

January 10, 2008
 Capitola, California

CAPITOLA CITY COUNCIL

MINUTES OF A REGULAR MEETING OF THE CITY COUNCIL, AND A JOINT MEETING WITH THE REDEVELOPMENT AGENCY AND THE CAPITOLA FINANCING AUTHORITY

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

At 6:00 p.m. in the City Hall Council Chambers, Mayor/Chairperson Nicol noted that all City Council Members/Redevelopment Agency Directors were present, and he made an announcement regarding the items to be discussed in Closed Session. Mayor Nicol asked if anyone wished to discuss any of those items at this time. Seeing no one, the City Council/Redevelopment Agency adjourned to its Closed Session in the City Manager's Office.

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Significant exposure to Litigation Pursuant to Subdivision (b) of Govt. Code §54956.9
 Number of Potential Cases: Two (Save the Habitat claim re: Rispin Mansion Project
 and Save the Habitat claim re: PG&E Gas Transmission Line)

CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION Govt. Code §54956.9

Vieira Enterprises vs. City of Capitola (Cabrillo Mobile Estates)
 Surf & Sand LLC vs. City of Capitola (Surf & Sand Mobile Home Park)

SPECIAL MEETING OF THE CAPITOLA FINANCING AUTHORITY *(See Capitola Financing Authority Minutes)*

REGULAR MEETING OF THE REDEVELOPMENT AGENCY *(See Capitola Redevelopment Agency Minutes)*

REGULAR MEETING OF THE CITY COUNCIL

Mayor Nicol called the Regular Meeting of the City Council to order at 7:11 p.m. in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

ROLL CALL AND PLEDGE OF ALLEGIANCE

PRESENT: Council Members Sam Storey, Bob Begun, Ron Graves, Michael Termini, and Mayor Kirby Nicol; City Treasurer Tony Gualtieri
ABSENT: None
STAFF: City Manager Rich Hill, City Attorney John G. Barisone, Finance Director Lauren Lai, Community Development Director Juliana Rebagliati, Public Works Director Steven Jesberg, Building Official Daniel Kostelec, Chief of Police Rick Ehle, Detective Mark Gonzalez, and City Clerk Pamela Greeninger

*** PRESENTATIONS ***

Update on 410 Bay Avenue Project by Detective Mark Gonzalez

Chief of Police Ehle introduced Detective Mark Gonzalez, who has been working on the 410 Bay Avenue Project for several years. Chief of Police Ehle commented on the multi-agency response team that was brought together to address the issues occurring at that address.

Detective Gonzalez provided photographs to the City Council Members of what was discovered on the property after a man had fallen into a fire pit and was critically burned. He informed the council that both the man who was burned and a dog found on the property have died. He commented on prior complaints regarding occurrences on the property and the inability of the Police Department to go onto the property without legal authority. This incident provided the

authority to access the property. Detective Gonzalez discussed the various code violations found on the property and said Police Officer Barry Dugan has assisted him on this project.

Following his report, Detective Gonzalez responded to questions of council members pertaining to previous complaints, whether there are specific regulations the council should adopt in this regard, whether an open-air fire pit is allowed in the city, fire code regulations, etc. Fire Chief Bruce Clark commented on the fire codes that exist pertaining to weed abatement and threat to neighbors. Chief Clark thanked staff for the opportunity to work with the task force addressing code violations at this property.

Council Member Storey asked if the council could have a follow-up report on this matter in about 6 months to see that the property owners have complied. He said the photos were very helpful in understanding the situation that exists on the property, and he suggested that new photos be provided at the follow-up meeting.

Council Member Graves commented on the problems that have existed at this property for some time, and he complimented the police and fire departments for their efforts.

City Manager Hill said he wished to commend the SPCA for their efforts with the dog. Chief of Police Ehle said there was over \$1,000 of treatment for the animal.

Mayor Nicol thanked the Police Department for an excellent report.

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**JOINT MEETING OF THE
CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY AND
CAPITOLA FINANCING AUTHORITY**

Mayor/Chairperson/Chair Nicol called the Joint Meeting of the Capitola City Council, the Redevelopment Agency and the Capitola Financing Authority to order at 7:29 p.m., noting that all members were present, as well as City Treasurer/Capitola Financing Authority Treasurer/Controller Gualtieri, and Redevelopment Agency Treasurer Saldavia.

A. Comprehensive Annual Financial Report for Fiscal Year Ended 6/30/07 presented by Teaman, Ramirez and Smith. [310-20/ 760-25 RDA/335-20 CFA]

Finance Director Lai provided staff's report on the Comprehensive Annual Financial Report. She said the city is required to publish this document and make it available to the public, Federal, State and County agencies and financial institutions. Finance Director Lai addressed questions staff received prior to the meeting at this time. She said there was a suggestion this afternoon that it would be helpful to have a one-page summary, which she prepared and provided to each member tonight. She reviewed that document which provides ending fund balances for city and agency funds. Finance Director Lai also commented on the year-end report that was prepared in September of 2007, which provides a more detailed analysis of the revenues and expenditures for FY 2006/2007. She also commented on Attachment 4 to the agenda report, the Auditor's Management Letter pertaining to purchasing documentation and formalizing the city's anti-fraud program. Finance Director Lai said staff would enhance staff report language regarding sole source contracts and would be working on various anti-fraud projects and policy over the next six months.

Finance Director Lai then introduced Greg Fankhanel, CPA, CFE, of Teaman, Ramirez and Smith, the City/Agency Auditors. Mr. Fankhanel said they have issued a clean, unqualified opinion on the city's Comprehensive Annual Financial Report, as was done in the previous year. He also mentioned that the prior year's financial report received an award from CSMFO for financial reporting which is included in the introductory section of

A. JOINT MEETING OF THE CAPITOLA CITY COUNCIL, THE REDEVELOPMENT AGENCY, AND THE CAPITOLA FINANCING AUTHORITY (Continued)

this year's report. He expects the city's Comprehensive Annual Financial Report will receive the award again for this year's report. Mr. Fankhanel wanted to point out that the report is ultimately the city's responsibility with the exception of the auditing report. He discussed the sections of the report that are not audited by their firm. They have issued some other reports, including a Report of Internal Controls.

Council Member/Director/Boardmember Termini referred to the Introduction at page v, stating that the Elected Officials on that page are from 2006, not 2007; he said column 3 on the Ending Fund Balance report (the additional page provided tonight) should be "Fund Balance Change"; and he also commented on page 49, Joint Ventures, regarding the Santa Cruz Consolidated Emergency Communications Center. Finance Director Lai responded to his comments.

At 7:40 p.m. Mayor/Chairperson/Chair Nicol asked if there were comments from the public concerning the Comprehensive Annual Financial Report. There were none.

Finance Director Lai wished to thank the auditing team from Teaman, Ramirez and Smith, as well as the Finance Department team who worked on the audit and financial reports.

Council Member/Director/Boardmember Begun asked if this was a good time to ask how the city's finances are at present. City Manager Hill said the mid-year financial report would be coming out in February, and that as far as he knows, the city is on target with the budget.

After discussion, the following action was taken:

ACTION: Council Member/Director/Boardmember Graves moved, seconded by Council Member/Director/Boardmember Termini, to accept the Comprehensive Annual Financial Report for the City of Capitola, the Capitola Redevelopment Agency, and the Capitola Financing Authority for Fiscal Year Ended June 30, 2007, as submitted. The motion carried unanimously.

Following the Joint Meeting at 7:41 p.m., Chairperson Nicol announced that the Special Meeting of the Capitola Financing Authority was adjourned, and that the Redevelopment Agency would adjourn to its next regular meeting to be held on Thursday, January 24, 2008.

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At 7:41 p.m., the City Council then continued with its Regular Meeting Agenda.

1. REPORT ON CLOSED SESSION [520-25]

City Attorney Barisone reported on the items discussed in Closed Session identified on the posted agenda. He said all members of the City Council were present; however, Council Member Termini recused himself regarding the two matters of Anticipated Litigation pertaining to the Rispin Mansion Project (Save the Habitat claims regarding the Rispin Mansion Project and the PG&E Gas Transmission Line).

1) Surf & Sand Mobile Home Park matter: City Attorney Barisone reported that a hearing on the city's Motion to Dismiss that case was held in Federal Court in December of last year. It appeared the Judge was inclined to dismiss the case; however, the city will not know that for certain until a written decision is issued. He anticipates a decision will come out late in January or early February.

1. REPORT ON CLOSED SESSION (Continued)

2) Vieira Enterprises matter (Cabrillo Mobile Estates): City Attorney Barisone provided the Council with a brief update, although there have been no new developments since his last report. He said staff is working with Mr. Vieira's attorney to come up with a payment plan for the service reduction award the council made in favor of the homeowners' association last year.

3) With regard to the Save the Habitat & PGE Rispin Property matters, staff provided updates and answered questions regarding those matters.

City Attorney Barisone said no reportable action was taken on any of the items discussed in closed session.

2. ORAL COMMUNICATIONS

A. Additions and Deletions to Agenda – NoneB. Public Comments

1) Maggie Ivy, Executive Director of the Santa Cruz County Conference and Visitors Council (CVC), reported on activities of the CVC as they relate to Capitola. She commented on an initiative to promote cultural tourism in our county. She distributed copies of the Santa Cruz County 2008 Official Traveler's Guide and referred to several pages relating to Capitola. Ms. Ivy said they are very proud of this publication, which marks the 20th Anniversary of their organization. Council Member Graves asked about the distribution for the publication. Ms. Ivy said she would provide that information to council members. Council Member Begun asked about the Shop Santa Cruz effort. Ms. Ivy said the CVC was not directly involved in that effort; it would be the Capitola-Soquel Chamber of Commerce.

Mayor Nicol thanked Ms. Ivy for her report. Ms. Ivy said she wished to thank the Capitola-Soquel Chamber of Commerce as well.

Christina Glynn, Communications Director for the Santa Cruz County Conference and Visitors Council, provided the Council with a sample press release and media information kit. She reported on the VIA magazine coverage of Capitola, as well as other positive press for Santa Cruz County. Following her report, she responded to comments from council members.

C. Staff Comments – NoneD. City Council/Treasurer Comments

1) Council Member Termini announced the multi-media presentation to be made on February 8 pertaining to "Warming up to Water – Climate Change Impacts on Local Water Supplies" that will be held in the Capitola City Hall Council Chambers. He said this presentation was being partially sponsored by the Capitola Commission on the Environment. He also reported on the Art & Cultural Commission, and he said the commission approved the bands for this year's summer concert series.

2) Council Member Graves reported that at the AMBAG meeting held in Marina this week the new housing numbers released by the state were discussed. He was pleased to report that Capitola's new number is 143 rather than 240 as was previously anticipated. Council Member Graves said he also wished to inform the council, staff, and members of the Commission on the Environment about 3 training classes scheduled by AMBAG and the PG&E Energy Watch Programs to be held March 6, April 8, and May 15. The classes are free, although registration is required. Council Member Graves said he would leave the information on these training sessions with city staff.

2. D. ORAL COMMUNICATIONS (Continued)

3) Council Member Graves said he received a letter from Kay Schwartz regarding the city's Mobile Home Park Administrative Service Fee. Ms. Schwartz informed him that Assistant to the City Manager Lisa Murphy suggested that she submit a letter. City Manager Hill said staff has already offered her a payment schedule. Council Member Graves suggested the letter be placed on a future agenda for Council consideration. Council Member Termini commented on this item, saying it might be appropriate to consider a fixed income bracket, with a gentler pay schedule. [750-25]

ACTION: Mayor Nicol asked staff to place this item on a future agenda.

4) Council Member Begun reported on the LAFCO meeting where the Board approved an item relative to Sphere of Influence. He said Capitola is on a list of 65 entities, which did not have a change in their sphere of influence.

5) City Treasurer Gualtieri said December is generally a good month for the City as we receive property tax revenues. He was happy to say that property tax revenues have increased by \$60,000, and that the Finance Director's estimate in terms of the budget was almost right on target. City Treasurer Gualtieri said the city would not know what the sales tax figures are for December for a month or so.

Mayor Nicol commented that the state is wrestling with a \$14 Billion deficit, and he is happy Capitola does not have such a deficit. City Treasurer Gualtieri expressed his concern that the state will come to the cities, counties and redevelopment agencies to take sales tax away as the state has done in the past.

6) Mayor Nicol asked for a report from staff regarding the recent storm. Public Works Director Jesberg commented on storm and wave action that occurred early Saturday morning with waves coming over the wharf and the seawall. He reported on the closure of the Esplanade and the wharf and damage experienced by the storm. He said the Esplanade is back in operation; however, the wharf may remain closed through mid-next week. Public Works Director Jesberg wished to publicly thank and acknowledge public works crewmembers Ed Morrison, Tim Callahan, Mark Sessions, Matt Kotila, Dave Downey, Chris Crum and David Nakamoto, who all gave up their Saturday to come help the city clean up after the storm.

Council Member Graves commented on the clean-up efforts and asked about the street sweeper, as it appeared it was not working properly.

Council Member Termini suggested it might be a good time to look for grant funds for the wharf.

Council Member Begun asked about the concrete structure on the beach in the sand. Public Works Director Jesberg replied that it is the flume, which is used to drain the creek during the summer months.

E. Committee Reports/Appointments1) **Council Member Termini's Appointment to the Finance Advisory Committee [330-40/110-10]**

ACTION: Council Member Termini announced that he would like to appoint Debbie Johnson to serve as his appointment to the Finance Advisory Committee, since he is no longer on the committee. He said Debbie had been Vice Mayor Begun's appointment, and he would like to keep her on the committee.

2. E. ORAL COMMUNICATIONS (Continued)

2) **Appointments to the Village Master Plan Advisory Committee [740-20/110-10]**

City Clerk Greeninger summarized the written agenda report and responded to questions of council members. Margaret Kinstler informed the Council that her residence is located at 325 Riverview Avenue, which is in the Central Village area. City Clerk Greeninger said she stands corrected, and that the appointment would be to fill the Central Village Resident representative (not the Upper Village Resident Rep as stated in the report), and that staff would continue recruiting for an Upper Village representative.

ACTION: Mayor Nicol then appointed Margaret Kinstler as a Central Village Resident Representative on the Village Master Plan Advisory Committee. Council Member Graves moved, seconded by Council Member Termini, to ratify the Mayor's appointment. The motion carried unanimously.

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

Council Member Begun asked if the amount of Check #54001 to Endeman, Lincoln, Turek & Heater was only for Surf & Sand Mobile Home Park. City Attorney John Barisone responded that the city has used that law firm for approximately the last 10 years for matters related to the city's Mobile Home Park Rent Stabilization Ordinance. The most recent litigation challenged the city's recent mobilehome conversion ordinance; so it was different from previous lawsuits represented by this firm. Council Member Begun then questioned Check #54057 to Robert Deacon for the monthly rental of the Police Dept. Annex on Capitola Avenue. He thought the rental started out at \$1,500 per month. City Manager Hill said the rent is paid according to contract, and staff would be happy to provide that information to him.

ACTION: Council Member Termini moved, seconded by Council Member Storey, to approve the Check Register Reports dated December 7, December 14, and December 21, 2007, including checks numbered 53978 through 54057, in the amount of \$270,158.62, and checks numbered 54058 through 54092 in the amount of \$61,466.55, and checks numbered 54093 through 54230 in the amount of \$279,871.06, respectively; and payroll disbursements for the December 7 and 21, 2007, payrolls in the amount of \$182,653.00 and \$186,837.00, respectively, for a total amount of \$980,986.23, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Begun, Graves, Termini, and Mayor Nicol. NOES: None. ABSENT: None. ABSTAIN: None.

3. **CONSENT CALENDAR**

Mayor Nicol asked if there were any items members of the council or public wished to pull for separate discussion. Council Member Begun said he would like to pull Items 3.D. and 3.G. Council Member Storey said he would like to discuss Item 3.H.

Mayor Nicol advised Items 3.D., G., and H. would be discussed at the end of the meeting following Other Business Item 5.E. (*See discussion and action on Pages 11 & 12.*)

CONSENT CALENDAR ACTION: Council Member Graves moved, seconded by Council Member Termini, to approve the Consent Calendar as recommended, with the exception of Items 3.D., G., and H. The motion carried on the following vote: AYES: Council Members Storey, Begun, Graves, Termini, and Mayor Nicol. NOES: None. ABSENT: None. ABSTAIN: None.

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

ACTION: The City Council 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.

3. CONSENT CALENDAR (Continued)

B. Approve City Council Minutes – Special Meeting of December 6, 2007, and the Regular Meeting of December 13, 2007.

ACTION: Council Member Graves moved, seconded by Council Member Termini, to approve the Minutes of the Special Meeting of December 6, 2007, and the Regular Meeting of December 13, 2007, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Begun, Graves, Termini, and Mayor Nicol. NOES: None. ABSENT: None. ABSTAIN: None.

C. Accept the Department Spending Review Recommendation of the Finance Advisory Committee. [330-05/760-25]

ACTION: Council Member Graves moved, seconded by Council Member Termini, to accept the Department Spending Review Recommendation of the Finance Advisory Committee, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Begun, Graves, Termini, and Mayor Nicol. NOES: None. ABSENT: None. ABSTAIN: None.

D. Approve the 2008 Library Legislative Program and Direct Staff to Write the Appropriate Support Letters.

This item was pulled for separate discussion. (See Page 11002 for discussion and action.)

E. Approve FY 2008/09 Budget Calendar. [330-05/520-40]

ACTION: Council Member Graves moved, seconded by Council Member Termini, to approve the Budget Calendar for FY 2008/09, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Begun, Graves, Termini, and Mayor Nicol. NOES: None. ABSENT: None. ABSTAIN: None.

F. Accept City Treasurer's Report for Month Ended November 30, 2007. [380-30]

ACTION: Council Member Graves moved, seconded by Council Member Termini, to accept the Treasurer's Report for the month ended November 30, 2007, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Begun, Graves, Termini, and Mayor Nicol. NOES: None. ABSENT: None. ABSTAIN: None.

G. Authorize a Non Council Public Hearing in Compliance with IRS Code Section 147(f) to Consider a Tax Exempt Bond Issue, not to exceed \$5 Million, for the Goodwill Cosmetology Project at 1550 41st Avenue.

This item was pulled for separate discussion. (See Page 11002 for discussion and action.)

H. Approve Amendment to the Rules of Use of the Capitola Community Center at Jade Street Park to Allow Alcohol for Certain Events.

This item was pulled for separate discussion. (See Page 11003 for discussion and action.)

4. PUBLIC HEARINGS - None

5. OTHER BUSINESS

A. Annual City Goal Setting Session. [120-10]

City Manager Hill said staff was recommending either Wednesday or Thursday, January 30th or January 31st. Mayor Nicol said he would prefer Wednesday, January 30.

ACTION: It was the consensus of the City Council to schedule a special Council Meeting to consider annual goals for the City on Wednesday, January 30, 2008, at 6 p.m. in the Community Room. (NOTE: Following the meeting staff found that the Community Room was not available on that date. The meeting was then scheduled in the Council Chambers.)

5. OTHER BUSINESS (Continued)

B. Request for Proposal for Financial System Consultant. [300-30]

Finance Director Lai summarized the written agenda report pertaining to the purchase of a new financial system for the City. Council Member Storey asked if there would be adequate funding for the system if \$30,000 is spent on a consultant. Finance Director Lai responded to questions of Council Member Storey.

Council discussion was followed by this action:

ACTION: Council Member Termini moved, seconded by Council Member Storey, to authorize advertisement of the proposed Request for Proposals (RFP) for Consultant Services to assist in the Acquisition of a Financial System for the City of Capitola, with a submittal deadline of February 8, 2008. The motion carried on the following vote: AYES: Council Members Storey, Begun, Graves, Termini, and Mayor Nicol. NOES: None. ABSENT: None. ABSTAIN: None.

C. Development of a Green Building Ordinance for the City of Capitola. [750-10]

Building Official Kostelec summarized the written agenda report and responded to questions of council members. He said both the cities of Santa Cruz and Watsonville have adopted such ordinances.

Community Development Director Juliana Rebagliati introduced Ariana Green, an intern with the city who recently graduated from U.C. Santa Barbara with a degree in Environmental Studies. Ariana has assisted the Community Development Department in a number of projects, including putting together green building ordinances and gathering the information for tonight's presentation.

Using a PowerPoint Presentation, Ariana Green discussed green building as it relates to dwindling resources, landfills filling up, public health, local green building programs, current green practices in Capitola, and discussed benefits of green buildings in Capitola. Community Development Director Rebagliati and Ariana commented on how the green building program would work by explaining the residential point categories and non-residential point categories, and they responded to questions of council members. Staff was requested to bring back additional cost breakdowns and to look at the square footage disparity between compliance for residential and non-residential buildings.

Mayor Nicol opened the item for public comments at 8:53 p.m.

The following people spoke in support of developing a Green Building ordinance for the City of Capitola:

Mark Sullivan, Oak Drive resident

Sharon Sarris, Monterey Bay Branch volunteer for the U.S. Green Building Council, Northern California Chapter

Kristin Jensen-Sullivan, Oak Drive resident and Chair of the Capitola Commission on the Environment

Dennis Norton, Oak Drive resident, building designer, and Planning Commissioner

ACTION: Council Member Termini moved, seconded by Council Member Storey, to direct staff to bring back a Green Building ordinance for a public hearing after review of the Planning Commission.

Under discussion of the motion, Council Member Graves said he wants to go on record as supporting the green building ordinance. He then commented on AMBAG's new building in Marina, and he said the cost difference between a LEED certified platinum and LEED certified silver building was One-half Million Dollars. Council Member Graves wished to point out that it is good for new homes, but he is concerned about older homes like his. He said it is a step in the right direction; however, he would like to see a cost breakdown on the various items that accumulate points when the ordinance comes to the council.

5. C. OTHER BUSINESS (Continued)

Council Member Storey commented on the proposed green building ordinance and expressed the importance of looking at the total cost, not just initial building costs.

Mayor Nicol echoed Council Member Graves' comments, saying green building is not cheap. He has been told it does cost about 10 to 15% more to build green, and the resulting structure is worth more than a similar structure that is not green; it is not affordable housing.

Following Council discussion of the motion directing staff to bring back a Green Building ordinance, the City Council unanimously passed the motion.

D. Resolution Amending the FY 2007-2008 General Fund Budget Increasing the Police Department's Intergovernmental Revenues and Overtime Expenditures by \$25,000, and Amending the Police Department's FY 2007-08 SLESF Budget to increase Officer Overtime Expenditures by \$10,000 and Reduce Contract Expenditures by \$2,000. [330-10]

Chief of Police Ehle summarized the written agenda report and responded to questions of council members.

Council discussion was followed by this action:

ACTION: Council Member Termini moved, seconded by Council Member Graves, to adopt **Resolution No. 3675, Resolution Amending the Police Department's Intergovernmental Revenues and Overtime Expenditures by \$25,000 and Amending the Police Department's FY 2007/08 SLESF Budget, to Increase Officer Overtime Expenditures by \$10,000 and Reduce Contract Expenditures by \$2,000.** The motion carried on the following vote: AYES: Council Members Storey, Begun, Graves, Termini, and Mayor Nicol. NOES: None. ABSENT: None. ABSTAIN: None.

E. Approve Five Contract Amendments Totaling \$146,900 with Harris and Associates for Design Services on the following Capital Improvement Projects: Bay Avenue Sidewalk Project; Soquel Creek Wetland Bio-Filtration Project; Capitola Road Traffic Calming Improvements; Cortez Street Park Playground Improvement Project; and 41st Avenue Over Crossing Project. [940-40/450-10/ 1040-20/500-10 A/C: Harris & Associates]

Public Works Director Jesberg summarized the written agenda report by discussing the proposed contract amendments for each project. He said Mike Cooper of Harris and Associates was available for questions. Public Works Director Jesberg responded to questions of council members pertaining to funding, money from Home Depot, and the Clares Street calming project. Concern was expressed that if these costs increase, it is likely the construction costs would increase as well.

Mayor Nicol asked if the council wished to deal with each item individually or collectively. It was the consensus to deal with them collectively.

ACTION: Council Member Termini moved, seconded by Council Member Begun, to approve the recommended contract amendments with Harris & Associates as follows:

1. A contract amendment in the amount of \$30,500 for the Bay Avenue Sidewalk project final design phase;
2. A contract amendment in the amount of \$20,400 for the Soquel Creek Wetland Bio-Filtration project;
3. A contract amendment in the amount of \$39,000 for the final design of the Capitola Road Traffic Calming Improvements;
4. A contract amendment in the amount of \$7,000 for the final design of Cortez Park Play Ground Improvement project; and
5. contract amendment in the amount of \$50,000 for general engineering services.

5. E. OTHER BUSINESS (Continued)

Under discussion of the motion, Council Member Graves said he would be interested in seeing a list of projects that came in on the engineer's estimate, as he is concerned about running over project bid. He also commented on the Wetland Bio-Filtration project, stating that staff has assured him it would be paid for completely by grant funding and that is the reason he could support it.

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

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

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

D. Approve the 2008 Library Legislative Program and Direct Staff to Write the Appropriate Support Letters. [230-10]

Council Member Begun said he was not comfortable about endorsing all of legislation in the Library's Legislative Program and explained why. Council Member Termini discussed the request and recommends Council endorsement. He said this is basically the same list the library had last year.

Council discussion was followed by this action:

ACTION: Council Member Termini moved, seconded by Council Member Storey, to approve the 2008 Library Legislative Program and directed staff to prepare the appropriate support letters for Council Member Termini's signature. The motion carried with Council Member Begun abstaining.

G. Authorize a Non Council Public Hearing in Compliance with IRS Code Section 147(f) to Consider a Tax Exempt Bond Issue, not to exceed \$5 Million, for the Goodwill Cosmetology Project at 1550 41st Avenue. [730-10]

City Manager Hill summarized the written agenda report and responded to questions from Council Members. He said there is no financial liability to the city.

Michael Chin, representing the issuer of the potential bonds, California Statewide Communities Development Authority, explained their JPA that is sponsored by the State and the League of California Cities. He explained the request for a public hearing required by IRS Code in order to issue the bonds. City Manager Hill said that after the hearing is held, a resolution would be brought forth to the next meeting for council adoption.

Council Member Begun commented on the conditional use permit, which is required to come back to the council in 6 months for review.

Council Member Storey questioned if the city would have any liability if Goodwill defaults on the bonds. He also asked if the city could request a hold harmless agreement in consideration of the city doing the public hearing. City Manager Hill said the city has a statutory immunity. Council Member Storey went on to say it would be nice to have some type of representation, other than the minutes to this meeting, or a hold harmless agreement with Goodwill for consideration of doing this in their behalf.

Michael Paul, President of Goodwill for Santa Cruz, Monterey and San Luis Obispo Counties, said he doesn't see why a hold harmless agreement could not be issued. He also responded to concerns expressed by Council Member Graves about the Goodwill donation situation at the 41st Avenue location.

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

Council discussion was followed by this action:

ACTION: Council Member Storey moved, seconded by Council Member Termini, to approve the recommendation approving a Non Council Public Hearing in compliance with IRS Code Section 147(f) to consider the issuance of tax exempt bonds for the Goodwill Cosmetology Project located at 1550 41st Avenue on the condition that the city gets a Hold Harmless Agreement with Goodwill Industries. The hearing is to be held on Thursday, January 24, 2008, at 3:00 p.m., in the City Hall Community Room. The motion carried on the following vote: AYES: Council Members Storey, Graves, Termini, and Mayor Nicol. NOES: Council Member Begun. ABSENT: None. ABSTAIN: None.

H. Approve Amendment to the Rules of Use of the Capitola Community Center at Jade Street Park to Allow Alcohol for Certain Events. [210-70]

City Manager Hill summarized the written staff report on this item. He explained the reason for the request and responded to questions of council members.

Council discussion was followed by this action:

ACTION: Council Member Graves moved, seconded by Council Member Termini, to approve a change to the rules for use of the Capitola Community Center, located at Jade Street Park, to allow wine, beer and champagne for functions outside of work hours related to city employee recognition and city-sponsored volunteer appreciation events. The motion carried unanimously.

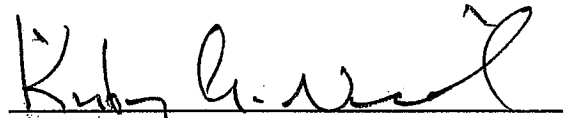
6. ORAL COMMUNICATIONS

1) Council Member Graves said about a year ago he had made a request on behalf of the residents of Cabrillo Mobile Estates and Turner Lane Mobile Home Park to paint a white line down the center of Hill Street. He explained the reasons for residents' request and said they have asked him to check with staff again to see if it could be done. Public Works Director Jesberg replied that the street is too narrow. Council Member Graves asked that staff provide him with a written response that he could provide to the residents who have contacted him regarding this matter.

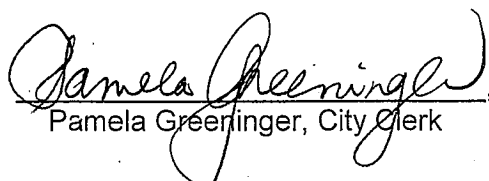
2) Council Member Storey said the council received an email from a resident about the eucalyptus trees on Park Avenue. Public Works Director Jesberg said there would be a meeting tomorrow to discuss that matter. Council Member Storey asked if staff could respond to the email. Council Member Termini said he had responded.

7. ADJOURNMENT

The Capitola City Council adjourned at 10:16 p.m. to its next Regular Meeting to be held on Thursday, January 24, 2008, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.


Kirby A. Nicol, Mayor

ATTEST:

 CMC
Pamela Greeninger, City Clerk