

June 18, 2008
 Capitola, California

CAPITOLA CITY COUNCIL

**MINUTES OF A SPECIAL JOINT MEETING
 OF THE CAPITOLA CITY COUNCIL AND
 THE CAPITOLA REDEVELOPMENT AGENCY**

Vice Mayor/Vice Chairperson Begun called the Special Joint Meeting of the Capitola City Council and the Redevelopment Agency of Wednesday, June 18, 2008, to order at 6:08 p.m. in the Capitola City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

1. ROLL CALL

PRESENT: Council Members/Directors Sam Storey, Ron Graves, Michael Termini and Vice Mayor/Vice Chairperson Robert "Bob" Begun
ABSENT: Mayor/Chairperson Kirby Nicol
OTHERS: City Treasurer Tony Gualtieri and Redevelopment Agency Treasurer Sean Saldavia
STAFF: City Manager/Executive Director Rich Hill, Community Development Director/Deputy Executive Director Juliana Rebagliati, Finance Director Lauren Lai, Public Works Director Steven Jesberg, Assistant to the City Manager Lisa Murphy, and City Clerk/Secretary Pamela Greeninger

2. ORAL/COUNCIL COMMUNICATIONS – None

A. Report on Adjourned Closed Session Meetings of June 16 and 18, 2008.

City Manager Hill first reported on the Adjourned Closed Session meeting held on June 16, 2008. He said Council Member Graves was absent, and Council Members Storey, Begun, Termini and Mayor Nicol were present. The City Council considered negotiations with the Capitola Police Officers' Association and the Police Captains' units, provided direction to its negotiator, the City Manager, and continued the Closed Session to 4:30 p.m. on Wednesday, June 18, 2008.

City Manager Hill then reported that prior to tonight's Special Meeting on June 18, 2008, the City Council held an Adjourned Closed Session meeting to discuss ongoing negotiations with the Capitola Police Officers' Association and that an agreement was reached. He then itemized the specific changes that were approved by the City Council to be made to the MOU Agreement that would be effective July 1, 2008, through June 30, 2011.

After City Manager Hill's report, Council Member Graves asked to have the vote on the closed session item reported in the open session. City Manager Hill noted that there were four council members present for the Closed Session, including Council Members Storey, Graves, Termini and Vice Mayor Begun. He said the vote was 3-1 and that Mayor Nicol was absent.

3. BUSINESS

Adoption of the Proposed 2008/2009 Fiscal Year Budgets for the City of Capitola General Fund, the Capitola Redevelopment Agency, and the Five-Year Capital Improvement Program. [330-05/760-25/330-20]

Vice Mayor Begun introduced this item.

City Treasurer Gualtieri asked if the anticipated costs of the changes to the Capitola Police Officers' Association's MOU have been calculated. City Manager Hill said the cost for FY 2008/09 is approximately \$261,000, for FY 2009/10 is approximately \$151,400, and for FY 2010/11 is approximately \$121,000.

3. BUSINESS (Continued)

Finance Director Lai then summarized the written Agenda Report for Adoption of the Final 2008/09 Fiscal Year City and Capital Improvement Program (CIP) Budgets and responded to questions of council members.

Vice Mayor Begun stated that Mayor Nicol has requested that the council/agency directors not finally adopt the budgets tonight, but continue this item for adoption at the regular meeting of June 26, 2008. He said the council/agency directors could discuss the budget and make changes at this time, but not take final action.

There was considerable council/agency director discussion regarding the proposed City, Redevelopment Agency, and Capital Improvement Program Budgets as follows:

1. concern was expressed about the sales tax report and the reductions in sales tax revenues
2. interest in receiving the proposed budget in a loose-leaf binder, where staff can make the directed changes and provide council/directors with revised pages for inclusion in the proposed budget document
3. interest in obtaining revised budget pages with final budget figures at the time the budget comes to the City Council/Redevelopment Agency for final adoption
4. discussion regarding increased staffing costs and interest in obtaining a history of head counts and staffing costs for the past five years (Finance Director Lai said the information was contained in the budget document on page 70.)
5. interest in having the council seriously consider increasing meter rates in the Village area (Zone A) to \$2 hour (City Manager Hill recommended a public hearing be held in order to do so.)
6. discussion regarding status of permit program for surfers and others that would allow them to park in the Village without feeding the meters before 10 am and where those permits would apply
7. question regarding whether or not Coastal Commission approval would be necessary to increase meter rates (Community Development Director Rebagliati said since it is part of the Municipal Code and an ordinance amending that section would be necessary, it would require an LCP Amendment, which must be taken to the Coastal Commission. Council Member Begun asked how long it would take. Community Development Director Rebagliati said it could take three to six months.)
8. comments regarding the city's Financial Policy and an inquiry about why the Contingency Reserve and the Emergency Reserve are based on expenditures rather than revenues
9. discussion regarding CIP item pertaining to Beulah house, the pavement management program, Proposition 1B funds, etc.
10. concerns about the high cost of labor and the need to be prudent with expenditures, particularly labor expenses
11. comments on the city's voter survey as it relates to the extension of Measure P sales tax and a 911 tax
12. financial implications of the city council's decision to provide free parking in the Pacific Cove Parking Lot for the summer

3. BUSINESS (Continued)

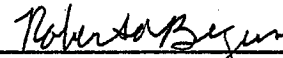
13. suggestion to cut expenditures in order to solve budget shortfall this year by asking staff to cut all non-wage items in the budget by 10%
14. suggestion to create CIP Projects in the RDA for the Clares Street Street Calming Project and Capitola Road since those projects would benefit the RDA project area.

Considerable Council/Director discussion was followed by this action:

ACTION: Council Member/Director Termini moved, seconded by Council Member/Director Graves to continue the adoption of the City, Redevelopment Agency, and the Capitola Improvement Program (CIP) Budgets, and the Agency Determination regarding Planning and Administrative Expenditures of the Low and Moderate Income Housing Fund for FY 2008/09, to the next regular meetings of the City Council and the Redevelopment Agency to be held on June 26, 2008. The motion carried on the following vote: AYES: Council Members/Directors Storey, Graves, Termini, and Vice Mayor/Vice Chairperson Begun. NOES: None. ABSENT: Mayor/Chairperson Nicol. ABSTAIN: None.

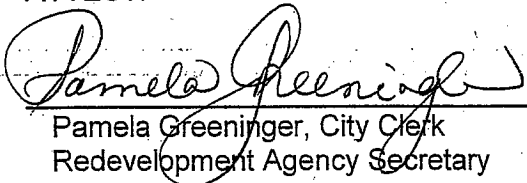
4. ADJOURNMENT

The Joint Special Meeting was adjourned at 7:43 p.m. to the next Regular Meetings of the Capitola City Council and the Redevelopment Agency to be held on Thursday, June 26, 2008, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.



Robert A. Begun, Vice Mayor
Redevelopment Agency Vice Chairperson

ATTEST:



_____, CMC
Pamela Greeninger, City Clerk
Redevelopment Agency Secretary

APPROVED BY THE CITY COUNCIL/REDEVELOPMENT AGENCY DIRECTORS ON 8/14/07
AS SUBMITTED.