\$5.97
67338	08/19/2011	Open			YAHYA, IB	\$78.00
	Invoice		Date	Description		Amount
	2012-00000197		08/16/2011	Soccer Officials 2011		\$78.00
67339	08/19/2011	Open			ZUMAR INDUSTRIES INC.	\$1,141.10
	Invoice		Date	Description		Amount
	131882		07/21/2011	Street name signs		\$991.17
	0132273		08/03/2011	4 hour signs		\$149.93
67340	08/19/2011	Open			Churchfield, Emily	\$80.00
	Invoice		Date	Description		Amount
	2012-00000166		08/16/2011	Junior Leader honorarium		\$80.00
67341	08/19/2011	Open			Gross, Daniel	\$115.00
	Invoice		Date	Description		Amount
	2012-00000167		08/16/2011	Junior Leader honorarium		\$115.00



City of Capitola  
**City Checks Issued 8/19/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount	
67342	08/19/2011	Open			Gruys, Samantha	\$72.00	
	Invoice		Date	Description		Amount	
	2012-00000168		08/16/2011	Junior Leader honorarium		\$72.00	
67343	08/19/2011	Open			Pauly, Caitlyn	\$120.00	
	Invoice		Date	Description		Amount	
	2012-00000169		08/16/2011	Junior Leader honorarium		\$120.00	
67344	08/19/2011	Open			Richey, Krystal	\$150.50	
	Invoice		Date	Description		Amount	
	2012-00000170		08/16/2011	Junior Leader honorarium		\$150.50	
67345	08/19/2011	Open			Savadkhoi, Jayne	\$163.00	
	Invoice		Date	Description		Amount	
	2012-00000171		08/16/2011	Junior Leader honorarium		\$163.00	
67346	08/19/2011	Open			Spangler, Katie	\$84.00	
	Invoice		Date	Description		Amount	
	2012-00000172		08/16/2011	Junior Leader honorarium		\$84.00	
67347	08/19/2011	Open			Sturgill, Madison	\$100.50	
	Invoice		Date	Description		Amount	
	2012-00000173		08/16/2011	Junior Leader honorarium		\$100.50	
<b>Check Totals:</b>				<b>Count</b>	<b>74</b>	<b>Total</b>	<b>\$51,492.13</b>

Checks dated 8/26/11 numbered 67348 to 67439 for a total of \$153,667.58 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 8/26/11 the unaudited cash balance is \$2,341,766

**CASH POSITION - CITY OF CAPITOLA 8/26/11**

	<u>Net Balance</u>
General Fund	282,320
Worker's Comp. Ins. Fund	74,779
Self Insurance Liability Fund	125,978
Stores Fund	12,577
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Compensated Absences Fund	36,114
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Public Employee Retirement - PERS	278,984
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TOTAL GENERAL FUND & COUNCIL DESIGNATED FUNDS	<u>2,341,766</u>

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To resolve this cash flow issue, loans in the amount of \$954,895.66 were made from the following funds to the general fund:

- From Contingency Reserve fund: \$604,895.66
- From Equipment Replacement fund: \$200,000.00
- From Information Technology fund: \$50,000.00
- From Self Insurance Liability fund: \$100,000.00

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



\_\_\_\_\_  
Derek Johnson, Acting City Manager

\_\_\_\_\_  
8/26/11  
Date

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

\_\_\_\_\_  
Date

# City Checks Issued 8/26/11

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67348	08/26/2011 Invoice AFLAC-Aug11	Open	Date 08/25/2011	Description Aug 2011 Suppl Ins Payments, Employee Funded	AFLAC	\$536.78 \$536.78
67349	08/26/2011 Invoice 0003784a 0003784b	Open	Date 07/31/2011 07/31/2011	Description Rispin Mansion Hazard Elimination Proj Rispin Hazard Mitigation Project Fund 1200, CIP	AKERS & ASSOCIATES, INC.	\$1,578.84 \$524.89 \$1,053.95
67350	08/26/2011 Invoice 711-01	Open	Date 08/12/2011	Description Soquel Creek Fish Monitoring	ALLEY, DONALD	\$2,505.80 \$2,505.80
67351	08/26/2011 Invoice 42575	Open	Date 08/12/2011	Description Locks and keys for Community Room office	ALLSAFE LOCK COMPANY	\$1,934.00 \$1,934.00
67352	08/26/2011 Invoice 2012-00000205	Open	Date 08/22/2011	Description Instructor Payment, Rec	ARITCHITA, WIND, C.	\$4.68 \$4.68
67353	08/26/2011 Invoice 37756 37757	Open	Date 08/22/2011 08/22/2011	Description Aug 2011 Meter reading - Wharf Aug 2011 Meter reading - Pac Cove MHP	AUTOMATED TEST ASSOCIATES	\$92.00 \$25.00 \$67.00
67354	08/26/2011 Invoice Jul-Aug2011	Open	Date 08/18/2011	Description Credit Card Charges, Jul & Aug 2011 Fund 1000, Gen Fund=\$1491.38 Fund 1020, Emerg Res=\$2704.09 Fund 1313, Gen Plan Update=\$189.11 Fund 1320, PEG=\$1414.49 Fund 2211, Info Tech=\$390.68	BANK OF AMERICA	\$6,189.75 \$6,189.75
67355	08/26/2011 Invoice 0273720	Open	Date 08/18/2011	Description Epoxy	BAY AREA BARRICADE SERVICE, INC.	\$273.28 \$273.28
67356	08/26/2011 Invoice 929453	Open	Date 08/05/2011	Description Oil Recycle	BAYSIDE OIL II, INC.	\$65.00 \$65.00
67357	08/26/2011 Invoice 6689	Open	Date 08/03/2011	Description County Recording Fees, Cap Library	BOWMAN & WILLIAMS, INC.	\$12.50 \$12.50
67358	08/26/2011 Invoice BK-Aug11	Open	Date 08/23/2011	Description Instructor Payment, Rec	BRESLIN-KESSLER, PAUL	\$1,252.50 \$1,252.50

# City Checks Issued 8/26/11

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67359	08/26/2011	Open			BRINKS AWARDS & SIGNS	\$1,130.03
	Invoice		Date	Description		Amount
	66020		08/11/2011	JG awards		\$1,130.03
67360	08/26/2011	Open			CalPERS Health Insurance	\$51,415.15
	Invoice		Date	Description		Amount
	0806-000Sep11		08/18/2011	Employee health Ins, Sep2011, Employee Funded		\$51,415.15
67361	08/26/2011	Open			CAPITOLA PEACE OFFICERS ASSOCI/	\$776.62
	Invoice		Date	Description		Amount
	POA8-26-11		08/25/2011	POA Dues, Employee Funded		\$776.62
67362	08/26/2011	Open			CAPITOLA PHYSICAL THERAPY	\$120.00
	Invoice		Date	Description		Amount
	226		08/01/2011	Medical Exams, Employees		\$120.00
67363	08/26/2011	Open			CASEY PRINTING	\$2,970.07
	Invoice		Date	Description		Amount
	18349		07/29/2011	Rec Early Fall Brochure Printing		\$2,970.07
67364	08/26/2011	Open			CHEVROLET OF WATSONVILLE	\$697.45
	Invoice		Date	Description		Amount
	163061		08/04/2011	auto supplies-PD Silver Chevy		\$697.45
67365	08/26/2011	Open			CLARK, DAVE	\$60.45
	Invoice		Date	Description		Amount
	2012-00000208		08/22/2011	Instructor Payment, Rec		\$60.45
67366	08/26/2011	Open			COASTAL WATERSHED COUNCIL	\$3,155.15
	Invoice		Date	Description		Amount
	1093		07/31/2011	Storm Water Education and Outreach Svcs		\$626.79
	1094		07/31/2011	Soquel Creek Monitoring -Water Quality		\$2,528.36
67367	08/26/2011	Open			D & G SANITATION	\$675.03
	Invoice		Date	Description		Amount
	188951		07/31/2011	Portable toilets-Fund 1311, Wharf Fund		\$675.03
67368	08/26/2011	Open			ECOLOGY ACTION OF SANTA CRUZ	\$1,000.00
	Invoice		Date	Description		Amount
	342		06/30/2011	2011 Bike to Work Sponsorship		\$1,000.00
67369	08/26/2011	Open			EWING IRRIGATION	\$151.36
	Invoice		Date	Description		Amount
	3693328		08/05/2011	Landscape Supplies		\$83.70
	3704261		08/09/2011	Irrigation supplies		\$31.20
	3722353		08/11/2011	Irrigation supplies		\$30.29
	3728784		08/12/2011	Irrigation supplies		\$6.17
67370	08/26/2011	Open			FARWEST NURSERY	\$33.56
	Invoice		Date	Description		Amount
	7849		07/29/2011	Plants		\$33.56

City of Capitola  
**City Checks Issued 8/26/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67371	08/26/2011	Open			FEDERAL EXPRESS	\$83.93
	Invoice		Date	Description		Amount
	7-561-46004		07/15/2011	Weekly Shipping, City Hall		\$83.93
67372	08/26/2011	Open			FELLOWS, LESLIE	\$815.00
	Invoice		Date	Description		Amount
	20110808		08/08/2011	Aug 7 Art & Music @ the Beach Coordinatc		\$380.00
	20110822		08/22/2011	Aug 21 Art & Music @ the Beach Coordina		\$435.00
67373	08/26/2011	Open			FIRST ALARM	\$195.00
	Invoice		Date	Description		Amount
	461581		08/15/2011	Monitor Burglary Alarm, Sep-Nov2011		\$195.00
67374	08/26/2011	Open			Geo. H. Wilson, Inc.	\$5,471.00
	Invoice		Date	Description		Amount
	Retention-1/8678		08/19/2011	Police Dept HVAC System		\$1,480.00
	Retention-2/8678		08/19/2011	PD HVAC Project-Retention Release		\$3,991.00
				Fund 1200, CIP		
67375	08/26/2011	Open			GOMEZ, VINCE	\$100.00
	Invoice		Date	Description		Amount
	2012-00000215		08/23/2011	Basketball Officials July and Aug 2011		\$100.00
67376	08/26/2011	Open			HOPE REHABILITATION SERVICES	\$1,925.00
	Invoice		Date	Description		Amount
	S140236		08/15/2011	Litter Abatement & Street Cleaning		\$1,925.00
67377	08/26/2011	Open			HOWARD, CHARLIE	\$1,410.00
	Invoice		Date	Description		Amount
	08/08-08/12/11		08/22/2011	Mechanic		\$700.00
	08/15-08/19/11		08/22/2011	Mechanic		\$710.00
67378	08/26/2011	Open			HOWELLS, NANCY	\$289.90
	Invoice		Date	Description		Amount
	2012-00000207		08/22/2011	Instructor Payment, Rec		\$289.90
67379	08/26/2011	Open			ICMA RETIREMENT TRUST 457	\$6,905.75
	Invoice		Date	Description		Amount
	ICMA-8-26-11		08/25/2011	Retirement Plan Contribution, Employee Funded		\$6,905.75
67380	08/26/2011	Open			JIM CLARK BACKFLOW	\$200.00
	Invoice		Date	Description		Amount
	73111		07/05/2011	Backflow testing, 4 sites		\$200.00
67381	08/26/2011	Open			JIMMIE SMITH PLUMBING, INC.	\$510.34
	Invoice		Date	Description		Amount
	WO2011		08/10/2011	Clear Clogged line, PD		\$209.50
	W01977		08/18/2011	Plumbing repair-Fund 1311, Wharf Fund		\$300.84
67382	08/26/2011	Open			KAPLAN, PHIL	\$491.40
	Invoice		Date	Description		Amount
	2012-00000209		08/22/2011	Instructor Payment, Rec		\$491.40

# City Checks Issued 8/26/11

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67383	08/26/2011	Open			KERKO, BRYAN, T.	\$2,562.50
	Invoice		Date	Description		Amount
	005		08/02/2011	Jul2011 Rispin Hazard Elim Proj Services Fund 1200, CIP		\$2,562.50
67384	08/26/2011	Open			KRAFT, MARC	\$114.40
	Invoice		Date	Description		Amount
	2012-00000206		08/22/2011	Instructor Payment, Rec		\$114.40
67385	08/26/2011	Open			LABOR READY SOUTHWEST INC.	\$2,827.77
	Invoice		Date	Description		Amount
	59901559		08/05/2011	Temporary Staff-Parks		\$942.59
	59541559		07/29/2011	Temporary Staff-Parks		\$942.59
	6024-1559		08/12/2011	Temporary Staff-Parks		\$942.59
67386	08/26/2011	Open			LIUNA PENSION FUND	\$528.00
	Invoice		Date	Description		Amount
	LIUNA8-26-11		08/25/2011	Union Pension Dues, Employee Funded		\$528.00
67387	08/26/2011	Open			LLOYD'S TIRE SERVICE INC.	\$25.00
	Invoice		Date	Description		Amount
	212835		08/04/2011	Flat repair		\$25.00
67388	08/26/2011	Open			LOOMIS	\$1,209.05
	Invoice		Date	Description		Amount
	2012-00000146		07/31/2011	Armored car service for coins		\$1,209.05
67389	08/26/2011	Open			McMENAMIN, GEORGE	\$1,108.90
	Invoice		Date	Description		Amount
	Riparian-4		08/25/2011	Riparian Restoration FY 11/12		\$1,108.90
67390	08/26/2011	Open			MENG/FRED MENG AUDIO VISUAL SEI	\$600.00
	Invoice		Date	Description		Amount
	20110826		08/18/2011	Projectionist Services, Aug 26, Movies @ the beach		\$600.00
67391	08/26/2011	Open			MID-COUNTY AUTO SUPPLY	\$755.00
	Invoice		Date	Description		Amount
	271794		08/11/2011	auto partsPD 2001 Impala		\$42.22
	271795		08/11/2011	auto parts-shop		\$6.01
	271113		08/05/2011	auto parts, F-450 Dump Truck		\$11.21
	271036		08/04/2011	auto parts, Shop		\$16.08
	270850		08/03/2011	auto parts, KZ-1000 Motorcycle		\$622.85
	270834		08/03/2011	auto parts, PD Mazda PU		\$34.85
	270572		08/01/2011	auto parts, 2008 F-350		\$21.78
67392	08/26/2011	Open			MONTEREY BAY AREA MANAGERS' GI	\$10.00
	Invoice		Date	Description		Amount
	FY11-12Dues		08/18/2011	Annual Dues, Managers' Group		\$10.00
67393	08/26/2011	Open			MONTEREY BAY AREA SELF INSURAN	\$671.80
	Invoice		Date	Description		Amount
	MBA10-0501-3		08/02/2011	Liability Claim Payment, Surf & Sand LLC Fund 2213, Self-Insurance Liab Fund		\$671.80

# City Checks Issued 8/26/11

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67394	08/26/2011	Open			MONTEREY BAY AREA SELF INSURAN	\$2,443.28
	Invoice		Date	Description		Amount
	MBA10-0613		08/02/2011	Claim Settlement, Cholden		\$2,443.28
				Fund 2213, Self-Insurance Liab Fund		
67395	08/26/2011	Open			MONTEREY BAY AREA SELF INSURAN	\$2,142.90
	Invoice		Date	Description		Amount
	MBA10-0613Jul		07/27/2011	Claim Settlement, Cholden		\$2,142.90
				Fund 2213, Self-Insurance Liab Fund		
67396	08/26/2011	Open			MONTEREY BAY AREA SELF INSURAN	\$4,009.36
	Invoice		Date	Description		Amount
	MBA11-0324Aug		08/02/2011	Liability Claim Payment, Drivon-Flood		\$4,009.36
				Fund 2213, Self-Insurance Liab Fund		
67397	08/26/2011	Open			MUNISERVICES, LLC	\$1,424.83
	Invoice		Date	Description		Amount
	25580		07/29/2011	Sales Tax Audit, Q3 FY10/11		\$175.08
	25581		07/29/2011	Sales Tax Audit (District Tax), Q3 FY10/11		\$140.06
	25389z		07/29/2011	Q3 Fy2010-11 Sales Tax Report		\$1,109.69
67398	08/26/2011	Open			MV TRANSPORT INC.	\$5,880.60
	Invoice		Date	Description		Amount
	34691		08/01/2011	FY 11/12 Beach Shuttle Service		\$5,880.60
67399	08/26/2011	Open			NELLA OIL COMPANY	\$5,690.94
	Invoice		Date	Description		Amount
	11-632274		08/12/2011	55 Gal Drum of AW 46		\$491.12
	11-634468		08/04/2011	130 Gal Diesel		\$535.96
	11-634467		08/04/2011	515 Gal Ethanol		\$2,074.04
	11-639133		08/12/2011	520 Gal Ethanol		\$1,997.76
	11-639134		08/12/2011	150 Gal Diesel		\$592.06
67400	08/26/2011	Open			NORTH BAY FORD	\$28.76
	Invoice		Date	Description		Amount
	222253		08/11/2011	Keys for Taurus		\$28.76
67401	08/26/2011	Open			ORCHARD SUPPLY HARDWARE	\$159.37
	Invoice		Date	Description		Amount
	6012-3326049		08/01/2011	Misc.		\$18.38
	6014-1386614		08/05/2011	Wasp spray		\$10.80
	6007-4793563		08/08/2011	Paint		\$17.83
	6008-4767954		08/09/2011	Misc.		\$4.54
	6007-3693762		08/09/2011	Sawzall blades		\$42.20
	6014-1137775		08/09/2011	Wasp spray		\$12.97
	6011-2683698		08/10/2011	Cleaning supplies		\$15.13
	6014-3326220		08/03/2011	auto supplies-PD Mazda PU		\$6.71
	6008-3526967		08/01/2011	auto supplies-Shop		\$30.81
67402	08/26/2011	Open			OUTDOOR SERVICES & SUPPLIES	\$250.00
	Invoice		Date	Description		Amount
	8001		08/11/2011	Striping & Wheel stops, Upper Lot, City Hal		\$250.00
				Fund 1310, Gas Tax Fund		

City of Capitola  
**City Checks Issued 8/26/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67403	08/26/2011	Open			OVERLAND, PACIFIC & CUTLER, INC.	\$1,927.50
	Invoice		Date	Description		Amount
	1106149		07/13/2011	Pac Cove Relocation Impact Report Fund 1020, Emerg Res Fund		\$1,927.50
67404	08/26/2011	Open			PALACE ART & OFFICE SUPPLIES	\$245.51
	Invoice		Date	Description		Amount
	916764		08/09/2011	Office Supplies, City hall		\$207.73
	8653591		08/11/2011	Office Supplies, General Plan Update Proj Fund 2210, Stores		\$37.78
67405	08/26/2011	Open			PHIL ALLEGRI ELECTRIC, INC.	\$1,427.72
	Invoice		Date	Description		Amount
	16155		08/15/2011	Scoreboard/ light repair		\$1,427.72
67406	08/26/2011	Open			PITNEY BOWES INC.	\$555.68
	Invoice		Date	Description		Amount
	405359		07/28/2011	Postage Meter Supplies, City Hall Fund 2210, Stores		\$555.68
67407	08/26/2011	Open			ProBUILD COMPANY LLC	\$190.77
	Invoice		Date	Description		Amount
	5547057		08/09/2011	Wood posts - Upper Esplanade Park		\$148.98
	5547061		08/09/2011	Bar		\$41.79
67408	08/26/2011	Open			ROSS RECREATION EQUIP CO INC.	\$391.67
	Invoice		Date	Description		Amount
	90231		07/29/2011	Swing seats, Jade St Park		\$391.67
67409	08/26/2011	Open			ROYAL WHOLESALE ELECTRIC	\$11.18
	Invoice		Date	Description		Amount
	7719-552151		08/01/2011	Photo cell		\$11.18
67410	08/26/2011	Open			RUSSELL, MICHAEL, J.	\$2,800.00
	Invoice		Date	Description		Amount
	1366		08/18/2011	Screen & coat gym floor, NB Gym		\$2,800.00
67411	08/26/2011	Open			SCC AUDITOR-CONTROLLER	\$1,615.18
	Invoice		Date	Description		Amount
	20110816		08/16/2011	2010 2011 blood alcohol testing trust		\$1,615.18
67412	08/26/2011	Open			SCC INFORMATION SERVICES	\$502.78
	Invoice		Date	Description		Amount
	20110803		08/03/2011	August 2011 open query-PD		\$502.78
67413	08/26/2011	Open			SCC LODGING ASSOCIATION	\$225.00
	Invoice		Date	Description		Amount
	11014		02/28/2011	2011 Annual membership dues, BIA Fund 1321, BIA		\$225.00
67414	08/26/2011	Open			SCC OFFICE OF EDUCATION	\$30.00
	Invoice		Date	Description		Amount
	11299		08/03/2011	Fingerprinting		\$30.00



City of Capitola  
**City Checks Issued 8/26/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67415	08/26/2011 Invoice 2012-00000204	Open	Date 07/26/2011	Description WATER BILLS FOR STREET MEDIANS	SANTA CRUZ MUNICIPAL UTILITIES	\$810.80 \$810.80
67416	08/26/2011 Invoice 2015	Open	Date 08/14/2011	Description Aug2011 IT Support Fund 2211, Info Tech	SERVICESYS, LLC	\$1,000.00 \$1,000.00
67417	08/26/2011 Invoice 45729-in	Open	Date 07/28/2011	Description Detective supplies	SIRCHIE	\$151.47 \$151.47
67418	08/26/2011 Invoice 08242011	Open	Date 08/24/2011	Description Library dry rot repair	SMITH, BRET	\$1,400.00 \$1,400.00
67419	08/26/2011 Invoice 974855313-116	Open	Date 07/28/2011	Description Jul2011 Cell Phone Service	SPRINT	\$2,529.46 \$2,529.46
67420	08/26/2011 Invoice 1128279001	Open	Date 08/01/2011	Description Printer Ink Fund 2211, Info Tech	STAPLES	\$212.10 \$212.10
67421	08/26/2011 Invoice 1408649	Open	Date 08/11/2011	Description Roundup Pro max	TARGET SPECIALTY PRODUCTS	\$331.34 \$331.34
67422	08/26/2011 Invoice si1256902	Open	Date 08/01/2011	Description Replaced taser	TASER INTERNATIONAL	\$595.39 \$595.39
67423	08/26/2011 Invoice 8291	Open	Date 08/08/2011	Description Rispin Hazard Mitigation Project Fund 1200, CIP	THACHER & THOMPSON ARCHITECTS	\$1,237.50 \$1,237.50
67424	08/26/2011 Invoice 5535291-8	Open	Date 08/18/2011	Description City Employee Life and Disability Ins	THE HARTFORD -PRIORITY ACCOUNT	\$1,799.85 \$1,799.85
67425	08/26/2011 Invoice 203381	Open	Date 08/11/2011	Description Relocate PD circuits Fund 2211, Info Tech	TOTLCOM	\$195.00 \$195.00
67426	08/26/2011 Invoice PARS8-26-11	Open	Date 08/25/2011	Description PARS Contr for 8/26 PR, Employee Funde	UNION BANK OF CALIFORNIA	\$2,009.67 \$2,009.67
67427	08/26/2011 Invoice 954791331	Open	Date 08/13/2011	Description Shipping-PD	UNITED PARCEL SERVICE	\$45.85 \$45.85

City of Capitola  
**City Checks Issued 8/26/11**

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
67428	08/26/2011 Invoice PR8-26-11	Open	Date 08/25/2011	Description Employee Contributions, Aug Payroll	UNITED WAY OF SANTA CRUZ COUNT	\$40.00 \$40.00
67429	08/26/2011 Invoice UPEC8-26-11	Open	Date 08/25/2011	Description Aug 2011 Union Dues, Employee Funded	UPEC LIUNA LOCAL 792	\$1,725.00 \$1,725.00
67430	08/26/2011 Invoice 4773332	Open	Date 07/28/2011	Description Pac Cove Drain System Review Fund 1020, Emerg Res Fund	URS Corporation	\$240.00 \$240.00
67431	08/26/2011 Invoice 1000463738	Open	Date 08/04/2011	Description Monthly Access Charges, Aug2011 Fund 2211, Info Tech	VERIZON WIRELESS	\$112.08 \$112.08
67432	08/26/2011 Invoice T8755	Open	Date 08/01/2011	Description K-9 training July 2011	WITMER-TYSON IMPORTS INC.	\$500.00 \$500.00
67433	08/26/2011 Invoice 132060	Open	Date 07/28/2011	Description Street name signs	ZUMAR INDUSTRIES INC.	\$178.14 \$178.14
67434	08/26/2011 Invoice 2012-00000203	Open	Date 08/18/2011	Description Cite attached to DMV	Ailey, Kathleen	\$54.00 \$54.00
67435	08/26/2011 Invoice 2001063-002	Open	Date 08/23/2011	Description Class refund	Gallagher, Mimi	\$48.00 \$48.00
67436	08/26/2011 Invoice 2012-00000210	Open	Date 08/23/2011	Description Supplies to repair JG shed	Jouras, Cameron	\$40.66 \$40.66
67437	08/26/2011 Invoice 2012-121	Open	Date 08/23/2011	Description Planner Cost Recovery Refund #04-021	Regan, John	\$957.50 \$957.50
67438	08/26/2011 Invoice 2012-00000201	Open	Date 08/18/2011	Description Refund for Cite 11132822	Smith, Joel	\$30.00 \$30.00
67439	08/26/2011 Invoice 2012-00000202	Open	Date 08/18/2011	Description Refund for Cite CP242523	Sonagere, Glenn	\$31.00 \$31.00

Check Totals: Count 92 Total \$153,667.58



Item #: 2.F.2)

## CAPITOLA REDEVELOPMENT AGENCY AGENDA REPORT

MEETING OF SEPTEMBER 8, 2011

FROM: FINANCE DEPARTMENT  
DATE: August 31, 2011  
SUBJECT: APPROVAL OF RDA CHECK REGISTER REPORT

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**Recommended Action:** By motion and roll call vote, that the RDA Board approve the Check Register Report dated August 26, 2011 as submitted.

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### DISCUSSION

The attached Check Register for the referenced date:

Date	Starting Check #	Ending Check #	Total Checks	Amount
8/26/11	2992	2995	4	\$1,030.26

The prior RDA check register report of August 12, 2011 ended with check number 2991.

There were no checks issued for more than \$10,000.00.

As of 8/31/11 the unaudited cash balance in the RDA account is \$2,346,515 allocated as follows:

RDA Operating Fund	\$2,301,724.66
RDA Low/Mod Housing Fund	\$44,789.88

### ATTACHMENTS

Check Register Report dated:  
August 26, 2011

Report Prepared By: **Linda Benko**  
AP Clerk

Reviewed and Forwarded  
By Executive Director: \_\_\_\_\_

# RDA Checks Issued 8/26/11

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
2992	08/26/2011	Open			BEST BEST & KRIEGER LLP	\$393.12
	Invoice 658485		Date 08/10/2011	Description RDA Legal services through 7/31/11		Amount \$393.12
2993	08/26/2011	Open			CAPITOLA CITY TREASURER	\$352.98
	Invoice Co-OpJul2011		Date 08/18/2011	Description City Co-Op Agreement, Jul 2011		Amount \$352.98
2994	08/26/2011	Open			FEDERAL EXPRESS	\$84.16
	Invoice 7-600-13850RDA		Date 08/19/2011	Description Shipping Expense, Jul-Aug11		Amount \$84.16
2995	08/26/2011	Open			HARRIS & ASSOCIATES	\$200.00
	Invoice 14466		Date 08/10/2011	Description Clares Street Traffic Calming Project		Amount \$200.00
Check Totals:				Count	4	Total \$1,030.26

The above listed checks have been printed and released under the RDA Executive Director's approval. Included are checks numbered 2992 through 2995 for \$1,030.26.

These checks has been reviewed and authorized for distribution.

The unaudited cash balance in the RDA account as of 8/26/11 is \$2,346,514.54

RDA Operating Fund	\$2,301,724.66
Low/Mod Housing Fund	\$44,789.88

	8/26/11		8/26/11
Derek Johnson, Acting City Manager	Date	Debbie Johnson, Treasurer – RDA	Date



Item #: **3.B.**

# CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA REPORT

## MEETING OF SEPTEMBER 8, 2011

FROM: OFFICE OF THE CITY CLERK/REDEVELOPMENT AGENCY SECRETARY

DATE: AUGUST 31, 2011

SUBJECT: **CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY MINUTE APPROVAL:**  
MINUTES OF THE JOINT REGULAR MEETINGS OF THE CAPITOLA CITY  
COUNCIL/REDEVELOPMENT AGENCY OF AUGUST 11 AND 25, 2011

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**Recommended Action:** By motion, that the City Council/Redevelopment Agency Directors approve the subject minutes as submitted. *[NOTE: Council Member/Director Storey was absent on August 11, and Council Member/Director Harlan was absent on August 25; therefore, they should abstain from voting on the minutes when they were absent.]*

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### **DISCUSSION**

Attached for City Council/Redevelopment Agency review and approval are the Minutes to the Joint Meetings of August 11 and August 25, 2011.

### **ATTACHMENTS**

August 11 and 25, 2011 Minutes

**Report Prepared By:** Pamela Greeninger, MMC  
City Clerk/RDA Secretary

**Reviewed and Forwarded by**  
**City Manager/Executive Director:** \_\_\_\_\_

**CITY OF CAPITOLA  
CITY COUNCIL/REDEVELOPMENT AGENCY**

August 11, 2011  
Capitola, California

**MINUTES OF A REGULAR JOINT MEETING**

**5:30 P.M - CLOSED SESSION - CITY MANAGER'S OFFICE**

At 5:32 p.m. in the City Hall Council Chambers, Mayor/Chairperson Norton noted that all Council Members/Redevelopment Agency Directors were present, with the exception of Council Member/Director Storey. He made an announcement regarding the items to be discussed in Closed Session, as follows:

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

- Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park)  
[Superior Court of the State of California for County of Santa Cruz, Case #CV 167716]
- Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park)  
[U.S. District Court N.D., Case No. C09-05542 RS (Judge Richard Seeborg)]
- Los Altos/El Granada Investors vs. City of Capitola, et al. (Castle Mobile Estates)  
U.S. District Court N.D., Case No. CV 04-05138 JF (Judge Jeremy Fogel)]
- Veronica Shepardson, et al. (residents of Surf & Sand Mobile Home Park) vs. City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 171269]
- Bill Newman, et al. (residents of Surf & Sand Mobile Home Park) vs. Surf and Sand, LLC, Ronald Reed, et al. [Superior Court County of Santa Cruz, Unlimited Jurisdiction, Case No. CV 171783]

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9:  
One Case – Alice Hanratty vs. City of Capitola (Pacific Cove Mobile Home Park flood claim)

Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9:  
One Case – Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park

Initiation of litigation pursuant to subdivision (c) of Section 54956.9:  
One Case – City's Joinder in Town of Fairfax California Public Utility Petition regarding SmartMeter Opt Out Regulations

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

Title: City Manager

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

Claimant: Howard & Dottie DeMera  
Agency claimed against: City of Capitola

Mayor/Chairperson Norton asked if there were anyone in the audience who would like to address the members on items listed on the Closed Session Agenda.

Attorney Phil Crawford, representing Surf and Sand homeowners, discussed the Surf and Sand Mobile Home Park litigation and the proposed repeal of the city's ordinance pertaining to Mobile Home Park Rent Stabilization.

After public comment, the City Council/Redevelopment Agency recessed at 5:44 p.m. to the Closed Session in the City Manager's Office.

**7:00 P.M. – OPEN SESSION****REGULAR JOINT MEETING OF THE CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY**

Mayor/Chairperson Norton called the Regular Joint Meeting of the Capitola City Council/Redevelopment Agency to order at 7:08 p.m. on Thursday, August 11, 2011, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

**ROLL CALL AND PLEDGE OF ALLEGIANCE**

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

**ABSENT:** Council Member/Director Sam Storey

**OTHERS:** City Treasurer Jacques Bertrand; Redevelopment Agency Treasurer Debbie Johnson

**STAFF:** City Manager/Executive Director Jamie Goldstein, Deputy City Attorney/RDA General Counsel Celestial Cassman, Community Development Director/Deputy Executive Director Johnson, Chief of Police Michael Card, Public Works Director Steve Jesberg, Administrative Services Director Murphy, and City Clerk/Secretary Pamela Greeninger

**1. REPORT ON CLOSED SESSION [520-25]**

Deputy City Attorney Cassman stated that all members, with the exception of Council Member/Director Storey, were present for the Closed Session. She reported on the Closed Session as follows:

- a. The City Council received status reports on the following existing litigation cases: Surf and Sand, LLC, vs. City of Capitola (two cases), Shepardson vs. City of Capitola, and Newman vs. Surf and Sand, LLC. Those cases were discussed, and no reportable action was taken.
- b. Existing litigation between Los Altos/El Granada Investors vs. City of Capitola: Deputy City Attorney Cassman stated this case has been dismissed, as was reported at the last City Council meeting. The judge dismissed the case conditioned upon the close of escrow and notice to the court. Since that time, the escrow has closed, and the court has been notified.
- c. Under anticipated litigation, the City Council discussed two cases of significant exposure to litigation. Deputy City Attorney Cassman reported that in the matter of Hanratty vs. City of Capitola, the City has settled all flood and relocation claims and purchase of the coach at Space #46 at Pacific Cove Mobile Home Park via a settlement agreement in the amount of \$20,000. The Council also discussed potential litigation regarding the Noble Gulch storm pipe failure at Pacific Cove Mobile Home Park and took no reportable action.
- d. The council discussed one item of potential initiation of litigation and directed the city attorney to join in the petition against the California Public Utilities Commission (the Town of Fairfax vs. California Public Utilities Commission) regarding SmartMeter opt-out regulations. All members of the City Council voted for the City to join the protest, with the exception of Council Member Nicol and Council Member Storey, who was absent.
- e. The council conducted a public employee performance evaluation of the City Manager and took no reportable action.
- f. Deputy City Attorney Cassman said there was one liability claim listed on the Closed Session Agenda, which will be acted upon on the Open Session Consent agenda.

**2. ORAL COMMUNICATIONS**

Mayor Norton said tonight's meeting would be dedicated to former Planning Commissioner Howard Dysle who recently passed away. Many members of the community knew Howard Dysle as he served on the Capitola Planning Commission for 19½ years. Mayor Norton said Howard was a general contractor in town and was an active member of the community. He had the pleasure of serving with Mr. Dysle on the Planning Commission for several years. Mayor Norton said Howard Dysle made Capitola a better place to live because of his dedication and service to the city, and Capitola will feel his loss and miss him.

**A. Additions and Deletions to Agenda**

1) Community Development Director Johnson announced that although the Library Needs Assessment was noticed, that item is not on the agenda and would not be discussed tonight.

2) Community Development Director/Deputy Executive Director Johnson announced that the California Supreme Court acted this afternoon and stayed the implementation of two budget bills, 26 and 27, which dealt with the dissolution of redevelopment agencies and voluntary payments under those bills. As such, staff is recommending that Joint Public Hearing Item 4.B. to consider an urgency ordinance and other related resolutions be continued and that the Directors consider placing another item on the agenda. That item is an Agency Resolution Approving and Adopting the Enforceable Obligation Payment Schedule Pursuant to Part 1.8 of the Redevelopment Law. In order to do so, a finding must be made that the matter did not come to the Agency's attention until after the agenda was posted and needs to be acted upon before the next regular meeting.

**ACTION:** Director Nicol moved, seconded by Director Termini, to add the proposed Agency Resolution Approving and Adopting the Enforceable Obligation Payment Schedule Pursuant to Part 1.8 of the Redevelopment Law to the agenda as Other Business Item 5.F. The motion carried on the following vote: AYES: Directors Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Director Storey. ABSTAIN: None. **[760-10]**

**B. Public Comments – None****C. Staff Comments**

1) City Manager Goldstein provided an update on the city's financial situation and announced that he has suspended the recruitment of a Finance Director and is pushing back capital expenditures, as well as other measures to address the city's cash flow issue. He discussed two potential problems; i.e., the depletion of the city's reserve accounts and cash flow issues. In an effort to address these concerns, City Manager Goldstein announced that he has suspended recruitment of the Finance Director position

2) Public Works Director Jesberg announced that two electrical vehicle charging stations are now available in the Pacific Cove Parking Lot; two 240-volt and 120-volt stations. The stations are part of the ChargePoint America Electrical Vehicle Charging Program. People wishing to use the charging stations should go online to ChargePoint.net to obtain a free charging card.

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

1) Council Member Nicol said he is happy to see the Capitola Road Project being completed. He reported that the bicycle lane delineators on Wharf Road are in a sad state, and he asked the Public Works Director to see that they are reinstated prior to school commencing, which he understands will be in a week or two.



## 2. D. ORAL COMMUNICATIONS (Continued)

2) As a follow-up to the City Manager's verbal report, Council Member Nicol noted the Council received a report from the Finance Advisory Committee some weeks ago, but the report has not been completely and properly addressed by the Council. He commented on the report and believes it needs to be addressed immediately. Council Member Nicol encouraged the council to calendar a special meeting of the City Council and Finance Advisory Committee on the 23<sup>rd</sup> of August to discuss the report and deal with it quickly.

Council Member Harlan expressed her interest in a joint study session with the Finance Advisory Committee; however, she would prefer scheduling it sometime in September as she will be gone on August 23. She also recommended that it be an informal joint study session, rather than a formal meeting, where the two groups would sit around the table to discuss the proposed ideas contained in the report.

City Manager Goldstein said the Finance Advisory Committee is developing recommendations, and perhaps those recommendations could be discussed at that time.

Council discussion was followed by this action:

**ACTION:** It was the consensus of the City Council to schedule a Joint Special Study Session with the Finance Advisory Committee on Wednesday, September 14, 2011, at 6:00 p.m.

City Treasurer Bertrand said the Finance Advisory Committee anticipates the report will generate meaningful discussion. **[520-40/330-40]**

3) Council Member Harlan reminded everyone of the General Plan Advisory Committee meeting to be held next Wednesday, August 17, in the City Hall Council Chambers, and she encouraged members of the community to attend and participate.

4) Mayor Norton announced that he has appealed Project Application #11-077 at 1750 41<sup>st</sup> Avenue, an amendment to a conditional use permit to allow an existing retail store and drive-thru pharmacy to operate 24-hours a day, 7 days a week (CVS Pharmacy); property owner: Longs Drug Stores California LLC.

5) City Clerk Pam Greeninger announced that she has submitted her notice to City Manager Goldstein and would be retiring at the end of December this year, after 32 years of service with the city. She said this was one of the hardest decisions she has had to make; saying that she loves her job, the people she works with, and the Capitola community. Pam will be joining her husband, Stewart, who retired over a year ago. Council members commented on Pam's service to the city and congratulated her.

E. Committee Appointments - None

F. Approval of Check Register Reports

1) **City: Approval of City Check Register Reports dated July 22 and July 29, 2011. [300-10]**

Staff responded to questions concerning several checks: check #66962 regarding the Bank of America credit card; check to Millennium Housing of \$160,000; check to Garden City Construction for work at the Rispin; and check #67110 to the Watsonville Police Department for Avoid the 9.

Council discussion was followed by this action:

2. F. 1) Approval of Check Register Reports (Continued)

**ACTION:** Council Member Termini moved, seconded by Mayor Norton, to approve the Check Register Reports dated July 22 and July 29, 2011, including checks numbered 66956 through 67036 in the amount of \$81,633.62, checks numbered 67037 through 67116 in the amount of \$890,441.17, respectively; and payroll disbursements for the July 29, 2011, payroll in the amount of \$216,584.04, for a Grand Total of \$1,188,658.83, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

2) **RDA: Approval of Redevelopment Agency Check Register Reports dated July 8 and July 29, 2011 [760-25]**

**ACTION:** Director Harlan moved, seconded by Director Termini, to approve the Check Register Reports dated July 8 and July 29, 2011, including checks numbered 2975 through 2980 in the amount of \$14,311.50, and checks numbered 2981 through 2985 in the amount of \$18,939.86, and a wire issued on 7/29/11 to Millennium Housing Corporation in the amount of \$840,000.00, for a grand total of \$873,251.36, as submitted. The motion carried on the following vote: AYES: Directors Harlan, Termini, Nicol, and Chairperson Norton. NOES: None. ABSENT: Director Storey. ABSTAIN: None.

3. **CONSENT CALENDAR**

Mayor/Chairperson Norton asked if there were any items on the Consent Calendar that members of the public or the City Council/Redevelopment Agency Directors wished to pull for separate discussion. Council Member/Director Nicol pulled Item 3.H., the City Treasurer's Report.

Mayor/Chairperson Norton advised Item 3.H. would be discussed at the end of the meeting following added Other Business Item 5.F. (*See discussion and action on Page 12050*)

**CONSENT CALENDAR ACTION:** Council Member/Director Termini moved, seconded by Council Member/Director Harlan, to approve the Consent Calendar as recommended, with the exception of Item 3.H. The motion carried on the following vote: AYES: Council Members/Directors Harlan, Termini, Nicol, and Mayor/Chairperson Norton. NOES: None. ABSENT: Council Member/Director Storey. ABSTAIN: None.

A. **Approve Reading by Title of all Ordinances and Resolutions and declare that said Titles which appear on the Public Agenda shall be determined to have been read by Title and Further Reading Waived.**

**ACTION:** The City Council/Redevelopment Agency Directors unanimously approved the reading by title of all Ordinances and Resolutions and declared that said titles which appear on the public agenda shall be determined to have been read by title and further reading waived.

B. **City/RDA: Approve Minutes of the Regular Joint Meetings of the City Council/Redevelopment Agency of July 28, 2011.**

**ACTION:** Council Member/Director Termini moved, seconded by Council Member/Director Harlan, to approve the Minutes of the Regular Joint City Council Meeting of July 28, 2011, as submitted. The motion carried on the following vote: AYES: Council Members/Directors Harlan, Termini, Nicol, and Chairperson Norton. NOES: None. ABSENT: Council Member/Director Storey. ABSTAIN: None.

C. **Receive Planning Commission Action Minutes for the Regular Meeting of August 4, 2011. [740-50]**

**ACTION:** Council Member Termini moved, seconded by Council Member Harlan, to receive the Planning Commission Action Minutes for the Regular Meeting of August 4, 2011, as submitted. The motion carried on the following vote: AYES: Directors Harlan, Termini, Nicol, and Chairperson Norton. NOES: None. ABSENT: Director Storey. ABSTAIN: None.

## 3. CONSENT CALENDAR (Continued)

- D. Accept update report on the Rispin Property Hazard Abatement Project and, by 4/5 vote approval, make the determination that all hazards at the Rispin Property have not been eliminated and there is need to continue action. [275-60]**

**ACTION:** Council Member Termini moved, seconded by Council Member Harlan, to accept the update report on the Rispin Property Hazard Abatement Project and made the determination that all hazards at the Rispin Property, as detailed in the March 1, 2011, Notice of Summary Abatement Order to Abate Dangerous Buildings and Grounds, have not been eliminated, and there is a need to continue action. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

- E Adopt Ordinance repealing Chapter 3.34 of the Capitola Municipal Code pertaining to the Mobile Home Park Administrative Service Fee [2<sup>nd</sup> Reading]. [750-25/390-40]**

**ACTION:** Council Member Termini moved, seconded by Council Member Harlan, to adopt **Ordinance No. 959, Ordinance Repealing Chapter 3.3.4 of the Capitola Municipal Code (Ordinance No. 857) Pertaining to Mobile Home Park Administrative Service Fee**, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

- F. Deny liability claim of Howard and Dottie DeMera in the amount of \$23,638.08 and forward to the City's liability insurance carrier. [Claims Binder]**

**ACTION:** Council Member Termini moved, seconded by Council Member Harlan, to deny the claims of Howard and Dottie DeMera and to forward the claims to the City's liability insurance carrier. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

- G. Award Contract for the Cherry Avenue Street Rehabilitation Project to Earthworks Paving Contractors, Inc., of Capitola, in the amount of \$79,407. [940-40/500-10 A/C: Earthworks Paving Contractors, Inc.]**

**ACTION:** Council Member Termini moved, seconded by Council Member Harlan, to award a contract to Earthworks Paving Contractors, Inc. of Capitola in the amount of \$79,407 for the Cherry Avenue Street Rehabilitation Project, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

- H. Receive City Treasurer's Report for Month Ended June 30, 2011 (Unaudited).**

This item was pulled for separate discussion. *(See discussion on Page 12050.)*

## 4. PUBLIC HEARINGS

- A. Public Hearing to consider adoption of an Ordinance Repealing Capitola Municipal Code Chapter 2.18 pertaining to Mobile Home Park Rent Stabilization. [1st Reading] Presentation: City Manager. [750-25]**

Deputy City Attorney Cassman provided a verbal report regarding this item informing the Council that there are currently two cases of litigation that are implicated, including Surf and Sand residents vs. the City of Capitola in which the residents allege that recent settlement and ordinance amendment should give second homeowners and part-time residents the same protection as low-income residents. The second lawsuit involves Surf & Sand Mobile Home Park residents against the park owner regarding whether or not the leases that were offered comport with the Mobile Home Residency Law and the City's ordinance.

## 4. A. PUBLIC HEARINGS (Continued)

Deputy City Attorney Cassman informed the Council that the repeal of the City's Mobile Home Park Rent Stabilization Ordinance would have no effect on the California Mobile Home Residency Law, existing signed leases would remain unaffected, and the litigation of the residents vs. the City would be considerably weakened and most-likely mooted. Repeal of mobile home park rent control would potentially avoid recession of the settlement agreement between the City and Surf and Sand, LLC, which culminated years of litigation and significant expenses.

Community Development Director Johnson then provided information regarding how enactment of the proposed ordinance would affect mobile home parks in Capitola currently under rent control. Utilizing a PowerPoint Presentation, he discussed the effects on Castle Mobile Estates, Cabrillo Mobile Home Estates, and Surf and Sand Mobile Home Park. Following his presentation, he responded to questions of council members relating to the city's rental assistance program, comments made by Attorney Crawford, the lawsuits referred to by the City Attorney, the Surf & Sand Mobile Home Park lease agreement, etc.

Following Deputy City Attorney Cassman and Community Development Director Johnson's reports, City Manager Goldstein announced that staff is available for questions from council members.

Mayor Norton asked for a show of hands from those in the audience wishing to address the council on this item tonight. He then announced that each person would be given two minutes to address the council. It was also determined that the attorney representing several park residents would be given additional time.

Mayor Norton opened the public hearing at 7:45 p.m.

The following people addressed the City Council in opposition to the proposed ordinance repealing mobile home park rent control, Chapter 2.18 of the Capitola Municipal Code:

Attorney Philip Crawford, representing Surf and Sand Mobile Home Park residents  
Bill Newman, resident of Surf and Sand Mobile Home Park  
Margaret Dixon, resident of Surf and Sand Mobile Home Park  
Davina Baker, resident of Surf and Sand Mobile Home Park  
Mary Loubier-Ricca, resident of Surf and Sand Mobile Home Park  
Carol Machado Lerno, resident of Pacific Cove Mobile Home Park  
Gini Calande, resident of Surf & Sand Mobile Home Park  
Yvonne Revit, Surf and Sand Mobile Home Park resident, urged the council to consider the residents at Surf and Sand Mobile Home Park; they want to be treated fairly and charged rents that are reasonable  
Heidi Hoffacre, resident of Surf & Sand Mobile Home Park  
Ron Hoffacre, Heidi's father, urged the council to keep the ordinance in place  
Shirley Hill, resident of Surf & Sand Mobile Home Park  
Lauri Beamish, resident of Surf and Sand Mobile Home Park  
Sharon Shelgren, resident of Surf and Sand Mobile Home Park  
Laurie Brewer, resident of Surf and Sand Mobile Home Park with her mother, Nancy Brewer  
Nancy Brewer, resident Surf and Sand Mobile Home Park  
Beverly Palmer, resident of Surf and Sand Mobile Home Park  
Frederick Coquelin, Cabrillo Mobile Home Park resident, said he was surprised that the council is considering repealing the city's rent stabilization ordinance. He believes this is the wrong time to repeal rent control.

## 4. A. PUBLIC HEARINGS (Continued)

Jeanne Roddy, resident of Pacific Cove Mobile Home Park, spoke on behalf of Rick Halterman who is ill, saying he is concerned about the council adopting the proposed ordinance repealing mobile home park rent control.

Sandra Williams, resident of Surf and Sand Mobile Home Park and the city's representative on the Area Agency on Aging, expressed her concerns and disappointment about receiving only 4-days' notice that this item was being considered by the Council

Jack Alsman, resident at Surf and Sand Mobile Home Space #58

Larry Rock, resident of Capitola, said he walks through Surf and Sand Mobile Home Park when he is out walking his dog. Mr. Rock thinks this matter needs to be placed on the ballot for the citizens of Capitola to vote on, rather than be decided by five members of the City Council.

Mayor Norton closed the public hearing at 9:04 p.m.

Council Member Nicol commented on the city's rent control ordinance and made the following motion:

**ACTION:** Council Member Nicol moved, to pass the proposed Ordinance Repealing Chapter 2.18 of the Capitola Municipal Code Pertaining to Mobile Home Park Rent Stabilization to a second reading, as submitted.

Under discussion of the motion, Council Member Harlan said the city council did not cause this problem; the rent control ordinance was enacted to provide low-income housing and to save the residents of Tradewinds Mobile Home Park. Council Member Harlan said she is not going to support repealing the city's rent control ordinance at this time.

Council Member Termini commented that the city does not intend to raise the rents at Pacific Cove Mobile Home Park if this ordinance is adopted. He said the ordinance requires two readings and would become effective 30 days after the second reading. Council Member Termini also commented on the leases for Surf and Sand Mobile Home Park residents and would like to hear the truth about who is getting a lease, for how much, etc.

Council Member Termini then seconded the motion to pass the ordinance to a second reading.

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

**B. City/RDA: Joint City Council/Redevelopment Agency Public Hearing to Consider adoption of an Urgency Ordinance and necessary City/Agency Resolutions determining the City will comply with the Voluntary Alternative Redevelopment Program pursuant to Part 1.9 of Division 24 of the California Health and Safety Code in order to permit the continued existence and operation of the Redevelopment Agency of the City of Capitola. Presentation: Community Development Department. [760-10/760-25/500-10/760-05 A/C: City/RDA Agency Transfer Payment Agreement/Loan and Repayment Agreement]**

In light of the Supreme Court action today, City Manager Goldstein recommended that this item be continued to August 25, 2011.

**ACTION:** Council Member/Director Nicol moved, seconded by Council Member/Director Harlan, to continue this item to the next Joint Regular Meeting of the City Council/Redevelopment Agency to be held on August 25, 2011. The motion carried unanimously.

## 5. OTHER BUSINESS

### A. Consider adoption of an Ordinance Amending Sections 12.52.010 and 12.52.030 of the Municipal Code pertaining to Skateboarding Regulations [1<sup>st</sup> Reading]. Staff recommendation: adopt ordinance. [485-10]

Public Works Director Jesberg summarized the written agenda report utilizing a PowerPoint Presentation. He discussed direction given by the council at the last meeting and reviewed the amendments to the skateboard regulations in the draft ordinance.

Chief of Police Card commented on the signage program and the proposed areas for no skateboarding, and he responded to questions of council members.

At 9:50 p.m., Mayor Norton opened this item to the public for comment.

Lisa Quale, witness to the skateboarding accident with Maryann Slettehaugh, addressed the proposed map where skateboarding will be prohibited. She informed the council that she lived at 203 Monterey Avenue for 20 years, and she believes it would be a good idea to place the sign one block up from Fanmar on Monterey near that address. She also noticed Depot Hill is not on the map.

After Ms. Quale's comments, the council members commented on the proposed ordinance and recommendations for signage.

Considerable Council discussion was followed by this action:

**ACTION:** Council Member Nicol moved, seconded by Council Member Termini, to pass the proposed Ordinance Amending Sections 12.52.010 and 12.52.030 of the Capitola Municipal Code pertaining to Skateboarding Regulations to a second reading, as amended. Mayor Norton repeated the geographic boundaries where skateboarding is prohibited as follows: south of the railroad tracks on Monterey Avenue into the Village, Wharf Road to the top of the hill, Cliff Drive to the top of the hill, the Rispin/Peery Park trail, and the Pacific Cove Parking Lot. In addition, staff was directed to implement "no skateboarding" signage. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

### B. Transfer of Cable Franchise Agreement. (Continued from July 14, 2011 meeting.) Staff recommendation: adopt Resolution Consenting to and Approving of the Assignment of the Cable Franchise Agreement and System with Charter Communications Properties, LLC, to CCO SoCal I, LLC. [565-20/500-10 A/C: CCO SoCal I, LLC/Charter Communications]

Administrative Services Director Murphy summarized the written agenda report and responded to questions of council members. She pointed out a representative from Charter Communications was in the audience to answer questions of council members.

Lisa Ludovici, Manager of Government Relations for Charter Communications, introduced herself and responded to various questions and comments of council members. There was interest in Charter offering the Sports Network, providing basic cable services that would include educational and governmental channels, offering a lower rate for seniors, and interest in pursuing the intertie between the Santa Cruz cable line and Charter in Capitola.

Administrative Services Director Murphy said the technology for an intertie is there; however, the information the city received in the past was that Comcast had private negotiations with Charter and that Comcast was asking for quite a bit of compensation to connect to their system. Ms. Ludovici said that issue came up during conversations she has had with council members, and she would look into it.

## 5. B. OTHER BUSINESS (Continued)

Considerable Council discussion was followed by this action:

**ACTION:** Council Member Termini moved, seconded by Council Member Nicol, to adopt **Resolution No. 3884, Resolution Consenting to and Approving of the Assignment of the Cable Franchise and System to CCO SoCal I, LLC**, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

**C. Consider adoption of an Ordinance Amending Section 13.04.010 of the Municipal Code pertaining to Discharge to Sanitary Sewer and Adding a new Section 13.04.060 to the Municipal Code pertaining to Greywater Use [1<sup>st</sup> Reading]. Staff recommendation: adopt ordinance. [950-10]**

Community Development Director Johnson said the proposed ordinance is to bring the City's Municipal Code consistent with state law (California Building Standard). Utilizing a PowerPoint Presentation, he discussed the ordinance amendments and permit process, and he responded to questions of council members.

Council Member Harlan suggested creating a pamphlet regarding this matter that would be available in the reception area.

Council discussion was followed by this action:

**ACTION:** Council Member Termini moved, seconded by Council Member Harlan, to pass the proposed Ordinance Amending Section 13.04.010 of the Capitola Municipal Code Pertaining to Discharge to Sanitary Sewer and Adding a New Section 13.04.060 Pertaining to Greywater Use to a second reading, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

**D. RDA: Legal Services for Redevelopment Agency Housing Programs. Staff recommendation: approve contract with Goldfarb and Lipman, LLP, for legal services related to Redevelopment Agency Housing Programs and miscellaneous Redevelopment legal services for FY2011-2012 in an amount not to exceed \$15,000. [760-05 A/C: Goldfarb and Lipman, LLP]**

Deputy Executive Director Johnson said staff recommends this item be continued to the next meeting.

**ACTION:** Director Harlan moved, seconded by Director Termini, to continue this item to the next regular meeting to be held on August 25, 2011. The motion carried unanimously.

**E. Consider response to the 2010-2011 Santa Cruz County Grand Jury Report, Back to the Future: Regional Gridlock and Local Planning Paralysis. Staff recommendation: authorize staff to submit response on behalf of the City of Capitola. [100-30]**

Community Development Director Johnson summarized the agenda report and responded to questions of council members.

There was limited council discussion prior to the following action being taken:

**ACTION:** Council Member Harlan moved, seconded by Council Member Termini, to direct staff to submit the proposed response to the Grand Jury on behalf of the City of Capitola. The motion carried unanimously.

**F. \*ADDED ITEM\* RDA: Consider adoption of an Agency Resolution Approving and Adopting the Enforceable Obligation Payment Schedule Pursuant to part 1.8 of the Redevelopment Law. [760-10]**

Deputy Executive Director Johnson said that it would be staff's recommendation to continue this item until the next meeting for consideration with Joint Public Hearing Item 4.B.

## 5. F. OTHER BUSINESS (Continued)

**ACTION:** Director Nicol moved, seconded by Director Harlan, to continue this item until the next Joint Regular Meeting of the City Council/Redevelopment Agency to be held on August 25, 2011, as recommended. The motion carried on the following vote: AYES: Directors Harlan, Termini, Nicol, and Chairperson Norton. NOES: None. ABSENT: Director Storey. ABSTAIN: None.

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

3. CONSENT CALENDAR (*Items pulled for separate discussion.*)

**H. Receive City Treasurer's Report for Month Ended June 30, 2011 (Unaudited). [380-30]**

Council Member Nicol pulled this item and asked questions of staff regarding the general fund balance sheet on page 45 regarding a total fund balance of \$681,600, which includes the Rispin receivable of \$1,350,000. He asked for clarification of the current status of the vesting of the title of the Rispin property.

City Manager Goldstein advised the Rispin property is currently under title with the City. Pending the outcome of the Supreme Court relative to California Redevelopment Agencies, and if the City Council decides to continue the city's redevelopment program, ultimately the title of the property would be transferred back to the Agency. City Manager Goldstein responded to other questions and comments of council members regarding this matter. Council Member Termini said the footnotes are confusing.

Glenn Hanna, former City Treasurer and former Redevelopment Agency Treasurer, commented on the fund balance and stated that the general fund is \$700,000 overspent. He said this is a serious matter and that the schedules are confusing. Mr. Hanna said the Treasurer's Report needs some work, and he would suggest asking the Finance Advisory Committee to work with the City Treasurer to make it more meaningful.

Considerable Council discussion was followed by this action:

**ACTION:** Council Member Nicol moved, seconded by Council Member Termini, to accept the City Treasurer's Report for the month ended June 30, 2011 (Unaudited), as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

## 6. COUNCIL/RDA DIRECTORS/STAFF COMMUNICATIONS - None

## 7. ADJOURNMENT

The City Council/Redevelopment Agency Meeting was adjourned at 10:48 p.m. in memory of former Capitola Planning Commissioner Howard Dysle, to its next Regular Joint Meeting to be held on Thursday, August 25, 2011, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

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Dennis R. Norton, Mayor  
Redevelopment Agency Chairperson

ATTEST: \_\_\_\_\_, MMC

Pamela Greeninger, City Clerk  
Redevelopment Agency Secretary

MINUTES WERE UNANIMOUSLY APPROVED ON 9/8/2011, WITH COUNCIL MEMBER/DIRECTOR STOREY ABSTAINING SINCE HE WAS ABSENT



**CITY OF CAPITOLA  
CITY COUNCIL/REDEVELOPMENT AGENCY**

August 25, 2011  
Capitola, California

**MINUTES OF A REGULAR JOINT MEETING**

**5:30 P.M - CLOSED SESSION - CITY MANAGER'S OFFICE**

At 5:31 p.m. in the City Hall Council Chambers, Mayor/Chairperson Norton noted that all Council Members/Redevelopment Agency Directors were present, with the exception of Council Member/Director Harlan. He made an announcement regarding the items to be discussed in Closed Session, as follows:

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

Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park)  
[Superior Court of the State of California for County of Santa Cruz, Case #CV 167716]  
Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park)  
[U.S. District Court N.D., Case No. C09-05542 RS (Judge Richard Seeborg)]  
Veronica Shepardson, et al. (residents of Surf & Sand Mobile Home Park) vs. City of Capitola,  
et al. [Superior Court of the State of California for the County of Santa Cruz,  
Case #CV 171269]  
Bill Newman, et al. (residents of Surf & Sand Mobile Home Park) vs. Surf and Sand, LLC,  
Ronald Reed, et al. [Superior Court County of Santa Cruz, Unlimited Jurisdiction, Case  
No. CV 171783]

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9:  
One Case – Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park

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

Title: City Manager

**CONFERENCE WITH REAL PROPERTY NEGOTIATORS** (Govt. Code §54956.8)

Property: McGregor Drive, APN 36-341-02 (City of Capitola, Owner)  
City Negotiator: City Manager  
Negotiating Parties: City and Soquel Creek Water District  
Under Negotiation: Real Property Lease/Sale

Mayor/Chairperson Norton noted that there was no one in the audience; therefore, the City Council/Redevelopment Agency recessed at 5:31 p.m. to the Closed Session in the City Manager's Office.

**7:00 P.M. – OPEN SESSION**

**REGULAR JOINT MEETING OF THE CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY**

Mayor/Chairperson Norton called the Regular Joint Meeting of the Capitola City Council/Redevelopment Agency to order at 7:14 p.m. on Thursday, August 25, 2011, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

**ROLL CALL AND PLEDGE OF ALLEGIANCE**

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

**OTHERS:** City Treasurer Jacques Bertrand and Redevelopment Agency Treasurer Debbie Johnson

**STAFF:** Acting City Manager/Community Development Director/Deputy Executive Director Derek Johnson, City Attorney/RDA General Counsel John G. Barisone, Public Works Director Steve Jesberg, and City Clerk/Secretary Pamela Greeninger

**\*\*\* PRESENTATIONS \*\*\***

**Presentation to Kyle Brinton Jack  
in Recognition of his Quick Actions and Bravery  
by Calling 9-1-1 which saved his Grandfather's Life [120-40]**

Mayor Norton announced that we have a hero in our community, Kyle Brinton Jack. He asked Kyle to come forward and tell the story about what happened to him and the actions he took to help save his grandfather. Kyle said he is a 4<sup>th</sup> grader at Soquel Elementary School. He told the City Council and the audience that he was with his grandfather when he began choking. When he could not stop choking, his grandfather asked Kyle to call 9-1-1, which he immediately did, and the paramedics and fire trucks arrived to save his grandfather. Mayor Norton read the Mayor's Proclamation in recognition of Kyle Brinton Jack for his Quick Actions and Bravery in dialing 9-1-1 on the occasion of a family medical emergency on August 2, 2011, which saved his Grandfather's life. Mayor Norton announced that he is naming Kyle as "Citizen of the Month."

**1. REPORT ON CLOSED SESSION [520-25]**

City Attorney Barisone announced that the City Council/Redevelopment Agency Directors met in Closed Session at 5:30 p.m. on those items listed on the posted agenda. He then reported on those items as follows:

The Council met with Public Works Director Jesberg, the city's negotiator, pertaining to Real Property Negotiations regarding the city's parcel located on McGregor Drive (APN 36-341-02). Public Works Director Jesberg provided a report, and the City Council gave instructions pertaining to ongoing negotiations.

The Council then met with Administrative Services Director Lisa Murphy for her performance evaluation and gave her instructions and feedback with regard to certain aspects of her professional responsibilities. No reportable action was taken.

The City Council also met with the City Attorney and the city's insurance adjuster, Robert Fry, with regard to potential litigation with the city's insurance company concerning property damage that the city sustained and the question as to whether or not there is coverage for that property damage. The council received a status report on the negotiations with the insurance company and took no reportable action in Closed Session.

City Attorney Barisone said he provided the Council with an update pertaining to the four items of existing and threatened litigation. No reportable action was taken.

**2. ORAL COMMUNICATIONS**

A. Additions and Deletions to Agenda

Mayor Norton asked if there were any additions or deletions to the agenda.

- 1) City Clerk Greeninger stated that the Council received at their places tonight a Revised Exhibit A to the Redevelopment Agency Resolution under consideration on Item 4.B.

## 2. A. ORAL COMMUNICATIONS (Continued)

2) Council Member Termini announced that although he is ready to vote on Item 4.A., he would like to continue the item so that the entire City Council is present to vote on the Ordinance Repealing the city's Mobile Home Park Rent Stabilization Ordinance.

**ACTION:** Council Member Termini moved to continue Item 4.A., the Public Hearing to consider adoption of an Ordinance Repealing Capitola Municipal Code Chapter 2.18 pertaining to Mobile Home Park Rent Stabilization [2<sup>nd</sup> Reading], in order that all members of the City Council could be present. Council Member Storey seconded the motion. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

Mayor Norton clarified that Item 4.A., the Public Hearing to consider adoption of an ordinance repealing Capitola Municipal Code Chapter 2.18 pertaining to Mobile Home Park Rent Stabilization, was continued to the City Council's next Regular Meeting to be held on Thursday, September 8, 2011. [750-25]

B. Public Comments

1) Irving Richman, resident of Cabrillo Mobile Home Estates, discussed comments made by council members to members of the public at the last city council meeting pertaining to repeal of the city's mobile home park rent control ordinance. He also discussed an incident involving Council Member Nicol, who made the motion to repeal mobile home park rent control. Mayor Norton informed Mr. Richman that personal attacks on council members are not allowed. Mr. Richman continued to speak, saying he has 3 minutes of free speech. Sergeant Cliff Sloma informed Mr. Richman he must not verbally attack council members, and Sergeant Sloma escorted Mr. Richman from the podium.

2) Sandra Williams, resident of Surf & Sand Mobile Home Park, said she just arrived from a meeting of the Area Agency on Aging in Sacramento. She expressed her concern about Public Hearing Item 4.A. being continued at the last minute, and she explained the effort it takes to get people to the meeting. She said many people cannot drive, and rides need to be coordinated, etc.

Mayor Norton informed Mrs. Williams that a number of people requested that this item be continued.

*[Note: Under Oral Communication Item 6.B., Council Member Termini said he was sorry to make an oral communication after Sandy Williams left the meeting, but he wished to note that the only way the City Council could continue Public Hearing Item 4.A. was to do so at tonight's meeting. Once it was agendized, the item could not be continued without action to do so by the City Council.]*

3) Carol Lerno, Pacific Cove Mobile Home Park resident, said the residents of their mobile home park understand the problems the City Council is dealing with. She said there is a great deal of responsibility resting with the Council. The council members need to stand up to it and have compassion; there is no need to be defensive.

4) Laurie Beamish, resident of Surf and Sand Mobile Home Park, commented on what the residents of her mobile home park are going through and discussed the lease agreements they are being required to sign. She thinks the council is opening another can of worms by repealing the city's rent control ordinance, and she urged the Council to please search their hearts and reconsider not repealing the rent control ordinance. Ms. Beamish also informed the Council that the residents watched the first mobile home at Surf and Sand Mobile Home Park get demolished by the home owner this week.

## 2. ORAL COMMUNICATIONS (Continued)

C. Staff Comments - NoneD. City Council/RDA Director/Treasurer Comments/Committee Reports

Council Member Termini announced that tomorrow night, Friday, August 26, beginning at dusk, all are invited to come to the Esplanade Park Bandstand for the first Movie at the Beach, "The Incredibles." In addition to the free movie, there will be free popcorn.

E. Committee Appointments

City Clerk Greeninger said recruitment has been ongoing for the vacancy on the Commission on the Environment.

Council Member Termini said he has interviewed one person for the vacancy. City Clerk Greeninger believes applications were provided to two potential applicants. She will check into the applications received and schedule the appointment for the next Council Meeting on September 8, 2011.

F. Approval of Check Register Reports1) City: Approval of City Check Register Reports dated August 5 and August 12, 2011. [300-10]

Mayor Norton questioned Check #67156 to the Santa Cruz County Conference and Visitor's Council for the 4<sup>th</sup> Qtr FY10/11 County TMD fee.

Administrative Services Director Murphy said the amount is a percentage of the city's TOT tax collected for the Tourism and Marketing District. She said this was a pass-through fee from TOT tax the city collects.

**ACTION:** Council Member Storey moved, seconded by Council Member Termini, to approve the Check Register Reports dated August 5 and 12, 2011, including checks numbered 67117 through 67184 in the amount of \$105,191.04, checks numbered 67185 through 67273 in the amount of \$182,423.27, respectively; and payroll disbursements for the August 12, 2011, payroll in the amount of \$223,937.23, for a Grand Total of \$511,551.54, as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

2) RDA: Approval of Redevelopment Agency Check Register Reports dated August 12, 2011. [760-25]

**ACTION:** Director Storey moved, seconded by Director Termini, to approve the Check Register Report dated August 12, 2011, including checks numbered 2986 through 2991 in the amount of \$21,957.39, as submitted. The motion carried on the following vote: AYES: Directors Termini, Nicol, Storey and Chairperson Norton. NOES: None. ABSENT: Director Harlan. ABSTAIN: None.

3. **CONSENT CALENDAR**

Mayor/Chairperson Norton asked if there were any items on the Consent Calendar that members of the public or the City Council/Redevelopment Agency Directors wished to pull for separate discussion.

Amy McKenna stated she would like to comment on Item 3.G. pertaining to recruitment of a City Clerk. Mayor Norton asked Mrs. McKenna to come forward and speak to the item at this time. (See comments under Item 3.G.)

## 3. CONSENT CALENDAR (Continued)

**CONSENT CALENDAR ACTION:** Council Member/Director Termini moved, seconded by Council Member/Director Nicol, to approve the Consent Calendar, as recommended. The motion carried on the following vote: AYES: Council Members/Directors Termini, Nicol, Storey, and Mayor/Chairperson Norton. NOES: None. ABSENT: Council Member/Director Harlan. ABSTAIN: None.

**A. Approve Reading by Title of all Ordinances and Resolutions and declare that said Titles which appear on the Public Agenda shall be determined to have been read by Title and Further Reading Waived.**

**ACTION:** The City Council/Redevelopment Agency Directors unanimously approved the reading by title of all Ordinances and Resolutions and declared that said titles which appear on the public agenda shall be determined to have been read by title and further reading waived.

**B. Receive City Treasurer's Report for Month Ended July 31, 2011 (Unaudited). [380-30]**

**ACTION:** Council Member Termini moved, seconded by Council Member Nicol, to receive the City Treasurer's Report for the month ended July 31, 2011 (Unaudited), as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

**C. Accept update report on the Rispin Property Hazard Abatement Project and, by 4/5 vote approval, make the determination that all hazards at the Rispin Property have not been eliminated and there is need to continue action. [275-30]**

**ACTION:** Council Member Termini moved, seconded by Council Member Nicol, to accept the update report on the Rispin Property Hazard Abatement Project and made the determination that all hazards at the Rispin Property, as detailed in the March 1, 2011, Notice of Summary Abatement Order to Abate Dangerous Buildings and Grounds, have not been eliminated, and there is a need to continue action. The motion carried on the following vote: AYES: Council Member Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

**D. Authorize the City Manager to execute the Santa Cruz County Criminal Justice Council Joint Exercise of Powers Agreement, and participate in the Santa Cruz County Criminal Justice Council. [150-70/500-10 A/C: Santa Cruz County Criminal Justice Council]**

[Note: The City Council received a revised agreement, which added the word "County" to all references to the "Santa Cruz County Criminal Justice Council Joint Exercise of Powers Agreement.]

**ACTION:** Council Member Termini moved, seconded by Council Member Nicol, to authorize execution of the revised Santa Cruz County Criminal Justice Council Joint Exercise of Powers Agreement, and to approve the City's participation in the Santa Cruz County Criminal Justice Council, as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

**E. Adopt Ordinance Amending Sections 12.52.010 and 12.52.030 of the Capitola Municipal Code pertaining to Skateboarding Regulations [2nd Reading]. [485-10]**

**ACTION:** Council Member Termini moved, seconded by Council Member Nicol, to adopt Ordinance No. 960, Ordinance Amending Sections 12.52.010 and 12.52.030 of the Capitola Municipal Code Pertaining to Skateboarding Regulations, as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

## 3. CONSENT CALENDAR (Continued)

**F. Adopt Ordinance Amending Section 13.04.010 of the Municipal Code pertaining to Discharge to Sanitary Sewer and Adding a new Section 13.04.060 to the Municipal Code pertaining to Greywater Use [2nd Reading]. [950-10]**

**ACTION:** Council Member Termini moved, seconded by Council Member Nicol, to adopt **Ordinance No. 961, Ordinance Amending Section 13.04.010 of the Capitola Municipal Code Pertaining to Discharge to Sanitary Sewer and Adding Section 13.04.060 to the Municipal Code Pertaining to Greywater Use**, as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

**G. Authorize the City Manager to recruit for the position of City Clerk. [650-50]**

Prior to action being taken on the Consent Calendar, Capitola resident Amy McKenna stated that she hopes the City Council will select someone from the City of Capitola or the County of Santa Cruz when hiring a new City Clerk.

**ACTION:** Council Member Termini moved, seconded by Council Member Nicol, to authorize the City Manager to recruit for the position of City Clerk, as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

**H. RDA: Approve contract with Goldfarb and Lipman, LLP, for legal services related to Redevelopment Agency Housing Programs and miscellaneous Redevelopment legal services for FY2011-2012 in an amount not to exceed \$15,000. [750-10/760-05 A/C: Goldfarb and Lipman, LLP]**

**ACTION:** Director Termini moved, seconded by Director Nicol, to approve a sole source contract with Goldfarb and Lipman, LLP, for legal services related to Redevelopment Agency Housing Programs and miscellaneous Redevelopment legal services for FY2011-2012 in an amount not to exceed \$15,000, as submitted. The motion carried on the following vote: AYES: Directors Termini, Nicol, Storey, and Chairperson Norton. NOES: None. ABSENT: Director Harlan. ABSTAIN: None.

## 4. PUBLIC HEARINGS

**A. Public Hearing to consider adoption of an Ordinance Repealing Capitola Municipal Code Chapter 2.18 pertaining to Mobile Home Park Rent Stabilization. [2nd Reading] Presentation: City Manager. [750-25]**

Mayor Norton announced that a motion was made and approved under Oral Communications Item 2.A.1), to continue this item to the next Joint Regular Meeting of the City Council/Redevelopment Agency to be held on Thursday, September 8, 2011.

**B. RDA: Public Hearing to consider adoption of an Agency Resolution Approving and Adopting the Enforceable Obligation Payment Schedule Pursuant to Part 1.8 of the Redevelopment Law. Presentation: Community Development Department. [760-10/760-05 A/C: City of Capitola/Redevelopment Agency]**

Utilizing a PowerPoint Presentation, Community Development Director Johnson provided a verbal report regarding this item. He gave information on new legislation, the effect of the Supreme Court Stay, the revised Enforceable Obligations Payment Schedule (Exhibit A to the proposed Agency Resolution), the continuation of the ordinance and related resolutions/documents which were removed from the August 11, 2011, agenda, and the recommended Redevelopment Agency actions. Community Development Director Johnson also responded to questions of Director Storey pertaining to the Rispin property, which is located in the Redevelopment Agency Project Area, but was deeded back to the City.

## 4. B. PUBLIC HEARINGS (Continued)

Chairperson Norton opened the public hearing at 7:54 p.m. Seeing no one, the public hearing was closed.

**ACTION:** There was no additional discussion prior to the following action being taken:  
Director Nicol moved, seconded by Director Termini, to take the following actions:

1. Adopted **Agency Resolution No. 2011-10, Resolution Approving and Adopting the Enforceable Obligation Payment Schedule Pursuant to Part 1.8 of the Redevelopment Law**, with the revised Exhibit A presented at the meeting, and
2. Scheduled a Public Hearing to consider an Urgency Ordinance and necessary City/ Agency Resolutions determining the City will comply with the Voluntary Alternative Redevelopment Program for the next Joint Regular Meeting of the City Council/ Redevelopment Agency to be held Thursday, September 8, 2011.

The motion carried on the following vote: AYES: Directors Termini, Nicol, Storey, and Chairperson Norton. NOES: None. ABSENT: Director Harlan. ABSTAIN: None.

5. **OTHER BUSINESS** - None6. **COUNCIL/RDA DIRECTORS/STAFF COMMUNICATIONS**

A. Steve, a resident of Depot Hill, asked if the plastic doggie bags had been cut from the budget and whether the City replenishes the bags when they are gone. Public Works Director Jesberg said the city does supply those doggie bags, and he would see to it that the crew refills the containers soon.

B. Council Member Termini said he was sorry to make this oral communication after Sandy Williams has left the meeting, but he wished to note that the only way the City Council could continue Public Hearing Item 4.A. was to do so at tonight's meeting. Once it was agendized, the item could not be continued without action to do so by the City Council.

7. **ADJOURNMENT**

The City Council/Redevelopment Agency Meeting was adjourned at 7:56 p.m. its next Regular Joint Meeting to be held on Thursday, September 8, 2011, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

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Dennis R. Norton, Mayor  
Redevelopment Agency Chairperson

ATTEST:

\_\_\_\_\_, MMC  
Pamela Greeninger, City Clerk  
Redevelopment Agency Secretary

**THE MINUTES WERE APPROVED ON SEPTEMBER 8, 2011, WITH COUNCIL MEMBER HARLAN ABSTAINING SINCE SHE WAS ABSENT**



## CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 8, 2011

FROM: COMMUNITY DEVELOPMENT DIRECTOR  
DATE: SEPTEMBER 2, 2011  
SUBJECT: PLANNING COMMISSION ACTION MINUTES OF SEPTEMBER 1, 2011

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

Commissioners: Graves, Routh, Smith and Chairperson Ortiz  
Absent: Newman  
Staff: Community Development Director Johnson  
Senior Planner Bane  
Minute Clerk Uharriet

**2. ORAL COMMUNICATIONS**

A. Additions and Deletions to Agenda - NONE

B. Public Comments – Eduardo Martinez, new Chairperson of the Palo Alto Planning Commission, commented on the City of Palo Alto's initial comprehensive planning process.

C. Commission Comments - NONE

D. Staff Comments - NONE

**3. APPROVAL OF MINUTES**

A. August 4, 2011 Regular Planning Commission Meeting

**APPROVED 4-0, WITH CHANGES.**

**Commissioner Graves clarified: Page 1, Item 4.A. "Commissioner Graves clarified that the ordinance permits one monument sign per property. Staff stated that BevMo shares a monument sign with McDonald's, and will not be permitted a ~~sign space~~ second sign on the new Capitola Station monument sign."**

**4. CONSENT CALENDAR**

**A. 1545 LINCOLN AVENUE**

**#11-071**

**APN: 034-041-14**

Design Permit to demolish a single-family residence and construct a new two-story single-family residence in the R-1 (Single-Family Residence) Zoning District.

Environmental Determination: Categorical Exemption

Property Owner: Santa Cruz Capital, LLC/ Peter Tiemann, filed 6/29/11

Representative: Frank Ho



**APPROVED 3-0, COMMISSIONER SMITH RECUSED**

**5. PUBLIC HEARINGS**

**A. 1066 41<sup>st</sup> AVENUE, A105 #11-062 APN: 034-071-01**

Sign Permit for a take-out restaurant use (Amazon Juice) with outdoor seating in the CC (Community Commercial) Zoning District.  
Environmental Determination: Categorical Exemption  
Property Owner: Joao Luiz Freta, filed 6/7/11  
Representative: Steve Elmore

**CONTINUED TO THE OCTOBER 6 OR 20, 2011 MEETING.**

**B. 104 FAIRVIEW AVENUE #11-085 APN: 036-111-13**

Design Permit to construct a new deck and retaining wall for a single-family residence in the R-1 (Single-Family Residence) Zoning District.  
Environmental Determination: Categorical Exemption  
Property Owner: John Gachina, filed 8/11/11  
Representative: Jerry Allison

**APPROVED 4-0 WITH ADDITIONAL CONDITIONS.**

3. **The lighting plan shall be submitted for review and approval to the Community Development Director for any external lighting. Landscape lighting shall be fully shielded.**
8. **The applicant shall provide a detailed drainage plan for the dissipation system and how it will handle large rain event overflow.**
9. **The City shall monitor the drainage at the bottom of the western slope of the property line, adjacent to the Porter Path, for two years, and the applicant shall be required to install drainage and or a retaining wall to address erosion or drainage problems at the discretion of the Public Works Director**
10. **The waddle at the base of the western slope shall be removed and replaced with stabilizing material to be approved by the Public Works Director within six (6) months of this permit approval.**

**C. 421-B CAPITOLA AVENUE #11-088 APN: 035-131-27**

Conditional Use Permit and Sign Permit for a take-out restaurant in the CN (Neighborhood Commercial) Zoning District.  
Environmental Determination: Categorical Exemption  
Property Owner: John Gryspas, owner/filed: 8/16/11  
Representative: Edwardo Martinez Architects

**APPROVED 3-0, COMMISSIONER GRAVES RECUSED.**

**D. 1575 38<sup>th</sup> AVENUE #11-060 APN: 034-181-17**

Preliminary Development Plan for a proposed Planned Development Rezoning to construct a four story, 67-unit senior housing project in the CN (Neighborhood Commercial) Zoning District.

Property Owner: Maureen A. Romac, filed 6/3/11

Representative: Steve Thomas

**NO ACTION REQUIRED.**

**6. ZONING ORDINANCE DISCUSSION**

- A. Chapter 17.15 R-1 Single-Family Residence District
- B. Chapter 17.18 R-M Multiple-Family District
- C. Chapter 17.19 TRO Transient Rental Use Overlay District
- D. Chapter 17.21 C-V Central Village District
- E. Chapter 17.22 C-R Commercial/Residential

**7. DIRECTOR'S REPORT**

**8. COMMISSION COMMUNICATIONS**

**9. ADJOURNMENT**

Adjourn to a Regular Meeting of the Planning Commission to be held on Thursday, October 20, 2011 at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.



Item #: **3.D.**

## **CITY COUNCIL AGENDA REPORT**

**MEETING OF SEPTEMBER 8, 2011**

FROM: DEPARTMENT OF PUBLIC WORKS  
DATE: SEPTEMBER 2, 2011  
SUBJECT: RISPIN PROPERTY HAZARD ABATEMENT UPDATE NO. 13

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**Recommended Action:** By motion and roll call vote, take the following actions:

1. Accept this update report on the Rispin Property Hazard Abatement Project, and
  2. By 4/5 approval, make the determination that all hazards at the Rispin Property as detailed in the March 1, 2011, Notice of Summary Abatement Order to Abate Dangerous Buildings and Grounds have not been eliminated and that there is a need to continue action.
- 

### **BACKGROUND**

On March 10, 2011, the City Council adopted Resolution No. 3859 declaring that an emergency condition exists as a result of the receipt of an Order to Abate Hazardous Conditions at the Rispin Mansion Property. Pursuant to Public Contracting Code Section 22050 the City Council must review this action at each subsequent regularly scheduled meeting and by 4/5 vote authorize work to continue under the emergency declaration.

### **DISCUSSION**

Project status:

A second delivery of the roof trusses are anticipated in the second week of September for completion of the new roof on the mansion. Upon completion of the roof, lighting will be installed inside the mansion and fences and rails installed per plan.

### **FISCAL IMPACT**

Contracts in the amount of \$650,000 have been issued. As of September 2, 2011, there has been \$318,061.90 in invoices paid.

**ATTACHMENTS** – None

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

**Reviewed and Forwarded  
By City Manager:**

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Item #: 4.A.

## CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 8, 2011

FROM: OFFICE OF THE CITY CLERK

DATE: SEPTEMBER 1, 2011

SUBJECT: CONTINUED PUBLIC HEARING TO CONSIDER ADOPTION OF ORDINANCE REPEALING CHAPTER 2.18 OF THE CAPITOLA MUNICIPAL CODE PERTAINING TO MOBILE HOME PARK RENT STABILIZATION [2<sup>nd</sup> READING]

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**Recommended Action:** By motion and roll call vote, consider final adoption of the proposed Ordinance Repealing Chapter 2.18 of the Capitola Municipal Code pertaining to the Mobile Home Park Rent Stabilization, as submitted.

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### **BACKGROUND**

This item was continued from the City Council's meeting of August 25, 2011, in order to have a full Council present for consideration of this item.

### **DISCUSSION**

The draft ordinance with corrected second reading date, the August 25 Agenda Report, and correspondence received by the City Council after the August 25<sup>th</sup> meeting pertaining to this item is attached.

The action taken on August 11, 2011, is as follows:

**ACTION:** Council Member Nicol moved, seconded by Council Member Termini, to pass the proposed Ordinance Repealing Chapter 2.18 of the Capitola Municipal Code Pertaining to Mobile Home Park Rent Stabilization to a second reading, as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, and Mayor Norton. NOES: Council Member Harlan. ABSENT: Council Member Storey. ABSTAIN: None.

The proposed ordinance is before the City Council for its second reading and final adoption. If adopted, the ordinance will take effect in thirty (30) days, on October 8, 2011.

### **ATTACHMENTS**

1. Draft Ordinance
2. August 25, 2011 Agenda Report
3. Correspondence received after the August 25 meeting

**Report Prepared By:** Pamela Greeninger, MMC  
City Clerk

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

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
REPEALING CHAPTER 2.18 OF THE CAPITOLA MUNICIPAL CODE  
PERTAINING TO MOBILE HOME PARK RENT STABILIZATION**

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

Section 1. Chapter 2.18 of the Capitola Municipal Code pertaining to Mobile Home Park Rent Stabilization is hereby repealed in its entirety.

Section 2. This ordinance shall take effect and be in full force thirty (30) days after its final adoption.

This ordinance was introduced on the 11<sup>th</sup> day of August, 2011, and was passed and adopted by the City Council of the City of Capitola on the 8<sup>th</sup> day of September, 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

\_\_\_\_\_  
Dennis R. Norton, Mayor

ATTEST:

\_\_\_\_\_, MMC  
Pamela Greeninger, City Clerk



## CITY COUNCIL AGENDA REPORT

### MEETING OF AUGUST 25, 2011

FROM: CITY ATTORNEY

DATE: AUGUST 12, 2011

SUBJECT: ORDINANCE REPEALING CHAPTER 2.18 OF THE CAPITOLA MUNICIPAL CODE PERTAINING TO MOBILE HOME PARK RENT STABILIZATION [2<sup>nd</sup> READING]

**Recommended Action:** By motion and roll call vote, consider final adoption of the proposed Ordinance Repealing Chapter 2.18 of the Capitola Municipal Code pertaining to the Mobile Home Park Rent Stabilization, as submitted.

#### **BACKGROUND**

On August 11, 2011 City Council passed the first reading of an ordinance to repeal Chapter 2.18 of the Capitola Municipal Code pertaining to Mobile Home Park Rent Stabilization. The Rent Stabilization Ordinance was originally adopted in 1979 to protect lower-income park residents from unreasonable rent increases in the City's nine privately owned mobile home parks.

With the recent nonprofit acquisition of Castle, all but three of those nine parks are now under direct resident control or are owned by a nonprofit. All of those acquisitions involved either the investment of City funding, or coordination by City staff to help park tenants negotiate the best possible transaction to acquire the park. The following chart summarizes the status of the nonresident owned parks in the City.

Park	Current Park Status	Notes
Castle	Currently exempt from rent control	<ul style="list-style-type: none"> <li>Nonprofit acquisition complete, litigation ended.</li> </ul>
Cabrillo	Exempt from rent control when Park owner has offered all qualified residents ordinance-compliant leases prior to Aug. 25 hearing	<ul style="list-style-type: none"> <li>All but two tenants have signed 12-year tenant-owner negotiated leases.</li> <li>Pending litigation ended.</li> <li>Repeal of rent control would not affect existing signed leases.</li> </ul>
Surf and Sand	Exempt from rent control as park owner indicates all qualified residents have been offered ordinance-compliant leases	<ul style="list-style-type: none"> <li>Litigation with park owner ended.</li> <li>Repeal of rent control would not affect settlement agreement nor existing signed leases.</li> </ul>
Pacific Cove	Currently subject to rent control	<ul style="list-style-type: none"> <li>Rents set by City.</li> <li>Hearing to consider park closure planned for Fall, 2011</li> </ul>

A group of tenants at Surf and Sand have filed a lawsuit against the City regarding the Ordinance implementing the Surf and Sand settlement agreement. These tenants contend that the amended Rent Stabilization Ordinance should also benefit part time park residents and tenants who own

other residential real property, and offer them the same protections as low income full time residents. The City, for legal reasons previously explained to these tenants, strongly disagrees with their interpretation of the state law. The first phase of the lawsuit is scheduled for trial on August 26, 2011. The City can expect to incur significant litigation costs in defending the lawsuit which will be payable out of the General Fund.

In addition, another group of residents at Surf and Sand have now filed a lawsuit against the Park owner, contending the leases the Park owner offered do not comply with State law or the City's Ordinance. The Park owner has indicated he would cross complain, bringing the City into that lawsuit. While the City believes the existing settlement agreement precludes such an action, should the Park owner so cross complain it will result in additional General Fund litigation expenditures.

### **DISCUSSION**

There is no requirement that a jurisdiction have rent control. Repealing the Mobile Home Park Rent Stabilization Ordinance at this time would in all likelihood have the effect of mooted the two above-referenced lawsuits, thereby minimizing future legal expenses.

At the August 11 hearing City Council received a report regarding the proposed ordinance, and heard from members of the public. After considerable Council discussion, the following action was taken:

**ACTION:** Council Member Nicol moved, seconded by Council Member Termini, to pass the proposed Ordinance Repealing Chapter 2.18 of the Capitola Municipal Code Pertaining to Mobile Home Park Rent Stabilization to a second reading, as submitted. The motion carried on the following vote: AYES: Council Members Termini, Nicol, and Mayor Norton. NOES: Council Member Harlan. ABSENT: Council Member Storey. ABSTAIN: None.

The proposed ordinance is before the City Council for its second reading and final adoption. If adopted, the ordinance will take effect in thirty (30) days, on September 24, 2011.

### **ATTACHMENTS**

1. Draft Ordinance
2. Correspondence

**Report Prepared By:** John Barisone  
City Attorney

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

**Greeninger, Pam**

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**From:** Sandy Williams [sandycapitola@yahoo.com]  
**Sent:** Sunday, August 28, 2011 9:13 PM  
**To:** City Council  
**Subject:** Fw: Rent Control Promises

Good Evening,

I just received this email today from one of our struggling Low Income Resident's in Surf and Sand MHP.

It is a friendly reminder of the words spoken to the people of Capitola in the past from the candidates running for City Council.

Many Seniors, Disabled and the Elderly who own mobile homes in Capitola, relied on these candidates following through on their representations and protecting the home owners from these "self interest Park Owners".

Sincerely,  
Sandra Williams  
Capitola's Advisory Council on Aging  
City Representative and Advocate for Seniors and the Disabled

----- Forwarded Message -----

**From:** Carolyn Hightower <pollyshaun@yahoo.com>  
**To:** Sandy Williams <sandycapitola@yahoo.com>  
**Sent:** Sunday, August 28, 2011 9:16 AM  
**Subject:** Rent Control Promises

### *The who's who and what's what in the Capitola and Watsonville city council races*

Behold Part One of Good Times' election guide, where readers can feast on Q&As with city council candidates and, hopefully, get a better idea of who to vote for. This week we grill the candidates for Capitola (below) and Watsonville (left). (Scotts Valley had two incumbents running unopposed—they both got their seats back, so we'll forgo the coverage.) Check back next week for Part Two of the election guide, where you'll find information on candidates for Santa Cruz City Council, Santa Cruz County Board of Supervisors, and important state ballot measures. **CAPITOLA**

Four contenders are vying for three city council seats in this race: Current Mayor Sam Storey, incumbent Michael Termini, and former councilmembers Bob Begun and Stephanie Harlan.

**GT:** At this time, the Surf and Sand mobile home park litigation has cost nearly \$800,000. If you are elected to the city council, what will you do in regard to this situation? What is your stance on affordable housing in general in Capitola?

**Begun:** To resolve the Surf and Sand issue I plan to ask the park owners, the mobile home owners, city staff and the attorneys to a meeting to work out a compromise. Capitola has affordable housing in the mobile home parks and in several apartment type buildings to which Capitola has provided significant funds for purchase and renovations. Capitola should continue these efforts.

**Termini:** The city should double its efforts in assisting the park residents purchasing the park. There are many funding sources at our disposal and until all parks are resident-owned we will be continually defending our rent-control position. The affordable housing is a vital part of Capitola's diversity and we must continue to defend it.



**Storey:** Over the last 10 years, the owners of Surf and Sand and Castle mobile home parks have filed many lawsuits to end Capitola's mobile home rent control ... The aim of the park owners is to make the cost of litigation so expensive that Capitola will be forced to "throw in the towel."

The city should not allow the narrow self-interest of a few park owners to destroy the equity and lives of many park residents. If re-elected, I will work to see that the city diligently defends against these lawsuits, manages the suits so that the costs of litigation are controlled, develop an effective litigation strategy and look for settled solutions to this problem. The best solution is to have the residents purchase the park at fair prices. In order to accomplish this we will need to have continued success in the courts and help the residents with a financing plan.

**Harlan:** The city was sued when the Mobile Home Rent Control Ordinance was first enacted, and it was successfully upheld in court as being legal and proper. The ordinance was used as a model by other cities because of this successful litigation. Since 2001, the owners of [several mobile parks] have sued the city largely to harass the city and the residents. The strategy of many park owners statewide is to make small cities spend so much money defending their ordinances that they will give up and end rent control. Capitola mobile home residents wisely agreed to an administrative services fee that has provided almost half of the monies spent on legal fees. This fee may be increased soon, which will provide additional monies for the city. I have strongly supported the use of redevelopment housing funds to help the mobile home owners buy their parks.

205 Terrace Way  
Capitola, 95010

RECEIVED

AUG 29 2011

CITY OF CAPITOLA

Santa Cruz Sentinel  
Capitola City Council

To Whom It May Concern:

Stephanie Harlan is the only member of the city council with the integrity and grit not to cave in to legal blackmail and refuse to vote to rescind rent control. As to the rest of the council, I am ashamed. The council was elected to represent all the people, including those who cannot defend themselves. The physically, mentally and financially challenged who live in rentals they can afford have no recourse when the city they live in has no regard for them.

I propose that this issue go on the next ballot so that the people can speak; that there be a percentage limit on how much rents can be raised; that non-people oriented proposals be shelved in order to have monies to cover blackmailing legal shenanigans. The next election should reflect expounding decisions of this council.

Joan Teardall  
August 28, 2011

## Greeninger, Pam

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**From:** Sharon Shelgren [sshelgren@comptraining.com]  
**Sent:** Wednesday, August 31, 2011 11:41 AM  
**To:** City Council  
**Subject:** court decision

I am forwarding you a message from one of the park residents. What you are doing is reprehensible and reminds me of what transpires in 3<sup>rd</sup> world countries and the Gulag in Germany. **CONGRATULATIONS ON THE LEGACY YOU WILL BE REMEMBERED BY**

**From:** Stknggram@aol.com  
**To:** kenoscarmark@comcast.net  
**Sent:** Tuesday, August 30, 2011 5:03:27 PM  
**Subject:** Fwd: Court Judgment

My mother has bravely fought both this battle and her battle with bladder cancer for the past 2 years. I have already lost a father due to this stress. I WILL NOT lose a mother. I can no longer stand by and watch this pain continue. God Bless you all. Whatever happens....it will happen without US. The pain and stress must stop...for us. I apologize but we will NOT be continuing in this fruitless battle. We will try to enjoy whatever time we have left. Please feel free to forward this to any and all residents. DONE!

Mark McClelland

**FOLLOW THE MONEY KIRBY NICHOL REALTOR WILL PROBABLY SELL THE DEVELOPMENT REED BUILDS WITH DENNIS NORTON'S EXPERTISE OF DESIGNS AND MICHAEL TERMINI'S ELECTRICAL COMPANY WILL GET THE WORK ALL BEHIND THE SCENES ALLIED WITH BARRY SWENSON OR ANOTHER BUILDER OF HIS ILK.**

**DON'T THINK THAT WE DON'T KNOW WHAT IS GOING ON.**

**Sharon Shelgren**  
President  
Computer Training Consultant  
1245 S Winchester Blvd. Ste 300  
San Jose, CA 95128

ph. 408.380.0600  
fx. 408.380.0603  
cell 408.406.8909

## Greeninger, Pam

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**From:** Shannon Whitaker [shannonwhitaker831@gmail.com]  
**Sent:** Wednesday, August 31, 2011 10:00 PM  
**To:** City Council  
**Cc:** jacob.bourne@patch.com; Goldstein, Jamie; Johnson, Derek; Phil Crawford; tlapan@santacruzsentinel.com  
**Subject:** rent control

Dear Council Members, who coincidentally were elected by the very people you are ruining.

God help you if you put elderly and disabled people out on the street. God. Help. You.

God help you, Mayor Norton if your architectural firm gets ANY contract even remotely having to do with the Surf and Sand property.

God help you, Mike Termini if TriAd Electric gets ANY electrical contract having to do with Surf and Sand property.

All I can say is shame on you, and how can you sleep at night?

I say, we impeach you all immediately.

You have failed those people terribly and you should be ashamed.

With utter disgust,

--

Shannon Whitaker

## Greeninger, Pam

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**From:** Geni Calande [eugenia327@comcast.net]  
**Sent:** Thursday, September 01, 2011 11:16 AM  
**To:** Storey, Sam  
**Cc:** City Council; Johnson, Derek; Goldstein, Jamie  
**Subject:** Sept.1 Santa Cruz Sentinel article

Dear Sam,

I read with great interest your comments quoted at the end of Jessica Pasko's Sentinel article today. You were quoted as saying you felt for the residents BUT (emphasis mine) still believed the right decision was made. You continued, "It's an important ruling because I believe local governments need to be able to direct how our public resources are being used".

I couldn't agree more, Sam. I'm just concerned that you didn't finish your sentence. I think you left out ..."as long as those resources don't violate the rights of members of that public". Of course that's what you meant, isn't it?

Since the rights of several dozen Surf&Sand residents and several thousand Capitola voters are being at least abridged, if not outright violated, you might want to reconsider your statement about allocation of "public resources".

Sincerely,

Eugenia Calande  
750 47th. Ave. #42  
Capitola, CA 95010

P.S. While you're reading the Sentinel, you might want to read Joan Lundell's letter to the editor about the same subject. She is another member of the public who seems to disagree with Capitola's abandonment of rent control and quashing of public input.



## CITY COUNCIL/RDA AGENDA REPORT

MEETING OF SEPTEMBER 8, 2011

FROM: COMMUNITY DEVELOPMENT DEPARTMENT

DATE: SEPTEMBER 2, 2011

SUBJECT: JOINT PUBLIC HEARING TO CONSIDER ADOPTION OF AN CONDITIONAL ORDINANCE TO IMPLEMENT ABX1 27 - THE VOLUNTARY ALTERNATIVE REDEVELOPMENT PROGRAM ESTABLISHED AS PART OF STATE'S FY 2011-2012 BUDGET IN ORDER TO ALLOW FOR THE CONTINUED EXISTENCE AND OPERATION OF THE REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA

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**Recommended Action:** By motion and roll call vote, that the City Council take the following actions:

1. Adopt the proposed Uncodified Ordinance of the City Council Determining it will comply with the Voluntary Alternative Redevelopment Program pursuant to Part 1.9 of Division 24 of the California Health and Safety Code in Order to permit the continued existence and operation of the Redevelopment Agency of the City of Capitola, as submitted; and
2. Direct staff to return with the necessary City Council and RDA resolutions and agreements to implement the Voluntary Alternative Redevelopment Program for approval at the second reading of the Ordinance.

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### **BACKGROUND**

On January 11, 2011, Governor Brown released a proposed FY2011-2012 budget that included a proposal to abolish all California Redevelopment Agencies as of June 30, 2011. In the preceding months, the legislature, CRA and the California League of Cities worked to develop an alternative proposal. Two bills were ultimately passed and signed into law as part of the state's budget.

ABX1 26 immediately limits agencies' ability to operate and dissolves all California redevelopment agencies effective October 1, 2011. However, ABX1 27 allows California redevelopment agencies to avoid dissolution by having the City Council adopt an ordinance to participate in an alternative "voluntary" redevelopment program (Voluntary Program) requiring annual contributions to local schools and special districts. The State Legislature anticipates that if all California redevelopment agencies opted to join the Voluntary Program in 2011-12, statewide payments would total \$1.7 billion.

As of June 28, 2011, ABX1 26 froze all Agency activity except for actions required to carry out "enforceable obligations," such as payments required by contracts previously entered into (i.e. Millennium Castle Mobile Estates Loan Agreement) and reimbursement agreements for staffing. However, the Agency has not been able to make even minor changes in existing agreements. The legislation allows the Agency to return to normal operations upon enactment of an ordinance agreeing to the Voluntary Program.

If the City does not opt into the Voluntary Program, the Redevelopment Agency will be dissolved as of October 1, 2011, and all of its assets will be transferred to a "Successor Agency." The City may choose to be the Successor Agency, but its activities would be subject to approval by an Oversight Board composed of seven members appointed by: the County Board of Supervisors, the Superintendent of Education, the Chancellor of the California Community Colleges, and the City of Capitola (only 2 members). The City could also choose to carry out the housing obligations of the Agency, but any Housing Fund balances would go to the successor agency, and the City would receive no future tax increment revenue to use for housing. If the Agency is to dissolve, the City must decide whether or not to act as the successor agency by September 1.

With the Oversight Board composition, there is no guarantee the interests of a particular community would be reflected. In fact, the Board's primary purpose is quickly to dissolve an Agency and to dispose of its assets. The proceeds from the sale of assets, and the Agency fund balances, would be transferred to the County Auditor-Controller for disbursement to other taxing entities such as school and fire districts.

While ABX1 26 allows cooperation agreements and reimbursement agreements for staffing to remain in effect until October 1, 2011, after that date nearly all agreements between the City and the Agency will be considered invalid, unless the Agency enters into the Voluntary Program. The Oversight Board could direct that any agreements between the former Agency and other public agencies be terminated and even require that agreements with private parties be terminated after payment of any required compensation.

ABX1 26 declares that any transfer of assets from the redevelopment agency after January 1, 2011 is unauthorized, and grants the State Controller authority to order the City or any other public agency that received property from the Agency after January 1, 2011 to return the transferred funds or property back to the Successor Agency.

While ABX1 26 will result in the dissolution of the Agency, ABX1 27 allows the Agency to continue if an ordinance is adopted and payments as published by the State Department of Finance are paid each fiscal year. Technically, the Agency would pay the City who then in turn would pay the County Auditor-Controller, who would distribute the funds to taxing entities.

On July 18, CRA and the League of California Cities filed a petition with the California Supreme Court to overturn both ABX1 26 and ABX1 27 as unconstitutional. The Cities of San Jose and Union City joined the plaintiffs against the State of California. The outcome of the litigation is uncertain and may take months if not years to resolve.

The California Supreme Court issued a partial stay regarding suspension of the effectiveness of AB1X 26-27 until it can rule on the constitutionality of these two bills. The City Council and Agency were scheduled to consider an urgency ordinance and corresponding agreements that evening. Staff advised the City Council and Agency that the matter should be continued until attorneys could study the provisions of the Court's order to determine exactly what can and cannot do during the stay. Based on attorney review, it was determined that the City and Agency should conditionally adopt an ordinance and related agreements pending the California Supreme Court's decision.

## **DISCUSSION**

The choice given to the City is to cease Agency operations and risk the loss of funding for important programs and financial transactions between the City and Agency or adopt an ordinance allowing participation in the Voluntary Program. Given these two options, staff recommends the City conditionally adopt an Ordinance to participate in the Voluntary Program, which would be valid should the California Supreme Court determine that AB1X26-27 are determined to be valid. If they are found to be valid, without such an Ordinance, a number of negative effects would occur following such a finding:

1. All assets would be transferred to the Successor Agency, approximately \$2.5 million<sup>1</sup> as of June 30, 2011. In addition, multi-year capital projects (i.e. Clares Road and Rispin Mansion) would be unfunded.
2. No affordable housing tax increment (~\$480,000 annually), assuming the City/Agency Cooperation Agreement is invalidated, would be available for housing programs and projects, including the newly developed Home Park Rental Assistance Program administered through the Housing Authority.
3. The State Controller would likely order the City to turn the Rispin property over to the Successor Agency, as ABX1 26 directs the Controller to reverse all transfers since January 1, 2011.
4. No new economic development, infrastructure or other projects could be initiated by the Agency.
5. Library payments to the County for the new library could be subject to challenge, however staff and legal review believe that this agreement is more likely to remain in effect.

While the Voluntary Program payments will impact the Agency's ability to fund new projects for the foreseeable future, any new property tax increment will continue to be directed towards Capitola projects and programs, and control will remain with the City Council rather than a new Oversight Board. In addition, the Agency's affordable housing funds will remain intact and available to fund local affordable housing activities. Adopting the Ordinance will allow the Agency's activities to continue should the California Supreme Court determine. The proposed Ordinance contains language that will suspend participation in the Voluntary Program if ABX1 26 and/or ABX1 27 are ruled unconstitutional.

Current estimates anticipate the Agency has the cash and ongoing revenues necessary to participate in the Voluntary Program and continue existing projects and programs, service debt, make required pass-thru payments and continue programs.

It should be noted there are also drawbacks to participation in the Voluntary Program. Specifically:

- If the Voluntary Program is found to be overly burdensome, the City Council may later rescind participation in the program; however the first year's Voluntary Payment would use a substantial amount of the Agency's cash reserves and limit the Agency's ability to repay the existing City loans.
- Based on cash flow projections, the City would never be fully repaid for the Agency debt. However, the final principal payments, coupled with the annual interest payments, would result in a total repayment of \$2.8 million<sup>2</sup> to the General Fund over the next 10-years for repayment of debt.
- It appears unlikely the Agency could fully fund the existing agreement with Macerich for Mall redevelopment, without further reducing the amount of funding the Agency ultimately transfers to the City General Fund for debt repayment. However, given the importance of the Mall to the economic viability of the City, the City may wish to consider funding public improvements necessary to facilitate Mall redevelopment through the CIP and General Fund in the future.
- In future years, the State could increase the financial payments due to the state, further impairing the Agency's ability to meet its obligations, most notably the debt payments due to the City.

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<sup>1</sup> Total assets were \$3.3 million, with \$840,000 of RDA money contractually committed to Millennium Housing for the acquisition of Castle Mobile Home Estates.

<sup>2</sup> \$1.9 million of principal is owed to the City



Nevertheless, even factoring in these potential drawbacks, staff recommends the Council conditionally participate in the Voluntary Program to maintain control of the significant financial resources and assets described above, while also gaining some time to carefully tailor future redevelopment activities.

### **ORDINANCE**

The August 11, 2011 ordinance was crafted as an urgency ordinance that would have taken effect immediately so that the Agency could continue to address blight and fund housing programs. The California Supreme Court's partial stay and the current briefing schedule indicate that a court decision is unlikely within the next 30 days. Given the events that have transpired since the Ordinance was first introduced, it has been rewritten as a uncodified regular ordinance that will require two hearings and will only take effect should the California Supreme Court determine that the bills authorizing its approval is valid. As Staff mentioned at the August 25, 2011 hearing, only payments specified on the Enforceable Obligations Payment Schedule entered into prior to June 28, 2011 will be made, and only those that are necessary to meet the Agency's immediate commitments.

### **FISCAL IMPACT**

The Agency provides funding for critical City infrastructure and programs that eliminate blight and preserve affordable housing; including the Clares Street improvements and Rispin Project both address blight. Absent the Agency's commitment of \$665,000 in funding for 2010-11, these projects would not be completed. Moreover, the Agency's annual funding and commitment to housing programs helps preserve and develop lower income housing throughout the City, helping the City meet its RHNA obligation.

Staff has prepared a preliminary estimate of the impacts associated with making the Voluntary Program payments. The payment for 2011-2012 is currently estimated to be \$798,547. Current calculations indicate the Agency has sufficient funds to enter into the Voluntary Program. If annual Voluntary Program payments remain at forecasted amounts, it is estimated the Agency could meet its current level of pass throughs, debt obligations, library trust fund payments, affordable housing programs and minimal operational expenditures.

The City Council and Agency were scheduled to consider the adoption of resolutions and agreements to obligate the Agency to annually transfer the voluntary payment and change the allocation of funding for the Low and Moderate Housing Fund and substitute funding with a loan from the City's Housing Trust Fund. Staff continues to recommend that these resolutions and contracts be approved, but only conditionally, and concurrent with the 2<sup>nd</sup> reading of the Ordinance.

The Agency's two debt obligations to the City provide interest payments of \$152,500 per fiscal year to the General Fund. Additionally, the City receives approximately \$275,000 per fiscal year in funding to administer the Agency and manage affordable housing programs and projects. Should the Agency elect to dissolve, and the Cooperation Agreements are determined to be invalid, General Fund revenues would be reduced by \$427,500/yr. and no further payments would be made on the entire outstanding \$1.9 million dollars in loans due to the City. By electing to participate in the Voluntary Program, the City would receive the annual loan interest payments plus partial principal payments and fund library trust fund and affordable housing programs. The attached cash flow projected through the projected end date of the Agency is included as Attachment 2.

**ATTACHMENTS**

1. Draft Ordinance
2. Projected Agency cash flow

**Report Prepared By:** Derek Johnson  
Community Development Director/  
Deputy Executive Director

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

\_\_\_\_\_

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**ORDINANCE NO. \_\_\_\_\_**

**AN UNCODIFIED ORDINANCE  
OF THE CITY COUNCIL OF THE CITY OF CAPITOLA, CALIFORNIA,  
DETERMINING IT WILL COMPLY WITH THE VOLUNTARY ALTERNATIVE  
REDEVELOPMENT PROGRAM PURSUANT TO PART 1.9 OF DIVISION 24  
OF THE CALIFORNIA HEALTH AND SAFETY CODE IN ORDER TO PERMIT  
THE CONTINUED EXISTENCE AND OPERATION OF THE  
REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA**

**WHEREAS**, the City Council of the City of Capitola (“City”) approved and adopted the Redevelopment Plan on June 24, 1982 Redevelopment Project (“Redevelopment Plan”) covering certain properties within the City (the “Project Area”); and

**WHEREAS**, the City adopted amendments to the Redevelopment Plan for the Capitola Redevelopment Project Area on February 14, 1985, January 1, 1995 and July 22, 2004; and

**WHEREAS**, the Redevelopment Agency of the City of Capitola (“Agency”) is engaged in activities to execute and implement the Redevelopment Plan pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, et seq.) (“CRL”); and

**WHEREAS**, since adoption of the Redevelopment Plan, the Agency has undertaken redevelopment projects in the Project Area to eliminate blight, to improve public facilities and infrastructure, to renovate and construct affordable housing, and to enter into partnerships with the private sector to create jobs and expand the local economy; and

**WHEREAS**, over the next few years, the Agency will implement a variety of redevelopment projects and programs to continue to eliminate and prevent blight, improve transportation safety and alleviate traffic congestion, stimulate and expand the Project Area’s economic growth, create and develop local job opportunities and alleviate deficiencies in public infrastructure, implement housing programs to preserve affordable housing; and

**WHEREAS**, as part of the 2011-12 State budget bill, the California Legislature has recently enacted and the Governor has signed, companion bills AB 1X 26 and AB 1X 27, requiring that each redevelopment agency be dissolved unless the community that created the agency enacts an ordinance committing the community to make certain payments; and

**WHEREAS**, specifically, AB 1X 26 prohibits agencies from taking numerous actions, effective immediately and purportedly retroactively, and additionally provides that agencies are deemed to be dissolved as of October 1, 2011; and

**WHEREAS**, AB 1X 27 provides that a agency may participate in an “Voluntary Alternative Redevelopment Program,” in order to enable a redevelopment agency within that community to remain in existence and carry out the provisions of the CRL, by enacting an ordinance agreeing to comply with Part 1.9 of Division 24 of the Health and Safety Code; and

**WHEREAS**, under the threat of dissolution pursuant to AB 1X 26, and upon the contingencies and reservations set forth herein, through the adoption and enactment of this Ordinance, it is the intent of the City Council to enact the ordinance described in Section 34193(a) of the CRL and to participate for itself and on behalf of the Agency in the Voluntary Alternative Redevelopment Program set forth in Part 1.9 of the CRL; and

**WHEREAS**, pursuant to Section 34193.2(b) of the CRL, the City Council understands that participation in the Voluntary Alternative Redevelopment Program requires remittance of certain payments as set forth in AB 1X 27 and also constitutes an agreement on the part of the City, in the event the City fails to make such remittance payments, to assign its rights to any payments owed by the Agency, including, but not limited to, payments from loan agreements, to the State of California; and

**WHEREAS**, the City reserves the right to appeal the California Director of Finance's determination of the amount of any community remittance, as provided in Health and Safety Code Section 34194; and

**WHEREAS**, City understands that an action challenging the constitutionality of AB 1X 26 and AB 1X 27 has been filed on behalf of cities, counties and redevelopment agencies; and

**WHEREAS**, while the City currently intends to make these community remittances, they shall be made under protest and without prejudice to the City's right to recover such amounts and interest thereon, to the extent there is a final determination that AB 1X 26 and AB 1X 27 are unconstitutional; and

**WHEREAS**, the City reserves the right, regardless of any community remittance made pursuant to this Ordinance, to challenge the legality of AB 1X 26 and AB 1X 27; and

**WHEREAS**, to the extent a court of competent jurisdiction enjoins, restrains, or grants a stay on the effectiveness of the Voluntary Alternative Redevelopment Program's payment obligation of AB 1X 26 and AB 1X 27, the City shall not be obligated to make any community remittance for the duration of such injunction, restraint, or stay; and

**WHEREAS**, on August 11, 2011, the California Supreme Court agreed to review the California Redevelopment Association and League of California Cities' petition challenging the constitutionality of the Redevelopment Restructuring Acts and issued an order granting a partial stay on specified portions of the Redevelopment Restructuring Acts, as modified on August 17, 2011 (the "Stay"), including a stay of the provisions of the Voluntary Program Act.

**WHEREAS**, accordingly, the City Council intends to adopt this Ordinance understanding that it will be effective only upon the lifting of the Stay and the Court's determination that the Voluntary Program Act is constitutional.

**WHEREAS**, all other legal prerequisites to the adoption of this Ordinance have occurred.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CAPITOLA, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:**

**Section 1. Recitals.** The Recitals set forth above are true and correct and incorporated herein by reference.

**Section 2. Participation in the Voluntary Alternative Redevelopment Program.** In accordance with Health and Safety Code Section 34193, and based on the Recitals set forth above, the City Council hereby determines that the City shall comply with the provisions of Part 1.9 of Division 24 of the Health and Safety Code, as enacted by AB 1X 27.

**Section 3. Payment Under Protest.** Except as set forth in Section 4, below, the City Council hereby determines that the City shall make the community remittances set forth in Health and Safety Code Section 4194 *et seq.*

**Section 4. Effect of Stay or Determination of Invalidity.** City shall not make any community remittance in the event a court of competent jurisdiction either grants a stay on the enforcement of AB 1X 26 and AB 1X 27 or determines that AB 1X 26 and AB 1X 27 are unconstitutional and therefore invalid, and all appeals therefrom are exhausted or unsuccessful, or time for filing an appeal therefrom has lapsed. Any community remittance shall be made under protest and without prejudice to the City's right to recover such amount and interest thereon in the event that there is a final determination that AB 1X 26 and AB 1X 27 are unconstitutional.

**Section 5. Implementation.** The City Council hereby authorizes and directs the City Manager to take any action and execute any documents necessary to implement this Ordinance, including but not limited to notifying the Santa Cruz County Auditor-Controller, the Controller of the State of California, and the California Department of Finance of the adoption of this Ordinance and the City's agreement to comply with the provisions of Part 1.9 of Division 24 of the Health and Safety Code, as set forth in AB 1X 27 and to appeal the California Director of Finance's determination of the amount of any community remittance.

**Section 6. Additional Understandings and Intent.** It is the understanding and intent of the City Council that the City will enter into an agreement with the Agency as authorized pursuant to Section 34194.2, whereby the Agency will transfer annual portions of its tax increment to the City in amounts not to exceed the annual community remittance payments to enable the City, directly or indirectly, to make the annual remittance payments. The City Council does not intend, by enactment of this Ordinance, to pledge any of its general fund revenues or assets to make the remittance payments.

**Section 7. CEQA.** The City Council finds, under Title 14 of the California Code of Regulations, Section 15378(b)(4), that this Ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") in that it is not a "project," but instead consists of the creation and continuation of a governmental funding mechanism for potential future projects and programs, and does not commit funds to any specific project or program. The City Council, therefore, directs that a Notice of Exemption be filed with the County Clerk of the County of Santa Cruz in accordance with CEQA Guidelines.

**Section 8. Custodian of Records.** The documents and materials that constitute the record of proceedings on which these findings are based are located at the City Clerk's office located at 420 Capitola Ave. Capitola, Ca 95010. The custodian for these records is the City Clerk's Office.

**Section 9. Severability.** If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

**Section 10. Certification: Publication.** The City Clerk shall certify to the adoption of this Ordinance and cause it, or a summary of it, to be published once within 15 days of adoption in a newspaper of general circulation printed and published within the City Capitola, and shall post a certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk in accordance with Government Code § 36933.

**Section 11. Effective Date.** This Ordinance is deemed enacted as of September 22, 2011 for purposes of Section 34193(a) of the Redevelopment Law, and shall become effective thirty (30) days from its adoption, conditioned upon the lifting of the Stay and the Court's determination that the Voluntary Program Act is constitutional.

This ordinance was introduced on the 8<sup>th</sup> day of September, 2011, and was passed and adopted by the City Council of the City of Capitola on the 22<sup>nd</sup> day of September, 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

\_\_\_\_\_  
Dennis R. Norton, Mayor

ATTEST:

\_\_\_\_\_, MMC  
Pamela Greeninger, City Clerk

<b>RDA OPERATING FUND 5500</b>	<b>2010-11 Estimate</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Total 2010-11 thru 2020-21</b>
Estimated beginning cash	\$ 2,794,200	\$ 2,107,034	\$ 901,387	\$ 946,346	\$ 79,319	\$ 219,960	\$ 357,237	\$ 458,373	\$ 224,681	\$ 700,389	\$ 1,183,090	\$ 2,794,200
Tax Increment	2,383,900	2,400,000	2,500,000	2,512,500	2,525,100	2,537,700	2,550,400	2,563,200	2,576,000	2,588,900	2,169,969	27,307,669
Tax Inc - New Area	-	-	-	-	-	-	-	-	-	-	-	-
LAIF interest	-	10,000	10,000	13,216	8,051	8,933	9,795	10,440	9,076	11,969	13,608	105,088
<b>Total Sources</b>	<b>\$ 5,178,100</b>	<b>\$ 4,517,034</b>	<b>\$ 3,411,387</b>	<b>\$ 3,472,062</b>	<b>\$ 2,612,470</b>	<b>\$ 2,766,593</b>	<b>\$ 2,917,432</b>	<b>\$ 3,032,013</b>	<b>\$ 2,809,757</b>	<b>\$ 3,301,258</b>	<b>\$ 3,366,667</b>	<b>\$ 30,206,957</b>
<b>Expenditures</b>												
Required pass thrus												
Housing Set Aside @ 20%	476,785	340,000	480,000	502,500	505,000	507,500	510,100	512,600	515,200	517,800	434,000	5,301,485
Additional Low/Mod contributions	-	-	60,000	40,000	30,000	-	-	-	-	-	-	130,000
Cooperative Agreement	201,090	200,000	220,980	228,000	229,125	230,220	231,375	232,485	233,625	234,765	197,590	2,439,255
Santa Cruz Ccounty	555,208	560,000	582,500	584,900	587,800	590,800	593,700	596,700	599,700	602,700	505,200	6,359,208
Central Fire Protection District	326,357	336,000	350,000	309,600	311,400	313,100	314,800	316,600	318,300	320,100	262,900	3,479,157
Library District AB8	64,604	62,800	65,400	68,100	68,400	68,800	69,100	69,500	69,800	70,200	58,800	735,504
Special Districts AB8	28,369	27,700	28,900	29,900	30,000	30,200	30,300	30,500	30,700	30,800	25,800	323,169
	1,652,413	1,526,500	1,787,780	1,763,000	1,761,725	1,740,620	1,749,375	1,758,385	1,767,325	1,776,365	1,484,290	18,767,778
Santa Cruz County Prop Tax Admin Fee	34,100	35,000	35,000	39,400	39,600	39,800	40,000	40,200	40,400	40,600	34,100	418,200
ERAF/SERAF/Continuation Pmts	144,752	798,547	189,398	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	2,652,697
Total Pass Thrus	1,831,265	2,360,047	2,012,178	1,992,400	1,991,325	1,970,420	1,979,375	1,988,585	1,997,725	2,006,965	1,708,390	21,838,675
Coop. Agreement Reimbursement	(133,400)	(130,000)	(143,637)	(148,200)	(148,931)	(149,643)	(150,394)	(151,115)	(151,856)	(152,597)	(128,434)	(1,588,207)
<b>Net Pass Thrus</b>	<b>\$ 1,697,865</b>	<b>\$ 2,230,047</b>	<b>\$ 1,868,541</b>	<b>\$ 1,844,200</b>	<b>\$ 1,842,394</b>	<b>\$ 1,820,777</b>	<b>\$ 1,828,981</b>	<b>\$ 1,837,470</b>	<b>\$ 1,845,869</b>	<b>\$ 1,854,368</b>	<b>\$ 1,579,957</b>	<b>\$ 20,250,468</b>
<b>Staffing: RDA Board</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>44,000</b>
<b>Professional Services</b>												
Audit	12,000	5,000	6,200	6,200	6,500	6,500	7,000	7,000	7,000	7,300	7,300	78,000
Attorney	10,000	20,000	20,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	130,000
General Professional (+supplies)	125,000	95,700	89,200	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	789,900
Construction services	100,255	10,400	10,400	-	-	-	-	-	-	-	-	121,055
Rispin Site Planning	25,000	125,000	-	-	-	-	-	-	-	-	-	150,000
Macerich	-	-	-	-	-	-	-	-	-	-	-	-
Library Planning	50,000	100,000	-	-	-	-	-	-	-	-	-	150,000
	\$ 322,255	\$ 356,100	\$ 125,800	\$ 76,200	\$ 76,500	\$ 76,500	\$ 77,000	\$ 77,000	\$ 77,000	\$ 77,300	\$ 77,300	\$ 1,418,955
<b>Debt - Principal &amp; Interest pmts</b>												
\$1,350,000 City Loan (Rispin purch)	104,625	104,600	104,600	104,600	104,600	104,600	104,600	104,600	104,600	104,600	88,910	1,134,935
Principal - \$1,350,000	-	-	-	-	-	-	-	-	-	-	1,350,000	1,350,000
\$1,000,000 Chase NYC TAN Loan	47,500	47,500	47,500	1,035,600	-	-	-	-	-	-	-	1,178,100
\$618,028 City Loan (Bus. Service)	47,895	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	47,900	40,715	519,710
Principal - \$618,028	-	-	-	-	-	-	-	-	-	-	618,028	618,028
City Short Term Operating Loan	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	-	270,000
\$2,640,000 Library Trust	162,900	179,500	211,700	250,243	287,116	325,579	366,577	706,362	-	-	-	2,489,977
Library Distr Yrs 1-20 pass thru	45,910	45,900	-	-	-	-	-	-	-	-	-	91,810
Special District Yrs 1-20 pass thru	20,116	20,100	-	-	-	-	-	-	-	-	-	40,216
	\$ 428,946	\$ 475,500	\$ 441,700	\$ 1,468,343	\$ 469,616	\$ 508,079	\$ 549,077	\$ 888,862	\$ 182,500	\$ 182,500	\$ 2,097,653	\$ 7,692,776
<b>Projects</b>												
Other Redevelopment Projects	618,000	550,000	25,000	-	-	-	-	-	-	-	-	1,193,000
	\$ 618,000	\$ 550,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,193,000
<b>Total Expenditures</b>	<b>\$ 3,071,066</b>	<b>\$ 3,615,647</b>	<b>\$ 2,465,041</b>	<b>\$ 3,392,743</b>	<b>\$ 2,392,510</b>	<b>\$ 2,409,356</b>	<b>\$ 2,459,058</b>	<b>\$ 2,807,332</b>	<b>\$ 2,109,369</b>	<b>\$ 2,118,168</b>	<b>\$ 3,758,910</b>	<b>\$ 30,599,199</b>
<b>Ending cash</b>	<b>\$ 2,107,034</b>	<b>\$ 901,387</b>	<b>\$ 946,346</b>	<b>\$ 79,319</b>	<b>\$ 219,960</b>	<b>\$ 357,237</b>	<b>\$ 458,373</b>	<b>\$ 224,681</b>	<b>\$ 700,389</b>	<b>\$ 1,183,090</b>	<b>\$ (392,242)</b>	<b>\$ (392,242)</b>
<b>Project-to-date Gross Tax Increment</b>	<b>\$ 36,705,331</b>	<b>\$ 39,105,331</b>	<b>\$ 41,605,331</b>	<b>\$ 44,117,831</b>	<b>\$ 46,642,931</b>	<b>\$ 49,180,631</b>	<b>\$ 51,731,031</b>	<b>\$ 54,294,231</b>	<b>\$ 56,870,231</b>	<b>\$ 59,459,131</b>	<b>\$ 61,629,100</b>	
<b>LOW &amp; MODERATE INCOME HOUSING FUND 5550</b>												
Estimated beginning cash	\$ 915,200	\$ 967,735	\$ 2,035	\$ 2,935	\$ 6,335	\$ 2,235	\$ 30,935	\$ 133,195	\$ 291,995	\$ 453,395	\$ 617,395	\$ 915,200
Revenue - Housing Set Aside	476,785	340,000	480,000	502,500	505,000	507,500	510,100	512,600	515,200	517,800	434,000	5,301,485
Revenue - Loan from Housing Trust Fund	-	150,000	-	-	-	-	-	-	-	-	-	150,000
Revenue - Additional funds from RDA Operating	-	-	60,000	40,000	30,000	-	-	-	-	-	-	130,000
<b>Total Sources</b>	<b>\$ 1,391,985</b>	<b>\$ 1,457,735</b>	<b>\$ 542,035</b>	<b>\$ 545,435</b>	<b>\$ 541,335</b>	<b>\$ 509,735</b>	<b>\$ 541,035</b>	<b>\$ 645,795</b>	<b>\$ 807,195</b>	<b>\$ 971,195</b>	<b>\$ 1,051,395</b>	<b>\$ 6,496,685</b>
<b>Expenditures</b>												
Contract Services	230,050	221,500	151,500	151,500	151,500	151,500	151,500	151,500	151,500	151,500	151,500	1,815,050
Training and Supplies	-	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	23,000
Housing Trust Fund repayment (0.5% simple int)	-	-	-	-	-	100,000	54,040	-	-	-	-	154,040
Housing subsidies	145,000	391,900	385,300	385,300	385,300	225,000	200,000	200,000	200,000	200,000	200,000	2,917,800
Housing grants	49,200	840,000	-	-	-	-	-	-	-	-	-	889,200
<b>Total Expenditures</b>	<b>\$ 424,250</b>	<b>\$ 1,455,700</b>	<b>\$ 539,100</b>	<b>\$ 539,100</b>	<b>\$ 539,100</b>	<b>\$ 478,800</b>	<b>\$ 407,840</b>	<b>\$ 353,800</b>	<b>\$ 353,800</b>	<b>\$ 353,800</b>	<b>\$ 353,800</b>	<b>5,799,090</b>
<b>Ending cash</b>	<b>\$ 967,735</b>	<b>\$ 2,035</b>	<b>\$ 2,935</b>	<b>\$ 6,335</b>	<b>\$ 2,235</b>	<b>\$ 30,935</b>	<b>\$ 133,195</b>	<b>\$ 291,995</b>	<b>\$ 453,395</b>	<b>\$ 617,395</b>	<b>\$ 697,595</b>	<b>\$ 697,595</b>
<b>Ending RDA cash - total</b>	<b>\$ 3,074,769</b>	<b>\$ 903,422</b>	<b>\$ 949,281</b>	<b>\$ 85,654</b>	<b>\$ 222,195</b>	<b>\$ 388,172</b>	<b>\$ 591,568</b>	<b>\$ 516,676</b>	<b>\$ 1,153,784</b>	<b>\$ 1,800,485</b>	<b>\$ 305,353</b>	<b>\$ 305,353</b>

(a) 4/26/07 RDA adopted Resolution 2007-5 providing a \$629,059.26 credit in calculating Revenue Limit per CA H&S Code 33333.2/33333.4.



## ATTACHMENT 3

420 Capitola Avenue  
Capitola, California 95010  
Telephone: (831) 475-7300  
FAX: (831) 479-8879  
Website: [www.ci.capitola.ca.us](http://www.ci.capitola.ca.us)

September 9, 2011

Ana Matosantos, Director  
Chris Hill  
Department of Finance  
915 L Street  
Sacramento, CA 95814

John Chiang, Controller  
Jones Kasonso  
California State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250

Mary Jo Walker, Auditor -Controller  
Office of the County Auditor-Controller  
701 Ocean Street, Room 100  
Santa Cruz, CA 95060

Subject: Notice of Enactment of a Continuation Ordinance by the City of Capitola pursuant to Health and Safety Code Section 34193(a) for the continuation of the Redevelopment Agency of the City of Capitola

To Whom It May Concern:

This communication serves as the formal notification that the City Council of the City of Capitola (the "City"), at a public meeting held on August 11 2011, acting under authority of Health and Safety Code Section 34193, enacted Ordinance No. [REDACTED] (the "Continuation Ordinance"), pursuant to which the City elected to participate in the Alternative Voluntary Redevelopment Program pursuant to Part 1.9 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Community Redevelopment Law"). As a result of the City's adoption of the Continuation Ordinance, the Redevelopment Agency of the City Capitola will be exempt from Part 1.8 or Part 1.85 of the Community Redevelopment Law and shall be allowed to continue to operate.

This notice and the enclosed copy of Ordinance No. \_\_\_\_\_, An Uncodified Urgency Ordinance of the City Council of the City of Capitola, California, determining it will comply with the Voluntary Alternative Redevelopment Program pursuant to Part 1.9 of Division 24 of the California Health and Safety Code in Order to Permit the Continued Existence and Operation of the Redevelopment Agency of the City of Capitola, are being sent to you in satisfaction of the requirement of Health and Safety Code Section 34193.1.



September 9, 2011  
Page 2

If you have questions regarding this notice or its contents, please contact Derek Johnson, the city's Community Development Director, at 831-475-7300.

Sincerely yours,

**CITY OF CAPITOLA**

Jamie Goldstein  
City Manager

Enclosure

cc: Derek Johnson



Item #: 5.A.

## CITY COUNCIL AGENDA REPORT

### MEETING OF SEPTEMBER 8, 2011

FROM: CITY MANAGER'S OFFICE

DATE: SEPTEMBER 1, 2011

SUBJECT: ADOPT RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE INTERFUND LOANS TO THE CITY GENERAL FUND AND OBTAIN A COMMERCIAL LINE OF CREDIT AS NECESSARY TO BRIDGE CITY CASH FLOW NEEDS THROUGH FISCAL YEAR 2012-13

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**Recommended Action:** By motion and roll call vote, take the following actions:

1. Adopt the proposed resolution which finds the City Administrative Policy III-3 allows the City to obtain a line of credit for cash management purposes, and authorizes the City Manager to execute interfund loans to the City General Fund and obtain a commercial line of credit as necessary to bridge City cash flow needs through Fiscal Year 2012-13; and
2. To meet City short-term General Fund liquidity needs, authorize the City Manager, on an as needed basis in the current and next fiscal year, to:
  - A. Borrow up to \$500,000 from the City CIP Fund,
  - B. Borrow up to \$465,000 from Special Revenue Funds, as identified in Attachment 2, and
  - C. Initiate a limited term commercial line of credit for up to \$500,000.

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### **BACKGROUND**

City financial policies call for a budget that balances ongoing General Fund revenues with ongoing expenditures on an annual basis. However, during the course of the fiscal year the City's expenditures outpace revenue. This is due to a number of factors, but primarily related to the timing of the receipt of sales and property taxes. Consistent with the City's adopted financial policies, this short-term cash deficit is typically funded entirely with the City's Internal Service funds (Contingency Reserves, Stores, Equipment Replacement, Compensated Absence, etc.).

### **DISCUSSION**

Recent expenditures related to the City's flood response, mobile home litigation, and the overall economic downturn has challenged the City's cash position. Staff anticipates the City may not have sufficient balances in its Internal Service funds to maintain a positive General Fund cash position this Fall and Winter despite efforts to eliminate or delay expenditures and increase or bring forward revenues.

In an effort to limit this cash shortfall, staff has taken the follow steps:

1. Deferred several equipment purchases
2. Delay Cherry Ave capital improvement project
3. Frozen the Finance Director recruitment

However, based on a preliminary cash flow model staff anticipates the City will need an additional \$462,000 in short term funding to maintain a positive cash position in the General Fund using only Internal Service fund loans (Attachment 3). Staff is recommending the City Council authorize the City Manager to execute internal and external short term loans in both the current and next fiscal years. These loans, in priority order include:

- Step 1. Borrow up to \$500,000 from the Capital Improvement Projects Fund.
- Step 2. If necessary, borrow up to \$465,000 from Special Revenue funds, composed of:
  - i. Green Building Fund (\$40,000)
  - ii. Housing Trust Fund (\$75,000)
  - iii. Public Art Fund (\$150,000)
  - iv. General Plan Maintenance Fund (\$200,000)
- Step 3. Though not anticipated to be necessary, authorize the City Manager obtain a commercial line of credit of up to \$500,000, which will only be obtained if future cash projections indicate a need.

As advised by the City Attorney, Special Revenue fund money “is fee revenue and cannot be used for any purpose other than to offset the cost for which the fee is being charged.” These proposed loans will be secured with loan documents, ensuring timely repayment. The proposed interfund loans will be truly temporary, borrowed with the express intent that they are to be repaid this fiscal year, and properly documented and approved by Council. Repayment will be made from cash payments from the Santa Cruz County Auditor-Controller related to in lieu sales tax payments and property tax allocations. County allocations are made in late December and late April.

The loan documents will establish a LAIF interest rate on those loans for funds which normally would receive LAIF. This interest will be paid at the time of repayment of the principal. It is staff’s intent to repay these loans as quickly as possible, with January 6, 2012 being the anticipated repayment date but June 29, 2012 being the final legal repayment date.

Adopted City Administrative Finance Management Policies III-3, indicates that, “the City will favor internal over external borrowings to achieve short term liquidity.” This proposed cash management strategy is consistent with this policy as the externally-funded line of credit will not be utilized until all available internal sources are exhausted.

A separate section of the adopted policy states, “Debt financing will not be considered appropriate for any recurring purpose such as operating or maintenance costs.” Staff recommends the Council find this broad language regarding debt does not apply to short term borrowing for cash management purposes, but rather the policy is intended to avoid issuance of long term debt to finance ongoing operations and maintenance.

Timing and payment dates for loans next fiscal year would be reported to City Council at a public hearing next year. It is anticipated the need for CIP/Special Revenue Fund loans will diminish in future years as reserve fund balances are increased.

## **FISCAL IMPACTS**

The City will receive approximately \$1,300,000 in payments for earned Sales Tax In Lieu, Property Tax, and Vehicle License Fee In Lieu revenues in arrears from Santa Cruz County Auditor-Controller in December, 2011; and approximately \$1,250,000 in additional payments in April 2012. It is anticipated this flow of funds will enable the General Fund to repay the interfund loans.

The fiscal impact of approving interfund loans will not delay any planned CIP-funded projects, beyond the Cherry Ave improvements. If repayment of the loans extends beyond early 2012, the loans could delay the planned 41<sup>st</sup> Avenue Public Art project. No projects are anticipated to be affected by loans from the Green Building, Public Art, General Plan, or Housing Trust funds.

The origination fee for a \$500,000 line of credit is expected to be 1%, or \$5,000. Interest costs associated with the credit line, if any, due to the limited term and balance, are anticipated to be less than \$2,500. The cost of a late-entry Tax Revenue Anticipation Note (TRAN) was estimated at approximately \$55,000 including underwriting and cost of issuance. Staff decided to forego application for a TRAN based on magnitude of the costs. Should a credit line ultimately prove necessary, staff will include the expenditure in the mid-year budget report.

**ATTACHMENTS**

1. Draft Resolution
2. City Administrative Policy, Financial Management Policies III-3
3. Cash flow forecast

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

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

R:\Agenda Staff Reports\2011 Agenda Reports\9-8-11\Cash Flow Status\_Report.docx

**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AUTHORIZING THE CITY MANAGER TO EXECUTE INTERFUND LOANS TO THE CITY GENERAL FUND AND OBTAIN A COMMERCIAL LINE OF CREDIT AS NECESSARY TO BRIDGE CITY CASH FLOW NEEDS THROUGH FISCAL YEAR 2012-13**

WHEREAS, adequate cash may not be available in the City General Fund for periods through 2013; and

WHEREAS, the General Fund has transferred money to the Capital Improvement Fund for projects; and

WHEREAS, there is a positive cash balance currently available in the Capital Improvement Fund; and

WHEREAS, there is a positive cash balance currently available in Green Building, Public Art, General Plan Maintenance, and Housing Trust Special Revenue Funds; and

WHEREAS, the City will receive approximately \$1,300,000 in payments for earned Sales Tax In Lieu, Property Tax, and Vehicle License Fee In Lieu revenues in arrears from Santa Cruz County Auditor-Controller in December; and

WHEREAS, the City will receive an additional approximately \$1,250,000 in payments for earned Sales Tax In Lieu, Property Tax, and Vehicle License Fee In Lieu revenue in arrears from Santa Cruz County Auditor-Controller in April;

WHEREAS, the City Council's intent is that any and all loans be repaid by the General Fund within the fiscal year in which the loan was issued;

WHEREAS, the City of Capitola has determined that there will be sufficient additional funds to offset use of this cash for pre-existing expenditures,

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

1) The City's Administrative Policy III-3, Financial Management Policies, allows the City to obtain a line of credit for cash management purposes,

2) The City Manager is hereby authorized and directed to make temporary interfund loans to the General Fund as needed from:

- Capital Improvement Projects Fund for up to \$500,000.
- Special Revenue funds up to \$465,000, composed of:
  - Green Building Fund (\$40,000)
  - Public Art Fund (\$150,000)
  - General Plan Maintenance Fund (\$200,000)
  - Housing Trust Fund (\$75,000),

3) Interfund loans initiated under this resolution shall bear interest at the concurrent LAIF rate for the period of the loan if the source fund would normally receive LAIF interest,

4) All interfund loans initiated under this resolution shall be repaid in full, including accrued interest, within the fiscal year in which they were issued,

5) The City Manager is hereby authorized and directed, on an as needed basis, to initiate a commercial line of credit in the City's name during the 2011-12 and 2012-13 fiscal years, and

6) The City Manager, as Acting Finance Director, is directed to record or have recorded these activities and associated budget amendments into the City's accounting records in accordance with appropriate accounting principles.

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 8<sup>th</sup> day of September, 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Dennis R. Norton, Mayor

ATTEST:

\_\_\_\_\_, MMC  
Pamela Greeninger, City Clerk



## ADMINISTRATIVE POLICY

Number: III-3Issued: June 8, 2000Jurisdiction: City Council

## FINANCIAL MANAGEMENT POLICIES

POLICY

The following financial policies (herein, the "Policies") were developed in an effort to assist the City of Capitola with the management of its operating and capital budgeting processes and to standardize and rationalize the issuance of debt by the City. Regular, updated policies are an important tool to insure the prudent use of the City's resources to meet its commitments, to provide needed services to the citizens of Capitola, and to maintain sound financial management practices. These Policies are therefore guidelines for general use, and allow for exceptions in extraordinary conditions. The Policies will have served their intended purpose if they stimulate an open debate about the City's operating and capital budget processes, existing and/ or proposed debt position, and they lead to informed decision-making by the City Council. In order to use the Policies properly, they should be applied in the context of the community's overall objectives and goals. The Policies are divided into three sections: Capital Budgeting and Reserves, Operating Budgeting and Reserves, and Other Policies.

A. CAPITAL BUDGETING AND RESERVES; ISSUANCE OF DEBT:

## 1. CAPITAL PLANNING -IN GENERAL:

To enhance creditworthiness and prudent financial management, the City of Capitola is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning, and implementation over a two-year period. Evidence of this commitment to systematic capital planning will be demonstrated through adoption of an annual review of the City's five-year capital improvement budget.

## 2. USE OF LONG-TERM FINANCING METHODS:

Major capital improvements or acquisitions valued over \$250,000 may be made using long-term financing methods, rather than out of operating revenue. The prioritization of capital projects eligible for debt financing is accomplished through a "needs assessments" undertaken in the formulation and development of the City's five-year capital improvement budget.

## 3. FISCAL ANALYSIS:

The City will require each capital appropriation request to include a fiscal analysis that identifies the amount of funds requested, the source of funds requested and the impact of the request on existing revenues and operations.

## 4. ASSET LIFE:

The City will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets (including land) only if they have a

useful life of at least five years. City debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.

5. CAPITAL FINANCING -IN GENERAL:

The City will rely first on internally generated funds and/or grants and contributions from other government sources to finance its capital improvement needs. Capital improvements will be financed through user fees, service charges, assessments, special taxes or developer exactions so long as the benefits the City will derive from such improvements can be attributed to the users of the improvements. Moreover, the City will specifically consider the costs associated with any borrowing in order to determine that the above funding sources are adequate to service the proposed debt. Accordingly, the Policies assume that development fees will be set at a level that is sufficient at all times to insure that new development pays its fair share of the cost of constructing new facilities in the community.

Debt will be issued for a capital improvement project only in the case of emergency or when it is an appropriate means to achieve an equitable allocation of costs between current and future beneficiaries as determined by the City Council. Debt shall not, in general, be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction. Debt will only be undertaken when the City believes that project revenues or specific resources will be available and sufficient to service the debt over its life. Debt financing will not be considered appropriate for any recurring purpose such as operating or maintenance costs.

The City will evaluate the use of debt in-Lieu of "pay-as-you-go" financing based on the following criteria:

*Factors Favoring "Pay-as-you-Go" Financing:*

1. current fund balances or project revenues are adequate to fund the project;
2. existing or proposed debt levels would have a deleterious effect on the City's credit rating;
3. credit market conditions are unstable or present extraordinary difficulty in marketing the proposed debt.

*Factors Favoring Use of Debt:*

1. revenues are deemed to be stable & reliable enough to support the proposed debt at investment grade ratings;
2. the nature of the financed project will support investment grade ratings;
3. credit market conditions present favorable interest rates and demand for financing such as the City's;
4. the project being financed is mandated by the state or federal government and resources are insufficient or unavailable;
5. the project being financed is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable;
6. the estimated useful life of the asset to be financed is greater than 5 years.



6. GENERAL OBLIGATION DEBT:

General obligation bonds provide the lowest borrowing costs for major public assets. The use of a general obligation pledge usually eliminates the need for a bond reserve and due to its high credit quality and the ability to levy a tax to repay it, produces borrowing terms and costs unavailable through other methods. Moreover, since the source of repayment of a general obligation bond is from proceeds of specific taxes, the City's operating funds and its operating position are not impacted by the issuance of general obligation bonds. Though the use of the term "general obligation bond" implies that the City's "full faith and credit" would be pledged to the repayment of the bond, the bond is actually repaid from an ad valorem tax on real property. Accordingly, the general obligation bond is more properly described as a "unlimited tax" bond.

Because of the absence of a limitation on the rate and amount of the tax that might be levied to pay a general obligation bond, state law and prudent finance practice require the submission of such a proposed debt to the electorate. Article XIII of the California Constitution requires that general obligation bonds be submitted to the voters for approval and that the issuance of such bonds be approved by a two-thirds vote.

Ad valorem property taxes affect various classes of taxpayers differently. Since the enactment of Proposition 13 in 1978, the increases in assessed value of real property have been limited for established property owners. This has the effect of disproportionately burdening newer property owners, who may have less wealth or taxpaying capacity than older, more established property owners. Moreover, business property owners, whose property turns over less frequently than residential property often benefit as a result of this phenomenon.

Cities in California may issue general obligation bonds only for the purpose of acquiring, improving or constructing real property. Accordingly, it shall be the City's policy to issue general obligation bonds only for such purposes and then only when the acquisition, improvement, or construction of the proposed real property will provide benefits to the community, in significant amounts, to both users and non-users of the facility.

7. USE OF OTHER DEBT, INCLUDING REVENUE BONDS, CERTIFICATES OF PARTICIPATION OR FINANCING LEASES.

Before issuing revenue debt or financing leases, the City will determine that the proposed facility is both necessary and desirable, and that no other financing method is practical to finance it. The City may use revenue debt or financing leases for those projects which are not sufficiently popular to obtain a two-thirds vote for the issuance of general obligation bonds or which must be financed at a time, or in a manner which do not permit the use of general obligation bonds. The City shall only use revenue debt or financing leases: if the project to be financed will generate

positive net revenues after debt service; or, if the project will significantly reduce City operating costs; or, if an equal or greater amount of non-City matching funds will be lost if City's revenue or financing lease funds are not applied in a timely manner; or, in the case of a financing lease, if the project to be financed is less than \$250,000; or, if the project to be financed provides essential City services or would so advance core City policy objectives that its value overrides the value of obtaining voter approval.

B. OPERATING BUDGETING AND RESERVES

1. TWO YEAR OPERATING BUDGET.  
The City will maintain a long-range fiscal perspective through the use of a two-year operating budget and a five-year capital improvement budget.
2. BALANCED OPERATING BUDGET.  
The City will maintain a balanced operating budget for all governmental funds with on-going revenues equal to or greater than on-going expenditures and debt service. This policy requires that in any given fiscal year we do not budget proposed expenditures in excess of the revenue we expect to receive in the same time frame.
3. "ONE-TIME" REVENUE.  
The City will use "one-time" revenues, including fund balance carry-forwards, to fund nonrecurring expenditures. "One time" revenues cannot be relied on in future budget periods and should be used to stabilize existing revenues, retire early debt or for capital purchases.
4. NORMAL REVENUE INFLATION WILL GO TO PAY NORMAL INFLATION EXPENSES.  
The City will assume that normal revenue inflation will go to pay normal inflation expenses. Any new or expanded programs will be required to identify funding sources. If normal revenue inflation does not keep up with expense inflation, expenses will be decreased or a new revenue source will be found. If revenues grow at a rate faster than expense inflation, expanded service levels may be considered.
5. CONTINGENCY APPROPRIATION.  
For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to ten percent (10%) of General Fund Expenditures. The City shall implement a strategy to reach the required funding level in no more than five fiscal years. The Contingency Appropriation " will provide a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements. "
6. EMERGENCY RESERVES.  
To protect against significant one-time costs, which might arise from major unpredictable emergency events, in addition to the Contingency Appropriation, the

City shall maintain a funded emergency reserve equal to five percent (5%) of General Fund budgeted expenditures.

7. REVENUE DIVERSIFICATION.

The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue generation and to protect it from short-term fluctuations in any revenue source.

8. REVENUE PROJECTIONS.

The City will prepare multi-year projections of revenues and other resources in order to understand the level of funding available for services and capital acquisition. The revenue projections will assist the City in understanding of revenue sensitivity to changes in assumptions and to controllable factors such as changes to tax rates or fees. The revenue projection will be for a period of at least two years into the future to evaluate how revenues may change over time, to isolate non-reoccurring revenues and to understand the impact of revenue growth. The major assumptions used in the revenue projection will be documented and identified and different scenarios may be developed to enable City Council to choose a preferred scenario.

9. EXPENDITURE PROJECTIONS.

The City will prepare multi-year projections of expenditures for each fund and for existing and proposed new programs. The expenditure projections will assist the City in determining whether projected expenditure levels can be sustained, whether new programs are affordable, and whether a program's current and future costs are acceptable compared to program benefits and projected revenue availability. The expenditure projections will be for a period of at least two years into the future to evaluate how expenditures may change over time. All expenditure projections should identify service level assumptions and key issues that may affect actual expenditures.

10. DEVELOPMENT FEES

The City's development process costs and related administrative expenses should be offset by development fees to the greatest extent possible. Fees will be reviewed and updated on an on-going basis to ensure that they keep pace with changes in the actual costs of service delivery as well as changes in the methods or levels of service delivery.

C. OTHER POLICIES

1. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The City will comply with all the requirements of Generally Accepted Accounting Principles. The City will always conduct its financial affairs and maintain its records in accordance with GAAP as established by the Government Accounting Standards Board, so as to maintain accuracy and public confidence in its financial reporting systems.

2. COUNCIL ACTION TO BE A SCHEDULED BUSINESS ITEM, NOT CONSENT CALENDAR.

For all debt sales, the City will require that the action taken by the City Council to incur the debt will be taken as a scheduled business item, and at a regular or special City Council meeting, consistent with state law. Generally, it shall be the City's policy to submit the proposed debt issuance to the City Council in a study session wherever possible prior to submittal to the full City Council as an action item at a regular or special meeting.

3. INTERNAL BORROWINGS

Provided sufficient resources are available, liquidity will not be impaired, and a defined source of repayment is available, the City will favor internal over external borrowings to achieve short-term liquidity. In accordance with the City Council Resolution #2683, the Finance Director will initiate and the City Manager will approve inter-fund borrowings, except for year-end accounting entries that create temporary inter-fund loans for the financial statement presentation purposes, and the City Manager will report such borrowings to the Council at its next regular meeting. Interest on inter-fund loans will be recorded only when necessitated by state or federal program requirements, or other contractual or legal obligations.

4. EMPLOYEE COMPENSATION

The City will continue to pay competitive market level compensation to our employees to ensure that the City has the ability to attract and retain well-qualified personnel while ensuring that the City's compensation practices are competitive and consistent with those of comparable employers.

This policy is approved and authorized by:



Richard Hill  
City Manager

**Cash Flow Estimate**

<b>Fund Number</b>	<b>Estimated Year Ending Balance 6/30/2011</b>	<b>Prior Year Revenue July- Dec 15</b>	<b>Prior Year Expenditure July-Dec 15</b>	<b>Current FY Adjustments</b>	<b>Estimated Dec. 15 Balance</b>
GENERAL FUND	\$ (197,000)	\$ 2,824,600	\$ (5,269,800)		\$ (2,642,200)

**Adjustments**

PD MOU increase/Misc health benefits	\$	(85,000)		
Add 1/2 time Build Inspect \$33k	\$	(33,000)		
No Mobile Home Admin	\$	(62,800)		
City Attny was \$367k in 10/11	\$	250,000		
411 rental is \$2k per month	\$	10,000		
No Beulah Demo	\$	19,000		
Fairfield TOT	\$	60,000		
<b>Total Adjustments</b>	<b>\$</b>	<b>158,200</b>		

**Total Projected Cash Position Necessary for Positive Balance**

**\$ (2,484,000)**

**City Funds and Potential Interfund Loans**

<b>Fund</b>	<b>Estimated Year Ending Balance 6/30/2011</b>	<b>Prior Year Revenue July-Dec 15</b>	<b>Prior Year Expenditure July-Dec 15</b>	<b>Current FY Adjustments</b>	<b>Estimated Dec. 15 Balance</b>	<b>Available for interfund loans</b>	<b>Notes</b>
<b>Internal Services &amp; Reserve Funds</b>							
Fund #: 2214 WORKER'S COMPENSATION	174,800	307,465	(473,220)	367,000	\$ 376,045	\$ 376,045	FY 11/12 \$100k in July, \$367k due Jan. 10/11 all paid July
Fund #: 2213 SELF INSURANCE	284,200	35,700	(98,500)	40,000	\$ 261,400	\$ 261,400	
Fund #: 2211 STORES	20,200	7,134	(16,900)		\$ 10,434	\$ 10,434	
Fund #: 2211 INFORMATION TECHNOLOGY	177,700	28,800	(30,300)		\$ 176,200	\$ 176,200	
Fund #: 2212 EQUIPMENT REPLACEMENT	305,900	25,000	-		\$ 330,900	\$ 330,900	
Fund #: 2216 COMPENSATED ABSENCES	64,700	-	(78,200)		\$ (13,500)	\$ (13,500)	
Fund #: 1020 EMERGENCY RESERVES	645,800	-	-	(1,000,000)	\$ (354,200)	\$ (354,200)	Flood costs not paid = \$1 mil
Fund #: 1010 CONTINGENCY RESERVE	934,900	-	-		\$ 934,900	\$ 934,900	
Fund #: 2215 PUBLIC EMPLOYEE RETIREMENT	527,200	603,075	(615,500)	(215,000)	\$ 299,775	\$ 299,775	Trsfed out \$215k in July 2011
<b>Internal Services &amp; Reserves Subtotal</b>					<b>\$ 2,021,954</b>	<b>\$ 2,021,954</b>	
<b>Projected General Fund Dec. 15 Revenue/Expenditure Gap</b>						<b>\$ (2,484,000)</b>	
<b>Projected Balance with only Internal Service/Reserve Loans</b>						<b>\$ (462,046)</b>	
<b>Special Revenue and Other Funds</b>							
Fund #: 1200 CAPITAL IMPROVEMENT PROJECTS	1,198,800				\$ 1,198,800	\$ 500,000	
Fund #: 1314 GREEN BUILDING	48,700				\$ 48,700	\$ 40,000	
Fund #: 1372 HOUSING TRUST FUND	343,800		(225,000)		\$ 118,800	\$ 75,000	
Fund #: 1315 PUBLIC ART FUND	134,400	16,700	(31,240)	80,000	\$ 199,860	\$ 150,000	
Fund #: 1313 GENERAL PLAN MAINTENANCE	337,200	20,700	(13,000)	(117,000)	\$ 227,900	\$ 200,000	
					<b>\$ 595,260</b>	<b>\$ 965,000</b>	
<b>Projected Cash Position Balance with All Loans</b>						<b>\$ 502,954</b>	
<b>Other Funds Total Balance</b>					203,800	-	



Item #: **5.B.**

## **CITY COUNCIL AGENDA REPORT**

### **MEETING OF SEPTEMBER 8, 2011**

FROM: OFFICE OF THE CITY CLERK  
DATE: AUGUST 31, 2011  
SUBJECT: RESCHEDULE SPECIAL JOINT STUDY SESSION WITH THE FINANCE ADVISORY COMMITTEE

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**Recommended Action:** Council direction. By motion, that the City Council determine a date and time to meet jointly with the Finance Advisory Committee during the first week of October.

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#### **BACKGROUND**

The City Council, at its meeting of August 11, 2011, took action to schedule a Joint Special Study Session of the City Council and Finance Advisory Committee on Wednesday, September 14, 2011, at 6:00 p.m., to discuss a report submitted to the Council by the Finance Advisory Committee, as well as recommendations which are expected to be provided by the FAC prior to the joint meeting.

#### **DISCUSSION**

Subsequent to scheduling the Special Joint Meeting, the Finance Advisory Committee has met to come up with their recommendations to the Council. At its Special Meeting held August 30, 2011, the FAC requested the City Council consider rescheduling the September 14 meeting to the first week in October.

The City Hall Council Chambers meeting room is available on Tuesday or Wednesday of that week, October 4 or 5.

#### **ATTACHMENTS**

None

**Report Prepared By:** Pamela Greeninger, MMC  
City Clerk

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