

# City of Capitola Agenda

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



## **CAPITOLA CITY COUNCIL REGULAR MEETING SEPTEMBER 27, 2012 - 7:00 PM**

### **CLOSED SESSION – 6:00 PM CITY MANAGER’S OFFICE**

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

#### **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant Exposure to litigation pursuant to subdivision (b) of Govt. Code §549569.9**

1. City of Capitola Insurance Coverage Claim Against Lexington Insurance (Noble Gulch pipe failure);
2. Santa Cruz County regarding the Noble Gulch pipe failure;
3. Pacific Cove Mobile Home Park closure.

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

1. Kevin Calvert, D.D.S. and Pamela Calvert vs. City of Capitola, et al. [Superior Court of the State of California for County of Santa Cruz, Case #CV 172804];
2. Katie Saldana vs. City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 172324];
3. Foremost Insurance Company vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 173228];

4. Truck Insurance vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173071];
5. David Ross; Carousel Taffy Morro Bay, Inc.; Village Mouse dba; The Thomas Kinkade Gallery Capitola; Judith Ferro vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 173642];
6. American Alternative Insurance Corporation; Central Fire Protection District of Santa Cruz County vs. the City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV173926];
7. California Capital Insurance Company [Superior Court of the State of California for the County of Santa Cruz, Case #CV173552].

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

1. **ROLL CALL AND PLEDGE OF ALLEGIANCE**  
Council Members Stephanie Harlan, Dennis Norton, Kirby Nicol, Sam Storey, and Mayor Michael Termini
2. **PRESENTATIONS**  
Presentation of the Green Building Awards to the following:
  - A. TJ & Connie Welch for building their home at 410 Escalona Drive;
  - B. Duncan & Judith Scollon for building their home at 5040 Garnet Street.
3. **REPORT ON CLOSED SESSION**
4. **ADDITIONS AND DELETIONS TO AGENDA**
5. **PUBLIC COMMENTS**

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

6. **COUNCIL/STAFF ANNOUNCEMENTS**
7. **BOARDS, COMMISSIONS AND COMMITTEES APPOINTMENTS**

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

**8. CONSENT CALENDAR**

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

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

- A. Approval of City Check Register Reports dated September 7, 2012 and September 14, 2012.  
RECOMMENDED ACTION:  
Approve the City Check Register Reports.
  
- B. Consideration of an Ordinance adding Section 9.34.010 of the Capitola Municipal Code prohibiting urination and/or defecation in public [2nd Reading].  
RECOMMENDED ACTION:  
Adopt Ordinance.
  
- C. Consideration of authorizing the City Manager to: 1) Unfreeze the Maintenance Superintendent position and fill the position, and 2) Freeze the Streets and Facilities Maintenance Supervisor Position.  
RECOMMENDED ACTION:  
Approve change and authorize positions.

**9. GENERAL GOVERNMENT/PUBLIC HEARINGS**

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

- A. Presentation regarding the City of Capitola Benchmark Study.  
RECOMMENDED ACTION:  
Discuss and provide direction.
  
- B. Consideration of a Resolution adopting the proposed City Fee Schedule for Fiscal Year 2012/2013.  
RECOMMENDED ACTION:  
Adopt Resolution.
  
- C. Consideration of a tax-exempt refinancing option for the Pacific Cove Bond.

RECOMMENDED ACTION:

Refinance as tax exempt.

- D. Consideration of approving the Art & Cultural Commission recommendation to pursue design options for a three-panel kiosk including design standards for the panels, and a correlating design for the Soquel Creek Interpretive Signs located along Soquel Creek.

RECOMMENDED ACTION:

Approve art project concept.

**10. COUNCIL/STAFF COMMUNICATIONS**

- A. Staff Comments
- B. City Council/Treasurer Comments/Committee Reports

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

**11. ADDITIONAL MATERIALS**

*Additional Information submitted to the City Council after distribution of the agenda packet.*

**12. ADJOURNMENT**

Adjourn to the next Regular Meeting of the City Council on Thursday, October 11, 2012 at 7:00 PM, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

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

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

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



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

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

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

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

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## CITY COUNCIL AGENDA REPORT

### MEETING OF SEPTEMBER 27, 2012

FROM: FINANCE DEPARTMENT  
SUBJECT: CITY CHECK REGISTER REPORT

**RECOMMENDED ACTION:** Approve the attached Check Register Reports for Sep 7 and Sep 14, 2012.

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

Date	Starting Check #	Ending Check #	Total Checks/EFT	Amount
9/7/2012	70834	70880	48	\$158,351.97
9/14/2012	70881	70937	57	\$126,538.29

The check register of Aug 31, 2012 ended with check #70833.

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
EFT	CalPERS Health Ins	CM	Sep12, Employee Funded	\$50,319.13
70877	Marilyn Bierach	CDD	Coach Purchase, #49 Pac Cove	\$63,000.00
70894	Troy Corliss	CM	Art for 41 <sup>st</sup> Ave Medians	\$12,500.00
70899	Downtown Ford Sales	PD	Patrol Car + Lehr Upfit	\$37,304.27
70921	SCC Auditor Controller	PD	Parking Citation Pass Thru, Aug	\$12,398.50
70933	Susan Westman	CDD	Aug-Sep Interim Comm Dev Dir	\$11,392.00
70934	Carol Brown	CDD	Coach Purchase, #68 Pac Cove	\$13,594.08

**ATTACHMENTS:**

1. Check Register for Sep 7, 2012
2. Check Register for Sep 14, 2012

Report Prepared By: Linda Benko  
AP Clerk

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

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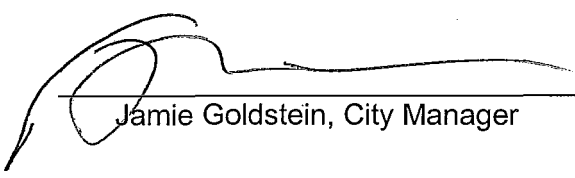
Checks and EFT dated 9/7/12 numbered 70834 to 70880 for a total of \$158,351.97 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 9/7/12 the unaudited cash balance is \$1,909,463

**CASH POSITION - CITY OF CAPITOLA 9/7/12**

	<u>Net Balance</u>
General Fund	(139,876)
Contingency Reserve Fund	404,896
Worker's Comp. Ins. Fund	75,135
Self Insurance Liability Fund	167,717
Stores Fund	2,126
Information Technology Fund	172,051
Equipment Replacement	418,237
Compensated Absences Fund	2,397
Public Employee Retirement - PERS	206,254
Open Space Fund	256
Capital Improvement Projects	600,271
<b>TOTAL GENERAL FUND &amp; COUNCIL DESIGNATED FUNDS</b>	<u><u>1,909,463</u></u>

The Emergency Reserve Fund balance is \$156,045.54 and is not included above.

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

9/7/12  
 \_\_\_\_\_  
 Date

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

\_\_\_\_\_  
 Date

## City Payments Issued 9/7/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
EFT	09/05/2012 Invoice 2012-9	Open	Date 09/05/2012	Description Sep12 Health Ins Premium, Employee Funded	CalPERS Health Insurance	\$50,319.13
70834	09/07/2012 Invoice 941614	Open	Date 08/14/2012	Description Acct DWR09, Aug12 Suppl Health Ins, Employee Funded	AFLAC	\$251.74
70835	09/07/2012 Invoice 617	Open	Date 08/04/2012	Description Uniform Exp, Mendoza-PD	CALIFORNIA COAST UNIFORM CO	\$292.60
70836	09/07/2012 Invoice POA9-7-12	Open	Date 09/05/2012	Description POA Dues, Employee Funded	CAPITOLA PEACE OFFICERS ASSOC.	\$769.00
70837	09/07/2012 Invoice 1121	Open	Date 08/29/2012	Description Unit 1224, Museum Artwork Storage	CAPITOLA SELF STORAGE	\$164.00
70838	09/07/2012 Invoice 130	Open	Date 08/01/2012	Description Q1 Visitor & Econ Dev. Services	CAPITOLA-SOQUEL CHAMBER OF COMMERCE	\$5,625.00
70839	09/07/2012 Invoice 115365	Open	Date 08/20/2012	Description Supplies-PD	CHIEF SUPPLY	\$45.00
70840	09/07/2012 Invoice 491A-845-2/1	Open	Date 08/30/2012	Description Pac Cove MHP Space #84-Bloomenkamp Fund 1420, Pac Cove Bond	CHIPMAN RELOCATIONS INC	\$3,996.55
70841	09/07/2012 Invoice 6736011	Open	Date 08/10/2012	Description Field Interview cards-PD	COMMUNITY PRINTERS	\$335.24
70842	09/07/2012 Invoice 61429962	Open	Date 07/31/2012	Description Microsoft Software download Fund 2211, Info Technology	COMPUCOM	\$1,152.00
70843	09/07/2012 Invoice 5572	Open	Date 08/10/2012	Description Jr Guards Pix, Session 2	COVELLO & COVELLO PHOTOGRAPH	\$1,779.40
70844	09/07/2012 Invoice 28750-50	Open	Date 09/02/2012	Description GPAC webhosting 9/23/12-10/22/12 Fund 1313, General Plan Update	CRUZIO THE INTERNET STORE INC.	\$39.95

# City Payments Issued 9/7/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
70845	09/07/2012	Open			DE LAGE LANDEN FINANCIAL SVC, IN	\$334.07
	Invoice		Date	Description		Amount
	14909065		08/25/2012	Equip Lease, CH Copier, Sharp MX7001N Fund 2210, Stores		\$334.07
70846	09/07/2012	Open			EWING IRRIGATION	\$154.16
	Invoice		Date	Description		Amount
	5282494		08/21/2012	Irrigation parts		\$27.04
	5295340		08/23/2012	Irrigation valve		\$127.12
70847	09/07/2012	Open			EXTRA SPACE STORAGE OF SC INC	\$303.00
	Invoice		Date	Description		Amount
	2522221-Sep12		08/30/2012	Evidence Storage, Sept 2012, Unit B120		\$303.00
70848	09/07/2012	Open			FASTENAL COMPANY	\$30.08
	Invoice		Date	Description		Amount
	CASAT17400		08/24/2012	auto parts-PD081		\$30.08
70849	09/07/2012	Open			FLYERS ENERGY, LLC	\$2,819.70
	Invoice		Date	Description		Amount
	12-763856		08/24/2012	110 Gal Diesel		\$483.98
	12-763855		08/24/2012	400 Gal Ethanol		\$1,735.63
	12-763836		08/29/2012	55 gal oil		\$600.09
70850	09/07/2012	Open			FLYNN, CAROLYN	\$3,270.00
	Invoice		Date	Description		Amount
	CBF-8-2012		08/31/2012	Professional Services Aug. 1-31, 2012 Fund 1313, General Plan=\$640 Fund 1350, CDBG Grants=\$1550 Fund 1351, CDBG Programs=\$200 Fund 1372, Housing Trust=\$880		\$3,270.00
70851	09/07/2012	Open			GOLDFARB & LIPMAN, LLP	\$4,300.57
	Invoice		Date	Description		Amount
	105851		08/16/2012	OSB, CHS CLUBB Loan		\$4,300.57
70852	09/07/2012	Open			HOWARD, CHARLIE	\$1,470.00
	Invoice		Date	Description		Amount
	08/20-08/24/12		09/03/2012	FY 12/13 Mechanic		\$740.00
	08/27-08/31/12		09/03/2012	FY 12/13 Mechanic		\$730.00
70853	09/07/2012	Open			ICMA RETIREMENT TRUST 457	\$4,948.20
	Invoice		Date	Description		Amount
	ICMA9-7-12		09/05/2012	Retirement Plan Contr, Employee Funded		\$4,948.20
70854	09/07/2012	Open			LABORMAX STAFFING	\$1,693.25
	Invoice		Date	Description		Amount
	26-16938		08/24/2012	FY 12/13 Temporary staff		\$1,693.25
70855	09/07/2012	Open			LIUNA PENSION FUND	\$528.00
	Invoice		Date	Description		Amount
	LIUNA-Aug2012		08/23/2012	LIUNA Pension Dues, Aug 2012 Employee Funded		\$528.00

## City Payments Issued 9/7/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
70856	09/07/2012	Open			MICROFLEX CORP #774353	\$774.65
	Invoice in1296251		Date 08/08/2012	Description Gloves		Amount \$774.65
70857	09/07/2012	Open			MID-COUNTY AUTO SUPPLY	\$212.34
	Invoice 313752 313917 313895 313559 313497 313604 313602		Date 08/23/2012 08/24/2012 08/24/2012 08/21/2012 08/21/2012 08/22/2012 08/22/2012	Description auto parts-Fleet auto parts-Shop auto parts-PD071 auto parts-PD071 auto parts-Fleet auto parts-PD071 auto parts-John Deere Loader		Amount \$62.58 \$21.68 \$5.07 \$28.98 \$13.58 \$36.21 \$44.24
70858	09/07/2012	Open			MORRISON, EDWARD	\$2,500.00
	Invoice 2013-2		Date 09/04/2012	Description FY 12/13 Inspections		Amount \$2,500.00
70859	09/07/2012	Open			MUSEUM OF ART AND HISTORY	\$30.00
	Invoice 638-Swift		Date 08/31/2012	Description Annual Membership, Swift		Amount \$30.00
70860	09/07/2012	Open			NEW WORLD SYSTEMS	\$945.00
	Invoice 22095		Date 08/10/2012	Description Logos 2012 Customer Conference		Amount \$945.00
70861	09/07/2012	Open			NORTH BAY FORD	\$45.78
	Invoice 229934		Date 08/22/2012	Description auto parts-PW F-250		Amount \$45.78
70862	09/07/2012	Open			ORCHARD SUPPLY HARDWARE	\$188.58
	Invoice 6013-522731 6014-2458168 6013-4093292 6005-3521430 6013-1233358 6007-3522789		Date 08/17/2012 08/20/2012 08/21/2012 08/21/2012 08/22/2012 08/24/2012	Description Misc. Misc. Drill Misc. Caution tape Shop Supplies		Amount \$18.11 \$1.50 \$121.23 \$9.84 \$25.96 \$11.94
70863	09/07/2012	Open			PALACE ART & OFFICE SUPPLIES	\$437.68
	Invoice 968802-1 8799562 970581 970509 971659 972051 971465 8802771 972943 972835		Date 08/10/2012 08/16/2012 08/16/2012 08/16/2012 08/22/2012 08/24/2012 08/22/2012 08/24/2012 08/29/2012 08/29/2012	Description office supplies-PD Camp Supplies-Rec Office Supplies, City Hall Office Supplies, City Hall Office Supplies, City Hall Paper, PD Shred bags, PD Museum Supplies Office Supplies, City Hall Office Supplies, City Hall Fund 2210, Stores=\$227.99		Amount \$5.25 \$6.47 \$33.64 \$7.16 \$149.36 \$46.44 \$67.20 \$84.33 \$14.27 \$23.56



## City Payments Issued 9/7/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
70864	09/07/2012 Invoice 506919	Open	Date 08/16/2012	Description Postage meter rental REC	PITNEY BOWES INC.	\$146.14 Amount \$146.14
70865	09/07/2012 Invoice 23801	Open	Date 08/16/2012	Description Parking Meter repair	POM INCORPORATED	\$572.43 Amount \$572.43
70866	09/07/2012 Invoice 20120821	Open	Date 08/21/2012	Description 11/12 blood alcohol testing trust	SCC AUDITOR-CONTROLLER	\$1,490.23 Amount \$1,490.23
70867	09/07/2012 Invoice 13006	Open	Date 08/10/2012	Description Fingerprinting-Rec	SCC OFFICE OF EDUCATION	\$30.00 Amount \$30.00
70868	09/07/2012 Invoice 389958	Open	Date 08/14/2012	Description Computer Supplies Fund 2211, Info Technology	SANTA CRUZ ELECTRONICS, INC.	\$7.45 Amount \$7.45
70869	09/07/2012 Invoice 92136	Open	Date 08/24/2012	Description 2 extinguishers for motorcycles	SANTA CRUZ FIRE EQUIPMENT CO.	\$105.00 Amount \$105.00
70870	09/07/2012 Invoice Aug 2012	Open	Date 08/23/2012	Description WATER BILLS FOR STREET MEDIANS	SANTA CRUZ MUNICIPAL UTILITIES	\$866.90 Amount \$866.90
70871	09/07/2012 Invoice 293833	Open	Date 08/09/2012	Description Business Cards, VanSon Fund 2210, Stores	SENTINEL PRINTERS, INC.	\$134.54 Amount \$134.54
70872	09/07/2012 Invoice PTOBasic-Sep12	Open	Date 09/05/2012	Description PTO Basic Ryan & Evans	SOUTH BAY REGIONAL TRAINING	\$500.00 Amount \$500.00
70873	09/07/2012 Invoice 1042990 1042988	Open	Date 08/23/2012 08/23/2012	Description Beach Movie, 9/14/12 Beach Movie, 9/7/2012	SWANK MOTION PICTURES INC.	\$592.00 Amount \$271.00 \$321.00
70874	09/07/2012 Invoice 3917-15915	Open	Date 09/01/2012	Description Aug2012 Internet Access Reg #10311742'	THE INTERNET CONNECTION INC.	\$150.00 Amount \$150.00
70875	09/07/2012 Invoice PARS9-7-12	Open	Date 09/05/2012	Description PARS Contribution, Employee Funded	US Bank Institutional Trust-Western Region	\$319.21 Amount \$319.21

# City Payments Issued 9/7/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
					Bailey, Charlie	
70876	09/07/2012	Open		Description		\$486.00
	Invoice		Date	Meal for regionals team-Rec		Amount
	2013-00000204		09/04/2012			\$486.00
					Bierach, Marilyn	
70877	09/07/2012	Open		Description		\$63,000.00
	Invoice		Date	Pacific Cove MHP Space #49 Bierach		Amount
	Bierach		09/04/2012	Fund 1420, Pac Cove Bond		\$63,000.00
					Duryea, Jane	
70878	09/07/2012	Open		Description		\$67.50
	Invoice		Date	Class Refund for cancelled class		Amount
	2013-00000205		09/04/2012			\$67.50
					Hilker, Harriet	
70879	09/07/2012	Open		Description		\$54.90
	Invoice		Date	Class Refund for cancelled class		Amount
	2013-00000206		09/04/2012			\$54.90
					Weifert, Carmel	
70880	09/07/2012	Open		Description		\$75.00
	Invoice		Date	Class Refund for cancelled class		Amount
	2013-00000207		09/04/2012			\$75.00
				Count	47	
Check Total:				Count	1	Total
EFT Total:						Grand Total Total
						\$108,032.84
						<u>\$50,319.13</u>
						\$158,351.97

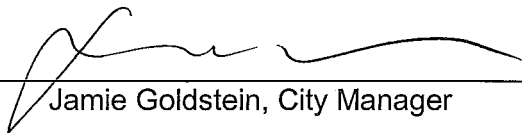
Checks dated 9/14/12 numbered 70881 to 70937 for a total of \$126,538.29 have been reviewed and authorized for distribution by the City Manager and City Treasurer.

As of 9/14/12 the unaudited cash balance is \$1,948,062

**CASH POSITION - CITY OF CAPITOLA 9/14/12**

	<u>Net Balance</u>
General Fund	(59,059)
Contingency Reserve Fund	404,896
Worker's Comp. Ins. Fund	75,135
Self Insurance Liability Fund	163,986
Stores Fund	1,927
Information Technology Fund	171,787
Equipment Replacement	380,213
Compensated Absences Fund	2,397
Public Employee Retirement - PERS	206,254
Open Space Fund	256
Capital Improvement Projects	600,271
<b>TOTAL GENERAL FUND &amp; COUNCIL DESIGNATED FUNDS</b>	<u><u>1,948,062</u></u>

The Emergency Reserve Fund balance is \$156,045.54 and is not included above.

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

9/14/12  
 \_\_\_\_\_  
 Date

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

\_\_\_\_\_  
 Date

## City Checks Issued 9/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
70881	09/14/2012 Invoice BL	Open	Date 9/10/2012	Description Business License Refund	FLOOR CONNECTION, INC.	\$47.50
				\$47.50		
70882	09/14/2012 Invoice inv82321 INV82035	Open	Date 08/24/2012 08/21/2012	Description 9MM Ammunition-PD Weapons Supplies-PD	ADAMSON POLICE PRODUCTS	\$1,033.63
				Amount \$347.19 \$686.44		
70883	09/14/2012 Invoice 43971	Open	Date 09/05/2012	Description Keys, PW	ALLSAFE LOCK COMPANY	\$6.48
				Amount \$6.48		
70884	09/14/2012 Invoice 20120831	Open	Date 08/31/2012	Description Pac Cove MHP Relocation Services-Aug1; Fund 1420, Pac Cove Bond	AUTOTEMP INC.	\$7,635.00
				Amount \$7,635.00		
70885	09/14/2012 Invoice Beyers-Sep5	Open	Date 09/07/2012	Description Vball and Softball Officials Aug 25 to Sept	BEYERS, FRED C	\$132.00
				Amount \$132.00		
70886	09/14/2012 Invoice 69263	Open	Date 08/17/2012	Description Jr. Guard Awards	BRINKS AWARDS & SIGNS	\$566.37
				Amount \$566.37		
70887	09/14/2012 Invoice Bum-Sep5	Open	Date 09/07/2012	Description Vball and Softball Officials Aug 25 to Sept	BUMGARNER, ERIC D	\$81.00
				Amount \$81.00		
70888	09/14/2012 Invoice Calero-Aug22	Open	Date 09/07/2012	Description Soccer Officials Aug 15 to Aug 19 2012	CALERO, VICTOR	\$26.00
				Amount \$26.00		
70889	09/14/2012 Invoice 651 800 656	Open	Date 08/16/2012 08/15/2012 08/20/2012	Description Uniform Expense, Ryan Uniform Expense, Weagle Uniform Expense, Vazquez-PD	CALIFORNIA COAST UNIFORM CO	\$332.38
				Amount \$142.78 \$43.30 \$146.30		
70890	09/14/2012 Invoice 14977-Aug12	Open	Date 08/31/2012	Description Animal Control Exp, Aug2012	CHANTICLEER VET HOSPITAL	\$1,151.95
				Amount \$1,151.95		
70891	09/14/2012 Invoice 1255528-00	Open	Date 08/17/2012	Description cleaning supplies	CLEAN SOURCE	\$1,272.06
				Amount \$1,272.06		
70892	09/14/2012 Invoice 1165 1164	Open	Date 08/31/2012 08/31/2012	Description Stormwater Education & Outreach Service Soquel Creek Monitoring-Water Quality Ur	COASTAL WATERSHED COUNCIL	\$3,643.99
				Amount \$376.25 \$3,267.74		

# City Checks Issued 9/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
70893	09/14/2012 Invoice 212793	Open	Date 08/29/2012	Description Phone Repair, City Hall Fund 2211, Info Technology	COMMUNICATION SERVICE CORP.	\$100.41
70894	09/14/2012 Invoice 20120822	Open	Date 08/22/2012	Description Art at 41st Ave. Medians Fund 1315, Public Art Fund	CORLISS, TROY	\$12,500.00
70895	09/14/2012 Invoice Dauerman-Aug29	Open	Date 09/07/2012	Description Soccer Officials Aug 15 to Aug 19 2012	DAUERMAN, MIKE	\$217.50
70896	09/14/2012 Invoice AAV2587-Sep12	Open	Date 08/21/2012	Description Registration, Mobile Home Fund 1420, Pac Cove Bond	DEPT OF HOUSING AND COMMUNITY DEV	\$75.00
70897	09/14/2012 Invoice AB7884	Open	Date 09/07/2012	Description Mobile Home Registration Fund 1420, Pac Cove Bond	DEPARTMENT OF MOTOR VEHICLES	\$106.00
70898	09/14/2012 Invoice 1KJ5024	Open	Date 09/07/2012	Description Duplicate Title Request Fund 1420, Pac Cove Bond	DEPARTMENT OF MOTOR VEHICLES	\$90.75
70899	09/14/2012 Invoice 219573	Open	Date 07/17/2012	Description 2011 Ford Crown Vic w/Lehr Upfit Fund 2212, Equip Replacement	DOWNTOWN FORD SALES	\$37,304.27
70900	09/14/2012 Invoice 5301351	Open	Date 08/24/2012	Description Top soil	EWING IRRIGATION	\$18.32
70901	09/14/2012 Invoice 2666580	Open	Date 08/27/2012	Description 2 Faucets, New Birghton Gym	FERGUSON ENTERPRISES, INC.	\$531.11
70902	09/14/2012 Invoice Fong-Aug28	Open	Date 09/07/2012	Description Soccer Officials Aug 15 to Aug 19 2012	FONG, MICHAEL	\$104.00
70903	09/14/2012 Invoice 20120829	Open	Date 09/07/2012	Description Reimb Training Exp	HERNANDEZ, TRACIE	\$58.69
70904	09/14/2012 Invoice 210220109	Open	Date 08/22/2012	Description Rec Copier, Canon IR1750, Lease Pymt	KBA Docusys	\$198.51

## City Checks Issued 9/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
70905	09/14/2012	Open			KBA Docusys	\$83.34
	Invoice		Date	Description		Amount
	146885		08/17/2012	Rec Copier Contract 8/16-11/15/12, Canor		\$83.34
				Fund 2211, Info Technology		
70906	09/14/2012	Open			LEHR AUTO ELECTRIC & EMERGENC	\$719.55
	Invoice		Date	Description		Amount
	01072433		07/16/2012	Patrol vehicle radio installation		\$1,025.90
	01004442		08/09/2012	Credit		(\$306.35)
				Fund 2212, Equip Replacement		
70907	09/14/2012	Open			FRED MENG AUDIO VISUAL SERVICE	\$562.50
	Invoice		Date	Description		Amount
	Beach		09/13/2012	1/2 Movies at the Beach 2012		\$562.50
70908	09/14/2012	Open			MID-COUNTY AUTO SUPPLY	\$261.71
	Invoice		Date	Description		Amount
	314191		08/27/2012	auto parts-PD071		\$82.17
	314319		08/28/2012	auto parts-Fleet		\$30.86
	314409		08/29/2012	auto parts-PD071		\$13.55
	314485		08/29/2012	auto parts-PD071		\$59.49
	314586		08/30/2012	Auto parts-fleet		\$27.34
	314577		08/30/2012	auto parts-PD Vehicles		\$15.16
	314694		08/31/2012	auto parts-PD071		\$23.65
	314769		08/31/2012	auto parts_PD071		\$9.49
70909	09/14/2012	Open			MILLER'S TRANSFER & STORAGE CO	\$233.55
	Invoice		Date	Description		Amount
	83645		09/05/2012	Records Handling: Sep Storage, Aug Hanc		\$233.55
70910	09/14/2012	Open			MONTEREY BAY AREA SELF INS AUTI	\$3,731.76
	Invoice		Date	Description		Amount
	EAP12-13		08/21/2012	EAP Program Support, FY12/13		\$3,731.76
				Fund 2213, Self Ins Liability		
70911	09/14/2012	Open			ORCHARD SUPPLY HARDWARE	\$321.10
	Invoice		Date	Description		Amount
	6007-3522947		07/25/2012	Misc Supplies		\$17.30
	6011-4760302		07/25/2012	Trash cans		\$203.42
	6009-8339557		08/27/2012	Drain opener		\$32.46
	6008-5598080		08/30/2012	Misc.		\$50.81
	6009-2540323		08/30/2012	Painting supplies		\$17.11
70912	09/14/2012	Open			PACIFIC VETERINARY SPECIALISTS	\$139.85
	Invoice		Date	Description		Amount
	231880		09/04/2012	12c-01473		\$139.85
70913	09/14/2012	Open			PACIFIC WASTE CONSULTING GROUI	\$5,300.00
	Invoice		Date	Description		Amount
	17212		08/15/2012	2011 Annual Report		\$5,300.00

# City Checks Issued 9/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
70914	09/14/2012	Open			PALACE ART & OFFICE SUPPLIES	\$101.11
	Invoice		Date	Description		Amount
	972254		08/24/2012	Office Supplies, City Hall		\$32.41
	8804846		08/29/2012	Office Supplies, City Hall		\$68.70
				Fund 2210, Stores		
70915	09/14/2012	Open			PFX PET SUPPLY, LLC	\$388.21
	Invoice		Date	Description		Amount
	CD11875395		07/07/2012	Katie and Damien dog food		\$388.21
70916	09/14/2012	Open			PHOENIX GROUP INFORMATION SYS	\$2,033.30
	Invoice		Date	Description		Amount
	72012070		08/17/2012	Citation Processing, July 2012		\$2,033.30
70917	09/14/2012	Open			QUARTARARO, ROD V.	\$66.00
	Invoice		Date	Description		Amount
	Quart-Sep4		09/07/2012	Vball and Softball Officials Aug 25 to Sept		\$66.00
70918	09/14/2012	Open			RBF CONSULTING	\$2,897.58
	Invoice		Date	Description		Amount
	12070757		08/24/2012	Develop Local Hazard Mitigation Plan		\$2,897.58
				Fund 1350, CDBG Grants		
70919	09/14/2012	Open			REED, DANIEL H.	\$99.00
	Invoice		Date	Description		Amount
	Reed-Sep7		09/07/2012	Vball and Softball Officials Aug 25 to Sept		\$99.00
70920	09/14/2012	Open			SALDANA, LISA	\$15.00
	Invoice		Date	Description		Amount
	PAMF		09/07/2012	Reimburse Physical Exp Co-Pay		\$15.00
70921	09/14/2012	Open			SCC AUDITOR-CONTROLLER	\$12,398.50
	Invoice		Date	Description		Amount
	Pkg-Aug12		09/07/2012	Parking Citation Fees, Aug 2012		\$12,398.50
70922	09/14/2012	Open			SANTA CRUZ SENTINEL	\$375.56
	Invoice		Date	Description		Amount
	3540255-Aug12		08/31/2012	Employment Ads, PD		\$375.56
70923	09/14/2012	Open			SLOMA, CLIFF	\$16.00
	Invoice		Date	Description		Amount
	Sloma-Aug12		09/07/2012	Reimb Meals, Cal Gang Tng		\$16.00
70924	09/14/2012	Open			SUMMIT UNIFORM CORP	\$63.94
	Invoice		Date	Description		Amount
	47983		08/29/2012	Uniform Exp, Chief		\$63.94
70925	09/14/2012	Open			TASHNICK, BILL	\$33.00
	Invoice		Date	Description		Amount
	Tashnick-Sep6		09/07/2012	Vball and Softball Officials Aug 25 to Sept		\$33.00

## City Checks Issued 9/14/2012

Check Number	Invoice Number	Status	Invoice Date	Description	Payee Name	Transaction Amount
70926	09/14/2012 Invoice Thill=Sep8	Open	Date 09/07/2012	Description Vball and Softball Officials Aug 25 to Sept	THILL, WENDY	\$80.00 \$80.00
70927	09/14/2012 Invoice 16851	Open	Date 09/06/2012	Description Sep2012 Participation Fee	TLC ADMINISTRATORS, INC.	\$175.00 \$175.00
70928	09/14/2012 Invoice 93030-Sep12	Open	Date 09/07/2012	Description Sep Dental & Vision Ins, Employee Funde	TLC ADMINISTRATORS, INC.	\$2,419.02 \$2,419.02
70929	09/14/2012 Invoice CN1N028607	Open	Date 08/16/2012	Description Copier Maint. Sharp MX7001N Fund 2210, Stores	TRI-COUNTY BUSINESS SYSTEMS INC	\$97.74 \$97.74
70930	09/14/2012 Invoice 6769971-00 6769715-00	Open	Date 08/16/2012 08/15/2012	Description Throttle, PW Mower auto parts-Parks Mower	TURF STAR INC.	\$321.87 \$91.06 \$230.81
70931	09/14/2012 Invoice 210391652	Open	Date 08/24/2012	Description Copier Canon IR2525, Lease Pymt Fund 2211, Info Technology	US BANCORP EQUIPMENT FINANCE	\$80.12 \$80.12
70932	09/14/2012 Invoice 35804	Open	Date 08/28/2012	Description prints	WATSONVILLE BLUEPRINT	\$304.46 \$304.46
70933	09/14/2012 Invoice Aug2012 Sep12	Open	Date 08/31/2012 09/13/2012	Description Interim Comm Dev Director Svc, Aug2012 Interim Comm Dev Dir, Sep2012	WESTMAN, SUSAN	\$11,392.00 \$6,080.00 \$5,312.00
70934	09/14/2012 Invoice purchase	Open	Date 09/12/2012	Description Pacific Cove MHP Space #68-Brown Fund 1420, Pac Cove Bond	Brown, Carol	\$13,594.08 \$13,594.08
70935	09/14/2012 Invoice commission pmt	Open	Date 09/12/2012	Description Pacific Cove MHP Space #68-Brown Fund 1420, Pac Cove Bond	Fair Deal Real Estate & Mortgage Inc.	\$904.52 \$904.52
70936	09/14/2012 Invoice 2013-00000209	Open	Date 09/06/2012	Description Refund cite 13132251	Shinn, Sharon	\$48.00 \$48.00
70937	09/14/2012 Invoice 2013-00000208	Open	Date 09/14/2012	Description Refund cite 14131528	Smith, Joel	\$48.00 \$48.00

Type Check Totals: Count 57 Total \$126,538.29





## CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 27, 2012

FROM: POLICE DEPARTMENT

SUBJECT: AN ORDINANCE OF THE CITY OF CAPITOLA ADDING SECTION 9.34.010 (PUBLIC URINATION/DEFECATION PROHIBITED) OF THE CAPITOLA MUNICIPAL CODE PERTAINING TO PUBLIC PEACE, MORALS AND WELFARE [2ND READING]

---

**RECOMMENDED ACTION:** Adopt the proposed Ordinance adding section 9.34.010 of the municipal code regarding public peace, morals and welfare.

**BACKGROUND:** The draft Ordinance adding Section 9.34.010 is presented for a second reading. Section 9.34.010 is being added to prohibit public urination/defecation.

**DISCUSSION:** The City Council approved the first reading of this ordinance at the Council meeting held on September 13, 2012.

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.

**FISCAL IMPACT:** None

### **ATTACHMENTS**

1. September 13, 2012 City Council meeting minute excerpt.
2. Draft Ordinance

Report Prepared By: Rudy Escalante  
Chief of Police

Reviewed and Forwarded  
By City Manager: 

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CITY OF CAPITOLA  
CITY COUNCIL

September 13, 2012  
Capitola, California

**MINUTE EXCERPT OF A REGULAR MEETING**

**9. GENERAL GOVERNMENT/PUBLIC HEARINGS**

**A. Consideration of an Ordinance adding Section 9.34.010 of the Capitola Municipal Code prohibiting urination and/or defecation in public [1st Reading].**

**Police Chief Escalante** introduced this item. He stated that as part of the Police Department's continuous review of programs and processes, it was identified that the City has no language that authorizes the local enforcement of public urination/defecation. Currently, the Police Department relies on the Health & Safety Code for enforcement for these misdemeanors. These violations are prosecuted by the County District Attorney's Office and are commonly reduced to an infraction requiring the police officer to go through an extensive process. With the adoption of the proposed Ordinance the police officer will be able to write a municipal code citation.

**Mayor Termini** opened the public hearing.

There was no public comment.

**Mayor Termini** closed the public hearing.

***ACTION: Motion by Council Member Norton seconded by Council Member Harlan, to introduce a proposed Ordinance adding Section 9.34.010 of the Capitola Municipal Code prohibiting urination and/or defecation in public. The motion carried unanimously with the following vote: AYES: Council Members Harlan, Norton, Nicol, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.***

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

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ADDING CHAPTER 9.34 TO THE CAPITOLA MUNICIPAL CODE  
PERTAINING TO PUBLIC URINATION AND DEFECATION**

WHEREAS, it has come to staff's attention that the City has no language in the Capitola Municipal Code that authorizes the local enforcement of public urination and defecation.

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

Section 1. Chapter 9.34 is hereby added to the Capitola Municipal Code to read as follows:

**"9.34.010 – Public Urination/Defecation Prohibited.**

No person shall urinate or defecate in public except when using a urinal, toilet or commode in a bathroom, restroom or other structure enclosed from public view. Any person who violates this section shall be guilty of an infraction punishable by a fine of \$50.00."

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

This ordinance was introduced on September 13, 2012 and was passed and adopted by the City Council of the City of Capitola on September 27, 2012 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

\_\_\_\_\_  
Michael Termini, Mayor

ATTEST:

\_\_\_\_\_, CMC  
Susan Sneddon, City Clerk

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## CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 27, 2012

FROM: CITY MANAGER'S DEPARTMENT

SUBJECT: AUTHORIZE PUBLIC WORKS DEPARTMENTAL STAFFING CHANGES

**RECOMMENDED ACTION:** Authorize the City Manager to: 1) Unfreeze the Maintenance Superintendent position and fill the position, and 2) Freeze the Streets and Facilities Maintenance Supervisor Position.

**BACKGROUND:** In 2009 the City faced a significant financial crisis due to the economic recession. To resolve a budget shortfall, several employees accepted an early retirement package and their positions were frozen to save City funds. The Public Works Department eliminated a Parks Maintenance Supervisor and a Maintenance Worker position in that program. The Streets and Facilities Supervisor (Supervisor), Eddie Ray Garcia, assumed the responsibilities of the Parks Supervisor which included supervising four additional employees, as well as, the entire Parks Maintenance Program.

In January 2012, the Maintenance Superintendent retired and the City did not fill the position as a cost savings measure. In addition, another Maintenance Worker retired and the City froze the position in 2011. Many of the duties which were not contracted were transferred to the Supervisor. The combination of the loss of two maintenance workers and two managers has significantly increased the managerial responsibilities and workload of the current Supervisor. Therefore, staff recommends promoting Mr. Garcia to the Maintenance Superintendent position and freezing his current position (Streets and Facilities Maintenance Supervisor).

The effective date of the promotion would be September 30, 2012.

**FISCAL IMPACT:** The fiscal impact for the Public Works Department would be an increase in Salary & Benefits of \$6,300. Funding is available in the Public Works budget.

**ATTACHMENT:** None

Report Prepared By: Lisa G. Murphy  
Administrative Services Director

Reviewed and Forwarded  
by City Manager: 

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## CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 27, 2012

FROM: CITY MANAGER AND FINANCE DEPARTMENTS

SUBJECT: PRESENTATION REGARDING THE CAPITOLA BENCHMARK STUDY

**RECOMMENDED ACTION:** Receive report regarding the Capitola Benchmark Study, and direct the Finance Advisory Committee to continue reviewing the document for fiscal strategies.

**BACKGROUND:** Last summer the City's Finance Advisory Committee (FAC) held a series of meetings to develop a report regarding the City's long term fiscal position. On October 12, 2011, a joint Council/FAC study session was held to consider the FAC's report. One of the recommendations included in that report was to prepare a Benchmark Study to compare the City of Capitola's costs, revenues, and service outcomes with similar cities. The attached Benchmark Study was intended to assess the City's fiscal accountability and identify opportunities to improve efficiencies.

On February 23, 2012, the City Council approved funding for the preparation of the Benchmark Study by Bill Statler, from Municipal Finance Consulting and Training. Mr. Statler served as the Director of Finance and Information Technology for the City of San Luis Obispo for twenty-two years and for ten years as finance officer for the City of Simi Valley. Under his leadership, the City of San Luis Obispo received national recognition for excellence in its financial planning and reporting systems. Mr. Statler also served as the interim Finance Director for the City of Capitola in 2011. City staff and the FAC worked closely with Mr. Statler to identify six benchmark cities for the analysis.

The final study suggests the City has done an excellent job in managing its fiscal affairs in light of the recession, combined with the challenges associated of the March 2011 pipe failure.

**DISCUSSION:** The Capitola Benchmark Study compares the City of Capitola to six other cities in the following four areas:

- Financial;
- Service outcomes or the value for the cost;
- Changes in City workloads and staffing over time;
- Adoption and implementation of "best practices" in managing the public resources.

The same metrics that were used in the City of Capitola's study were used in a similar Benchmark Study for the City of San Luis Obispo. The metrics were identified and selected prior to the identification of the benchmark cities, or the collection of any data.

This benchmark analysis is designed to assess the fiscal performance of the City of Capitola. The results can be used to demonstrate how Capitola compares with other cities, while also providing reasonable assurance that the City is managing its fiscal affairs effectively. When this is not the case, then areas for improvement can be identified and changes made.

## Item #: 9.A. Staff Report.pdf

9-27-12 CITY COUNCIL MEETING

AGENDA REPORT: PRESENTATION REGARDING THE CAPITOLA BENCHMARK STUDY

On April 17, 2012, staff briefed the FAC on the benchmark analysis scope of work and the key task of selecting comparative cities. Twenty finalist cities were identified based on their "best fit" in the selection criteria. A matrix was prepared that highlighted the difference in city services, public accessibility to financial information, recognition for excellence in financial reporting, and reputation for being well-governed. Based on this information, the FAC requested that staff further evaluate the candidate cities and select six to eight cities that were the best match.

The following six comparative cities were selected based on their population, location in a coastal county, strong "sense of place/quality of life" in the community, tourism, similar scope of services, and management/governance reputation:

- Carmel
- Laguna Beach
- Sausalito
- Carpinteria
- Pismo Beach
- Scotts Valley

The overall conclusion of the report indicated that Capitola consistently compares favorably with the benchmark cities, and in service cases, it is "best in class". Some of the key findings include:

- Lower than average operating costs, including one of the lowest ratios of support costs in administrative departments like Administration, City Attorney, City Clerk, Human Resources, Finance and Information Technology compared with operating costs for direct services like police, streets and park maintenance.
- The City has fewer regular employees than it did fifteen years ago, while the number of sworn police positions remains unchanged over that same time period.
- The City has strong long term retiree cost containment measures including the only benchmark city with "caps" on its retirement costs (and perhaps the only city in the State), and one of the lowest actuarial costs for retiree health care benefits.
- The City receives very high evaluations by residents on the services it provides. For example, in a recent scientific public opinion survey 92% of those surveyed rated the quality of life in Capitola as excellent or good, with over 90% indicating they were satisfied with police services, and about two-thirds of the City's residents responding that the City is doing an excellent or good overall job in providing City services.
- An area of concern noted in the Study is the condition of the City's streets; its pavement condition is among the lowest of benchmark cities. While Capitola's pavement condition is similar to the statewide average, it is much better than the overall condition within Santa Cruz County. Moreover, the condition has improved since 2006. This shows that with adequate resources, the City can continue to improve the condition of its streets.

**FISCAL IMPACT:** There are no fiscal impacts; however this report will be referenced for future financial and management decisions.

### **ATTACHMENT:**

1. Benchmark Study

**Report Prepared By:** Jamie Goldstein, City Manager  
Tori Hannah, Finance Director

**Reviewed and Forwarded  
By City Manager**





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# BENCHMARK ANALYSIS

---

*Using Benchmarks to  
Measure Performance and Assess  
Fiscal Accountability*

September 2012

124 Cerro Romauldo Avenue  
San Luis Obispo, CA 93405  
805.544.5838 ■ Cell: 805.459.6326  
bstatler@pacbell.net  
www.bstatler.com

**William C. Statler**

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

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## EXECUTIVE SUMMARY

As discussed in the January 26, 2012 long range fiscal strategy report to the Council, when carefully prepared, benchmark analysis can be a powerful tool in assessing the fiscal performance of a local government agency. Where benchmark results show that a city compares favorably with others, then reasonable assurance can be provided that the city is managing its fiscal affairs effectively. Where this is not the case, then areas for improvement can be identified and changes made (or explanations provided as to why the existing situation is appropriate).

In short, “benchmarking” the City’s costs, revenues and service outcomes with similar cities provides an effective way of assessing the City’s fiscal accountability and serving as a management strategy in finding opportunities to improve organizational efficiencies. Additionally, as the City prepares to ask its voters to approve new General Fund revenues in November 2012, benchmark analysis helps answer the question: is the City using the resources it already has wisely?

There are a number of pitfalls in preparing this type of analysis, which are discussed in more detail in the next chapter. But the short story is that it is very difficult to make perfect comparisons between cities. There are over 480 cities in the State – and each of them has its own unique story to tell in terms of community needs and resources.

Nonetheless, difficult does not mean impossible. This report includes a detailed description of the methodology used in developing and evaluating these benchmarks. In summary, while perfect benchmarks are probably not possible, by selecting cities for comparison that share similar key characteristics with the City of Capitola, it is possible to make meaningful assessments.

### BENCHMARKS IN FOUR AREAS

In assessing the City’s fiscal performance, benchmarks were developed in four areas:

- How does the City compare financially with similar cities?
- How do the City’s “service outcomes” compare with similar cities? (Service costs are one thing; value for cost – service outcomes – is another.)
- How have City workloads and staffing changed over time?
- And has the City adopted and implemented the use of “best practices” in wisely managing the public resources that have been entrusted to it?

### QUICK REVIEW OF THE RESULTS

The following is a summary of the key findings of this report.

#### Financial

In virtually all areas of its operations, the City compares favorably with the benchmark cities. This includes:

## EXECUTIVE SUMMARY

- Lower than average operating costs.
- Lower than average staffing levels.
- Very low debt levels.
- One of the lowest ratios of support costs in administrative departments like Administration, City Attorney, City Clerk, Human Resources, Finance and Information Technology compared with operating costs for direct services like police, streets and park maintenance. (Only Laguna Beach, with a larger cost base and scope of services to spread these types of support costs, is lower.)
- The only city with “caps” on its retirement costs – and perhaps the only city in the State.
- One of the lowest actuarial costs for retiree health care benefits.

In short, the City consistently compares favorably with the benchmark cities, and in several cases, it is the “best in class.” This is especially notable, as the City set the bar high in selecting benchmark cities that have reputations for being well-managed.

### Service Outcomes

- The City is among the safest of the benchmark communities. There are a number of reasons for this, and we believe that the effectiveness of the Police Department is one of them.
- The City receives very high evaluations by residents on the services it provides. For example, in recent scientific public opinion research:

*92% of those surveyed rated the quality of life in Capitola as excellent or good. While there are a number of factors that make Capitola a great place to live, work and play, the quality of City services is certainly one of them.*

*About two-thirds of the City’s residents think that the City is doing an excellent or good job overall in providing City services.*

*And when asked about specific services like police protection, parks, beaches, traffic Law enforcement and recreation, most received “satisfactory” or higher ratings by 80% or more of the respondents. (In fact, except for affordable housing, all of the services surveyed were rated “satisfactory” by a majority of those responding.)*

- An area of concern is the condition of the City’s streets: its “pavement condition index” (PCI), which is an industry-standard measure of paving condition on a scale of 1 to 100, is among the lowest of benchmark cities. On the other hand, Capitola’s PCI of 68 is similar to the statewide average (and much better than the overall PCI of 48 within Santa Cruz County). Moreover, it is up significantly from its PCI of 57 in 2006. This shows that with adequate resources, the City can continue to improve the condition of its streets.

## EXECUTIVE SUMMARY

### Staffing and Workload Trends

- The City has fewer regular employees than it did fifteen years ago.
- And the number of sworn police positions is the same as it was fifteen years ago.

### Best Practices

- The City has made extensive use of “best practices” in managing its fiscal affairs, including multi-year budgeting, long-term fiscal forecasts, integration of goal-setting into its budget process, use of generally accepted accounting principles and “clean” audits by independent certified public accountants, ongoing monitoring of financial condition and the use of comprehensive fiscal policies as the foundation for decision-making.
- The City has received statewide recognition for excellence in financial reporting.
- The City makes extensive use of the private sector in delivering City services, including partnerships and collaborations with non-profit organizations as well as other government agencies. In fact, these agreements with others account for over 20% of General Fund expenditures.

### SUMMARY

For many cities, the seeds of deep financial troubles are not sown in the bad times. When these occur, most cities follow the First Rule of Holes: when you find yourself in one, stop digging. Rather, the roots of fiscal troubles more typically take place in the good times, where financial commitments are made that are not sustainable.

It is clear from the results of this analysis that Capitola made wise decisions in managing its resources in the good times, which have served it well in navigating its way through the tough times.

No city is immune to the performance of the economy – and Capitola is no exception to this. However, the City has done an outstanding job in managing its fiscal affairs in light of the worst recession since the Great Depression, coupled with its unique challenges in the aftermath of severe flooding in March 2011. Its ability to do so is not due to serendipity, but to thoughtful leadership in key areas over many years, that continues today:

- Clear foundation of articulated fiscal policies (and tradition of following them)
- Prudent reserves
- Conservative use of debt financing
- Clean audits and ongoing interim reporting to monitor fiscal results
- Use of “best practices”
- Effective retirement cost containment strategies
- Transparent governance

While challenges remain, the City can be proud of its sustained record of effective stewardship of the public resources that have been entrusted to it.

## **METHODOLOGY**

As discussed in the Executive Summary, “benchmarking” has a number of pitfalls in making meaningful “apples-to-apples” comparisons with other cities. While simple per capita comparisons are tempting, the fact is that every city faces different challenges due to a wide variety of factors, including:

- Service level expectations
- Daytime versus resident service population
- Fiscal constraints
- Community demographics
- Scope of services provided (full service or contract city – or something in between?)
- And not least, geography

For example, per capita street maintenance costs in the City of South Lake Tahoe – which include snow removal – are likely to be much higher than a similar-sized city like Campbell in the Silicon Valley. Similarly, the City of San Luis Obispo has higher than average fire costs largely due to mountains, freeways and railroad tracks, which limit access in meeting minimum response times. Other communities with a similar population size but less challenging geography might be able to meet a similar standard with fewer stations – and thus lower costs.

### **MITIGATING THE PITFALLS**

The reality is that in order to make meaningful comparisons with others, we need to develop a common denominator. And while imperfect, in the real world, “per capita” is probably the most practical common denominator for assessments. Accordingly, avoiding the pitfalls noted above and making meaningful per capita comparisons requires carefully selecting the benchmark cities to ensure they represent as close a match as possible, recognizing that a “perfect” match is not possible.

This means that along with selecting comparably sized cities, it is important to select cities that share other important service, economic, geographic and demographic characteristics as well. Additionally, to avoid a “race to the bottom,” comparison cities should also be selected that have a reputation for being well-managed and leaders in the use of “best practices” (and should be avoided if their reputations are just the opposite).

After selecting comparison cities, it is also important to carefully select the benchmarks. Selected data points need to meet three key criteria:

- Measure something meaningful.
- Are reasonably available from all cities: the information can be reliably gathered through source documents, such as audited financial statements and budgets.
- Measure the same thing.

### **BENCHMARK CITIES**

As discussed above, one of the most important steps in preparing the benchmark analysis is selecting the benchmark cities. The goal is to select benchmark cities in California that best



## METHODOLOGY

match the following six criteria (recognizing that finding six to eight cities that meet all of these criteria is not possible):

- Population between 3,500 and 25,000
- Located in a coastal county
- Strong “sense of place/quality of life” community
- Tourism is an important part of economy
- Similar scope of services (“hybrid delivery:” provides police and parks & recreation but does not provide fire or enterprise services like water, sewer, transit, harbors or airports)
- Management/governance reputation

As outlined below, there were three key steps in selecting the benchmark cities:

- Identify cities between 3,500 and 25,000 population and screen for location and tourism
- Select “candidate cities” and screen for scope of services
- Identify finalists and select six to eight benchmark cities

### **Step 1: Population, Location and Tourism**

Of the 481 cities in California, there are 178 cities with populations between 3,500 and 25,000. Of these, thirty-eight (including Capitola) are located in coastal counties with transient occupancy tax (TOT) revenues that are 4% or more of total “general revenues” (based on the State Controller’s report on City finances for 2009-10). For context, the City of Capitola generated 7% of its general revenues from TOT in the State Controller’s report.

### **Step 2: Scope of Services**

The next step was to analyze the key services provided by each of these 38 cities. A matrix was prepared organizing key services into two main groups:

**General Fund services.** Police, fire, parks & recreation, library services

**Enterprise operations.** “Business-like” operations such as water, sewer, solid waste, parking, transit, airport, ports/harbors, electric, golf

As discussed above, an exact “service” match for Capitola would be cities that provide police and parks & recreation services, but do not provide fire or enterprise operations. However, none of the other 37 “candidate cities” is a perfect match for the scope of services provided by Capitola. This means applying judgment in selecting six to eight “best fit” cities.

## METHODOLOGY

### Step 3: Benchmark City Selection

On April 17, 2012, staff briefed the Finance Advisory Committee (FAC) on the benchmark analysis workscope and the key task of selecting comparison cities. Twenty “finalist” cities were identified based on the best overall fit in considering the selection criteria. A matrix was prepared that highlighted the key scope of service differences from Capitola and presented three high-level screens for “good government” and “best practices” among the candidate cities.

- Are their budgets and audits posted on their web sites?
- Have they received awards for excellence for their budgets and annual financial reports from either the California Society of Municipal Finance Officers (CSMFO) or the Government Finance Officers Association of the United States and Canada (GFOA)?
- What is their reputation for being well-managed and well-governed?

In considering the selection of six to eight benchmark cities, there are pros and cons associated with each of the twenty cities. With general parameters, the FAC directed staff to further evaluate the candidate cities and select six to eight cities that were the best match for the benchmark analysis.

Based on follow-up research and in considering all of the criteria, the following six cities were selected for the benchmark analysis as the best match with the City of Capitola:

- Carmel
- Carpinteria
- Laguna Beach
- Pismo Beach
- Sausalito
- Scotts Valley

With a population of 9,926, Capitola’s population lies mid-way between these cities: three are larger (Carpinteria, Laguna Beach and Scotts Valley) and three are smaller (Carmel, Pismo Beach and Sausalito). And while coastal, they represent a cross section range of geographic locations as well: Monterey Bay peninsula (Carmel and Scotts Valley); northern California

Top 20 Candidates		
City	County	Population
Calistoga	Napa	5,188
Carmel	Monterey	3,738
Carpinteria	Santa Barbara	13,104
Del Mar	San Diego	4,187
Half Moon Bay	San Mateo	11,415
Healdsburg	Sonoma	11,475
Laguna Beach	Orange	22,792
Larkspur	Marin	12,014
Malibu	Los Angeles	12,683
Marina	Monterey	19,808
Morro Bay	San Luis Obispo	10,329
Pacific Grove	Monterey	15,114
Pismo Beach	San Luis Obispo	7,708
Sausalito	Marin	7,116
Sepastopol	Sonoma	7,423
Scotts Valley	Santa Cruz	11,640
Solana Beach	San Diego	12,945
Sonoma	Sonoma	10,711
St. Helena	Napa	5,849
Tiburon	Marin	9,031

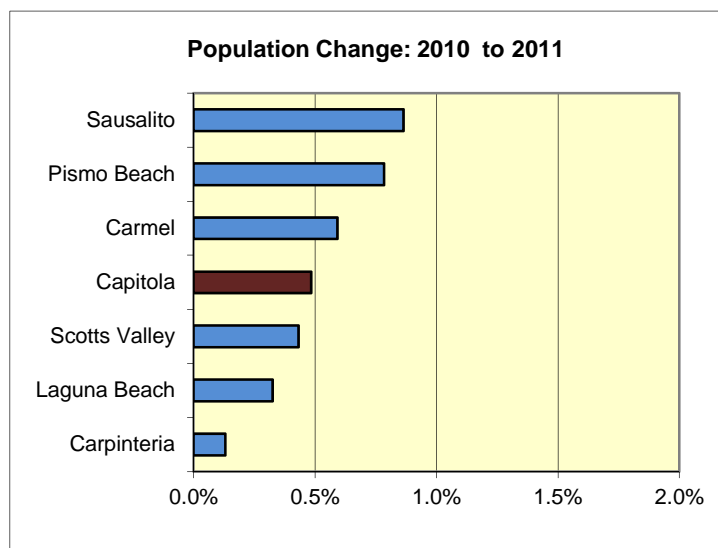
## METHODOLOGY

(Sausalito); central coast (Carpinteria and Pismo Beach); and southern California (Laguna Beach).

One other similarity is worth noting: each of these are “slow growth” cities. As reflected in the side bar chart, the population for each of these benchmark cities – as well as the City of Capitola – grew by less than 1.0% between 2010 and 2011. Similar slow-growth trends were experienced by all of the cities over the past ten years. In fact, several of the cities experienced minor population losses.

As noted above, none of these cities is a perfect “service delivery” match with Capitola. Key differences include:

- Four of the cities – Carmel, Laguna Beach, Pismo Beach and Sausalito – directly provide Fire service.
- Two of the cities – Laguna Beach and Pismo Beach – provide water service.
- Four of the cities – Laguna Beach, Pismo Beach, Sausalito and Scotts Valley – provide sewer service.



However, all of them provide park and recreation services; and except for Carpinteria (which contracts for police services from Santa Barbara County), directly provide police services.

## SUMMARY

As discussed above, “per capita” is not a perfect measure in assessing “service demand” due to the need to service day-time employees and tourists as well as residents. On the other hand, if the benchmark cities also share these characteristics, then “per capita” becomes a better (if still imperfect) benchmark.

## ① FINANCIAL BENCHMARKS

### OVERVIEW

This chapter provides comparisons on key benchmark “measures” for revenues, costs, reserves, debt, staffing and compensation with the six benchmark cities. In understanding the results, the following describes how data was collected and key caveats about their use.

#### Data Sources and Collection

In preparing this report, published *audited* financial statements have been used wherever possible for revenue and cost data. (In those few instances where this is not the case, the source has been noted and reason for using it.) Audited financial statements for the fiscal year ending June 30, 2011 were used, which is the latest date that this information is available for all cities. Based on this, population data as of January 1, 2011 was used in making per capita comparisons. For regular authorized positions, published budget documents for 2011-12 were used.

In short, anyone with a web browser (and the time and inclination to do so) should be able to duplicate the results of this report. (In a few cases as described in the *Data Sources* chapter, some follow-up surveys may be needed.)

#### Caveat: Every City Budgets and Accounts for Service Costs Differently

Along with caveats on the pitfalls of using of “per capita” data in making perfect comparisons, another one is in order: every city everywhere budgets and accounts for service costs differently.

For example, some cities account for internal services like printing, fleet maintenance, insurance and information technology using “internal service funds,” which charge user departments for their services. Other cities account for these types of costs in the General Fund and use an indirect cost allocation plan in distributing costs to other departments and funds. And some cities account for these in the General Fund but make no formal allocation of these costs at all.

And some cities account for services like paving, street lighting, landscape maintenance and storm drain maintenance solely in their General Fund; others in separate special revenue or enterprise funds; and often some combination of the three. Moreover, some cities account for their parking operations in the General Fund (like Capitola), while others account for these in separate parking funds.

**Why does this matter?** Those cities that use separate funds to account for services that others account for in their General Fund may appear to have lower General Fund costs than those who do not. Unfortunately, there is no good way to adjust for this. So, like the results of using per capita, we need to recognize the limits of benchmark studies: even in the best of circumstances, the results are not exact comparisons. Nonetheless, the results should provide a reasonable, order of magnitude feel for how one city compares with another.

#### Focus on “Governmental” Activities: Excludes Enterprise Operations

The services that cities provide can be divided into two major groups:

## 1 FINANCIAL BENCHMARKS

1. **Governmental Activities.** These are the “traditional” functions of cities, and include services like police, planning, building inspections, street maintenance, recreation and park maintenance. All of the benchmark cities provide some combination of these core services, either in-house or via contract services.
2. **Enterprise Activities.** However, every city has a different story to tell when it comes to “business-like” enterprise operations like water, sewer, parking, airports, harbors and golf.

The number and type of enterprise services that a city provides can significantly affect its total costs and staffing. As such, for the best “apples to apples” comparison, this report focuses on costs and revenues for “governmental” activities and excludes enterprise operations.

### Selecting the Benchmarks

The key factors considered in selecting the benchmarks included:

- They measured something meaningful.
- They were reasonably available from all (or most) of the benchmark cities.
- And they most likely measured the same thing.

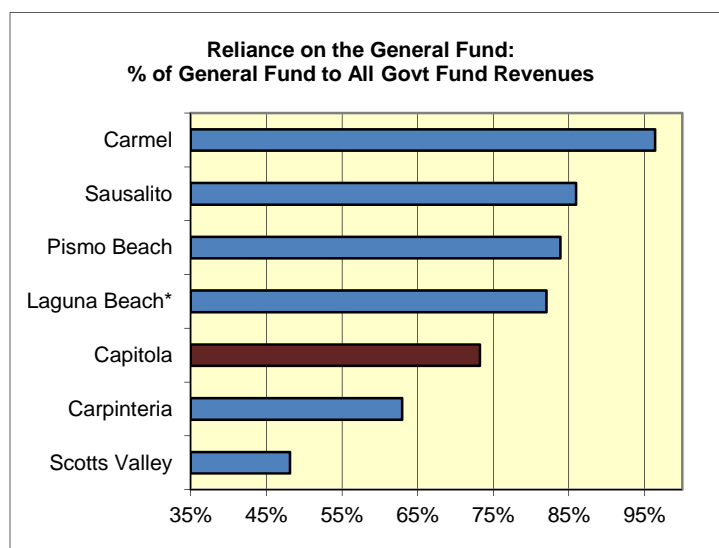
For this reason, many of the comparisons focus on citywide totals or police services: not only are these the most meaningful in terms of their impact on city finances, but they are the measures most likely to result in better comparisons.

## RESOURCES

The following charts compare the City’s revenue sources for “governmental” activities with the benchmark cities.

**Table 1.** This chart compares the City’s reliance on the General Fund in financing “governmental” services through the “Governmental Funds” (General, Special Revenue, Capital Project and Debt Service Funds combined).

As noted in the overview, many cities finance services like landscape maintenance and street lighting using assessment districts, whereas the City pays for these services largely through its General Fund.



As reflected in this chart, the City’s General Fund accounts for almost 75% of “governmental” funding sources, compared with just over 45% in Scotts Valley. Like most of the other cities,

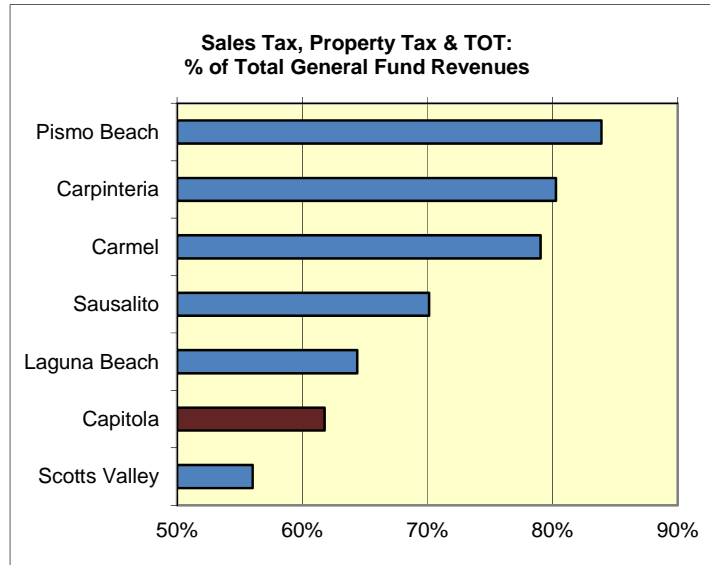
## 1 FINANCIAL BENCHMARKS

this means that strengthening the City’s ability to provide services depends largely upon its ability to strengthen its General Fund, which is especially true since the dissolution of redevelopment agencies.

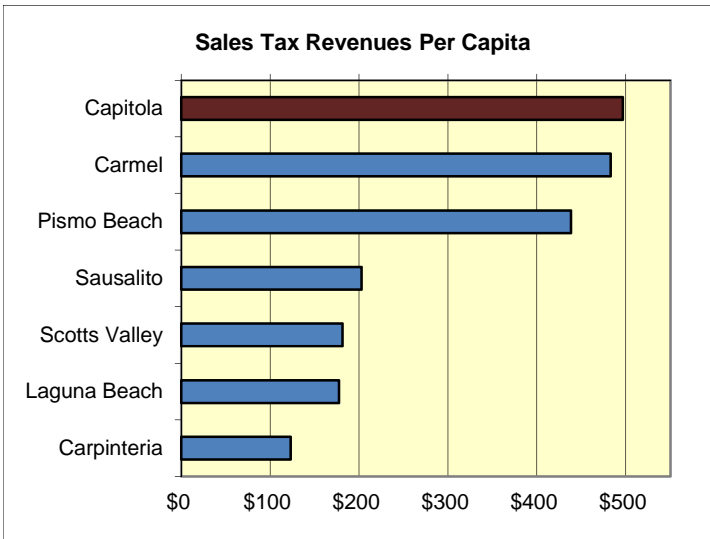
**Table 2.** Sales tax, property tax and transient occupancy tax (TOT) are the City’s top three General Fund revenues, accounting for over 60% of total General Fund revenues.

These are also important revenues in the benchmark cities, accounting for 50% or more of total General Fund revenues in all cases (and about 80% or more for the cities of Pismo Beach, Carpinteria and Carmel).

The following three charts take a more detailed look at each of these three key revenue sources.



**Table 3.** Sales tax is the City’s “number 1” revenue source, accounting for over 40% of total General Fund revenues. As shown in this chart, the City has the strongest sales tax revenues per capita of the benchmark cities.



***Why are the City’s sales tax revenues per capita so strong?***

There are a number of reasons, but the most significant is the City’s strong regional position for new car sales compared with these other cities, along with large format retail (like Macy’s and Kohls) and tourism-driven sales.

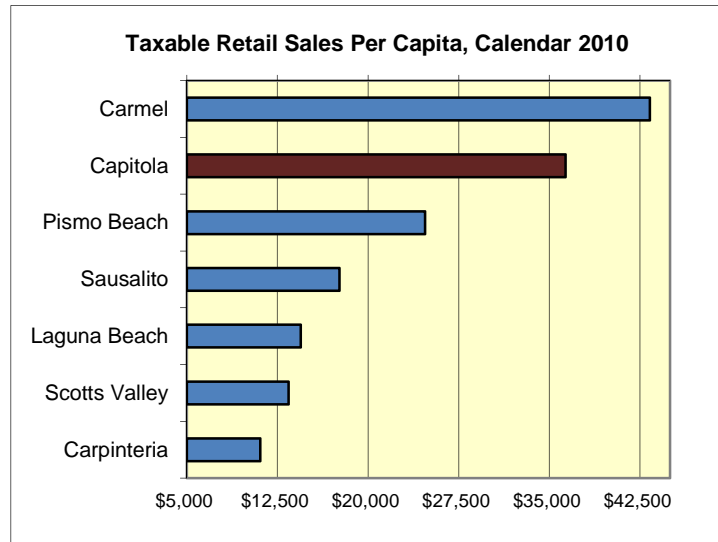
However, another key factor is that the City has an added ¼-cent local option sales tax (which also helps explain Pismo Beach’s strong sales tax revenues, since it does not have a strong new car sales base – but it does have a ½-cent local option sales tax).

The following chart adjusts for this by comparing taxable retail sales per capita – the underlying basis for sales tax revenues regardless of the rate – for calendar year 2010 (which is the most recent year that this information is available from the State Board of Equalization).

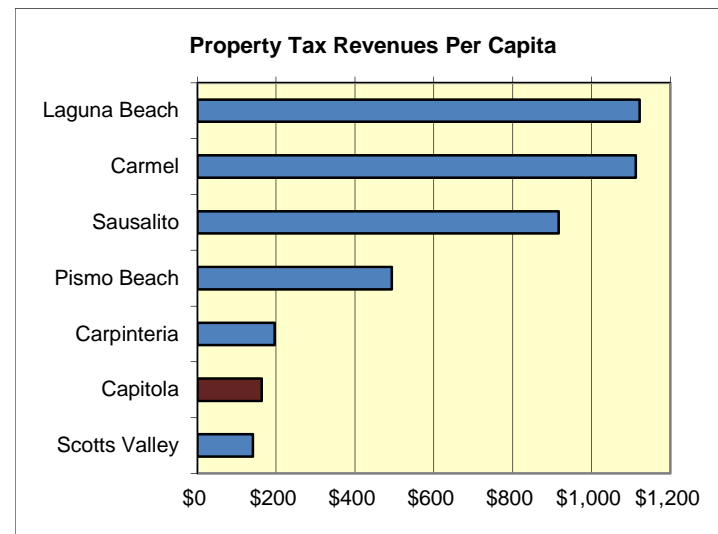
**1 FINANCIAL BENCHMARKS**

**Table 4.** After adjusting for differences in the local sales tax rate, Table 4 reinforces the City’s strong sales tax base compared with the benchmark cities.

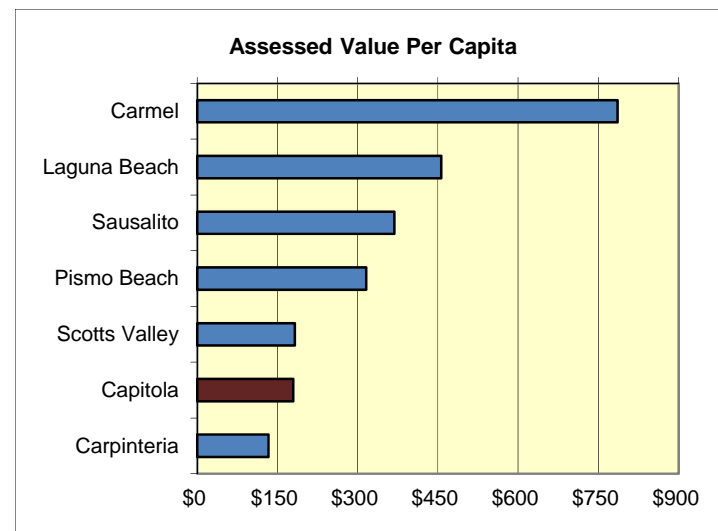
This means that a modest increase in the rate has significant revenue generation potential. It also means that an increase will have less impact on residents, since so much of this revenue source is generated by others from outside of the City who shop here.



**Table 5.** On the other hand, while the City’s sales tax revenues are strong compared with the benchmark cities, it has one of the lowest property tax revenues per capita.



**Table 6.** The distribution of the “1% levy” of property tax revenues under Proposition 13 plays a role in the magnitude of the differential in property tax revenues. Table 6 adjusts for this by focusing on the underlying revenue base: assessed value. Nonetheless, while the relative magnitude of the differences is less, the City still has one of the lowest property tax revenue bases of the benchmark cities.



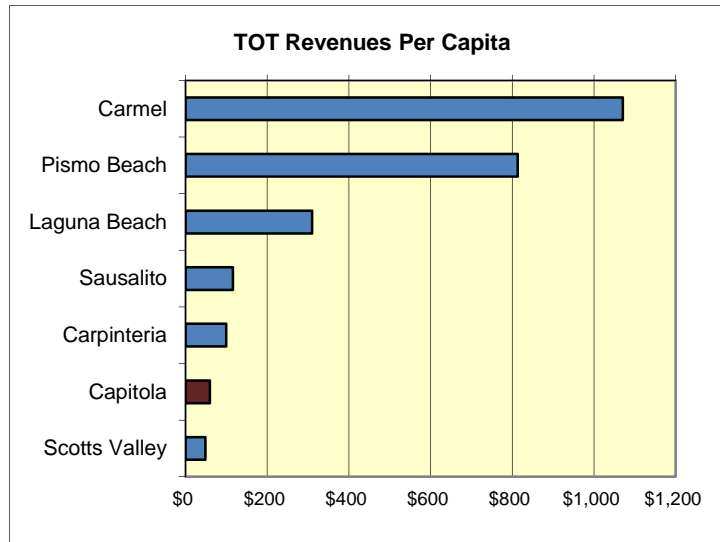
It should be noted that under Proposition 13, adopted by the voters in 1978, the City does not have any control over the allocation of property tax revenues: this is determined by the State. And even if a community wanted to increase its general-purpose property taxes, this is not possible, since Proposition 13, prohibits increases in property tax rates – even if approved by local voters – except for bonded indebtedness.

## 1 FINANCIAL BENCHMARKS

**Table 7.** This chart clearly shows those cities with strong destination tourism economies. Carmel, Pismo Beach and Laguna Beach have the highest TOT revenues per capita, while Scotts Valley and Capitola have the lowest.

The TOT rate is 10% in all of the cities except Sausalito, where the rate is 12%.

Given Capitola’s obvious high rate of tourist visitation, and that all benchmark cities have a similar TOT rate, this table suggests Capitola is under-performing in TOT revenue. One likely explanation for this is the lack of supply in hotel rooms, potentially suggesting a future economic development opportunity. Given Capitola’s desirable location and the success of the Fairfield Hotel that opened last year, this table demonstrates the strong market (and revenue) potential for new hotels in Capitola.

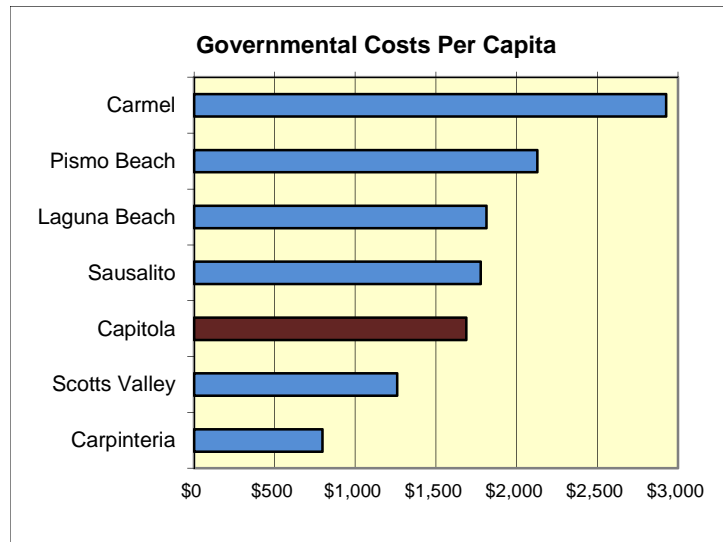


## COSTS

The following charts compare the City’s costs for all governmental services as well as for public safety with the benchmark cities.

**Table 8.** Under generally accepted accounting principles, every city must prepare consolidated financial statements on a full accrual basis for all of their operations. These are organized into two distinct categories: governmental activities (police, streets and parks) and business-type (enterprise) activities.

While there are conceptual difficulties in using “governmental” activity” costs in making comparisons between cities, it is the nonetheless the best one available in taking a citywide look at costs (after factoring out enterprise operations). After excluding Fire costs for those cities that provide this service, this chart shows that only Scotts Valley and Carpinteria have lower per capita costs for governmental services.

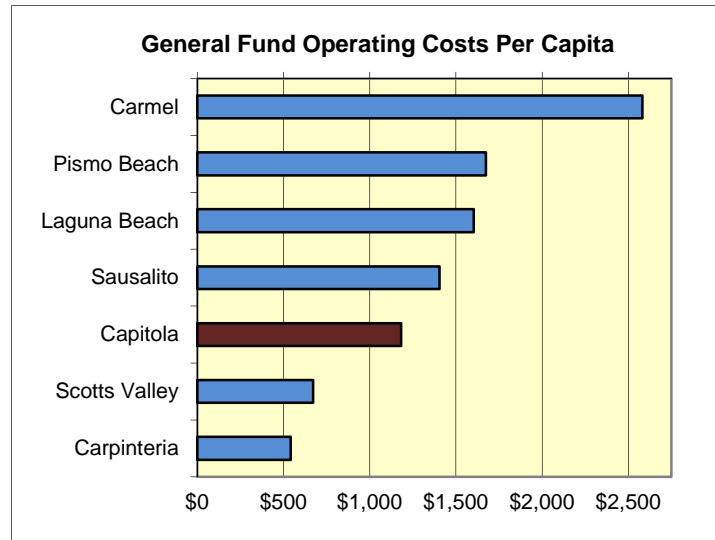




**1 FINANCIAL BENCHMARKS**

**Table 9.** The General Fund is the most important fund in most cities, and this is the case for the benchmark cities and Capitola. As such, while not a perfect measure, it is the most commonly used one.

After excluding Fire costs for those cities that provide this service (as well as sewer service in Laguna Beach, which they accounts for this service in their General Fund), this chart shows that only Scotts Valley and Carpinteria have lower per capita General Fund costs.



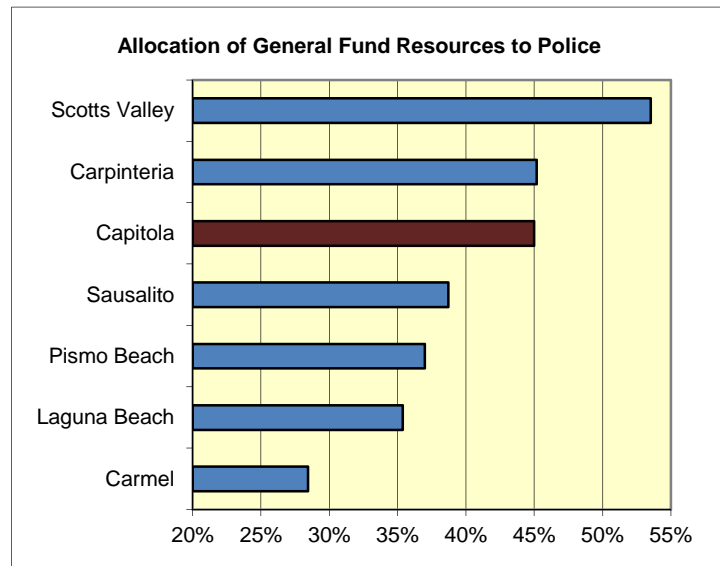
**Allocation of General Fund Resources for Police Services**

The following two charts show how Capitola and the benchmark cities allocate their General Fund resources to one of their highest priority services (and most significant in terms on their draw on General Fund revenues): police protection.

**Table 10.** Police service costs are the most significant use of General Fund revenues in the Capitola, accounting for 45% of costs.

While the percentages vary, costs for police services are among the most significant in the benchmark cities as well, ranging from about 30% in Carmel to almost 55% in Scotts Valley.

Only Scotts Valley and Carpinteria dedicate a higher portion of General Fund revenues to police services.

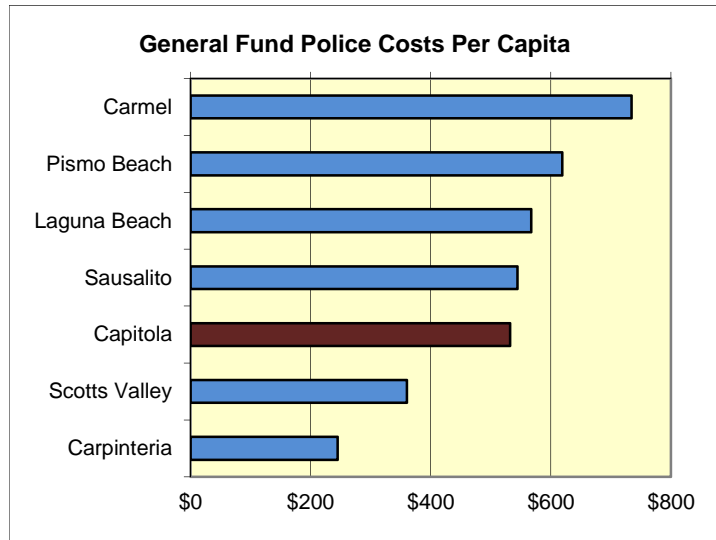


*For comparability, fire costs for those cities that provide this service (as well as sewer service in Laguna Beach) have been excluded in making this comparison.*

On one hand, these high allocations of resources to police services by all cities appropriately reflect its high priority. On the other hand, the more that a city allocates its general-purpose revenues to public safety, the less is available to support other high-priority services like street maintenance, traffic safety, storm drains, senior services, youth programs and park maintenance.

**1 FINANCIAL BENCHMARKS**

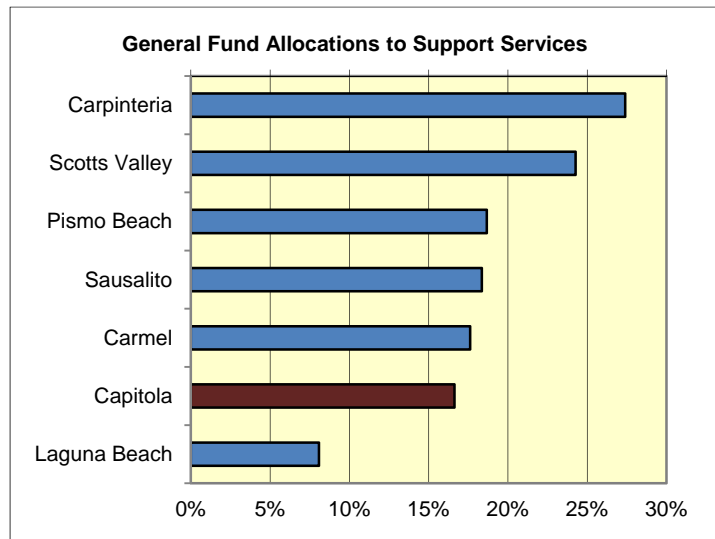
**Table 11.** While the City’s allocation of General Fund revenues to police services is among the highest of the benchmark agencies, its police costs per capita are among the lowest: only Scotts Valley and Carpinteria have lower police costs per capita.



**Allocation of General Fund Resources for Support Services**

To ensure appropriate organization direction, oversight, productivity tools and stewardship of the community’s assets, all organizations need to invest adequate resources to support functions like the city manager, city attorney, city clerk, human resources, finance and information technology. Under-funding these “organizational infrastructure” services can result in devastating consequences for any organization – public or private. On the other hand, the more efficiently that an organization can effectively provide these services, the more resources will be available for core services, like police, fire, streets and park maintenance.

**Table 12.** As shown in this chart, Capitola has one of the lowest ratios of General Fund costs for these functions services compared with the benchmark cities: only Laguna Beach’s is lower.



There are two reasons why Laguna Beach may have lower than average costs: it has the largest overall budget compared with the other cities; and the most extensive enterprise operations. These may allow it to shift some of its support service costs away from the General Fund.

*Excludes extraordinary legal costs in Capitola associated with mobile home rent control litigation.*

However, most of these ratios are below 20%, which reflects favorably on the benchmark cities and reinforces the reputations they have for being well-managed.

## ① FINANCIAL BENCHMARKS

### RESERVES AND DEBT

Along with revenue and cost comparisons, there are two other key financial benchmarks: the ratio of reserves to General Fund operating costs; and the ratio of debt service costs to revenues. The following two charts show these relationships.

#### Reserves

In comparing reserve levels between cities, it is important to recognize that “one size does not fit all.” In short, other than having a reserve at all, there is no “right” level: it depends on the circumstances in each city.

First, reserves (defined here as spendable, unrestricted fund balance) – whether large or small – do not *per se* reflect on a city's financial capacity or underlying fiscal strength. There are much better indicators than fund balance for this, most notably the ability over time for ongoing revenues to adequately meet day-to-day service needs, capital improvements and debt service requirements.

Then what does retaining a prudent level of fund balance reflect? It measures a city's ability to manage risk. How much can things adversely turn-out differently than “usual,” and how much fiscal capacity (measured in time) does the organization think is prudent in developing and implementing plans to respond to unexpected circumstances?

Based on this, the first step in assessing an appropriate reserve level is to assess fiscal risks, which fall into six categories:

1. **Economic.** How dependent are the city's key revenues on local economic performance? And how dependent are they on the fortunes of a few key taxpayers, or are revenue sources broadly distributed? In short, are all of the city's revenue “eggs in one basket?” And if so, how large and strong is the basket?

For example, property taxes are usually viewed as stable, dependable revenue sources (although this has not been the case in the aftermath of the worst recession since the Great Depression). As such, if this is a large part of a city's revenue base (as it is in most states other than California), then its fiscal risks are lower, and its reserve levels can be lower. However, sales tax is the most important revenue source for most California cities, including Capitola and most of the benchmark cities, and it can be highly volatile. So, where sales tax is a key revenue source, this argues for higher reserves.

And within any one revenue source, cities also need to assess their vulnerability (the “eggs” thing). For example, if one or two key property owners account for a large part of property tax revenues, then any adverse circumstances for them will adversely affect the city. How likely is this to happen? And what's the consequence if it does? The same is true for sales taxes: already a variable revenue source, it is even worse if one or two outlets (like a single car dealership or major retailer) account for a large part of a city's sales tax revenues.

## ① FINANCIAL BENCHMARKS

2. **Cash Flow.** What cash resources does a city need in balancing when it receives key revenues, and when it incurs expenses? Again, this requires a city-by-city review of their own unique circumstances in evaluating “lumpy” receipts and disbursements. In short, every city has a different cash flow story to tell.
3. **Expenditure Flexibility.** How much of a city’s costs are relatively “fixed” or ongoing, like debt service and regular staffing; versus more flexible costs, like capital projects or other “one-time” costs? The more “flexible” a city’s costs, the more flexibility it will have in not disrupting day-to-day services in responding to adverse circumstances while it figures out a longer-term strategy.
4. **Natural Disasters.** What is the likelihood (and frequency) of disasters like floods, fires or earthquakes in increasing response and recovery costs, or reducing revenues?
5. **Stability of State-Local Government Relationships.** How likely is it that the state will structurally change revenue sources, such as no longer providing a key subvention that it routinely provided cities in the past? Or no longer allowing cities to set a key fee or a tax that they have relied upon for many years? Or assessing cities fees for services that the State has traditionally provided at no cost? Or most recently, dissolving critically important redevelopment agencies? Over the past twenty years, State budget grabs have consistently been the largest single fiscal threat to cities in California.
6. **General Contingencies.** What is the likelihood of a major, unanticipated cost?

In summary, reserves act as an insurance policy, a risk management tool:

- How much risk is the city exposed to?
- And how much risk is it willing to take in the event that adverse circumstances emerge?

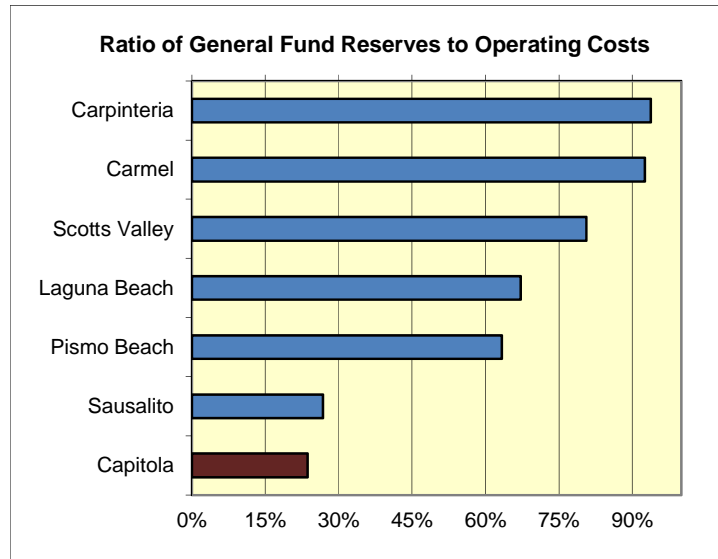
When adverse circumstances do arise, appropriate reserves provide cities with the ability to:

- Absorb “one-time” problems without disrupting day-to-day operations and services.
- Or if the problems are more systemic and ongoing, then it provides them with the fiscal capacity to take the time needed to fully identify how big the problem is, and then develop and implement a thoughtful longer-term strategy tailored to the problem.

The City has deeper practical experience with this than many other cities: given the serious flood damage in March 2011, the City was well-served by having available reserves in responding to a major, unforeseen event.

**1 FINANCIAL BENCHMARKS**

**Table 13.** As reflected in this chart, at June 30, 2001, the City of Capitola had the lowest ratio of General Fund reserves (defined as spendable, unrestricted General Fund balance as reported in audited financial statements: in Capitola, this includes reserves and balances in the internal service funds) to operating costs compared with the benchmark cities. Ratios ranged from 24% in Capitola to over 90% in Carpinteria and Carmel, with an average reserve level of about 70%.

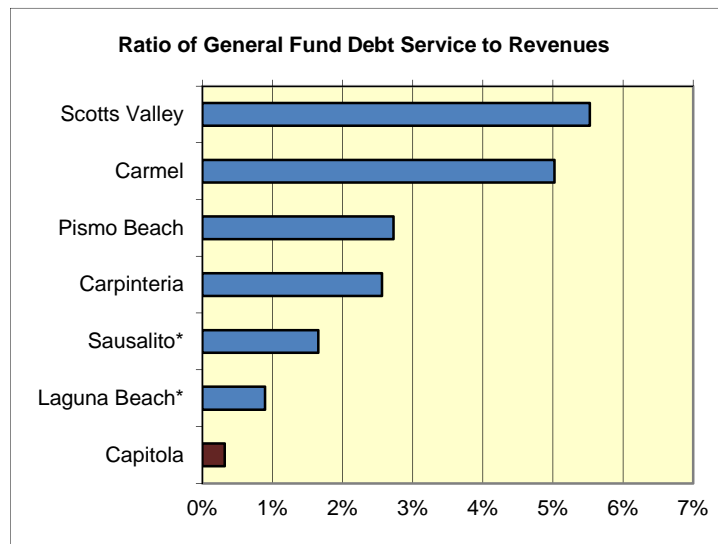


On one hand, the City’s fund balance position at June 30, 2011 reflects its appropriate use of reserves in responding to the disastrous flood damage in Spring 2011. On the other hand, it also reflects the need to begin restoring reserves, especially compared with reserve levels in the benchmark cities.

**Debt Service Costs**

Much like personal finances, there is an appropriate role for the use of debt financing in funding long-term investments. For example, 30-year mortgages are certainly appropriate in purchasing a home; and likewise, issuance of a 30-year bond for tangible, long-lived assets like a City Hall or Police Station is also appropriate. However, just as long-term financing to purchase groceries is inappropriate for a family, taking on debt to pay for day-to-day delivery of services is also inappropriate for a city. Since debt capacity is limited, its use should be limited to the most important, highest priority needs. In short, debt obligations incurred today will constrain resources for other needs tomorrow, so it is critically important that cities get this balance right.

**Table 14.** As reflected in this chart, the City has the lowest ratio of General Fund debt service to revenues compare with the benchmark cities (just 0.3% for a street sweeper lease-purchase agreement, which was fully paid-off in 2011-12).

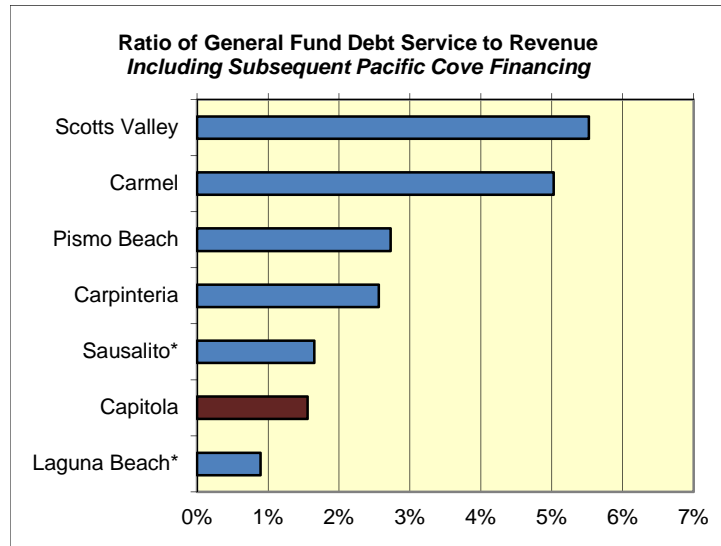


\* Excludes voter approved general obligation bonded indebtedness funded by special ad valorem property taxes and pension obligation bonds.

It is important to note that by national standards, all of these cities have favorable ratios in this area (all are under 6%), again reinforcing the reputations that these benchmark cities have for being very well-managed.

## 1 FINANCIAL BENCHMARKS

**Table 15.** On the other hand, the City recently incurred debt service costs in funding the Pacific Cove mobile home park relocation. This chart shows that the City still compares very favorably even if this subsequently added debt service cost (\$181,000 in 2012-13) is included in the comparison.

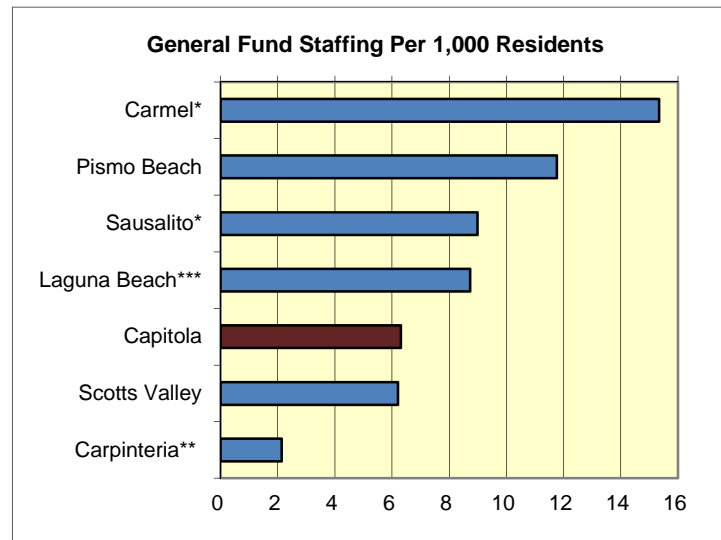


## REGULAR STAFFING

Staffing costs account for a large portion of operating costs in every city (about 65% of General Fund operating costs in Capitola) and regular staffing levels drive these costs. The following three tables provide benchmark comparisons for regular authorized staffing levels:

- Total General Fund regular staffing per capita
- Sworn police staffing per capita

**Table 16.** As reflected in this chart, the City has a lower than average ratio of regular General Fund staffing per 1,000 residents. This is especially notable, since Carpinteria (with the lowest overall staffing ratio) contracts with Santa Barbara County for police services.



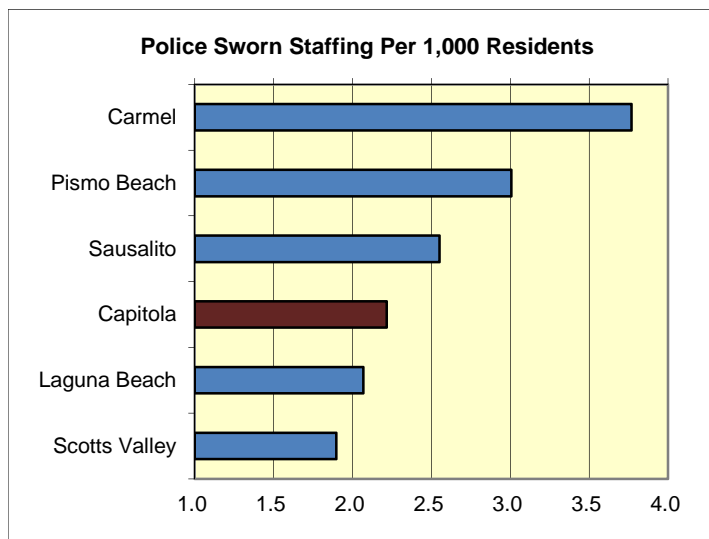
\* Excludes Fire

\*\* Contracts with County Sheriff for Police Services

\*\*\* Excludes Fire and Sewer

## ① FINANCIAL BENCHMARKS

**Table 17.** The City’s ratio of sworn police staffing per 1,000 residents is also lower than the benchmark cities’ average.



## SALARY AND BENEFITS

The last benchmarks considered as key financial indicators are salary and benefit levels. Along with authorized regular staffing levels, these drive a large portion of city costs.

### Salary

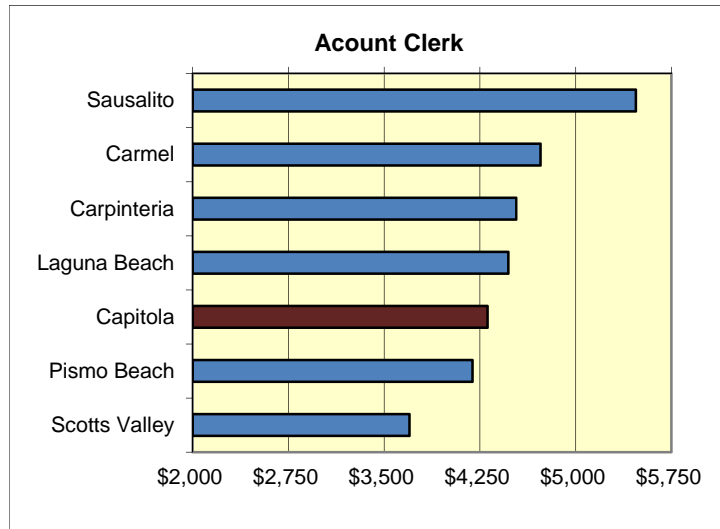
Salary information was collected for seven “benchmark” positions, which represent a good cross section of positions that deliver core services to the public and provide a reasonable basis for comparing salary costs with other cities. These include clerical positions (Account Clerk and Administrative Clerk); field operations (Maintenance Worker II); professional positions (Associate Planner and Information Services Specialist); sworn operations (Police Officer); and senior management (Community Development Director). These positions also represent commonly used positions in local government, which helps ensure meaningful comparisons.

This information was gathered based on information provided on the city web sites. Data is provided for the top of the salary range, since this represents what the city is committed to paying at some point. Position titles are based on those used by the City. In some cases, the benchmark cities may use slightly different titles than Capitola for similar job duties. Where this was the case, job descriptions were reviewed to ensure that duties are comparable.

**Important Caveat:** This data was developed in order to provide a context for the staff cost drivers facing each city. It should not be used to assess the competitiveness of the City’s compensation. This needs to be determined based on appropriate labor market factors, and the benchmark cities were not selected for this purpose. That said, in most cases, the City is in the mainstream of salary and benefits provided by the benchmark cities.

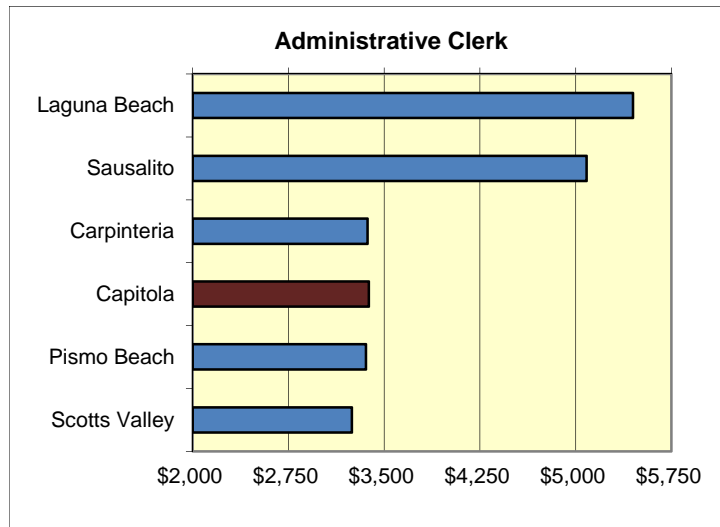
**1 FINANCIAL BENCHMARKS**

**Table 18.** The City’s salary for this position is in the mainstream of the benchmark cities and slightly below the median. The average “top of range” monthly salary is \$4,486 compared with \$4,309 in Capitola.



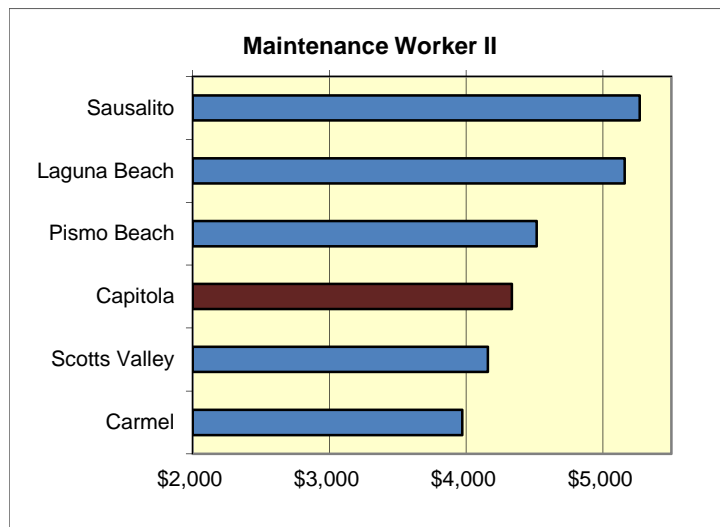
**Table 19.** The City’s salary for this position is in the mainstream of the benchmark cities and right at the median level.

*Note: The City of Carmel does not have a comparable position.*



**Table 20.** The City’s salary for this position is in the mainstream of the benchmark cities and slightly below the median. The average “top of range” monthly salary is \$4,568 compared with \$4,333 in Capitola.

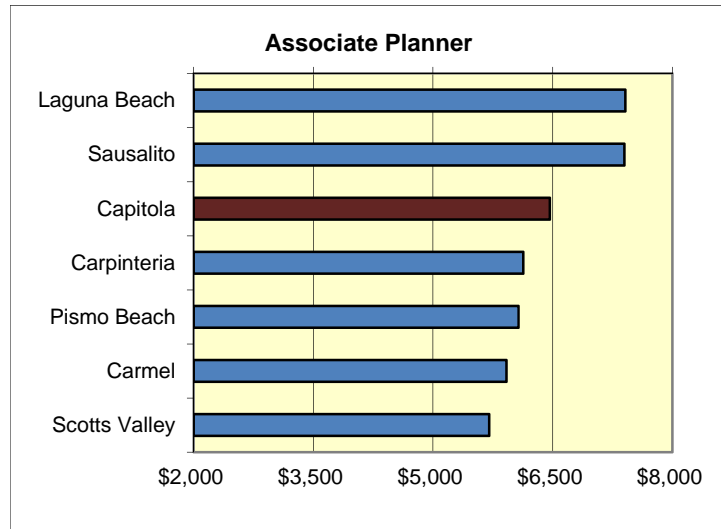
*Notes: 1) The City of Carmel does not have a Maintenance Worker series (I, II and III); salary data is for “Maintenance Worker.” 2) The City of Carpinteria does not have a comparable position*



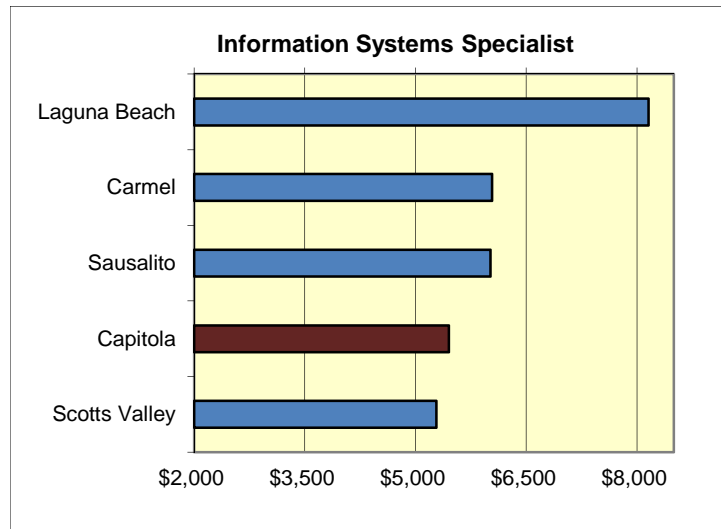


**1 FINANCIAL BENCHMARKS**

**Table 21.** The City’s salary for this position is in the mainstream of the benchmark cities. The average “top of range” monthly salary is \$6,443 compared with \$6,463 in Capitola.

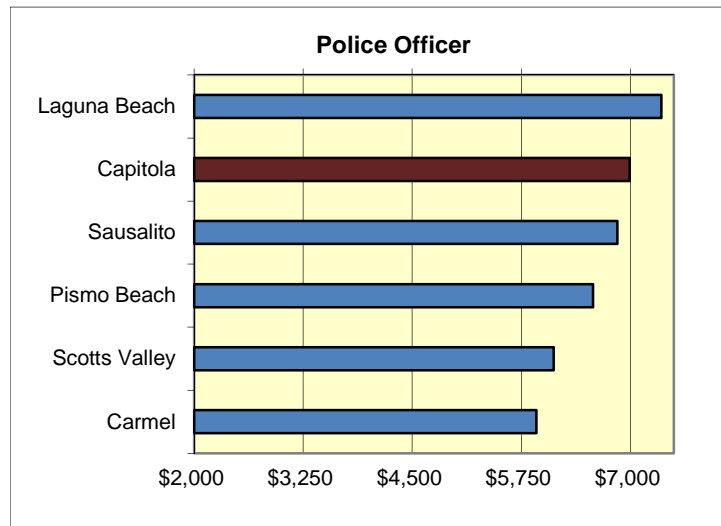


**Table 22.** The City’s salary for this position is in the mainstream of the benchmark cities and slightly below the median.



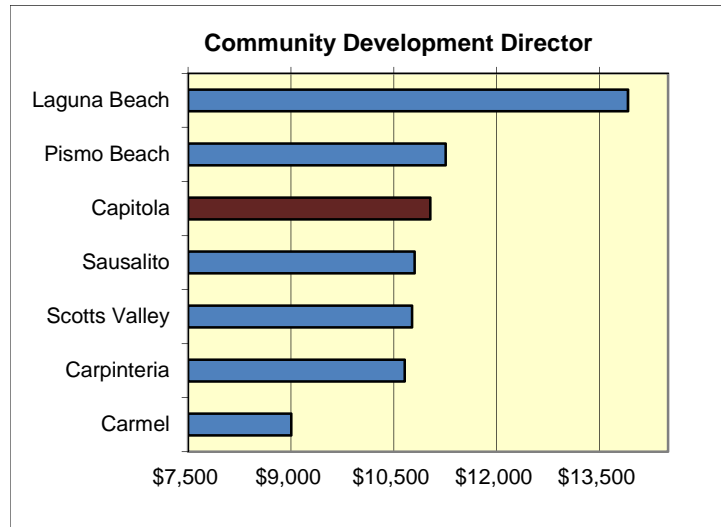
**Table 23.** The City’s salary for this position is modestly higher than the median. The average “top of range” monthly salary is \$6,637 compared with \$6,993 in Capitola, a difference of about 5%.

*Note: The City of Carpinteria contracts for police services from the County of Santa Barbara, and as such, does not have a comparable city position.*



## 1 FINANCIAL BENCHMARKS

**Table 24.** The City’s salary for this position is in the mainstream of the benchmark cities. The average “top of range” monthly salary is \$11,063 compared with \$11,034 in Capitola.



### Retirement Benefits: Pensions

Retirement costs via contributions to the California Public Employees Retirement System (CalPERS) are also a major staffing cost. CalPERS determines the amount of the contribution based on a number of factors, including:

- System participation levels (how many employees will actually retire under the system and receive retirement benefits?)
- Age of current participants (how close to retirement age are current employees?)
- Mortality (how long will they live after retirement?)
- Salary costs (how will these rise over time from today’s levels?)
- Status of current funding (are current assets greater or less than accrued liabilities?)
- Estimated returns on investments
- Benefit levels

While each of these plays a key role in determining retirement costs, the most critical one in comparing costs between agencies is benefit levels. CalPERS is a defined benefit program, under which retirees will receive a “defined” retirement allowance based on their age at retirement and their years of service. For example, under a “2.5% @55” plan, an employee retiring at age 55 or older will receive 2.5% of their regular pay for each year of service: 50% after 20 years; 62.5% after 25 years; and 75% after 30 years. (“Regular” pay includes ongoing compensation as part of an employee’s duties; as such, it does not include earnings like overtime).

The following summarizes the retirement benefits in place for 2010-11 in Capitola and the benchmark cities.

## ① FINANCIAL BENCHMARKS

### *Employee Retirement Plans*

City	Non-Sworn	Police Sworn
Capitola	2.5% @55	3% @50
Carmel	2% @55	3% @50
Carpinteria	2% @55	3% @50
Laguna Beach	2.5% @55	3% @50
Pismo Beach	2.5% @55	3% @50
Sausalito	2.5% @55	3% @55
Scotts Valley	2.5% @55	3% @50

As reflected above, the City's retirement benefits in 2011 were in the mainstream of those offered by benchmark cities. Moreover, in managing pension costs, the City is the only agency with a cap on the City's total contribution.

**Recent Changes for All New Employees.** In September 2012, the State enacted AB 340, which reduces retirement benefits for all new State and local agencies participating in CalPERS, beginning January 1, 2013. Under this "two-tier" approach, benefits for all new employees are lower than those shown above. They are also lower than the two-tier benefits that several of the benchmark cities (including Capitola) have adopted since 2010-11. The reduced benefit levels for new employees will be the same for all agencies contracting with CalPERS. As such, for new employees, there will be no differences in benefit levels between Capitola and the benchmark cities.

### *Funding CalPERS Retirement Costs*

CalPERS retirement benefits are funded by employees and employers from two sources:

**Employee Share.** This is set statutorily and does not vary with actuarial valuation changes. The rates for non-sworn and sworn employees are:

- Rates for non-sworn employees are set at either 7% or 8% of payroll, depending on the benefit plan.
- Rates for sworn employees are set at 9%.

**Employer Share.** This is determined actuarially and can vary significantly – both up and down – based on changes in actuarial assets and liabilities. The most significant factors driving employer contribution rates are changes in benefit levels and investment earnings. The employer share is based on two key components:

- The "normal cost:" The rate needed to meet current actuarial obligations.
- Unfunded liability: The rate needed to amortize any outstanding unfunded liabilities (typically over 30 years).

**1 FINANCIAL BENCHMARKS**

Because the employee share is fixed, it is the employer contribution rate that is subject to variation. Accordingly, as presented below, it is the best benchmark for comparing retirement benefit costs.

***Employer Pick-Up of the Employee Share***

On the other hand, one area of possible variability in employer retirement costs is whether the employer picks-up some or all of the employee share. This practice dates back to the mid-1970’s, where solely due to income tax benefits at the time, employees negotiated lower salaries in exchange for the pick-up. By the end of 1980’s, this pick-up became the industry standard. (It should be noted that since then, employee contributions to retirement plans are now tax-deferred, so the tax benefit to employer pick-up no longer exists.)

As reflected in the summary below of the employee share and the amount of “employer pick-up” (if any) in 2010-11 for Capitola and the benchmark cities:

***Employee Share (Percent of Payroll): 2010-11***

City	Non-Sworn		Police Sworn	
	Statutory Employee Share	Actual Employee Share	Statutory Employee Share	Actual Employee Share
Capitola	8%	4.128%*	9%	2.332%*
Carmel	7%	7%	9%	9%
Carpinteria	7%	0%	<i>Not applicable</i>	<i>Not applicable</i>
Laguna Beach	8%	0%	9%	0%
Pismo Beach	8%	2.15%	9%	9%
Sausalito	8%	8%	9%	9%
Scotts Valley	8%	0%	9%	0%

\* Reflects the impact of the City’s total contribution cap

It should be noted that under the City’s total contribution cap (which is described below), the effective employee share has risen since 2010-11 to the following for 2012-13:

- 8.3% (covering the full 8% employee share plus 0.3% of the employer share) for non-sworn employees
- 8.5% for sworn employees

***Reducing Unfunded Liabilities via Pension Obligation Bonds***

With increasing employer contribution rates, many agencies have issued pension obligation bonds (POBs) in order to reduce unfunded liabilities and related employer contribution rates. While there are added costs for POB debt service, the net savings comes from interest rates on the bonds that are lower than earnings on Cal PERS investments.

## 1 FINANCIAL BENCHMARKS

In the most conservative approach, POBs were only issued where there were “side funds.” These were created for smaller agencies when CalPERS pooled plans for all employers with less than 100 active employees in each plan (this included Capitola). CalPERS did so because it believed that actuarial data for small agencies was too easily skewed by rare events, and that greater statistical reliability (and rate stability) would result by pooling smaller agencies together.

Under the pooling approach experience would be jointly assessed from that point forward. However, each agency retained its own previously incurred liabilities in a “side fund.” In this case, the side fund liabilities are frozen; and as such, the projected net savings from POBs are better assured.

The City issued POBs for both of its “side funds” for sworn and non-sworn employees in 2007. It is estimated that this reduced the City’s employer contribution rates by 8 percent for non-sworn employees and 16 percent for sworn employees.

Along with only issuing POBs for the “side funds,” the City also took a conservative approach in issuing the bonds for just ten years (many agencies issued POBs for much longer terms – up to 30 years). Debt service on these bonds will end in five years – but the savings will continue for many years into the future.

### *The City’s Contribution “Cap”*

As noted above, regardless of its employer contribution and employee rate pick-up, the City has negotiated a total cap on its CalPERS contribution. Of the benchmark cities, Capitola is the only one with a cap – and perhaps the only local agency in the State.

At the time that caps were first negotiated, the City had not yet issued POBs, and as such, employer contribution rates were higher than they are today. The following summarizes the cap today in light of this change:

<b>City CalPERS Contribution Cap</b>	<b>Non-Sworn</b>	<b>Sworn</b>
Employer Contribution	17.876%	35.6300%
Employer Pick-Up: Employee Share	7.000%	9.000%
<b>Total: Initial Contribution Cap</b>	<b>24.876%</b>	<b>44.630%</b>
Subsequent POB Savings	-8.388%	-16.339%
<b>Current Total Contribution Cap</b>	<b>16.488%</b>	<b>28.291%</b>

For 2012-13, this has resulted in the following sharing of total CalPERS contribution rates:

<b>2012-13 CalPERS Contribution Shares</b>	<b>Non-Sworn</b>	<b>Sworn</b>
Total Contribution	24.755%	36.740%
Employee Share	8.267%	8.449%
<b>City Contribution Cap</b>	<b>16.488%</b>	<b>28.291%</b>

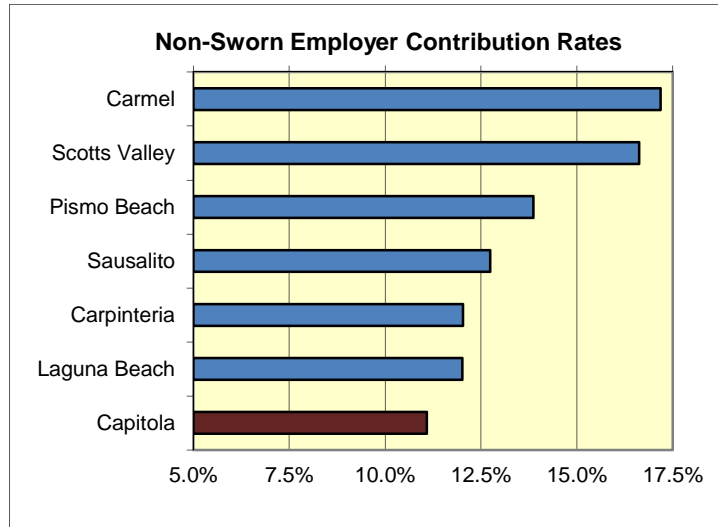
## 1 FINANCIAL BENCHMARKS

### *Comparison of Employer Contribution Rates*

For the reasons noted above, employer contribution rates are the best benchmark for comparing retirement benefit costs. The following shows employer contribution rates in 2010-11 in funding each agency's benefit levels:

**Table 25.** This table shows that Capitola's employer contribution for non-sworn employees is the lowest of the benchmark cities.

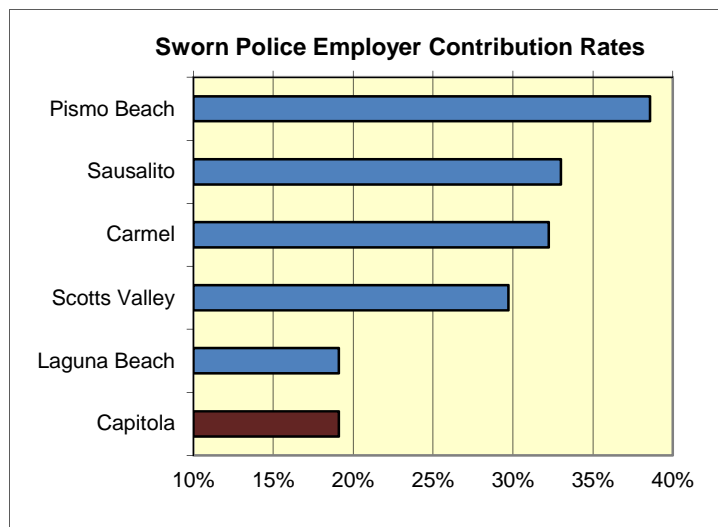
As noted above, this is largely due to the fact the City issued \$5 million in pension obligation bonds in 2007 to pay-off in full its "side fund" liabilities for both sworn and non-sworn employees. This decreased non-sworn rates by approximately eight percentage points and the sworn rates by approximately sixteen percentage points. This is reflected in the lower retirement costs presented in both Tables 25 and 26, which are partially offset by increased debt service payments on the bonds.



It should be noted that these savings are significant and will hold the City in good stead in the not-so-distant future. The pension obligation bonds will be mature in August 2017. This means that in five years, the City will no longer be making POB debt service payments, while the significantly lower rates reflected in Tables 25 and 26 will result in much lower City costs in all future years than would otherwise be the case.

**Table 26.** This table shows that Capitola's employer contribution for sworn employees is the also the lowest of the benchmark cities. This is due to the same factors described above for non-sworn employees.

(It should be noted Laguna Beach has also paid off its side pool for sworn employees. And since both Laguna Beach and Capitola are in the same sworn pool, they have the same employer contribution rate.)



## ① FINANCIAL BENCHMARKS

Lastly, as noted above, under its current employee agreements, the City is protected from any future employer rate increases due to the total contribution cap. The current savings from this cap are significant.

For example, in 2012-13, the combined employer/employee pick-up total contribution that would otherwise be required for non-sworn employees is 24.8%, but the City is only obligated to pay 16.5% of this amount – a savings of 8.3% of related payroll.

In the case of sworn employees, there are similar savings: the combined employer/employee pick-up total contribution that would otherwise be required for sworn employees is 36.7%, but the City is only obligated to pay 28.3% of this amount – a savings of 8.4% of related payroll.

And as employer contribution rates increase in the future (as they are likely to do for the at least the next four years – and perhaps longer), the savings will be even greater, as City will be insulated from these cost increases.

### **Retirement Benefits: Health Care**

All of the benchmark cities as well as the City of Capitola provide retiree health care benefits. The underlying factors that determine the cost of these benefits are largely the same as pensions; and like pensions, the level of benefits provided is a key driver of costs.

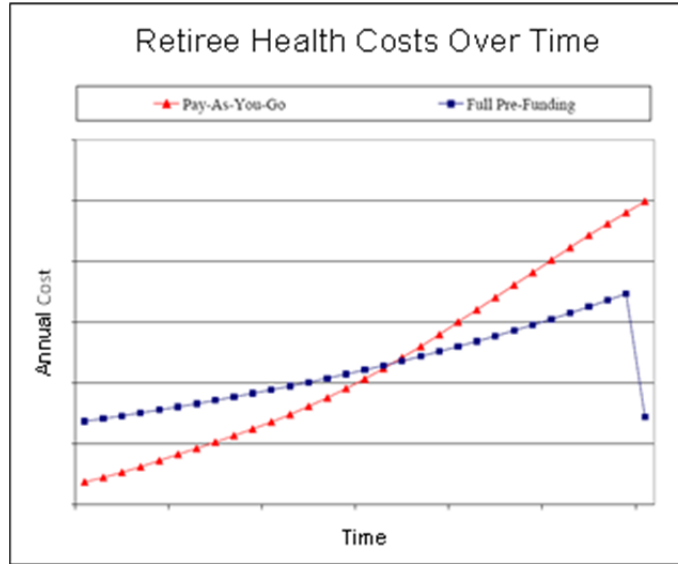
In order to conform with generally accepted accounting principles (GAAP) and receive “clean” audit opinions, cities are required to disclose their long-term liabilities associated with providing retiree health care benefits (as well as any other post-employment retirement benefits other than pensions, commonly referred to as “OPEB”) in their financial statements. One of the required disclosures is the “annual required contribution” (ARC) that would be needed to actuarially meet current obligations as well as fully amortize any past unfunded liabilities.

Compliance with GAAP does not require that cities fund the ARC: this is a discretionary policy decision by each governing body. Accordingly, local agencies can choose to fund retiree health care costs on a cash, pay-as-you-go basis – and many do (including Capitola). In the early years, cash funding typically costs much less than fully funding the actuarial cost.

However, as shown in Table 27, this becomes a more expensive approach over time. At about 15 years, pre-funding the OPEB obligation becomes much cheaper; and when unfunded liabilities are fully amortized (typically after 30 years), it becomes much cheaper, while pay-as-you costs will continue to rise indefinitely.

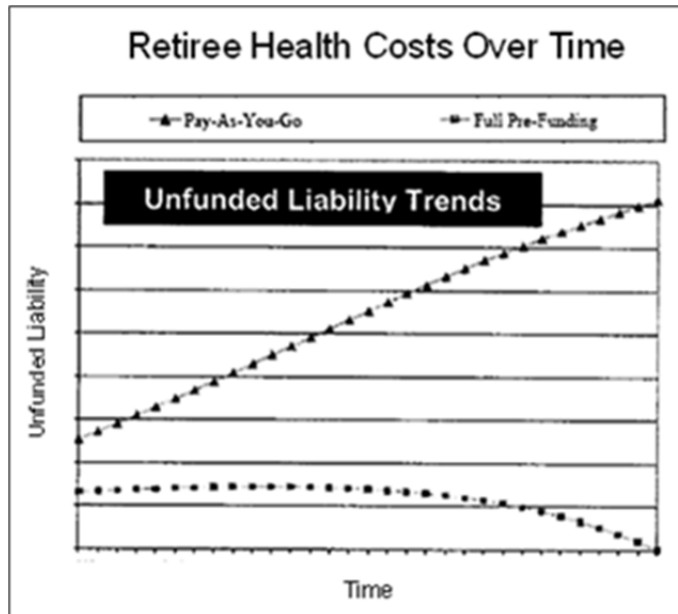
**1 FINANCIAL BENCHMARKS**

Table 27



As shown in Table 28, with a pay-as-you-go approach, unfunded liabilities never go away and continue to mount over time. By funding the ARC, liabilities are fully amortized at some point (typically at the end of 30 years).

Table 28



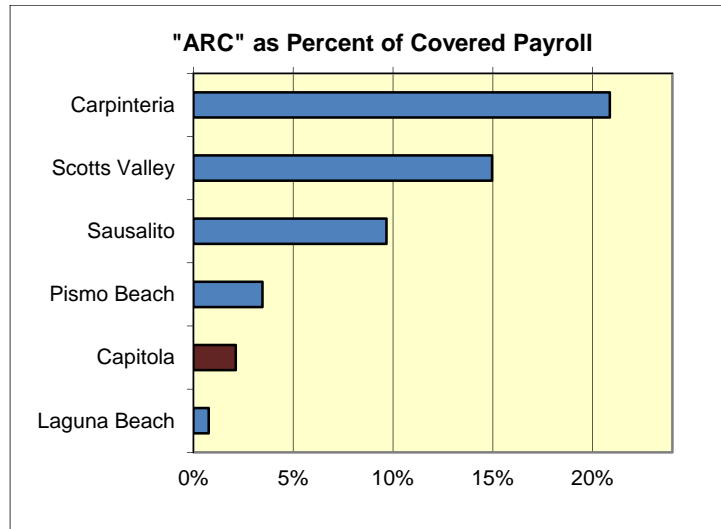
While there are a number of ways of showing a city's retiree health care obligations, comparing each agency's ARC as a percentage of covered payroll by active employees provides a way of measuring the relative affordability of the retiree health obligations each city has made (even if it is their policy to fund this costs a cash basis).



**1 FINANCIAL BENCHMARKS**

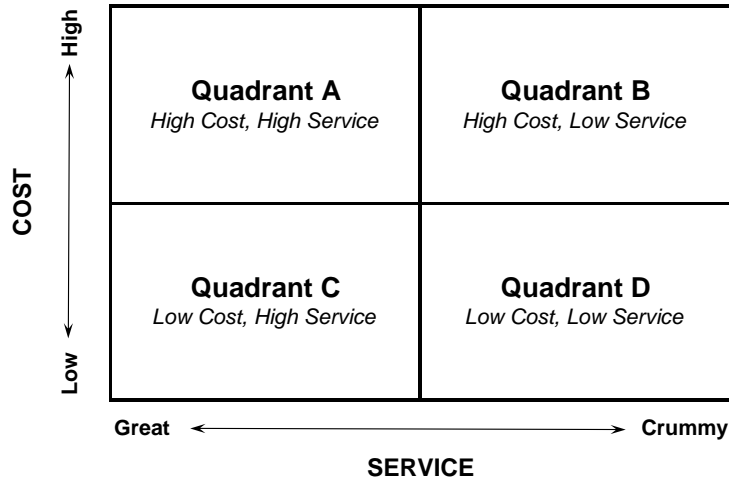
**Table 29.** As shown in this chart, at 2% of covered payroll, Capitola has a modest OPEB liability, especially when compared with several of the benchmark agencies.

It should be noted that except for Pismo Beach, which is fully funding its ARC, all of the other cities are funding their OPEB costs on a pay-as-you-go basis.



## 2 SERVICE OUTCOME BENCHMARKS

While the financial indicators in the previous chapter offer comparative data between cities in assessing fiscal performance, even the best “apples to apples” cost analysis cannot assess how well the City is performing in delivering valued services. In short, service costs do not reflect service levels. Lower costs may simply mean lower services. The following matrix summarizes four basic cost/service possibilities:



Obviously, in a perfect world, everyone would agree that Quadrant C is the place to be: great service at a low cost. (The City of Capitola certainly strives to be in this in this quadrant). And everyone can also readily agree that Quadrant B is to be avoided like the plague: no one wants crummy service at a high cost.

Legitimate policy issues emerge in the opposing A and D Quadrants in trading-off service levels with the costs of providing them.

### How Well Does the City Provide Services?

Measuring “service outcomes” is very difficult – and even more difficult to do when comparing them with others: the results have to be meaningful, measurable and available for each of the agencies from a credible source. In answering this question, this report focused on five key indicators:

#### *Comparisons with Benchmark Cities*

- Violent crime
- Vehicle collisions
- “DUI” arrests
- Pavement condition

#### *Citizen Satisfaction: Scientific Public Opinion Research*

While not available for the benchmark cities, the public opinion research conducted in February 2012 by the nationally recognized firm of Fairbanks, Maslin, Maullin, Metz and Associates

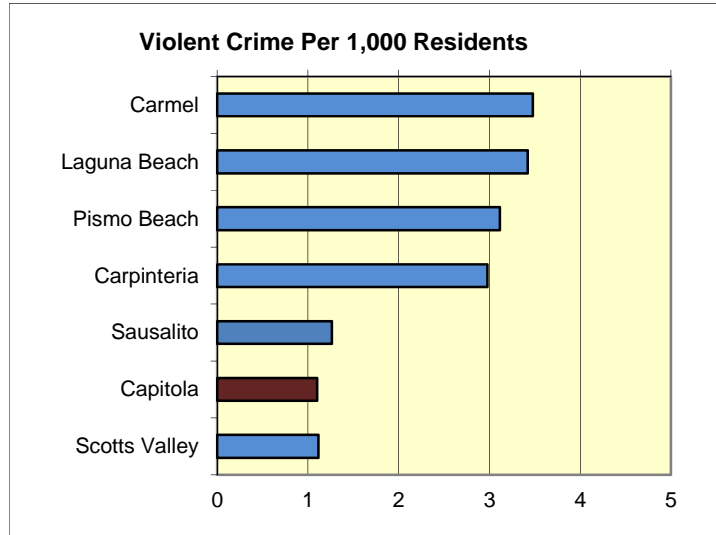
**2 SERVICE OUTCOME BENCHMARKS**

(FM3) provides excellent information on the most important “benchmark” of all: how do the City’s residents think it is doing?

**Comparisons with Benchmark Cities**

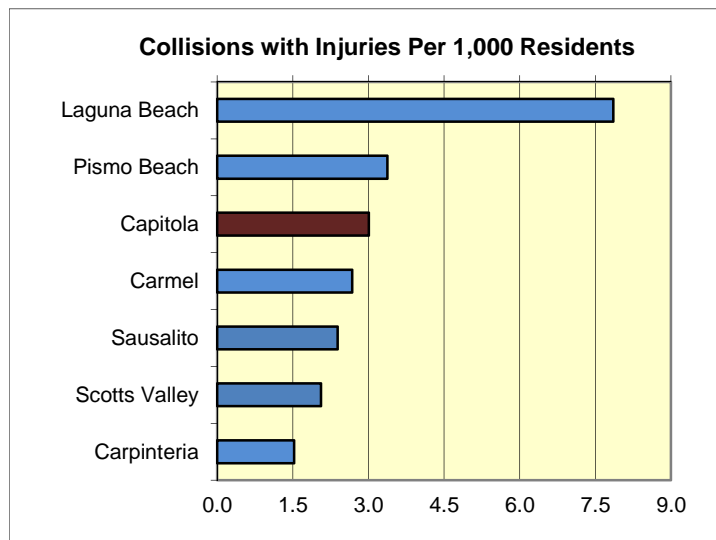
**Table 30.** The City is among the safest of the benchmark communities (only Scotts Valley has a lower incidence of violent crime). While there are a number of reasons for this, we believe that the effectiveness of the City’s Police Department is one of them.

*Source: Federal Bureau of Investigations, Uniform Crime Report for 2010. “Violent crime” includes murder, non-negligent manslaughter, forcible rape, robbery and aggravated assault. Due to reporting errors, data for aggravated assault for Capitola is based on data for 2011.*



**Table 31.** On the other hand, in assessing traffic safety, the City has a higher incidence of injury auto collisions than most of the benchmark cities.

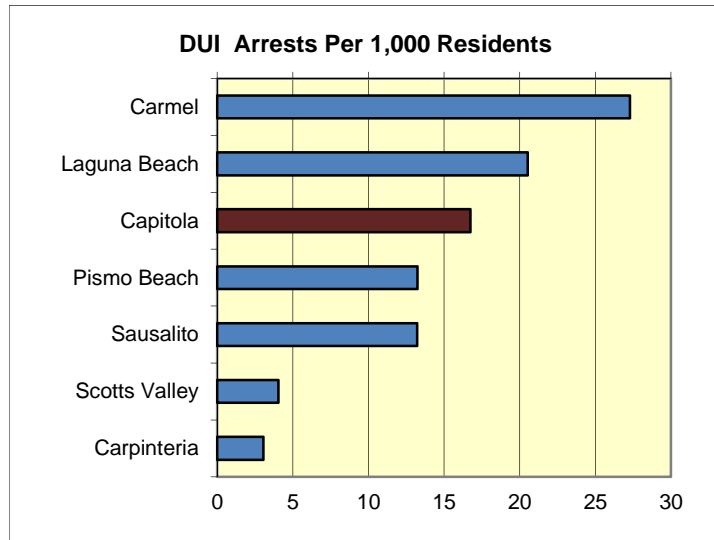
*Source: State of California, Office of Traffic Safety. Data is for 2010, the most recent year that this information is available.*



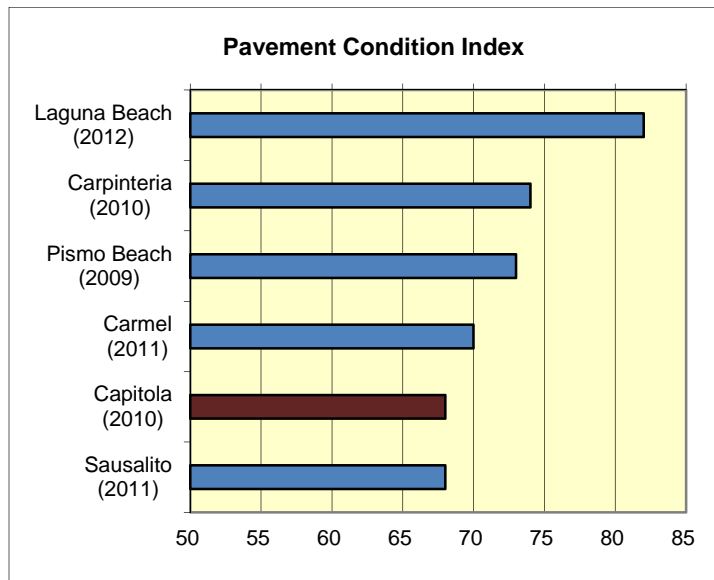
## 2 SERVICE OUTCOME BENCHMARKS

**Table 32.** The City also has a higher incidence of arrests for driving under the influence of alcohol or drugs (DUI).

*Source: State of California, Office of Traffic Safety. Data is for 2010, the most recent year that this information is available.*



**Table 33.** One of the community’s highest concerns is the condition of City streets. There is a generally accepted system for measuring pavement condition that is widely used by public works professionals throughout the nation. It uses a “pavement condition index” (PCI) from 0 to 100, with a score of 100 reflecting a perfect condition for a, brand new street. Based on a detailed analysis of the condition of each street segment using sophisticated pavement management software, it is possible to assign an overall rating to the condition of a city’s street system.



Based on a survey of Public Works Directors, Table 33 shows the overall PCI for the six cities that maintain this information (Scotts Valley does not) based on the most recent that data is available (shown in parenthesis in the chart) . While Capitola is below average on this measure, its rating of 68 reflects a significant improvement from 2006, when the rating was 57. This shows that with adequate resources, the City can continue to improve the condition of its streets. For context, in 2010, a joint report of the League of California Cities and the California Association of Counties reports that the Statewide PCI was 68; and the overall PCI within Santa Cruz County was 48.

### Citizen Satisfaction: Public Opinion Research

As noted above, comparable public opinion research is not available on citizen satisfaction with city services. However, the public opinion research conducted in February 2012 by FM3 provides excellent information on the most important “benchmark” of all: how the City’s

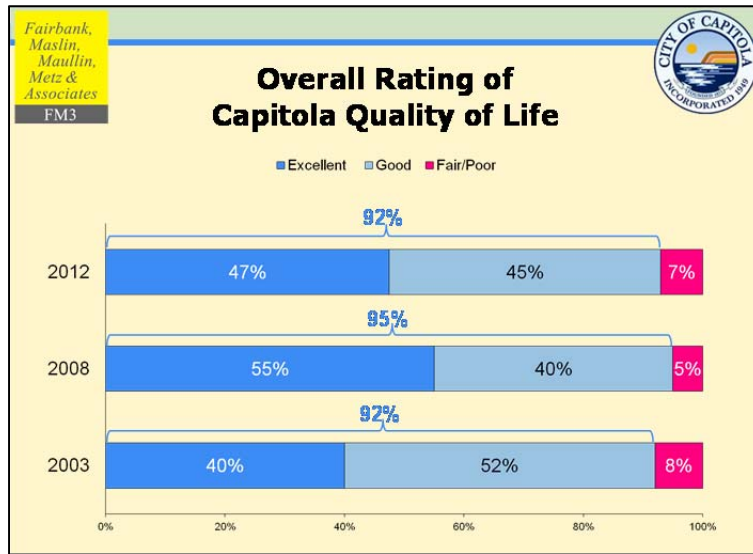
## 2 SERVICE OUTCOME BENCHMARKS

residents think it is doing. The following summarizes the key results from this survey related to citizen ratings of City services:

### Community Quality of Life

92% rated the quality of life in Capitola as excellent or good. While there a number of factors that make Capitola a great place to live, work and play, the quality of City services is certainly one of them.

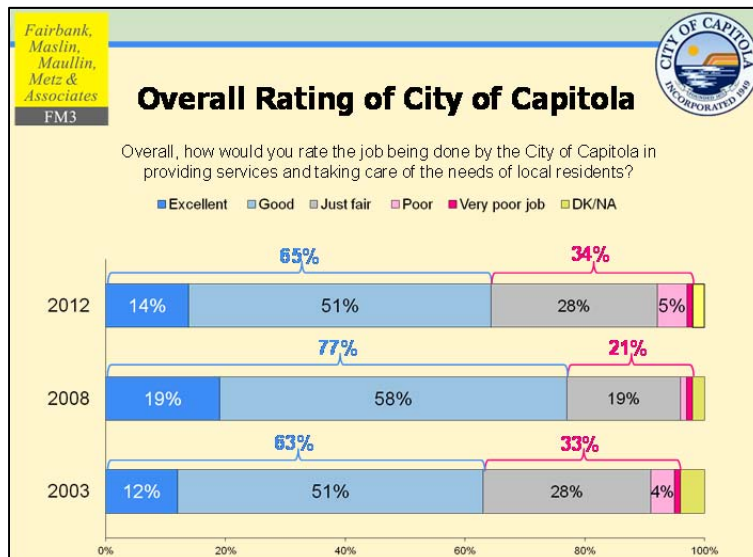
Table 34



### Overall City Job Rating

While down slightly from 2008, about two-thirds of the City’s residents think that the City is doing an excellent or good job overall in providing City services.

Table 35



## 2 SERVICE OUTCOME BENCHMARKS

### Satisfaction with Service Delivery

The City received very high ratings in virtually every service category, with similar results to those received in 2008. With the exception of affordable housing, all service levels surveyed received an overall satisfaction rating greater than 50%, with most services receiving a rating of 80% or higher.

#### Satisfaction Level

##### More than 90%

- Police protection
- Street sweeping
- Maintaining parks

##### 80% to 90%

- Number of parks
- Keeping beaches clean
- Traffic law enforcement
- Street lighting
- Recreation
- Parking enforcement

##### 70% to 79%

- Sidewalk maintenance
- Street maintenance

##### 55%

- Storm water pollution

##### 41%

- Affordable housing

Table 36

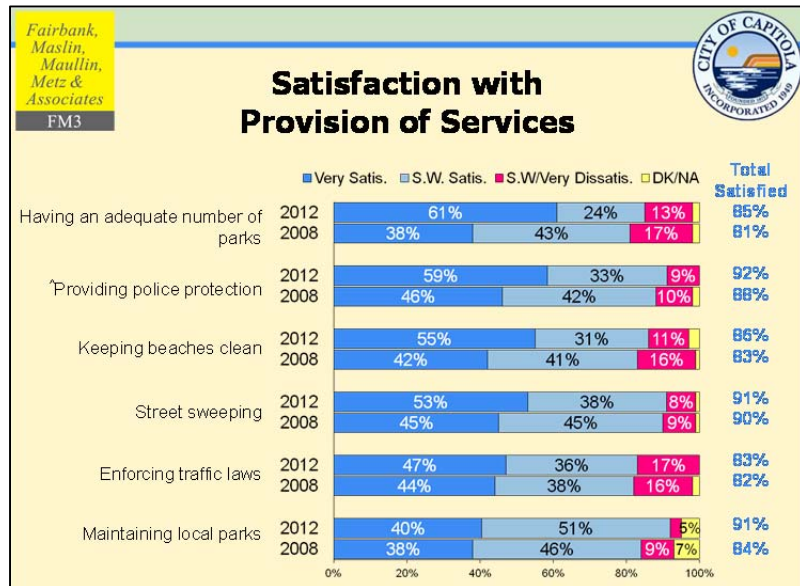
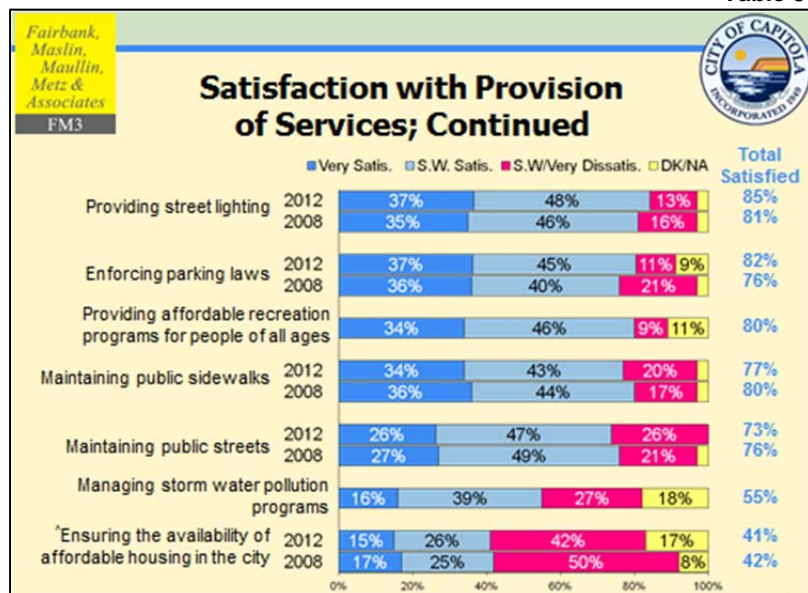


Table 37

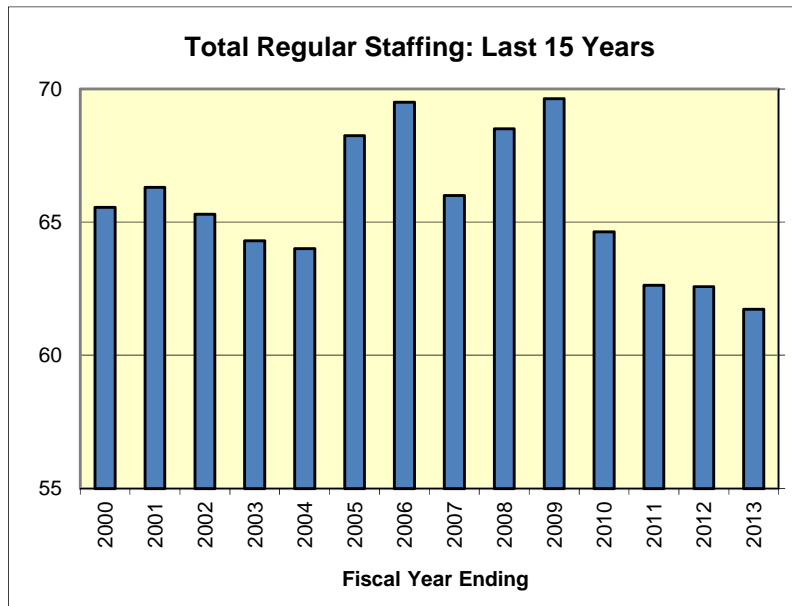


### ③ STAFFING AND WORKLOAD TREND BENCHMARKS

Correlations between staffing levels and workloads over time are difficult to measure in a meaningful fashion. Nonetheless, the following summarize staffing trends for the last fifteen years along with selected workload indicators.

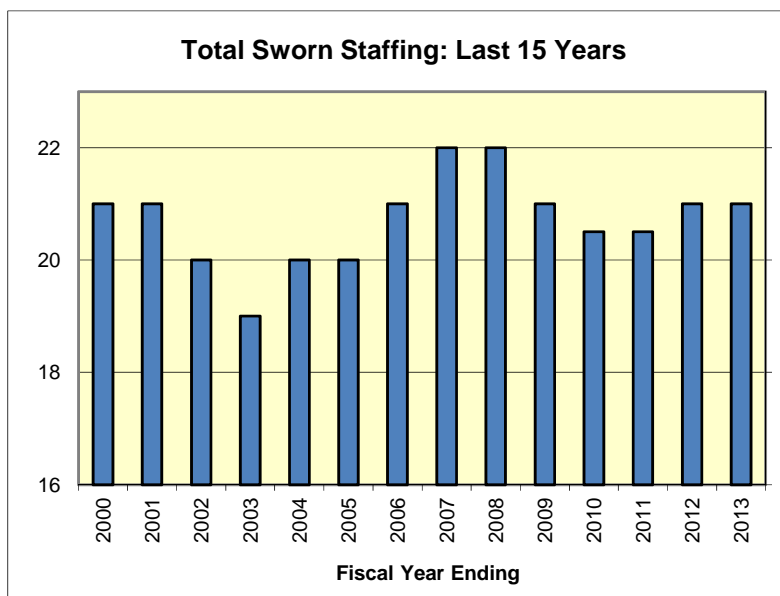
**General Fund Regular Staffing.** While demands for services have increased, there are fewer General Fund regular positions today than there were 15 years ago.

Table 38



**Sworn Police Staffing.** There is the same number of sworn positions today as there were fifteen years ago.

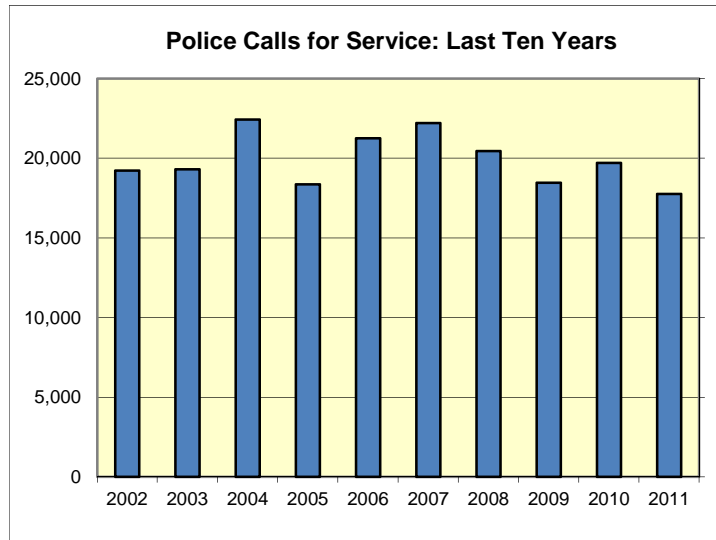
Table 39



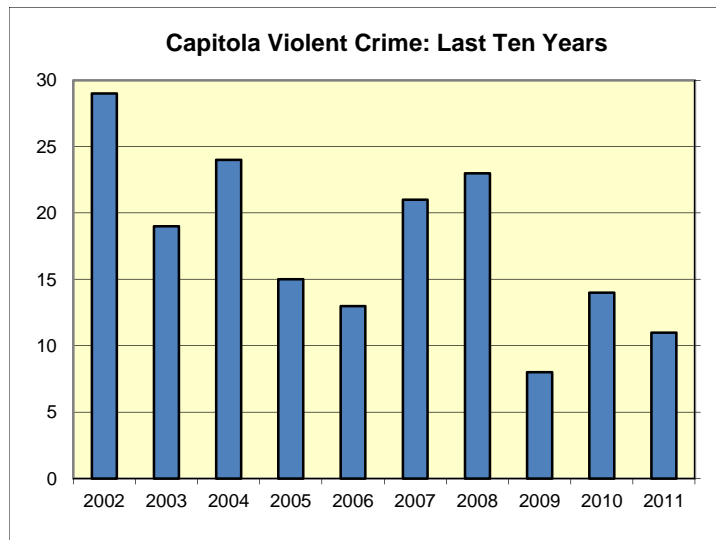
For context, the following summarizes key police workload indicators.

### STAFFING AND WORKLOAD TREND BENCHMARKS

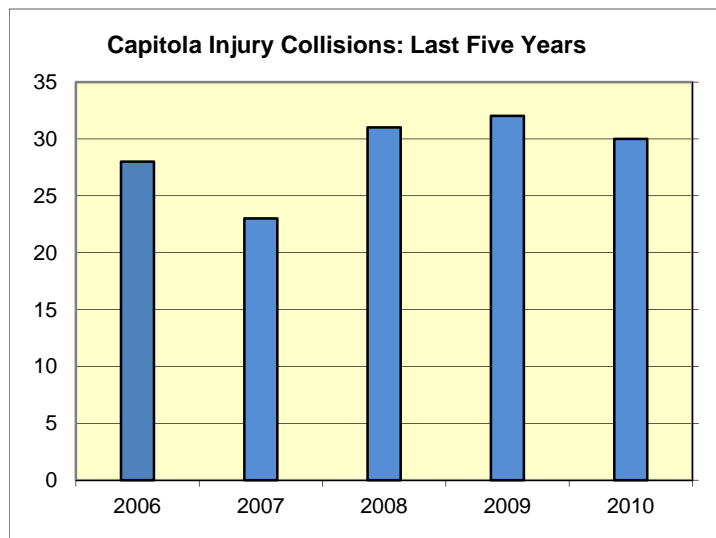
**Table 40.** Police calls for service have remained relatively stable over the past ten years.



**Table 41.** Violent crime (excluding aggravated assaults due to data errors) has been on a gradual but uneven downturn



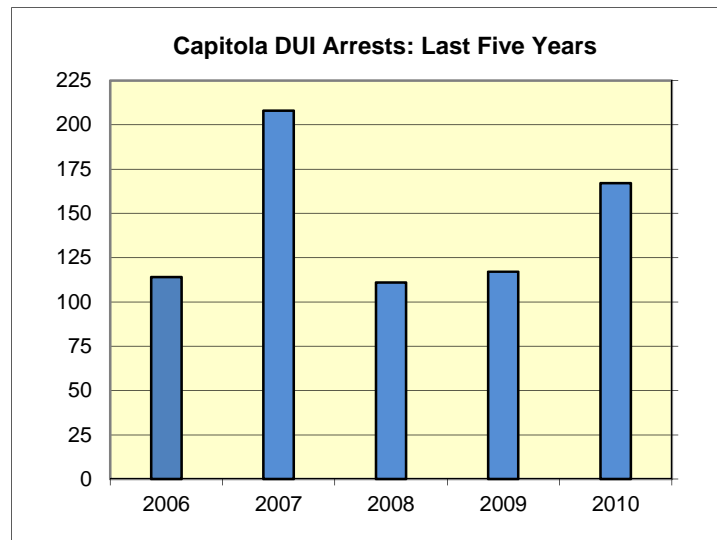
**Table 42.** Injury collisions have also stayed relatively constant over the past five years.





**③ STAFFING AND WORKLOAD TREND BENCHMARKS**

**Table 43.** “Driving under the influence” (DUI) arrests have risen from 2008 and 2009 levels, but are down compared with 2007.



## 4 BEST PRACTICE BENCHMARKS

A common “benchmarking” tool in both the private and public sector is to evaluate the use of accepted industry “best practices” in managing organizational resources and improving productivity.

### EXTENSIVE USE OF BEST PRACTICES

The City has made extensive use of “best practices” in managing its fiscal affairs, including:

- Multi-year budgeting
- Long-term financial planning
- Integrating goal-setting into the budget process
- Incorporating Council budget principles into funding decisions
- Receiving “clean” unqualified audits by the City’s independent certified public accountants
- Use of generally accepted accounting principles
- Effective ongoing monitoring of the City’s financial condition
- Long-term capital improvement plans
- Use of comprehensive fiscal policies as the foundation for decision-making

**What are city financial management “best practices?”** Fitch Ratings and Standard & Poors’ are two of the “big three” credit rating agencies in the nation. (The other one is Moodys.) As summarized in the sidebar charts, they have both identified “best management practices” that they have formally integrated into their credit rating systems:

- Fitch has identified twelve important fiscal management policies.
- And Standard & Poors’ has identified ten “top” financial management practices.

Not surprisingly, there is a great deal of overlap between what the two agencies view as important “best practices.” The City has adopted (and more importantly) follows these top practices, including clearly articulated policies and progressive financial management operations such as:

**Fitch Ratings**

**Important Fiscal Management Policies**

<ul style="list-style-type: none"> <li>■ <b>Very Significant</b> <ul style="list-style-type: none"> <li>• Fund balance policy</li> <li>• Debt affordability policy</li> </ul> </li> <li>■ <b>Significant</b> <ul style="list-style-type: none"> <li>• Pay-as-you-go capital financing</li> <li>• Multi-year forecasting</li> <li>• Quarterly reporting</li> <li>• Quick debt retirement</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Influential</b> <ul style="list-style-type: none"> <li>• Contingency plans</li> <li>• Non-recurring revenue policy</li> <li>• Depreciation of fixed assets (GASB 34 implementation)</li> <li>• 5 Year CIP integrating operating cost impacts</li> <li>• GFOA financial reporting award</li> <li>• GFOA budgeting award</li> </ul> </li> </ul>
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**STANDARD & POORS' RATINGS SERVICES**

**Top Ten Financial Management Practices**

<ul style="list-style-type: none"> <li>■ Established budget reserve</li> <li>■ Regular economic and revenue reviews</li> <li>■ Prioritized spending plans and established contingency plans</li> <li>■ Formal capital improvement plan</li> <li>■ Long-term planning</li> </ul>	<ul style="list-style-type: none"> <li>■ Debt affordability model</li> <li>■ Pay-as-you-go financing</li> <li>■ Multi-year financial plan</li> <li>■ Effective management and information systems</li> <li>■ Well-defined and coordinated economic development plan</li> </ul>
---	--

## 4 BEST PRACTICE BENCHMARKS

- Fund balance (reserve) policy
- Non-recurring revenues
- “Pay-as-you-go” capital financing
- Capital improvement plans
- Long-term financial planning
- Contingency and reserve plans
- Fixed assets (separate policy)
- Ongoing financial reporting, including quarterly reports
- Debt management

***Recognized Statewide for Excellence in Financial Reporting.*** The City has received the prestigious Certificate of Excellence in Financial Reporting from the California Society of Municipal Finance Officers (CSMFO) for its Comprehensive Annual Financial Report every year since 1999.

And the City is committed to continuous improvement in its financial planning and reporting efforts. For example, the City has set a two-year goal to earn similar recognition for its excellent budget process and document. And in Fiscal Year 2012-13, the City plans to produce its first “Budget-in-Brief” tri-fold document, which will provide the community with an overview of City finances and annual accomplishments.



## PARTNERSHIPS AND COLLABORATIONS

The City has undertaken a wide variety of partnerships with the private sector, non-profit organizations and other government agencies in ensuring the best use of community resources in delivering City services. In total, these account for almost one-quarter of the City’s General Fund expenditures.

### Private Sector Contracts

The City makes extensive use of the private sector as a key productivity strategy in delivering city services. The following is a summary of City day-to-day services delivered through the private contract.

## ④ BEST PRACTICE BENCHMARKS

### *Environmental Services*

- Creek biological monitoring
- Water quality testing
- Recycling public education outreach and reporting
- Household hazardous waste disposal
- Seasonal trash clean up

### *Parks, Recreation, Beach and Wharf*

- Recreation class instructors
- Landscape maintenance
- Tree trimming
- Marina management
- Boat and bait shop operations
- Wharf restaurant operations
- Beach shuttle service operations

### *Facilities and Infrastructure*

- Street maintenance
- Property repair and maintenance services
- Construction inspection
- Janitorial services
- Equipment maintenance
- Seasonal labor

### *Administrative Services*

- Audit services
- Collection services
- Copying and binding services
- Legal services
- Uniform cleaning
- Website maintenance

### **Non-Profit Agency Partnerships**

The City has an extensive network of partners with private, non-profit agencies.

### *Community Based Health and Human Service Providers*

The City of Capitola has historically contributed approximately \$250,000 to \$275,000 in funds to assist community programs. In Fiscal Year 2012-13, the City of Capitola has awarded funding to the following organizations:

## ④ BEST PRACTICE BENCHMARKS

- Advocacy, Inc
- Big Brothers Big Sisters
- Cabrillo Stroke and Disability Center
- California Grey Bears, Inc.
- California Rural Legal Assistance
- Campus Kids Connection, Inc.
- CASA of Santa Cruz County
- Central Coast Center for Independent Living
- Community Action Board - The Shelter Project
- Community Bridges: Child Development Division, Lift Line, Live Oak Family Resource Center, Meals on Wheels for Santa Cruz County
- Conflict Resolution Center of Santa Cruz
- Dientes Community Dental Care
- Families In Transition
- Family Service Agency of the Central Coast: Counseling - North County, I-You Venture, Senior Outreach, Suicide Prevention, Survivor Healing Center
- Homeless Services Center Paul Lee Loft Shelter
- Hospice of Santa Cruz County
- Native Animal Rescue
- Oneil Sea Odyssey
- Parents Center Santa Cruz,
- Santa Cruz County Office of Education
- Santa Cruz Toddler Care Center
- Save Our Shores
- Second Harvest Food Bank Santa Cruz County
- Senior Citizens Legal Services
- Senior Network Services, Inc.
- Seniors Council of Santa Cruz and San Benito Counties: Area Agency on Aging, Project Scout
- United Way: 2-1-1 Help Line, Community Assessment, Child Abuse Prevention
- Vista Center for the Blind and Visually Impaired
- Volunteer - Santa Cruz Center
- Women's Crisis Support - Defensa de Mujeres
- WomenCARE
- Cultural Council of Santa Cruz County

### *Arts, Cultural and Recreational Opportunities*

- City of Capitola Museum
- Children's Art at the Begonia Festival and the Art & Wine Festival
- Movies on the Beach – Co-sponsored with the Begonia Festival
- Summer twilight concert series
- Key support to the Begonia Festival, an annual event that brings thousands of visitors to the community

## ④ BEST PRACTICE BENCHMARKS

**Recreational classes.** The City's recreation program is over 92%-funded by participant fees. It provides City-staffed activities, including Junior Lifeguards and Camp Capitola; approximately 35 Adult Sports Leagues, and contracts for over 1,050 classes annually. Course subjects include:

- Arts and Crafts
- Dance
- Foreign Language
- Fitness and Sports
- Health, Wellness, and Personal Growth
- Tennis
- General Interest

**Parks.** The City maintains over 16.5 acres of park lands and 12 acres of beach for community enjoyment, including:

- Esplanade Park
- Noble Gulch
- Soquel Park
- Cortez Park
- Jade Street Park
- Peery Park
- Monterey Park
- Capitola Main Beach
- Capitola Wharf

### *Housing and Economic Development Services*

- The City provides financial support for the Chamber of Commerce, and their efforts to help local businesses and host important citywide events.
- The City provides financial support to the Santa Cruz County Visitor's Center to help with efforts to regionally market the Santa Cruz/Capitola region.

### **Public Agency Collaborations**

#### *Public Safety*

- The Police Department partners with other government entities and non-profit organizations in Santa Cruz County in many different ways. It works collaboratively with its law enforcement partners in both the Santa Cruz County Gang Task Force and the Santa Cruz County Anti-Crime Team (SCCACT) by providing resources and staff in assisting with gang and drug investigations.

## ④ BEST PRACTICE BENCHMARKS

- In conjunction with other law enforcement agencies, the Police Department participates in County wide training activities to best utilize resources and opportunities.
- The City is a member agency of the Criminal Justice Council of Santa Cruz County (CJC). Originally formed in 1986, its purpose is to focus on the coordination of the justice system as a whole in the County and how government could better serve the community. The CJC was very active in securing a variety of grants for the community including drug court and other strategic initiatives for other justice programs.
- The City is very active with the Capitola Chamber of Commerce to better facilitate special event activity and promote the vitality of the City.
- The Police Department is very active with the Capitola Public Safety Foundation. The Foundation assists the Police Department and its community partners to enhance public safety through the promotion of community oriented policing and problem solving programs, crime reduction initiatives, and community outreach/education efforts within the City of Capitola.

### *Housing*

- The City works closely with the Housing Authority on a number of programs to help address low and moderate income housing needs.
- The City has historically funded an extensive affordable housing program, including a first time buyer program, affordable housing rehabilitation loans and significant funding for major affordable housing acquisition/rehabilitation projects (Bay Avenue Senior, Castle MHP). With the elimination of redevelopment agencies, this funding may not be available in the future.
- The City also works closely with State and Federal agencies on a variety of housing programs, including the Community Development Block Grant and HOME programs.

### *Homeless Action Partnership*

- The City is a partner with the County of Santa Cruz and the cities of Santa Cruz, Watsonville and Scotts Valley in providing funding for a Winter shelter.

### *Monterey Bay Area Self Insurance Authority*

The City partners with eight other member jurisdictions to provide the City with:

- General liability insurance
- Workers compensation insurance
- Property insurance

## ④ BEST PRACTICE BENCHMARKS

### *Recycling*

- Recycling partner with the County and local cities to provide public education and outreach
- Collaboration with the County and other cities for regional recycling programs
- Environmental education program with the New Brighton Middle School

### *Santa Cruz Regional 911 Joint Powers Authority*

- The City partners with the County of Santa Cruz, City of Santa Cruz and City of Watsonville for emergency dispatch services.

### *Other Agencies*

- The City has an extensive system for mutual aid from other law enforcement and public works agencies throughout the State.
- Through grant programs, the City works cooperatively with a number of state and federal agencies.



## DATA SOURCES

Most of the data used in preparing this report was taken from audited financial statements and budget documents available on-line from each cities web site as follows:

City	Web Site
Capitola	<a href="http://www.ci.capitola.ca.us">www.ci.capitola.ca.us</a>
Carmel	<a href="http://www.ci.carmel.ca.us">www.ci.carmel.ca.us</a>
Carpinteria	<a href="http://www.carpinteria.ca.us">www.carpinteria.ca.us</a>
Laguna Beach	<a href="http://www.lagunabeachcity.net">www.lagunabeachcity.net</a>
Pismo Beach	<a href="http://www.pismobeach.org">www.pismobeach.org</a>
Sausalito	<a href="http://www.ci.sausalito.ca.us">www.ci.sausalito.ca.us</a>
Scotts Valley	<a href="http://www.scottsvalley.org">www.scottsvalley.org</a>

### Other Resources

Other Resources	Source	Web Site
Pension Obligations	California Public Employees' Retirement System	<a href="http://www.calpers.ca.gov/eip-docs/about/pubs/public-agency-reports/cities-towns/2010">http://www.calpers.ca.gov/eip-docs/about/pubs/public-agency-reports/cities-towns/2010</a>
Violent Crime	Federal Bureau of Investigations	<a href="http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2010/crime-in-the-u.s.-2010/tables/table-8/10tbl08ca.xls">http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2010/crime-in-the-u.s.-2010/tables/table-8/10tbl08ca.xls</a>
Traffic Collisions	State of California, Office of Traffic Safety	<a href="http://www.ots.ca.gov/OTS_and_Traffic_Safety/Contact_Us.asp">http://www.ots.ca.gov/OTS_and_Traffic_Safety/Contact_Us.asp</a>
Population	State of California, Department of Finance, Demographic Research Unit	<a href="http://www.dof.ca.gov/Research/demographic/">http://www.dof.ca.gov/Research/demographic/</a>
Statewide Pavement Condiiton Index	Save California Steets Coalition	<a href="http://savecaliforniastreet.org/reports/2010/finalreport.pdf">http://savecaliforniastreet.org/reports/2010/finalreport.pdf</a>
Assessed Valuation and Annual Report of City Financial Transactions	State Controllers Office	<a href="http://www.sco.ca.gov/ard_locrep_annual_financial.html">http://www.sco.ca.gov/ard_locrep_annual_financial.html</a>
City pavement condition index and retirement plans	City Surveys	

## CONSULTANT BACKGROUND AND EXPERIENCE

### SENIOR FINANCIAL MANAGEMENT EXPERIENCE

Bill Statler has over 30 years of senior municipal financial management experience, which included serving as the Director of Finance & Information Technology/City Treasurer for the City of San Luis Obispo for 22 years and as the Finance Officer for the City of Simi Valley for 10 years before that. Under his leadership, the City of San Luis Obispo received national recognition for its financial planning and reporting systems, including:

- Award for Distinguished Budget Presentation from the Government Finance Officers Association of the United States and Canada (GFOA), with special recognition as an outstanding policy document, financial plan and communications device. *San Luis Obispo is one of only a handful of cities in the nation to receive this special recognition.*
- Awards for excellence in budgeting from the California Society of Municipal Finance Officers (CSMFO) in all four of its award budget categories: innovation, public communications, operating budgeting and capital budgeting. Again, *San Luis Obispo is among a handful of cities in the State to earn recognition in all four of these categories.*
- Awards for excellence in financial reporting from both the GFOA and CSMFO for the City's comprehensive annual financial reports.
- Recognition of the City's financial management policies as "best practices" by the National Advisory Council on State and Local Budgeting.

The financial strategies, policies and programs he developed and implemented resulted in strengthened community services and an aggressive program of infrastructure and facility improvements, while at the same time preserving the City's long-term fiscal health.

### FINANCIAL MANAGEMENT SERVICES FOR OTHER AGENCIES

- "Pro Bono" Budget and Financial Management Advice: City of Bell
- Interim Finance Director: San Diego County Water Authority
- Interim Finance Director: City of Capitola
- Finance Division Organizational Review: Sacramento Metropolitan Fire District
- Five Year Fiscal Forecast: City of Camarillo
- Finance Department Organizational Review: City of Ceres (in collaboration with national consulting firm)
- Five Year Fiscal Forecast: City of Pismo Beach
- Revenue Options Study: City of Pismo Beach
- Water and Sewer Rate Reviews: City of Grover Beach
- Financial Condition Assessment: City of Grover Beach
- Cost Allocation Plan: City of Grover Beach
- Cost Allocation Plan: City of Port Hueneme
- Joint Solid Waste Rate Review of Proposed Rates from South County Sanitary Company: Cities of Arroyo Grande, Grover Beach, Pismo Beach and Oceano Community Services District

## CONSULTANT BACKGROUND AND EXPERIENCE

### PROFESSIONAL LEADERSHIP

- Board of Directors, League of California Cities (League): 2008 to 2010
- Member, California Committee on Municipal Accounting: 2007 to 2010
- President, League Fiscal Officers Department: 2002 and 2003
- President, CSMFO: 2001
- Board of Directors, CSMFO: 1997 to 2001
- Member, GFOA Budget and Fiscal Policy Committee: 2004 to 2009
- Chair, CSMFO Task Force on “GASB 34” Implementation
- Fiscal Officers Representative on League Policy Committees: Community Services, Administrative Services and Environmental Quality: 1992 to 1998
- Chair, Vice-Chair and Senior Advisor for CSMFO Committees: Technology, Debt, Career Development, Professional and Technical Standards and Annual Seminar Committees: 1995 to 2010
- Member, League Proposition 218 Implementation Guide Task Force
- Chair, CSMFO Central Coast Chapter Chair: 1994 to 1996

### TRAINER

Provided training for the following organizations:

- League of California Cities
- Institute for Local Government
- California Debt and Investment Advisory Commission
- Government Finance Officers Association of the United States and Canada
- California Society of Municipal Finance Officers
- Municipal Management Assistants of Southern California and Northern California
- California Association of Local Agency Formation Commissions
- Humboldt County

Topics included:

- Long-Term Financial Planning
- The Power of Fiscal Policies
- Fiscal Health Contingency Planning
- Financial Analysis and Reporting
- Effective Project Management
- Providing Great Customer Service in Internal Service Organizations: The Strategic Edge
- Strategies for Downsizing Finance Departments in Tough Fiscal Times
- Top-Ten Skills for Finance Officers
- Telling Your Fiscal Story: Tips on Making Effective Presentations
- Transparency in Financial Management: Meaningfully Community Involvement in the Budget Process
- Debt Management
- Preparing for Successful Revenue Ballot Measures

## CONSULTANT BACKGROUND AND EXPERIENCE

- Multi-Year Budgeting
- Integrating Goal-Setting and the Budget Process
- Financial Management for Elected Officials

### PUBLICATIONS

- *Guide to Local Government Finance in California*, Solano Press, July 2012 (Co-Author)  
[www.solano.com](http://www.solano.com)
- *Managing Debt Capacity: Taking a Policy-Based Approach to Protecting Long-Term Fiscal Health*, Government Finance Review, August 2011
- *Municipal Fiscal Health Contingency Planning*, Western City Magazine, November 2009
- *Understanding the Basics of County and City Revenue*, Institute for Local Government, 2008 (Contributor)
- *Financial Management for Elected Officials*, Institute for Local Government, 2007 (Contributor)
- *Getting the Most Out of Your City's Current Revenues: Sound Fiscal Policies Ensure Higher Cost Recovery for Cities*, Western City Magazine, November 2003
- *Local Government Revenue Diversification, Fiscal Balance/Fiscal Share and Sustainability*, Institute for Local Government, November 2002 (Co-Author)
- *Why Is GASB 34 Such a Big Deal?*, Western City Magazine, November 2000
- *Understanding Sales Tax Issues*, Western Cities Magazine, June 1997
- *Proposition 218 Implementation Guide*, League of California Cities, 1997 (Contributor)

### HONORS AND AWARDS

- Cal-ICMA Ethical Hero Award
- CSMFO Distinguished Service Award for Dedicated Service and Outstanding Contribution to the Municipal Finance Profession
- National Advisory Council on State and Local Government Budgeting: Recommended Best Practice (Fiscal Polices: User Fee Cost Recovery)
- GFOA Award for Distinguished Budget Presentation: Special Recognition as an Outstanding Policy Document, Financial Plan and Communications Device
- CSMFO Awards for Excellence in Operating Budget, Capital Improvement Plan, Budget Communication and Innovation in Budgeting
- GFOA Award of Achievement for Excellence in Financial Reporting
- CSMFO Certificate of Award for Outstanding Financial Reporting
- National Management Association Silver Knight Award for Leadership and Management Excellence
- American Institute of Planners Award for Innovation in Planning
- Graduated with Honors: University of California, Santa Barbara



## CITY COUNCIL AGENDA REPORT

### MEETING OF SEPTEMBER 27, 2012

FROM: FINANCE DEPARTMENT

SUBJECT: PUBLIC HEARING TO CONSIDER THE PROPOSED FEE SCHEDULE FOR FISCAL YEAR 2012/2013 AND A RESOLUTION AMENDING THE CITY'S FEE SCHEDULE TO INCORPORATE CHANGES TO FEES MADE DURING THE FISCAL YEAR 2012/2013 BUDGET PROCESS

**RECOMMENDED ACTION:** Conduct the noticed public hearing on the proposed City Fee Schedule for Fiscal Year 2012/2013 and adopt the proposed resolution repealing Resolution No. 3879, and amending the existing fee schedule to incorporate changes to fees made during the Fiscal Year 2012/2013 budget process.

**BACKGROUND:** The City updates the resolution setting fees for various City services such as planning, encroachment permits, use permits, and many other similar fees on an annual basis. Generally the updated fee schedule is effective on July 1<sup>st</sup>. Due to an internal review of City fees, the public hearing was delayed. State law requires that a public hearing be set and testimony taken before any fees are added or existing fees are changed. In Fiscal Year 2011/2012, Council approved a CPI increase of 4.5%, which represented a two-year increase. The CPI applicable to Fiscal Year 2012/2013 is 2.1%; however, staff is recommending maintaining flat fees at their current level, unless there are changes to the actual cost of providing the service.

**DISCUSSION:** The City Council adopted Resolution No. 3285 on May 22, 2003, which provides that the flat fees contained on the fee schedule are adjusted by July 1<sup>st</sup> of each year in accordance with the Consumer Price Index (CPI) for the San Francisco, Oakland, San Jose area, with the exception of those fees that are established by law. The City has previously used the April CPI to determine the July increase. The CPI for April 2012 was 2.1%. Staff is recommending deferring the CPI increase for Fiscal Year 2012/2013 to maintain compliance with Proposition 26. This legislation indicates the amount of a fee should not exceed the reasonable cost of the service or program. Deferring the CPI increase will provide an opportunity to review the individual fee calculations, as well as provide information for the upcoming budget cycle. It should be noted that referencing the CPI index is a common method used to update fees; however a periodic review is recommended to ensure all fees fall within the Proposition 26 criteria. Staff believes all current fees do not exceed the reasonable cost of the service or program.

The fees included in this schedule reflect Council approved increases that were made as part of the Fiscal Year 2012/2013 budget process. Fees that are set by resolution, ordinance, or by State Law have not been adjusted. If Council chooses to add or increase fees, the attached resolution can be modified to reflect the adjustments.

**Item #: 9.B. Staff Report.pdf****9-27-12 AGENDA REPORT: PUBLIC HEARING ON FEES FOR CITY SERVICES**

A "Draft Fee Schedule for Various Services" (Attachment 1) and a proposed "Animal Services Fees" schedule (Attachment 2), which shows the current fees and the proposed fees highlighted in yellow are attached for reference. The following recreational fee increases were approved by Council at the May 31, 2012 Budget Study session. A correction to the General Plan Maintenance Fee has also been incorporated into the schedule:

Fee	Previous Rate	Proposed Rate	Difference
Registration Fee - Resident	\$14.00	\$16.00	\$2.00
Non-Resident Fee (Residency changed to the City residents only)	\$12.00	\$14.00	\$2.00
General Plan Maintenance Fee	Total Building Valuation x 0.6% with a cap of \$100,000 per project	Total Building Valuation x 0.6%	Cap removed

The approved fees will be incorporated into Exhibits which will be made part of the fee schedule resolution.

**FISCAL IMPACT**

The estimated recreational fee increase of \$24,500 was incorporated in the Fiscal Year 2012/2013 Budget. The incorrect General Plan Maintenance Fee was not incorporated into the budget and the fee would only be applicable to projects with a valuation over \$16.7 million. The City has not had a project with a valuation over \$16.7 million since the General Plan fee was established. The deferral of the CPI increase would have resulted in flat fee increases of less than \$12.00; with the majority of the increases being under \$5. This will result in minimal or no impact to the General Fund. The proposed fee schedule will become effective September 28, 2012.

**ATTACHMENTS**

1. Draft Resolution
2. Draft Fee Schedule for Various Services
3. Proposed Animal Services Fees
4. Public Hearing Notice

**Report Prepared By:** Tori Hannah  
Finance Director

**Reviewed and Forwarded  
By City Manager** 

## RESOLUTION NO. \_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA REPEALING  
RESOLUTION NO. 3879 AND AMENDING THE CITY'S FEE SCHEDULE BY  
INCORPORATING CHANGES TO FEES MADE DURING  
THE FISCAL YEAR 2012/2013 BUDGET PROCESS**

**WHEREAS**, the Government Code of the State of California, Section 6601(a) requires local agencies to notice and hold at least one open and public meeting prior to levying a new fee or increasing an existing fee; and

**WHEREAS**, the City Council of the City of Capitola has held a duly noticed public hearing on September 27, 2012, to consider increases to existing fees charged for various City services; and

**WHEREAS**, this fee schedule sets forth the City's cost recovery fee programs, which includes minimum deposits against which staff costs, adjusted for overhead, are assessed; and

**WHEREAS**, the City Council adopted Resolution No. 3285 on May 22, 2003, stating that all flat fees, with the exception of those established by law, shall be adjusted annually by the Consumer Price Index (CPI) for the San Francisco, Oakland, San Jose area, which was 2.1% for April 2012; and

**WHEREAS**, the City Council discussed CPI increases in conjunction with Proposition 26, and the deferral of the Fiscal Year 2012/2013 CPI increase that would be in accordance with Resolution No. 3285, to provide for a periodic review of the fee calculations; and

**WHEREAS**, the reference to "Registration Fees – Non Resident" listed in the Classes Section of Parks and Recreation Fees should be updated to clarify that Non-Resident fees apply to course participants that reside outside of the City, to be consistent with Council decision at the May 31, 2012 Budget Hearing Session; and

**WHEREAS**, the reference to "Field Prep. and/or Additional Staffing Required to Prepare for or Supervise the Rental" listed under the Facility Rental section of the Parks and Recreation Fees Schedule should be updated to reflect "Sports Rentals Only"; and

**WHEREAS**, the General Plan Maintenance Fee should be corrected to remove the Total Building Valuation Cap of \$100,000 per project; and

**WHEREAS**, the City of Capitola has made available to the public the required data pursuant to Government Code Section 6601(a) for at least ten days prior to adoption of a revised fee schedule.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Capitola does hereby resolve as follows:

1. The reference to "Registration Fees – Non Resident" listed in the Classes Section of Parks and Recreation Fees shall be updated to clarify that Non-Resident fees apply to course participants who reside outside of the City of Capitola; and
2. The reference to "Field Prep. and/or Additional Staffing Required to Prepare for or Supervise the Rental" listed under the Facility Rental section of the Parks shall apply to "Sports Rentals Only"

**Item #: 9.B. Attach 1.pdf**

RESOLUTION NO. \_\_\_\_\_

3. The General Plan Maintenance Fee shall be corrected to remove the Total Building Valuation Cap of \$100,000 per project; and

**BE IT FURTHER RESOLVED** that the City of Capitola Fee Schedule for Various City Services as identified in Exhibit A, and the Animal Services Fees identified in Exhibit B attached hereto are hereby approved to become effective on September 28, 2012.

**I HEREBY CERTIFY** that the above and foregoing resolution was passed and adopted by the City Council of the City of Capitola at its regular meeting held on the 27<sup>th</sup> day of September, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Michael Termini, Mayor

ATTEST:

\_\_\_\_\_, CMC  
Susan Sneddon, City Clerk



CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES	
DESCRIPTION	FY12/13 FEES
<b>MISCELLANEOUS FEES</b>	
Bingo Permit (Municipal Code § 5.16.190) can change by resolution	\$60
Capitola Municipal Code	\$597
Capitola Municipal Code Supplement Service (Per year)	\$179
Copies:	
1 – 5 copies	\$0
6 or more copies (Per copy)	\$0.25/page
Gov't Code § 81008 (Political Reform Act) statements/reports (Per copy)	\$0.10/page
DVD's / Cassette Tapes (Per tape)	\$27
Entertainment Permit Application Fee	\$35
Single Event Permit	\$35
Minor Entertainment Permit	\$146
Regular Entertainment Permit	\$548
Pet Shops and Kennel License Fee (Municipal Code § 5.20.020) set only by ordinance	\$20
Returned Check Fee	\$35
Business License Overpayment Refund Fee (resolution 3532, ord 871)	\$0
Business License Late Payment Penalty Admin. Fee (Reso. 3532)	\$35 + 10% each month late
Business License Application Fee (Reso. 3532)	\$35
Temporary, Publicly Attended Activities, Application Fee (Municipal Code § 9.36.040)	\$31
Public Art (Total Building Valuation \$250,000 or more) (Municipal Code Chapter 2.58)	2% of TBV or 1% in lieu to City
Notice of Intent to Circulate Initiative Petition (Elections Code § 9103(b))	\$200
Mobile Home Park Administrative Service Fee (raise by a public hearing)	\$240/per year
Bandstand Rental Fee	\$210/4 hrs or \$630 all day/ deposit \$1,500
Notary Service Fees (State Code)	
Acknowledgment or proof of a deed, or other instrument, to include the seal and writing of the certificate	\$10/signature
Administering an oath or affirmation to one person and executing the jurat, including the seal	\$10/signature
<b>CITY ATTORNEY DEPARTMENT FEES</b>	
Whenever any City permit or approval requires the preparation of a deed, contract, or other formal legal instrument by the City Attorney, an hourly fee shall be charged.	cost + 17%
<b>HISTORICAL MUSEUM FEES</b>	
Research Fee - 1/2 hour minimum charge	Cost
Print of an electronically available Photograph in Collection	\$7
Digital Copies of Collection Items	\$17
Scan High Resolution Tiff File of any collection item for a customer	\$21

Item #: 9.B. Attach 1 Exhibit A.pdf

<b>CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES</b>	
<b>DESCRIPTION</b>	<b>FY12/13 FEES</b>
<b>COMMUNITY DEVELOPMENT DEPARTMENT FEES</b>	
<b>BUILDING FEES</b>	
The cost of a "combination building permit" and its associated plan check shall be 1.5 times the amounts shown in Table 1-A. A "combination building permit" is defined as a permit for a scope of construction work regulated by two or more of the model codes. The model codes are the building code, the plumbing code, the mechanical code and the electrical code.	
The cost of a "building permit" and its associated plan check shall be the amounts shown in Table 1-A. A "building permit" is defined as a permit for a scope of construction work regulated solely by a single model code. The model codes are the building code, the plumbing code, the mechanical code and the electrical code.	
<b>TABLE 1-A</b>	
Total Valuation	
\$1.00 to \$500.00	\$23.50
\$501.00 to \$2,000.00	\$23.50 for the first \$500.00 plus \$3.05 for each additional \$100.00 or fraction thereof.
\$2,001.00 to \$25,000.00	\$69.25 for the first \$2,000.00 plus \$14.00 for each additional \$1000.00 or fraction thereof.
\$25,001.00 to \$50,000.00	\$391.25 for the first \$25,000.00 plus \$10.10 for each additional \$1,000.00 or fraction thereof.
\$50,001.00 to \$100,000.00	\$643.75 for the first \$50,000.00 plus \$7.00 for each additional \$1,000.00 or fraction thereof.
\$100,001.00 to \$500,000.00	\$993.75 for the first \$100,000.00 plus \$5.60 for each additional \$1,000.00 or fraction thereof.
\$500,001.00 to \$1,000,000.00	\$3,233.75 for the first \$500,000.00 plus \$4.75 for each additional \$1,000.00 or fraction thereof.
\$1,000,001.00 and up	\$5,608.75 for the first \$1,000,000.00 plus \$3.15 for each additional \$1,000.00 or fraction thereof.
Greywater System Permit	
Electric Vehicle Charging Permits	
<b>a. Level I (120 volts)</b>	\$100
<b>b. Level II (208-240 volts)</b>	\$150
<b>c. Level III (480 volts)</b>	\$200
Research Fee - 1/2 hour minimum charge	Cost
Information Technology Fee (Resolution No. 3786 adopted 11/12/09)	5% of Permit Fee

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES	
DESCRIPTION	FY12/13 FEES
<b>PLANNING FEES</b>	
<b><u>Administration/Documents</u></b>	
Public Notice (without newspaper published notice)	\$173
Public Notice (with newspaper published notice)	\$376
Application Withdrawal (prior to public hearing) Amount of refund	40% refund of the unused portion of deposit
Request for Continuance by Applicant (2nd and each after)	\$147
Extra Meetings Fee (each ZA/CPC >2; CC >1)	Cost
Staff Billing Rate	Cost
Records Search/Special Report--Minor	\$84/hour minimum 1/2 hour
Records Search/Special Report--Major	Cost
General Plan with Map	\$60
General Plan Map Alone	\$10
General Plan Maintenance Fee	Total Building Valuation X 0.6%
Zoning Ordinance with Map	\$36
Zoning Map alone	\$10
Development Application Intake Fee	\$510/Application
Preliminary Review Fee	\$210
Conceptual Review Fee	\$1,500 deposit
<b><u>Architectural and Site Review Committee</u></b>	
Residential-New or >= 50% addition/remodel	cost; \$3,500 min. deposit
Residential-New <50% Addition/Remodel	cost; \$3,000 min deposit
Commercial New, Addition or Exterior Remodel	cost; \$5,500 min. deposit
Floodplain Elevation/Certification Review	cost + 17%
Geologic/Engineering Report Review	cost + 17%
Archaeological Survey Report Review	cost + 17%
Biotic Report review	cost + 17%
Traffic Report Review	cost + 17%
Architectural Historian Report Review	cost + 17%
NOTE: third party review costs to be required as necessary	
Temporary Signs and Banner Permits	\$36
Signs (staff approval) per permit application	\$121
Signs (CPC approval) per permit application	cost; \$ 500 min deposit
Master Sign Program CPC approval	cost; \$3,000 min deposit
Fence Permit (Staff approval)	\$41
Fence Permit (CPC approval)	cost; \$750 min deposit
<b><u>Code Compliance</u></b>	
All code compliance fees and costs	Double Application Fees Minimum statutory fees and fines plus any staff costs and any contract costs incurred + 17%
<b><u>Use Permits</u></b>	
Home Occupation Use Permit	\$266
Mobile home Park Change of Use or Closure	cost
Condo Conversion	cost
CUP for Significant Alteration of Historic Feature	cost; \$2,000 min. deposit

<b>CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES</b>	
<b>DESCRIPTION</b>	<b>FY12/13 FEES</b>
Transient Rental Occupancy Use Permit	cost; \$1,500 min. deposit
Master Conditional Use Permit --CPC approval	cost; \$3,500 min. deposit
Tenant Use Permit (MCUP)--Staff approval	\$73
Conditional Use Permit--ZA/Staff approval	cost; \$2,000 min. deposit
Conditional Use Permit--CPC approval	cost; \$3,000 min. deposit
CV/CN Outdoor Display Merchandise	\$210
Temporary Uses	\$76
Commercial Sidewalk/Parking Lot Sale Permit	\$72
<b><u>Variances</u></b>	
Single Family Residences (each)	cost; \$2,000 min. deposit
Flood Ordinance Variance	cost; \$2,000 min. deposit
All Other (each)	cost; \$2,500 min. deposit
<b><u>Coastal Permits</u></b>	
All	cost; \$1,500 min. deposit
Coastal Permit Exclusion	\$84
<b><u>Environmental Review Fees</u></b>	
CEQA Exemption Determination	\$106
Initial Study (ND/EIR Determination)	cost; \$2,000 min deposit
Negative Declaration (and Mitigated ND)	cost; \$2,000 min deposit
EIR Processing	cost; + 17% of consultant; \$10,000 min deposit
Mitigation Monitoring Program	cost + 17%
NEPA Compliance	cost + 17%
<b><u>General Plan Amendment</u></b>	
General Plan Amendment (map and/or text)	cost; \$5,000 min. deposit
<b><u>Local Coastal Plan Amendment</u></b>	
Local Coastal Plan Amendment	cost; \$5,000 min. deposit
Local Coastal Plan Amendment if also paying for General Plan Amendment or rezoning	see General Plan Amendment
<b><u>Rezoning</u></b>	
Zoning Ordinance Amendment (map and/or text)	cost; \$5,000 min. deposit
<b><u>Planned Developments</u></b>	
PD Preliminary Development Plan Approval	cost; \$3,500 min. deposit
PD Rezoning Fee	cost; \$5,000 min. deposit
<b><u>Subdivisions</u></b>	
Certificate of Compliance	cost; \$1,500 min. deposit
Boundary Line Adjustment/Merger/Reversion	cost; \$1,500 min. deposit
Parcel Map (4 Parcels or Less)	cost; \$2,000 min. deposit
Tentative Map (5 parcels or more)	cost; \$5,000 min. deposit
Final Map	cost; \$3,000 min. deposit
Subdivision Modification	cost; \$3,500 min. deposit

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
DESCRIPTION		FY12/13 FEES
<b>Historic Structures</b>		
Applicant Request for Historic Feature Removal		cost; \$3,000 min. deposit
Conditional Use Permit for Significant Alteration of Historic Feature		cost; \$2,000 min. deposit
<b>Affordable Housing In-Lieu Fees</b>		
For Sale Housing Developments of two to six units (Municipal Code Chapter 18.02/Reso. 3473) :		
All Units		\$10 per sq. ft.
For Sale Housing Developments of Seven or more units		
#Units	#Units Built	
7	1	\$0
8-13	1	Total # units minus 7 @ \$10 per avg. sq. ft. per unit
14	2	\$0
15-20	2	Total # units minus 14 @ \$10 per avg. sq. ft. per unit
21	3	\$0
22-27	3	Total # units minus 21 @ \$10 per avg. sq. ft. per unit
28	4	\$0
Rental Multi-Family		
		\$6 per sq. ft.
One Unit:		
New SF Unit		\$2.50 per sq. ft.
Demolish/Re-build		\$2.50 per sq. ft.
Addition/Remodel adding 50% or more square ft.		\$2.50 per sq. ft.
(note: Sq. Ft. calculations to exclude garages and decks)		
<b>Other Planning Fees</b>		
Street Abandonment		\$1,333
Annexation		costs+ overhead/ \$3,000 min. deposit
Appeals-by other than city official		\$142
Appeals of coastal permits		\$0
Development Agreement		cost; \$5,000 min. deposit
Research Fee - 1/2 hour minimum charge		Cost
Specific Plan		cost; \$5,000 min. deposit
Time Extension		50% of Orig. Fee
Encroachment Agreement Private Improvements (CPC)		\$415
Green Building Educational Resource Fund Fee (Municipal Code 17.10.080)		Fee equals .0025 times the overall building permit valuation of the project.
Information Technology Fee (Resolution No. 3786 adopted 11/12/09)		5% of Permit Fee

**CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES**

DESCRIPTION	FY12/13 FEES
<b>Building Plan Check/Final Inspection Fees</b>	
Planning Plan Check & Final Inspection	20% of Building Permit Fee
Repeat Planning Final Inspections	\$120
Building Permit Zoning Consistency Review	\$72
Structural Review of Engineering Plans	cost + 17%
Advanced Plan Review	cost + 17%
<b>Tree Removal</b>	
Tree Removal--any tree subject to ordinance--staff approval	\$120
Tree Removal--any tree subject to ordinance--CPC hearing	cost; \$1,000 min deposit
Tree Removal -- 3 or more trees on a property	257 +hrly cost for staff beyond 3 hrs.
Tree/Landscape Installation/Maintenance Agreement	\$120
<b>Major Development Projects Fee</b>	
Projects with Building Valuation of \$2,000,000 +	cost; \$5,000 min. deposit
<b>POLICE DEPARTMENT FEES</b>	
Special Event Permit	\$56
Amplified Sound Permit (Municipal Code 9.12.040)	\$28
DUI Cost Recovery Fee (Res. 3533)	Not to exceed \$12,000
Copies of reports: Crime Reports, Special Reports, etc, regardless of number of pages	\$23
Copies of: Citations, Code sections, Ordinances, etc.	\$6
Police Reports	\$24
Bicycle Licenses (New)	\$10
Bicycle Licenses (Renewal)	\$7
Citation Sign-Offs	\$14
Photographs	\$18+ administration fees
VIN verifications	\$14
Video or cassette Tapes	\$50 1st Hour (Minimum)+\$25/hour
Local Fire Arm dealers (set by state)	
New application	\$325
Renewal	\$100
Second Dealers License (set by state)	
Application	\$100
Renewal	\$10
Taxi Fee per application	\$56
Civil Subpoena (per case) (set by state)	\$150
Parking Permits (separate action by the Council)	
Neighborhoods per year (Resolution No. 3733)	\$25
Village Preferential Permit (Resolution No. 3733)	\$50 per year
Village Employer/Employee Permit (Resolution No. 3733)	\$50/per year
Pacific Cove Lot Permit	\$25
Morning Village Parking Permit (Resolution No. 3715)	\$50 per year

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES	
DESCRIPTION	FY12/13 FEES
Concealed Weapon Permits (set by state)	
<i>Application</i>	
Standard	\$340
Judicial	\$357
Employment	\$323
<i>Renewal</i>	
Standard	\$42
Judicial	\$59
Employment	\$25
Firearm Surrender Fees (set by state law)	
1-5 guns	\$0
6+guns	\$0
Vehicle Storage per day	\$24
Administrative fee to release Impounded Vehicle	\$119
Surf School Permit Fee ( Resolution No. 3695)	\$52
<b><u>Animal Services Fees</u></b>	
See Exhibit B "Animal Services Fees"	
<b>PUBLIC WORKS DEPARTMENT FEES</b>	
Encroachment Permits	
Non-Construction Items (includes materials storage within right-of-way road and sidewalk closures	\$59
Construction Items	
\$0 to \$1,500 of valuation	\$85
\$1,500 to \$50,000 valuation	\$86+5% of value over \$1,501
over \$50,000 valuation	\$2500+3% of value over \$50,001
Utility Fees	
Connection/Minor & Local Roads	\$290
Arterial Road Connections: Inspection estimation	\$110 per hour
All other projects: Inspection estimation	\$110 per hour
Blanket Permits (repair and maintenance of existing facilities)	\$890
Private Improvement Permits/Encroachment Agreement	
Applications for Minor Permits	\$60
Applications for Major Permits	\$356
Memorial Bench	\$1,212
Memorial Plaque (wharf)	\$580
Memorial Plaque (Grand Ave)	\$580
Memorial Plaque (tree)	360 + cost of tree
Memorial Picnic Table	\$1,526
Seasonal Boat Storage Permits	
Seasonal Permit	\$125 per month
Short Term Permit	\$10 per day
Research Fee - 1/2 hour minimum charge	Cost
Information Technology Fee (Resolution No. 3796 adopted 11/12/09)	5% of Permit Fee

Item #: 9.B. Attach 1 Exhibit A.pdf

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES	
DESCRIPTION	FY12/13 FEES
<b>GOVERNMENT ACCESS CHANNEL FEES</b>	
Preprogramming or live coverage hourly rate	Cost
City Scroll	\$28/hr; min 1 hour
<b>PARKS AND RECREATION FEES</b>	
<u>All fees are evaluated annually to determine if they are competitive with other recreation programs in Santa Cruz County</u>	
<b>Classes</b>	
Negotiated Instructor Activity Fee (instructor receives 65% of this fee, department retains 35%)	Negotiated
Registration Fee - Resident (Capitola Residents Only)	\$16.00 per class
-Department retains this fee	
Non-Resident (Anyone residing outside of the City)	\$14.00 per class
-Department retains this fee	
Senior Discount	10%
<b>Sports</b>	
<u>League Fees</u>	Costs + 30% admin fee
League fees will change depending upon number and type of leagues offered, number of games per league, number of officials, amount of equipment needed, field/site prep and maintenance, and whether or not playoffs & awards are offered. Fees are calculated based on direct costs + 30% admin fee.	
<u>Junior Guards</u>	
5 weeks resident/non resident	\$242/\$275
4 weeks resident/non resident	\$192/\$220
<u>Camp Capitola</u>	
All day 2 week session, resident/non resident	\$238/\$262
1/2 day resident/non resident	\$135/\$152
All day 3 week session, resident/non resident	\$353-\$389
1/2 day resident/non resident	\$184/\$201
Extended Care--daily resident/non resident	\$8.00
Extended Care--weekly resident/non resident	\$35
Transportation fee to Jr. Guards (1st Session / 2nd Session)	\$54/\$42
<u>Facility Rentals</u>	
Softball & Soccer fields hourly rental; non profit youth groups/other non profit & Cap residents/all others	\$13/\$25/\$33
Gym hourly rental; non profit youth groups/other non profits & Cap residents/all others	\$19/\$32/\$43
<u>Jade Street Community Center</u>	
Rooms A&B hourly rent	\$42
Room C hourly rent	\$58
Kitchen hourly rent	\$21
Entire Center hourly rent	\$150.00
Non profit discount of Jade Street Facility rents	25%
Field Prep and/or additional staffing required to prepare for or supervise the Sports rentals	\$13.00/hr



CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES	
DESCRIPTION	FY12/13 FEES
<b>Notes:</b>	
Costs mean staff costs adjusted for benefits, department overhead, and City overhead as calculated by the City Manager. Costs can also mean direct cost of a consultant. When consultant costs are included <u>17%</u> of such costs will be charged to cover staff time for contract management. <i>Staff costs do not accrue during an appeal unless appeal is made by applicant.</i>	
Deposits are stated as minimums. Actual deposits depend on the evaluation by staff of an individual project or application. The City Manager may lower minimum deposits if the application or project justifies a lower deposit. When an application involves multiple minimum fees the highest minimum fee applies.	

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Proposed City of Capitola Fee Schedule September 28, 2012

<b>Adoption Fees</b>		<b>Animal Services Fees</b>	
Dogs	\$ 110	<b>License Fee</b>	
Cats	\$ 90	Altered	\$20
Rabbits	\$ 50	Unaltered	\$50
Rodents	\$ 10	Late Penalty	\$15
Small Caged birds	\$ 20	Failure to License	\$50
Exotic birds	\$ 75	Sr. Citizen (65+ for lifetime of altered dog)	\$20
Small Livestock	\$ 75	Unaltered Certificate	\$100 (one time, renewal if owner moves)
Large Livestock	\$ 100	<b>Quarantine Fees</b>	
Horse	\$ 250	Home	\$75
Chicken/Rooster	\$ 10	Protective Custody	\$30 + daily board fees
<b>Impound Fees</b>		Altered	Unaltered <sup>(1)</sup>
Cat	First Impound	\$30	30 +Penalty \$35
	Second Impound	\$50	50 +Penalty \$50
	Third Impound	\$75	75 +Penalty \$100
	Fourth/Subsequent	\$75	75 +Penalty \$100
Dog	First Impound	\$60	60 +Penalty \$35
	Second Impound	\$115	115 +Penalty \$50
	Third Impound	\$195	195 +Penalty \$100
	Fourth/Subsequent	\$225	225 +Penalty \$100
Livestock	First Impound	\$100	
	Second/Subsequent	\$125	
<b>Board Fees (per day)</b>		<b>Animal Control Officers Services</b> \$75/hour	
Cats	\$ 18.00	<b>Field Return of Owned Animal</b> \$45/hour	
Dogs	\$23-\$30 <sup>(2)</sup>		
Small Livestock	\$ 20.00		
Emergency Boarding	\$40		
<sup>(2)</sup> Depends on weight			
<b>Miscellaneous Service Fees</b>		<b>Protective Custody Fees</b>	
Microchip	\$ 15.00	Owner Arrest	1st \$50/2nd \$75/3rd \$95
Dog/Cat trap rental	n/c	Confiscate/Humane	1st \$50/2nd \$75/3rd \$95
Dog Humane Trap Deposit	\$ 250.00	Emergency	\$ 25.00
Cat Humane Trap Deposit	\$ 55.00	<b>Disposal of Dead Animals</b>	
Pick Up animal in a trap	\$ 50.00	Up to 19 lbs	\$50
Pick Up of Owned Animal	\$ 50.00	20-60	\$66
Owner Surrender of Animal	\$ 25.00	60 +	\$70
Owner Requested Euthanasia	\$30 + Disposal		
Refund Processing Fee	\$ 30.00		
Returned Check Fee	\$ 30.00		

<sup>(1)</sup> Unaltered animal penalty fee provided under Calif. Food and Agriculture Code Section 31751.7

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DRAFT FEE SCHEDULE FOR FY12-13: EFFECTIVE SEPTEMBER 28, 2012		
<b>CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES</b>		
Description	CURRENT FEES (07/11/11)	PROPOSED ADJUSTMENTS 09/28/2012
<b>MISCELLANEOUS FEES</b>		
Bingo Permit (Municipal Code § 5.16.190) can change by resolution	\$60	
Capitola Municipal Code	\$597	
Capitola Municipal Code Supplement Service (Per year)	\$179	
Copies:		
1 – 5 copies	\$0	
6 or more copies (Per copy)	\$0.25/page	
Gov't Code § 81008 (Political Reform Act) statements/reports (Per copy)	\$0.10/page	
DVD's / Cassette Tapes (Per tape)	\$27	
Entertainment Permit Application Fee	\$35	
Single Event Permit	\$35	
Minor Entertainment Permit	\$146	
Regular Entertainment Permit	\$548	
Pet Shops and Kennel License Fee (Municipal Code § 5.20.020) set only by ordinance	\$20	
Returned Check Fee	\$35	
Business License Overpayment Refund Fee (resolution 3532, ord 871)	0 (Set to -0- by Council in 2011)	
Business License Late Payment Penalty Admin. Fee (Reso. 3532)	\$35 + 10% each month late	
Business License Application Fee (Reso. 3532)	\$35	
Temporary, Publicly Attended Activities, Application Fee (Municipal Code § 9.36.040)	\$31	
Public Art (Total Building Valuation \$250,000 or more) (Municipal Code Chapter 2.58)	2% of TBV or 1% in lieu to City	
Notice of Intent to Circulate Initiative Petition (Elections Code § 9103(b))	\$200	
Mobile Home Park Administrative Service Fee (raise by a public hearing)	\$240/per year (ONLY UNDER RENT CONTROL _ GONE)	
Bandstand Rental Fee	\$210/4 hrs or \$630 all day/ deposit \$1,500	
<b>Notary Service Fees (State Code)</b>		
Acknowledgment or proof of a deed, or other instrument, to include the seal and writing of the certificate	\$10/signature	
Administering an oath or affirmation to one person and executing the jurat, including the seal	\$10/signature	
<b>CITY ATTORNEY DEPARTMENT FEES</b>		
Whenever any City permit or approval requires the preparation of a deed, contract, or other formal legal instrument by the City Attorney, an hourly fee shall be charged.	cost + 17%	
<b>HISTORICAL MUSEUM FEES</b>		
Research Fee - 1/2 hour minimum charge	Cost	
Print of an electronically available Photograph in Collection	\$7	
Digital Copies of Collection Items	\$17	
Scan High Resolution Tiff File of any collection item for a customer	\$21	

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
Description	CURRENT FEES (07/1/11)	PROPOSED ADJUSTMENTS 09/28/2012
<b>COMMUNITY DEVELOPMENT DEPARTMENT FEES</b>		
<b>BUILDING FEES</b>		
The cost of a "combination building permit" and its associated plan check shall be 1.5 times the amounts shown in Table 1-A. A "combination building permit" is defined as a permit for a scope of construction work regulated by two or more of the model codes. The model codes are the building code, the plumbing code, the mechanical code and the electrical code.		
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<b>TABLE 1-A</b>		
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\$25,001.00 to \$50,000.00	\$391.25 for the first \$25,000.00 plus \$10.10 for each additional \$1,000.00 or fraction thereof.	
\$50,001.00 to \$100,000.00	\$643.75 for the first \$50,000.00 plus \$7.00 for each additional \$1,000.00 or fraction thereof.	
\$100,001.00 to \$500,000.00	\$993.75 for the first \$100,000.00 plus \$5.60 for each additional \$1,000.00 or fraction thereof.	
\$500,001.00 to \$1,000,000.00	\$3,233.75 for the first \$500,000.00 plus \$4.75 for each additional \$1,000.00 or fraction thereof.	
\$1,000,001.00 and up	\$5,608.75 for the first \$1,000,000.00 plus \$3.15 for each additional \$1,000.00 or fraction thereof.	
Greywater System Permit		
Electric Vehicle Charging Permits(* Note: These fees were added to the fee schedule for FY2011-12, but will be waived for the first year.)		
<b>a. Level I (120 volts)</b>	\$100 (\$-0- for FY11-12)	
<b>b. Level II (208-240 volts)</b>	\$150 (\$-0- for FY11-12)	
<b>c. Level III (480 volts)</b>	\$200 (\$-0- for FY11-12)	
Research Fee - 1/2 hour minimum charge	Cost	
Information Technology Fee (Resolution No. 3786 adopted 11/12/09)	5% of Permit Fee	



CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
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Application Withdrawal (prior to public hearing) Amount of refund	40% refund of the unused portion of deposit	
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Extra Meetings Fee (each ZA/CPC >2; CC >1)	Cost	
Staff Billing Rate	Cost	
Records Search/Special Report--Minor	\$84/hour minimum 1/2 hour	
Records Search/Special Report--Major	Cost	
General Plan with Map	\$60	
General Plan Map Alone	\$10	
General Plan Maintenance Fee	Total Building Valuation X 0.6% with a cap of \$100,000 per project	Total Building Valuation X 0.6%
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Zoning Map alone	\$10	
Development Application Intake Fee	\$510/Application	
Preliminary Review Fee	\$210	
Conceptual Review Fee	\$1,500 deposit	
<b>Architectural and Site Review Committee</b>		
Residential-New or >= 50% addition/remodel	cost; \$3,500 min. deposit	
Residential-New <50% Addition/Remodel	cost; \$3,000 min deposit	
Commercial New, Addition or Exterior Remodel	cost; \$5,500 min. deposit	
Floodplain Elevation/Certification Review	cost + 17%	
Geologic/Engineering Report Review	cost + 17%	
Archaeological Survey Report Review	cost + 17%	
Biotic Report review	cost + 17%	
Traffic Report Review	cost + 17%	
Architectural Historian Report Review	cost + 17%	
NOTE: third party review costs to be required as necessary		
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All code compliance fees and costs	Double Application Fees Minimum statutory fees and fines plus any staff costs and any contract costs incurred + 17%	

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
Description	CURRENT FEES (07/1/11)	PROPOSED ADJUSTMENTS 09/28/2012
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Mobile home Park Change of Use or Closure	cost	
Condo Conversion	cost	
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<b><u>Variances</u></b>		
Single Family Residences (each)	cost; \$2,000 min. deposit	
Flood Ordinance Variance	cost; \$2,000 min. deposit	
All Other (each)	cost; \$2,500 min. deposit	
<b><u>Coastal Permits</u></b>		
All	cost; \$1,500 min. deposit	
Coastal Permit Exclusion	\$84	
<b><u>Environmental Review Fees</u></b>		
CEQA Exemption Determination	\$106	
Initial Study (ND/EIR Determination)	cost; \$2,000 min deposit	
Negative Declaration (and Mitigated ND)	cost; \$2,000 min deposit	
EIR Processing	cost; + 17% of consultant; \$10,000 min deposit	
Mitigation Monitoring Program	cost + 17%	
NEPA Compliance	cost + 17%	
<b><u>General Plan Amendment</u></b>		
General Plan Amendment (map and/or text)	cost; \$5,000 min. deposit	
<b><u>Local Coastal Plan Amendment</u></b>		
Local Coastal Plan Amendment	cost; \$5,000 min. deposit	
Local Coastal Plan Amendment if also paying for General Plan Amendment or rezoning	see General Plan Amendment	



CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES			PROPOSED ADJUSTMENTS 09/28/2012
Description	CURRENT FEES (07/1/11)		
<b>Rezoning</b>			
Zoning Ordinance Amendment (map and/or text)	cost; \$5,000 min. deposit		
<b>Planned Developments</b>			
PD Preliminary Development Plan Approval	cost; \$3,500 min. deposit		
PD Rezoning Fee	cost; \$5,000 min. deposit		
<b>Subdivisions</b>			
Certificate of Compliance	cost; \$1,500 min. deposit		
Boundary Line Adjustment/Merger/Reversion	cost; \$1,500 min. deposit		
Parcel Map (4 Parcels or Less)	cost; \$2,000 min. deposit		
Tentative Map (5 parcels or more)	cost; \$5,000 min. deposit		
Final Map	cost; \$3,000 min. deposit		
Subdivision Modification	cost; \$3,500 min. deposit		
<b>Historic Structures</b>			
Applicant Request for Historic Feature Removal	cost; \$3,000 min. deposit		
Conditional Use Permit for Significant Alteration of Historic Feature	cost; \$2,000 min. deposit		
<b>Affordable Housing In-Lieu Fees</b>			
<b>For Sale Housing Developments of two to six units (Municipal Code Chapter 18.02/Reso. 3473) :</b>			
All Units	\$10 per sq. ft.		
<b>For Sale Housing Developments of Seven or more units</b>			
#Units	#Units Built		
7	1	\$0	
8-13	1	Total # units minus 7 @ \$10 per avg. sq. ft. per unit	
14	2	\$0	
15-20	2	Total # units minus 14 @ \$10 per avg. sq. ft. per unit	
21	3	\$0	
22-27	3	Total # units minus 21 @ \$10 per avg. sq. ft. per unit	
28	4	\$0	
Rental Multi-Family	\$6 per sq. ft.		
<b>One Unit:</b>			
New SF Unit	\$2.50 per sq. ft.		
Demolish/Re-build	\$2.50 per sq. ft.		
Addition/Remodel adding 50% or more square ft.	\$2.50 per sq. ft.		
(note: Sq. Ft. calculations to exclude garages and decks)			

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
Description	CURRENT FEES (07/11/11)	PROPOSED ADJUSTMENTS 09/28/2012
<b>Other Planning Fees</b>		
Street Abandonment	\$1,333	
Annexation	costs+ overhead/ \$3,000 min. deposit	
Appeals-by other than city official	\$142	
Appeals of coastal permits	\$0	
Development Agreement	cost; \$5,000 min. deposit	
Research Fee - 1/2 hour minimum charge	Cost	
Specific Plan	cost; \$5,000 min. deposit	
Time Extension	50% of Orig. Fee	
Encroachment Agreement Private Improvements (CPC)	\$415	
Green Building Educational Resource Fund Fee (Municipal Code 17.10.080)	Fee equals .0025 times the overall building permit valuation of the project.	
Information Technology Fee (Resolution No. 3786 adopted 11/12/09)	5% of Permit Fee	
<b>Building Plan Check/Final Inspection Fees</b>		
Planning Plan Check & Final Inspection	20% of Building Permit Fee	
Repeat Planning Final Inspections	\$120	
Building Permit Zoning Consistency Review	\$72	
Structural Review of Engineering Plans	cost + 17%	
Advanced Plan Review	cost + 17%	
<b>Tree Removal</b>		
Tree Removal--any tree subject to ordinance--staff approval	\$120	
Tree Removal--any tree subject to ordinance--CPC hearing	cost; \$1,000 min deposit	
Tree Removal -- 3 or more trees on a property	257 +hrly cost for staff beyond 3 hrs.	
Tree/Landscape Installation/Maintenance Agreement	\$120	
<b>Major Development Projects Fee</b>		
Projects with Building Valuation of \$2,000,000 +	cost; \$5,000 min. deposit	
<b>POLICE DEPARTMENT FEES</b>		
Special Event Permit	\$56	
Amplified Sound Permit (Municipal Code 9.12.040)	\$28	
DUI Cost Recovery Fee (Res. 3533)	Not to exceed \$12,000	
Copies of reports: Crime Reports, Special Reports, etc, regardless of number of pages	\$23	
Copies of: Citations, Code sections, Ordinances, etc.	\$6	
Police Reports	\$24	

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
Description	CURRENT FEES (07/1/11)	PROPOSED ADJUSTMENTS 09/28/2012
Bicycle Licenses (New)	\$10	
Bicycle Licenses (Renewal)	\$7	
Citation Sign-Offs	\$14	
Photographs	\$18+ administration fees	
VIN verifications	\$14	
Video or cassette Tapes	\$50 1st Hour (Minimum)+\$25/hour	
Local Fire Arm dealers (set by state)		
New application	\$325	
Renewal	\$100	
Second Dealers License (set by state)		
Application	\$100	
Renewal	\$10	
Taxi Fee per application	\$56	
Civil Subpoena (per case) (set by state)	\$150	
<b>Parking Permits (separate action by the Council)</b>		
Neighborhoods per year (Resolution No. 3733)	\$25	
Village Preferential Permit (Resolution No. 3733)	\$50 per year	
Village Employer/Employee Permit (Resolution No. 3733)	\$50/per year	
Pacific Cove Lot Permit	\$25	
Morning Village Parking Permit(Resolution No. 3715)	\$50 per year	
Concealed Weapon Permits (set by state)		
<i>Application</i>		
Standard	\$340	
Judicial	\$357	
Employment	\$323	
<i>Renewal</i>		
Standard	\$42	
Judicial	\$59	
Employment	\$25	
Firearm Surrender Fees (set by state law)		
1-5 guns	\$0	
6+guns	\$0	
Vehicle Storage per day	\$24	
Administrative fee to release Impounded Vehicle	\$119	
Surf School Permit Fee ( Resolution No. 3695)	\$52	



CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
Description	CURRENT FEES (07/1/11)	PROPOSED ADJUSTMENTS 09/28/2012
<b>Animal Services Fees</b>		
See Exhibit B "Animal Services Fees"		
<b>PUBLIC WORKS DEPARTMENT FEES</b>		
Encroachment Permits		
Non-Construction Items (includes materials storage within right-of-way road and sidewalk closures)	\$59	
Construction Items		
\$0 to \$1,500 of valuation	\$85	
\$1,500 to \$50,000 valuation	\$86+5% of value over \$1,501	
over \$50,000 valuation	\$2500+3% of value over \$50,001	
Utility Fees		
Connection/Minor & Local Roads	\$290	
Arterial Road Connections: Inspection estimation	\$110 per hour	
All other projects: Inspection estimation	\$110 per hour	
Blanket Permits (repair and maintenance of existing facilities)	\$890	
Private Improvement Permits/Encroachment Agreement		
Applications for Minor Permits	\$60	
Applications for Major Permits	\$356	
Memorial Bench	\$1,212	
Memorial Plaque (wharf)	\$580	
Memorial Plaque (Grand Ave)	\$580	
Memorial Plaque (tree)	360 + cost of tree	
Memorial Picnic Table	\$1,526	
Seasonal Boat Storage Permits		
Seasonal Permit	\$125 per month	
Short Term Permit	\$10 per day	
Research Fee - 1/2 hour minimum charge	Cost	
Information Technology Fee (Resolution No. 3796 adopted 11/12/09)	5% of Permit Fee	
<b>GOVERNMENT ACCESS CHANNEL FEES</b>		
Preprogramming or live coverage hourly rate	Cost	
City Scroll	\$28/hr; min 1 hour	

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
Description	CURRENT FEES (07/1/11)	PROPOSED ADJUSTMENTS 09/28/2012
<b>PARKS AND RECREATION FEES</b>		
<u>All fees are evaluated annually to determine if they are competitive with other recreation programs in Santa Cruz County</u>		
<u>Classes</u>		
Negotiated Instructor Activity Fee (instructor receives 65% of this fee, department retains 35%)	Negotiated	
Registration Fee - Resident (Capitola Residents Only)	\$14.00 per class	\$16.00 per class
-Department retains this fee		
Non-Resident (Anyone residing outside of the City)	\$12.00 per class	\$14.00 per class
-Department retains this fee		
Senior Discount	10%	
<u>Sports</u>		
<u>League Fees</u>	Costs + 30% admin fee	
League fees will change depending upon number and type of leagues offered, number of games per league, number of officials, amount of equipment needed, field/site prep and maintenance, and whether or not playoffs & awards are offered. Fees are calculated based on direct costs + 30% admin fee.		
<u>Junior Guards</u>		
5 weeks resident/non resident	\$242/\$275	
4 weeks resident/non resident	\$192/\$220	
<u>Camp Capitola</u>		
All day 2 week session, resident/non resident	\$238/\$262	
1/2 day resident/non resident	\$135/\$152	
All day 3 week session, resident/non resident	\$353-\$389	
1/2 day resident/non resident	\$184/\$201	
Extended Care--daily resident/non resident	\$8.00	
Extended Care--weekly resident/non resident	\$35	
Transportation fee to Jr. Guards (1st Session / 2nd Session)	\$54/\$42	
<u>Facility Rentals</u>		
Softball & Soccer fields hourly rental; non profit youth groups/other non profit & Cap residents/all others	\$13/\$25/\$33	
Gym hourly rental; non profit youth groups/other non profits & Cap residents/all others	\$19/\$32/\$43	
<u>Jade Street Community Center</u>		
Rooms A&B hourly rent	\$42	
Room C hourly rent	\$58	
Kitchen hourly rent	\$21	
Entire Center hourly rent	\$150.00	
Non profit discount of Jade Street Facility rents	25%	
Field Prep and/or additional staffing required to prepare for or supervise the Sports rentals	\$13.00/hr	Addition of the word "Sports"

CITY OF CAPITOLA FEE SCHEDULE FOR VARIOUS SERVICES		
Description	CURRENT FEES (07/1/11)	PROPOSED ADJUSTMENTS 09/28/2012
Notes:		
Costs mean staff costs adjusted for benefits, department overhead, and City overhead as calculated by the City Manager. Costs can also mean direct cost of a consultant. When consultant costs are included 17% of such costs will be charged to cover staff time for contract management. <i>Staff costs do not accrue during an appeal unless appeal is made by applicant.</i>		
Deposits are stated as minimums. Actual deposits depend on the evaluation by staff of an individual project or application. The City Manager may lower minimum deposits if the application or project justifies a lower deposit. When an application involves multiple minimum fees the highest minimum fee applies.		

**Proposed City of Capitola Fee Schedule September 27, 2012**

**Adoption Fees**

Dogs	\$ 110
Cats	\$ 90
Rabbits	\$ 50
Rodents	\$ 10
Small Caged birds	\$ 20
Exotic birds	\$ 75
Small Livestock	\$ 75
Large Livestock	\$ 100
Horse	\$ 250
Chicken/Rooster	\$ 10

**Animal Services Fees**

**License Fee**

Altered	\$20
Unaltered	\$50
Late Penalty	\$15
Failure to License	\$50
Sr. Citizen (65+ for lifetime of altered dog)	\$20
Unaltered Certificate	\$100 (one time, renewal if owner moves)

**Quarantine Fees**

Home	\$75
Protective Custody	\$30 + daily board fees

**Impound Fees**

		Altered	Unaltered <sup>(1)</sup>
Cat	First Impound	\$30	30 +Penalty \$35
	Second Impound	\$50	50 +Penalty \$50
	Third Impound	\$75	75 +Penalty \$100
	Fourth/Subsequent	\$75	75 +Penalty \$100
Dog	First Impound	\$60	60 +Penalty \$35
	Second Impound	\$115	115 +Penalty \$50
	Third Impound	\$195	195 +Penalty \$100
	Fourth/Subsequent	\$225	225 +Penalty \$100
Livestock	First Impound	\$100	
	Second/Subsequent	\$125	

**Board Fees (per day)**

Cats	\$ 18.00
Dogs	\$23-\$30 <sup>(2)</sup>
Small Livestock	\$ 20.00
Emergency Boarding	\$40

<sup>(2)</sup> Depends on weight

**Animal Control Officers Services**

	\$75/hour
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**Field Return of Owned Animal**

	\$45/hour
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**Miscellaneous Service Fees**

Microchip	\$ 15.00
Dog/Cat trap rental	n/c
Dog Humane Trap Deposit	\$ 250.00
Cat Humane Trap Deposit	\$ 55.00
Pick Up animal in a trap	\$ 50.00
Pick Up of Owned Animal	\$ 50.00
Owner Surrender of Animal	\$ 25.00
Owner Requested Euthanasia	\$30 + Disposal
Refund Processing Fee	\$ 30.00
Returned Check Fee	\$ 30.00

**Protective Custody Fees**

Owner Arrest	1st \$50/2nd \$75/3rd \$95
Confiscate/Humane	1st \$50/2nd \$75/3rd \$95
Emergency	\$ 25.00

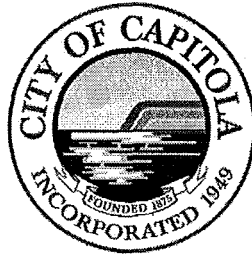
**Disposal of Dead Animals**

Up to 19 lbs	\$50
20-60	\$66
60 +	\$70

<sup>(1)</sup> Unaltered animal penalty fee provided under Calif. Food and Agriculture Code Section 31751.7

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**NOTICE OF PUBLIC HEARING  
BEFORE THE CAPITOLA CITY COUNCIL  
AMENDING THE FEE SCHEDULE TO INCORPORATE CHANGES TO FEES MADE  
AS PART OF THE FISCAL YEAR 2012/2013 BUDGET PROCESS**

**NOTICE IS HEREBY GIVEN** that a Public Hearing will be held before the City Council of the City of Capitola on Thursday, September 27, 2012, at 7:00 P.M. in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California, to consider a Resolution amending the City's fee schedule to incorporate changes to fees made during the Fiscal Year 2012/2013 budget process.

Interested persons are invited to attend and be heard at the Public Hearing. Testimony may be presented in person or submitted in written form prior to the hearing and made a part of the hearing record.

If you require special assistance in order to attend the meeting, including needs addressed by the Americans with Disabilities Act, please notify the City at least 3 days prior to the meeting by calling (831) 475-7300.

Copies of the proposed fee schedule and further information on this subject may be obtained from the Office of the City Clerk, 420 Capitola Avenue, Capitola, CA 95010.

CITY OF CAPITOLA

DATED: September 14, 2012

\_\_\_\_\_  
Susan Sneddon, City Clerk

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## CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 27, 2012

FROM: FINANCE DEPARTMENT

SUBJECT: REFINANCING THE \$2.4 MILLION PACIFIC COVE BOND

**RECOMMENDED ACTION:** Approve refinancing the Pacific Cove Bond consistent with the terms outlined in the attached proposal from Santa Cruz County Bank

**BACKGROUND:** On January 20, 2012, City Council approved the issuance of \$2.4 million dollars in debt to fund the Pacific Cove Mobile Home Park relocation plan. This amount was originally financed as taxable debt through a competitive lender selection process. The current interest rate on the debt is 5.14%, with a rate reset in the eleventh year.

At the August 9, 2012 Council Meeting, City Council approved a preliminary project description for the Lower Pacific Cove Parking Lot. The City now has the opportunity to refinance the original \$2.4 million debt at a tax-exempt interest rate of 3.95% with a reduced reset rate in the eleventh year. This will allow the City to save approximately \$18,400 in annual payments, and an estimated \$244,000 in interest over a 10-year period. The estimated cost to refinance the debt should not exceed \$39,000, and it has been included in the debt service calculations.

**DISCUSSION:** When the City issued \$2.4 million in debt to fund the Pacific Cove Mobile Home Park relocation plan future uses on the site had not been determined. As a result, that debt was issued at a "taxable" and a higher rate than "tax exempt" debt. At the August 9, 2012 City Council Meeting, Council directed staff to begin the design process for a parking project on the Lower Pacific Cove site.

With this direction, and a commitment to use the site for a public purpose, the City has the opportunity to refinance the debt at a tax-exempt interest rate. The current agreement with Santa Cruz County Bank (SCCB) allows the City to refinance the debt with SCCB without a penalty. If the City chooses a different lender to refinance the debt during this first year, the City would be assessed a 5% penalty. Any alternative financing options would have to cover the \$118,000 penalty to be cost-effective.

SCCB is currently offering a tax-exempt interest rate of 3.95% through September 30, 2012. The proposed interest rate by SCCB was briefly reviewed with the City's previous financial advisor and also compared with similar issuances; and was determined to be fairly competitive.

While there is an opportunity to refinance at this time, interest rates could still decline and provide a more favorable refinancing opportunity. In addition, it is likely the City will need approximately \$1 million to finance the development of the Lower Pacific Cove Parking Lot and the associated improvements. Currently staff anticipates that financing for the Lower Lot could be obtained from the State's California and Economic Development Bank (IBank), at a rate below 3%. However, until a final loan application is approved by the IBank, the City is

## Item #: 9.C. Staff Report.pdf

continuing to pursue other opportunities to finance the Lower Lot project. If the IBank loan is not approved, it could be financially advantageous to bundle the refinance with the new debt.

After considering all of these facts, staff is still recommending the City refinance the debt at this time; however there is clearly a viable argument to wait and not refinance at this time. Staff reviewed the refinancing plan with the Finance Advisory Committee, who also recommended refinancing the existing debt at the 3.95% interest rate.

**FISCAL IMPACT:** The estimated costs of refinancing include:

Fee	Cost
Bond Counsel	\$25,000
Appraisal (Use of prior appraisal subject to bank and Bond Counsel's approval)	5,000
Title Insurance	3,000
Lender Fees ( \$1,000 Origination fee and estimated legal costs)	6,000
	<b>\$39,000</b>

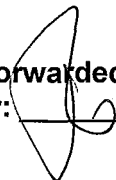
Refinancing at the 3.95% rate would result in an annual savings of \$18,400 in debt service costs; while also realizing a 10-year interest savings of \$244,000. The amount financed would be \$2.4 million, which includes the additional refinancing cost of \$39,000. The additional financing costs have been incorporated into the annual payment and interest savings calculations.

**ATTACHMENT:**

1. Financing Overview
2. SCCB Financing Proposal

**Report Prepared By:** Tori Hannah, Finance Director

**Reviewed and Forwarded  
By City Manager:**



### Financing Alternatives

Amount	Lender	Rate	Term	Annual Payments	10 YR Interest	Interest Life of Loan	Estimated Issuance Costs <sup>(1)</sup>
<b>20 Year Options/ with SCCB reset in Year 11 (Years 11-20 estimated to be the same; however it will be T-Bill + 2.5% or T-Bill + 3%)</b>							
\$ 2,399,000	SCCB Tax Exempt Refinance	3.95%	20	\$ 174,626	\$ 778,407	\$ 1,093,527	\$ 39,000
\$ 1,000,000	IBank <sup>(2)</sup>	2.20%	20	\$ 64,363	\$ 198,116	\$ 274,484	\$ 20,000
				<b>\$ 238,989</b>	<b>\$ 976,523</b>	<b>\$ 1,368,011</b>	<b>\$ 59,000</b>
\$ 2,390,000	SCCB current loan <sup>(3)</sup>	5.14%	19.5	\$ 193,006	\$ 1,022,761	\$ 1,404,404	\$ -
\$ 1,000,000	IBank <sup>(2)</sup>	2.20%	20	\$ 64,363	\$ 198,116	\$ 274,484	\$ 20,000
				<b>\$ 257,369</b>	<b>\$ 1,220,877</b>	<b>\$ 1,678,888</b>	<b>\$ 20,000</b>
\$ 2,399,000	SCCB Tax Exempt Refinance	3.95%	20	\$ 174,626	\$ 778,407	\$ 1,093,527	\$ 39,000
\$ 1,000,000	SCCB New Debt	3.95%	20	\$ 72,792	\$ 324,472	\$ 455,826	\$ 8,000
				<b>\$ 247,418</b>	<b>\$ 1,102,879</b>	<b>\$ 1,549,353</b>	<b>\$ 47,000</b>

- (1) IBank scenarios assumes the City Attorney will be able to prepare the agreement. If Bond Counsel is required, there will be \$25,000 in additional costs. The estimated issuance costs have been incorporated into the SCCB payment and interest amounts
- (2) IBank .3% Financing fees included with the interest costs
- (3) Reflects the remaining interest on existing SCCB Debt

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September 14, 2012

Tori Hannah  
 City of Capitola  
 420 Capitola Ave,  
 Capitola, CA 95010

Re: Request for Proposal - City of Capitola

Dear Ms. Hannah,

Thank you for allowing **Santa Cruz County Bank** the opportunity to make this proposal to the **City of Capitola**. We would like to set forth some proposed terms and conditions for the credit facilities under discussion. **Santa Cruz County Bank** ("the Bank") is interested in expanding a banking relationship with **The City of Capitola** ("Borrower") and will formally consider the banking services described below. Please note that this letter is not intended to constitute a commitment or offer to lend on the part of the Bank, but rather to summarize for discussion purposes the credit accommodation, which we are interested in considering at this time. The Bank's proposal to make credit facilities available is subject to the approval of its Loan Committee, and any commitment to lend will be made in writing.

**Credit Facility:**

- Option A:** \$2,360,000 Refinance of existing note
- Option B:** \$2,860,000 Refinance of existing note plus \$500,000 in additional financing.
- Option C:** \$500,000 New term note

**Purpose**

- Option A:** Convert existing note to tax exempt obligation.
- Option B:** Convert existing note to tax exempt obligation plus provide additional funding for capital improvements (parking lot).
- Option C:** Provide new tax exempt funding for capital improvements (parking lot).

**Repayment Terms:** 20 year fully amortized obligation

3.95% for 10 years. Rate to reset in year 11 at the 10 year Treasury Bill (currently 1.99%) plus a spread of 2.50% with a floor rate of 3.95%.

**Option A: \$171,788  
 Annual P & I Payments**

- Option A:** \$14,239.03 monthly P&I payments.
- Option B:** \$17,255.78 monthly P&I payments.
- Option C:** \$3,061.74 monthly P&I payments.

*Put your money where your life is.*



September 14, 2012  
City of Capitola  
Page 2

**Alternate**

**Payment Option:** At the City's choice, all above options can be structured with semi-annual payments.

**Prepayment:** 5% Pre-payment penalty in Years 1 - 3  
2% Pre-payment penalty in Year 4  
1% Pre-payment penalty in Year 5  
All pre-payment penalties would be waived in Years 1-5, if the City refinanced with SCCB

**Closing Costs/Fee:** \$1,000.00 origination fee. Legal review cost of not greater than \$5,000.00 to be paid by City.

**Collateral** Assignment of Leased Asset to Santa Cruz County Bank. Leased asset is identified as Capitola City Hall and adjoining parking lot (Facility). Substitution of leased asset to be permitted under defined terms and conditions. Assignment to be perfected against real property.

**Insurance:** City of Capitola will provide required insurance including property, casualty and rental interruption insurance. No flood or earthquake insurance will be required unless mandated by Federal Bank Regulations.

**Other Conditions:**

Funding of this loan is further contingent upon:

- Council engaged by the City to prepare all documentation at the expense of the City.
- All documents to be reviewed and approved by Bank.

The credit facility will have the following financial covenant:

- Minimum Debt Service Coverage of 1.00:1.00 - Checked Annually

Credit facilities will have the following reporting covenants:

- Annual Audited financial statements, due within 120 days of fiscal year end.
- City will covenant to budget and annually appropriate for lease payments to the Authority for the use and occupancy of the Facility.

*Put your money where your life is.*





SANTA CRUZ  
COUNTY

BANK

September 14, 2012  
City of Capitola  
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This proposal letter is provided solely for the purpose described herein and may not be disclosed to or relied upon by any other party without the Bank's prior written consent. This proposal is intended to form the basis for a discussion of a credit accommodation, and further negotiations adding to or modifying the general scope of the major terms shall not be precluded by the issuance of this Proposal Letter. The Bank's proposal to make credit facilities available is subject to the approval of its Loan Committee, and any commitment to lend will be made in writing.

Your acceptance of this proposal shall be evidenced by execution and return of this letter on or before **September 30, 2012**. Please note, this proposal letter shall expire on September 30, 2012.

Once again than you for allowing Santa Cruz County Bank to make this proposal available to the **City of Capitola**. Please feel free to contact us with any questions you may have. We look forward to providing this credit facility to one of our valued local government agencies.

Sincerely,

Angelo DeBernardo  
Senior Vice President  
Senior Lending Officer

Accepted By:

---

Jamie Goldstein  
City of Capitola  
City Manager

cc: David Heald, President & CEO of Santa Cruz County Bank

*Put your money where your life is.*



www.sccountybank.com

T. 831.457.5000

MEMBER  
FDIC

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## CITY COUNCIL AGENDA REPORT

MEETING OF SEPTEMBER 27, 2012

FROM: CITY MANAGER'S DEPARTMENT  
SUBJECT: ESPLANADE KIOSK PUBLIC ART PROJECT

**RECOMMENDED ACTION:** Approve the Art & Cultural Commission recommendation to pursue design options for a three-panel kiosk and associated interpretive panels, and integrate design with concept to rehabilitate the Interpretive Signs located along Soquel Creek.

**BACKGROUND:** In 2004 the City Council approved a Public Arts Fee. The purpose of the fee is to ensure that 2% of the cost of eligible projects with a total building permit valuation of \$250,000 or more is set aside for the acquisition or works of art to be displayed in public places within the City. For private development there is an in-lieu option to contribute 1% of the budget to the Public Art Program. This fund is restricted and may only be used for its designated purposes. This project qualifies for Public Art funding.

**DISCUSSION:** The Art & Cultural Commission believes an artist-designed kiosk on the Esplanade would be an excellent tool to help promote events in the City, provide information from the City Council, Capitola Village and Wharf Business Improvement Area, Capitola-Soquel Chamber of Commerce and an informative map of Capitola. The Commission envisions a three sided, free standing, kiosk located across the sidewalk at the end of Esplanade Park. The kiosk would be made of weather resistant bronze or stainless steel. A call to artists would go out for the design and fabrication of a kiosk to be built around three pre-manufactured stainless steel weather proof panels for the display of information. The installation would be done by Public Works. There will be specific guidelines developed by the City for the information posted on the three panels so that consistency and professionalism is maintained. A sample of the concept is attached. Once a conceptual kiosk design has been selected, the Art and Cultural Commission will seek approval from the Planning Commission and then follow up with final approval from the City Council.

As a compliment to this project; the signs along the the Soquel Creek walkway are in need of repair. The Commission believes the materials and design used in the kiosk could easily be incorporated into a replacement frame for these signs, bringing consistency to design elements in the Village.


The proposed timeline is to have the kiosks completed and in place by the end of May 2013 before start of the summer activities which begin with the Twilight Concerts in mid-June.

**FISCAL IMPACT:** The proposed total project cost is \$10,000. The Public Art Fund has \$20,000 allocated in the Fiscal Year 2012/2013 budget for Public Art Projects.

### ATTACHMENTS

1. Sample Art

Report Prepared By: Lisa G. Murphy  
Administrative Services Director

Reviewed and Forwarded  
By City Manager: 

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