



ACTION MINUTES

CAPITOLA CITY COUNCIL

REGULAR MEETING

Thursday, September 13, 2007

6:00 P.M. –CLOSED SESSION – CITY MANAGER’S OFFICE CAPITOLA REDEVELOPMENT AGENCY & CITY COUNCIL

At 6:06 p.m. in the City Hall Council Chambers, an announcement was made by Mayor Termini regarding the items to be discussed in Closed Session. No one addressed the Council at this time.

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

Property: 1720 Wharf Road, Capitola, APN 035-111-10 (Golino Property –
Golino Family as Tenants in Common, Owners)
Agency Negotiator: City Manager
Under Negotiation: Purchase of Property by City

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Initiation of Litigation Pursuant to Subdivision (c) of Govt. Code §54956.9
Number of Potential Cases: One

6:45 P.M. REDEVELOPMENT AGENCY - (*See Redevelopment Agency Action Minutes*)

REGULAR MEETING OF THE CITY COUNCIL

Mayor Termini called the Regular Meeting of the City Council to order at 7:07 p.m. in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

ROLL CALL AND PLEDGE OF ALLEGIANCE

PRESENT: Council Members Bob Begun, Kirby Nicol, Ron Graves, Sam Storey, and Mayor Michael Termini; City Treasurer Tony Gualtieri

ABSENT: None

STAFF: City Manager Rich Hill, City Attorney John Barisone, Finance Director Lauren Lai, Community Development Director Juliana Rebagliati, Public Works Director Steve Jesberg, Captain Todd Mayer, Assistant to the City Manager Lisa Murphy, and City Clerk Pamela Greeninger

***** PRESENTATION *****

Report on the Status of the Capitola Village Project by Police Officer Sarah Jack

Police Officer Sarah Jack passed out information relating to crimes on the Esplanade in Capitola Village and explained the various charts and graphs contained in that document. She said monthly meetings are held with representatives from the Esplanade establishments that have entertainment and that everyone is working together to curtail problems. Police Officer Jack said they are thankful to local cab companies for picking up customers who have been drinking at closing time to take them home. Council Members commented on the report and thanked Police Officer Jack for an excellent report.

Mayor Termini announced that he has proclaimed the week of September 23 to 29, 2007, as Sea Otter Awareness Week, and he read the Mayor's Proclamation. [120-40]

**Presentation on O'Neill's Sea Odyssey
by Dan Haifley, Executive Director [330-30]**

Dan Haifley thanked the City Council for its continued support of the O'Neill Sea Odyssey Program, and he reviewed the first 10 years of the program using a PowerPoint presentation. *(Note: A copy of the PowerPoint Presentation is on file in the City Clerk's Office.)* He said the program was first started in 1996 by Jack O'Neill as a 2-hour, boat-based ocean program. It has grown over the years to include an education center and an online learning center, which is found on their website. Mr. Haifley commented on the number of community service projects that have been done through their program and said over 40,000 kids have been served. He also commented on their annual fundraiser to be held on September 29 at 6 p.m. at the Seymour Center in Santa Cruz.

1. REPORT ON CLOSED SESSION [520-25]

City Attorney Barisone said the items discussed in closed session were those listed on the posted agenda. The council convened into closed session after determining there were no comments from the public regarding items to be discussed in closed session. The council received a report from the City Manager pertaining to one item of Anticipated Litigation and provided direction regarding that matter. No reportable action was taken.

He then reported that after Council Member Graves recused himself due to a conflict of interest, the city council had a brief discussion with the City Manager concerning ongoing negotiations with the Golino family for the city's acquisition of the Golino property along Soquel Creek at 1720 Wharf Road. No reportable action was taken.

2. ORAL COMMUNICATIONS

A. Additions and Deletions to Agenda – None

B. Public Comments

1) T.J. Welch, Escalona Drive resident, spoke on behalf of a group of individuals who surf at Capitola Beach. He said an email was sent to the Council pertaining to surf schools at Capitola Beach, along with some recommendations for surf schools and safer surfing. Mr. Welch said their group was interested in working with the city to resolve the safety issue.

Police Captain Todd Mayer said staff is currently investigating various avenues so far as regulating surf schools in Capitola. He said the point of contact in the Police Department is Eric Mitchell, the city's Head Lifeguard and Community Service Officer.

City Attorney Barisone suggested that the council consider having a public hearing on the surf school issue so that staff can be given direction as to what the council would like to see in an ordinance before staff prepares one. He commented on an ordinance adopted by the City of Santa Cruz City Council that relates not only to the beach and surf schools, but also to all of the city's parks and recreation facilities.

2) Central Fire Protection District Chief Bruce Clark announced that the Capitola Fire Station has a new fire truck and described the new truck. Chief Clark encouraged council members to take a moment to take a look at the new fire engine and said he would be happy to arrange for a ride on it.

C. Staff Comments – None

2. ORAL COMMUNICATIONS (Continued)

D. City Council/Treasurer Comments

1) City Treasurer Gualtieri said the Finance Advisory Committee would be meeting next Tuesday, September 18, 2007, at 6 p.m. in the Community Room. He then updated the council on responses from mobilehome park owners to the city's request for a list of residents pursuant to the Municipal Code. He said two mobile home park owners have provided lists of their residents. There was discussion about getting compliance from Surf & Sand Mobile Home Park.

2) Council Member Nicol reported on the Annual League of California Cities Conference held in Sacramento last week that he attended with Council Member Storey. He commented on the various sessions he attended which dealt with global warming, health care issues, technology, WiFi, compliance with the Public Records Act as it relates to having an emergency response plan in place (i.e., have a clear chain of command on who talks to media, etc., particularly in a major disaster), Civil Service retirement health care systems, citizen participation in the planning process, mixed-use housing/transportation/business development, etc. Council Member Nicol said the delegation heard from former California Governor Jerry Brown, and he also reported that the general assembly passed four League resolutions.

3) Council Member Storey discussed the sessions he attended at the League Conference on Affordable Housing and Proposition 1C. As a small community, Capitola is ahead of other cities in affordable housing, and he complimented the Community Development staff. He commented on litigation pertaining to online hotel reservations as it relates to the TOT tax. Council Member Storey said he also attended a session on RDA legislation regarding eminent domain reform to protect single-family residences, businesses and farms.

4) Council Member Begun suggested inviting the local representative of the League to provide the council with a verbal report at a council meeting.

5) Council Member Begun asked to receive a summary of the facility agreements staff provided to the Soquel Union Elementary School District.

6) Council Member Graves said he appreciated the thorough report of Council Member Nicol on the League of California Cities Conference. He said he finds League conferences interesting and is glad there is a small cities segment.

7) Mayor Termini commented on the following items:

- He attended the Begonia Festival and Art & Wine Festival and said he got to see the events through the eyes of his family from New Jersey. He commented on the number of volunteers it takes to put on those events.
- He commented on the number of pool tables as opposed to dining tables at the Bay Bar & Grille, and he asked staff if the city's code addresses the number of dining tables necessary for a restaurant establishment. City Attorney Barisone said he would check the city's zoning codes and provide that information to the council.
- He asked the public works director about the city's plans for the Esplanade Park restroom remodel. Public Works Director Jesberg said staff hopes to go out to bid next month, and the remodel is to take place this winter.

2. D. ORAL COMMUNICATIONS (Continued)

8) Council Member Graves said he received a negative comment regarding the amount of time it took to clear the Esplanade after the Art & Wine Festival on Sunday. City Manager Hill said there was only one car towed prior to the festival this year and that Toni Castro is informed of vendors who do not adhere to the rules for breaking down their booths in a timely manner.

E. Committee Reports/Appointments

1) Council Member Begun announced that he would like to make the following appointments: Margaret Dixon as his Resident At Large appointment to the Village Master Plan Advisory Committee, and B.J. Crawford to replace Lee Walters as his appointee to the Commission on the Environment. He said Mr. Walters was not attending the meetings.

City Clerk Greeninger said a motion to accept Council Member Begun's appointments would be in order.

ACTION: Council Member Nicol moved, seconded by Council Member Graves, to ratify Council Member Begun's appointments of Margaret Dixon to the Village Master Plan Advisory Committee and B.J. Crawford to the Commission on the Environment. The motion carried unanimously.

2) Council Member Graves informed Council Member Begun that he would be receiving a call from Nick Papadakis of AMBAG relative to his concerns on a regional basis dealing with Styrofoam. He said he spoke to Mr. Papadakis at the AMBAG last night. He also provided information to Mayor Termini regarding a workshop/meeting dealing with "Green" that he cannot attend. He recommended the mayor or his appointee attend the meeting. The group is made up of elected officials.

F. Approval of Check Register Report [300-10]

Council Member Nicol questioned Check #52700 to Bud Carney. Community Development Director Rebagliati said the developer pays the city for this work, and the city pays the consultant.

Council Member Graves commented on Page 4 of the report. He said that under General Fund Subtotal, Rispin Interest Earnings has a footnote 3 next to it; however, footnote #3 below has nothing to do with Rispin.

ACTION: Council Member Nicol moved, seconded by Council Member Storey, to approve the Check Register Reports dated August 3, August 10, August 17, August 24, and August 31, 2007, including checks numbered 52630 through 52683 in the amount of \$84,182.21, and checks numbered 52684 through 52809 in the amount of \$350,427.09, and checks numbered 52810 through 52830 in the amount of \$23,533.58, and checks numbered 52831 through 52928 in the amount of \$122,793.70, and checks numbered 52929 through 53002 in the amount of \$227,354.19 respectively, and payroll disbursements for the July 28, August 11, and August 25, 2007, payrolls in the amount of \$223,125.00, \$224,671.06, and \$226,227.56, respectively, for a Grand Total of \$1,482,314.39, as submitted. The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

3. **CONSENT CALENDAR**

Mayor Termini asked if there were any items members of the council or public wished to pull for separate discussion. Council Member Storey pulled Item 3.G.

There were comments/questions pertaining to Consent Items 3.B., E., and F. (See *discussion under each of those items.*)

Mayor Termini advised Item 3.G. would be discussed at the end of the meeting following Other Business Item 5.I. (See *discussion and action on Page 10.*)

3. CONSENT CALENDAR (Continued)

CONSENT CALENDAR ACTION: Council Member Nicol moved, seconded by Council Member Begun, to approve the Consent Calendar as submitted with the exception of Item 3.G. and with the amendment to Item 3.E. pertaining to Correction of Minutes in the Council Member Handbook. The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. *(Note: Council Member Graves voted NOE on Item 3.D. only)* ABSENT: None. ABSTAIN: None.

A. Waive Reading of all Ordinances and Resolutions on the Agenda.

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

B. Approval of Minutes – Regular Meetings of July 26 and August 9, 2007, and the Special Meeting of August 16, 2007.

Council Member Begun commented on Item B., regarding Item 3.K. of the Minutes of July 26, 2007, pertaining to Receipt of Preliminary Treasurer's Report. He said he would like the word "preliminary" stricken. Finance Director Lai said that it is called a preliminary report on June 30th since all the revenues and expenditures have not been recorded for the year. She clarified that on June 30 staff has 60 days to process the fiscal year-end close and said this is the only Treasurer's Report that is preliminary.

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to approve the Minutes of the Regular Meetings of July 26 and August 9, 2007, and the Special Meeting of August 16, 2007, as submitted. The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

C. Receipt of Planning Commission Action Minutes for the Regular Meeting of September 6, 2007. [740-50]

ACTION: The City Council unanimously received the Planning Commission Action Minutes for the Regular Meeting of September 6, 2007, as submitted.

D. Adopt Ordinance Extending Certain Time Limits for the Redevelopment Plan for the Capitola Redevelopment Project (2nd reading). [760-10]

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to adopt **Ordinance No. 924, Ordinance Extending Certain Time Limits for the Redevelopment Plan for the Capitola Redevelopment Project.** The motion carried on the following vote: AYES: Council Members Begun, Nicol, Storey, and Mayor Termini. NOES: Council Member Graves. ABSENT: None. ABSTAIN: None.

E. Approve Amendments to the Council Member Handbook. [120-37]

Council Member Graves expressed concern about the proposed section of the handbook pertaining to Correction of Council Minutes, as it relates to the City Clerk providing corrections to the minutes in advance of the meeting. Council Member Nicol commented on his understanding; that if an error were found, the correction would be made at the meeting prior to council approval. City Clerk Greeninger clarified the procedure that would be followed when a council member brought corrections to staff. After council discussion, it was agreed that the phrase "in advance of the meeting" be changed to "at the meeting."

Council Member Graves also commented on the section of the handbook regarding "Support Provided to the City Council" pertaining to "Telephone." He does not want to use the telephone extension at City Hall, and he requested that the telephone extension number for him be removed from the scroll and that it be replaced with his home telephone number.

3. E. CONSENT CALENDAR (Continued)

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to approve the proposed Amendments to the City Council Handbook. The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

F. Accept 2006-07 Street Resurfacing Project as complete for work on 41st Avenue, 42nd Avenue, Oak Street, Sunset Drive, Beverly Avenue, Pilgrim Drive, Del Monte Avenue, Beulah Avenue, and Park Avenue at the Final Cost of \$1,114,232.60 and authorize release of contract retention of \$111,423.26 in 35 days from recordation of Notice of Completion. [940-40/500-10 A/C: Granite Construction]

Council Member Storey said he does not recall this matter coming before the Council to approve additional expenditure, and he was concerned that there was a contingency of only 1%. Public Works Director Jesberg responded that the project took place in about 2 weeks, and there was not time to bring it to council. Also, the additional cost was not for adding items or changing the scope of work; it was due to material quantities being greater than estimated for the asphalt necessary for the project. Council Member Storey said we should have set guidelines about when staff is able to encumber monies due to certain circumstances, to set an amount, and to decide when it should come back to the council.

Public Works Director Jesberg pointed out that a Revised Agenda Report was distributed on this item and that a resolution is not necessary. Council Member Graves commented on the bid specs and said he doesn't believe a contingency should be included in the bid documents. Public Works Director Jesberg confirmed the contingency is not included in the bid specs.

There was considerable discussion regarding this item prior to Consent Calendar action being taken as follows:

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to accept the 2006-07 Street Resurfacing Project as complete at the final cost of \$1,114,232.60 and authorized release of the contract retention of \$111,423.26 in 35 days from recordation of the Notice of Completion. The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

G. Accept 2006-07 City Fiscal Year-End Unaudited Report and Adopt Resolution Amending Various 2007-08 FY City Fund Budgets.

This item was pulled for separate discussion. (See page 10 for action.)

H. Adopt Resolution Authorizing the Submittal of an Application to the California State Department of Housing and Community Development for Funding under the BEGIN Program; the Execution of a Standard Agreement if selected for such Funding and any Amendments Thereto; and any Related Documents Necessary to Participate in the BEGIN Program. [750-10/730-10: 1066 41st Avenue]

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to adopt **Resolution No. 3658, Resolution Authorizing the Submittal of an Application to the California State Department of Housing and Community Development for Funding Under the BEGIN Program; The Execution of a Standard Agreement if Selected for Such Funding and any Amendments thereto; and any Related Documents Necessary to Participate in the BEGIN Program.** The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

3. CONSENT CALENDAR (Continued)

I. Approve Amendment to Harris and Associates Contract for Pavement Resurfacing Project Design Services to Include the 2007-08 Programmed Streets in the Amount of \$1,700. [940-40/500-10 A/C: Harris & Associates]

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to approve an amendment to the agreement with Harris and Associates to provide design services for the Pavement Management Resurfacing Projects to include the 2007-08 programmed streets in the amount of \$1,700. The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

J. Adopt Resolution Denying Project Application #06-031, for a Coastal Permit, Conditional Use Permit and Architectural and Site Review for Construction of a Wireless and Communications Facility in the PF/VS (Public Facility/Visitor Serving) Zoning District; 420 Capitola Avenue, APN 035-141-33. [730-10]

Community Development Director Rebagliati addressed Item 3.J., stating she wished to clarify for the record that her comments regarding the Mall site during discussion of the MetroPCS application were in error; a finding was not necessary for the Mall site as it was already included as an approved site for a cell tower. She said this information does not affect the action to be taken by the council on this item.

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to adopt **Resolution No. 3659, Resolution Denying Project Application #06-031, for a Coastal Permit, Conditional Use Permit, and Architectural and Site Review for Construction of a Wireless Communications Facility in the PF/VS (Public Facility/Visitor Serving) Zoning District; 420 Capitola Avenue (APN 035-141-33).** The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

4. PUBLIC HEARINGS - None

5. OTHER BUSINESS

A. Art & Cultural Commission Public Art Projects Update. Staff recommendation: receive information. [1010-10]

Kelly Barreto, Staff Representative to the Art & Cultural Commission, summarized the written agenda report and provided an update on various Art & Cultural Commission public art projects. She commented on the directional sign program and showed one of the signs. Staff anticipates the signs will be installed during October and November.

ACTION: The City Council received the Art & Cultural Commission Public Art Projects Update as an informational item.

B. Consideration of Proposed Ordinance Adding Chapter 9.10 to the Capitola Municipal Code Pertaining to Trespassing on Business Property (1st Reading). Staff recommendation: adopt ordinance. [485-10]

Council discussion was followed by this action:

ACTION: Council Member Begun moved, seconded by Council Member Nicol, to pass the proposed Ordinance Adding Chapter 9.10 to the Capitola Municipal Code Pertaining to Trespassing on Business Property to a second reading. The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, and Mayor Termini. NOES: Council Member Storey. ABSENT: None. ABSTAIN: None.

5. OTHER BUSINESS (Continued)

C. Summary of Audits Conducted by and on Behalf of the City of Capitola. Staff recommendation: accept report. [310-05]

Finance Director Lai summarized the written agenda report, which was prepared at the request of Council Member Begun. Mary Flynn, representative from MuniServices, commented on the audits prepared by their firm and responded to questions of council members.

ACTION: Council Member Begun moved, seconded by Mayor Termini, to accept the report on the Summary of Audits Conducted by and on Behalf of the City of Capitola, as submitted. The motion carried unanimously.

D. Finance Advisory Committee: Community Grant Recommendations. Staff recommendation: Accept report and provide direction. [330-30]

City Treasurer Gualtieri summarized the written agenda report and discussed the three recommendations of the Finance Advisory Committee. He said a letter was received today from Clay Kempf, Executive Director of the Seniors Council, pertaining to this item as it relates to new groups and the community based program's common application form. City Treasurer Gualtieri explained the difference in the criteria from the recommended questionnaire and the application form.

As a point of order, Council Member Storey commented that he does not have a conflict on the first item pertaining to the proposed questionnaire; however, he would like to recuse himself on the other items in this report.

The Council received public input from David Bianchi, Executive Director of Family Service Agency, and Marie Cubillas, Executive Director of Big Brothers Big Sisters, on behalf of the Human Care Alliance. Mr. Bianchi said it has been the position of the Alliance to allow new organizations to request funding. He stressed the need to give new applicants an opportunity to apply.

After Council discussion on the Finance Advisory Committee's first recommendation pertaining to a "New Community Based Organization (CBO) Questionnaire," the Council took the following action:

ACTION: Council Member Graves moved, seconded by Council Member Storey, to continue the questionnaire submitted by the Finance Advisory Committee for coordination with the other county jurisdictions, i.e., the cities of Santa Cruz and Watsonville. The motion carried unanimously.

Council Member Storey recused himself at 9:33 p.m. due to a conflict of interest on the remaining items for discussion.

There was council discussion regarding the Finance Advisory Committee's second recommendation pertaining to "New Applicants," and the following action was taken:

ACTION: Council Member Begun moved to approve the Finance Advisory Committee's recommendation #2, that the community grant applications be closed to new agencies, unless stated otherwise at mid-year by council. Council Member Nicol seconded the motion. The motion carried with Council Member Graves voting no. (*Council Member Storey was recused.*)

Finance Director Lai discussed the review of current grants pursuant to the city's administrative policy and said, if it is the desire of the council for additional review, staff should be provided with direction. She then responded to questions of council members about the review process.

After council discussion regarding Review of Current Grants, it was the consensus of the City Council that the current process is working well, and they had no additional direction pertaining to this item.

The City Council took a short break at 9:49 p.m. and reconvened at 9:56 p.m.

5. OTHER BUSINESS (Continued)

E. Parking Meter Technology and Conversion Options. Staff recommendation: receive report and provide direction. [470-30]

Police Captain Todd Mayer, on behalf of Chief of Police Rick Ehle, summarized the written agenda report and responded to questions of council members. Council Member Nicol said he would like a more comprehensive fiscal review, including capital cost, annual net revenue compared to the present, and how long it will take to pay off. Council Member Graves said we currently have maintenance costs that would need to be included in the equation.

ACTION: Council Member Graves moved to receive the report on Parking Meter Technology and Conversion Options and directed staff to go with POM Series II meters, with enough meters to cover the 3 areas (Areas A, B and C), so that all the meters that remain will be digital in nature, but wouldn't all be POM Series II, and for staff to bring back the cost of doing this. Council Member Begun asked if all the meters would be programmable. He was informed they would be. Council Member Begun then seconded the motion.

At the request of Council Member Nicol, Council Member Graves clarified his motion, saying the idea is to get all of the city's parking meters in the 3 areas upgraded to digital. In order to do this, the city will move the digital meters in the Village to the other areas and will buy enough new POM Series II meters with upgrade cards for the 86 meters the city has that are Series I in order to make them Series II. Staff would then come back with a report on the cost to upgrade meters, to purchase new meters, provide revenue projections, and the costs to install the meters, etc. City Manager Hill said a budget transfer is necessary, and the council would need to adopt a budget amendment resolution.

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

F. Compliance with Recent Redevelopment Agency Eminent Domain Requirements. Staff recommendation: adopt ordinance. [760-10]

City Manager Hill provided staff's report on this item and said the proposed ordinance is a housekeeping item, which assures compliance with state law.

ACTION: Council Member Storey moved, seconded by Council Member Nicol to approve the recommended action as follows:

- 1) Passed the proposed Ordinance Describing the Redevelopment Agency's Program to Acquire Real Property by Eminent Domain in the Capitola Redevelopment Project to a second, reading as submitted; and
- 2) Directed staff to record the Revised Notice of Adoption of the Redevelopment Plan for the Capitola Redevelopment Project.

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

G. Economic Development Committee Recommendations on Parking and Traffic. Staff recommendation: approve staff recommended disposition plan. [700-20/470-40/490-40]

Considerable Council discussion was followed by this action:

ACTION: Council Member Nicol moved, seconded by Council Member Graves, to accept the Capitola Economic Development Committee Parking, Traffic & Infrastructure Subcommittee Report, as submitted, and directed staff to include the development of additional surface parking in lower Pacific Cove in the City's 5-year CIP (Capital Improvement Program). The motion carried unanimously.

5. OTHER BUSINESS (Continued)

H. City Council Mission, Vision and Values Statement. Staff recommendation: Council approval. [120-10]

Council Member Nicol said it seemed to him that bullet 3 and bullet 8 are the same, and he suggested removing bullet 8.

ACTION: Council Member Graves moved, seconded by Council Member Nicol, to approve the Mission, Vision and Values Statement with deletion of the eighth bullet, which reads, “We believe in responsive and responsible municipal government.” The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.

I. Consideration of Purchasing a Public Address Audio System. Staff recommendation: Council direction. [370-40]

ACTION: Council Member Nicol moved, seconded by Mayor Termini, to direct staff to purchase such a sound system at a price not to exceed \$2,500. The motion carried on the following vote: AYES: Council Members Begun, Nicol, Storey, and Mayor Termini. NOES: Council Member Graves. ABSENT: None. ABSTAIN: None.

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

3. CONSENT CALENDAR (*Items pulled for separate discussion.*)**G. Accept 2006-07 City Fiscal Year-End Unaudited Report and Adopt Resolution Amending Various 2007-08 FY City Fund Budgets. [330-05: 2006-07FY Budget / 330-10 2007-08FY Budget Amendment]**

ACTION: Council Member Graves moved, seconded by Council Member Nicol, to accept the 2006-07 City Fiscal Year-End Unaudited Report, as submitted, with additional direction for staff to return to Council with a report regarding the Police Department staff overtime, and materials and supplies overage, and adopted **Resolution No. 3660, Resolution Amending Various 2007-08 City Fund Budgets to Increase Revenues by \$214,000 and Expenditures by \$330,000 Based Upon the FY06/07 Year-End Report.** The motion carried on the following vote: AYES: Council Members Begun, Nicol, Graves, and Mayor Termini. NOES: Council Member Storey. ABSENT: None. ABSTAIN: None.

6. ORAL COMMUNICATIONS

Mayor Termini announced that tomorrow night at dusk, the Movie at the Beach will be “Young Frankenstein.” He invited everyone to come down for popcorn, drinks and a movie on Capitola Beach.

7. ADJOURNMENT

The City Council adjourned at 10:48 p.m. to its next Regular Meeting to be held on Thursday, September 27, 2007, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.