

City of Capitola

Special City Council Meeting Agenda

Thursday, May 19, 2022 – 6:00 PM



City Council Chambers
420 Capitola Avenue, Capitola, CA 95010

Mayor: Sam Storey

Vice Mayor: Margaux Keiser

Council Members: Jacques Bertrand, Yvette Brooks, Kristen Brown

Special Meeting of the Capitola City Council – 6 PM

All correspondences received prior to 5:00 p.m. on the day preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that day may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.

1. Roll Call and Pledge of Allegiance

Council Members Jacques Bertrand, Yvette Brooks, Kristen Brown, Margaux Keiser, and Mayor Sam Storey.

2. Additions and Deletions to the Agenda

3. Additional Materials

Additional information submitted to the City after distribution of the agenda packet.

4. Oral Communications by Members of the Public

*Please review the Notice of Remote Access for instructions. Oral Communications allows time for members of the Public to address the City Council on any "Consent Item" on tonight's agenda, or on any topic within the jurisdiction of the City that is not on the "General Government/Public Hearings" section of the Agenda. Members of the public may speak for up to three minutes, unless otherwise specified by the Mayor. Individuals may not speak more than once during Oral Communications. All speakers must address the entire legislative body and will not be permitted to engage in dialogue. **A maximum of 30 minutes** is set aside for Oral Communications.*

5. Staff / City Council Comments

Comments are limited to three minutes.

6. Consent Items

All items listed as "Consent Items" will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Council votes on the action unless members of the City Council request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Government. Note that all Ordinances which appear on the public agenda shall be determined to have been read by title and further reading waived.

- A. Consider the minutes from the May 4, 2022, special City Council meeting
Recommended Action: Approve minutes.

7. General Government / Public Hearings

All items listed in “General Government / Public Hearings” are intended to provide an opportunity for public discussion of each item listed. The following procedure pertains to each General Government item: 1) Staff explanation; 2) Council questions; 3) Public comment; 4) Council deliberation; 5) Decision.

A. Presentation of the Proposed Fiscal Year 2022-23 Budget for the City of Capitola and the Capitola Successor Agency

Recommended Action: Acting as the City Council and Successor Agency, receive the proposed budget, provide staff direction, and either: 1) Continue budget deliberations to the next scheduled joint budget hearing on June 1, 2022, or 2) Direct staff to prepare the documents for final budget adoption at a regular meeting in June and cancel future planned budget hearings.

8. Adjournment

Notice of Remote Access

In accordance California Senate Bill 361, the City Council meeting is not physically open to the public and in person attendance cannot be accommodated.

To watch:

- Online at <https://www.cityofcapitola.org/meetings>
- Spectrum Cable Television channel 8
- City of Capitola, California YouTube Channel

To Join Zoom by Computer or Phone:

- Meeting ID: **859 6542 0849**
- Meeting Passcode: **627185**
- Meeting link:
<https://us02web.zoom.us/j/85965420849?pwd=VDNMRFJyRDJSek1xR3hIRDRZME53dz09>
- Or dial one of these phone numbers: **1 (669) 900 6833, 1 (408) 638 0968, 1 (346) 248 7799**

To make public comment:

When submitting public comment, one comment (via phone or email, not both), per person, per item is allowed. If you send more than one email about the same item, the last received will be read. You will have three minutes to speak, and emails will be read aloud for no longer than three minutes. The Mayor will announce the public comment period for each agenda item.

- **If you have joined the Zoom Meeting:** Use participant option to “raise hand”. The moderator will unmute you
- **If called in over the phone:** Dial *9 on your phone to “raise your hand”. The moderator will unmute you
- **If you want to send an email:** During the meeting, email written public comment to publiccomment@ci.capitola.ca.us
 - Emailed comments on items will be accepted after the start of the meeting until the Mayor announces that public comment for that item is closed
 - Emailed comments should be a maximum of 450 words, which corresponds to approximately 3 minutes of speaking time
 - Emails received by publiccomment@ci.capitola.ca.us outside of the comment period outlined above will not be included in the record

Note: Any person seeking to challenge a City Council decision made as a result of a proceeding in which, by law, a hearing is required to be given, evidence is required to be taken, and the discretion in the determination of facts is vested in the City Council, shall be required to commence that court action within ninety (90) days following the date on which the decision becomes final as provided in Code of Civil Procedure §1094.6. Please refer to code of Civil Procedure §1094.6 to determine how to calculate when a decision becomes “final.” Please be advised that in most instances the decision become “final” upon the City Council’s announcement of its decision at the completion

of the public hearing. Failure to comply with this 90-day rule will preclude any person from challenging the City Council decision in court.

Notice regarding City Council: The City Council meets on the 2nd and 4th Thursday of each month at 7:00 p.m. (or in no event earlier than 6:00 p.m.), in the City Hall Council Chambers located at 420 Capitola Avenue, Capitola.

Agenda and Agenda Packet Materials: The City Council Agenda and the complete Agenda Packet are available for review on the City's website: www.cityofcapitola.org and at Capitola City Hall prior to the meeting. Agendas are also available at the Capitola Post Office located at 826 Bay Avenue Capitola. Need more information? Contact the City Clerk's office at 831-475-7300.

Agenda Materials Distributed after Distribution of the Agenda Packet: Pursuant to Government Code §54957.5, materials related to an agenda item submitted after distribution of the agenda packet are available for public inspection at the Reception Office at City Hall, 420 Capitola Avenue, Capitola, California, during normal business hours.

Americans with Disabilities Act: Disability-related aids or services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Assisted listening devices are available for individuals with hearing impairments at the meeting in the City Council Chambers. Should you require special accommodations to participate in the meeting due to a disability, please contact the City Clerk's office at least 24 hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.

Televised Meetings: City Council meetings are cablecast "Live" on Charter Communications Cable TV Channel 8 and are recorded to be rebroadcast at 8:00 a.m. on the Wednesday following the meetings and at 1:00 p.m. on Saturday following the first rebroadcast on Community Television of Santa Cruz County (Charter Channel 71 and Comcast Channel 25). Meetings are streamed "Live" on the City's website at www.cityofcapitola.org by clicking on the Home Page link "**Meeting Agendas/Videos.**" Archived meetings can be viewed from the website at any time.

Capitola City Council

Agenda Report

Meeting: May 19, 2022

From: City Manager Department

Subject: Consider the minutes from the May 4, 2022, special City Council meeting



Recommended Action: Approve minutes.

Discussion: Attached for Council review and approval are the draft minutes from the special City Council meeting held on May 4, 2022.

Attachments:

1. May 4 draft

Report Prepared By: Chloé Woodmansee, City Clerk

Reviewed/Approved By: Jamie Goldstein, City Manager

City of Capitola

Special City Council Meeting Minutes

Wednesday, May 04, 2022 – 6:00 PM



City Council Chambers
420 Capitola Avenue, Capitola, CA 95010

Mayor: Sam Storey

Vice Mayor: Margaux Keiser

Council Members: Jacques Bertrand, Yvette Brooks, Kristen Brown

Special Meeting of the Capitola City Council – 6 PM

1. Roll Call and Pledge of Allegiance

Council Members Jacques Bertrand, Yvette Brooks, Kristen Brown, Margaux Keiser, and Mayor Sam Storey.

2. Additions and Deletions to the Agenda – none

3. Additional Materials – none

4. Oral Communications by Members of the Public – none

5. Staff / City Council Comments – none

6. General Government / Public Hearings

- A. Presentation of the Proposed Fiscal Year 2022-23 Budget for the City of Capitola and the Capitola Successor Agency

Recommended Action: Acting as the City Council and Successor Agency, receive the proposed budget, provide staff direction, and continue budget deliberations to the next joint budget hearing scheduled on May 19, 2022.

City Manager Goldstein introduced the budget hearing schedule and the draft budget. Finance Director Malberg presented the proposed budget.

During the question period, Council members asked:

Council Member Brooks clarified that staff projects a \$1 million loss over two to three years when/if the mall revitalization project begins. Staff replied that the PERS trust could be used to address this revenue loss, with Council approval when necessary. She confirmed that implicit bias training is included in the proposed training budget and asked about the procedure to consider increasing Council compensation.

Mayor Storey asked that \$1,500 be included for Art and Cultural sponsorship of the commemorative Begonia Festival Event.

Council Member Brooks asked that \$350,000 be moved from updating the library TOT lot to instead assisting with an update at the Jade Street Park play area; and that Council training/travel budget be restored to the typical amount.

Council Member Bertrand asked about the proposed Development Services Technician position in the Public Works Department. Director Jesberg explained some staffing changes.

Recreation Division Manager Bryant-LeBlond replied to a question from Council Member Brooks that Recreation Program scholarships are no longer relying on restricted money from outside organizations.

Council Member Brown confirmed that Capitol Improvement Projects will be presented at the next budget meeting on May 19.

There was no public comment.

Council identified the following topics to be brought back during the May 19 special budget meeting:

- Overview of MBASIA budget – Council Member Bertrand
- Report on how the BIA and the Chamber use the funds received from the City – Mayor Storey
- Preliminary assessment on an inclusive play structure at Jade Street Park, in response to a request to add \$150,000 to this project – Mayor Storey/Council Member Brooks
- Report on Recreation programming at the Capitola Branch library – Council Member Bertrand

7. Adjournment

The meeting was adjourned at 7:55pm to the next regular meeting of the Capitola City Council on May 12, 2022.

Sam Storey, Mayor

ATTEST:

Chloé Woodmansee, City Clerk

Capitola City Council

Agenda Report

Meeting: May 19, 2022

From: Finance Department

Subject: Presentation of the Proposed Fiscal Year 2022-23 Budget for the City of Capitola and the Capitola Successor Agency



Recommended Action: Acting as the City Council and Successor Agency, receive the proposed budget, provide staff direction, and either: 1) Continue budget deliberations to the next scheduled joint budget hearing on June 1, 2022, or 2) Direct staff to prepare the documents for final budget adoption at a regular meeting in June and cancel future planned budget hearings.

Discussion: The City of Capitola proposed Fiscal Year (FY) 2022-23 and FY 2023-24 Budget is a two-year financial plan for the City as outlined by Administrative Policy III-3: Financial Management Policies. This year, the plan incorporates the use of additional available resources programmed toward City Council goals and key projects. The proposed budget was prepared based on a combination of known factors, such as increases in CalPERS (Public Employees' Retirement System) costs, and conservative estimates for both revenues and expenditures.

The budget is the City's operating plan and a primary mechanism by which the Council's goals and vision for the City are transmitted to staff for implementation.

The document is organized to present information in several ways. General Fund revenues and expenditures are shown to provide information about longer-term patterns and overall fiscal stability, then revenues and expenditures for the City's various departments are shown to provide additional detail and information about the City's programs and projects.

Overall, the FY 2022-23 proposed budget reflects a local economy that is recovering from the fiscal impacts associated with the COVID-19 pandemic. The budget maintains services for residents of Capitola while simultaneously returning essential expenditures as much as possible. Nevertheless, the City must also remain focused on the long-term budget picture, which includes continuing CalPERS cost increases, and a challenging economy in coming years.

This second budget hearing will provide an overview of the City's proposed Capital Improvement Program (CIP), Attachment 1, as well as a focused discussion on the following items that were identified by City Council during the special budget hearing on May 4, 2022.

Items Identified on May 4:

1) Staffing:

The proposed budget includes returning the frozen Police Officer position, the partially filled Administrative Records Analyst position, and Receptionist position, as well as adding one three-quarter time Recreation Coordinator/Lifeguard and one full-time Development Services Technician. The proposed budget maintains frozen vacancies for one three-quarter time position and three partially filled positions (representing a total of one and three-quarters (1¾) equivalent positions).

2) Restricted Transient Occupancy Tax Revenue – Early Childhood & Youth Programs

The Early Childhood and Youth Program (ECYP) is estimated to receive \$61,000 of restricted Transient Occupancy Tax (TOT) revenues in addition to the estimated June 30, 2022, ending fund balance of \$51,000. The first draft of the proposed budget reported a fund balance of \$68,000, however, that did not consider \$30,000 of anticipated expenditures expected to be incurred prior to June 30, 2022. The proposed budget currently has a placeholder in the Community Grant Program to utilize the \$61,000 of revenue for ECYP community grants, however staff has not programmed any of the \$51,000 estimated fund balance. Staff seeks direction on:

- a) Utilization of \$61,000 estimated revenue; either within the Community Grant program or other ECYP related expenditures
- b) How to program the \$51,000 fund balance; identify potential uses in Recreation and/or maintaining a target fund balance
- c) Creating a policy regarding a target fund balance, if any, and the use of restricted ECYP funding within the community grant program and/or recreation division

3) General Fund Balance

The estimated general fund balance on June 30, 2023, is \$1.3 million. Traditionally, the City has maintained a target general fund balance of \$500,000 (this was increased to \$750,000 during the pandemic). In addition to the general fund balance, the City Council established a COVID stabilization account of \$600,000 to mitigate the fiscal impacts associated with the pandemic. Now that the recovery from the pandemic is well under way, City Council has converted the COVID stabilization account into a Resiliency Account with a balance of \$385,000.

During the first budget hearing on May 4, staff recommended maintaining the \$1.3 million fund balance as well as the \$385,000 resiliency account until the City is notified of the status on our federal grant request for the Wharf Project and completes discussions with Soquel Union Elementary School District regarding the community center lease. Staff anticipates the outcome of the grant application, and the conclusion of community center discussions will be known in fall/winter of 2022 and suggests revisiting the fund balance during the mid-year budget report. Staff seeks direction on:

- a) Does Council support holding onto the majority of fund balance at this time until the community center lease is resolved, and wharf project funding known?

Minor Amendments:

Minor budget amendments discussed during the special budget hearing on May 4, 2022, include increasing general fund revenue by \$60,000 and a net increase to expenditures of \$31,000. These minor amendments result in an increase of \$29,000 to the estimated June 30, 2023, general fund balance and are detailed below:

- Village parking revenue: increase \$60,000 – include anticipated revenue for 25 parking spaces currently used for temporary outdoor dining. Modifications to the outdoor dining program in June 2022 will have a revenue impact of approximately \$60,000 for 24 parking spaces that will be dedicated to temporary outdoor dining.
- Police Department staffing: increase \$31,750 – the first draft of the proposed budget erroneously programmed one and three-quarter Record Technicians and one half-time Administrative Analyst position in the Police Department. This is not representative of the current staffing level and resulted in the proposed budget to be under stated by

approximately \$31,750. The staffing should have been budgeted for one and three-quarter Record Technicians and one full-time Administrative Analyst.

- City Council training: increase \$7,000 – increase City Council Training & Memberships back to pre-pandemic amount of \$2,000 per City Council member.
- Implicit Bias Training: increase \$5,000 – add implicit bias training to the personnel division budget within the City Manager’s Department. This will provide funding for ongoing biannual implicit bias training for elected officials and staff to meet City Council goals, and resources for other training opportunities.
- Community Grants: decrease \$30,000 – moved eligible Homeless Action Partnership homeless shelter costs to successor agency housing special revenue fund.
- Art and Cultural: increase \$1,500 – increase contract services to include begonia event.
- Universal Design Play Structure: move \$150,000 from Library TOT lot to the Jade Street Community Center playground – pending formal Council direction.

FY 2022-23 Council Goals:

The table below shows funding allocated to the FY 2022-23 City Council goals:

Project	Funding
Wharf Rehabilitation	\$1,500,000
Community Center Repairs	150,000
Universal Park Design	150,000
Local Hazzard Mitigation Projects:	
Study City Hall options	50,000
Stockton Bridge reinforcement project	350,000
Bluff / Cliff Drive study	50,000
Noble Gulch engineering feasibility analysis	50,000
Fire risk reduction (eucalyptus groves)	50,000
Minimal City Hall maintenance	100,000
EV charging stations	20,000
Bike / Pedestrian safety projects	100,000
Peery Park Bridge maintenance	50,000
Internal staff projects	50,000
Deposit in CalPERS Retirement Trust	500,000
Establish Resiliency Fund	385,000
Total	\$3,555,000

Additional Items:

Additional items identified by the City Council during the first budget hearing include the following:

- Topics to be presented during the budget hearing on May 19:
 - Explanation of the impact of online sales tax
 - Explanation of Monterey Bay Area Self Insurance Authority (MBASIA) cost increase
 - Potential ECYP uses in Recreation
 - Update on recreation / youth programming at the Library
 - Use of Restricted TOT by Capitola Soquel Chamber of Commerce and the BIA
 - Information about universal design play structure
- Topics with further information attached to this report:

- Detail of Contingency and Emergency Reserve calculations (Attachment 2)
- Report on Measure F revenues and expenditures (Attachment 3)
- Other:
 - A report on City's liability risk related to American Disability Act (ADA) improvements will be provided in a Council memo from the City Attorney
 - City Council Compensation will be agendaized for the July 2022 regular Finance Advisory Committee meeting

The Proposed FY 2022-23 Capital Improvement Program (CIP) includes updates on \$2.7 million of projects currently under construction and \$4.7 million of ongoing projects funded in prior years. In addition, the proposed CIP includes \$2.8 million of additional funding for City Council key projects including the pavement management program.

The draft budget has been distributed and is available for public review in the City Hall lobby, as well as on the City's website.

FISCAL IMPACT: The goal of these deliberations is determining the allocation of funds to maintain a balanced budget, provide for essential City services, and support priority projects.

Attachments:

1. FY 2022-23 Capital Improvement Program
2. Summary of Contingency & Emergency Reserve calculations
3. Summary of Measure F revenues & expenditures

Report Prepared By: Jim Malberg, Finance Director

Reviewed By: Chloé Woodmansee, City Clerk

Approved By: Jamie Goldstein, City Manager

CAPITAL IMPROVEMENT PROJECTS

Item 7 A.

2022-23 Capital Improvement Budget Report

Prior Project Appropriations and Status													
Project	General Fund	Measure F	Grants & Other	Transportation Grant	RTC Measure D	State SB 1	Total Other Funding Sources	Total Prior Year Appropriations	Expenses to Date	Existing Fund Balance	Estimated Construction Cost	Estimated Fund Balance	Status
On-going Projects													
Monterey & Park Pedestrian Pathway	\$ 50,000			\$ 200,000			\$ 200,000	\$ 250,000	\$ 30,400	\$ 219,600		\$ 219,600	In re-design
Rispin Park	\$ 756,290		\$ 177,952				\$ 177,952	\$ 934,242	\$ 50,000	\$ 884,242	\$ 845,000	\$ 39,242	In final design
Roundabout Capitola Ave and Bay Ave Public Outreach	\$ 75,000			\$ 18,842			\$ 18,842	\$ 93,842		\$ 93,842		\$ 93,842	To follow undergrounding
Utility Undergrounding	\$ 137,400						\$ -	\$ 137,400	\$ 34,750	\$ 102,650	\$ 100,000	\$ 2,650	PG&E project. Const. this 2203
Emergency Power at City Hall Complex	\$ 90,000						\$ 300,000	\$ 390,000	\$ -	\$ 390,000	\$ 390,000	\$ -	requesting proposals
Measure F Projects													
Capitola Wharf Improvements		\$ 2,200,000	3,700,000				\$ 5,900,000	\$ 5,900,000	\$ 1,167,860	\$ 4,732,140	see 2022/23 appropriations below		

2022-23 Recommended Appropriations													
Project	General Fund	Measure F	Facility Fund	Recovery Act Funding	RTC Measure D	State SB 1	Total 2023 Funding	Total Prior Project Available Funding	Total Project Appropriation	Estimated Construction Cost	Funding Balance	Status	
New Project Allocations													
City Park Universal Design Project	\$ 150,000						\$ 150,000					New Project	
Stockton Bridge Protection Project	\$ 350,000						\$ 350,000					New Project	
City Hall Maintenance			\$ 100,000				\$ 100,000					New Project	
Community Center			\$ 150,000				\$ 150,000					New Project	
Capitola Wharf Improvements	\$ 400,000	\$ 1,100,000					\$ 1,500,000	\$ 4,732,140	\$ 6,232,140	\$ 7,000,000	\$ (767,860)	Bid summer 2022	
Pavement Management					\$ 357,000	\$ 230,000	\$ 587,000		\$ 587,000			PMP report to Council on June 9th	

Projects Under Construction									
Project	General Fund	Measure F	Air Board Grant	Transportation Grants	RTC Measure D	SB 1	Total Funding	Project Costs	Project Fund Balance
41st Avenue Adaptive Signal Control	\$ 100,000		\$ 760,000				\$ 860,000	\$ 860,000	\$ -
Clares & Wharf Traffic Calming	\$ 150,000			\$ 833,264	\$ 264,432		\$ 1,247,696	\$ 1,153,000	\$ 94,696
Pavement Management					235,568	386,802	\$ 622,370	\$ 579,700	\$ 42,670

	FY19/20 Actual	FY20/21 Actual	FY21/22 Amended	FY21/22 Estimated	FY22/23 Proposed	FY23/24 Planned
Reserve Fund Calculations						
Contingency Reserve (15%)	2,004,340	1,784,064	2,167,147	2,131,582	2,372,334	2,327,313
Contingency Balance	2,061,346	2,061,346	2,061,346	2,061,346	2,192,346	2,331,846
Over / (Short) of Target	57,006	277,282	(105,801)	(70,236)	(179,988)	4,533
Emergency Reserve (10%)	1,336,227	1,189,376	1,444,765	1,421,055	1,581,556	1,551,542
Emergency Balance	1,374,206	1,374,206	1,314,206	1,314,206	1,461,506	1,554,506
Over / (Short) of Target	\$ 37,979	\$ 184,830	\$ (130,559)	\$ (106,849)	\$ (120,050)	\$ 2,964

Reserve fund target balances are a percentage of general fund expenditures not including internal service charges and transfers

Personnel	\$9,761,056	\$9,127,895	\$10,490,560	\$10,430,640	\$11,346,548	\$11,784,145
Contract Services	2,770,878	2,162,571	3,183,690	3,017,065	3,697,677	2,954,942
Training & Memberships	87,559	64,292	107,499	90,393	136,885	134,885
Supplies	501,164	495,355	540,900	547,449	499,500	506,500
Grants	241,612	43,648	125,000	125,000	134,950	134,950
Total GF Expenditures	\$13,362,270	\$11,893,762	\$14,447,649	\$14,210,548	\$15,815,560	\$15,515,422

Measure F Tracking

Item 7 A.

Measure F													
	FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21		Subtotal		FY 2021-22		Total Actual Receipts / Expenses
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual (Y-T-D)	Total Budget
Revenue	495,966	486,191	1,082,662	1,058,912	1,082,663	954,296	900,000	998,637	2,661,291	2,499,399	1,035,066	746,167	4,596,357
Operations (Public Safety)							858,877	998,637					
Total Operations	-	-	-	-	-	-	858,877	998,637	-	-	-	-	858,877
Capital Expenditures													
Wharf	132,200	70,548	182,663	59,148	982,663	155,202	81,305	1,268,023	366,203	1,035,066	64,302	2,303,089	430,505
Jetty	95,966	18,097	500,000	128,152	(187,557)	11,864	163,268	408,409	321,381			408,409	321,381
Flume	100,000	11,818	400,000	116,210	50,000	17,264	367,294	550,000	512,586			550,000	512,586
2017 Wharf Repairs	47,800	47,800	-	-	-	-	-	47,800	47,800			47,800	47,800
Beach Loader	100,000	100,000	-	-	-	-	-	100,000	100,000			100,000	100,000
Grand Ave. Path	20,000	-	-	-	-	12,053	-	20,000	12,053			20,000	12,053
2020 Wharf Repairs					237,557	237,557		237,557	237,557			237,557	237,557
Total Capital Expenditures	495,966	248,263	1,082,663	303,510	1,082,663	433,940	-	611,867	2,631,789	1,597,580	1,035,066	64,302	3,666,855
Total Expenditures	495,966	248,263	1,082,663	303,510	1,082,663	433,940	858,877	1,610,504	2,631,789	1,597,580	1,035,066	64,302	4,525,732
													2,660,519