

May 20, 2010
 Capitola, California

CAPITOLA CITY COUNCIL

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

Mayor/Chairperson Storey called the Special Joint Budget Study Session of the Capitola City Council and the Redevelopment Agency of Wednesday, May 20, 2010, to order at 6:10 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, Dennis Norton, Kirby Nicol, Robert "Bob" Begun, and Mayor/Chairperson Sam Storey (*NOTE: Council Member/Director Begun arrived at 6:30 p.m.*)

ABSENT: None

STAFF: City Manager/Executive Director Richard Hill, Community Development Director/ Deputy Executive Director Jamie Goldstein, Chief of Police Michael Card, Public Works Director Steve Jesberg, Assistant to the City Manager Lisa Murphy, and Deputy City Clerk/Deputy Secretary Liz Nichols

OTHERS: City Treasurer Jacques Bertrand and Redevelopment Agency Treasurer Debbie Johnson

2. ORAL/COUNCIL COMMUNICATIONS

Mayor/Chairperson Storey asked if there were any oral communications. There were none.

3. BUSINESS

Continued Budget Study Session on the Proposed 2010/2011 Fiscal Year Budget for the City of Capitola General Fund, the Capitola Redevelopment Agency, and the Five-Year Capital Improvement Program [330-05 CITY/760-25 RDA/330-20 CIP]

A) City Manager Comments: Budget Deliberation Process

City Manager/Executive Director Hill said this will be the last budget he will present to the City since he will be retiring this year. He summarized the proposed budget and discussed the corrections on budget pages.

City Manager/Executive Director Hill then discussed the loans that are outstanding in the RDA Operating Fund. The Rispin property was purchased from the City for \$1.35 million. That purchase occurred in 2003. It is an interest only loan at 7.75% interest. The payment to the City on an annual basis is \$104,600 for that loan. The cooperative agreement with the City which is to repay costs incurred and accrued over time by the RDA Operating Budget of \$618,000 is an interest only loan. It is a 7.75% interest loan. It pays to the City General Fund \$47,900 per year.

After Council/Agency discussion, the following action was taken regarding the interest rate on the City's loan to the Redevelopment Agency:

ACTION: Council Member/Director Norton moved, seconded by Council Member/Director Begun to keep the interest rate at 7.75%. The motion carried on the following vote: AYES: Council Members/Directors Norton, Nicol, and Begun. NOES: Council Member/Director Graves and Mayor/Chairperson Storey. ABSENT: None. ABSTAIN: None.

3. BUSINESS (Continued)

B) Public Hearing to Receive Community Grant Funding Requests

Mayor/Chairperson Storey announced that since he is the Executive Director of Community Bridges, which is one of the agencies that receives Capitola community grant funding, he recused himself from participating in this portion of tonight's meeting and left the Council Chambers at 6:53 p.m.

Assistant to the City Manager Murphy identified the changes in the spreadsheet for Community Grant Funding Requests for FY 2010/2011.

Vice Mayor/Vice Chairperson Norton opened the public hearing at 7:00 p.m.

Will O'Sullivan from Santa Cruz Community Counseling Center and the Human Care Alliance gave a presentation summarizing the activities of all the agencies that make up the Human Care Alliance. Seniors, disabled and needy families are their focus. The number of needy people is increasing. The Human Care Alliance is able to intervene when a teen gets in trouble. Capitola is a great place to visit and live and thrive. He has raised his family here for the past 27 years. He provided handouts illustrating how agencies of the Human Care Alliance serve the citizens of Capitola.

Kathleen Johnson, Executive Director of Advocacy, Inc., was introduced by Will O'Sullivan. She said the needs are greater and without increases in grants it is difficult. We all believe that by working together the needs will be met. She called out all the agencies in the Human Care Alliance and asked them to stand. They appreciate the efforts of the outgoing City Manager. A Powerpoint presentation was given by Will O'Sullivan at this time.

Vice Mayor/Vice Chairperson Norton asked if anyone from the public wanted to address the Council.

Michele Williams from the Cultural Council discussed their program. They are requesting the same funding as last year.

Karen Nevis spoke on behalf of the Capitola artists.

Vice Mayor/Vice Chairperson Norton closed the public hearing at 7:20 p.m.

Council Member/Director Nicol thanked the groups for what they do. Capitola has a list of about 45 agencies that are close to our heart. He would like staff to agendize the question of equity and benevolence to other groups outside our community in the face of catastrophic economic times that we all face together.

ACTION: Council Member/Director Graves moved, seconded by Vice Mayor/Vice Chairperson Norton, to fund the community groups at the same amount as last year. The motion carried on the following vote: AYES: Council Members/Directors Graves, Nicol, Begun, and Vice Mayor/Vice Chairperson Norton. NOES: None. ABSENT: None. ABSTAIN: None. DISQUALIFIED: Mayor/Chairperson Storey.

Council Member/Director Begun would like each community group to give a presentation to the Council throughout the year explaining what they do.

Mayor/Chairperson Storey returned to the meeting at 7:44 p.m.

3. BUSINESS (Continued)

C) Finance Advisory Committee Recommendations

City Treasurer Bertrand reported on recent Finance Advisory Committee meetings. He said a two-tier retirement system is recommended but the committee realizes it is not easy to jump into and requires some homework.

Council Member/Director Begun said he would like to make a recommendation that we agendize the subject of a two tier retirement system.

Mayor/Chairperson Storey said we will be following up with the Finance Advisory Committee's recommendation on a two-tier retirement system.

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

Public Works Director Jesberg gave a PowerPoint Presentation and discussed the Five-Year Capital Improvement Plan.

Council Member/Director Begun asked about pavement management. Public Works Director Jesberg said the amount of funding has gone down. Pavement management is about \$550,000. Money from the Regional Transportation Commission has nearly dried up.

City Manager Hill said we have unanticipated increases. The fund balance can be used to even out what you don't receive.

E) Public Comments

Maggie Ivy spoke on funding for the Santa Cruz Conference and Visitors Council. A few benefits are website exposure which had 12,000 visitors last year. They request funding at the current level.

Toni Castro, Executive Director of the Capitola Soquel Chamber of Commerce, discussed activities of the Chamber. People from out of the area call the Chamber first. The Economic Development Committee is where most of their effort is concentrated. Special events bring people in. The Chamber is here to serve our city and increase sales tax dollars.

Council Member/Director Nicol asked about the extra \$10,000 the Chamber is requesting. Toni Castro said she would like two more interns and needs more equipment.

Mayor/Chairperson Storey would like a budget from the Chamber on the \$10,000 by line item.

City Manager/Executive Director Hill said the way to handle this is make it an agreement. The City has a revenue account and intends to increase that account by \$10,000. This year the funding is available. The revenue detail in the budget is on page 23 and 24 of the proposed budget.

Mayor/Chairperson Storey asked if anyone from the public wished to address the Council.

Debbie Johnson said the Chamber has been at her side as a merchant and as a property manager.

3. E. BUSINESS (Continued)

After Council/Agency discussion regarding the Capitola-Soquel Chamber of Commerce's request for an additional \$10,000, the following action was taken:

ACTION: Council Member/Director Graves moved, seconded by Mayor/Chairperson Storey, to direct staff to include the additional \$10,000 for the Capitola Soquel Chamber of Commerce in the RDA budget, and to bring back a contract and information from the Chamber on how that money will be spent for future consideration. The motion carried on the following vote: AYES: Council Members/Directors Graves, Norton, Nicol, Begun, and Mayor/Chairperson Storey. NOES: None. ABSENT: None. ABSTAIN: None.

F) Council/Director Comment, Discussion and Direction

City Manager/Executive Director Hill and Assistant to the City Manager Murphy went through a list of changes to the budget. The City Manager/Executive Director talked about the accounting errors that were corrected and said the final budget would be brought back for adoption.

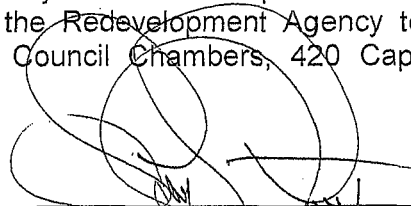
Council Member/Director Begun made a motion to bring back the final budget to the next budget session for final approval. Staff should highlight specific changes that have been made and at that point any motions or efforts to make particular changes will be possible.

Council Member/Director Norton seconded the motion.

ACTION: Council Member/Director Begun moved, seconded by Council Member/Director Norton, to direct staff to highlight specific changes that have been made in the draft budget and bring it back for Council/Redevelopment Agency consideration at the Special Joint Budget Study Session on Wednesday, June 2, 2010. The motion carried on the following vote: AYES: Council Members/Directors, Norton, Nicol, Begun, and Mayor/Chairperson Storey. NOES: Council Member/Director Graves. ABSENT: None. ABSTAIN: None.

4. ADJOURNMENT

The Joint Budget Study Session was adjourned at 9:32 p.m. to the next Regular Meetings of the Capitola City Council and the Redevelopment Agency to be held on Thursday, May 27, 2010, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.



Sam Storey, Mayor
Redevelopment Agency Chairperson

ATTEST:



Liz Nichols, Deputy City Clerk
Deputy Redevelopment Agency Secretary