

May 13, 2009
 Capitola, California

CAPITOLA CITY COUNCIL

MINUTES OF SPECIAL JOINT BUDGET STUDY SESSION OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

Mayor/Chairperson Begun called the Special Joint Budget Study Session of the Capitola City Council and the Redevelopment Agency of Wednesday, May 13, 2009, to order at 6:06 p.m. in the Capitola City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

PRESENT: Council Members/Directors Ron Graves, Kirby Nicol, Dennis Norton, and Mayor/Chairperson Robert "Bob" Begun
ABSENT: Council Member/Director Sam Storey
STAFF: City Manager/Executive Director Richard Hill, Interim Finance Director Chuck Comstock, Community Development Director/Deputy Executive Director Jamie Goldstein, Interim Chief of Police Rick Ehle, Building Official Daniel Kostelec, Public Works Director Steve Jesberg, Assistant to the City Manager Lisa Murphy, and City Clerk Pamela Greeninger
OTHERS: City Treasurer Jacques Bertrand and Redevelopment Agency Treasurer Debbie Johnson

2. ORAL/COUNCIL COMMUNICATIONS

City Treasurer Bertrand commented that the Finance Department did an extraordinary job in preparing the proposed budget under the leadership of Interim Finance Director Comstock. He reported that the Finance Advisory Committee met yesterday, May 12, 2009, to discuss the proposed FY2009/10 Budget and asked that the Committee's recommendation of a 4.6% reduction in contract services be passed on to the Council. He also announced that committee member Linda Hanson was selected Vice Chair and that they voted to skip their next regularly scheduled meeting of May 19, and to wait for the results of the special election and for the financials to come in from the State before meeting again.

3. BUSINESS

Presentation of the Proposed 2009-2010 Fiscal Year Budget for the City of Capitola General Fund and the Capitola Redevelopment Agency, and the Five-Year Capital Improvement Program. [330-05/760-25]

Mayor/Chairperson Begun introduced this item and asked for comments from the City Manager.

1) **Opening Comments by City Manager**

City Manager/Executive Director Hill summarized the April 27, 2009, memorandum contained in the Proposed Fiscal Year 2009/2010 Operating Budget, including comments on the Fiscal Status of the City, Prior Year Accomplishments, General Fund revenues and expenditures, removal of four positions, and recruitment of a new Finance Director and a Chief of Police. He pointed out that Police Department administration has been significantly reduced in the proposed budget and commented on the application for a COPS grant. He also noted that the capital improvement program would not be presented at this time.

Council Member/Director Graves commented on the COPS grant mentioned by City Manager/Executive Director Hill in his opening statements. He said his understanding of the action the council took was to allow the Police Department to apply for the grant, but that the final decision as to whether to accept the grant, if it is received, would come back to council.

City Manager/Executive Director Hill commented on the terrific job the finance staff has done with the interim finance director on the proposed budget and implementation of the new financial system. He informed the Council that the finance director position is fully funded in the proposed budget.

After his opening comments, City Manager/Executive Director Hill introduced Chuck Comstock, the city's Interim Finance Director, who was a former City Manager in Scotts Valley, and a Finance Director in Watsonville.

2) Overview of the Proposed Budgets by the Finance Director

Interim Finance Director Comstock introduced Finance Department members Lisa Saldana and Lonnie Wagner, who were in attendance at the meeting tonight.

Utilizing a PowerPoint presentation, Interim Finance Director Comstock provided an overview of the City and the Redevelopment Agency Funds proposed for FY09-10 and responded to questions of Council Members/Redevelopment Agency Directors.

3) Departmental Presentations

The City Council Members/Redevelopment Agency Directors received individual department presentations. Each department utilized a PowerPoint Presentation in reviewing its 2009/ 2010 FY Budget. Copies of those presentations are on file with copies of the Minutes of this meeting.

o Finance Department

Interim Finance Director Comstock presented the Finance Department's proposed budget and responded to questions. He reiterated the comments of City Manager/Executive Director Hill regarding the excellent work of the Finance Department staff in preparation of the proposed budget and implementation of the new financial system.

o Museum

Assistant to the City Manager Murphy summarized the proposed Museum budget.

Carolyn Swift, Museum Director, commented on her work and that of the Museum. She responded to questions of council members. City Manager/Executive Director Hill responded to a question pertaining to the cost recovery percentage.

o City Council

Assistant to the City Manager Murphy reviewed the City Council's budget which shows a 19% reduction.

o City Manager/Personnel

Assistant to the City Manager Murphy reviewed the City Manager's budget with an overall decrease of 5%, and responded to questions of the City Treasurer and Council Members.

o City Attorney

Assistant to the City Manager Murphy said that the council will be taking action tomorrow night pertaining to the City Attorney's contract for next fiscal year. She also commented on mobile home park litigation costs and the administrative fee that helps pay those costs.

o Recreation

Assistant to the City Manager Murphy presented the Recreation Department's budget and noted that the fees have been raised to offset costs. City Manager/Executive Director Hill said the reason for increasing the fees was to cover the cost of a new software program.

o Art & Cultural Commission

Assistant to the City Manager Murphy summarized the Art & Cultural Commission budget which, as proposed, is a decrease from the prior year. Most of the decrease is from materials and supplies.

o Building

Building Official Daniel Kostelec provided an overview of the proposed Building Department budget for FY 2009-10. He commented on the decrease in revenues. He also discussed proposed staffing changes during the next fiscal year. The Building Official classification is recommended to be repositioned to a mid-management position of Senior Building Inspector. He said the net savings from the changes would be approximately \$45,000 for FY2009-10 and \$80,000 for FY2010-11. Building Official Kostelec responded to questions regarding the Building Department's proposed budget.

o Community Development

Community Development Director/Deputy Executive Director Goldstein summarized the Community Development Department's FY2009-10 budget utilizing a PowerPoint Presentation. He responded to questions of council members/agency directors pertaining to consultant services, designated hours for planners and additional fees, special revenue funds, grant funds, the General Plan update fund, the need to update zoning ordinances, etc.

▪ Redevelopment Agency Budget

Community Development Director/Deputy Executive Director Goldstein presented the Redevelopment Agency's budget for FY2009-10 and responded to questions of Redevelopment Agency Directors pertaining to funding the Capitola-Soquel Chamber of Commerce and the Santa Cruz County Conference & Visitor's Council, the library fund, the Rispin plan check and implementation, the low- and moderate-income housing fund and professional services related to that fund, housing subsidies and assistance.

Council Member/Director Graves commented on the Rispin implementation and said he felt it would be important to have all costs associated with the Rispin put on one sheet, rather than having to go back to the budget documents over the years. That way, once the City/Agency gets a return on the investment (lease and rent payments, etc.) those funds could offset costs expended over the years. He said it would be nice to have a compiled total cost for putting the Rispin together over the years.

City Treasurer Bertrand asked how people find out about the housing assistance program. City Manager/Executive Director Hill said it is managed through the Community Action Board.

o Public Works

Public Works Director Jesberg commenced his presentation by calling attention to the various noteworthy accomplishments this year, including:

Streets

- Active sidewalk clearing and improvement program
- Installation of garage space at Corp Yard
- Active graffiti abatement

Parks

- Status quo in parks maintained
- Bathroom remodel at Esplanade Park
- Treatment wetland operational

Facilities

- Painting of New Brighton Gym completed

Fleet

- New street sweeper acquired
- Reconditioned van for Police paddy wagon

Public Works Director Jesberg then reviewed proposed FY2009-10 budget details, which reflect reductions in staff and contract services. He then responded to questions of council members/agency directors.

Council Member/Director Norton commented on grant funding available for the citywide shuttle. Public Works Director Jesberg believes the city needs a continual funding source to make it a viable program. Council Member/Director Nicol asked if it would qualify for a Mello-Roos tax and said he would like staff to look into that.

Council Member/Director Nicol said there is a problem with the trash in the Village in the evenings. He wondered what the cost would be to collect trash in the evenings and whether more trash cans are necessary. City Treasurer Bertrand thanked the Public Works Department for the new trash can at Nobel Gulch Park. Council Member/Director Norton asked about getting recycling bins at Jade Street.

- Police Department

Interim Chief of Police Ehle summarized the Police Department's budget and discussed the overall reduction in this year's budget. He said the Communications JPA costs may be reduced, which will also reduce the city's share. Interim Chief of Police Ehle responded to questions pertaining to traffic and parking fines, enforcement of cell phone use, SCCNET, narrow banding, parking meters, Volunteers in Policing, the number of black and white police vehicles parked at City Hall, etc.

4) **Update on Five-Year Capital Improvement Plan [330-20]**

Public Works Director Jesberg provided an update on the city's Five-Year Capital Improvement Plan (CIP). He summarized the status of the 2008-09 projects as follows:

Projects Funded in 2008-09

- Pavement Management
 - Hill Street, Pine Street, Plum Street, and a portion of Rosedale Avenue
- ARRA and Prop 1B
 - 41st Avenue Pavement Rehab between Clares Street and Capitola Road
- Traffic Calming and Pedestrian Improvements
 - Capitola Road between 41st and 45th Avenues
 - Clares Street between 41st and Wharf Road

He commented on the unfunded projects due to budget cuts:

- Cortez Park Improvements
- Stockton Ave & Esplanade Sidewalk and Pedestrian improvements
- Pacific Cove MHP water line preliminary design work
- Pacific Cove MHP surface parking preliminary design work
- Jewel Box Traffic Calming

Public Works Director Jesberg also discussed the Pavement Management Program (PMP) and said \$2 Million has been spent on the PMP with Measure P funds, as well as projects planned for the 2009-10 fiscal year. He responded to questions of council members/agency directors.

Public Works Director Jesberg discussed CIP funding and project plans for the FY2009-10. He commented on the Santa Cruz County Regional Transportation Commission grants, and he informed the council members/agency directors that he will complete the Five-Year CIP document once he receives notification regarding the grants. The document will be taken to the Planning Commission in July and then to the City Council.

5) Public Comment/Discussion

At 9:07 p.m. Mayor/Chairperson Begun asked if there was anyone from the public who wished to address the City Council/Redevelopment Agency on the proposed budget. No one came forward to speak.

Council Member/Director Graves commented on a previously approved project by Landmark Properties located on 38th Avenue. He said the Planning Commission approved the project with a requirement to install a functional gate to the rear parking lot. Landmark Properties has abandoned the property; however, they have taken the gate with them. He asked if the Planning Commission's requirement for the gate would apply to a future tenant of the property. Community Development Director Goldstein said he would need to research this, saying it most likely would depend on the use of the property.

Mayor/Chairperson Begun asked if there was further discussion of the budget at this time. There was not. He then asked for the purpose of the next budget study session. Assistant to the City Manager Murphy said on May 21 there would be community grant presentations, and the City Council Members/Redevelopment Agency Directors would provide direction to staff on making changes to the proposed budget.

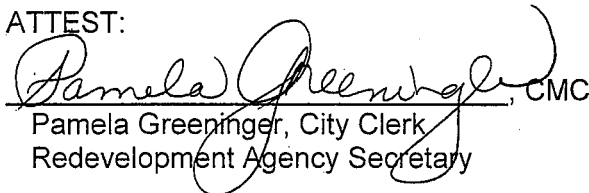
4. ADJOURNMENT

The Joint Budget Study Session was adjourned at 9:12 p.m. to the next Regular Meetings of the Capitola City Council and the Redevelopment Agency-to be held on Thursday, May 14, 2009, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.



Robert A. Begun, Mayor
Redevelopment Agency Chairperson

ATTEST:



Pamela Greeninger, City Clerk
Redevelopment Agency Secretary

MINUTES WERE APPROVED BY THE RDA DIRECTORS/CITY COUNCIL ON 6/11/09, WITH COUNCIL MEMBER/RDA DIRECTOR STOREY ABSTAINING