

April 22, 2010
 Capitola, California

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

**5:15 P.M. - CLOSED SESSION - CITY MANAGER'S OFFICE
 CAPITOLA REDEVELOPMENT AGENCY & CITY COUNCIL**

At 5:21 p.m. in the City Hall Council Chambers, Mayor/Chairperson Storey noted that all City Council Members/Redevelopment Agency Directors were present. He made an announcement regarding the items to be discussed in Closed Session, as follows:

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

Surf and Sand, LLC vs. City of Capitola
 Vieira Enterprises vs. City of Capitola (Cabrillo Mobile Estates)
 Los Altos/El Granada Investors vs. City of Capitola (Castle Mobile Estates)

CONFERENCE WITH LABOR NEGOTIATOR (Govt. Code §54957.6)

Negotiator: Rich Hill, City Manager
 Employee Organizations: Association of Capitola Employees, Capitola Police Captains, Capitola Police Officers' Association, Confidential Employees, Mid-Management Group, City Manager, Community Development Director, and Public Works Director

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

Property: Gottschalks Property, 1825 41st Avenue
 APN 034-261-51
 Agency Negotiator: Rich Hill, Executive Director
 Owner: Baskin Properties LLC
 Under Negotiation: Purchase of Property by Capitola Redevelopment Agency

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9:
 One Case

Mayor/Chairperson Storey noted there was no one in the audience; therefore, the City Council/ Redevelopment Agency recessed at 5:22 p.m. to the Closed Session.

CAPITOLA REDEVELOPMENT AGENCY (*See Redevelopment Agency Minutes*)

REGULAR MEETING OF THE CITY COUNCIL

Mayor Storey called the Regular Meeting of the City Council to order at 7:35 p.m. on Thursday, April 22, 2010, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

ROLL CALL AND PLEDGE OF ALLEGIANCE

PRESENT: Council Members Ron Graves, Dennis Norton, Kirby Nicol, Robert "Bob" Begun, and Mayor Sam Storey
ABSENT: None
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, Chief of Police Michael Card, Assistant to the City Manager Lisa Murphy, and City Clerk Pamela Greeninger

1. REPORT ON CLOSED SESSION [520-25]

Deputy City Attorney Cassman announced that the City Council/Redevelopment Agency convened at approximately 5:15 p.m. and reported that the City Council met in Closed Session on those items listed on the posted agenda, as follows:

The City Council/Redevelopment Agency Directors discussed each of the following cases of existing litigation and took no reportable action:

Surf and Sand, LLC vs. City of Capitola

Vieira Enterprises vs. City of Capitola (Cabrillo Mobile Estates)

Los Altos/El Granada Investors vs. City of Capitola (Castle Mobile Estates)

Conference with Labor Negotiator – The City Council met with its labor negotiators concerning all employee bargaining group negotiations. The Council received an update regarding ongoing labor negotiations and provided instructions with regard to those negotiations. No reportable action was taken in closed session.

Conference with Real Property Negotiator

Gottschalks Property, 1825 41st Avenue – Direction was given to the Agency's negotiator. No reportable action in Closed Session.

Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9 (One Case) - The City Council discussed one case of significant exposure to litigation and took no reportable action was taken in Closed Session.

2. ORAL COMMUNICATIONS

A. Additions and Deletions to Agenda – None

B. Public Comments

Linda Smith, President of the Capitola Historical Museum Board, announced that the Capitola Museum building will be receiving a Blue Plaque on Saturday, May 1, 2010, at 1 p.m. from the Museum of Art & History in Santa Cruz. She said the museum will be planning a special event to celebrate the Blue Plaque at the Museum.

C. Staff Comments – None

D. City Council/Treasurer Comments/Committee Reports

1) Mayor Storey announced and summarized the following Mayor's Proclamations he has made:

May 2010 - National Historic Preservation Month. He also acknowledged the receipt of a Blue Plaque from the Museum of Art and History that reads, "1967 – Capitola Historical Museum founded by Phil Walker," and he called upon the citizens to visit the Capitola Museum.

May 3 through 9, 2010 - Public Service Week. He recognized the work and contributions of public servants at all levels of government service – federal, state, country, city and town.

May 1, 2010, Silver Star Service Banner Day in the City of Capitola; the official day to honor the wounded, ill and injured troops and veterans of the City of Capitola, and to extend appreciation to The Silver Star Families of America and honor their commitment to our wounded, ill, injured and dying Armed Forces members and veterans.

May 2010 - Building Safety Month in the City of Capitola. Mayor Storey called upon citizens to recognize the contributions which building code officials make every day for our health, safety comfort, and quality of life.

2. D. ORAL COMMUNICATIONS (Continued)

2) Mayor Storey announced that May 9 through 15, 2010, is Bike Week, and he said there is a schedule of events on line.

3) Council Member Begun said he attended Santa Cruz County Library JPA meeting, and he would like to agendaize the situation presently occurring at the libraries at a future council meeting. He specifically would like to discuss the library's budget and library branch closures.

ACTION: It was the concurrence of the City Council to add that matter to a future Council meeting agenda.

4) City Treasurer Bertrand said he looks forward to receiving the upcoming proposed budget for FY2010/2011.

E. Committee Appointments1) **Consideration of the Art and Cultural Commission's Recommendation for Appointment to fill the Vacancy on the Commission. [1010-60]**

City Clerk Greeninger summarized the written agenda report.

Council Member Graves said he found it interesting that the one applicant from Capitola, Wioleta Kaminska, could not serve for 6 months.

ACTION: Council Member Nicol moved, seconded by Council Member Graves, to approve the Art & Cultural Commission's recommendation and appointed Jenny Shelton to fill the At-Large Member vacancy on the Capitola Art & Cultural Commission with a term ending December 31, 2010. The motion carried unanimously.

F. Approval of Check Register Report [300-10]

Chief of Police Card responded to a question from Council Member Norton pertaining to the purchase of plastic bags.

ACTION: Council Member Begun moved, seconded by Council Member Nicol, to approve the Check Register Reports dated April 2 and April 9, 2010, including checks numbered 62724 through 62787, in the amount of \$88,372.25, and checks numbered 62788 through 62852 in the amount of \$81,156.97, respectively; and payroll disbursements for the April 8, 2010, payroll in the amount of \$172,258.49, for a Grand Total of \$341,787.71, as submitted. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

3. **CONSENT CALENDAR**

Mayor Storey discussed the items listed on the Consent Calendar and 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 Graves pulled Item 3.C.

Mayor Storey advised Item 3.C. would be discussed at the end of the meeting following Other Business Item 5.F. (See discussion and action on Page 1,1659.)

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

3. CONSENT CALENDAR (Continued)

- 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 – The Special Meeting of April 7, 2010, and the Regular Meeting of April 8, 2010.**

ACTION: Council Member Norton moved, seconded by Council Member Begun, to approve the Minutes of the Special Meeting of April 7, 2010, and the Regular Meeting of April 8, 2010, as submitted. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

- C. **Award Contract to Robert A. Bothman, Inc., in the Amount of \$359,600 for Construction of Traffic Calming and Pedestrian Improvements contained in the Capitola Road Improvement Project.**

This item was pulled for separate discussion. (See discussion and action on Page 11659.)

- D. **Adopt Ordinance Amending Section 3.20.060 of the City of Capitola Municipal Code to Add Paragraph D. Pertaining to Year-End Appropriations. [2nd Reading] [330-05 Budget 2010/11]**

ACTION: Council Member Norton moved, seconded by Council Member Begun, to adopt Ordinance No. 945, Ordinance Amending Section 3.20.060 for the Capitola Municipal Code to Add Paragraph D. Pertaining to Year-End Appropriations, as submitted. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

- E. **Approve Request for Proposals for Grant Services relating to the Community Development Block Grant (CDBG) Economic Development Program and other Economic Development Grant Opportunities. [700-10/700-20]**

ACTION: Council Member Norton moved, seconded by Council Member Begun, to approve Request for Proposals for Grant Services relating to the CDBG Economic Development Program and other Economic Development Grant Opportunities, as submitted. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

4. PUBLIC HEARINGS

- A. **Public Hearing on Project Application #10-017, 809 Bay Avenue, to Consider Amendments to Capitola Municipal Code Chapters 17.27 and 17.60 to Allow Self Storage Facilities as a Conditional Use in the CC (Community Commercial) Zoning District and to Add Considerations for Approval of Such Use [Ordinance 1st Reading]; and to Consider a Conditional Use Permit to Allow a Self Storage Facility in a 37,518 Square Foot Space Located in the CC (Community Commercial) Zoning District, APN 035-021-43. Filed 3/5/10. Property Owner: Bay Creek Properties. Representative: Craig French. Presentation: Community Development Department. [730-10/730-85 Zoning Amendments]**

4. A. PUBLIC HEARINGS (Continued)

Senior Planner Bane summarized the written agenda report and recommended action. Senior Planner Bane and Community Development Director Goldstein responded to questions and comments from council members pertaining to the proposed zoning code amendments, the development agreement concept, how staff came to the conclusion that this project meets the new considerations, etc.

Council Member Nicol expressed concern about the word “layout” in paragraph 2 of Subsection F. of the proposed ordinance.

After discussion, Council Member Nicol said perhaps the paragraph could simply say, “The facility is not conducive to traditional retail uses.” Community Development Director Goldstein said he agreed with that recommended change.

Mayor Storey opened the item to the applicant at 8:17 p.m.

Craig French, Redtree Properties, said he presented the concept of the self storage use for this location at a previous meeting so he would not take the council’s time now going over that again. He is available for questions, as is their consultant, Mike Walsh, who is an expert with the self storage industry.

Mr. French responded to questions regarding energy efficiency, lighting, the security system, alarms, hours of operation, traffic, etc. Mr. Walsh said each customer would have access to the facility during hours of operation only. Mr. French also reminded the council that over the last 30 years no property tax has been generated on these premises because it was an educational facility, the County Office of Education. Taxing will be restored with the expiration of that lease, and the city and county will be getting the benefit of the valuation on that property.

Mayor Storey opened the public hearing for public comment at 8:24 p.m. Seeing no one, the public portion of the hearing was closed.

Council discussion was followed by this action:

ACTION: Council Member Graves moved, seconded by Council Member Nicol, to approve the recommended actions for Project Application #10-017, finding the proposed project exempt from CEQA pursuant to CEQA Guidelines Section 15301(c); to pass the proposed ordinance to a second reading with the removal of Subsection F, paragraphs 1 through 4, from the proposed ordinance; and approving a Conditional Use Permit to allow a self storage facility use at 809 Bay Avenue, Suite H, per the proposed development plan and subject to the “Conditions and Findings” for approval of Project Application #10-017.

There was further discussion of the proposed ordinance by council members.

Senior Planner Bane said the addition of these considerations specific to the self storage use was simply in response to the conceptual review where the city council and the planning commission had expressed concerns with this type of use and not wanting to allow that use in an area where it is inappropriate. He said it was an added layer of considerations for this specific use.

The City Clerk commenced calling the roll for a vote on the motion. Council Member Graves voted “Aye.” Council Member Norton said he was voting “Yes” for the project; however, he was voting “No” on the proposed ordinance, as he believes Subsection F should be left in the ordinance. *(Note: The roll call vote was not completed.)*

4. A. PUBLIC HEARINGS (Continued)

Council Member Begun asked about the motion on the floor. Council Member Nicol repeated the motion. Mayor Storey said the community development director is not recommending the removal of Subsection F from the ordinance, which is part of the motion.

Community Development Director Goldstein believes it would be in the city's best interest to have specific considerations associated with self storage use to help differentiate and help provide staff and future planning commissions with guidance in this regard.

Council Member Graves then amended his motion to include approval of the proposed changes to the ordinance with the removal of the word "layout" from Subsection F. paragraph 2., approval of the exemption from CEQA, and allowing the proposed storage facility at 809 Bay Avenue. Council Member Nicol accepted the amendment to the motion, which thereby approved the following action:

1. Found the proposed project is exempt from CEQA pursuant to CEQA Guidelines Section 15301(c), as submitted;
2. Passed the proposed Ordinance Amending the Capitola Municipal Code to Amend Section 17.27.060 to Allow Self Storage Facilities as a Conditional Use in the CC (Community Commercial) Zoning District and to Amend Section 17.60.030 to Add Considerations for Approval of a Self Storage Facility Use to a second reading, with the removal of the word "layout" from paragraph 2 of Subsection F; and
3. Approved a Conditional Use Permit to allow a self storage facility use at 809 Bay Avenue, Suite H, per the proposed development plan and subject to the "Conditions and Findings" for approval of Project Application #10-017, as submitted. *(NOTE: The Conditional Use Permit (CUP) for the approved self storage facility use is not valid until the ordinance becomes effective. The ordinance will become effective 30 days after the second reading, which will take place on May 13, 2010; therefore, the CUP will become valid on June 12, 2010.)*

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

5. OTHER BUSINESS

A. Traffic and Parking Commission Report on Parking Expansion Alternatives. [470-60]

Public Works Director Jesberg introduced this item and provided background on the Traffic & Parking Commission. He said the group has put a great deal of time and effort into their report. Following his introduction, Public Works Director Jesberg turned the presentation over to Gary Wetsel, Chairman of the Traffic & Parking Commission.

Utilizing a PowerPoint Presentation (*copy on file with the record for this item*), Mr. Wetsel discussed the parking needs analysis based on various demands, including, the current parking shortfall, a Village hotel, replacement of theater spaces, an Esplanade pedestrian walk, valet parking program and other new development. The committee identified the long-term parking needs with a low number of spaces being 325, and a high number of needed spaces at 799.

5. A. OTHER BUSINESS (Continued)

Mr. Wetsel shared a map of Capitola showing the roads leading into Capitola Village. He then identified the recommended development sites, including the existing parking lot at Pacific Cove parking lot, the lower portion of Pacific Cove Mobile Home Park, and a multi-level parking structure at the current parking lot site.

Mayor Storey asked what area the “lower portion” of Pacific Cove is. Mr. Wetsel said it only refers to the lower western portion of the mobile home park, not the current parking lot.

Mr. Wetsel then reviewed the capital costs. He said the cost for 113 spaces in the lower portion would be approximately \$1.35 million. To construct a multi-level parking structure with 500 spaces (175 existing spaces, plus 325 new spaces), the cost would be about \$9.5 million. He then identified funding sources for the improvements, including a hotel contribution, CDBG grants, EDA grants, and financing proceeds (bond sale, I-Bank loan, etc.).

Council Member Begun asked what the cost per space would be. Mr. Wetsel said it would be about \$19,000 per space. Mr. Wetsel then reviewed the anticipated annual costs and sources of funding to finance those annual costs.

Mr. Wetsel said the Traffic & Parking Commission recommendations for increasing the parking supply are to develop surface parking in the lower portion of Pacific Cove Mobile Home Park and to construct a multi-level structure on the Pacific Cove Parking lot site. On behalf of the Traffic & Parking Commission, Mr. Wetsel thanked the city council for the opportunity to work as a commission to look into ways to resolve traffic and parking issues in the city.

Mayor Storey thanked Gary Wetsel and all the commission members for their work.

Mr. Wetsel then responded to questions and comments from council members regarding the report.

Mayor Storey opened this item to the public at 9:21 p.m.

Ann Schroedel, Pacific Cove Mobile Home Park resident, expressed concerns about the proposal to construct 113 parking spaces in the lower portion of the mobile home park. She does not think it is possible to put that many spaces in the lower portion area. She commented on the city zoning the lower portion MHE (mobile home exclusive), with the intent of keeping it a mobile home park.

Carin Hanna, member of the Traffic & Parking Commission, explained there was a policy decision made by the city when it purchased Pacific Cove Mobile Home Park to move the residents from the upper lot to the lower lot. The residents were told they would have life tenancy there, but that coaches would be purchased by the city with the intention of, over a period of time, eventually eliminating the mobile home park.

Edward Maghakian, Pacific Cove Mobile Home Park resident since 1963, said he moved down from the upper level. He has heard Mrs. Hanna provide the same information about the city purchasing coaches for twenty years. He informed the council that the city manager at the time, Mr. Burrell, told him just the opposite. It was his understanding that he would be able to keep his home there since he was forced to move from the upper level to the lower level.

5. A. OTHER BUSINESS (Continued)

Sidney Jackson, resident of Pacific Cove Mobile Home Park since the early 1960's, said he moved from the upper level to the lower level after the city purchased the park. Mr. Jackson informed the council that the city manager at that time, Steve Burrell, also promised him that he would be able to stay there forever. Unfortunately there was nothing put in writing. Mr. Jackson went on to say that the report does not include any discussion about the possibility, the feasibility, or the desirability of building luxury apartments on top of the parking garage with spectacular ocean views that would sell for a great deal of money. This could help pay for the parking structure.

Gary Wetsel thanked Public Works Director Jesberg for all his help as the commission has gone through this process.

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to approve the staff recommendation to accept the Traffic and Parking Commission Report on Parking Expansion Alternatives.

Council Member Norton said he was not interested in paving a new area for parking, and he would not approve paving the lower portion of the mobile home park. He believes the city needs to move forward on a plan to provide a parking structure within the city. If the City wants a hotel in the village, we need the parking structure. This report includes steps for working toward a solution, and he would like to see the council give direction to move forward.

Council Member Norton suggested an amendment to the motion to give staff direction to move forward with a 3-story parking structure in our community. Mayor Storey asked if the proposed amendment was acceptable to the maker of the motion. Council Member Nicol said it was not.

Council Member Norton then made a substitute motion to direct staff to look into building a 3-story parking lot at the upper Pacific Cove parking area, to include looking into the economics of it, looking for funding for it, and having it progress along with the parking study that is being completed by consultants at this time.

Council Member Begun seconded the substitute motion.

There was further discussion of the substitute motion by council members and interest in staff verifying the historical record with respect to the intentions of the city at the time the mobile home park was purchased.

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

Mayor Storey then called for a vote on the main motion to accept the Traffic and Parking Commission Report on Parking Expansion Alternatives, as submitted. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

5. OTHER BUSINESS (Continued)

B. Santa Cruz Branch Rail Corridor Acquisition Review of City Support. [770-20]
Public Works Director Jesberg summarized the written agenda report.

Luis Mendez, Deputy Director of the Santa Cruz County Regional Transportation Commission, said the commission is considering purchasing the rail line for \$14.2 million at its meeting to be held on May 6, 2010. He then responded to questions of council members.

City Manager Hill asked what Mr. Mendez thinks the operating costs for the rail line would be with or without the freight service.

Council Member Nicol, the City's representative to the Santa Cruz County Regional Transportation Commission, said he could speak to that question. For the benefit of the public, Council Member Nicol then took some time to review the background of the Rail Corridor acquisition.

Mayor Storey commented on the City's railroad trestle and questioned if there were any plans regarding use of the trestle. Mr. Mendez said people generally are trespassing when they are walking on the rail lines. He also commented that constructing new bridges would cost a lot of money.

Mayor Storey opened the item to the public at 10:12 p.m. No one addressed the council.

Council Member Nicol commented on the railroad trestle in Capitola. He said, at the insistence of Council Member Begun, an evaluation was performed and the trestle was considered to be in good condition.

Council Member Norton commented that this is the most important purchase in our lifetime. This purchase will result in a 31-mile parkland for community access. He said the people in our community want this corridor, and it is our responsibility to support that action.

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

1. Reaffirmed the City of Capitola's support of the Santa Cruz County Regional Transportation Commission's acquisition of the Santa Cruz Branch Rail Corridor from Union Pacific Railroad and use of Proposition 116 funds for this purchase; and
2. Authorized the Mayor to send letters supporting the project to both the Santa Cruz County Regional Transportation Commission and the California Transportation Commission.

Under discussion of the motion, Council Member Begun asked if a train is required to run on the rail line in order to obtain the grant money. Council Member Norton said it was his understanding there are plans to do a recreation dinner train from Santa Cruz to Davenport, which is a private venture.

Mayor Storey said it was his understanding from the attorney for the SCCTRC at the public hearing on May 14, that a requirement of the Prop 116 monies is there would need to be a plan to provide rail service, but there was no timeline as to when the plan would need to be implemented, nor was there revocation if the plan was never implemented.

5. B. OTHER BUSINESS (Continued)

Luis Mendez said the current operators have expressed interest in excursion service once the rail line was purchased, and that they are taking steps to upgrade the line for such service in the future.

Mayor Storey said he would also like to attend the May 6th meeting of the Santa Cruz County Regional Transportation Commission.

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

C. Consideration of a Grant Request from the United Way of Santa Cruz County to Fund the Establishment of a 2-1-1 Health and Human Service Information and Referral System in the amount of \$5,000. [420-30/150-70]

Mayor Storey announced that he would be recusing himself from discussion of this item based on advice from legal counsel and the following factors: 1) He serves on the United Way Advisory Committee for the 2-1-1 System, 2) the agency for which he serves as executive director, Community Bridges, is a current recipient of United Way funding, and 3) Community Bridges would be receiving information and referral services from the 2-1-1 System. Mayor Storey left the Council Chambers at 10:21 p.m.

Vice Mayor Norton then asked for staff's report on this item. Assistant to the City Manager Murphy summarized the written agenda report. She said staff does not have this expense in the proposed budget at this time and is looking for direction from the Council.

Mary Lou Goeke recapped the service that would be provided by the 2-1-1 system and responded to questions of council members. She also commented on an email that was provided to the council tonight from Scotty Douglass, General Manager of the Santa Cruz Regional 9-1-1, supporting the implementation of 2-1-1 in Santa Cruz County.

Council Member Nicol said he is in favor of this program; however, he thinks Capitola should pay their fair share, and he is not sure \$5,000 is a fair share.

Ms. Goeke responded to questions regarding how they arrived at the funding numbers.

Council discussion was followed by this action:

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to look with favor upon the Grant Request from the United Way of Santa Cruz County to Fund the Establishment of a 2-1-1 Health and Human Service Information and Referral System and to add this request to the other grant requests the council will be considering during the 2010/2011 Fiscal Year budget review in the months ahead.

Vice Mayor Norton asked what the Council's direction would be to this agency. Council Member Nicol said his direction to United Way would be that the Council supports the proposal, and the city will provide some funding during the July 1, 2010, timeline. He said the fair share amount needs to be decided and then dealt with during the budget process.

Council Member Begun suggested they reconsider the apportionment of the four cities and the county on the basis of population.

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

5. OTHER BUSINESS (Continued)

Mayor Storey returned to the meeting at 10:38 p.m.

D. Consideration of a Santa Cruz County Tourism Marketing District. [1180-10 Tourism Marketing District - Administration]

Community Development Director Goldstein summarized the written agenda report and recommended action to adopt a resolution granting consent. He discussed the current proposal and concerns staff had regarding administrative costs associated with the collection of the assessment. He reviewed a revised resolution that adds Section 3 which provides, "the District Plan shall allow the City to be reimbursed for actual administrative costs associated with collection of the assessment."

The following people spoke in support of the proposed resolution granting consent to the County of Santa Cruz to form a Tourism Marketing District, and they answered questions of council members pertaining to the proposed district:

Maggie Ivy, Executive Director of the Santa Cruz County Conference and Visitor's Council
 Merry Crowen, Treasurer of the Santa Cruz County Hospitality and Lodging Association
 Ted Burke, owner of Shadowbrook Restaurant
 Carl Zach, Aspromonte Hospitality, also known as Santa Cruz Hotel Group (currently building the new Fairfield Marriott Hotel on 41st Avenue)

Council discussion was followed by this action:

ACTION: Council Member Nicol moved, seconded by Council Member Begun, to approve the staff's recommendation and adopted **Resolution No. 3809, Resolution Granting Consent to the County of Santa Cruz to Form the Santa Cruz County Tourism Marketing District (SCCTMD)**, as revised.

Under discussion of the motion, Council Member Norton said he believes a representative from each of the cities should be on the new board, or someone from the lodging industry from each of the cities, to make sure the board is balanced. He also believes it would be valuable to get feedback from the district, not just when the CVC is seeking funding.

Maggie Ivy said the lodging industry has been working with them to build countywide representation for the new lodging seats. Dede Harrington of Beach House Rentals has been nominated, and their board will be meeting to confirm that appointment. She said the 4th government seat is the Mayor's Select Committee seat, and Mayor Storey is being asked to possibly serve in that position. Carl Zach also sits on the CVC Board; so there will potentially be three Capitola representatives on the board.

Council Member Begun asked about stratifying. Ms. Ivy responded by saying they stratify what the conversion rate is. Their most recent study shows there is \$10 in local tax revenue generated from every dollar invested in the CVC. She also said she would be happy to come to a future meeting to present the research findings to the City Council.

Council Member Begun commented on his discussion with representatives of the hotel industry regarding the TOT tax and the proposed assessment rates for the proposed district.

After further discussion of the motion to adopt the revised resolution, Mayor Storey called for a vote. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

5. OTHER BUSINESS (Continued)

E. Oral Board for Recruitment of Community Development Director.

Mayor Storey asked if anyone in the audience wished to address this item. Seeing no one, he asked that Item 3.F. be reordered for discussion at this time since there are people in the audience who wish to address that item. The Council concurred. (*See discussion and action following Item 3.F. below.*)

F. Consideration to Support Senate Bill 810 pertaining to Health Care Coverage for California Residents. Staff recommendation: Council direction. [580-40]

Mayor Storey introduced this item and opened the matter to the public for comment.

Bill Linford, Treasurer of the Santa Cruz County Chapter of the Health Care for All California, thanked the City Council for the opportunity to speak to this issue. He summarized the provisions of the bill and said the plan does not require new funding. Mr. Linford said the proposed plan could save \$20 Million in administrative costs in the first year alone. Following his comments, Mr. Linford responded to questions and comments of council members.

A motion was made by Council Member Norton and seconded by Mayor Storey to send a letter of endorsement for Senate Bill 810 to the Governor and to the Senate. The motion failed on the following vote: AYES: Council Members Norton and Mayor Storey. NOES: Council Member Graves, Nicol, and Begun. ABSENT: None. ABSTAIN: None.

Mayor Storey thanked Mr. Linford for coming to the meeting to educate the Council on Senate Bill 810, and he said the Council will continue to watch the bill's progress.

The City Council then dealt with Item 5.E., which had been reordered.

E. Oral Board for Recruitment of Community Development Director. [650-05]

Community Development Director Goldstein summarized the written agenda report and responded to questions of council members regarding the recruitment process for the Community Development Director.

Council Members Norton and Graves expressed interest in sitting on the other panel (the Technical Panel of peers). Council Members Nicol and Begun said they would be interested in serving on the Community Panel.

City Manager Hill explained to the council that both groups come together at the end, which would mean there would be four council members in total, which would constitute a quorum and Brown Act noticing requirements. He recommended against having that situation occur.

Considerable Council deliberation was followed by this action:

ACTION: Council Member Norton moved, seconded by Council Member Begun, to include himself and Council Member Graves on the Technical Panel and Council Members Nicol and Begun to serve on the Community Panel of the Oral Board to select a new Community Development Director on Friday, May 14, 2010, from 9 am to 4 pm, and that only one of the two council members from each panel would attend the final discussion of panel members. The council members will determine which one from each panel will move on to the final round. The motion carried unanimously.

AT THIS POINT, ITEMS REMOVED FROM CONSENT CALENDAR WILL BE CONSIDERED

3. CONSENT CALENDAR (*Items pulled for separate discussion.*)

C. Award Contract to Robert A. Bothman, Inc., in the Amount of \$359,600 for Construction of Traffic Calming and Pedestrian Improvements contained in the Capitola Road Improvement Project. [940-40/500-10 A/C: Bothman, Robert A., Inc.]

Council Member Graves said he pulled this item as we have had a number of businesses change along Capitola Road since this project was first discussed, such as Whole Foods. He would have preferred to have had the project on an agenda before approving the contract for the project.

Public Works Director Jesberg said staff has spoken to Whole Foods and other businesses regarding the project.

Council Member Begun noted that Earthworks was the second to lowest bid and said we have a buy local program. Public Works Director Jesberg agreed the city does have a buy local policy which would be in the magnitude of 1 to 2%; however, the difference between these bids was about 9½% over the low bid.

Council discussion was followed by this action:

ACTION: Council Member Norton moved, seconded by Council Member Graves, to award a contract to Robert A. Bothman, Inc., in the amount of \$359,600 for construction of Traffic Calming and Pedestrian Improvements contained in the Capitola Road Improvement Project, as submitted. The motion carried on the following vote: AYES: Council Members Graves, Norton, Nicol, Begun, and Mayor Storey. NOES: None. ABSENT: None. ABSTAIN: None.

Council Member Norton thanked staff for its efforts on this project, saying it has taken over five years to get to this point.

6. COUNCIL/STAFF COMMUNICATIONS – None


7. ADJOURNMENT

The City Council adjourned at 11:49 p.m. to a Special Joint Budget Study Session of the City Council/Redevelopment Agency to be held on Wednesday, May 12, 2010, at 6:00 p.m. in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.



Sam Storey, Mayor

ATTEST:



Pamela Greeninger, MMC
Pamela Greeninger, City Clerk