



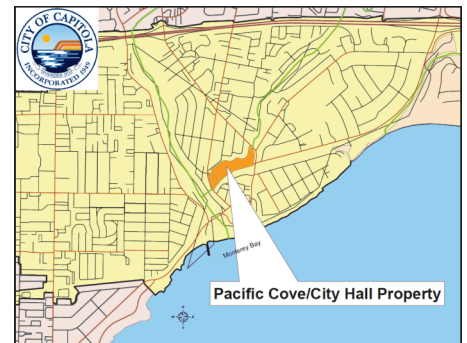
Community Looking at Possible Changes to Pacific Cove Property

The City of Capitola recently completed its General Plan update following a multi-year process to define the community’s visions and priorities. The General Plan included broad policy direction regarding the future of the City as well as specific policies focused on a few key properties. One of those properties is the large City-owned, seven-acre City Hall/Pacific Cove site. Those specific policies include direction to:

- Consider renovating or relocating the existing City Hall and Police Department building out of the floodplain
- Consolidate surface parking lots into a parking structure
- Develop a park/recreational/natural open space in lower Pacific Cove when the parking structure is built

In response to those policies, City staff developed a concept for consideration. The concept is intended to meet the policy goals outlined in the General Plan — using revenue from a new hotel to help offset costs without raising taxes.

This newsletter describes this current proposal including its goals, impacts and costs. As you read this please keep in mind that nothing has been decided. The City is in the preliminary stages of discussing what to do with this site and is using this newsletter, a public workshop on June 23, and a survey to solicit feedback from the entire community. We look forward to hearing your ideas for the site at the workshop. Your input into this process is essential.



City’s History with the Pacific Cove Property

The Pacific Cove property is located in central Capitola between Capitola Avenue and Monterey/Bay Avenues. The site was historically used as a campground from the time the Southern Pacific Railway was constructed in 1875 until about 1915. For several decades after that, the site was a recreational auto campground. Sometime in the 1940s, the upper terrace of the property was developed as a mobile home park. The lower portion continued to be used for camping until the early 1960s when it was developed with mobile homes.

In 1984 the City of Capitola acquired the mobile home park, combining the property with the existing City Hall lot to form a single seven-acre site.

When purchasing the Pacific Cove site the City indicated the property would eventually be put to public uses, and specifically called out the need for additional parking in the Capitola Village area.

After acquiring the property, the City closed half of the mobile home park and developed a public parking lot on the upper terrace. The lower portion of the lot remained a mobile home park until the park flooded in March of 2011 when a storm drain failed. After the flood the City decided to close the remaining mobile home park, relocate the park residents, and build a temporary parking lot. With that decision the City Council directed City staff to develop a plan to consolidate all surface parking lots on the Pacific Cove site into a parking structure, freeing up part of the lower lot for a future park or open space.

During the March 2011 flood, the City’s Police Station was inundated with water, forcing the police to relocate to temporary structures for six months while repairs to the Police Station

UPCOMING EVENTS

Civic Center/Parking Structure Workshop

Tuesday, June 23
New Brighton Middle School
Performing Arts Center

6-7 p.m. Open House

7 p.m. Presentation and
Community Input

Twilight Concerts

Wednesdays
starting June 10

Fourth of July

July 3
City Offices Closed

City's History with the Pacific Cove Property



View from City Hall during 2011 flood

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were completed. The flood waters also entered the City Council meeting room and other low-lying facilities.

While the 2011 disaster was the first time City facilities on the site were inundated with water, the buildings sit in the 100-year flood plains for both Soquel Creek and Nobel Gulch. In addition, the site is in a mapped liquefaction zone, making it more susceptible to earthquake damage. With climate change and rising sea levels it is probable that having the City's first responders in such a location will pose challenges at some point in the future.

In addition, the current City Hall was originally the City's maintenance garage that was remodeled into its current form in 1977. The building does not meet modern building codes or earthquake standards. In coming years the City will need to determine if reinvesting in

the current facility makes sense, or if it should be relocated to another site.

The City has identified these issues in its Hazard Mitigation Plan and General Plan, and established goals to either relocate critical facilities to a new site, or elevate on the existing site.

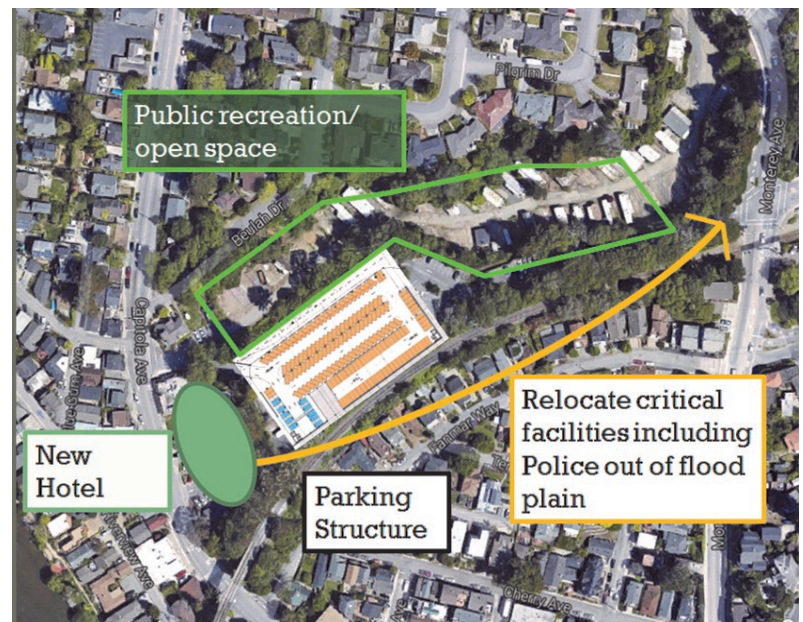
What Has Been Proposed?

In an effort to address these issues without raising taxes or diverting funds from existing City programs, staff developed a concept that includes new revenue to help offset the project costs.

Specifically staff proposed moving City Hall and the Police Station out of the flood plain to a new building on the other side of the City's property facing the Monterey/Park Avenue intersection. All surface parking on the parcel would be consolidated into a single three-story parking garage that would be built partially underground to minimize its visual impacts. Lower Pacific Cove, which is currently used as a parking lot, would be developed as a public park or open space that connects Bay and Capitola Avenues.

Obviously these changes would be expensive. In 2011 engineers estimated the parking structure alone would cost \$12.8 million and costs have increased since then. Understanding these expenses, staff proposed redeveloping the current City Hall site with an 80-room hotel. Such a hotel could fit on the current City Hall site in a three-story building, if parking for the hotel was consolidated in the parking structure. Staff estimates the hotel should generate enough new revenue for the City to finance the cost of the parking structure. In addition the sale of the land and one-time parking fees could generate additional funding to offset project costs.

While the potential hotel would not pay for the entire project, the hotel would offset a large portion of the project costs, leaving funding gaps that could likely be closed using grants or other funding sources if the City elected to develop the project.



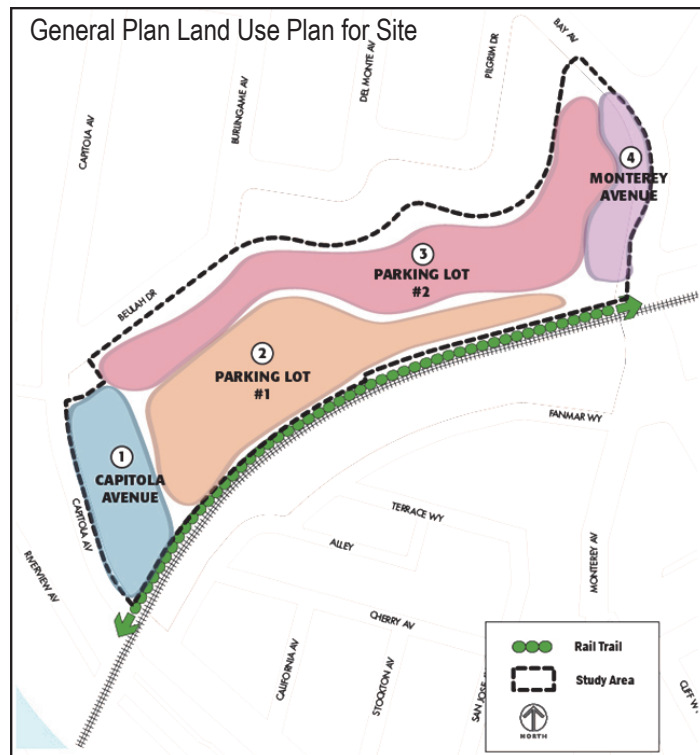
What Does the General Plan Say?

The City's General Plan was adopted in 2014. As part of the General Plan Update process, a public workshop was held to discuss the future of the City Hall/Pacific Cove site. Additional public discussions about the future of the site were later held with the General Plan Advisory Committee, the Planning Commission, and the City Council.

While there were a variety of opinions expressed about future uses of the property, many residents supported a multi-story parking structure on the upper lot, new open space for park and recreation uses in the lower lot, and relocating emergency responders out of the floodplain. Each of those elements were ultimately included in the adopted General Plan.

The General Plan also includes the adjacent graphic and specific site guidance. A list of the specific General Plan goals and polices related to the site can be found on the City's website.

The following text and adjacent graphic come from the General Plan direction for future use of the site:



- ① **Capitola Avenue.** Consider renovating the existing City Hall and Police Department building to elevate governmental offices and police facilities out of the floodplain. Also, consider moving City Hall to a new location, either to a higher elevation portion of the property or to an entirely new site within the city. If City Hall is relocated, redevelopment of the current City Hall site shall be consistent with the character of the Central Village and in accordance with the Village-Mixed Use land use designation.
- ② **Upper Pacific Cove.** Utilize this area for additional parking to serve the Village, preferable in the form of a multi-story parking structure. The parking structure should be sensitively designed to be compatible with the surrounding neighborhood. Providing additional parking in this area to meet Village and surrounding area needs should be one of the City's highest priorities.
- ③ **Lower Pacific Cove.** Use this area for temporary parking to serve the Village. When additional parking is provided in the Upper Pacific Cove area, consider converting the Lower Pacific Cove area to a park/recreational/natural open space area. To the extent possible, daylight the stream that currently flows through a pipe under the site. Maintain the option that a portion of the site, particularly near Bay Avenue, could be utilized for a public or community facility.
- ④ **Monterey Avenue.** In the short term, maintain this area as undeveloped open space. Maintain the option to allow a public or community facility within some or all of this area.

How You Can Get Involved

- The City will be hosting a public meeting on June 23 at the Performing Arts Center at New Brighton Middle School -
 - Look for a City survey on this project in July -
 - Visit www.cityofcapitola.org/communitydevelopment for more information -
- Send an email to rsafty@ci.capitola.ca.us to be added to an email list to get notice of future meetings on this project -

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Named one of *Sunset*
magazine's best beach towns
with one of *USA Today's* best
California beaches

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**Attend a Public Workshop at 6 p.m. on June 23,
New Brighton Middle School Performing Arts Center**



Why a Hotel? And Does This Mean More Visitors?

Cities have relatively few options to raise revenue without proposing some form of tax increase that must be approved by voters. While the City does receive property taxes that residents already pay, due to state law, the City only collects about 7 cents for every dollar in property tax paid in the City. For example a single family home assessed at the median housing price of \$670,000 pays about \$500 a year in property taxes to the City.

In contrast, a hotel pays both property taxes and a hotel tax equal to 10 percent of the hotel's receipts. Using data from comparable hotels in Capitola, an 80-room hotel could generate roughly \$550,000 to \$650,000 in annual tax revenue for the City.

Compared to other destination communities, Capitola has few hotel rooms to serve its many tourists. In fact, according to the Santa Cruz County Conference and Visitor Council, 41 percent of all visitors that contacted them for visitor information indicated they visited Capitola during their trips to Santa Cruz County. That equates to hundreds of thousands of visitors a year.

Yet there are less than 50 hotel rooms in Capitola Village and less than 260 hotel rooms City-wide. That means people drive into our town, create impacts on our streets and beaches, then leave. A new hotel could capture more revenue from existing visits to help offset the impacts from those who already come.



Picnic on the Pacific Cove Property in 1912