

**CAPITOLA CITY COUNCIL
SPECIAL JOINT MEETING
CAPITOLA CITY COUNCIL/SUCCESSOR AGENCY
TO THE FORMER REDEVELOPMENT AGENCY
JOINT BUDGET STUDY SESSION
THURSDAY, MAY 22, 2013 - 6:00 PM**

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Members Ed Bottorff, Michael Termini, Sam Storey, and Mayor Stephanie Harlan. Council Member Dennis Norton arrived at 6:10 p.m.

City Treasurer Kym DeWitt was absent.

2. GENERAL GOVERNMENT/PUBLIC HEARINGS

- A. Presentation of the proposed 2013/2014 Fiscal Year Budget for the City of Capitola General Fund, the Capitola Successor Agency, and an overview of the Capital Improvement Program. [330-05/780-30]

Finance Director Hannah provided an overview of the Fiscal Year 2013/2014 Budget which included an update on the City's Reserves and General Fund finances, and a summary of key revenues/expenditures. She reviewed the following: (1) Measure O revenues; (2) sales tax revenues; (3) estimated revenue from Lower Pacific Cover Parking Lot; (4) salary expenditures; (5) post employment benefit contributions; and (6) additional contributions to Information Systems and Equipment Funds. She also reviewed proposed projects for Fiscal Years 2012/2013, 2013/2014 and 2014/2015. Ms. Hannah presented estimated personnel changes for Fiscal Year 2012/2013 and proposed personnel changes for Fiscal Year 2013/2014.

City Manager Goldstein stated that as a result of the City's settlement with Lexington Insurance Company (in relation to the March 2011 pipe failure claim) staff is suggesting allocation of \$1.145 million in settlement funds to the following: (1) Long-term obligation reduction (\$500,000); (2) Capital Improvement Projects (\$145,000); and (3) Reserves (\$500,000). He reviewed options to reduce the City's following long-term obligations: (1) Pay down Santa Cruz County Bank or IBank debt; (2) adjust Miscellaneous Employees' Memorandum of Understanding; and (3) establish a PERS prepayment Fund. Mr. Goldstein reviewed various financial risks and assumptions.

Council Member Storey requested that staff look into maintaining the grant-funded police officer position. He asked about the long-term justification for the proposed Environmental Services Manager; he requested that Council be provided with a job description. He also requested a report on the City's debt service obligation over the long-term (e.g. pension obligation and Measure D funds), and that staff provide recommendations for allocating funds for Capital Improvement Projects using the City's settlement funds.

Public Works Jesberg stated that beginning July 1, 2013, the City is charged with implementing Phase II of the Storm Water Management Program requiring significant reporting/monitoring/implementation; therefore staff is recommending the Environmental Services Manager position.

Council Member Termini stated that the City's goal is to maintain clean and safe streets; therefore the next three years should focus on public safety and public works staffing.

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Public Works Jesberg provided a list of the following proposed Fiscal Year 2013/2014 Capital Improvement Projects utilizing the City's settlement funds: (1) Improvements at the intersection of Monterey Avenue/Park Avenue; (2) Hill Street pedestrian improvements; and (3) Rispin Park improvements.

Mayor Harlan suggested regular sidewalk cleaning in the Village be added to the proposed Fiscal Year 2013/2014 Budget.

Council Member Norton requested that a Council discussion occur regarding Stockton Avenue/Esplanade intersection due to a public safety issue.

Council Member Termini requested that City Council receive a benchmark debt ratio between the City's long-term debt and revenues.

Council Member Bottorff asked for clarification regarding City staffing levels.

City Manager Goldstein responded that there exists strategic opportunities to increase the staffing level to maximize benefits to the City to support service demands and state/federal requirements.

Mayor Harlan asked when revisions to the City's zoning code will be agendized for Council approval.

Community Development Director Grunow responded that DC&E is drafting new zoning ordinances which will be provided to the City Council in the Spring of 2014.

TJ Welch, local resident, provided suggestions regarding personnel benefits, Community Based Health and Human Service Providers Grants, and activities for children in the community (e.g. skate park).

Council Member Termini requested that the Mayor and one Council Member review the Community Based Health and Human Service Providers Grant applications. (Mayor Harlan asked for a Council Member to assist her in reviewing the applications; Council Member Termini accepted).

Administrative Services Director Murphy stated that presentations from the various grant applicants are scheduled for the May 30, 2013, Special Budget Study Session; she will provide the applications to Mayor Harlan and Council Member Termini for review.

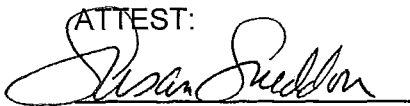
No City Council action required for this item.

3. ADJOURNMENT

Mayor Harlan adjourned the meeting at 7:30 p.m. to the next Regular Meeting of the City Council to be held on Thursday, May 23, 2013, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

Chairperson Harlan adjourned the meeting at 7:30 p.m. to the next Special Budget Study Session of the City Council on Thursday, May 23, 2013 at 6:00 PM, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.


Stephanie Harlan, Mayor

ATTEST:

Susan Sneddon, City Clerk CMC

MINUTES WERE UNANIMOUSLY APPROVED ON JUNE 13, 2013