

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

August 11, 2011
Capitola, California

MINUTES OF A REGULAR JOINT MEETING

5:30 P.M - CLOSED SESSION - CITY MANAGER'S OFFICE

At 5:32 p.m. in the City Hall Council Chambers, Mayor/Chairperson Norton noted that all Council Members/Redevelopment Agency Directors were present, with the exception of Council Member/Director Storey. 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, et al. (Surf & Sand Mobile Home Park)
[Superior Court of the State of California for County of Santa Cruz, Case #CV 167716]
- Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park)
[U.S. District Court N.D., Case No. C09-05542 RS (Judge Richard Seeborg)]
- Los Altos/El Granada Investors vs. City of Capitola, et al. (Castle Mobile Estates)
U.S. District Court N.D., Case No. CV 04-05138 JF (Judge Jeremy Fogel)]
- Veronica Shepardson, et al. (residents of Surf & Sand Mobile Home Park) vs. City of Capitola, et al. [Superior Court of the State of California for the County of Santa Cruz, Case #CV 171269]
- Bill Newman, et al. (residents of Surf & Sand Mobile Home Park) vs. Surf and Sand, LLC, Ronald Reed, et al. [Superior Court County of Santa Cruz, Unlimited Jurisdiction, Case No. CV 171783]

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9:
One Case – Alice Hanratty vs. City of Capitola (Pacific Cove Mobile Home Park flood claim)

Significant exposure to litigation pursuant to subdivision (b) of Government Code §54956.9:
One Case – Noble Gulch Storm Drain Failure in Pacific Cove Mobile Home Park

Initiation of litigation pursuant to subdivision (c) of Section 54956.9:
One Case – City's Joinder in Town of Fairfax California Public Utility Petition regarding SmartMeter Opt Out Regulations

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code Section 54957)

Title: City Manager

LIABILITY CLAIMS (Govt. Code §54956.95)

Claimant: Howard & Dottie DeMera
Agency claimed against: City of Capitola

Mayor/Chairperson Norton asked if there were anyone in the audience who would like to address the members on items listed on the Closed Session Agenda.

Attorney Phil Crawford, representing Surf and Sand homeowners, discussed the Surf and Sand Mobile Home Park litigation and the proposed repeal of the city's ordinance pertaining to Mobile Home Park Rent Stabilization.

After public comment, the City Council/Redevelopment Agency recessed at 5:44 p.m. to the Closed Session in the City Manager's Office.

7:00 P.M. – OPEN SESSION**REGULAR JOINT MEETING OF THE CAPITOLA CITY COUNCIL/REDEVELOPMENT AGENCY**

Mayor/Chairperson Norton called the Regular Joint Meeting of the Capitola City Council/Redevelopment Agency to order at 7:08 p.m. on Thursday, August 11, 2011, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

ROLL CALL AND PLEDGE OF ALLEGIANCE

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

ABSENT: Council Member/Director Sam Storey

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

STAFF: City Manager/Executive Director Jamie Goldstein, Deputy City Attorney/RDA General Counsel Celestial Cassman, Community Development Director/Deputy Executive Director Johnson, Chief of Police Michael Card, Public Works Director Steve Jesberg, Administrative Services Director Murphy, and City Clerk/Secretary Pamela Greeninger

1. REPORT ON CLOSED SESSION [520-25]

Deputy City Attorney Cassman stated that all members, with the exception of Council Member/Director Storey, were present for the Closed Session. She reported on the Closed Session as follows:

- a. The City Council received status reports on the following existing litigation cases: Surf and Sand, LLC, vs. City of Capitola (two cases), Shepardson vs. City of Capitola, and Newman vs. Surf and Sand, LLC. Those cases were discussed, and no reportable action was taken.
- b. Existing litigation between Los Altos/El Granada Investors vs. City of Capitola: Deputy City Attorney Cassman stated this case has been dismissed, as was reported at the last City Council meeting. The judge dismissed the case conditioned upon the close of escrow and notice to the court. Since that time, the escrow has closed, and the court has been notified.
- c. Under anticipated litigation, the City Council discussed two cases of significant exposure to litigation. Deputy City Attorney Cassman reported that in the matter of Hanratty vs. City of Capitola, the City has settled all flood and relocation claims and purchase of the coach at Space #46 at Pacific Cove Mobile Home Park via a settlement agreement in the amount of \$20,000. The Council also discussed potential litigation regarding the Noble Gulch storm pipe failure at Pacific Cove Mobile Home Park and took no reportable action.
- d. The council discussed one item of potential initiation of litigation and directed the city attorney to join in the petition against the California Public Utilities Commission (the Town of Fairfax vs. California Public Utilities Commission) regarding SmartMeter opt-out regulations. All members of the City Council voted for the City to join the protest, with the exception of Council Member Nicol and Council Member Storey, who was absent.
- e. The council conducted a public employee performance evaluation of the City Manager and took no reportable action.
- f. Deputy City Attorney Cassman said there was one liability claim listed on the Closed Session Agenda, which will be acted upon on the Open Session Consent agenda.

2. ORAL COMMUNICATIONS

Mayor Norton said tonight's meeting would be dedicated to former Planning Commissioner Howard Dysle who recently passed away. Many members of the community knew Howard Dysle as he served on the Capitola Planning Commission for 19½ years. Mayor Norton said Howard was a general contractor in town and was an active member of the community. He had the pleasure of serving with Mr. Dysle on the Planning Commission for several years. Mayor Norton said Howard Dysle made Capitola a better place to live because of his dedication and service to the city, and Capitola will feel his loss and miss him.

A. Additions and Deletions to Agenda

1) Community Development Director Johnson announced that although the Library Needs Assessment was noticed, that item is not on the agenda and would not be discussed tonight.

2) Community Development Director/Deputy Executive Director Johnson announced that the California Supreme Court acted this afternoon and stayed the implementation of two budget bills, 26 and 27, which dealt with the dissolution of redevelopment agencies and voluntary payments under those bills. As such, staff is recommending that Joint Public Hearing Item 4.B. to consider an urgency ordinance and other related resolutions be continued and that the Directors consider placing another item on the agenda. That item is an Agency Resolution Approving and Adopting the Enforceable Obligation Payment Schedule Pursuant to Part 1.8 of the Redevelopment Law. In order to do so, a finding must be made that the matter did not come to the Agency's attention until after the agenda was posted and needs to be acted upon before the next regular meeting.

ACTION: Director Nicol moved, seconded by Director Termini, to add the proposed Agency Resolution Approving and Adopting the Enforceable Obligation Payment Schedule Pursuant to Part 1.8 of the Redevelopment Law to the agenda as Other Business Item 5.F. The motion carried on the following vote: AYES: Directors Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Director Storey. ABSTAIN: None. [760-10]

B. Public Comments – None**C. Staff Comments**

1) City Manager Goldstein provided an update on the city's financial situation and announced that he has suspended the recruitment of a Finance Director and is pushing back capital expenditures, as well as other measures to address the city's cash flow issue. He discussed two potential problems; i.e., the depletion of the city's reserve accounts and cash flow issues. In an effort to address these concerns, City Manager Goldstein announced that he has suspended recruitment of the Finance Director position

2) Public Works Director Jesberg announced that two electrical vehicle charging stations are now available in the Pacific Cove Parking Lot; two 240-volt and 120-volt stations. The stations are part of the ChargePoint America Electrical Vehicle Charging Program. People wishing to use the charging stations should go online to ChargePoint.net to obtain a free charging card.

D. City Council/RDA Director/Treasurer Comments/Committee Reports

1) Council Member Nicol said he is happy to see the Capitola Road Project being completed. He reported that the bicycle lane delineators on Wharf Road are in a sad state, and he asked the Public Works Director to see that they are reinstated prior to school commencing, which he understands will be in a week or two.

2. D. ORAL COMMUNICATIONS (Continued)

2) As a follow-up to the City Manager's verbal report, Council Member Nicol noted the Council received a report from the Finance Advisory Committee some weeks ago, but the report has not been completely and properly addressed by the Council. He commented on the report and believes it needs to be addressed immediately. Council Member Nicol encouraged the council to calendar a special meeting of the City Council and Finance Advisory Committee on the 23rd of August to discuss the report and deal with it quickly.

Council Member Harlan expressed her interest in a joint study session with the Finance Advisory Committee; however, she would prefer scheduling it sometime in September as she will be gone on August 23. She also recommended that it be an informal joint study session, rather than a formal meeting, where the two groups would sit around the table to discuss the proposed ideas contained in the report.

City Manager Goldstein said the Finance Advisory Committee is developing recommendations, and perhaps those recommendations could be discussed at that time.

Council discussion was followed by this action:

ACTION: It was the consensus of the City Council to schedule a Joint Special Study Session with the Finance Advisory Committee on Wednesday, September 14, 2011, at 6:00 p.m.

City Treasurer Bertrand said the Finance Advisory Committee anticipates the report will generate meaningful discussion. **[520-40/330-40]**

3) Council Member Harlan reminded everyone of the General Plan Advisory Committee meeting to be held next Wednesday, August 17, in the City Hall Council Chambers, and she encouraged members of the community to attend and participate.

4) Mayor Norton announced that he has appealed Project Application #11-077 at 1750 41st Avenue, an amendment to a conditional use permit to allow an existing retail store and drive-thru pharmacy to operate 24-hours a day, 7 days a week (CVS Pharmacy); property owner: Longs Drug Stores California LLC.

5) City Clerk Pam Greeninger announced that she has submitted her notice to City Manager Goldstein and would be retiring at the end of December this year, after 32 years of service with the city. She said this was one of the hardest decisions she has had to make; saying that she loves her job, the people she works with, and the Capitola community. Pam will be joining her husband, Stewart, who retired over a year ago. Council members commented on Pam's service to the city and congratulated her.

E. Committee Appointments - None

F. Approval of Check Register Reports

1) **City: Approval of City Check Register Reports dated July 22 and July 29, 2011. [300-10]**

Staff responded to questions concerning several checks: check #66962 regarding the Bank of America credit card; check to Millennium Housing of \$160,000; check to Garden City Construction for work at the Rispin; and check #67110 to the Watsonville Police Department for Avoid the 9.

Council discussion was followed by this action:

2. F. 1) Approval of Check Register Reports (Continued)

ACTION: Council Member Termini moved, seconded by Mayor Norton, to approve the Check Register Reports dated July 22 and July 29, 2011, including checks numbered 66956 through 67036 in the amount of \$81,633.62, checks numbered 67037 through 67116 in the amount of \$890,441.17, respectively; and payroll disbursements for the July 29, 2011, payroll in the amount of \$216,584.04, for a Grand Total of \$1,188,658.83, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

2) RDA: Approval of Redevelopment Agency Check Register Reports dated July 8 and July 29, 2011 [760-25]

ACTION: Director Harlan moved, seconded by Director Termini, to approve the Check Register Reports dated July 8 and July 29, 2011, including checks numbered 2975 through 2980 in the amount of \$14,311.50, and checks numbered 2981 through 2985 in the amount of \$18,939.86, and a wire issued on 7/29/11 to Millennium Housing Corporation in the amount of \$840,000.00, for a grand total of \$873,251.36, as submitted. The motion carried on the following vote: AYES: Directors Harlan, Termini, Nicol, and Chairperson Norton. NOES: None. ABSENT: Director Storey. ABSTAIN: None.

3. **CONSENT CALENDAR**

Mayor/Chairperson Norton asked if there were any items on the Consent Calendar that members of the public or the City Council/Redevelopment Agency Directors wished to pull for separate discussion. Council Member/Director Nicol pulled Item 3.H., the City Treasurer's Report.

Mayor/Chairperson Norton advised Item 3.H. would be discussed at the end of the meeting following added Other Business Item 5.F. (*See discussion and action on Page 12050*)

CONSENT CALENDAR ACTION: Council Member/Director Termini moved, seconded by Council Member/Director Harlan, to approve the Consent Calendar as recommended, with the exception of Item 3.H. The motion carried on the following vote: AYES: Council Members/Directors Harlan, Termini, Nicol, and Mayor/Chairperson Norton. NOES: None. ABSENT: Council Member/Director Storey. ABSTAIN: None.

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/Redevelopment Agency Directors 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. City/RDA: Approve Minutes of the Regular Joint Meetings of the City Council/Redevelopment Agency of July 28, 2011.

ACTION: Council Member/Director Termini moved, seconded by Council Member/Director Harlan, to approve the Minutes of the Regular Joint City Council Meeting of July 28, 2011, as submitted. The motion carried on the following vote: AYES: Council Members/Directors Harlan, Termini, Nicol, and Chairperson Norton. NOES: None. ABSENT: Council Member/Director Storey. ABSTAIN: None.

C. **Receive Planning Commission Action Minutes for the Regular Meeting of August 4, 2011. [740-50]**

ACTION: Council Member Termini moved, seconded by Council Member Harlan, to receive the Planning Commission Action Minutes for the Regular Meeting of August 4, 2011, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

3. CONSENT CALENDAR (Continued)

- D. **Accept update report on the Rispin Property Hazard Abatement Project and, by 4/5 vote approval, make the determination that all hazards at the Rispin Property have not been eliminated and there is need to continue action. [275-60]**

ACTION: Council Member Termini moved, seconded by Council Member Harlan, to accept the update report on the Rispin Property Hazard Abatement Project and made the determination that all hazards at the Rispin Property, as detailed in the March 1, 2011, Notice of Summary Abatement Order to Abate Dangerous Buildings and Grounds, have not been eliminated, and there is a need to continue action. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

- E. **Adopt Ordinance repealing Chapter 3.34 of the Capitola Municipal Code pertaining to the Mobile Home Park Administrative Service Fee [2nd Reading]. [750-25/390-40]**

ACTION: Council Member Termini moved, seconded by Council Member Harlan, to adopt Ordinance No. 959, Ordinance Repealing Chapter 3.3.4 of the Capitola Municipal Code (Ordinance No. 857) Pertaining to Mobile Home Park Administrative Service Fee, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

- F. **Deny liability claim of Howard and Dottie DeMera in the amount of \$23,638.08 and forward to the City's liability insurance carrier. [Claims Binder]**

ACTION: Council Member Termini moved, seconded by Council Member Harlan, to deny the claims of Howard and Dottie DeMera and to forward the claims to the City's liability insurance carrier. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

- G. **Award Contract for the Cherry Avenue Street Rehabilitation Project to Earthworks Paving Contractors, Inc., of Capitola, in the amount of \$79,407. [940-40/500-10 A/C: Earthworks Paving Contractors, Inc.]**

ACTION: Council Member Termini moved, seconded by Council Member Harlan, to award a contract to Earthworks Paving Contractors, Inc. of Capitola in the amount of \$79,407 for the Cherry Avenue Street Rehabilitation Project, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

- H. **Receive City Treasurer's Report for Month Ended June 30, 2011 (Unaudited).**
This item was pulled for separate discussion. *(See discussion on Page 12050.)*

4. PUBLIC HEARINGS

- A. **Public Hearing to consider adoption of an Ordinance Repealing Capitola Municipal Code Chapter 2.18 pertaining to Mobile Home Park Rent Stabilization. [1st Reading] Presentation: City Manager. [750-25]**

Deputy City Attorney Cassman provided a verbal report regarding this item informing the Council that there are currently two cases of litigation that are implicated, including Surf and Sand residents vs. the City of Capitola in which the residents allege that recent settlement and ordinance amendment should give second homeowners and part-time residents the same protection as low-income residents. The second lawsuit involves Surf & Sand Mobile Home Park residents against the park owner regarding whether or not the leases that were offered comport with the Mobile Home Residency Law and the City's ordinance.

4. A. PUBLIC HEARINGS (Continued)

Deputy City Attorney Cassman informed the Council that the repeal of the City's Mobile Home Park Rent Stabilization Ordinance would have no effect on the California Mobile Home Residency Law, existing signed leases would remain unaffected, and the litigation of the residents vs. the City would be considerably weakened and most-likely mooted. Repeal of mobile home park rent control would potentially avoid recession of the settlement agreement between the City and Surf and Sand, LLC, which culminated years of litigation and significant expenses.

Community Development Director Johnson then provided information regarding how enactment of the proposed ordinance would affect mobile home parks in Capitola currently under rent control. Utilizing a PowerPoint Presentation, he discussed the effects on Castle Mobile Estates, Cabrillo Mobile Home Estates, and Surf and Sand Mobile Home Park. Following his presentation, he responded to questions of council members relating to the city's rental assistance program, comments made by Attorney Crawford, the lawsuits referred to by the City Attorney, the Surf & Sand Mobile Home Park lease agreement, etc.

Following Deputy City Attorney Cassman and Community Development Director Johnson's reports, City Manager Goldstein announced that staff is available for questions from council members.

Mayor Norton asked for a show of hands from those in the audience wishing to address the council on this item tonight. He then announced that each person would be given two minutes to address the council. It was also determined that the attorney representing several park residents would be given additional time.

Mayor Norton opened the public hearing at 7:45 p.m.

The following people addressed the City Council in opposition to the proposed ordinance repealing mobile home park rent control, Chapter 2.18 of the Capitola Municipal Code:

Attorney Philip Crawford, representing Surf and Sand Mobile Home Park residents

Bill Newman, resident of Surf and Sand Mobile Home Park

Margaret Dixon, resident of Surf and Sand Mobile Home Park

Davina Baker, resident of Surf and Sand Mobile Home Park

Mary Loubier-Ricca, resident of Surf and Sand Mobile Home Park

Carol Machado Lerno, resident of Pacific Cove Mobile Home Park

Gini Calande, resident of Surf & Sand Mobile Home Park

Yvonne Revit, Surf and Sand Mobile Home Park resident, urged the council to consider the residents at Surf and Sand Mobile Home Park; they want to be treated fairly and charged rents that are reasonable

Heidi Hoffacre, resident of Surf & Sand Mobile Home Park

Ron Hoffacre, Heidi's father, urged the council to keep the ordinance in place

Shirley Hill, resident of Surf & Sand Mobile Home Park

Lauri Beamish, resident of Surf and Sand Mobile Home Park

Sharon Shelgren, resident of Surf and Sand Mobile Home Park

Laurie Brewer, resident of Surf and Sand Mobile Home Park with her mother, Nancy Brewer

Nancy Brewer, resident Surf and Sand Mobile Home Park

Beverly Palmer, resident of Surf and Sand Mobile Home Park

Frederick Coquelin, Cabrillo Mobile Home Park resident, said he was surprised that the council is considering repealing the city's rent stabilization ordinance. He believes this is the wrong time to repeal rent control.

4. A. PUBLIC HEARINGS (Continued)

Jeanne Roddy, resident of Pacific Cove Mobile Home Park, spoke on behalf of Rick Halterman who is ill, saying he is concerned about the council adopting the proposed ordinance repealing mobile home park rent control.

Sandra Williams, resident of Surf and Sand Mobile Home Park and the city's representative on the Area Agency on Aging, expressed her concerns and disappointment about receiving only 4-days' notice that this item was being considered by the Council

Jack Alzman, resident at Surf and Sand Mobile Home Space #58

Larry Rock, resident of Capitola, said he walks through Surf and Sand Mobile Home Park when he is out walking his dog. Mr. Rock thinks this matter needs to be placed on the ballot for the citizens of Capitola to vote on, rather than be decided by five members of the City Council.

Mayor Norton closed the public hearing at 9:04 p.m.

Council Member Nicol commented on the city's rent control ordinance and made the following motion:

ACTION: Council Member Nicol moved, to pass the proposed Ordinance Repealing Chapter 2.18 of the Capitola Municipal Code Pertaining to Mobile Home Park Rent Stabilization to a second reading, as submitted.

Under discussion of the motion, Council Member Harlan said the city council did not cause this problem; the rent control ordinance was enacted to provide low-income housing and to save the residents of Tradewinds Mobile Home Park. Council Member Harlan said she is not going to support repealing the city's rent control ordinance at this time.

Council Member Termini commented that the city does not intend to raise the rents at Pacific Cove Mobile Home Park if this ordinance is adopted. He said the ordinance requires two readings and would become effective 30 days after the second reading. Council Member Termini also commented on the leases for Surf and Sand Mobile Home Park residents and would like to hear the truth about who is getting a lease, for how much, etc.

Council Member Termini then seconded the motion to pass the ordinance to a second reading.

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

B. City/RDA: Joint City Council/Redevelopment Agency Public Hearing to Consider adoption of an Urgency Ordinance and necessary City/Agency Resolutions determining the City will comply with the Voluntary Alternative Redevelopment Program pursuant to Part 1.9 of Division 24 of the California Health and Safety Code in order to permit the continued existence and operation of the Redevelopment Agency of the City of Capitola. Presentation: Community Development Department. [760-10/760-25/500-10/760-05 A/C: City/RDA Agency Transfer Payment Agreement/Loan and Repayment Agreement]

In light of the Supreme Court action today, City Manager Goldstein recommended that this item be continued to August 25, 2011.

ACTION: Council Member/Director Nicol moved, seconded by Council Member/Director Harlan, to continue this item to the next Joint Regular Meeting of the City Council/Redevelopment Agency to be held on August 25, 2011. The motion carried unanimously.

5. OTHER BUSINESS**A. Consider adoption of an Ordinance Amending Sections 12.52.010 and 12.52.030 of the Municipal Code pertaining to Skateboarding Regulations [1st Reading].
Staff recommendation: adopt ordinance. [485-10]**

Public Works Director Jesberg summarized the written agenda report utilizing a PowerPoint Presentation. He discussed direction given by the council at the last meeting and reviewed the amendments to the skateboard regulations in the draft ordinance.

Chief of Police Card commented on the signage program and the proposed areas for no skateboarding, and he responded to questions of council members.

At 9:50 p.m., Mayor Norton opened this item to the public for comment.

Lisa Quale, witness to the skateboarding accident with Maryann Slettehaugh, addressed the proposed map where skateboarding will be prohibited. She informed the council that she lived at 203 Monterey Avenue for 20 years, and she believes it would be a good idea to place the sign one block up from Fanmar on Monterey near that address. She also noticed Depot Hill is not on the map.

After Ms. Quale's comments, the council members commented on the proposed ordinance and recommendations for signage.

Considerable Council discussion was followed by this action:

ACTION: Council Member Nicol moved, seconded by Council Member Termini, to pass the proposed Ordinance Amending Sections 12.52.010 and 12.52.030 of the Capitola Municipal Code pertaining to Skateboarding Regulations to a second reading, as amended. Mayor Norton repeated the geographic boundaries where skateboarding is prohibited as follows: south of the railroad tracks on Monterey Avenue into the Village, Wharf Road to the top of the hill, Cliff Drive to the top of the hill, the Rispin/Peery Park trail, and the Pacific Cove Parking Lot. In addition, staff was directed to implement "no skateboarding" signage. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

**B. Transfer of Cable Franchise Agreement. (Continued from July 14, 2011 meeting.)
Staff recommendation: adopt Resolution Consenting to and Approving of the Assignment of the Cable Franchise Agreement and System with Charter Communications Properties, LLC, to CCO SoCal I, LLC. [565-20/500-10 A/C: CCO SoCal I, LLC/Charter Communications]**

Administrative Services Director Murphy summarized the written agenda report and responded to questions of council members. She pointed out a representative from Charter Communications was in the audience to answer questions of council members.

Lisa Ludovici, Manager of Government Relations for Charter Communications, introduced herself and responded to various questions and comments of council members. There was interest in Charter offering the Sports Network, providing basic cable services that would include educational and governmental channels, offering a lower rate for seniors, and interest in pursuing the intertie between the Santa Cruz cable line and Charter in Capitola.

Administrative Services Director Murphy said the technology for an intertie is there; however, the information the city received in the past was that Comcast had private negotiations with Charter and that Comcast was asking for quite a bit of compensation to connect to their system. Ms. Ludovici said that issue came up during conversations she has had with council members, and she would look into it.

5. B. OTHER BUSINESS (Continued)

Considerable Council discussion was followed by this action:

ACTION: Council Member Termini moved, seconded by Council Member Nicol, to adopt **Resolution No. 3884, Resolution Consenting to and Approving of the Assignment of the Cable Franchise and System to CCO SoCal I, LLC**, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

C. Consider adoption of an Ordinance Amending Section 13.04.010 of the Municipal Code pertaining to Discharge to Sanitary Sewer and Adding a new Section 13.04.060 to the Municipal Code pertaining to Greywater Use [1st Reading]. Staff recommendation: adopt ordinance. [950-10]

Community Development Director Johnson said the proposed ordinance is to bring the City's Municipal Code consistent with state law (California Building Standard). Utilizing a PowerPoint Presentation, he discussed the ordinance amendments and permit process, and he responded to questions of council members.

Council Member Harlan suggested creating a pamphlet regarding this matter that would be available in the reception area.

Council discussion was followed by this action:

ACTION: Council Member Termini moved, seconded by Council Member Harlan, to pass the proposed Ordinance Amending Section 13.04.010 of the Capitola Municipal Code Pertaining to Discharge to Sanitary Sewer and Adding a New Section 13.04.060 Pertaining to Greywater Use to a second reading, as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

D. RDA: Legal Services for Redevelopment Agency Housing Programs. Staff recommendation: approve contract with Goldfarb and Lipman, LLP, for legal services related to Redevelopment Agency Housing Programs and miscellaneous Redevelopment legal services for FY2011-2012 in an amount not to exceed \$15,000. [760-05 A/C: Goldfarb and Lipman, LLP]

Deputy Executive Director Johnson said staff recommends this item be continued to the next meeting.

ACTION: Director Harlan moved, seconded by Director Termini, to continue this item to the next regular meeting to be held on August 25, 2011. The motion carried unanimously.

E. Consider response to the 2010-2011 Santa Cruz County Grand Jury Report, Back to the Future: Regional Gridlock and Local Planning Paralysis. Staff recommendation: authorize staff to submit response on behalf of the City of Capitola. [100-30]

Community Development Director Johnson summarized the agenda report and responded to questions of council members.

There was limited council discussion prior to the following action being taken:

ACTION: Council Member Harlan moved, seconded by Council Member Termini, to direct staff to submit the proposed response to the Grand Jury on behalf of the City of Capitola. The motion carried unanimously.

F. *ADDED ITEM* RDA: Consider adoption of an Agency Resolution Approving and Adopting the Enforceable Obligation Payment Schedule Pursuant to part 1.8 of the Redevelopment Law. [760-10]

Deputy Executive Director Johnson said that it would be staff's recommendation to continue this item until the next meeting for consideration with Joint Public Hearing Item 4.B.

5. F. OTHER BUSINESS (Continued)

ACTION: Director Nicol moved, seconded by Director Harlan, to continue this item until the next Joint Regular Meeting of the City Council/Redevelopment Agency to be held on August 25, 2011, as recommended. The motion carried on the following vote: AYES: Directors Harlan, Termini, Nicol, and Chairperson Norton. NOES: None. ABSENT: Director Storey. ABSTAIN: None.

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

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

H. Receive City Treasurer's Report for Month Ended June 30, 2011 (Unaudited). [380-30]

Council Member Nicol pulled this item and asked questions of staff regarding the general fund balance sheet on page 45 regarding a total fund balance of \$681,600, which includes the Rispin receivable of \$1,350,000. He asked for clarification of the current status of the vesting of the title of the Rispin property.

City Manager Goldstein advised the Rispin property is currently under title with the City. Pending the outcome of the Supreme Court relative to California Redevelopment Agencies, and if the City Council decides to continue the city's redevelopment program, ultimately the title of the property would be transferred back to the Agency. City Manager Goldstein responded to other questions and comments of council members regarding this matter. Council Member Termini said the footnotes are confusing.

Glenn Hanna, former City Treasurer and former Redevelopment Agency Treasurer, commented on the fund balance and stated that the general fund is \$700,000 overspent. He said this is a serious matter and that the schedules are confusing. Mr. Hanna said the Treasurer's Report needs some work, and he would suggest asking the Finance Advisory Committee to work with the City Treasurer to make it more meaningful.

Considerable Council discussion was followed by this action:

ACTION: Council Member Nicol moved, seconded by Council Member Termini, to accept the City Treasurer's Report for the month ended June 30, 2011 (Unaudited), as submitted. The motion carried on the following vote: AYES: Council Members Harlan, Termini, Nicol, and Mayor Norton. NOES: None. ABSENT: Council Member Storey. ABSTAIN: None.

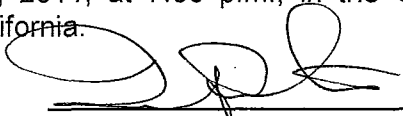
6. COUNCIL/RDA DIRECTORS/STAFF COMMUNICATIONS - None

7. ADJOURNMENT

The City Council/Redevelopment Agency Meeting was adjourned at 10:48 p.m. in memory of former Capitola Planning Commissioner Howard Dysle, to its next Regular Joint Meeting to be held on Thursday, August 25, 2011, at 7:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

ATTEST:  _____, MMC

Pamela Greeninger, City Clerk
Redevelopment Agency Secretary



Dennis R. Norton, Mayor
Redevelopment Agency Chairperson

MINUTES WERE UNANIMOUSLY APPROVED ON 9/8/2011, WITH COUNCIL MEMBER/DIRECTOR STOREY ABSTAINING SINCE HE WAS ABSENT