

September 24, 2009  
Capitola, California

**CAPITOLA CITY COUNCIL  
MINUTES OF A REGULAR MEETING**

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

At 6:04 p.m. in the City Hall Council Chambers, Mayor/Chairperson Begun noted that all City Council Members/Redevelopment Agency Directors were present with the exception of Council Member/Director Graves. He made an announcement regarding the items to be discussed in Closed Session, as follows:

**CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Govt. Code §54956.8)**

Property: Rispin Mansion Property, 2000 & 2005 Wharf Road  
APN 035-371-01 & 02  
Agency/City Negotiator: Rich Hill, City Manager/RDA Executive Director  
Negotiating parties: The Rispin LLC, City of Capitola, and City of Capitola  
Redevelopment Agency  
Under Negotiation: Lease and Development Agreement

**CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Govt. Code §54956.8)**

Property: 4140 Jade Street, APN 034-641-08  
City Negotiator: Rich Hill, City Manager  
Owner: John and Karen Huffman  
Under Negotiation: Purchase of Property by City

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

Surf and Sand, LLC vs. City of Capitola  
Save the Habitat vs. City of Capitola (Rispin Mansion Project)  
Soquel Union Elementary School District vs. City of Capitola

Mayor/Chairperson Begun asked if anyone wished to address items on the Closed Session agenda. Seeing no one, the City Council/Redevelopment Agency recessed at 6:05 p.m. to the Closed Session.

**CAPITOLA REDEVELOPMENT AGENCY (See Redevelopment Agency Minutes)**

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**REGULAR MEETING OF THE CITY COUNCIL**

Mayor Begun called the Regular Meeting of the City Council to order at 7:13 p.m. on Thursday, September 24, 2009, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

**ROLL CALL AND PLEDGE OF ALLEGIANCE**

**PRESENT:** Council Members Sam Storey, Kirby Nicol, Dennis Norton, and Mayor Robert "Bob" Begun  
**ABSENT:** Council Member Ron Graves  
**OTHERS:** City Treasurer Jacques Bertrand  
**STAFF:** City Manager Rich Hill, Deputy City Attorney Celestial Cassman, Community Development Director Jamie Goldstein, Public Works Director Steve Jesberg, Interim Chief of Police Rick Ehle, Assistant to the City Manager Lisa Murphy, and City Clerk Pamela Greeninger

**1. REPORT ON CLOSED SESSION [520-25]**

Deputy City Attorney Cassman reported that the City Council met in Closed Session at 6 p.m. regarding existing litigation items: Surf and Sand, LLC vs. City of Capitola, and Soquel Union Elementary School District vs. City of Capitola. No reportable action was taken in closed session.

Deputy City Attorney Cassman said the other matters listed on the Closed Session agenda were not discussed. The City Council/Redevelopment Agency will reconvene in Closed Session following the Open Session agenda to conclude discussion of closed session items.

**2. ORAL COMMUNICATIONS****A. Additions and Deletions to Agenda – None****B. Public Comments**

Laura Kasa, Executive Director of Save Our Shores, informed the Council that 3,800 volunteers were organized to do the Annual Coastal Clean-Up Day. She reported that 9,000 pounds of garbage was collected and asked if anyone knew what the most common item collected in the clean-up was. Council Member Storey said cigarette butts. Laura confirmed it was cigarette butts and shared a sample of those collected in a bucket. She provided the council with statistics of the number of cigarette butts found during their clean-ups this year: 14,000 in beach clean-up and 2,000 in their river clean-up. She commented on these statistics and said their organization is hoping for some type of policy change to address this issue. On behalf of Save Our Shores, Ms. Kasa requested a cigarette smoking ban be put in place in certain public areas. She said Save Our Shores was available to help in any way possible.

Mayor Begun asked whether cigarette butts would decompose. Ms. Kasa responded that cigarette butts do not fully degrade because there is plastic in them. She also noted the toxins in the cigarette butts can kill fish. [460-70]

**C. Staff Comments – None****D. City Council/Treasurer Comments/Committee Reports**

1) City Treasurer Bertrand reported on two recommendations that the Finance Advisory Committee would like to pass on to the City Council: 1) Creation of an enterprise zone for the Pacific Cove Mobile Home Park for next year's budget, and 2) the \$300,000 loan from the City to the RDA be repaid; also as part of next year's budget.

2) Council Member Norton said he thinks it is time for the city to revisit its smoking ordinance. He commented on the Community Group, Capitola Cares, who have organized clean-up of areas in Capitola city limits. The most pervasive problem is cigarette butts, particularly along the sea wall and in front of the restaurants along the Esplanade. He said this was a health and environmental issue, and he would like to give direction to staff to revisit the smoking ordinance with emphasis on the Village Esplanade area. He asked for council concurrence. The council nodded their concurrence. [460-70]

**E. Committee Appointments – None****F. Approval of Check Register Report [300-10]**

City Treasurer Bertrand pointed out that he did review the check register in the agenda packet; although his signature was not on it.

## 2. F. Approval of Check Register Report (Continued)

There were no comments regarding the Check Register Report before the following action being taken:

**ACTION:** Council Member Storey moved, seconded by Mayor Begun, to approve the Check Register Reports dated September 4 and 11, 2009, including checks numbered 61062 through 61104 in the amount of \$86,888.44, and checks numbered 61105 through 61143 in the amount of \$59,320.15, respectively; and payroll disbursements for the September 11, 2009, payroll in the amount of \$192,207.27, for a Grand Total of \$338,415.83, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Nicol, Norton, and Mayor Begun. NOES: None. ABSENT: Council Member Graves. ABSTAIN: None.

3. **CONSENT CALENDAR**

Mayor Begun asked if there were any items on the Consent Calendar that members of the council or the public wished to pull for separate discussion.

Council Member Storey said he had questions on Items C. and D. (*See comments under those items.*)

After discussion of Items 3.C. and D., the following action was taken on the Consent Calendar:

**CONSENT CALENDAR ACTION:** Council Member Storey moved, seconded by Council Member Nicol, to approve the Consent Calendar as recommended. The motion carried on the following vote: AYES: Council Members Storey, Nicol, Norton, and Mayor Begun. NOES: None. ABSENT: Council Member Graves. 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.

**B. Approve City Council Minutes – Special Meeting of August 27, 2009, and the Regular Meeting of September 10, 2009.**

**ACTION:** Council Member Storey moved, seconded by Council Member Nicol, to approve the Minutes of the Special Meeting of August 27, 2009, and the Regular Meeting of September 10, 2009, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Nicol, Norton, and Mayor Begun. NOES: None. ABSENT: Council Member Graves. ABSTAIN: None.

**C. Request by Steve Westin for a Minor Special Event Permit, Entertainment Permit, and Encroachment Permit for a Block Party on Gilroy Drive, between Beverly Drive and Center Street, on Saturday, October 3, 2009, from 4:00 to 7:00 p.m., and Request for a Grant of all Permit Fees. [1050-70/490-75]**

Prior to action being taken on this item, Council Member Storey questioned if the rest of the neighbors on the block were informed of the proposed block party. He said it would be nice to know that the applicant has notified the neighbors who would be affected by the street closure.

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

## 3. C. CONSENT CALENDAR (Continued)

1) Approved the Minor Special Event Permit, including Entertainment and Encroachment Permits for the Gilroy Drive Block Party to be held on Saturday, October 3, 2009, from 4:00 pm to 7:00 p.m., as submitted, and authorized the Capitola Police Department to issue the permit;

2) Provided the applicant, Steve Westin, with a Grant for the Liability Insurance Premium per Administrative Policy I -10; and

3) Provided the applicant, Steve Westin, with a Grant for the Permit Fees in the amount of \$172.00, as submitted.

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

**D. Adopt Resolution Authorizing Participation in the Housing Authority of Santa Cruz County's Application to the State of California Debt Allocation Committee for an Allocation of Mortgage Credit Certificates. [750-10]**

Prior to action being taken on this item, Council Member Storey commented that the City is being asked to participate in the Housing Authority's Mortgage Credit Certificate Program, and if a mortgage is not realized within the 120-day period. He asked if the Housing Authority receives any administrative funds for participating in this program and asked why they are not participating in their pro-rate share of any forfeiture. City Manager Hill said the Housing Authority does not have the authority to participate in this program; it is for public agencies. He explained that the City has participated in this program for the past four or five years and that all participants have picked up the certificates.

Council Member Norton asked how many people participated in the First-Time Homebuyers Program. Community Development Director Goldstein said that information was provided at a previous meeting, and he doesn't have that with him figure tonight. He said this is a different type of program and that 56 people from Capitola have participated in the program. Council Member Norton is concerned about investing in a program that does not benefit Capitola. Community Development Director Goldstein said this is a significant benefit to the residents and explained.

**ACTION:** Council Member Storey moved, seconded by Council Member Nicol, to adopt **Resolution No. 3776, Resolution Authorizing Participation in the Housing Authority of Santa Cruz County's Application to the State of California Debt Allocation Committee for an Allocation of Mortgage Credit Certificates**, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Nicol, Norton, and Mayor Begun. NOES: None. ABSENT: Council Member Graves. ABSTAIN: None.

## 4. PUBLIC HEARINGS

**A. Public Hearing to Consider Amending the City's Fee Schedule Resolution No. 3756 to Correct the General Plan Maintenance Fee under Planning Department Fees. Presentation: City Manager's Department. [390-40] (Continued from the September 10, 2009 meeting.)**

Assistant to the City Manager Murphy summarized the written agenda report and the reason for recommending the proposed amendment to correct the General Plan Maintenance Fee.

Mayor Begun opened the public hearing at 7:26 p.m.

Paul Pelkey said it is not a time to raise fees during these hard economic times. Mayor Begun explained to Mr. Pelkey that the item before the Council is to correct a fee, not to raise fees.

## 4. A. PUBLIC HEARINGS (Continued)

Mayor Begun closed the public portion of the hearing at 7:28 p.m.

No Council discussion was followed by this action:

**ACTION:** Council Member Storey moved, seconded by Council Member Nicol, to adopt **Resolution No. 3777, Resolution Amending Resolution No. 3756, the City's Fee Schedule, to Correct the General Plan Maintenance Fee by Returning the Fee to 0.7% of the Total Building Valuation**, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Nicol, Norton, and Mayor Begun. NOES: None. ABSENT: Council Member Graves. ABSTAIN: None.

## 5. OTHER BUSINESS

A. **FY 2009/2010 Budget Status Report and Amendments. [330-10]**

Assistant to the City Manager Murphy summarized the written agenda report and staff's recommendation to make changes to the adopted budget. She reviewed the proposed budget amendments detailed on Table 2 on the second page of the Agenda Report and responded to questions of council members.

Council Member Norton asked if an increase in sales tax revenue is anticipated. City Manager Hill said the most important quarter will be the 4<sup>th</sup> quarter. He said Both IHOP and Whole Foods are doing well, and we look forward to Kohl's opening.

Council Member Storey asked when the \$91,752 shortfall would be reviewed. City Manager Hill said in January of next year.

Council discussion was followed by this action:

**ACTION:** Council Member Norton moved, seconded by Council Member Nicol, to adopt **Resolution No. 3778, Resolution Accepting the City FY2009-2010 Budget Report and Amending the FY2009-2010 City Budgets accordingly**, as submitted. The motion carried on the following vote: AYES: Council Members Storey, Nicol, Norton, and Mayor Begun. NOES: None. ABSENT: Council Member Graves. ABSTAIN: None.

B. **Presentation of the "41<sup>st</sup> Avenue Corridor Economic Development / Mixed-Use Revitalization Study." [700-20]**

Community Development Director Goldstein provided a brief summary of this item and introduced Peter Cheng of Applied Development Economics, who was here with the President of the company, Doug Svensson, to present the study prepared by their firm.

Utilizing a PowerPoint Presentation, Mr. Cheng reviewed the 41<sup>st</sup> Avenue Corridor Economic Development/Mixed-Use Revitalization Study dated September 24, 2009. (*A copy of the PowerPoint Presentation is on file with the record for this item.*) During Mr. Cheng's presentation, he responded to questions of Council Members pertaining to the information provided.

At 8:30 p.m. Mayor Begun asked if anyone in the audience wished to address the council on this matter.

Paul Pelkey said it sounds like a good plan. He said the city needs to keep everything in perspective and not compare Capitola to Carmel. Mr. Pelkey suggested giving property owners a break to improve their properties.

## 5. B. OTHER BUSINESS (Continued)

Chuck Huddleston said he wished to address this subject with a couple of observations and questions. He commented that the City is not going to get any kind of development unless the council seriously considers the rezoning requests that have been put forth in the study. He also commented on possible branding of 41<sup>st</sup> Avenue as it relates to the number of different commercial areas along the avenue. He said Capitola Mall was a great resource possibility, and he commented on potential changes to the entrance of the Mall where the bus center is currently located. Mr. Huddleston was interested in the mixed-use approach and affordable housing. He encouraged the City Council to move forward with the mixed-use proposals and to make the changes recommended by the consultants in the study.

Anna Marie Gotti commented on the permit process discussed by Mr. Cheng in his presentation. She noted her personal research and interviews with businesses in the area regarding the permit process. Business fees make it difficult, lengthy and costly not only for a new business to start, but also for those already established businesses. Ms. Gotti thanked the council for having this study done. She asked that as the Council looks to the future, it consider and honor those businesses that have kept the town going through the years and bring them along as the city moves forward.

Seeing no further members of the public wishing to address this item, Mayor Begun brought the item back to the council for discussion and action at 8:40 p.m.

Considerable Council discussion was followed by this action:

**ACTION:** Council Member Nicol then moved approval of the staff recommendation to accept the CDBG-funded "41<sup>st</sup> Avenue Corridor Economic Development / Mixed-Use Revitalization Study" dated September 24, 2009, prepared by Applied Development Economics, as submitted. Council Member Norton seconded the motion with a friendly amendment to include direction to staff to look at the Short-Term Zoning Ordinance recommendations contained on page 9 of the report. Council Member Nicol accepted the amendment to his motion. The motion carried on the following vote: AYES: Council Members Storey, Nicol, Norton, and Mayor Begun. NOES: None. ABSENT: Council Member Graves. ABSTAIN: None.

## 6. COUNCIL/STAFF COMMUNICATIONS

Council Member Nicol commented on correspondence the Council received from residents of Blue Gum Avenue requesting permit parking on their street. Community Development Director Goldstein said he has been in communication with the Coastal Commission about adding this area to the residential permit parking program. [470-40]


At 8:56 p.m. Mayor Begun announced that the City Council would be adjourning to a continued Closed Session in the City Manager's Office, and then to its next Regular Meeting to be held on Thursday, October 8, 2009, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

## 7. ADJOURNMENT

Following the Continued Closed Session, the City Council adjourned at 10:30 p.m. to its next Regular Meeting of the City Council to be held on Thursday, October 8, 2009, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola

ATTEST: , MMC

Pamela Greeninger, City Clerk

  
Robert A. Begun, Mayor

MINUTES WERE APPROVED AS SUBMITTED BY THE CITY COUNCIL ON OCTOBER 8, 2009,  
WITH COUNCIL MEMBER GRAVES ABSTAINING