

**CITY OF CAPITOLA  
CITY COUNCIL/REDEVELOPMENT AGENCY**

**January 26, 2012  
Capitola, California**

**MINUTES OF A REGULAR JOINT MEETING**

**5:00 P.M. — CLOSED SESSION — CITY MANAGER'S OFFICE**

**CALL TO ORDER**

At 5:00 p.m. in the City Hall Council Chambers, Mayor/Chairperson Termini noted that all Council Members/Redevelopment Agency Directors were present. Mayor/Chairperson Termini made an announcement regarding the items to be discussed in Closed Session, as follows:

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to subdivision (b) of Govt. Code §54956.9:  
Two cases: 1) Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park  
2) Pacific Cove Mobile Home Park Flooding and Closure

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

Kevin Calvert, D.D.S. and Pamela Calvert vs. City of Capitola, et al. [Superior Court of the State of California for County of Santa Cruz, Case #CV 172804]

**CONFERENCE WITH LABOR NEGOTIATOR (Govt. Code §54957.6)**

Negotiator: Jamie Goldstein, City Manager  
Employee Organizations: Association of Capitola Employees, Capitola Police Captains, Capitola Police Officers Association, Confidential Employees, Mid-Management Group, and Department Head Group

**LIABILITY CLAIMS (Govt. Code §54956.95)**

Claimant: William Hoey Morris  
Agency claimed against: City of Capitola

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code §54957)**

Title: City Manager

**Mayor/Chairperson Termini** noted that there was no one in the audience; therefore, the City Council/Redevelopment Agency recessed at 5:05 p.m. to the Closed Session in the City Manager's Office.

**6:00 P.M. – OPEN SESSION****REGULAR JOINT MEETING OF THE CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY****CALL TO ORDER**

**Mayor/Chairperson Termini** called the Regular Joint Meeting of the Capitola City Council/Redevelopment Agency to order at 7:00 p.m. on Thursday, January 26, 2012, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

**1. ROLL CALL AND PLEDGE OF ALLEGIANCE**

**PRESENT:** Council Members/Directors Stephanie Harlan, Dennis Norton, Kirby Nicol, Sam Storey, and Mayor/Chairperson Michael Termini

**ABSENT:** None

**OTHERS:** City Treasurer Jacques Bertrand and Interim Redevelopment Agency Treasurer Jamie Goldstein

**STAFF:** City Manager/Executive Director Jamie Goldstein, Assistant City Attorney/General Counsel Adair Paterno, Interim Community Development Director/Deputy Executive Director Susan Westman, Public Works Director Steve Jesberg, Interim Finance Director Bill Statler, and City Clerk/Secretary Susan Sneddon

**2. PRESENTATIONS (None provided)****3. REPORT ON CLOSED SESSION [520-25]**

**Assistant City Attorney Paterno** stated that Council discussed the items listed on the Closed Session Agenda. She reported that the City Council had a conference with their legal counsel regarding two cases: (1) Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park; and (2) Pacific Cove Mobile Home Park Flooding and Closure. No reportable action was taken. The City Council had conference with legal counsel regarding existing litigation, entitled Kevin Calvert, D.D.S. and Pamela Calvert vs. City of Capitola. Assistant Attorney Paterno reported that the City Council provided direction to legal counsel but took no reportable action. She stated that the City Council had a conference with their labor negotiator and took no reportable action. She also stated that the William Hoey Morris vs. City of Capitola liability claim will be considered by the City Council on the Consent Agenda in open session this evening. In addition the City Council had a public employee performance evaluation of its City Manager with no reportable action.

**3. ORAL COMMUNICATIONS**

**A. Additions and Deletions to Agenda (none provided)**

**B. Public Comments:**

**Marilyn Garrett** spoke against the SmartMeters and submitted written material for Council.

**Molly Ording, Capital Village Residents' Association (CVRA) representative**, stated she will provide the CVRA with a report of tonight's City Council actions.

**C. Staff Comments (None provided)****D. City Council/RDA Director/Treasurer Comments/Committee Reports (None provided)****E. Committee Appointments (None provided)****F. Approval of Check Register Reports**

1. **City: Approval of City Check Register Reports dated January 6, 2012, and January 13, 2012. [300-10]**

*Motion by Council Member Norton, seconded by Council Member Storey, to approve the Check Register Reports dated January 6, 2012, and January 13, 2012. The motion was unanimously carried.*

2. **RDA: Approval of Redevelopment Agency Check Register Report dated January 13, 2012. [760-25]**

*Motion by Director Norton, seconded by Director Nicol, to approve the Redevelopment Agency Check Register Reports dated January 13, 2012. The motion was unanimously carried.*

**5. CONSENT CALENDAR**

- A. **Deny liability claim of William Hoey Morris in the amount of \$1,500 and forward to the City's liability insurance carrier. [Claims Binder]**

*Action: Liability Claim denied.*

- B. **City/RDA: Receive RDA Quarterly Treasurer's Report for the quarter ended December 31, 2011. [760-25]**

*Action: Minutes were approved.*

- C. **Receive City Treasurer's Report for Month ended December 31, 2011 (Unaudited). [380-30]**

*Action: Received and Filed.*

## 5. CONSENT CALENDAR (continued)

**D. Consideration of approval of City's participation in PG&E On-Bill Financing Program for retrofit of City-owned streetlights to energy-efficient LED lights. [940-55/500-10 A/C: PG&E]**

***Action: (1) Approval of a PG&E Off-Bill Financing Loan Agreement authorizing the City's participation in PG&E's On-Bill Financing***

***Program; (2) Approval of a PG&E Products and Services Agreement for the retrofit of city-owned streetlight to LED lights; and (3) Authorization the Public Works Director to sign both agreements on behalf of the City.***

***Motion by Council Member/Director Harlan, seconded by Council Member/Director Nicol, to approve the Consent Calendar. The motion was unanimously carried.***

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS

**A. Consideration of concept plans for the skate park and related improvements at Monterey Park. [1040-20]**

***[NOTE: The City Council received additional materials on this item.]***

**Public Works Director Jesberg** provided a brief background of this item. He stated that in November 2011 staff provided Council with a work plan for the development of a skate park at Monterey Park and authorized staff to prepare a preliminary plan. He provided a PowerPoint presentation of Dreamland Skatepark's concept plans.

**Mark Scott, Dreamland Skateparks**, provided an overview of the skate park concept plan.

The following members of the public spoke against the proposed skate park at Monterey Park.

Chris Bowman, 714 Orchid Avenue, Capitola.

Al Globus, 219 Junipero Court, Capitola.

Nancy Stucker, Capitola resident.

Harley Robertson, Soquel Elementary School District Assistant Superintendent of Business Services.

Marilyn Warter, 218 Junipero Court, Capitola.

Helen Bryce, 722 Orchid Avenue, Capitola.

Karla Sorensen, Orchid Avenue, Capitola.

Glenn (no last name provided), Capitola resident.

David Nazareth, Monterey Avenue, Capitola resident.

Sandra Wallace, Capitola resident.

Lisa Steingrube, 701 Monterey Avenue, Capitola

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

Cheryl Devline, Monterey Avenue, Capitola.

Bob Mitchell, 710 Orchid Avenue, Capitola.

The following members of the public spoke in favor of the proposed skate park at Monterey Park.

Tori Delfavero, Capitola Public Skate Park Treasurer.

Emily Martin, Capitola resident.

Kamel Arona, Capitola resident.

Derek (no last name provided), Santa Cruz County resident.

Thomas Freel, Santa Cruz County resident.

Michele Shearer, Capitola resident.

Danny (no last name provided), Santa Cruz County resident.

Jason Smedley, Santa Cruz County resident.

Christy Hadland, Santa Cruz County resident.

Terry Champion, Santa Cruz County resident.

Seth (no last name provided), Santa Cruz County resident.

Shah Tupman, Capitola resident.

Trisha Proctor, Capitola resident.

Marie Margarella, Capitola resident.

Jacques Bertrand, Capitola resident.

Jason Miller, Santa Cruz resident.

Travis (no last name provided), Capitola resident.

Brian (no last name provided), Capitola resident.

Richard Lippi, Monterey Avenue, Capitola.

Jake (no last name provided), Capitola resident.

Jordon (no last name provided), Capitola resident.

Judi Oyama, Capitola resident.

Kyle (no last name provided), Capitola resident.

Kaleb (no last name provided), Capitola resident.

Kyle Foster, Capitola resident.

Kevin Skinner, Capitola resident.

TJ Welsh, Capitola resident.

Evan (no last name provided), Capitola resident.

Brandon Irwin, Capitola resident.

Ben and Joe Miller, Capitola residents.

6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**Timothy Wagner, Wagner Family Trust representative**, requested that the City Council table this item until there is more extensive public noticing.

**Mayor Termini** closed the public comment period for this item.

**City Council discussion ensued regarding this item.**

**Council Member Nicol** made a motion to redesign the skate park more for used by preteens, not to remove the trees, to reduce the proposed park size to a maximum of 6,000 square feet, to “soften” the park features so they are safer and less noisy, and for the City to commit to the site at Monterey Park.

**Council Member Norton** stated that he is in favor of the replacement trees because it would provide a better skating bowl with minimal change to the contour of the land. He stated that he prefers a 7,000-square-foot design. He said he would second the motion if Council Member Nicol removed his motion regarding the removal of the trees.

**The motion failed for lack of a second.**

**Council Member Harlan** stated that it is premature to make a motion on this item until further study is completed. She suggested that the organizers of the proposed skate park come back to the City with a revised plan.

**Mayor Termini** stated that the City needs to provide a skate park for the youth in the community, and he is favor of Monterey Park location; however, it may need to be reduced in size. He stated the City Council needs to listen to the community and their desires; he suggested that more studies take place to address intensification issues.

***Motion by Council Member Nicol, seconded by Mayor Termini, to return to Council with a revised 6,000-square-foot skate park design at Monterey Park and to not replace the trees. The motion carried on the following vote: AYES: Council Member Norton, Council Member Nicol, and Mayor Termini. NOES: Council Member Harlan, and Council Member Storey. ABSENT: None. ABSTAIN: None.***

**Public Works Director Jesberg** stated that the next step is for staff to work with the fundraisers, neighbors, and the community regarding Council’s proposal; this item will come back to Council at a future City Council meeting.

**Mayor Termini** called for a ten-minute recess from 9:32 p.m. to 9:42 p.m.

B. **Consideration of a financing plan for the Pacific Cove Mobile Home Park closure. [260-10/330-10]**

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**Interim Finance Director Statler** introduced this item. He stated that on January 12, 2012, Council approved the Relocation Impact Report for the closure of City-owned Pacific Cove Mobile Home Park. He stated the cost of the relocation project is estimated at about \$2.2 million, including a professional relocation consultant to assist residents in locating suitable replacement housing. He stated the best option available for funding this project is to spread the one-time cost over time; the annual debt service costs are estimated to range between \$225,000 – \$250,000 depending on the terms and interest rate. He reviewed the two most likely funding sources; City's Housing Trust Fund (25%) and the General Fund (75%). He suggested sending out requests for proposals to select a lender in order to obtain the best financing rate. He suggested using the City Hall as a capital asset for collateral, or the underlying land with Capitola Financing Authority (FAC) with the lease-revenue structure. He stated that FAC would rent the facility back to the City, and the City's rent payments would be equal to the debt service payments. He recommended using professional assistance to ensure that the City receives the best market response. He recommended the City contract with KNN Public Finance for financial advice and assistance with the RFP process, and for bond counsel he suggested Jones Hall. He recommended the following: (1) adopt of the draft resolution implementing the financing plan for the Park relocation; (2) amend the City's Fiscal Year 2011/2012 Budget to include \$2.375 million in additional revenue from debt proceeds and authorize its expenditure pursuant to this financing plan; and (3) authorize staff to issue the six-month written notice of termination of tenancy to the residents of the Park.

**Council Member Nicol** asked about the draft notice of termination to be mailed to the Park tenants regarding when they need to vacate.

**City Manager Goldstein** responded that this is the required notice under the Civil Code Section 798.56(G); state law requires that before you terminate someone's tenancy in a mobilehome park, you must approve a Relocation Impact Report and provide a notice of termination 180 days in advance.

**Council Member Storey** asked for clarification on the type of adjustments needed in the Fiscal Year 2012/2013 Budgets. He asked about the possibility of delaying this proposal until the City is able to determine the disposition of the Park property. He felt the City could apply for a grant that would defray a large portion of the expense.

**City Manager Goldstein** stated that at this time it is difficult to predict the Fiscal Year 2012-2013 Budget; the costs for this proposal will be incorporated in various funding options. He listed significant concerns associated with delaying this proposal: (1) project timelines; (2) possibility of future flooding; and (3) the current condition of the mobilehome park. He stated that most grant programs focus primarily around habitat restoration and include long-term conditions/restrictions.

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**Council Member Norton** stated that he misspoke at the January 12, 2012, City Council meeting regarding the percentage of homeowners sub-renting at the Park; the correct number is three individuals who are sub-renting.

**Mayor Termini** opened the public hearing.

**Ann Schroedel, Pacific Mobile Home Park resident**, stated concerns regarding the Relocation Impact Report.

**John Hannon, Law Office of John Hannon II**, suggested that staff meet with residents of the Park to address their concerns prior to approving a financial plan.

**Carol Lerno, Pacific Cove Mobile Home Park, Space 66**, suggested delaying the implementation of the financial plan until the City deals with the pending lawsuits regarding the Park's flooding.

**Nels Westman, Capitola resident**, stated that the Park property is unsafe for mobile homes, and the City should move forward with the finance plan and the Park closure.

**Dr. Jackson, Pacific Cove Mobile Home Park, Space 83**, stated that residents of the Park need fair compensation in order to relocate.

**Mayor Termini** closed the public hearing.

**Council Member Harlan** stated that long-term residency was never in the plan. She supports the proposed financial plan; however we may be "putting the cart before the horse." She wants to know how the City will pay for the Park closure; the priority at this time is to have a balanced budget with adequate reserves.

**Council Member Norton** stated that \$2.4 million is a poor investment to take back this property and convert it to bare land. He supports moving forward on the proposed financial plan.

**Council Member Storey** stated that he supports the Park's closure. His concerns regard servicing this debt; the Rispin property is not a likely source of revenue to fund this debt. He suggested that staff prepare some preliminary Fiscal Year 2012/2013 budget projections.

***Motion by Council Member Nicol, seconded by Council Member Norton, to approve the staff recommendations for this item.***

**Mayor Termini** stated that he is in favor of the Park closure. He asked if the Relocation Impact Report consultant is certain that there is sufficient housing stock to fulfill the City's obligation for relocating the low-income-household tenants.



## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**City Manager Goldstein** responded that with Council's approval the City will be issuing a six-month written notice of termination of tenancy and approving incurring costs related to the financing. He stated that the City could begin incurring costs associated with the Park closure within the next several weeks.

**Interim Finance Director Statler** stated that one option would be for the City Manager to be authorized to accept the best proposal and lender so an interest rate can be locked, or form a City Council subcommittee to review the proposals and make the final decision on a lender.

**David Brodsky, KNN Public Finance**, stated an alternative would be for the City Manager to communicate with the City Council regarding the various rates as stated in the proposals; it takes approximately one month for the documents to be drafted allowing staff time to proceed with the loan.

**City Manager Goldstein** recommended that a City Council subcommittee be formed to review the different proposals to facilitate the decision making process and report back to the City Council.

**Council Member Norton amended the motion for Council Member Nicol and Mayor Termini to be on a subcommittee to review the requests for proposals.**

**Motion by Council Member Nicol, seconded by Council Member Norton, to approve the staff recommendations as listed below and amend the motion to form a subcommittee comprised of Council Member Nicol and Mayor Termini along with the City Manager and the Finance Director to give the final approval on the lender.**

- 1. Adopt Resolution No. 3907 implementing the financing plan for the Pacific Cove Mobile Home Park relocation;**
- 2. Amend the Fiscal Year 2011/2012 budget to include \$2.375 million in additional revenue from debt proceeds and authorize its expenditure pursuant to this financing plan;**
- 3. Authorize staff to issue the six-month written notice of termination of tenancy to the residents of the Pacific Cove Mobile Home Park.**

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

- C. Consideration of a contract with AutoTemp in an amount not to exceed \$117,500 for relocation of the Pacific Cove Mobile Home Park residents and authorizing the City Manager to execute a contract. [260-10/500-10 A/C: AutoTemp]

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**Housing/Redevelopment Planner Foster** provided a brief history of this item. He stated that requests for proposals were issued in December 2011; two proposals were received, and staff is recommending AutoTemp provide relocation services. He stated that there are thirty-six households needing relocation assistance over a six-month period.

**Council Member Nicol** asked if staff could provide relocation assistance.

**Housing/Redevelopment Planner Foster** responded that there is not sufficient City staffing to be actively involved with the relocation process.

**Mayor Termini** opened this item for public comment.

**Carol Machado Lerno, resident of Pacific Cove Mobile Home Park**, suggested that the \$117,500 for relocation services go to the Park residents instead of to the proposed contractor; she also suggested that if the City does contract with AutoTemp that a representative from the Park be involved in any discussions related to relocation of the residents.

**City Manager Goldstein** stated that the primary service provided by the relocation consultant is to verify the different benefits that the Park residents are entitled to under the Relocation Impact Report and State law. He stated that there is an appeal process the residents can undertake if they are not happy with the relocation decisions.

**Mayor Termini** closed this item for public comment.

**City Manager Goldstein** stated that there are multiple reasons for contracting for these services: (1) City staff lacks the time to provide the services over the next six months; (2) a portion of these services require specialized skills; and (3) these services need to be provided by a company with experience to ensure that services are done correctly; he has been advised that the process works better using a third party. He stated that staff will help with this process to help reduce some of the costs.

***Motion by Council Member Norton, seconded by Council Member Harlan, to approve a contract with AutoTemp in an amount not to exceed \$117,500 for relocation of the Pacific Cove Mobile Home Park residents, and authorizing the City Manager to execute a contract. The motion was unanimously carried.***

D. **Consideration of the following: (1) Adoption of an amended Enforceable Obligation Payment Schedule (EOPS); and (2) Ongoing funding for Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council. [760-10/760-25]**

***[NOTE: The City Council received additional material on this item recommending ongoing funding for Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council].***

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**Interim Community Services Director Westman** introduced this item. She stated that pursuant to Assembly Bill 26 redevelopment agencies are to be terminated, and the City Council needs to adopt an Enforceable Obligation Schedule no later than January 31, 2012. She stated that the City's Redevelopment Agency attorney has advised the creation of an extensive list of redevelopment funding needs. She stated that staff will need to bring back to Council an amended list in February 2012 because of some uncertainties regarding interpretation of the law.

**Council Member Storey** stated a concern regarding the City's ongoing funding to the Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council (SCCCVC) are on the proposed list.

**Interim Community Services Director Westman** stated that staff was advised to list both the Capitola Chamber of Commerce and the SCCCVC on the EOPS because they have been part of the City's Redevelopment Agency's budget; the new law does not allow a contract with a third party.

**Mayor Termini** stated that there appears to be a timing issue because both the Capitola Chamber of Commerce and the SCCCVC depend on support from local government, and it will take six months to figure out what tasks the Successor Oversight Board will be charged with.

**Interim Community Services Director Westman** stated that the City will most likely not receive funding; however, the City's redevelopment attorney recommends that staff list all items on the EOPS. She stated that the City has not distributed funds to the Chamber and SCCCVC this fiscal year (both were listed in the City's Redevelopment Agency budget); they have not been paid due to the uncertainty of the future of the City's Redevelopment Agency.

**Mayor Termini** stated that funding the Capitola Chamber of Commerce and the SCCCVC will affect the City's Fiscal Year 2011/2011 Budget, and there will be similar requests for the Fiscal Year 2012/2013 Budget.

***Motion by Council Member Norton, seconded by Council Member Storey, to adopt an amended Enforceable Obligation Payment Schedule (EOPS). The motion was unanimously carried.***

**Mayor Termini** opened the public comment period.

**Maggie Ivy, SCCCVC CEO and Executive Vice President**, stated that the City has partnered with the SCCCVC for fifteen years. She commented that funding received from the Santa Cruz County Tourism Marketing District is restrictive and is not meant to replace funding provided by public agencies.

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

**Carin Hanna, Craft Gallery**, stated that she supports the City's continued funding to the SCCVC.

**Carol Machado Lerno, resident of Pacific Cove Mobile Home Park**, stated that it only costs the City \$62 per day to continue funding the SCCVC.

**Dan Aspromonte, Best Western and Marriott Fairfield Inn**, provided his support for the SCCVC.

**Toni Castro, Capitola/Soquel Chamber of Commerce**, thanked the City Council for their continued support. She briefly discussed benefits that the Chamber provides the City.

**Mayor Termini** closed the public comment period for this item.

*Motion by Council Member Harlan, seconded by Council Member Storey, in support of the City providing ongoing funding for Capitola Chamber of Commerce and Santa Cruz County Conference and Visitors Council. The motion was unanimously carried.*

## E. Consideration of a staff report analyzing the Finance Advisory Committee Report regarding Long-Term City Revenue/Expenditure Projections. [330-40]

**Mayor Termini** stated that the Finance Advisory Committee is not available to present this item, so it is being continued to a future Council meeting.

*Council Member Harlan moved, seconded by Council Member Storey, to continue this item to a future City Council Agenda when members of the Finance Advisory Committee are available.*

## F. Consideration of a contract for public opinion polling. [160-50/500-10 A/C: City of Santa Cruz/Bregman &amp; Associates or FM3]

**Interim Finance Director Statler** provided a brief history of this item. He stated that the City needs to ensure long-term fiscal health and service levels; the Council may want to explore a revenue ballot measure. He reviewed the steps in pursuing a revenue ballot measure, which includes a public opinion survey to assess the feasibility. He suggested that if Council wants to consider a measure on the November 2012 ballot, they need to move forward with the public opinion research so the results are available by March 2012. He stated that the revenue concepts that came out of the City Council and the Finance Advisory Committee Joint Study Session held in October 2011 included looking at improving the City's cost recovery and possibly increasing sales tax and the transient occupancy tax. He reviewed the following steps for successful measures: (1) feasibility assessment whereby public opinion research and assessments are done; (2) educational campaign; and (3) community-based group to campaign for its

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

passage. He suggested that if the City Council wants to conduct public opinion research, they could consider a contract with Fairbank, Maslin, Maullin, Metz and Associates (FM3), a recognized leader in the field of public opinion polling in California.

**City Council discussion ensued regarding various options in conducting public opinion polling.**

**Mayor Termini** opened the public comment period for this item.

**Carin Hanna, Craft Gallery**, asked how much a one-quarter-cent increase in sales tax would result in annually. (**City Manager Goldstein** replied that the increase would amount to approximately \$900,000 per year; possibly \$1 million per year increase after Target is open). Ms. Hanna stated as a retailer she supports an increase in sales tax.

**Dan Aspromonte, Best Western and Marriott Fairfield Inn**, expressed concerns regarding increasing the TOT.

**Mayor Termini** closed the public comment period for this item.

**Council Member Nicol** stated that tourists typically do not select their destination based on TOT. He stated that he believes most residents are not in favor of any type of tax increase; the community finds that the most popular taxes are those that somebody else pays. He stated the last survey indicated that 17% of the sales tax paid in the City was paid by the residents. He stated that currently there is Measure "D" (to sunset in year 2017) which is a one-quarter-cent sales tax. He stated it is reasonable to ask the voters to approve an additional one-quarter-cent sales tax. He stated that in order for the voters to approve a sales tax increase, the City would need to demonstrate that expenditures have been reduced and that the City plans to spend the added revenue for projects, such as deferred street maintenance. He stated that if the City does a sales tax measure, it should be a General Fund Tax because it may be unlikely that the required 51% of voters would approve a tax increase. He stated that he does not support a TOT increase. In addition, he does not support spending \$23,000 for a public opinion survey; instead the City can make a case with the mid-year budget report. He asked about the approximate cost to put a measure on a ballot. (**City Manager Goldstein** responded approximately \$5,000).

**City Council discussion ensued regarding this item.**

**Council Member Storey** made a motion to authorize the City Manager to expend \$10,000 to complete a public opinion polling with Bregman & Associates on the question of a sales tax increase measure for the November 2012 ballot.

**Council Member Harlan** seconded the motion with the amendment of including public opinion polling for a TOT increase.

## 6. GENERAL GOVERNMENT/PUBLIC HEARINGS (continued)

***Motion by Council Member Storey, seconded by Council Member Harlan, to authorize the City Manager to expend \$10,000 to complete a public opinion polling with Bregman & Associates on the question of a sales tax measure for the November 2012 ballot with an amendment to include public opinion polling on TOT. The motion failed with the following roll call vote: AYES: Council Member Storey and Mayor Termini. NOES: Council Members Harlan, Norton, and Nicol ABSENT: None. ABSTAIN: None.***

***Motion by Council Member Harlan, seconded by Council Member Norton, to authorize the City Manager to enter into a contract with FM3 in the amount of \$23,000 to conduct public opinion research for both sales tax and TOT measures to determine if a revenue ballot measure should be pursued and to assess current community perception of City services and to approve an amendment to the Fiscal Year 2011/2012 Budget, moving \$13,000 from Contingency Reserves to Contract Services. The motion carried on the following vote: AYES: Council Members Harlan, Norton, and Mayor Termini. NOES: Council Members Nicol and Storey. ABSENT: None. ABSTAIN: None.***

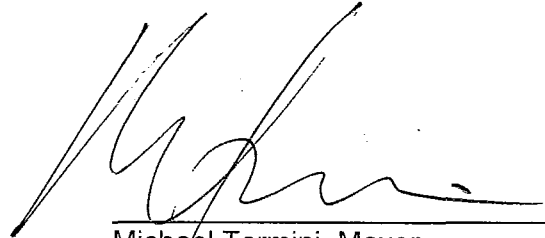
## G. Consideration of increasing the existing half time Building Inspector position to a full-time position. [600-10/330-10]

***Motion by Council Member Harlan, seconded by Council Member Norton, to approve increasing the existing half-time Building Inspector position to a permanent full-time position effective February 5, 2012; and approve a budget amendment Resolution No. 3908 increasing expenditures in the Green Building Fund by \$25,000, reducing the Public Works Contract Services by \$5,000, increasing the Community Development Department revenues by \$25,000 and increasing the Community Development Department Personnel costs by \$30,000 to cover the increased salary expenditures for the remainder of Fiscal Year 2011/2012 Budget. The motion carried on the following vote: AYES: Council Members Harlan, Norton, Nicol, and Storey, and Mayor Termini. NOES: None. ABSENT: None. ABSTAIN: None.***

## 7. COUNCIL/RDA DIRECTOR/STAFF COMMUNICATIONS (None provided)

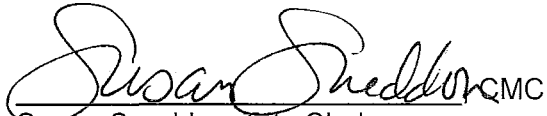
**8. ADJOURNMENT**

Adjourned at 12:16 a.m. to the next Regular Joint Meeting of the City Council to be held on Thursday, February 9, 2012, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.



Michael Termini, Mayor  
Redevelopment Agency Chairperson

ATTEST:



Susan Sneddon, City Clerk  
Redevelopment Agency Secretary

MINUTES WERE UNANIMOUSLY APPROVED ON FEBRUARY 23, 2012