

**CAPITOLA CITY COUNCIL
REGULAR MEETING ACTION MINUTES
THURSDAY, MAY 11, 2017**

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL – 7 PM

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Member Ed Bottorff: Present, Council Member Jacques Bertrand: Present, Mayor Stephanie Harlan: Present, Vice Mayor Michael Termini: Present, Council Member Kristen Petersen: Present.

City Treasurer Peter Wilk was present.

2. PRESENTATIONS

- A. Public Service Recognition Week Proclamation [120-40]
Mayor Harlan thanked the employees of Capitola and civil servants across the country.

3. ADDITIONAL MATERIALS

- A. Item 8.B -- Memorandum from Public Works Director Steven Jesberg regarding costs for the Capitola Branch Library
- B. Item 8.C -- Revised staff report regarding the City's Fee Schedule
- C. Item 8.D -- Public communication regarding the Zoning Code Update

4. ADDITIONS AND DELETIONS TO AGENDA- None

5. PUBLIC COMMENTS

Bob Edgren spoke to homeless issues.

6. CITY COUNCIL / CITY TREASURER / STAFF COMMENTS

Council Member Termini noted the Chamber of Commerce community awards dinner is May 19. He also thanked the City's Regional Transportation Committee (RTC) representative, Council Member Bertrand, who along with Supervisor McPherson asked that an upcoming study include both a rail trail and trail-only options. He praised the City's exemplary police department after receiving complimentary correspondence.

Council Member Bertrand said his RTC request reflected the community input he heard at Vision Capitola.

Council Member Petersen reminded the audience that the Human Race is May 13. She will participate representing the Community Action Board.

Mayor Harlan attended the California water conference for the County Sanitation District and shared information she learned. She also recently attended the League of California City's Monterey Bay Chapter dinner focusing on pensions and CalPERS.

City Treasurer Wilk said the Finance Advisory Committee received the proposed budget and is still working through it. He also participated in the oral board panel to replace departing Finance Director Mark Welch.

Community Development Director Rich Grunow updated the Council on the new Village sign policy enforcement. Business in violation were given 30 days to come into compliance.

City Manager Goldstein noted the draft budget has been distributed and will be available online. He attended the first Community Choice Aggregate power meeting with Council Member Bertrand. He thanked Director Welch for his time with the City.

Public Works Director Steve Jesberg told the Council the City has been unable to install the seasonal floating docks because it discovered that steel piles had broken underwater. In response to Council questions, he noted the Wharf repair design will take place when funding is available in the new fiscal year. Council Member Termini asked that a future agenda include a discussion of whether the City could use bonds based on Measure F funds to accelerate the project.

7. CONSENT CALENDAR

MOTION:	APPROVE THE CONSENT AGENDA ITEMS AS RECOMMENDED
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Ed Bottorff, Council Member
AYES:	Bottorff, Bertrand, Harlan, Termini, Petersen
ABSTAIN:	Harlan (Item 7.A)

- A. Consider the April 27, 2017, City Council Regular Meeting Minutes
RECOMMENDED ACTION: Approve minutes.
- B. Consider Section 218 Medicare-Only Agreement [630-10/500-10 A/C: Social Security Administration]
RECOMMENDED ACTION: Adopt **Resolution No. 4076** authorizing the initiation of division election procedures to enter a section 218 Medicare-only agreement between the City of Capitola and the Social Security administration for eligible employees.
- C. Award Contract for the Construction of the Highway 1 Enhanced Bike Lane Project (Green Bike Lanes) [770-05/500-10 A/C: D & M Traffic Services]
RECOMMENDED ACTION:
1. Award a contract to D&M Traffic Services for construction of the Highway 1 Enhanced Bike Lane Improvement Project with a base bid of \$51,775.37 for improvements along the 41st Avenue interchange and
 2. Authorize the Director of Public Works to issue a change order to add the Bay Avenue interchange and the Park Avenue interchange at the costs of \$25,194.98 and \$38,081.85 respectively pending adoption of a 2017/18 budget that includes an additional appropriation to this project.

8. GENERAL GOVERNMENT / PUBLIC HEARINGS

- A. Animal Service Agreement [400-10/500-10 A/C: Santa Cruz County Animal Services Authority (ASA)]
RECOMMENDED ACTION: Direct staff to work with the Santa Cruz County Animal Services Authority (ASA) to prepare the necessary documentation for Capitola to become a member of ASA, beginning July 1, 2017.

Police Chief Terry McManus presented the staff report including a history of animal services contracts and costs. He explained the City's community service officers (CSO) handle all animal calls during regular hours, and on-duty officers at other times. For the upcoming fiscal year, the ASA asked the City to join the Joint Powers Agreement (JPA) and Capitola requested a revised cost-sharing formula. The City averages 100 animal-related calls a year. The proposed plan for rejoining the JPA has costs phased in over four years, about \$9,500 more a year. The City also worked with Animal Services to design a new protocol that maintains local first response.

Council Member Termini confirmed the new program would reduce demand on CSOs. Mayor Harlan confirmed the program would have adequate response times and that the City would retain the right to leave the JPA in the future.

MOTION:	SUPPORT EFFORTS TO REJOIN THE ANIMAL SERVICES AUTHORITY AND DIRECT STAFF TO BRING BACK AN AGREEMENT
RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Ed Bottorff, Council Member
AYES:	Bottorff, Bertrand, Harlan, Termini, Petersen

B. Approve Design Costs for Capitola Branch Library [230-10/500-10 A/C: Noll & Tam Architects]

RECOMMENDED ACTION: Authorize an adjustment to the design contract for the Capitola Branch Library with Noll and Tam Architects in the amount of \$533,000 for: increased architectural costs; sub-consultant fees for such services as engineering and landscape architecture; and supplemental services such as furniture design and stormwater design, but not increasing the overall project budget.

Director Jesberg presented the staff report and history of the design contract and costs. These changes were listed but not highlighted when the total project budget of \$13 million was approved in January. The architectural firm has not been "nickel and diming" the City on early work and staff continues to have high confidence in its work.

David Tanza, project manager, discussed the process to date and the relationship with the design firm. He praised the clear focus and direction from staff and advisory boards that so far have prevented cost overruns.

Council Member Bottorff does not want to assume that the project will continue to come in on or under budget. Mayor Harlan shares concerns about the cost but supports the revised contract.

MOTION:	AUTHORIZE A \$533,000 INCREASE IN THE EXISTING CONTRACT WITH NOLL AND TAM FOR LIBRARY DESIGN SERVICES
RESULT:	ADOPTED [4 TO 1]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Jacques Bertrand, Council Member
AYES:	Jacques Bertrand, Stephanie Harlan, Michael Termini, Kristen Petersen
NAYS:	Ed Bottorff

C. Fee Schedule for Fiscal Year 2017/18 [390-40]

RECOMMENDED ACTION: Conduct the noticed public hearing on the proposed City Fee Schedule for Fiscal Year 2017/2018 and adopt the proposed Resolution repealing Resolution No. 4054 and adopting the new fee schedule.

Finance Director Welch presented the staff report. The Fee Schedule is the first step in the budget adoption process. Most cost increases are tied to a 3.1 percent rise in the Consumer Price Index, which relates to the cost-of-living adjustment in salaries.

Council Member Petersen confirmed the process for the new confiscation fee.

Mayor Harlan requested reducing the recently increased administrative appeal fee from \$500 to \$300. Council Member Bottorff said the current fee reduces frivolous appeals. Community Development Director Grunow confirmed that the actual cost is often much higher due to staff costs and that appeals increase costs to an applicant. There was consensus to keep the fee at \$500.

Council also asked about the reasoning behind the \$1,058 charge for Planning Commission review of a tree removal permit and after discussion, decided to continue approval to allow staff to research it.

MOTION:	APPROVE ALL FEES EXCEPT THE TREE PERMIT REVIEW FEE AND CONTINUE THE PUBLIC HEARING TO THE NEXT REGULAR MEETING	
RESULT:	CONTINUED [4-1]	Next: 5/25/2017 7:00 PM
MOVER:	Michael Termini, Vice Mayor	
SECONDER:	Ed Bottorff, Council Member	
AYES:	Ed Bottorff, Jacques Bertrand, Michael Termini, Kristen Petersen	
NOES:	Stephanie Harlan	

D. Zoning Code Update [730-85]

RECOMMENDED ACTION: Accept the staff presentation, discuss and provide direction on the proposed land use regulation to limit development on a third story to residential, and direct staff to initiate the public review of the Zoning Code.

Director Grunow noted the Council wished to revisit two items from the April 27 meeting and can address any other issues. He reviewed the Environmentally Sensitive Habitat Area map and definitions. Several parking lots and developed areas were included in the old map, which was reviewed by a qualified local biologist. The biologist added a section near New Brighton State Beach and removed other areas that do not meet the criteria.

Council Member Bottorff clarified the new designations and asked if it would preclude development near the McGregor Park. Director Grunow said it would need review under the California Environmental Quality Act.

In response to a public comment question from Bob Edgren, Director Grunow confirmed that within Brookvale Terrace the creek remains sensitive habitat but developed areas are removed.

Council Member Petersen confirmed that Monarch Cove was preserved. Council Member Termini asked what is the benefit to removing areas? Staff explained that

developed areas do not meet the definition and require biological studies and greater setbacks. Council accepted the new map while emphasizing that the City supports environmental preservation.

Senior Planner Katie Herlihy addressed a question about fee waivers for accessory dwelling units (ADUs) in exchange for a deed restriction. The existing provision has not been used and is hard to enforce, so the Planning Commission recommended removal. Council Member Bertrand would like to encourage more affordable housing. Council Member Bottorff agrees but does not want to create a problem with monitoring. Santa Cruz has a rental inspection program. Council Member Petersen does not want to allow a tenant to be displaced, but the program doesn't regulate rental rates, just income levels. Planner Herlihy noted several new changes proposed in the update increase the ability to add an ADU. Council consensus was to keep the existing language.

Planner Herlihy reviewed a question about restricting third-story uses to residential within the Village. Not many parcels have space to meet parking needs to expand to a third story. Restricting transient use could result in absentee-owner second homes and defeat the goal of having an evening population in the area.

Corrie Sid of the Capitola Hotel advocated for flexibility and support of the local business community rather than limiting options.


Council Member Bottorff wants to see only residential/hotel uses on third stories to support businesses. The Council concurred.

Planner Herlihy said if the Council supports the draft as revised, it can go out for a 60-day public review over the summer and return to the Planning Commission and City Council in late summer or early fall for adoption hearings.

MOTION:	ACCEPT THE CHANGES TO THE DRAFT ZONING CODE AND DIRECT STAFF TO BEGIN THE PUBLIC REVIEW PROCESS
RESULT:	APPROVED [UNANIMOUS]
MOVER:	Michael Termini, Vice Mayor
SECONDER:	Ed Bottorff, Council Member
AYES:	Bottorff, Bertrand, Harlan, Termini, Petersen

9. ADJOURNMENT

The meeting adjourned at 9:11 p.m.


Stephanie Harlan, Mayor

ATTEST:


Linda Fridy, City Clerk

MINUTES WERE UNANIMOUSLY APPROVED ON MAY 25, 2017