

City of Capitola

City Council Meeting Agenda

Thursday, February 08, 2024 – 6:00 PM



City Council Chambers
420 Capitola Avenue, Capitola, CA 95010

Mayor: Kristen Brown
Vice Mayor: Yvette Brooks
Council Members: Joe Clarke, Margaux Morgan, Alexander Pedersen

Regular Meeting of the Capitola City Council – 6 PM

All correspondence received prior to 5:00 p.m. on the Wednesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Wednesday 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 Joe Clarke, Margaux Morgan, Alexander Pedersen, Yvette Brooks, and Mayor Kristen Brown.

2. Additions and Deletions to the Agenda

3. Presentations

Presentations are limited to eight minutes.

- A.** Presentation from the Capitola Recreation Division on the Recreation Strategic Plan
- B.** Presentation from the Police Department on the Police Chief's Advisory Committee
- C.** Presentation from the Regional Transportation Commission Providing an Update on the Zero Emission Passenger Rail & Trail Project

4. Additional Materials

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

- A.** Item 3B - Correspondence Received
- B.** Item 8B - Correspondence Received

5. Oral Communications by Members of the Public

*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.*

6. Staff / City Council Comments

Comments are limited to three minutes.

7. 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. City Council Meeting Minutes

Recommended Action: Approve minutes from the regular meeting on January 25, 2024.

B. Fiscal Year 2024-25 Budget Calendar

Recommended Action: Approve Budget Calendar for Fiscal Year 2024-25.

8. 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. Wharf Resiliency and Public Access Project

Recommended Action: Receive a progress report on the Wharf Resiliency and Public Access Project.

B. Housing Element Update

Recommended Action: Provide preliminary direction to staff regarding amendments to Programs 1.6 and 1.7 of the recently adopted Housing Element that would provide additional incentives for Capitola Mall redevelopment, including a maximum height of 75 feet and an exception for parking garages from the floor area ratio calculation.

C. Strategic Plan Project Overview and Timeline

Recommended Action: Receive a consultant report on the process and workplan for the development of a five-year Capitola strategic plan.

9. Adjournment - Adjourn to the next regularly scheduled City Council meeting on February 22, 2024, at 6:00 PM.

How to View the Meeting

Meetings are open to the public for in-person attendance at the Capitola City Council Chambers located at 420 Capitola Avenue, Capitola, California, 95010.

Other ways to Watch:

Spectrum Cable Television channel 8

City of Capitola, California YouTube Channel

To Join Zoom Application or Call in to Zoom:

Meeting

link: <https://us02web.zoom.us/j/83328173113?pwd=aVRwcWN3RU03Zzc2dkNpQzRWVXAydz09>

Or dial one of these phone numbers: **1 (669) 900 6833, 1 (408) 638 0968, 1 (346) 248 7799**

Meeting ID: **833 2817 3113**

Meeting Passcode: **678550**

How to Provide Comments to the City Council

Members of the public may provide public comments to the City Council in-person during the meeting. If you are unable to attend in-person, please email your comments to citycouncil@ci.capitola.ca.us and they will be included as a part of the record for the meeting. Please be aware that the City Council will not accept comments via Zoom.

Notice regarding City Council: The City Council meets on the 2nd and 4th Thursday of each month at 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.

Si desea asistir a esta reunión pública y necesita ayuda - como un intérprete de lenguaje de señas americano, español u otro equipo especial - favor de llamar al Departamento de la Secretaría de la Ciudad al 831-475-7300 al menos tres días antes para que podamos coordinar dicha asistencia especial o envíe un correo electrónico a jgautho@ci.capitola.ca.us.

Televised Meetings: City Council meetings are cablecast “Live” on Charter Communications Cable TV Channel 8 and are recorded to be rebroadcasted 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 Recreation Strategic Plan

February 13, 2020



Prepared by:
BluePoint Planning
1950 Mountain Blvd, #3
Oakland, CA 94611



The Strategic Plan

In 2019, the City of Capitola identified the need and opportunity to develop a strategic plan for the Capitola Recreation Division to direct future growth and to explore ways to expand recreation services to the community. This Strategic Plan was developed in collaboration with Division staff, a representative advisory group - "Core Team", a community survey, and consultant assistance. The Strategic Plan was designed to do the following:

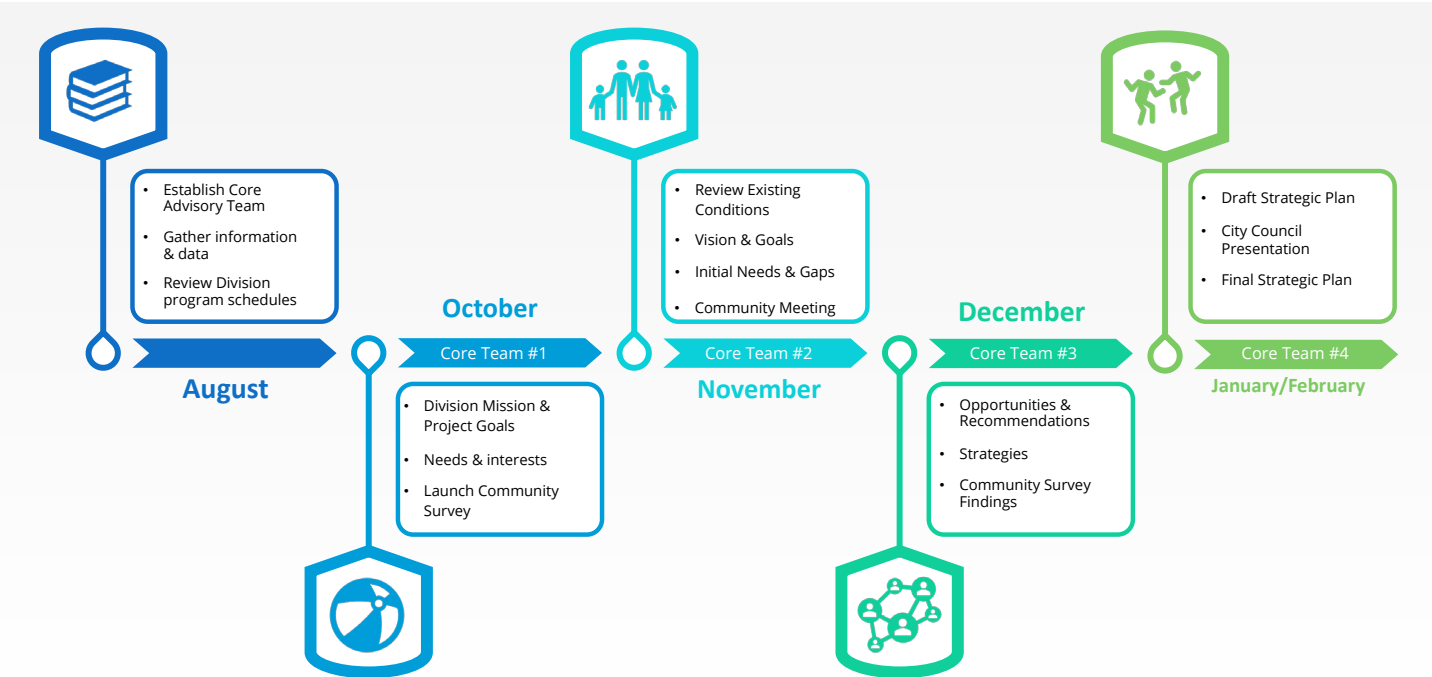
- Create a 5-year roadmap for the Recreation Division to meet community needs
- Establish strategies to maximize the use and function of the parks and facilities
- Identify which programs the Division should grow or add
- Create connections and efficiencies with other City community services
- Communicate the Division’s priorities to the community

About Capitola Recreation District

The Recreation District serves the residents within the City of Capitola and the Soquel Unified Elementary School District, a population of approximately 25,000 people. The Recreation Division currently offers a robust Class program operating out of the Jade St Community Center and other sites around Capitola and the County. We provide Junior Guard and Camp Capitola summer programs for youth, field rentals, and coed softball. These programs have been the foundation of Capitola’s recreation division.

Process

The Strategic Plan was developed over a six-month period and included four meetings with the Core Team, a diverse group of community representatives, a community survey, and a workshop. Below is a graphic of the process. The next step is to develop the specifics of how and when to enact the Strategic Plan.



S.W.O.T. Analysis

An important part of the Strategic Planning process was to assess Strengths, Weaknesses, Threats and Opportunities (SWOT) of the Division. The staff as well as the Core Team helped to identify and uncover the most critical issues that needed to be considered in the Strategic Plan. The follow is a summary of those findings.

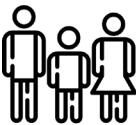
Internal Division Strengths & Weaknesses

External Opportunities & Threats

<h3>Strengths</h3> <ul style="list-style-type: none">• Junior guards program!• Instructor model that enables lots of new adult classes and programs• Affordable and fun summer camp• New afterschool program!• Willingness to explore new ideas and options• Community center is used as efficiently as possible• Good relationship with the School District	<h3>Opportunities</h3> <ul style="list-style-type: none">• Potential to add more youth opportunities, holiday camps, and cooking classes• Expand Food Truck and similar events• Build awareness of the programs and Recreation Division• Expand access with an updated fee structure and subsidy program• Partnerships with School and Library• Putting parks, events and recreation programming in one Division• Potential new development
<h3>Weaknesses</h3> <ul style="list-style-type: none">• The community center needs to be upgraded and its dividing walls aren't soundproof• There are limited programs for youth, particularly non-competitive ones• The website is not as accessibility or usable as needed• Fee structure and lack of scholarship program• Parks and large events are separate from recreation• Division organization is not optimized for best results and operation	<h3>Threats</h3> <ul style="list-style-type: none">• The community has a lack of awareness of the Recreation Division and its programs• Kids are "aging" out of the programs and there are not enough programs for teens and millennials• The Division is not recession proof and long-term economic sustainability• Ensuring affordability and access for all families and District residents.

Trends

The Strategic Planning process included considering major local, regional, and national trends that the Plan should address in establishing a vision and goals. The following are the highlights of those trends



Intergenerational

Programs and activities that encourage multi-generational activities are growing in popularity and supporting deeper learning by sharing experiences across age groups.

>> For Capitola this may mean programs at the library pairing high schoolers with older residents to help with computers, or community events welcoming to all ages.



Health & Wellness

Access to parks and recreation directly help improve a community's health and wellness, combating obesity, heart disease, mental illness, and much more.

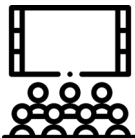
>> For Capitola this means integrating opportunities for exercise in classes, in the parks, for all ages and abilities. It also could mean health related classes, or wellness camps.



Nature & Environment

Access to and appreciation of the natural world and the importance of the environment are strong trends that can be amplified by programs and parks.

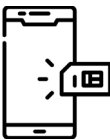
>> By bringing parks into the Recreation Division, it offers the potential for classes related to wildlife viewing, environmental education classes, and creation of amenities such as community gardens.



Art & Culture

Parks and recreation department are integrating arts and culture into their programming and parks, expanding participation for all ages.

>> By consolidating Events into the Recreation Division, there is the opportunity to connect the Arts and Culture Commission to the community recreation community, enhancing both.



Technology

Technology and digital access is everywhere. Parks and recreation can use technology and create places of respite from being always on.

>> Creating a more intuitive website to provide greater access to programs and activities is a big opportunity as is a future digital tools to find parks, activities, rent facilities, or share information about events.



Build community

Recreation sponsored events and programs help to build a sense of community and lasting connections to fellow residents.

>> Optimizing the park space, and increasing the number of events, will all serve to bringing greater awareness to the Division activities and enhancing the sense of community.

District Recreation Programs

Currently, the Capitola Recreation District primarily develops and operates programs at the Capitola Recreation Center at Jade Park. In addition, the District manages the rental of fields for sports, summer camps, and the Junior Lifeguard program. Recently, they have started an afterschool program in partnership with the Soquel Elementary School District at the New Brighton Middle School.

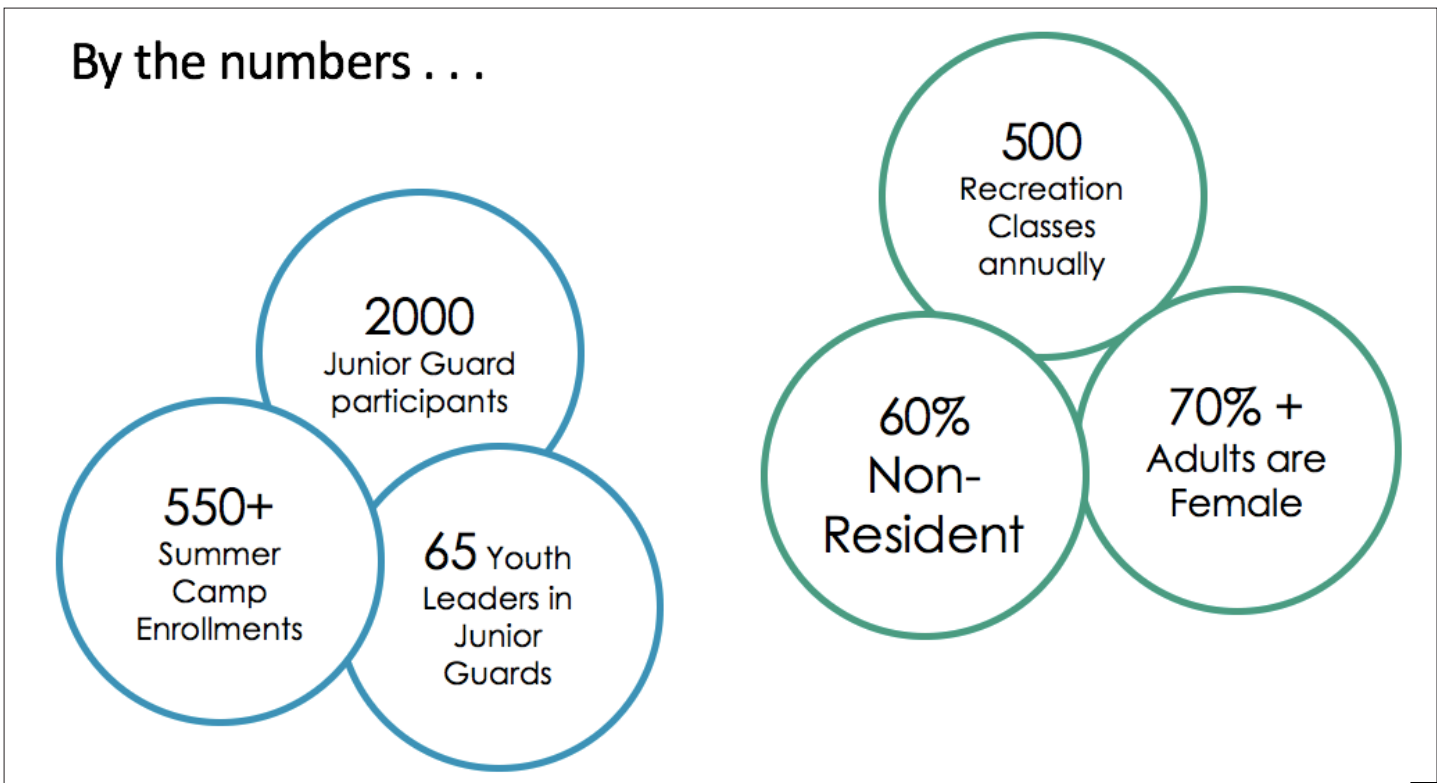
Their programs include activities for adults and youth, as well as community events. Programs include youth and adult dance classes, a wide range of arts and crafts, music classes, adult wellness classes such as meditation, pilates and yoga, youth sports including skateboarding, and tennis. Community events include movies in the community center, clothing exchanges, and food truck nights.

District Population Characteristics

The District includes the City of Capitola and extends to the Soquel Elementary School District. Over 60% of the District's population is within the ages of 25 to 64, with about 22% under the age of 19. The average annual median income of the District is \$68,000, with the City of Capitola's being substantially lower. The median age is 42, with an average household size of 2.43. As with many communities, the District is getting older, with fewer younger people. There are plans in the city for new housing, which will add population and likely attract some younger families.

Who uses the Programs now?

The District offers approximately 500 classes annually. The majority of participants are female over the age of 55. During the summer, the Division serves a larger number of youth, particularly with the Junior Guards and summer camp program. There is an opportunity for the District to broaden its appeal and increase the diversity of people who participate.



District Parks and Other Providers



- Capitola District or City Facility
- School District Facility
- County or other Government Provider
- Commercial Fitness Provider



Capitola Recreation & Park Division

Strategic Plan Framework

Our Mission

The Capitola Recreation & Parks Division is committed to providing safe, affordable, intergenerational, and fun recreational activities and facilities to support the health and well-being of people of all backgrounds and ability levels.

Our Vision

We provide recreation programs and facilities that are progressive, evolve, and are responsive to the needs of the entire community.

Our Values

Community-Oriented	Collaborative	Innovative	Efficient	Affordable
Respond and anticipate community needs, informing and shaping programs for all.	Work hand and hand with city and regional partners to provide the best services possible.	Strive to incorporate innovative thinking in all aspects of the operation of the division.	Use resources, facilities, and staff efficiently to get the greatest benefit possible.	Provide a range of opportunities for all residents that are affordable and fully accessible.

Goal 1: Efficient & Effective Division

By 2022, transform the division into an umbrella organization for programming parks, events, and recreation that is resourced, efficient, and effective.

Goal 2: Affordable & Accessible

Annually update and refine recreation programs and event offerings to ensure they are balanced, relevant, affordable, and accessible to all community members, regardless of age, socio-economic status, or ability.

Goal 3. Maximize Facilities

By 2022, complete an assessment of all city recreation and park facilities and prioritize renovations, additions, and ongoing maintenance to maximize function and flexibility to support the Division's mission.

Goal 4. Partnerships

In 2020, establish partnership agreements with the school district, library and other city organizations to secure use of facilities and shared use to expand ability to provide a range of services.



Key Initiatives



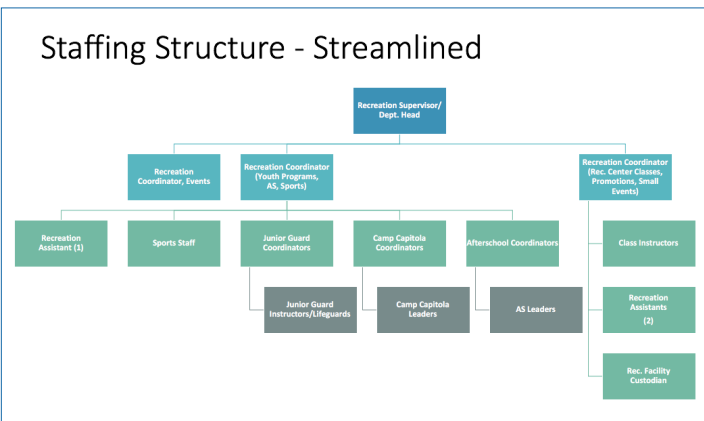
Add Park to the Recreation Division

Currently Capitola Parks are housed under Public Works. The Strategic Plan has identified moving Parks in to the Recreation Division as a key initiative to help better serve District residents. The proposal would ensure that parks are continued to be maintained by Public Works, with the Recreation Division overseeing their management in support of programs, programming, and in collaboration with Public Works identifying future enhancements to improve function and use. This change would increase the activation, use, and function of the parks.



Integrate Events Staff into the Recreation Division

Major events in Capitola are primarily managed by a single staff person within the Arts and Culture Commission that is separate from the Recreation Division. This move would help to improve coordination and align with other City events operated out of Recreation. Further, uniting these efforts in one Division will allow for better communications to the community and awareness of the events.



Streamline Recreation Division Organization

The Recreation Division has not had a comprehensive update of staffing titles, positions, and structure for a long time. The result has been a reduction in efficiencies and lack of ability to operate effectively. The addition of Events and Parks, and the plan for future growth offers the right time to reassess the structure and to develop one more in line with a modern recreation department.

Goal 1: Efficient & Effective Division

By 2022, transform the division into an umbrella organization for programming parks, events, and recreation that is resourced, efficient, and effective.

Goal 1. Strategies

S.1.1 Plan for the operational needs of City organized events and assure they are appropriately resourced by incorporating into the Division in coordination with the Art & Cultural Commission as appropriate.

S.1.2 Develop a process for Recreation to incorporate programming and enhance community participation in Parks in coordination with the Public Works Department.

S.1.3 Evaluate Division's role in the issuance of Special Event Permits in coordination with the Police Department.

S.1.4 Build a new Division organization, including incorporating the addition of Events and Parks, clearer job titles, and resources to support activities.

S.1.5 Establish budgetary parameters for a new department structure and needs for fundraising, grants, and general fund allocations.

Goal 2: Affordable & Accessible

Annually update and refine recreation programs and event offerings to ensure they are balanced, relevant, affordable, and accessible to all community members, regardless of age, socio-economic status, or ability.

Goal 2. Strategies

S.2.1 Establish a cost recovery policy that enables more affordable access to programs for all residents of all ages with reasonable fees, scholarships, and revenue generation targets.

S.2.2 Explore need and roles of a Committee Advisory Group to provide input and feedback on new programs and activities and to support relevant and valuable services.

S.2.3 Expand and develop relationships with educational organizations outside of the City to promote internships and increase availability of teen programs.

S.2.4 Optimize the use of parks, facilities, and partner locations to pilot and offer programs throughout the City.

S.2.5 Systematically evaluate and update programs and program offerings to ensure that they serve the community as a whole.

Goal 3. Maximize Facilities

By 2022, complete an assessment of all city recreation and park facilities and prioritize renovations, additions, and ongoing maintenance to maximize function and flexibility to support the Division's mission.

Goal 3. Strategies

S.3.1. Inventory existing City Recreation and Parks and Facilities, survey the community and conduct a Needs Assessment.

S.3.2 Prioritize facility upgrades to support program offerings, improve efficiencies, and broaden services to the community.

S.3. Identify and help develop additional park facilities and recreation programs associated with new developments or other available resources.

Goal 4. Partnerships

In 2020, establish partnership agreements with the school district, library and other public organizations to secure use of facilities and shared use to expand ability to provide a range of services.

Goal 4. Strategies

S.4.1 Cooperate with School District to establish a long-term memorandum of understanding (MOU) regarding the shared use and programming of City and District facilities.

S.4.2 Establish a MOU with the library for programming and use of facilities at the new Capitola Library.

S.4.3 Foster relationships with other public and private recreation, event, and park providers to coordinate and amplify opportunities to serve residents.

S.4.4 Pursue grants and other funding with partners, building on the benefits of shared resources and cooperative services.





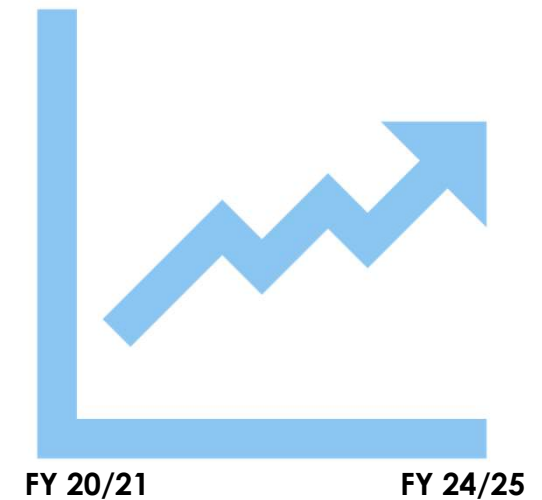
Capitola Recreation Division Strategic Plan Report

Presentation | City Council | February 13, 2020 to February 8, 2024



Background

- FY 20/21 was first year of a five-year plan
 - FY 24/25 final year
- Created roadmap for Recreation Division for what Community wants and needs
- Strategic Plan comprised of Framework, 3 Key Initiatives and 4 Goals
 - 3 to 5 strategies for accomplishment
- COVID-19 Pandemic adjusted strategies and provided opportunities for growth of Division



Capitola Recreation & Park Division Strategic Plan Framework

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Our Values

<p>Community-Oriented Respond and anticipate community needs, informing and shaping programs for all.</p>	<p>Collaborative Work hand and hand with city and regional partners to provide the best services possible.</p>	<p>Innovative Strive to incorporate innovative thinking in all aspects of the operation of the division.</p>	<p>Efficient Use resources, facilities, and staff efficiently to get the greatest benefit possible.</p>	<p>Affordable Provide a range of opportunities for all residents that are affordable and fully accessible.</p>
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Goal 1: Efficient & Effective Umbrella Organization

By 2022, transform the department into an umbrella organization for programming parks, events, and recreation that is resourced, efficient, and effective.



Mandalas class with Michele Faia, Adult classes

Goal 2: Affordable & Accessible

Annually update and refine recreation programs and event offerings to ensure they are balanced, relevant, affordable, and accessible to all community members, regardless of age, socio-economic status, or ability.



After-school program, May 5, 2023

Goal 3. Maximize Facilities

By 2022, complete an assessment of all city recreation and park facilities and prioritize renovations, additions, and ongoing maintenance to maximize function and flexibility to support the Division's mission.

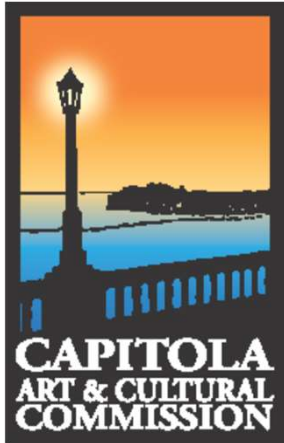


Food Truck Fridays, Monterey Ave Park

Goal 4. Partnerships

In 2020, establish partnership agreements with the school district, library and other public organizations to secure use of facilities and shared use to expand ability to provide a range of services.





Before 2020

Community Center Needs
 Stand alone program
 Staff structure limited
 program development

2020

Reflections of 2020 Art Contest
 Coordinated Sponsorship Recruitment
 Event & Program Calendar Coordination
 Recreation Coordinator Roles

Current

Staff for Art & Cultural Commission
 Key Initiative: Kelly Barreto
 Community Center MOU
 Treasure Cove at Jade St Park
 Special Event Permit review and Park Permit

Classes, Community Center, and Promotions



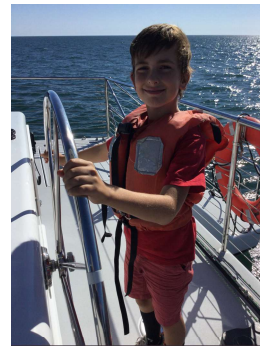
Before		Current
<ul style="list-style-type: none"> • Adult Classes (Weekdays) • Occasional Community Center Rentals • Old recreation branding/logo • Seasonal Recreation Catalog 	<ul style="list-style-type: none"> • Pandemic ZOOM classes • Community Connection: Build Social Media, Virtual Rec Center • Senior programming/ IT support • In-house graphic design: support City-wide events • In Person Classes return Fall 2021 	<ul style="list-style-type: none"> • Expansion of Recreation Catalog: Support City-wide activity • Youth Classes • Adult Class (7 days a week) • Community-focused rental schedule • JULY IS: Collaboration with local P&R agencies • CPRS Agency: Two District Board Members



Capitola Recreation
AFTERSCHOOL REC CLUB
 at New Brighton Middle School



	Before		Current
Out of School Time (OST)	Distance Learning K-8 th grade	Off-site Camp Capitola for Elementary schools	
Camp Capitola	~400 campers 6-12yrs ACA Accreditation	Lil campers 4-5yr Around Town 11-14yrs	Enrollment ↑67% 670 campers ACA maintained
Camp Capitola Jr Leader Prog	14-17yr 15 per summer	Focused on Professional development	30 Jr leaders Enrollment has doubled
Afterschool Rec Club @ NBMS	Middle School students only	Soquel & Main St Elementary	Serving 1-5 th & 6-8 th Over 30 students Increased enrichment programs
School Break Camps		New Camp 2023	K-5 th grade





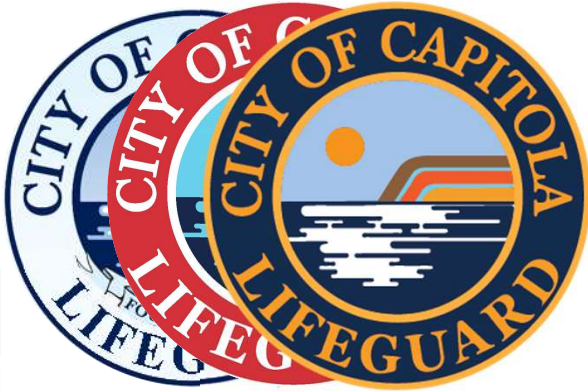
Capitola Recreation
**AFTERSCHOOL
 REC CLUB**
 at New Brighton Middle School



	Before		Current
Seasonal Staff	Summer: 10 Fall-Spring: 4	Afterschool Rec Club, School break camps & Parents night out events	Summer: 20 Fall-Spring: 8
Scholarships	Capitola Foundation & Jr Guard Parents Club	Available to all Youth Programs Capitola Foundation Application Review	SUESD Grant Go Kids & ECYP Fund RRM
Library	Meeting with Library for summer programs	Camp field trips	Afterschool field trips
Small Events		4 Food truck events Movies at CC	Parents Night Out July Family Fun Day events

Capitola Lifeguard Service

	Before		Current
Admin Staff	1 Seasonal	2 Seasonal	1 Full Time 3 Seasonal
Seasonal Staff	20 Instructors	11 Instructors	32 Lifeguards
LG Training	Contracted CFD	Contracted CFD	Ran by City Staff
Tower Operations	Contracted to SCFD	Beaches Closed to public use	Operated by City Staff
Collaboration & Partnership	Central Fire District	Central Fire, & Santa Cruz Fire	USLA, CSLSA, CFD, SCFD, HBP, CG, and more
Community Outreach	>1,500 members of the public served	Beaches Closed to public use	Over 8,000 + public served, & community outreach projects



Capitola Junior Guards



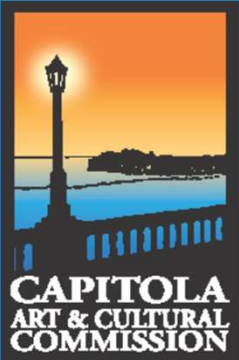
	Before		Current
Junior Guards	1,000 Participants	>400 Participants	1,000 Participants
Curriculum	Sports Oriented	Dual Purpose Education & Sport	Job Skills, Lifesaving Education, Sport
Collaboration & Partnership	Capitola JG Parents Club	Capitola JG Parents Club	Capitola JG Parents Club, CBLSA, USLA, CSLSA, Local JGs
Community Outreach	Scholarship	Virtual Junior Guards, Scholarship	Equity Swim Program, Scholarship



What's left for FY 24/25?



CITY OF CAPITOLA RECREATION



Capitola Recreation
**AFTERSCHOOL
REC CLUB**
at New Brighton Middle School



Questions



CAPITOLA POLICE CHIEF'S ADVISORY
COMMITTEE (CAC) REPORT FOR CITY COUNCIL

Andrew Dally, Chief of Police

BACKGROUND AND TIMELINE OF CAC

CAPITOLA POLICE CHIEF'S ADVISORY COMMITTEE



- Goal of Developing a Capitola Police Chief's Advisory Committee
- Conducted research, developed a policy (217), application process and began recruitment
- 1st Recruitment in October 2023 – Received 8 applications – realized we needed more outreach & diversity
- 2nd Recruitment – October 2023 through December 2023 - Received 11 new applications
 - Policy 217.4 allows for more recruitment
- January 2024 - Conducted Interviews

RECRUITMENT EFFORTS

CAPITOLA POLICE CHIEF'S ADVISORY COMMITTEE

- Reopened recruitment for another 2 months concentrating on Capitola's diverse community members
- Broadened the scope of applicants to allow for Capitola's "sphere of influence" to apply (Capitola, Live Oak, Soquel and Aptos)
- Translated application and promotional materials into Spanish. English and Spanish applications were made available on City website and on all social media platforms.
- Published information in local newspapers in English & Spanish
- Posted info at City buildings and kiosks, Capitola Community Center, Capitola and Live Oak Libraries, mobile home parks, and service industry locations.

COMMUNITY GROUPS

CAPITOLA POLICE CHIEF'S ADVISORY COMMITTEE

Staff communicated directly with:

Santa Cruz County Diversity Center

Bay Avenue Senior Center

Service/Construction Union Groups

Latinx Community Groups

NAACP

Cabrillo College

Faith-based Organizations

Family Resource Groups (United Way, First Five)

Mental Health Groups (NAMI, Alcoholics Anonymous, Narcotics Anonymous)

2024 CAPITOLA POLICE CHIEF'S ADVISORY COMMITTEE

- Enrique Domo – Capitola resident, works at NBMS, coach, drives a school bus, works security in the village
- Heidi Kellison – Capitola resident (part-time) and volunteer
- Linda Smith – Capitola resident and volunteer
- Matt Arthur – Capitola resident and business owner
- Robin Lasser – Capitola resident, Brookvale Terrace HOA board member, senior advocate
- Shannon McLeod – Capitola resident, raised family in Capitola, education background (St Francis and Archbishop Mitty), worked at CVS as Pharmacy Tech
- JoAnn Segrue – Soquel/Aptos resident, the perspective of LGBTQIA+, served on several boards including the Sheriff Advisory Board
- Elaine Johnson – Live Oak resident, President of Santa Cruz NAACP



RECOMMENDATIONS AND QUESTIONS

CAPITOLA POLICE CHIEF'S ADVISORY COMMITTEE

Receive report about selection of Capitola Police Chief's
Advisory Committee members



ZERO EMISSION PASSENGER RAIL AND TRAIL PROJECT

Project Update and
Purpose and Need Statement

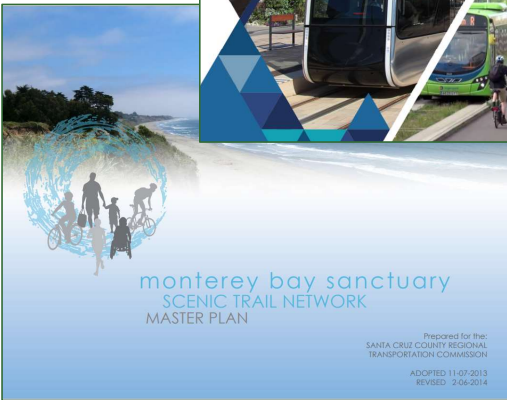
February 8, 2024



Background

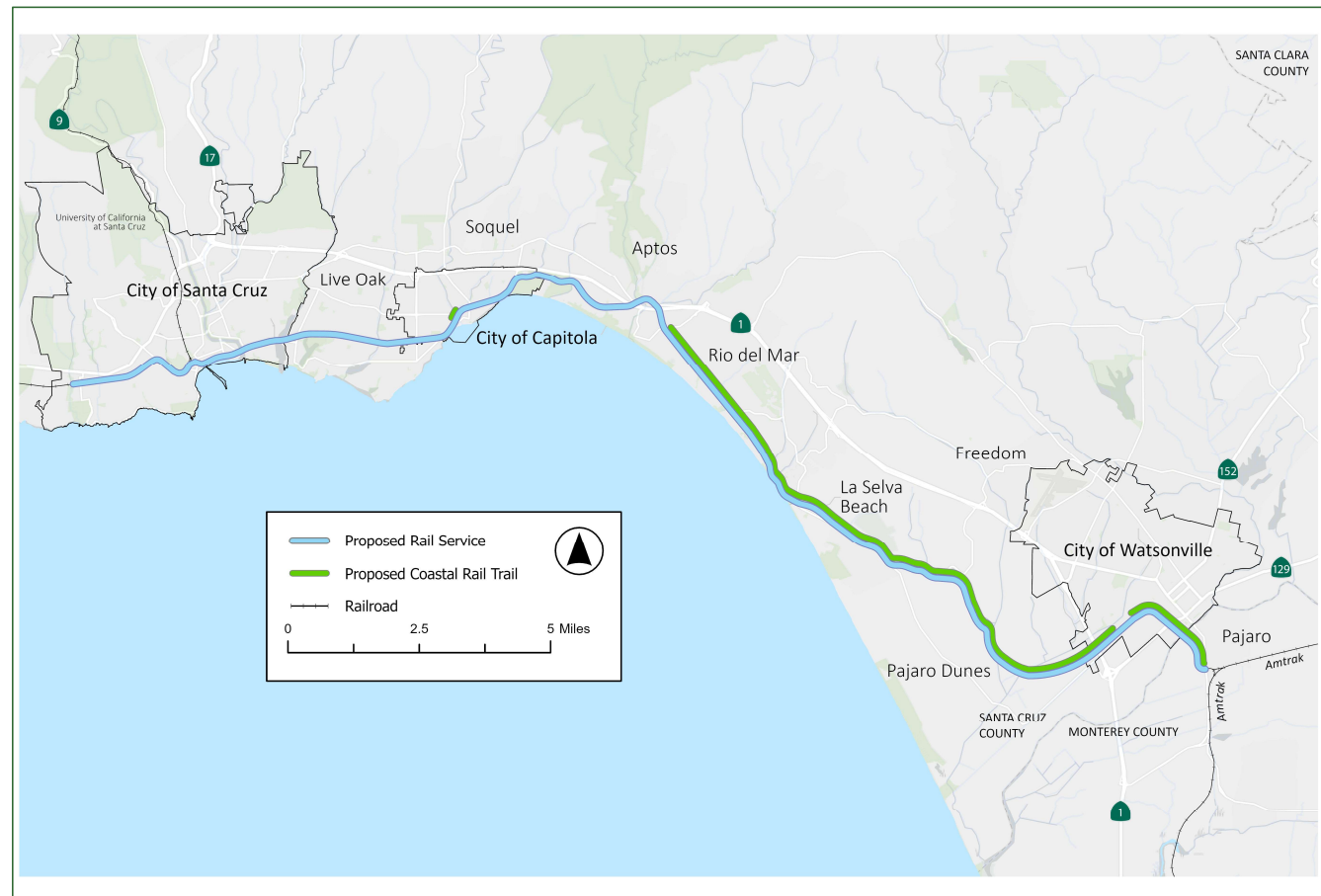


- **2012:** RTC acquired the Santa Cruz Branch Rail Line (SCBRL)
- **2021:** Preferred scenario identified high-capacity zero emission passenger rail with a multi-use bicycle and pedestrian trail along the SCBRL
- **2022:** RTC solicited proposals to develop the project concept and environmental documentation
- **2023:** Contract awarded to HDR team and work began on the Project Concept Report



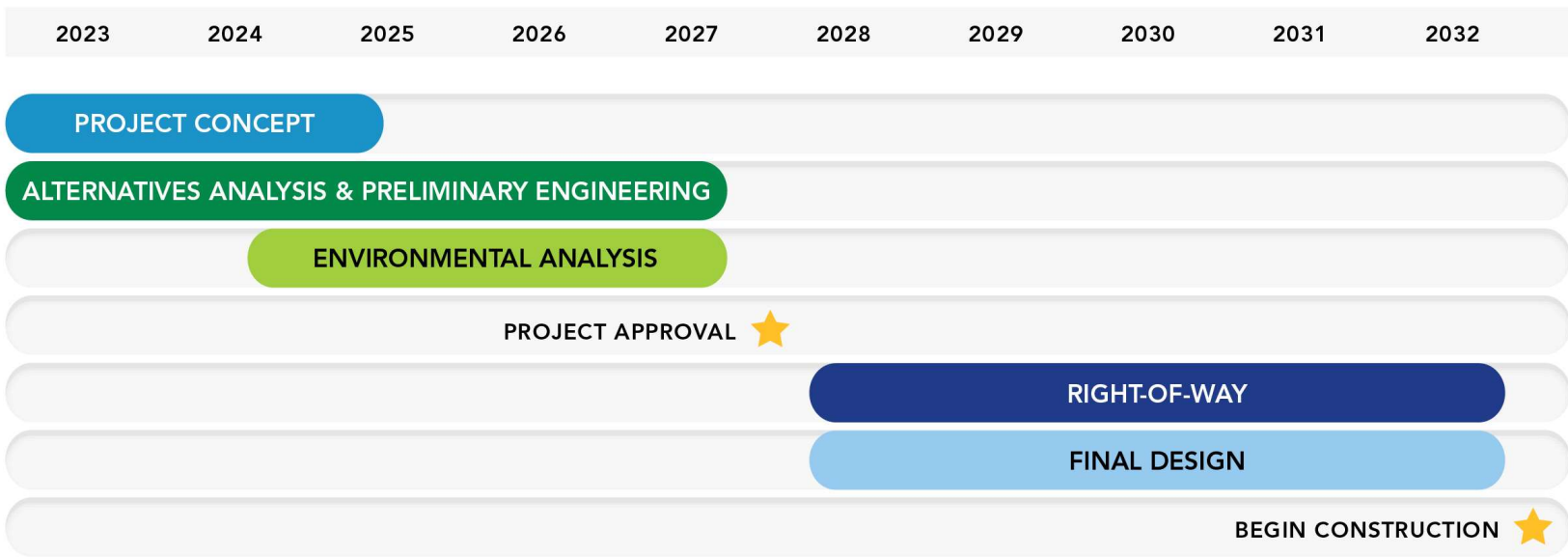
Project Overview

- New high-capacity passenger rail service and stations on approximately 22 miles of the Santa Cruz Branch Rail Line (SCBRL)
- 12 miles of Coastal Rail Trail: Segments 13-20 and the Capitola Trestle reach (Segment 11, Phase 2)





PROJECT SCHEDULE



Preliminary Purpose and Need Statement

Summarizes the needs and constraints that drive the development of the proposed project and the priorities in the development of project alternatives.



Preliminary Project Needs

Identifies mobility, accessibility and community concerns, including:

- Diverse transportation needs not fully met
- Slow transit travel times
- Insufficient alternative travel options
- VMT and GHG reduction mandates
- Bicycle and pedestrian linkages



Preliminary Project Purpose

Identifies opportunities to address the needs and benefit the community, including:

- Provide increased access to accessible and reliable public travel options
- Improve transit connections
- Integrate with plans for future land use
- Reduce transit travel times and improve system reliability
- Enhance bicycle and pedestrian connectivity and safety
- Promote alternative transportation modes
- Reduce vehicle miles traveled and associated GHG emissions



Upcoming Public Engagement

- Project Information at sccrtc.org/zeprt
- Stakeholder Briefings
- Virtual and In-Person Open House Meetings
- Presentations at Partner Agency Meetings in February/March

IN-PERSON

Monday, Feb. 12

6 – 7:30 p.m.

Ramsay Park Family Center
1301 Main St., Watsonville

Tuesday, Feb. 13

6 – 7:30 p.m.

Live Oak Grange
1900 17th Ave., Santa Cruz

VIRTUAL

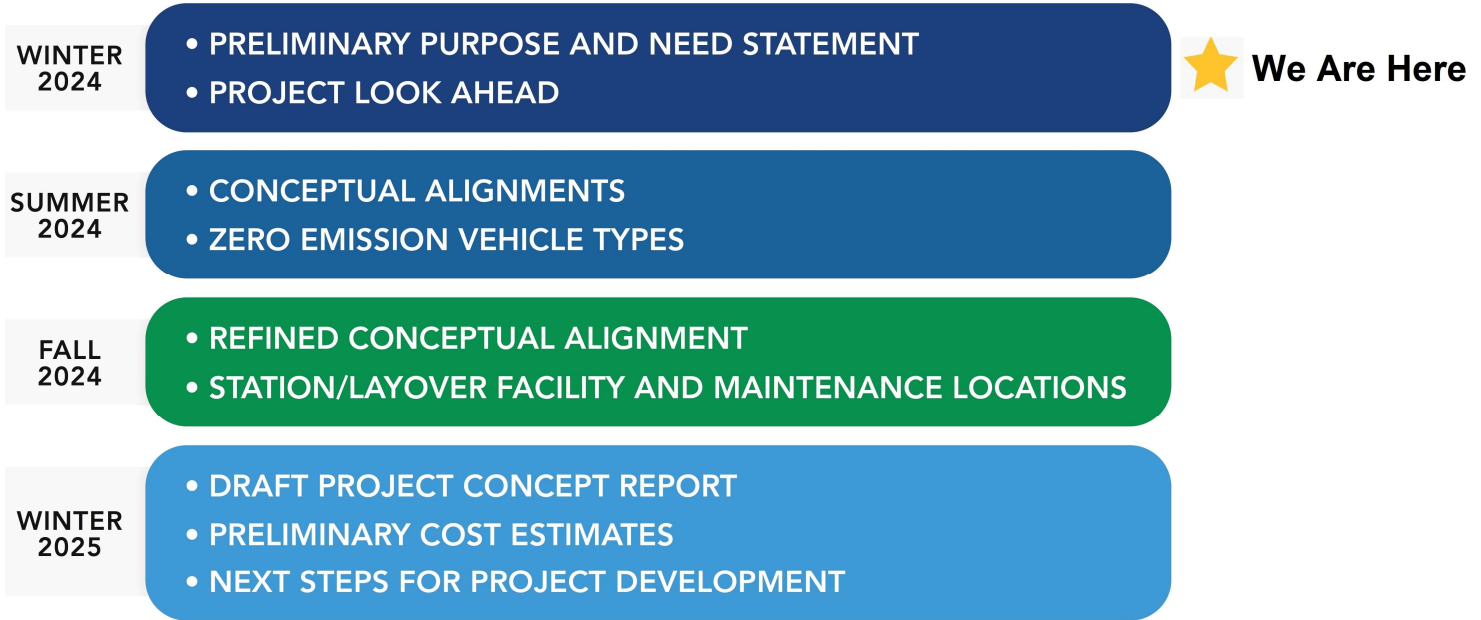
Beginning **Feb. 5** at
sccrtc.org/zeprt

Feedback will be used to inform purpose and need and ongoing project development.



Next Steps

PROJECT CONCEPT REPORT Milestones and Engagement Opportunities



Thank you!



Gautho, Julia

From: John <jxmlulry@gmail.com>
Sent: Monday, February 5, 2024 10:20 AM
To: Goldstein, Jamie (jgoldstein@ci.capitola.ca.us); Dally, Andrew (adally@ci.capitola.ca.us);
City Council
Subject: Police Committee

Follow Up Flag: Follow up
Flag Status: Flagged

Hello,

I applaud the new Police board. I see it doing great things. The lack of people under 50 on it is depressing but Capitola is what it is.

However, the lack of any renters represented (number might just be zero but that seems unlikely), in a city where the majority of residents are renters and where renters' voices are historically underrepresented on local boards, imo will be a public perception problem that will be consistently brought up in relation to its efforts.

Add a renter is my suggestion. Ideally the board would mirror the city population and be over 50% renters but that's a hard pull here with our lack of participation in local civics.

1-2 renters solves this issue. (2 truly solves it).

Warmly JM

Gautho, Julia

From: michael routh <qwakwak@gmail.com>
Sent: Friday, February 2, 2024 4:09 PM
To: City Council
Subject: MGP Property height limit

Follow Up Flag: Follow up
Flag Status: Flagged

Mayor and Council members,

I have some questions regarding the proposed changes to the Housing Element as it relates to the Capitola Mall site.

MGP claims without the height increase from 50' to 75' it is not economically feasible to develop 853 units on the unencumbered developable land under MGP ownership. They are requesting the zoning code be amended to allow this height increase.

Has the city or any city hired consultant completed an economic analysis to determine if the MGP assertions are valid? Perhaps this has been done, but if not, it would seem to be a logical step before granting a 50% increase in building height that will forever change the character of 41st Ave and open the door to increased densities and height the length of the Avenue.

When current MGP land encumbered by lease agreements becomes free to be redeveloped into other commercial uses or additional housing, will a 75' height limit also apply to those areas of MGP property?

Respectfully,

Mick Routh

Sent from my iPad

Capitola City Council Agenda Report

Meeting: February 8, 2024

From: City Manager Department

Subject: City Council Meeting Minutes



Recommended Action: Approve minutes from the regular meeting on January 25, 2024.

Background: Attached for Council review and approval are the draft minutes from the regular City Council meeting on January 25, 2024.

Attachments:

1. Minutes

Report Prepared By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager

City of Capitola

City Council Meeting Minutes

Thursday, January 25, 2024 – 6:00 PM



City Council Chambers
420 Capitola Avenue, Capitola, CA 95010

Mayor: Kristen Brown

Vice Mayor: Yvette Brooks

Council Members: Joe Clarke, Margaux Morgan, Alexander Pedersen

Closed Session – 5 PM

- i. CONFERENCE WITH LABOR NEGOTIATORS (Gov. Code § 54957.6)
Negotiator: Mark Wilson, Labor and Employment Practice, Burke, Williams, & Sorensen, LLP
Employee Organizations: Association of Capitola Employees, Police Officers Association, Mid-Management Employees, Confidential Employees, Police Captains, and Management

Regular Meeting of the Capitola City Council – 6 PM

1. **Roll Call and Pledge of Allegiance** – *The meeting was called to order at 6:03 PM. In attendance: Council Members Clarke, Morgan, Pedersen, Brooks, and Mayor Brown.*
2. **Additions and Deletions to the Agenda** – *None*
3. **Presentations**
 - A. *Amber Rowland, General Manager of the Santa Cruz County Animal Services Authority, provided a presentation on the Santa Cruz County Animal Services Authority.*
4. **Report on Closed Session** – *The City Council met and discussed one item on the Closed Session agenda. No reportable action was taken.*
5. **Additional Materials**
 - A. *Item 9B – 7 emails were received & staff corrected Attachments 1 and 3 in the agenda packet.*
6. **Oral Communications by Members of the Public**
 - *James Whitman, resident, spoke about elections and civil unrest.*
7. **Staff / City Council Comments**
 - *City Manager Goldstein provided updated information on the state funding for Items 8C, 8D, and 8E.*
 - *Community Development Director Herlihy provided an update on the Housing Element submission.*
 - *Council Member Pedersen inquired about the possibility of including bicycle/pedestrian access enhancements within the proposed Stockton Bridge agreement in Item 8E. City Manager Goldstein confirmed that it was possible to include that in the scope of work.*
 - *Council Member Clarke thanked the Public Works Department for their efforts to improve pedestrian safety at the Bay Avenue/Hill Street intersection.*
8. **Consent Items**

- A. City Council Meeting Minutes
Recommended Action: Approved minutes from the regular meeting on January 11, 2024.
- B. City Check Registers
Recommended Action: Approved check registers dated December 22, 2023, January 5, 2024, and January 12, 2024.
- C. Capitola Wharf Resiliency Project Funding
Recommended Action: Adopted Resolution No. 4355 authorizing the acceptance of grant funds from the California Natural Resources Agency for the Capitola Wharf Resiliency and Public Access Project, authorizing the City Manager to execute the grant agreement on behalf of the City, and amending the FY 2023-24 Adopted Budget.
- D. Community Center Renovation Project Funding
Recommended Action: Adopted Resolution No. 4356 authorizing the acceptance of grant funds from the California Natural Resources Agency (CNRA) for the Community Center Renovation Project, authorizing the City Manager to execute the grant agreement on behalf of the City, and amending the FY 2023-24 Adopted Budget.
- E. Stockton Bridge Debris Mitigation Project Design
Recommended Action: Authorized the City Manager to execute a Professional Services Agreement with CSW/Stuber-Stroeh Engineering Group, Inc. in an amount not to exceed \$125,343 to conduct a comprehensive feasibility study and create design documents for mitigating debris on Stockton Bridge in substantially similar form, as approved by the City Attorney, as the attached agreement.

Motion to approve the Consent Calendar: Vice Mayor Brooks

Seconded: Council Member Morgan

Voting Yea: Council Members Clarke, Morgan, Pedersen, Vice Mayor Brooks, Mayor Brown

9. General Government / Public Hearings

- A. New Brighton Middle School Field Restoration Project
Recommended Action: Received presentation regarding New Brighton Middle School Field Restoration Project.

Scott Turnbull, Superintendent of the Soquel Unified Elementary School District, presented the staff report.
- B. Conceptual Review for Senior Living Facility at 3720 Capitola Road and 1610 Bulb Avenue
Recommended Action: 1) Provided feedback on the conceptual plans for a 93-unit senior assisted-living facility and assessed the community benefits of the project pursuant to Capitola Municipal Code Chapter 17.88; and 2) considered authorizing the Mayor to sign a letter of support for the annexation of 1610 Bulb Avenue into Capitola City limits to the Local Agency Formation Commission.

Brian Froelich, Senior Planner, presented the staff report.

Council Member Pedersen requested that the tree planting mitigation program be brought back before the City Council for discussion at a later date.

Public Comments:

- **Shalom Compost, resident, requested that the large trees be maintained in the project.**
- **The project applicant spoke about why Capitola needs senior living.**

- **Caroline Cuspa, Bulb Avenue resident, voiced concerns about the proposed project and the lack of representation from the Santa Cruz County Board of Supervisors.**
- **Speaker shared concerns about lack of “local hire” labor requirements for this project.**
- **Jennifer Gallagher, Bulb Avenue resident, voiced concerns about the project.**
- **Kim Friedland, Bulb Avenue resident, voiced concerns about the project.**
- **Mikey Price, Bulb Avenue resident, voiced concerns about the project and opposed the annexation of the Bulb Avenue property.**
- **James Whitman, resident, voiced concerns about the cell tower energy at the project location.**
- **Vic Klauser, Bulb Avenue resident, voiced concerns about the project.**
- **Jason Wagermarsh, Bulb Avenue resident, voiced concerns about the project.**
- **Melissa Pence, project architect, provided clarification about the parking calculations for the project.**
- **Bulb Avenue resident voiced concerns about the impact of the project on residents.**
- **Don Mosgard, Bulb Avenue resident, voiced concerns about the project.**
- **Ron Goad, Bulb Avenue resident, voiced concerns about the project.**

City Council conceptual design feedback included comments on size of the structure, parking concerns, affordability of the services offered, lack of community benefit, and a request for the application to create a more welcoming environment for senior residents.

C. Transient Occupancy Tax Audit Update

Recommended Action: Received report and provided direction to staff.

Finance Director Malberg presented the staff report.

City Council discussion included deliberation on the merit of assessing penalties on the outstanding taxes and the importance of educating hotel operators of the applicable ordinances.

Motion to direct staff to waive outstanding transient occupancy taxes and work with hotel operators regarding future collections: Vice Mayor Brooks

Seconded: Council Member Clarke

Voting Yea: Council Members Clarke, Morgan, Vice Mayor Brooks, Mayor Brown

Voting Against: Council Member Pedersen

10. Adjournment – Adjourned at 8:22 PM to the next regularly scheduled City Council meeting on February 8, 2024, at 6:00 PM.

ATTEST:

Kristen Brown, Mayor

Julia Gautho, City Clerk

Capitola City Council

Agenda Report

Meeting: February 8, 2024

From: Finance Department

Subject: Fiscal Year 2024-25 Budget Calendar



Recommended Action: Approve Budget Calendar for Fiscal Year (FY) 2024-25.

Background: The Capitola Municipal Code requires the City to prepare and disseminate a budget calendar on or before March 1 of any fiscal year. The attached draft calendar provides dates for budget study sessions, hearings, meetings, and other significant budget events.

Discussion: Staff has prepared the attached draft Budget Calendar for FY 2024-25. The budget cycle begins with a City Council Goal Setting Workshop on March 6, 2024. This meeting will focus on establishing the FY 2024-25 Budget Principles and Goals. The budgeting principles and goals will serve to guide staff's preparation of the Proposed Budget.

Pursuant to this calendar, the Proposed Budget will be distributed on Friday, May 3, 2024, and the presentation of the City Budget is scheduled for a Special Meeting on Thursday, May 16, 2024. This is a tentative schedule that may be changed as necessary by the City Manager and/or City Council. Some meetings may be cancelled if they become unnecessary based on prior sessions.

Fiscal Impact: None

Attachments:

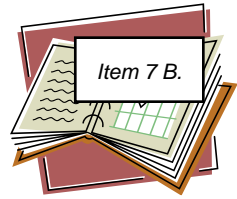
1. FY 2024-25 Draft Budget Calendar

Report Prepared By: Jim Malberg, Finance Director

Reviewed By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager

CITY OF CAPITOLA BUDGET CALENDAR – 2024-25 FISCAL YEAR



The City Manager and/or the City Council may change this tentative schedule.

NOTE: Some meetings may be cancelled if they become unnecessary based on prior sessions.

Meeting Date 2024	Week/Day	Nature of Meeting	Description
March 6	1 st Wednesday	*Special City Council	Establish Budgeting Principles / mid-year presentation
March 19	3 rd Tuesday	Finance Advisory Committee	Finance Advisory Committee to discuss Budget Principles
April 4	1 st Thursday	Planning Commission	Planning Commission review of the Capital Improvement Program (CIP)
May 3	1 st Friday	N/A	Proposed budget distribution
May 14	2 nd Tuesday	Special Finance Advisory Committee	Finance Advisory Committee to discuss proposed Budget and draft recommendations to Council
May 16	3 rd Thursday	*Special City Council	Presentation of City Operating & CIP Budgets
May 21	3 rd Tuesday	Finance Advisory Committee	Finance Advisory Committee to discuss proposed Budget and make recommendations to Council
May 23	2 nd Thursday	*Regular City Council	
May 30	3 rd Thursday	*Special City Council	Finance Advisory Committee Presentation Council Deliberations
June 4	1 st Tuesday	Special Finance Advisory Committee (if necessary)	Finance Advisory Committee to discuss proposed Budget and draft presentation
June 6	1 st Thursday	*Special City Council <i>(if necessary)</i>	Council Deliberations
June 13	2 nd Thursday	*Regular City Council	Reports from Finance: Appropriations Limit Resolution and Investment Policy
June 20	3 rd Thursday	*Special City Council <i>(if necessary)</i>	Final City Council Budget deliberations <i>(If necessary)</i>
June 27	4 th Thursday	*Regular City Council	Final Adoption of the City Budget and Pertinent Resolutions

NOTE: Regular City Council meetings begin at 6:00 PM. Special meetings may begin earlier and the start time will be listed on each meeting agenda. Meetings with an asterisk (*) are held in the City Hall Council Chambers and will be televised “Live” on Charter Communications Cable Channel 8. The Finance Advisory Committee Meetings begin at 6:00 pm and are scheduled to be held in the Community Room.

Capitola City Council

Agenda Report

Meeting: February 8, 2024

From: Public Works Department

Subject: Wharf Resiliency and Public Access Project



Recommended Action: Receive a progress report on the Wharf Resiliency and Public Access Project.

Background: The Capitola Wharf is currently undergoing significant improvements through the Wharf Resiliency and Public Access Project. This initiative is focused on key elements, including widening the narrow part of the wharf, fixing failing pilings, replacing the deck, and adding new restroom facilities. The comprehensive plan includes expanding the trestle, making structural repairs, and addressing damages from the storm event on January 5, 2023, all aimed at ensuring the Wharf's long-term resilience. Construction by Cushman Contracting commenced in September 2023 and has been advancing steadily since then.

Discussion: To date, repair and reconstruction of the existing trestle and the widening of the Wharf has been completed up to Bent 36 (Attachment 1). Completion of widening to Bent 46 is steadily progressing. Installation of the restroom at the base of the Wharf is scheduled for the coming weeks. The removal of old piles, as required by the project's mitigation measures, has also been successfully completed.

A storm event on December 28, 2023, resulted in additional damage to the Wharf. The damages include broken piles, exposed drift pins, and splintered timber piles in non-improved sections of the Wharf. Framing between the newly constructed Bents 27 and 30 experienced damage and deformation from wave uplift forces. Deck boards were lifted and splintered, posing potential hazards. Assessments of the head of the Wharf remain ongoing, presenting challenges primarily due to access issues.

Staff has now completed evaluations at the Wharf House Restaurant and unfortunately the building is severely damaged. The seaward-facing wall is collapsing, compromising structural integrity, and the foundation is compromised. The building is a total loss. Staff is obtaining estimates for building demolition.

The Bait Shop has also sustained significant damage to the foundation and will require repair prior to resuming operation.

Active collaboration with FEMA is underway to assess eligibility and facilitate payment for damages to both the Wharf and the buildings resulting from the January storms. Additional damage from the December storm may be eligible for reimbursement if a disaster is declared in the future.

Weather conditions continue to pose scheduling challenges, with anticipated rainy weather and large swell events expected to persist throughout the winter. Ongoing assessments and adaptive measures remain essential to navigate and address the complexities arising from both the construction project and the impact of adverse weather events. Construction is currently anticipated to be completed in Fall 2024.

Fiscal Impact: Wharf Resiliency and Public Access Project budget and expenses is detailed in Table 1 and described in more detail below.

Table 1. Wharf Resiliency and Public Access Project Budget

<u>Funding</u>	
Coastal Conservancy Grant	\$1,900,000
HUD Grant	\$3,500,000
Measure F	\$2,500,000
Insurance from December 2023 Storm Damages	\$1,000,000
California Natural Resources Agency	TBD
Total Project Funding	\$8,900,000
<u>Expenses</u>	
Initial Contract (inclusive of January 2023 Storm Damage)	\$7,740,000
Change Orders	\$361,000
Storm Damage (December 2023)	\$213,000
CWEP Allocation	\$250,000
Building demolition/repair work	TBD
Total Project Costs to date	\$8,564,000
<u>Available funds</u>	
Remaining Contingency	\$336,000

The original construction contract signed with Cushman Contracting amounted to \$7.74 million. Before the occurrence of the December storm, change orders were executed totaling \$361,000. The subsequent storm damage repairs incurred an additional \$213,000, resulting in a cumulative change order of \$574,000 and a revised contract amount of \$8.31M. Unquantified repairs at the head of the Wharf introduce uncertainty into the project's total cost. \$250,000 had also been allocated to the Capitola Wharf Enhancement Project (CWEP) for ancillary improvements on the wharf structure.

The initial budget allocated for this project was \$8.9 million, encompassing grants from the California Coastal Conservancy and U.S. Department of Housing and Urban Development, along with anticipated insurance payouts for damages from the January storms. Additionally, the project secured \$500,000 in funding from the state budget. However, the funding agency, the California Natural Resources Agency, has informed the City this funding is currently on hold pending the finalization of the state budget. Unfortunately, the status of this funding may remain uncertain until at least July.

Report Prepared By: Jessica Kahn, Public Works Director

Reviewed By: Julia Gautho, City Clerk

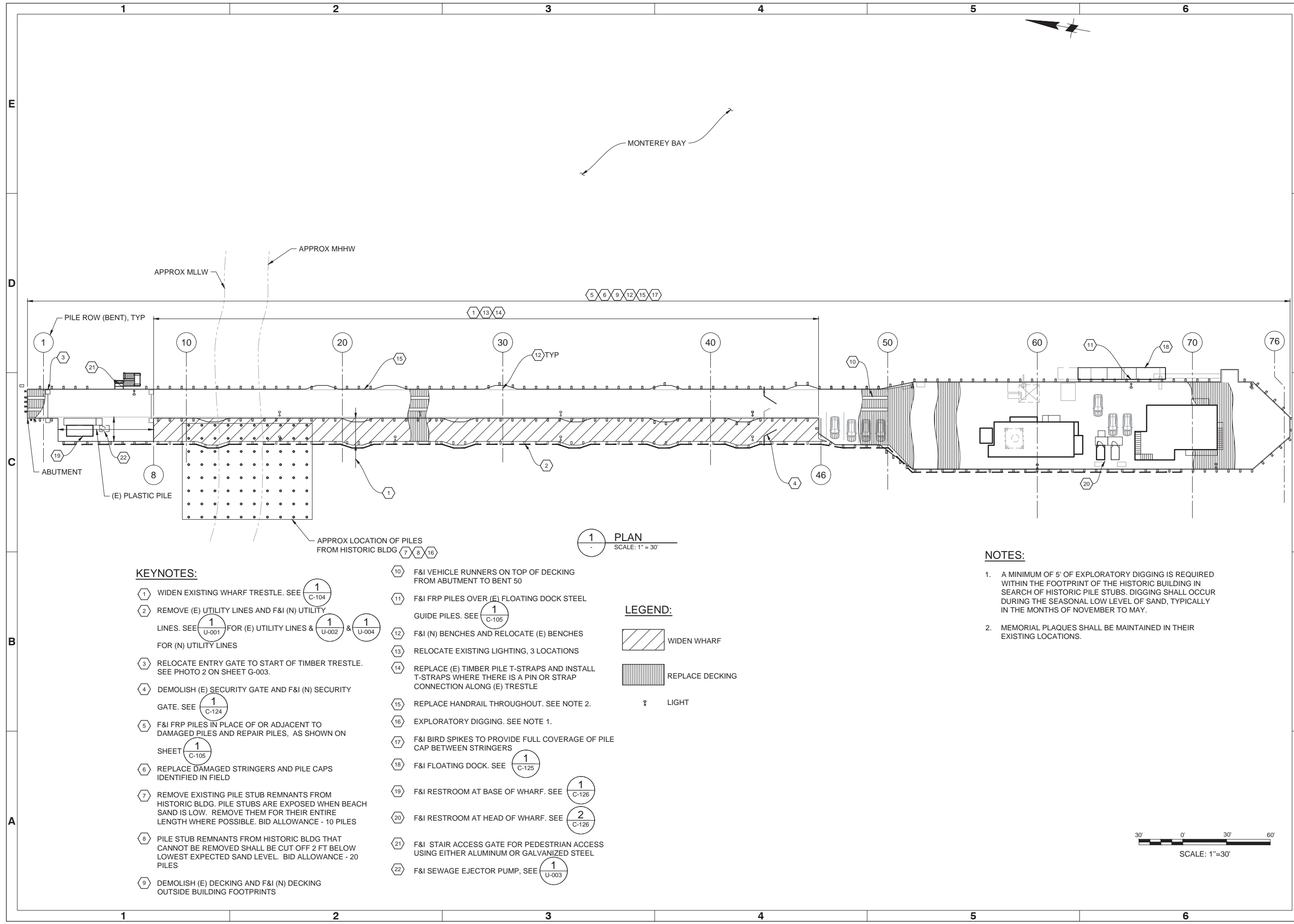
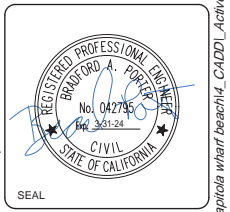
Approved By: Jamie Goldstein, City Manager

Mark	Description	Date	Appr.

**CAPITOLA WHARF
RESILIENCY AND PUBLIC ACCESS
IMPROVEMENT PHASE 2**

OVERALL WHARF

Date: 5/19/2023 M&N Project No.: 9154-01	Drawing code: Drawing Scale: 1" = 10' (0 SHEET) Per scale: 1" = 30'
Designed by: AC Dwn by: AC Rev. by: AC Submitted by: MOFFATT & NICHOL	BP Drawing code: Drawing Scale: 1" = 30'



KEYNOTES:

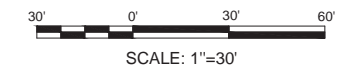
- 1 WIDEN EXISTING WHARF TRESTLE. SEE **1** C-104
- 2 REMOVE (E) UTILITY LINES AND F&I (N) UTILITY LINES. SEE **1** U-001 FOR (E) UTILITY LINES & **1** U-002 & **1** U-004 FOR (N) UTILITY LINES
- 3 RELOCATE ENTRY GATE TO START OF TIMBER TRESTLE. SEE PHOTO 2 ON SHEET G-003.
- 4 DEMOLISH (E) SECURITY GATE AND F&I (N) SECURITY GATE. SEE **1** C-124
- 5 F&I FRP PILES IN PLACE OF OR ADJACENT TO DAMAGED PILES AND REPAIR PILES, AS SHOWN ON SHEET **1** C-105
- 6 REPLACE DAMAGED STRINGERS AND PILE CAPS IDENTIFIED IN FIELD
- 7 REMOVE EXISTING PILE STUB REMNANTS FROM HISTORIC BLDG. PILE STUBS ARE EXPOSED WHEN BEACH SAND IS LOW. REMOVE THEM FOR THEIR ENTIRE LENGTH WHERE POSSIBLE. BID ALLOWANCE - 10 PILES
- 8 PILE STUB REMNANTS FROM HISTORIC BLDG THAT CANNOT BE REMOVED SHALL BE CUT OFF 2 FT BELOW LOWEST EXPECTED SAND LEVEL. BID ALLOWANCE - 20 PILES
- 9 DEMOLISH (E) DECKING AND F&I (N) DECKING OUTSIDE BUILDING FOOTPRINTS
- 10 F&I VEHICLE RUNNERS ON TOP OF DECKING FROM ABUTMENT TO BENT 50
- 11 F&I FRP PILES OVER (E) FLOATING DOCK STEEL GUIDE PILES. SEE **1** C-105
- 12 F&I (N) BENCHES AND RELOCATE (E) BENCHES
- 13 RELOCATE EXISTING LIGHTING, 3 LOCATIONS
- 14 REPLACE (E) TIMBER PILE T-STRAPS AND INSTALL T-STRAPS WHERE THERE IS A PIN OR STRAP CONNECTION ALONG (E) TRESTLE
- 15 REPLACE HANDRAIL THROUGHOUT. SEE NOTE 2.
- 16 EXPLORATORY DIGGING. SEE NOTE 1.
- 17 F&I BIRD SPIKES TO PROVIDE FULL COVERAGE OF PILE CAP BETWEEN STRINGERS
- 18 F&I FLOATING DOCK. SEE **1** C-125
- 19 F&I RESTROOM AT BASE OF WHARF. SEE **1** C-126
- 20 F&I RESTROOM AT HEAD OF WHARF. SEE **2** C-126
- 21 F&I STAIR ACCESS GATE FOR PEDESTRIAN ACCESS USING EITHER ALUMINUM OR GALVANIZED STEEL
- 22 F&I SEWAGE EJECTOR PUMP, SEE **1** U-003

LEGEND:

- WIDEN WHARF
- REPLACE DECKING
- LIGHT

NOTES:

1. A MINIMUM OF 5' OF EXPLORATORY DIGGING IS REQUIRED WITHIN THE FOOTPRINT OF THE HISTORIC BUILDING IN SEARCH OF HISTORIC PILE STUBS. DIGGING SHALL OCCUR DURING THE SEASONAL LOW LEVEL OF SAND, TYPICALLY IN THE MONTHS OF NOVEMBER TO MAY.
2. MEMORIAL PLAQUES SHALL BE MAINTAINED IN THEIR EXISTING LOCATIONS.



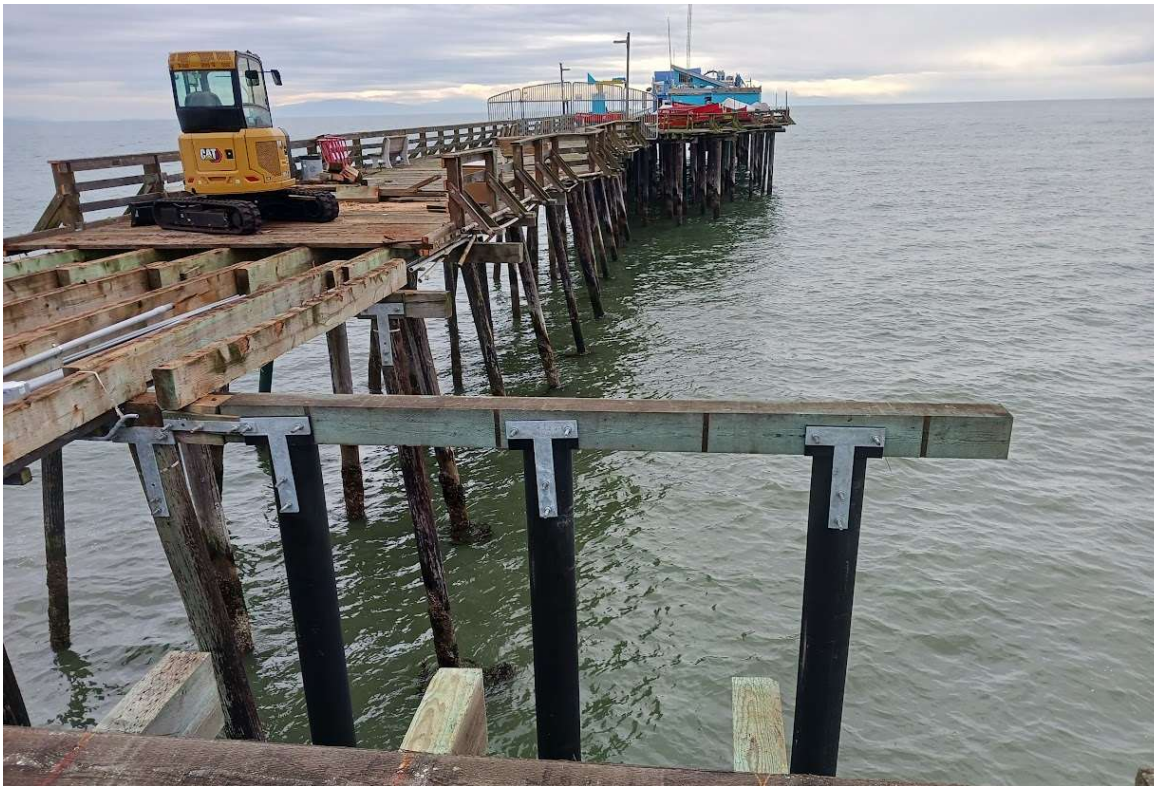


Wharf Resiliency and Public Access Project

City Council

February 8, 2024

Project Overview - Wharf Resiliency and Public Access

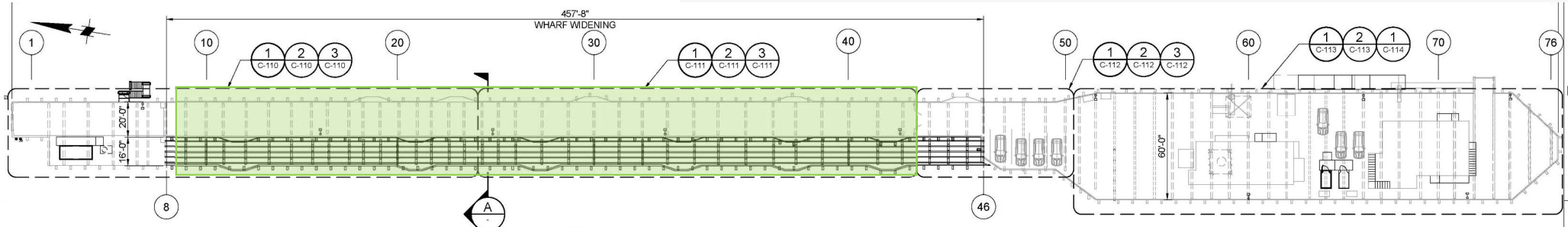
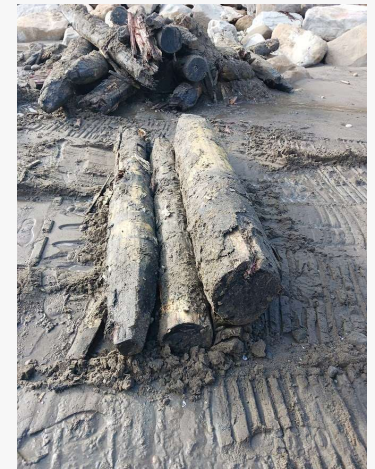


- Project Key Elements
 - Widening, piling fixes, deck replacement, restroom addition
 - Ensure the Wharf's long-term resilience
- Contractor: Cushman Contracting
- Commencement Date: September 2023

Progress Update

Completed

- Repair of demolished trestle
- Widening progressing, currently at Bent 41 of 46
- Removal of old piles



Progress Update

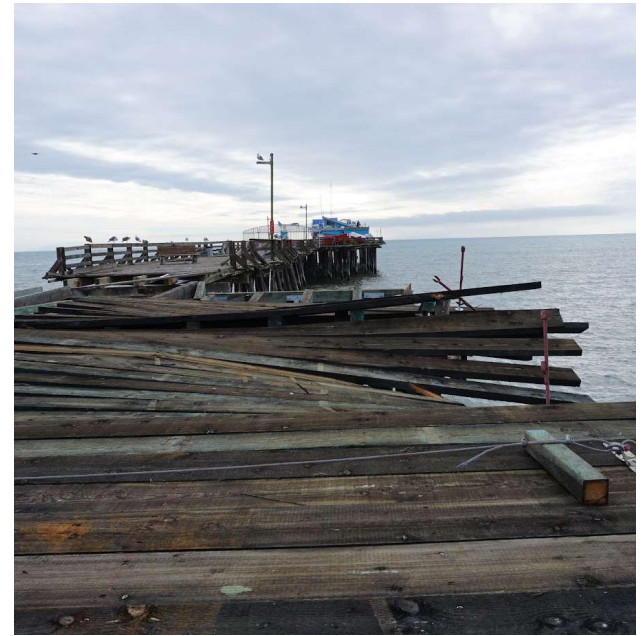
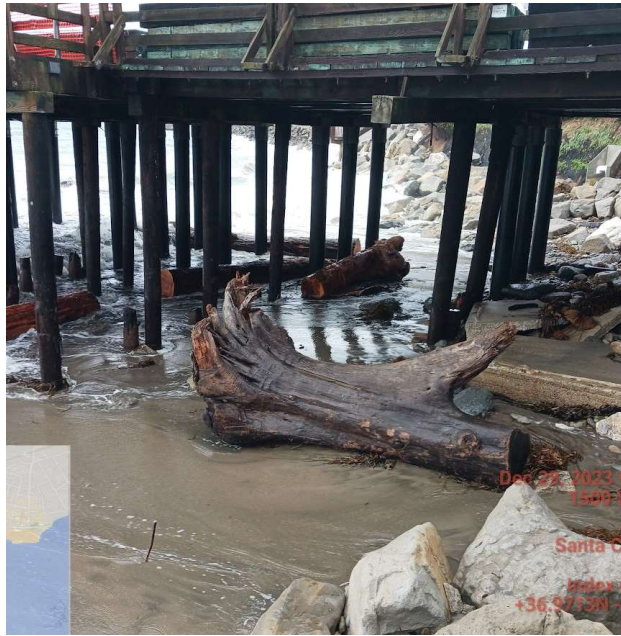
Completed

- Restroom installation



December 28, 2023 Storm Event - Damages

- Broken Piles
- Framing Damage and Deformation
- Hazardous Deck Conditions

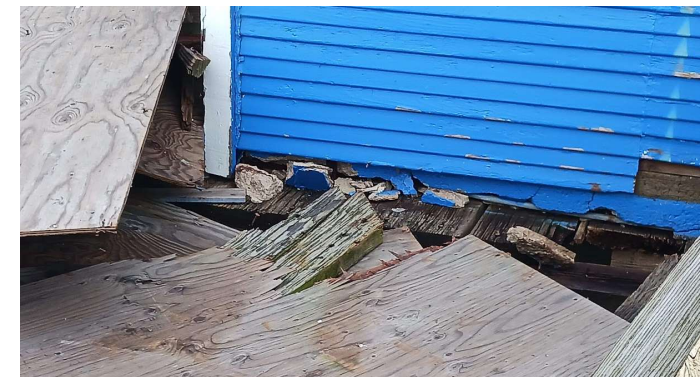


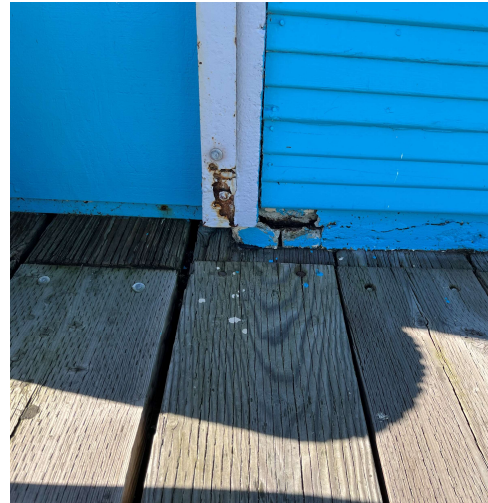


Building Assessments

Wharf House Restaurant

- Severe Structural Damage
- Collapsing Seaward-facing Wall
- Total Loss

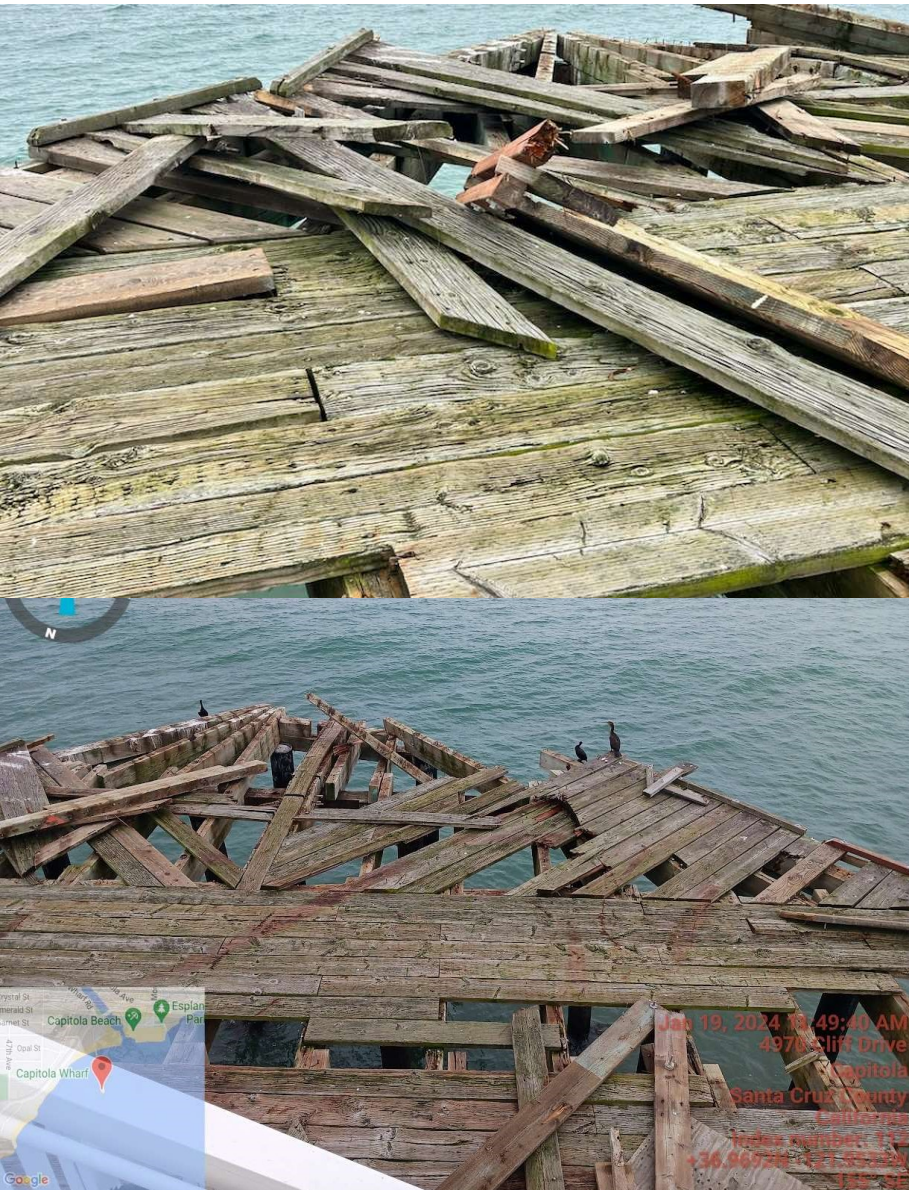




Building Assessments

Bait Shop

- Significant Foundation Damage
- Hazmat containment
- Building Code compliance



Challenges and Ongoing Assessments

- Challenges
 - Head of Wharf assessments ongoing
 - Wharf House Restaurant demolition and Bait Shop repairs
 - Anticipated Weather Conditions
 - Rainy Weather and Large Swell Events
- Ongoing Assessments and Adaptive Measures

Fiscal Impact

Uncertainties

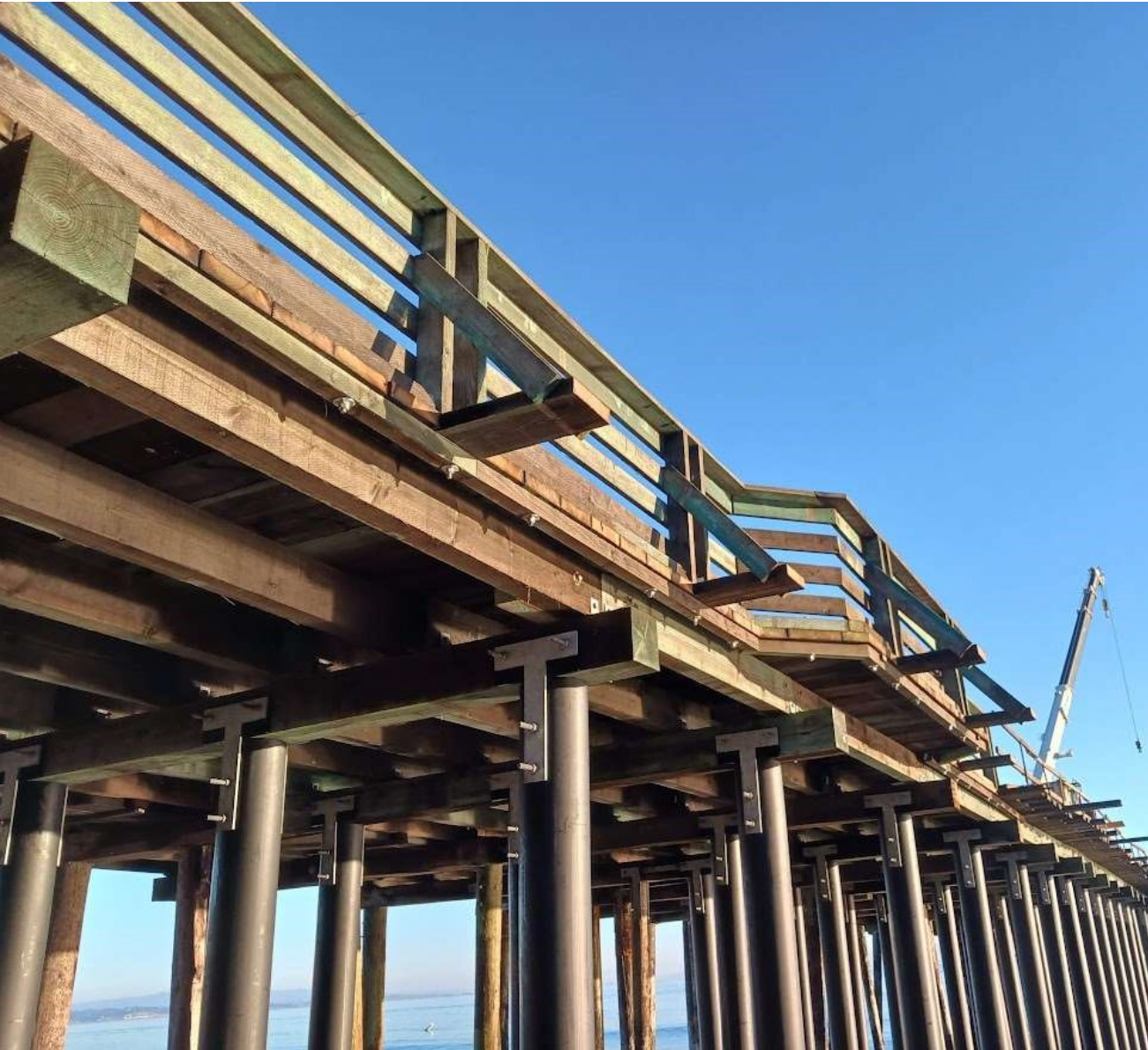
- Unquantified repairs at the head of the Wharf
- Funding from California Natural Resources Agency on hold

*final costs expected range \$400k-\$700k

<u>Funding</u>	
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Initial Contract (inclusive of January 2023 Storm Damage)	\$7,740,000
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Storm Damage (December 2023)	\$213,000
CWEP Allocation	\$250,000
Building demolition/repairs, repair to Wharf structure*	TBD
Total Project Costs to date	\$8,564,000
<u>Available funds</u>	
Remaining Contingency	\$336,000

Next Steps

- Timeline
 - Construction completion expected in Fall 2024
- Next Focus
 - Completion of widening to Bent 46
 - Coordination with Wharf businesses
 - Assessment and mitigation of damages
- Contingency:
 - Remaining Contingency: \$336,000
- Separate engagement process following Wharf Resiliency project to envision future for Wharf House site



In Summary

- Progress Amidst Challenges
 - Despite setbacks, notable progress achieved
 - Completed repairs and widening milestones
- Remaining Challenges
 - Head of the Wharf assessments ongoing
 - Building removal
 - Funding uncertainties
- Looking Ahead
 - Stay vigilant against weather events
 - Adaptive measures in the coming months

Capitola City Council

Agenda Report

Meeting: February 8, 2024
From: Community Development Department
Subject: Housing Element Update



Recommended Action: Provide preliminary direction to staff regarding amendments to Programs 1.6 and 1.7 of the recently adopted Housing Element that would provide additional incentives for Capitola Mall redevelopment, including a maximum height of 75 feet and an exception for parking garages from the floor area ratio calculation.

Background: On November 9, 2021, the City Council unanimously adopted the 6th Cycle Housing Element and authorized staff to submit the document to the State Department of Housing and Community Development (HCD) for Certification. On January 12, 2024, staff received comments from HCD recommending further items be addressed prior to HCD certification (Attachment 1). In addition to requests for clarification and analysis in certain areas, the HCD letter specifically asks the City to “commit to establishing heights that encourage redevelopment” and modifications to Chapter 17.88: Incentives for Community Benefits to “remove governmental constraints to the development of housing.”

Program 1.7 (Shopping/Commercial Center Redevelopment): While the element now includes actions to evaluate whether the Capitola Mall site redevelopment is achievable, an evaluation should instead evaluate whether redevelopment will occur in the planning period. In addition, as part of establishing land use policies, zoning and development standards, the Program should commit to establishing heights that encourage redevelopment.

An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... (Gov. Code, § 65583, subd. (a)(5).)

Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities... (Gov. Code, § 65583, subd. (c)(3).)

Other Locally Adopted Ordinances – Incentives for Community Benefit: While the element now discusses the discretionary process for incentives, it should still evaluate impacts on housing supply and cost. The analysis should particularly address the impacts on costs for providing community benefits and add or modify programs, as appropriate.

Discussion: Capitola Municipal Code Chapter 17.88: Incentives for Community Benefits establishes incentives of additional height and floor area ratio in exchange for community benefits (Attachment 2). The City’s Municipal Code provides incentives for redevelopment of the Capitola Mall because it qualifies as a community benefit. The current incentives include increasing the maximum permitted building height from 40 to 50 feet and maximum permitted floor area ratio from 1.5 to 2.0 on the Mall site (CMC § 17.88.050.).

The Housing Element identifies 645 housing units on the Capitola Mall sites, 419 of which are affordable. The City’s Housing Element consultants confirmed the development of 645 units can be

accommodated within a height limit of 50 feet and a floor area ratio of 2.0. However, the Mall redevelopment project may not be economically feasible under the current development standards with 419 of the units required to be affordable. The Mall owner, through public comment letters on the Housing Element, has indicated that an increase in the maximum permitted building height for the mall site to 75 feet would improve project feasibility. A height limit of 60 - 75 feet could result in 1,000 - 1,300 total units.

The Mall owner also requested an exception to the floor area ratio calculation to exclude parking garages. This modification would incentivize onsite parking. At a time when the state is decreasing/removing parking requirements, having incentives for parking in the code may assist in the development of onsite parking. The visual impacts of parking garages can be mitigated through objective design standards.

On February 1, 2024, the Planning Commission held a work session and discussed HCD input regarding Chapter 17.88: Incentives for Community Benefits. The Commission expressed unanimous support for the request to increase the height limit to 75 feet and add an exception for parking garages from the floor area ratio to encourage redevelopment of the Capitola Mall. The Planning Commission also supported adding design mitigations that include: stepping the massing of the building from the street frontage, wrapping parking garages into the site architecture, and limiting the 75-foot height to the Mall site.

Based on City Council direction regarding how to address HCD's comments, staff can add further narrative to the Housing Element Resources chapter as well as Programs 1.6 and 1.7 regarding the redevelopment of the Mall site, potentially including a commitment to update the Municipal Code to allow for increased height on the Mall site.

Following the Council's direction, staff intends to publish the updated Housing Element with the latest amendments on the City website for public review and submit the updated version to HCD with a request for expedited, conditional approval. Staff will also provide an update to the Planning Commission and City Council regarding the updated public review draft.

HCD will have up to 60 days to review the updated housing element and provide conditional redlines of recommended changes. Staff will then schedule the updated Housing Element, including the HCD recommended redlines, for review and recommendation by the Planning Commission and adoption by City Council. Adoption is estimated in late spring or early summer due to HCD's 60-day review period and public notice requirements.

Fiscal Impact: None

Attachments:

1. January 12, 2024 HCD Letter
2. Chapter 17.88 Incentives for Community Benefits
3. Merlone Geier letter dated November 8, 2023

Report Prepared By: Katie Herlihy, Community Development Director

Reviewed By: Julia Gautho, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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January 12, 2024

Katie Herlihy, Director
Community Development Department
City of Capitola
420 Capitola Avenue
Capitola, CA 95010

Dear Katie Herlihy:

RE: City of Capitola's 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of Capitola's (City) housing element that was adopted November 9, 2023 and received for review on November 15, 2023. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from PerkinsCoie on behalf of Merlone Geier Partners pursuant to Government Code section 65585, subdivision (c).

The adopted element addresses many statutory requirements that were described in HCD's October 3, 2023; however, revisions will be necessary to substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq). The revisions needed to comply with State Housing Element Law are as follows:

1. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services...(Gov. Code, § 65583, subd. (c)(1).)

Suitability of Nonvacant Sites and Zoning for Lower-Income Households: The element includes sites in the R-1 zone (with a maximum density of 8.7 du/ac) with existing congregational or educational uses currently listed as sites appropriate to meet the lower-income RHNA. The element mentions that recent legislation (SB 4) would allow development at appropriate densities (at least 20 units per acre). However, densities should be based on locally adopted densities.

As a result, the element should either provide an analysis based on factors such as market demand, financial feasibility, and development experience within identified zones, remove the sites or add programs to rezone the sites at appropriate densities, including meeting all by right requirements pursuant to Government Code section 65583.2, subdivisions (h) and (i).

In addition, the element must still evaluate the extent existing uses impede additional development. To address this requirement, the element should demonstrate the potential for redevelopment based on current market demand for the existing use, existing leases or contracts that would perpetuate the existing use or prevent additional residential development and other indicators of property turnover such as property for sale, vacancy, abandoned space, structural conditions, expressed interest in residential development, lack of improvements and frequent turnover. This analysis can be done on a site-by-site, corridor, or other planning area basis.

Publicly-Owned Sites: The element now generally discusses why publicly-owned sites were chosen but should still discuss their suitability for development in the planning period, including status, anticipated schedule, and any known barriers to development in the planning period. Based on the outcomes of this analysis, programs should be added or modified to comply with surplus land act requirements, if applicable, target numerical objectives consistent with the inventory and commit to a schedule of actions to facilitate development, including alternative actions, if necessary, by a specified date.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. While the City submitted the sites inventory in the appropriate form, any changes to the inventory should be reflected in the form and the form should be re-submitted as part of adoption. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Programs: Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition, the element should be revised, as follows:

- *Program 1.7 (Shopping/Commercial Center Redevelopment)*: While the element now includes actions to evaluate whether the Capitola Mall site redevelopment is achievable, an evaluation should instead evaluate whether redevelopment will occur in the planning period. In addition, as part of establishing land use policies, zoning and development standards, the Program should commit to establishing heights that encourage redevelopment.

- *Program 1.1 (Adequate Housing Sites):* As part of establishing incentives to encourage lot consolidation, the Program should commit to establishing density incentives.
2. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... ..(Gov. Code, § 65583, subd. (a)(5).)*

Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities... (Gov. Code, § 65583, subd. (c)(3).)

Other Locally Adopted Ordinances – Incentives for Community Benefit: While the element now discusses the discretionary process for incentives, it should still evaluate impacts on housing supply and cost. The analysis should particularly address the impacts on costs for providing community benefits and add or modify programs, as appropriate.

Program 3.4 (Housing for Persons with Disabilities): The Program now appears to limit zoning and permit procedure changes to licensed group homes for seven or more persons. However, the Program should clearly commit to permit group homes for seven or more persons in all zones allowing residential uses and similar to other residential uses of the same type in the same zone. These amendments should be completed regardless of licensing.

The element will meet the statutory requirements of State Housing Element Law once it has been revised, re-adopted, if necessary, submitted and reviewed by HCD to substantially comply with the above requirements pursuant to Government Code section 65585.

Public participation in the development, adoption, and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government’s website and to email a link to all individuals and organizations that have previously requested notices relating to the local government’s housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Affordable Housing and Sustainable Communities program, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the hard work and dedication the City's housing element team provided during the update and review. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Jose Ayala, of our staff, at Jose.Ayala@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Chapter 17.88

INCENTIVES FOR COMMUNITY BENEFITS

Sections:

- 17.88.010 Purpose.
- 17.88.020 Incentives restricted to added benefits.
- 17.88.030 Eligibility.
- 17.88.040 Allowable benefits.
- 17.88.050 Available incentives.
- 17.88.060 Relationship to state density bonus law.
- 17.88.070 Application submittal and review.
- 17.88.080 Findings.
- 17.88.090 Post-decision procedures.

17.88.010 Purpose.

This chapter establishes incentives for applicants to locate and design development projects in a manner that provides substantial benefits to the community. These incentives are intended to facilitate the redevelopment of underutilized properties along 41st Avenue consistent with the vision for the corridor described in the general plan and to encourage the development of a new hotel in the Village as called for by the general plan and the local coastal program (LCP). (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.88.020 Incentives restricted to added benefits.

The city may grant incentives only when the community benefits or amenities offered are not otherwise required by the zoning code or any other provision of local, state, or federal law. Community benefits or amenities must significantly advance general plan and/or LCP goals and/or incorporate a project feature that substantially exceeds the city's minimum requirements. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.88.030 Eligibility.

A. Eligibility for Incentive. The city may grant incentives for the following projects:

1. Projects in the regional commercial (C-R) and community commercial (C-C) zoning districts that:

- a. Front 41st Avenue; or
- b. Front Capitola Road between Clares Street and 42nd Avenue; or
- c. Are located on the Capitola Mall site.

2. A hotel on the former Capitola Theater site (APNs 035-262-04, 035-262-02, 035-262-11, and 035-261-10) in the mixed use village zoning district.

B. Setback Required – 41st Avenue. Structures on properties fronting the east side of 41st Avenue must be set back a minimum of one hundred feet from the property line abutting a residential property. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.88.040 Allowable benefits.

A. All Eligible Projects. The city may grant incentives to all eligible projects as identified in Section 17.88.030 (Eligibility) that provide one or more of the following community benefits. The public benefit provided shall be of sufficient value as determined by the planning commission to justify deviation from the standards of the zoning district that currently applies to the property.

- 1. Public Open Space. Public plazas, courtyards, and other public gathering places that provide opportunities for people to informally meet and gather. Open space must be accessible to the general public at all times. Provision must be made for ongoing operation and maintenance in perpetuity. The public space must either

exceed the city's minimum requirement for required open space and/or include quality improvements to the public realm to create an exceptional experience.

2. Public Infrastructure. Improvements to streets, sidewalks, curbs, gutters, sanitary and storm sewers, street trees, lighting, and other public infrastructure beyond the minimum required by the city or other public agency.
3. Pedestrian and Bicycle Facilities. New or improved pedestrian and bicycle pathways that enhance the property and connectivity to the surrounding neighborhood.
4. Low-Cost Visitor Serving Amenities. New or improved low-cost visitor serving recreational opportunities or accommodations within the Central Village area.
5. Transportation Options. Increased transportation options for residents and visitors to walk, bike, and take public transit to destinations and reduce greenhouse gas emissions.
6. Historic Resources. Preservation, restoration, or rehabilitation of a historic resource.
7. Public Parking. A public parking structure that provides parking spaces in excess of the required number of parking spaces for use by the surrounding commercial district. Excess parking provided as part of a Village hotel may not be located on the hotel site and must be located outside of the mixed use village zoning district.
8. Green Building. Green building and sustainable development features that exceed the city's green building award status.
9. Public Art. Public art that exceeds the city's minimum public art requirement and is placed in a prominent and publicly accessible location.
10. Child Care Facilities. Child care centers and other facilities providing daytime care and supervision to children.
11. Other Community Benefits. Other community benefits not listed above, such as entertainment destinations, as proposed by the applicant that are significant and substantially beyond normal requirements.

B. 41st Avenue/Capitola Road Projects. In addition to the community benefits in subsection A of this section, the city may grant incentives to eligible projects fronting 41st Avenue or Capitola Road between Clares Street and 42nd Avenue or on the Capitola Mall site that provide one or more of the following community benefits:

1. Capitola Mall Block Pattern. Subdivision of the existing Capitola Mall property into smaller blocks with new intersecting interior streets. May include the extension of 40th Avenue south into the mall property to form a new pedestrian-friendly private interior street.
2. Surface Parking Lot Redevelopment. Redevelopment of existing surface parking lots fronting 41st Avenue and Capitola Road while introducing new sidewalk-oriented commercial buildings that place commercial uses along the street frontage.
3. Transit Center. Substantial infrastructure improvements to the transit center on the Capitola Mall property that are integrated with a possible future shuttle system in Capitola. The transit center may be moved to an alternative location consistent with the operational requirements of Santa Cruz Metro.
4. Affordable Housing. Affordable housing that meets the income restrictions applicable in the affordable housing (-AH) overlay zone. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.88.050 Available incentives.

A. 41st Avenue/Capitola Road Projects. The city may grant the following incentives to an eligible project fronting 41st Avenue, Capitola Road between Clares Street and 42nd Avenue, or on the Capitola Mall site:

1. An increase in the maximum permitted floor area ratio (FAR) to 2.0.

2. An increase in the maximum permitted building height to fifty feet.

B. Village Hotel. The city may grant the following incentives to a proposed hotel on the former Capitola Theater site (APNs 035-262-04, 035-262-02, 035-262-11, and 035-261-10):

1. An increase in the maximum permitted floor area ratio (FAR) to 3.0.
2. An increase to the maximum permitted building height; provided, that:
 - a. The maximum height of the hotel (including all rooftop architectural elements such as chimneys, cupolas, etc., and all mechanical appurtenances such as elevator shafts, HVAC units, etc.) remains below the elevation of the bluff behind the hotel;
 - b. The bluff behind the hotel remains visible as a green edge (i.e., the upper bluff (i.e., below the blufftop edge) and upper bluff vegetation shall remain substantially visible across the length of the project site) when viewed from the southern parking area along the bluff of Cliff Drive (i.e., the parking area seaward of Cliff Drive and closest to Opal Cliff Drive) and from the Capitola wharf;
 - c. Existing mature trees shall be maintained on the site, except that trees that are unhealthy or unsafe may be removed; and
 - d. The rooftop shall be aesthetically pleasing and shall not significantly adversely affect public views from Cliff Avenue on Depot Hill. In addition to modifications to avoid structural incursions into this view, this can be accomplished through design features on top of the roof as well (e.g., use of a living roof, roof colors and materials that reduce its visual impacts, etc.). Rooftop appurtenances (e.g., elevator shafts, HVAC units, vents, solar panels, etc.) shall be screened from public view and integrated into/within the above-referenced rooftop design features to the greatest extent feasible. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.88.060 Relationship to state density bonus law.

The incentives allowed by this section are in addition to any development incentive required by Section 65915 of the California Government Code. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.88.070 Application submittal and review.

A. Request Submittal. A request for an incentive in exchange for benefits shall be submitted concurrently with an application for the discretionary permits required for the project by the zoning code. Applications shall be accompanied by the following information:

1. A description of the proposed amenities and how they will benefit the community.
2. All information needed by the city council to make the required findings described in Section 17.88.080 (Findings), including a pro forma analysis demonstrating that the benefit of the proposed amenities to the community is commensurate with the economic value of the requested incentives.

B. Conceptual Review. Prior to city action on a request for an incentive, the request shall be considered by the planning commission and city council through the conceptual review process as described in Chapter 17.114 (Conceptual Review). Conceptual review provides the applicant with nonbinding input from the city council and planning commission as to whether the request for incentives is worthy of consideration.

C. Theater Site Story Poles. Prior to city action on a proposed hotel on the former Capitola Theater site the planning commission or city council may require the applicant to install poles and flagging on the site to demonstrate the height and mass of the proposed project.

D. Planning Commission Recommendation. Following conceptual review, the planning commission shall provide a recommendation to the city council on the proposed project and requested incentives at a noticed public hearing in compliance with Chapter 17.148 (Public Notice and Hearings).

E. City Council Action. After receiving the planning commission's recommendation, the city council shall review and act on the requested incentives at a noticed public hearing in compliance with Chapter 17.148 (Public Notice and Hearings). The city council shall also review and act on other permits required for the project requesting incentives. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.88.080 Findings.

A. All Eligible Projects. The city council may approve the requested incentives for all eligible projects only if all of the following findings can be made in addition to the findings required for any other discretionary permit required by the zoning code:

1. The proposed amenities will provide a substantial benefit to the community and advance the goals of the general plan.
2. There are adequate public services and infrastructure to accommodate the increased development potential provided by the incentive.
3. The public benefit exceeds the minimum requirements of the zoning code or any other provisions of local, state, or federal law.
4. The project minimizes adverse impacts to neighboring properties to the greatest extent possible.
5. If in the coastal zone and subject to a coastal development permit, the project enhances coastal resources.

B. Village Hotel. In addition to the findings in subsection A of this section, the city council may approve the requested incentives for a proposed hotel on the former Capitola Theater site only if the following findings can be made:

1. The design of the hotel respects the scale and character of neighboring structures and enhances Capitola's unique sense of place.
2. The hotel will contribute to the economic vitality of the Village and support an active, attractive, and engaging pedestrian environment.
3. Hotel siting and design will (a) minimize impacts to public views, including views of the beach and Village from vantage points outside of the Village and from Cliff Avenue and Depot Hill behind the hotel; and (b) does not adversely impact any significant public views of the coastline as identified in the LCP's land use plan.
4. Parking for the hotel is provided in a way that minimizes vehicle traffic in the Village, strengthens the Village as a pedestrian-oriented destination, and protects public parking options. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.88.090 Post-decision procedures.

Post-decision procedures and requirements in Chapter 17.156 (Post-Decision Procedures) shall apply to decisions on incentives for community benefits. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)



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November 8, 2023

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BY ELECTRONIC MAIL

Mayor Margaux Keiser (margauxkeiser@gmail.com)
Vice Mayor Kristen Brown (thekristenbrown@gmail.com)
Councilmember Yvette Brooks (ybrooks@ci.capitola.ca.us)
Councilmember Joe Clarke (JClarke@ci.capitola.ca.us)
Councilmember Alexander Pedersen (apedersen@ci.capitola.ca.us)

Re: Merlone Geier Partners’ Additional Comments on 2023 - 2031 Draft Capitola Housing Element Update

Dear Mayor Keiser, Vice Mayor Brown, and Councilmembers Brooks Clarke and Pederson:

Our firm represents Merlone Geier Partners (“MGP”), the owner of the majority of the Capitola Mall site (the “Mall”) and more specifically Assessor’s Parcel Numbers 034-261-15; -37;- 38; - 39; and -40 (the “Property”), which are collectively targeted for 679 residential units under the City’s November 3rd draft Housing Element for the 2023-2031 planning cycle (“Draft Housing Element”). These 679 units represent more than fifty percent of the City’s entire Regional Housing Needs Assessment (“RHNA”) allocation. Accordingly, we believe it is necessary for the City of Capitola (“City”) to give due consideration to MGP’s concerns regarding the viability of the City’s strategy for delivering these units. Staff still has not addressed the comments detailed in our letter of August 1, 2023, which is attached here as Exhibit A. As further explained below, the Draft Housing Element assumes without any evidence that the Property can support conversion from commercial to residential use at a density of nearly 29-units per acre. Unless the Draft Housing Element is further revised to require specific zoning modifications, the Property will continue to be used solely for commercial use throughout the 2023-2031 planning cycle.

There is No Evidence in the Draft Housing Element to Support the Assumption that the Property Can be Developed at a Density of 29 Units Per Acre Under Current Development Controls

Both our August 1, 2023 comment letter and comments from the Department of Housing and Community Development’s (“HCD”) dated October 1, 2023 advised the City that the Draft Housing Element must evaluate *realistic* development capacity for nonvacant sites included in the housing sites inventory. Refer to our August 1, 2023, letter for a summary of the Government Code requirements and to HCD’s technical advisory publication describing the acceptable methodologies for performing this analysis.

The Draft Housing Element relies on MGP’s 2019 site redevelopment application and “conversations” with MGP to substantiate its assumption that the Property can support a density of approximately 29 units per acre. This assumption yields a total of 679 units on the 23.42

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acres of land included within the Property. Instead of evaluating whether site development controls, including maximum building heights (whether those heights are 40' or 50' with the possible *discretionary* height increase under City Code Section 17.88) or maximum floor area ratio (FAR) (whether at an FAR of 1.5:1 or the possible *discretionary* FAR of 2:1), the Draft Housing Element merely states that because MGP's 2019 application requested discretionary approvals for a project at a density of 20 units per acre and MGP has previously expressed an interest in developing the Property at 30 units per acre, that the Property thus supports the density projected in the housing sites inventory analysis (i.e., nearly 29 units per acre).

There is a glaring oversight in the City's density assumption. As shown in Exhibit B attached hereto, MGP's 2019 application assumed that building heights would be increased to 75' to achieve a density of even 20 units per acre. This application was ultimately withdrawn, meaning that the City did not increase the height limit beyond 40' or 50' (assuming approval of the discretionary 10' height incentive under City Code Section 17.88). Thus, the Draft Housing Element assumes a height increase that has not been adopted as a zoning amendment or directed as a future zoning amendment as a policy in the Draft Housing Element. The 2019 MGP application is therefore not representative of the Property's realistic development capacity per the requirements of Government Code Section 65533.2. Likewise, "conversations" between MGP and the City about possible redevelopment at 30 units per acre, without any accompanying actions by the City to modify the Property's zoning to achieve that number, are not adequate to satisfy the requirements of Government Code Section 65533.2.

Delaying Identification – Let Alone Implementation – of Necessary Zoning Changes until 2027 Will Not Deliver Housing Within the 2023-2031 Planning Cycle

The Draft Housing Element does not include any policy changes designed to actually deliver housing on the Property within the 2023-2031 planning cycle. While the City could, as MGP suggested, include policies directing an increase in maximum building height and FAR or establish a minimum density consistent with projections in the Draft Housing Element, the draft instead defers any analysis to a future study that will "identify[] strategies to initiate mall redevelopment" to be overseen by a "technical committee." (p. 5-10.) And then, "if by 2027, [it] becomes apparent that redevelopment of the Mall site is not achievable, the City will develop alternative strategies to the 6th Cycle RHNA requirement." (*Ibid.*)

There is no reason to defer identification of strategies to initiate redevelopment of the Property consistent with the Draft Housing Element's proposed densities. The very application that the City relies on to support its density assumptions (MGP's 2019 application) demonstrates that a height increase to 75' – coupled with other modifications to current development controls -- are necessary to achieve even a lower density than the 29-units per acre projected in the Draft Housing Element. The City can – as other jurisdictions have done across the State – adopt a minimum development density that corresponds with the assumptions in the Draft Housing Element. The City's proposed deferral of these decisions to a committee provides no assurance that the City will take the zoning actions necessary to enable over 50% of the City's RHNA allocation.

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Moreover, waiting until 2027 to see if the committee’s unspecified strategies work and, if not, to then “develop alternative strategies” is not a strategy. To implement zoning changes in 2027, the City would need to evaluate those changes under the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq., “CEQA”), presumably by preparing and then certifying an environmental impact report. Zoning modifications would need to be approved by ordinance and would be subject to referendum. Even assuming the City were to successfully navigate the legal process to adopt the zoning changes, there would be very little time left within the 2023-2031 planning cycle to build *any* of the units, let alone the several buildings that would contain all 679 units presumed in the Draft Housing Element.

MGP continues to insist that the Draft Housing Element should include the following if the City is to rely on redevelopment of the Property for at least 679 units during the 2023 – 2031 planning cycle:

- Increase maximum building heights to 75’ (excluding mechanical features) independent of any kind of discretionary incentive concept as in City Code Section 17.88.
- Increase maximum FAR from 1.5:1 to 2:1 and exclude any structured parking from the calculation. Here too, the increase in FAR should not be dependent on the award of any discretionary incentives as in City Code Section 17.88.
- Establish a minimum density of 29 units per acre.

The Property Will Only be Redeveloped During the Planning Cycle if MGP Is Willing to Participate in that Process

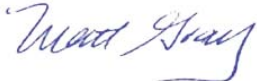
As HCD noted, the Property is nonvacant and already occupied by ongoing commercial users. MGP can continue operating the site as a commercial project, including by extending current leases or signing new leases over time. Conversion of some or all of the Property to residential use requires a substantial investment of capital that would need to be justified by the project’s economics. MGP is a leading developer, owner, and operator of mixed-use projects all over the West Coast. MGP – and not a technical committee or any group of consultants that the City might enlist – best understands what is required for an owner to pursue the redevelopment contemplated by the Draft Housing Element.

The zoning changes identified above are essential to any potential redevelopment during the 2023-2031 planning cycle, as those changes would eliminate significant entitlement, development and schedule risk that MGP will not otherwise be willing to assume. That said, if the City were to adopt these minimum changes and certify a corresponding environmental analysis, MGP would evaluate scenarios pursuant to which it would deliver *more* than 679 units to make even greater progress toward the City’s RHNA allocation. Again, MGP’s willingness to take on this work will depend on the City’s implementation of these specific, objective changes to zoning constraints in the near term, rather than deferring possible changes to future studies or analyses by a committee.

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MGP remains willing to collaborate with the City in its efforts to achieve certification of its 2023-2031 Housing Element. However, we do not believe the Draft Housing Element can or should be certified in its current form for the reasons detailed above. We encourage the City Council to delay action on the Draft Housing Element to incorporate the modifications requested above and to bring the draft back for adoption and subsequent certification by HCD at a later date.

Regards,



Matthew S. Gray

MSG:gjc

cc: Jamie Goldstein, City Manager
Eric Phillips, Burke, Williams & Sorensen LLP
Paul McDougall, HCD

Exhibit A

August 1, 2023, Letter

August 1, 2023

Matthew S. Gray
MGray@perkinscoie.com
D. +1.415.344.7082

Jamie Goldstein
City Manager
City of Capitola
Capitola City Hall
420 Capitola Ave
Capitola, CA 95010

Re: Capitola Housing Element 2023-2031 (May 2023 Draft)

Dear Mr. Goldstein,

Our firm represents Merlone Geier Partners (“MGP”) the owner of Assessor Parcel Numbers 034-261-07; -15; -37;- 38; -39; and -40 (collectively, the “Property”) which comprise approximately 31 acres of the Capitola Mall, and which the City of Capitola (“City”) is relying on to accommodate nearly 64 percent of its Sixth Cycle Regional Housing Needs Allocation (“RHNA”) obligation of 1,336 units. The purpose of this letter is to express MGP’s concerns regarding the May 2023 draft 2023 – 2031 Housing Element (“Draft Housing Element”). In summary, the Draft Housing Element fails to comply with State law, and it must be revised to include policies to address development constraints would undoubtedly prevent development of 853 during the planning cycle as contemplated in the draft.

We note at the outset that MGP has extensive experience as an owner and operator of similarly situated properties all along the West Coast. MGP has successfully redeveloped more than a dozen mall properties for alternative uses, including multi-family residential, and is currently pursuing the redevelopment of several other such projects in Northern California (including in Alameda County, Santa Clara County, and Marin County). Based on this experience, MGP offers the following comments with the goal of informing the Draft Housing Element both so that it conforms with State law and so it can be used to achieve the stated purpose of facilitating actual housing development in Capitola.

The Draft Housing Element Fails to Account for Development Constraints as Required by the Government Code

The Government Code establishes requirements for the evaluation of nonvacant sites included within a housing element, including for purposes of determining realistic development potential. Additional guidance is provided by the California Department of Housing and Community Development (“HCD”), which is summarized in HCD’s Housing Element Site Inventory Guidebook – Government Code Section 65533.2 dated May 2020 (“HCD Guidebook”). As stated by HCD, “a local government [must] calculate the projected residential development capacity of the sites in the housing element that can be realistically achieved” and this must be done using one of two approved methodologies. (HCD Guidebook, p. 19.) First, the agency

may use minimum densities, but only if it has adopted a “local law or regulations that require the development of a site at a minimum density.” (Govt. Code, § 65583.2(c)(1).) Second, where the agency has not established a minimum density, the agency can use “factors” to derive realistic development capacity. Under this scenario, the agency “must describe the methodology used to determine the number of units calculated” based on, among other things, the land use controls that govern the property. (Govt. Code, § 65583.2(c)(2).)

The HCD Guidebook states as follows:

The analysis must consider the imposition of any development standards that impact the residential development capacity of the sites identified in the inventory. When establishing realistic unit capacity calculations, ***the jurisdiction must consider the cumulative impact of standards such as maximum lot coverage, height, open space, [and] parking*** . . . The analysis should consider any development standards or the cumulative effect of development standards that would limit the achievable density on a site. For example, if a mixed-use zone requires commercial on the ground floor and has a height limit of three stories along with lot coverage and other development standards, the density that actually can be achieved on the site might be less than the maximum allowable density.

(HCD Guidebook, p. 20; emphasis added.)

The Draft Housing Element lists the Property as part of the Sites Inventory in Appendix D. Each of the parcels is identified as “nonvacant” and the City projects a *minimum* of 853 units on the site in the aggregate during the 2023-2031 planning period. (Draft Housing Element, p. 4-28.) These units are anticipated to be built under the Property’s current regional commercial (C-R) zoning without any zoning amendments. (*Ibid.*) The calculation of 853 units is derived solely from purported “conversations” between MGP and City staff in which “an overall minimum residential density of 29 dwelling units/acre” was discussed. The City then multiplies this conjectural 29-units per acre number by the 29.4 acres that the City believes comprise the Property, to establish a minimum development capacity of 853 units.

The City’s calculation of the Property’s development capacity fails to satisfy the requirements of Government Code Section 65583.2(c). As the City notes in the Draft Housing Element, the Property is not subject to any regulation that establishes a minimum residential density. Therefore, realistic development capacity must be evaluated under Government Code Section 65583(c)(2), which requires an evaluation of applicable land use controls. Further, per Section 65583(c)(1), the City must “demonstrate how the number of units for the site . . . will be accommodated.” The Draft Housing Element does not include an evaluation of how General Plan, C-R zoning, or other Municipal Code provisions limit development on the Property. There is no evaluation of applicable height, floor area ratio, setback, ground-floor commercial use requirements or other limitations that affect the delivery of housing. The City’s assumption that the Property can accommodate 29 units per acre or a minimum of 853 units under applicable

development controls is not based on substantial evidence that satisfies Government Code requirements.

The Property's Zoning Must be Modified to Accommodate a Minimum of 853 Units on the Developable Portions of the Site.

MGP evaluated the site to determine whether a minimum of 853 residential units can be developed as part of a mixed-use project during the 2023-2031 Housing Element cycle. Consistent with State law for nonvacant commercial sites, MGP quantified the portion of the Property that can be redeveloped during the planning cycle. This analysis reflects the following:

- **Property subject to long-term leases:** Certain MGP-owned property, including existing buildings and portions of the MGP-owned surface parking area, are subject to leases in favor of commercial tenants that extend through the 2023-2031 planning cycle. Of the 1,369,690 square feet of the Property that MGP owns, 442,771 square feet including the Kohl's building, portions of the existing central mall, and parking fields servicing Target and Macy's are subject to leases and therefore must be excluded, bringing the developable area down to 926,919 square feet. The areas encumbered by leases and which are ineligible for redevelopment are shown on Exhibit 1 attached hereto, including the cross-hatched areas shown as areas "A" through "D" on the Exhibit.
- **Retained retail:** As MGP understands from its experience on similar projects, successful mixed-use retail and residential projects require a critical mass of retail to achieve a sense of a place. Preservation of a certain amount of the existing retail structures is also necessary from an economic perspective due to land economics and to sustain a portion of existing sales tax revenues flowing to the City. Further, the General Plan and the 41st Avenue / Capitola Mall Re-Visioning Plan call for preservation of retail as part of any redevelopment. As such, we assume that fifty percent of the existing MGP-owned retail building area (excluding Kohl's which is already excluded due to the lease constraint) will be retained for retail. This amounts to 149,660 square feet. Parking spaces must also be preserved to service the retained retail space. We assume an industry-standard four spaces per 1,000 square feet of retail will be required to attract tenants. Accordingly, we assume 300,000 square feet of surface area would be set aside to build 600 parking spaces of 500 square feet each.

In light of the above site constraints 477,259 square feet of MGP-owned portions of the Property is subject to redevelopment during the 2023-2031 Housing Element cycle. This requires a minimum density of approximately 80 units per acre to achieve a minimum of 853 residential units during the planning period.

Modifications to the Property's zoning are required if the City intends to make a good faith effort to comply with State law requirements. Specifically, the following changes to the C-R zoning controls are necessary to achieve a minimum density of 80 units per acre on the 477,529 square feet of land eligible for redevelopment and facilitate at least 853 residential units during the Housing Element cycle:

- Maximum building height should be increased from 40 feet to 75 feet, not counting building mechanical features.
- Maximum FAR should be increased from 1.5:1 to 2:1 and should exclude any structured parking from the calculation.
- the prohibition on ground-floor residential use should be eliminated. The prohibition of ground-floor residential provides a further site constraint and obstacle to achieving the desired minimum number of residential units.

Development “Incentives” under Municipal Code Section 17.88 Do Not Constitute Development Controls for Purposes of Calculating Realistic Minimum Development Capacity

Section 17.88 of the Municipal Code authorizes the City Council to grant “incentives” that could partially alleviate the zoning constraints outlined above, namely by marginally increasing maximum height and FAR. These potential incentives should not be misconstrued as if they represent prevailing site controls that permit the minimum development capacity of the Property.

First, an applicant is not entitled to the incentives even if the applicant agrees to provide one of the “benefits” listed in Section 17.88.040(A)(1) – (11). The operative language states: “the public benefit provided shall be of sufficient value as determined by the planning commission to justify deviation from the standards of the zoning district that currently applies to the property.” As such, the Planning Commission must make a subjective determination that the “value” of the benefit is sufficient, which determination is then provided to the City Council in the form of a recommendation. There is no methodology prescribed in the Code for how the Planning Commission determines that the value of an offered public benefit is sufficient to justify an incentive as applied to a given project. Similarly, the City Council must find that the proposal provides a “substantial benefit” to the community. This is a subjective determination, particularly given that the Code contains a list of eligible project benefits under Section 17.88(A).

Second, to obtain an incentive, the applicant must agree to provide public benefits in excess of the types of development exactions that the City could otherwise require by law as a condition of development approval. Section 17.88.020 states that the City may grant incentives only when the “community benefits offered are not otherwise required by the zoning code or any other provision of local, state, or federal law.” Similarly, the Council must find that the offered public benefit “exceeds the minimum requirements of the zoning code or any other provision of state or federal law.” The City cannot lawfully require an applicant to provide the public benefits under Section 17.88.040 to obtain the incentives under Section 17.88.050 as a condition of a development approval in another form, e.g., a variance or condition of use permit, since requiring a public benefit with no relationship to the proposed incentive (as opposed to, e.g., requiring setbacks to offset aesthetic or shadow impacts associated with a building height increase) would constitute an unconstitutional condition. (See *Nollan v. California Coastal Commission*, 483 U.S. 825 (1987) (there must be a nexus between a permit condition imposed on the specific regulatory interest advanced by the condition); *Dolan v. City of Tigard*, 512 U.S.

374 (1994) (requiring proportionality between the condition imposed and the impact to be addressed by the condition); *California Building Association v. City of San Jose* 61 Cal.4th 435, 492 (government may not impose a condition on the receipt of a benefit that requires the individual to give up a constitutional right, including the right to demand compensation for a taking of his or her property).) It cannot be assumed that MGP will agree to provide such benefits as a condition of obtaining only partial relief from the zoning standards that will otherwise prevent the development of the minimum 853 units.

Assuming that MGP Chooses to Negotiate a Development Agreement, the Development Agreement Cannot Substitute for Addressing Development Constraints in the Draft Housing Element

The Draft Housing Element incorrectly assumes that any development constraints applicable to the Property will be addressed through a development agreement rather than through zoning amendments. Specifically, the draft states:

The City intends to establish a Development Agreement (DA) that would serve as an added layer to the existing Regional Commercial (C-R) zone that would set forth specific development regulations for the mall site project area to guide future development of residential uses while providing for the redevelopment of retail and commercial uses.

(Draft Housing Element, p. 4-28.)

This is flawed for two reasons. First, the City cannot unilaterally “establish” a development agreement governing the Property. MGP, in its discretion, would choose to apply for a development agreement and the parties would then negotiate the terms at arm’s length each in their sole discretion. (See Govt. Code, §§ 65864 *et seq.*; see also Municipal Code Chapter 18.04.030(E) (“A development agreement is a contract that is negotiated and voluntarily entered into by city and applicant and may contain any additional or modified conditions, terms or provisions agreed upon by the parties”).) The development agreement would then need to be approved at the City Council’s discretion at the conclusion of the project approval process. (Municipal Code, § 18.04.040(F).) Second, a development agreement is not a mechanism for amending the site development controls that pertain to a particular property. Rather, the development agreement vests the applicant’s rights to complete the project in accordance with “the rules, regulations, and official policies in force at the time of execution of the agreement.” (Govt. Code, § 65866(a).) Therefore, without a prior or concurrent modification of the site controls, any development agreement would only vest MGP’s right to develop the Property in accordance with the C-R zoning constraints described above.

The Draft Housing Element should be amended to incorporate procedures for modifying C-R zoning provisions rather than assuming that a future development agreement will serve that purpose. As outlined above, MGP cannot be compelled to enter into a development agreement. The City should not assume that delaying State-mandated zoning changes in the Housing Element will bring MGP to the table for future development agreement negotiations. This


approach does not satisfy Government Code Section 65583(c)(1)'s mandate for the City to demonstrate how it will accommodate its RHNA obligation, particularly given that the development agreement would not on its own address the current site development constraints.

Proposed Affordable Housing Projections for the Property Are Not Realistic

Appendix D of the Draft Housing Element indicates that of the 853 units allocated to the Property, 65 percent of those units would be reserved for low or moderate-income households. While we understand that the City is challenged to find suitable locations to accommodate affordable units within its jurisdiction, it is not realistic to assume that the Property (or any property for that matter) can be redeveloped with only 299 out of 853 units (35 percent) not being subject to income-based restrictions. The Property is currently developed with viable commercial uses, and even for the former Sears building, the site can be repositioned as needed to attract other commercial users. It would be economically infeasible to terminate the current regional commercial land uses and instead devote the Property to a predominantly affordable housing project.

In addition, saddling MGP-owned properties with such a disproportionately high amount of the City's share of below-market-rate development obligations violates the City's legal obligations to treat similarly situated properties equally. Moreover, the infeasibility of providing such a disproportionately high amount of affordable housing within any market rate development proposal, coupled with the City's obligations under the No Net Loss Law to not approve projects providing less than the proscribed amount of affordable housing (unless the affordable units are replanned for another site), would result in an unconstitutional taking of MGP's property without just compensation. The Draft Housing Element should therefore be revised to reflect more reasonable assumptions for affordable housing at the Property.

We look forward to reviewing the next draft of the housing element and remain willing to engage with the City throughout the update process.



Matthew S. Gray

MSG:gjc

Exhibit 1

(attached)

PROJECT SUMMARY

OVERALL SITE AREA:	acres	square feet
EXISTING MALL:	21.14 ac	911,667 sf
FORMER SEARS:	10,327 ac	458,023 sf
TARGET:	2,586 ac	114,843 sf
MACY'S:	5,298 ac	245,019 sf
ROSS:	5.09 ac	211,811 sf
CITI BANK:	0.479 ac	20,636 sf
OLIVE GARDEN:	0.660 ac	27,886 sf
BANK OF AMERICA:	0.684 ac	20,636 sf
TOTAL OVERALL SITE AREA:	46,268 ac	2,010,921 sf

MGP DEVELOPMENT CONTROL SITE AREA:	acres	square feet
EXISTING MALL:	21.14 ac	911,667 sf
FORMER SEARS:	10,327 ac	458,023 sf
TOTAL DEVELOPMENT SITE AREA:	31,467 ac	1,389,690 sf

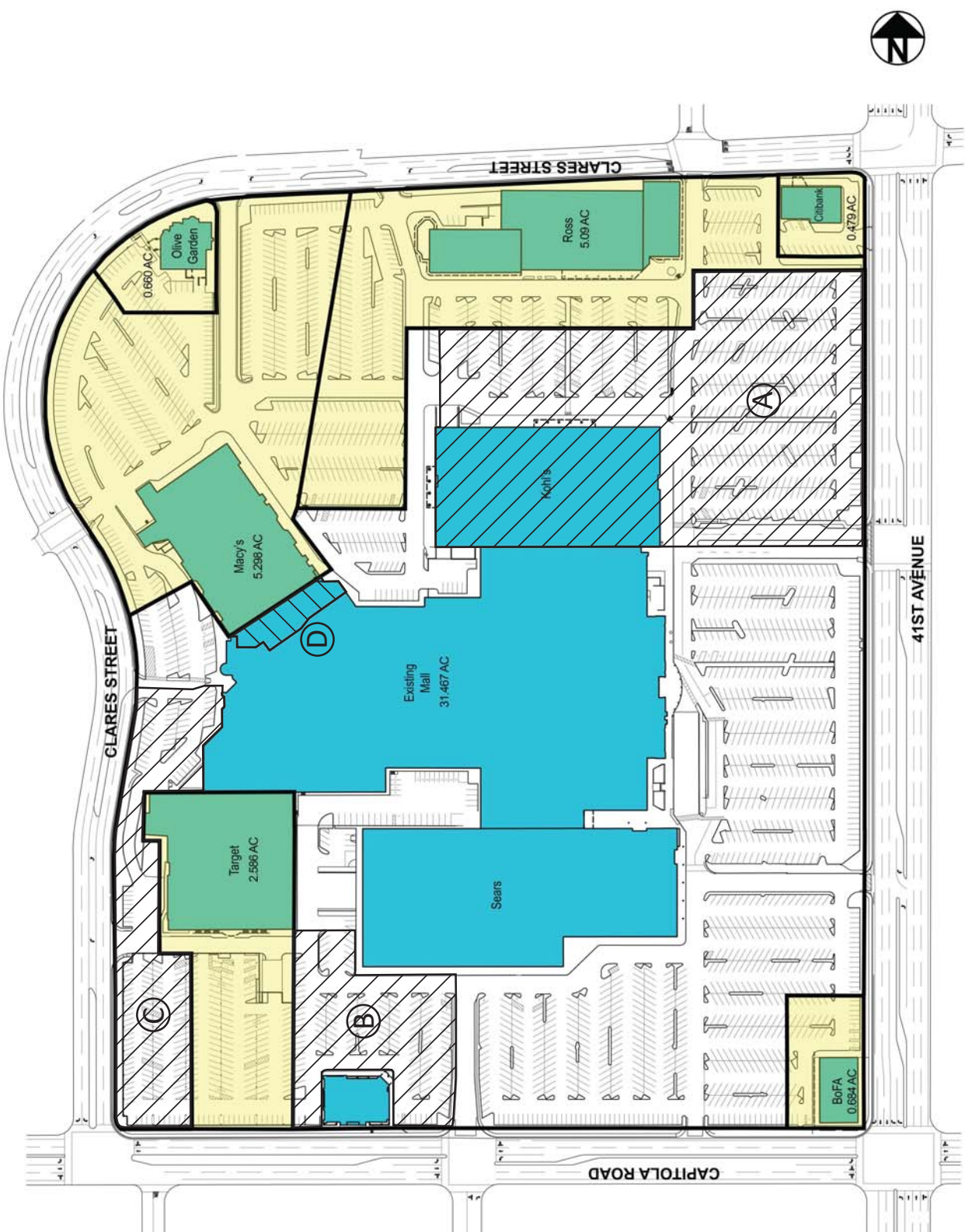
OVERALL EXISTING BUILDING AREA:	square feet
EXISTING MALL:	181,320 sf
KOHL'S:	74,131 sf
SEARS:	110,000 sf
MACY'S:	102,000 sf
TARGET:	93,214 sf
ROSS:	50,327 sf
CITI BANK:	4,910 sf
OLIVE GARDEN:	8,000 sf
VACANT PAD(FORMER TAKARA):	8,000 sf
BANK OF AMERICA:	8,729 sf
TOTAL OVERALL SITE SITE BUILDING AREA:	640,631 sf

MGP DEVELOPMENT CONTROL EXISTING BUILDING AREA:	square feet
EXISTING MALL:	181,320 sf
KOHL'S:	74,131 sf
SEARS:	110,000 sf
VACANT PAD(FORMER TAKARA):	8,000 sf
TOTAL DEVELOPMENT BUILDING AREA:	373,451 sf

OVERALL SITE PARKING:	3,023 stalls
EXISTING RETAIL PARKING:	4,771,000 sf
OVERALL PARKING RATIO:	

TENANT LEASE CONTROL AREA	square feet
A:	289,211 sf
B:	66,789 sf
C:	77,671 sf
D:	9,100 sf
TOTAL TENANT LEASE CONTROL AREA:	442,771 sf

LEGEND			
	TENANT LEASE CONTROL AREA		MGP OWNED BUILDINGS
	N.A.P. BUILDINGS		MGP OWNED PROPERTY
	N.A.P. PROPERTY		



EXISTING SITE PLAN

Exhibit B

MGP's 2019 Application Site Plan

PROJECT SUMMARY

SITE INFORMATION	acres	square feet
TOTAL OVERALL SITE AREA	46.16 ac	2,010,920 sf
DEVELOPMENT SITE AREA	31.44 ac	1,369,690 sf
DEVELOPMENT FLOOR AREA RATIO (FAR)		0.82
DEVELOPING DWELLING UNITS PER ACRE (du/ac)		20 du/ac
EXISTING BUILDING AREA - DEVELOPMENT		373,451 sf
PROPOSED RETAIL BUILDING AREA - DEVELOPMENT		339,131 sf
NET LOSS OF RETAIL BUILDING AREA - DEVELOPMENT		34,320 sf

OVERALL BUILDING AREA	square feet	square feet	
BUILDING A-1:	30,300 sf	BUILDING S-4:	6,700 sf
BUILDING A-2:	11,300 sf	BUILDING S-5:	2,400 sf
BUILDING A-3:	7,900 sf	BUILDING S-6:	6,000 sf
BUILDING A-4:	11,900 sf	BUILDING S-7:	7,900 sf
BUILDING A-5:	23,000 sf	BUILDING S-8:	5,700 sf
BUILDING A-6:	54,100 sf	BUILDING S-10e (Mall):	18,600 sf
BUILDING A-7:	38,600 sf	BUILDING P-1e (Bank of America):	8,729 sf
BUILDING A-10e (Kohl's):	74,131 sf	BUILDING P-2:	3,700 sf
BUILDING A-12e (Macy's):	102,000 sf	BUILDING P-4:	4,800 sf
BUILDING A-14e (Target):	93,214 sf	BUILDING P-5:	6,800 sf
BUILDING A-20e (Ross):	50,327 sf	BUILDING P-6:	4,200 sf
BUILDING S-1:	5,500 sf	BUILDING P-8e (Citibank):	4,910 sf
BUILDING S-2:	5,800 sf	BUILDING P-10e (Olive Garden):	8,000 sf
BUILDING S-3:	10,200 sf		

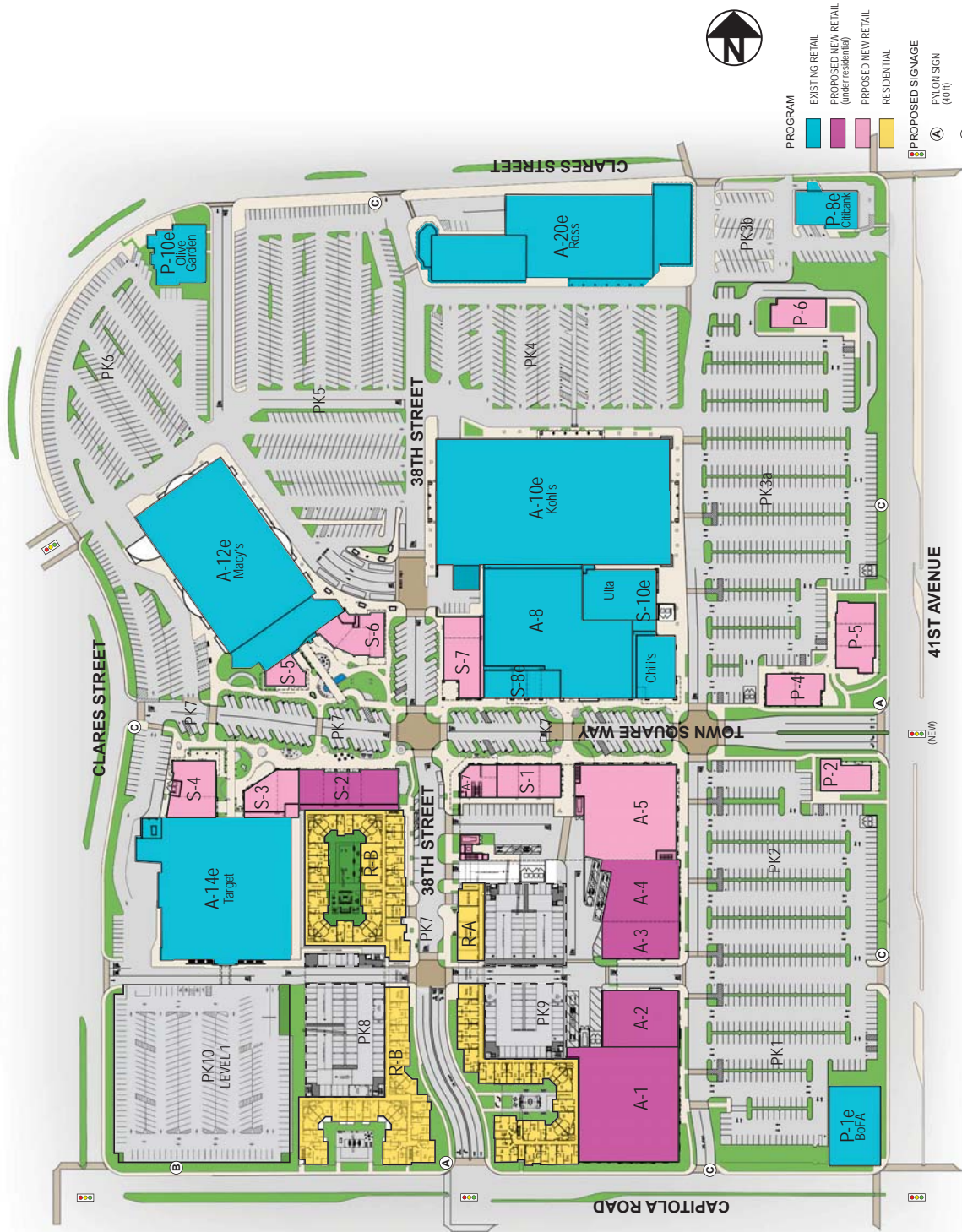
TOTAL RETAIL BUILDING AREA - OVERALL:	606,311 sf
EXISTING RETAIL - OVERALL:	365,611 sf
PROPOSED NEW RETAIL - OVERALL:	240,700 sf

MGP CONTROLLED BUILDING AREA	square feet
RETAIL	339,131 sf
TOTAL RETAIL BUILDING AREA - MGP DEVELOPMENT	784,074 sf
RESIDENTIAL	384 du
RESIDENTIAL UNIT - A	253 du
RESIDENTIAL UNIT - B	131 du
TOTAL RESIDENTIAL COUNT	384 du
TOTAL BUILDING AREA - MGP DEVELOPMENT	1,123,205 sf

RETAIL PARKING SUMMARY	180 stalls	PARKING AREA PK8(S)	- stalls
PARKING AREA PK1:	258 stalls	(Residential Only Structure)	
PARKING AREA PK2:	416 stalls	(Level Structure)	
PARKING AREA PK3:	58 stalls	PARKING AREA PK9(S)	166 stalls
PARKING AREA PK4:	187 stalls	(Level Structure Only)	
PARKING AREA PK5:	413 stalls	PARKING AREA PK10(S)	485 stalls
PARKING AREA PK6:	232 stalls	(Existing Target Structure)	
PARKING AREA PK7:	219 stalls	(Level Structure)	

TOTAL RETAIL PARKING - OVERALL	2,614 stalls
PARKING RATIO - DEVELOPMENT RETAIL	3.8 / 1000 sf
PARKING RATIO - OVERALL RETAIL	4.3 / 1000 sf

RESIDENTIAL PARKING SUMMARY	453 stalls
PARKING STRUCTURE - PK8(S)	645 stalls
TOTAL RESIDENTIAL PARKING	1,098 stalls
DEVELOPMENT RESIDENTIAL PARKING RATIO	1.72 stalls/du



PROGRAM

- EXISTING RETAIL
- PROPOSED NEW RETAIL (under residential)
- PROPOSED NEW RETAIL
- RESIDENTIAL

PROPOSED SIGNAGE

- A PYLON SIGN (40 ft)
- B TARGET GARAGE SIGN
- C MONUMENT SIGN (20')

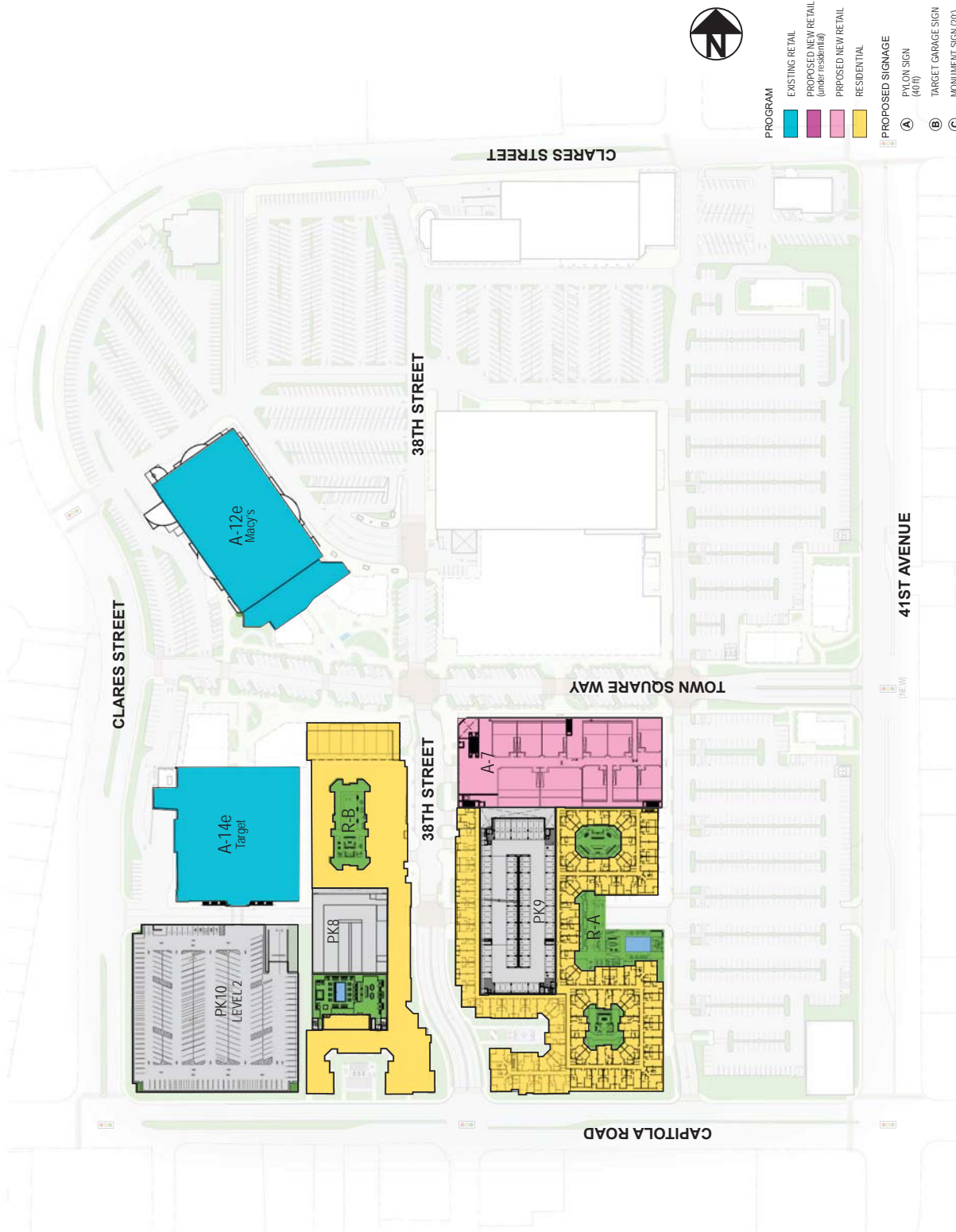
OVERALL SITE PLAN
Ground Level

MerloneGeier Partners
Capitola, California

Capitola Town Square
Capitola, California



A-04
Item 8 B.





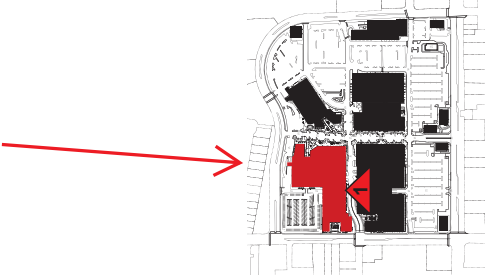
Elevation B-1A

Parking Garage
 TOP OF PARAPET +87' - 0"
 TOP OF PODIUM +20' - 0"
 +00' - 0"



Elevation B-1B

Residential
 TOP OF PARAPET +54' - 11"
 TOP OF PARAPET +24' - 0"
 TOP OF PODIUM +20' - 0"
 +00' - 0"



Capitola Mall
 Capitola, California

MerloneGeier
 Partners

BUILDING B
 Elevations

A-19
 144 North Orange Street, Orange, California 92666
 714.639.9366
 architect@orange.com

Item 8 B.



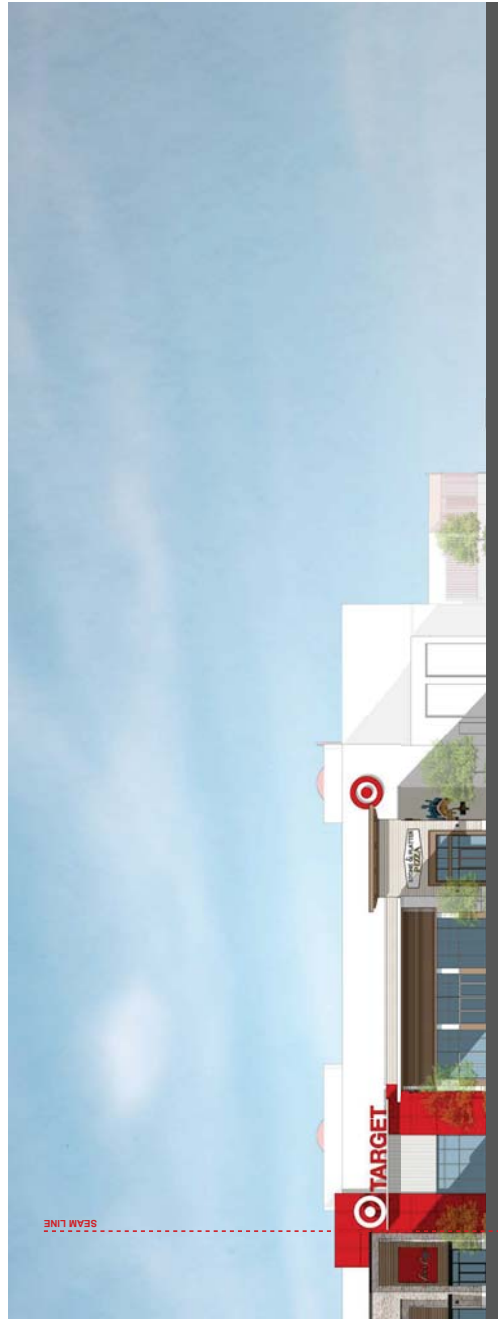
Elevation B-3A

Parking Garage
 TOP OF PARAPET +85'-1"

Residential
 TOP OF PARAPET +85'-1"

TOP OF PARAPET +24'-0"
 TOP OF PODIUM +29'-0"

+00'-0"



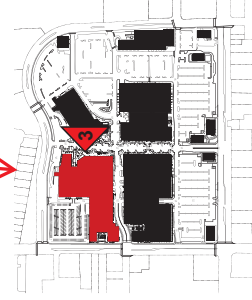
Elevation B-3B

TOP OF PARAPET +32'-3"
 TOP OF PODIUM +25'-1"

+00'-0"

Capitola Mall
 Capitola, California

MerloneGeier
 Partners



A-21

BUILDING B
 Elevations

144 North Orange Street, Orange, California 92666
 714.639.9366
 architect@orange.com

11/16/20
 2019.2.19
 11/16/20

Item 8 B.



Elevation A-1A

TOP OF PARAPET +26'-0"
TOP OF PODIUM +20'-0"

TOP OF PARAPET +24'-0"
TOP OF PODIUM +20'-0"

+00'-0"

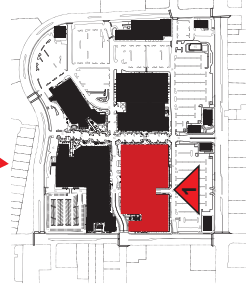


Elevation A-1B

TOP OF PARAPET +54'-6"

TOP OF PARAPET +38'-0"

+00'-0"



144 North Orange Street, Orange, California 92666
714.639.9566
architect@orange.com

Item 8 B.

BUILDING A
Elevations

Capitola Mall
Capitola, California

MerloneGeier
Partners



City of Capitola City Council Meeting

February 8, 2024



Housing Element Update

Background

6th Cycle Housing Element

- Adopted on November 9, 2023
- Comments from HCD on January 12, 2024
 - Not certified
 - Commitment for 75' Height and FAR exception parking garage



Housing Element Update

Mall Redevelopment – Incentives

Section 17.88: Incentives for Community Benefits

- Establishes incentives in exchange for community benefits
- Mall redevelopment qualifies as community benefit
- Current incentives:
 - Height increased from 40 to 50 feet
 - FAR from 1.5 to 2.0 on the mall site

Proposed
Height: 75 Feet
FAR: Add
Exemption for
Parking Garage



Housing Element Update

Housing Element

- Identifies 645 housing units on MGP portion of mall sites.
- 419 units are affordable.
- Consultants confirm 645 units feasible within 50 feet height limit and FAR of 2.0

Economic Feasibility

- Project may not be economically feasible with 419 affordable units
- Additional development necessary for economic feasibility



Housing Element Update

Request from Mall Owner

Increase Height

- Mall owner requests 75 feet height limit
- 60 - 75 ft results in 1,000 - 1,300 units.

Floor Area Ratio (FAR) Exception for Parking Garage

- Incentivize onsite parking amid state's decreasing/removing parking requirements.



Housing Element Update



50 Felker Street

63 feet

5 stories

35 units



150 Felker Street

**63 Feet
5 stories
35 units**



Housing Element Update



130 Center Street
74 feet
6 stories
233 units



Housing Element Update



130 Center Street
74 feet
6 Story
233 Units



Housing Element Update



324 Front Street (Cruz Hotel)

75 Feet

6 Stories

232 Rooms



Housing Element Update



324 Front Street (Cruz Hotel)

75 Feet

6 Stories

232 Rooms



Capitola Mall (2019 Conceptual Review)

75 Feet

6 Stories (1 commercial)

637 units



Housing Element Update



Capitola Mall (2019 Conceptual Review)

75 Feet

7 Stories

637 Units



Housing Element Update



820 Pacific Avenue
80 Feet
7 Stories
85 units



Housing Element Update



820 Pacific Avenue

**80 Feet
7 Stories
85 units**



Housing Element Update



100 Laurel Street

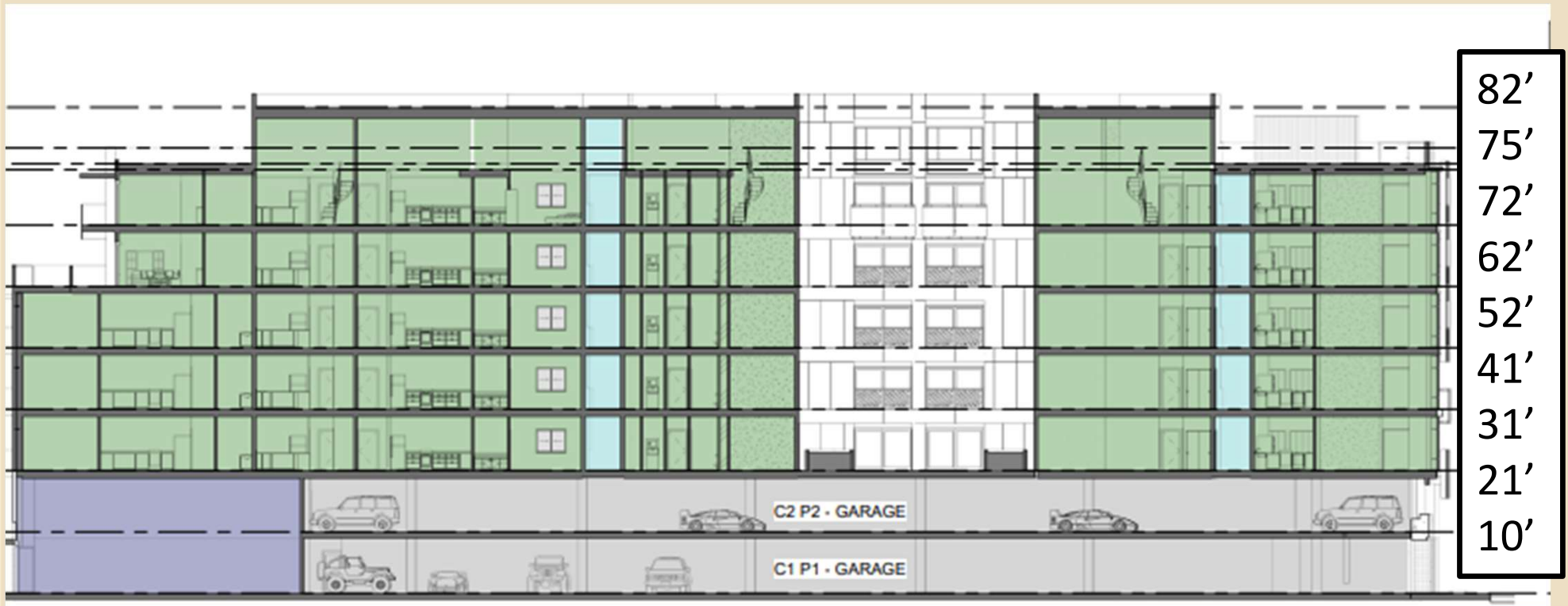
82 feet

7 stories

205 units



Housing Element Update



100 Laurel Street

82 feet

8 stories

205 units



Housing Element Update



530 Front Street

89 feet

8 stories

276 Units & 6,865 sf commercial



Housing Element Update



530 Front Street

89 feet

8 stories

276 units & 6,865 sf Commercial



Housing Element Update

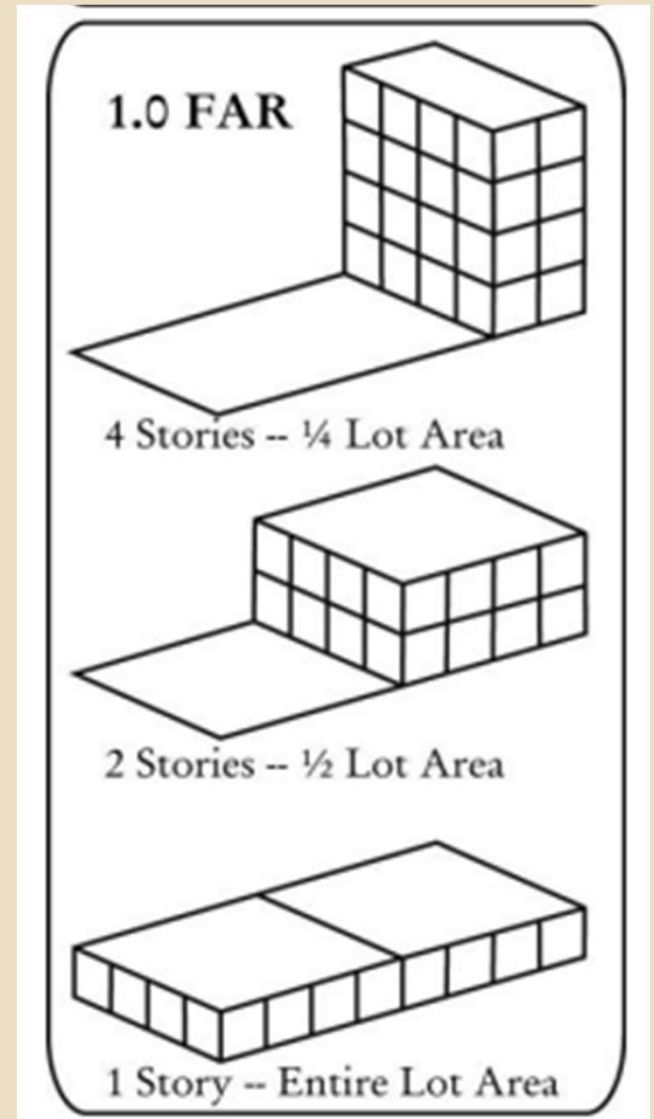
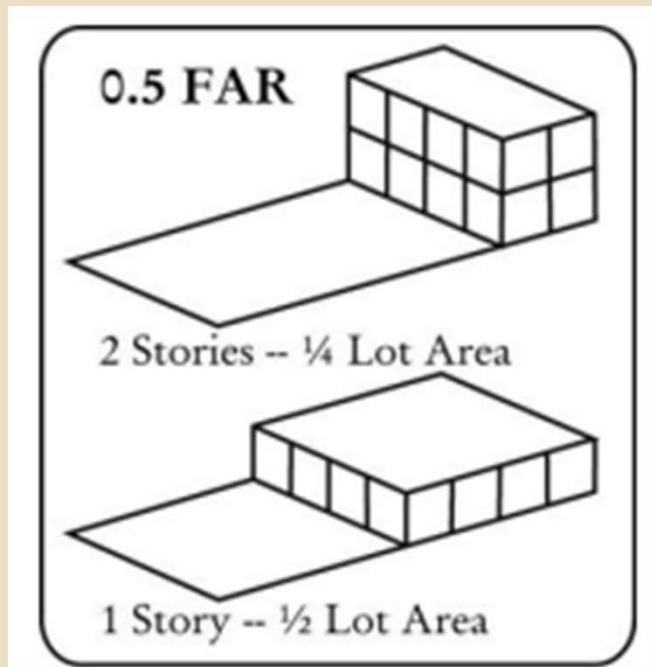
Floor Area Ratio (FAR) Exception for Parking Garage

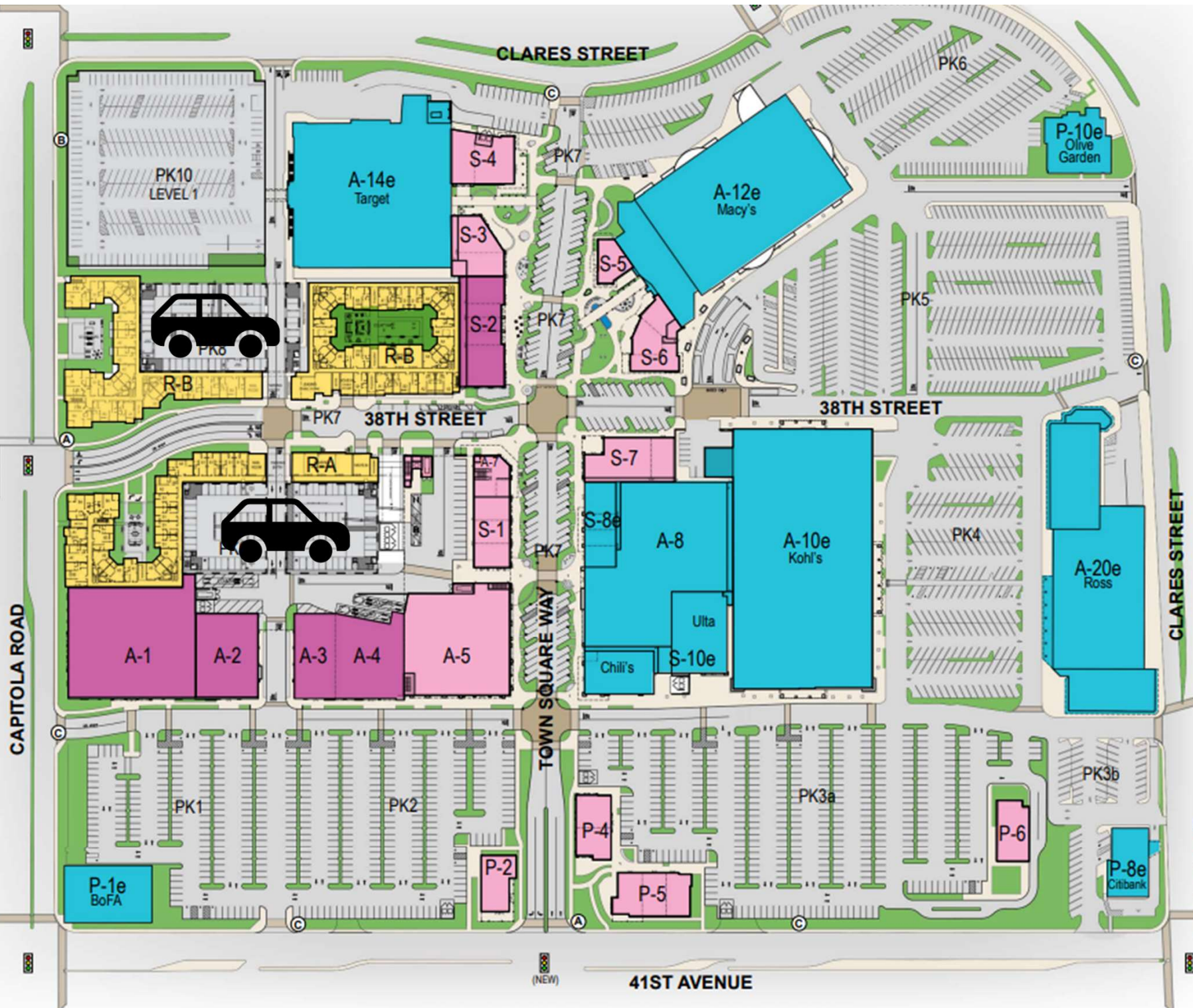


Housing Element Update

Floor Area Ratio:

**Gross Building Floor Area
Area of the Lot**

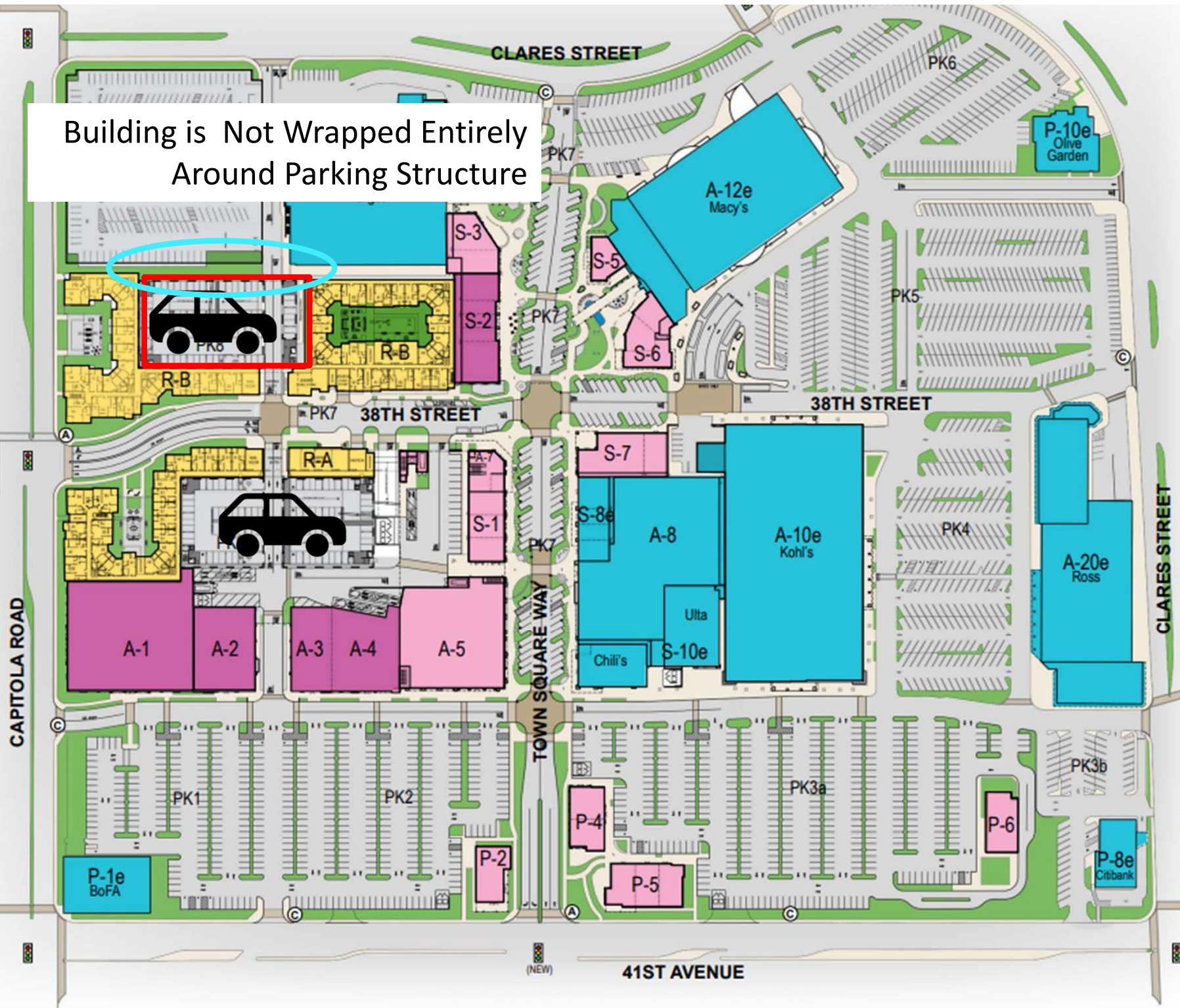




- PROGRAM**
- EXISTING RETAIL
 - PROPOSED NEW RETAIL (under residential)
 - PROPOSED NEW RETAIL
 - RESIDENTIAL
- PROPOSED SIGNAGE**
- (A) PYLON SIGN (40 ft)
 - (B) TARGET G
 - (C) MONUMENT SIGN (20')

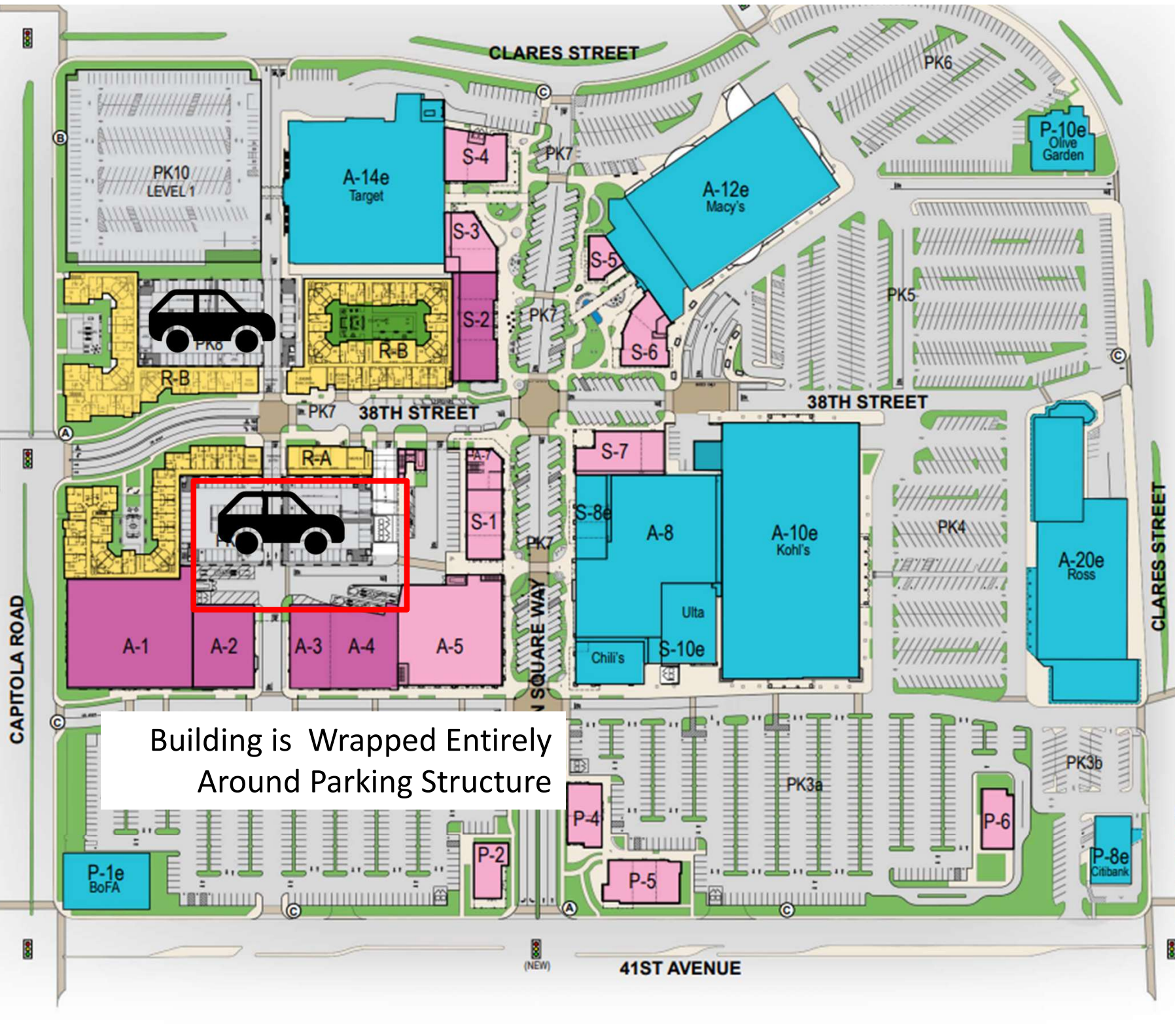


Building is Not Wrapped Entirely Around Parking Structure



- PROGRAM**
- EXISTING RETAIL
 - PROPOSED NEW RETAIL (under residential)
 - PROPOSED NEW RETAIL
 - RESIDENTIAL
- PROPOSED SIGNAGE**
- (A) PYLON SIGN (40 ft)
 - (B) TARGET SIGN
 - (C) MONUMENT SIGN (20')





Building is Wrapped Entirely Around Parking Structure

- PROGRAM**
- EXISTING RETAIL
 - PROPOSED NEW RETAIL (under residential)
 - PROPOSED NEW RETAIL
 - RESIDENTIAL
- PROPOSED SIGNAGE**
- (A) PYLON SIGN (40 ft)
 - (B) TARGET SIGN
 - (C) MONUMENT SIGN (20')





Housing Element Update



Wrapped



Not Wrapped



Housing Element Update

2/1/2023 Planning Commission Work Session

- Support 75' Height and FAR exception for Mall Redevelopment
- Visual impacts of height and parking garages can be mitigated through objective standards



Housing Element Update

Recommended Action

- Provide Feedback on Height and FAR at the Capitola Mall

Capitola City Council

Agenda Report



Meeting: February 8, 2024

From: City Manager Department

Subject: Strategic Plan Project Overview and Timeline

Recommended Action: Receive a consultant report on the process and workplan for the development of a five-year Capitola strategic plan.

Background: During the 2023-24 goal-setting session, the City Council directed staff to develop five-, ten-, and 15-year strategic goals for the City of Capitola; at that time, staff recommended using a professional consultant to complete this project. The City Council adopted the Fiscal Year 2023-24 Budget on June 22, 2023, which included an allocation of \$50,000 for the development of long-term strategic goals.

On September 14, 2023, the City Council provided feedback on strategic planning. On October 20, 2023, staff published a Request for Proposals for the development of a strategic plan for the City of Capitola. Seven proposals were received by the November 10, 2023, deadline. Staff selected the top three proposals for interviews. On December 11 and 12, 2023, staff and Council Members Brooks and Pedersen conducted interviews and recommended the selection of BerryDunn as the consultant, based on the firm's high level of experience, dedication to community outreach, and overall approach to the project.

On December 14, 2023, the City Council authorized a Professional Services Agreement with BerryDunn to develop a five-year City of Capitola strategic plan.

Discussion: In early January, City staff met for a successful kickoff with BerryDunn staff and committed to a bi-weekly meeting schedule to prioritize this project with the goal of City Council adoption in early fall. Between now and then, the consultant will conduct community outreach, workshops, visioning, stakeholder interviews, and collect additional information.

During the meeting on February 8, 2024, BerryDunn staff will present an overview of their work plan and highlight key deliverables and milestones to ensure that the City Council and the Capitola community are informed of the project's proposed process.

Fiscal Impact: None, the Fiscal Year 2023-24 Budget included a \$50,000 allocation for developing a strategic plan; the contract with BerryDunn is in an amount not to exceed \$50,000.

Report Prepared By: Chloé Woodmansee, Assistant to the City Manager

Reviewed By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager

City of Capitola Strategic Plan Overview City Council Presentation

February 8, 2024



Agenda



- ▲ Introductions
- ▲ Strategic Plan Overview
- ▲ Project Approach and Timeline



Project Team



Seth Hedstrom
Project Principal



Michelle Kennedy
Project Manager and
Lead Facilitator



Karen Whichard
Facilitator



**Maddison Powers
Spencer**
Facilitator and Research
Analyst

BerryDunn's
300+ Government
Consultants



On-call, as-needed support



Access to broad
specialization



Internal and external
connections to DEI expertise



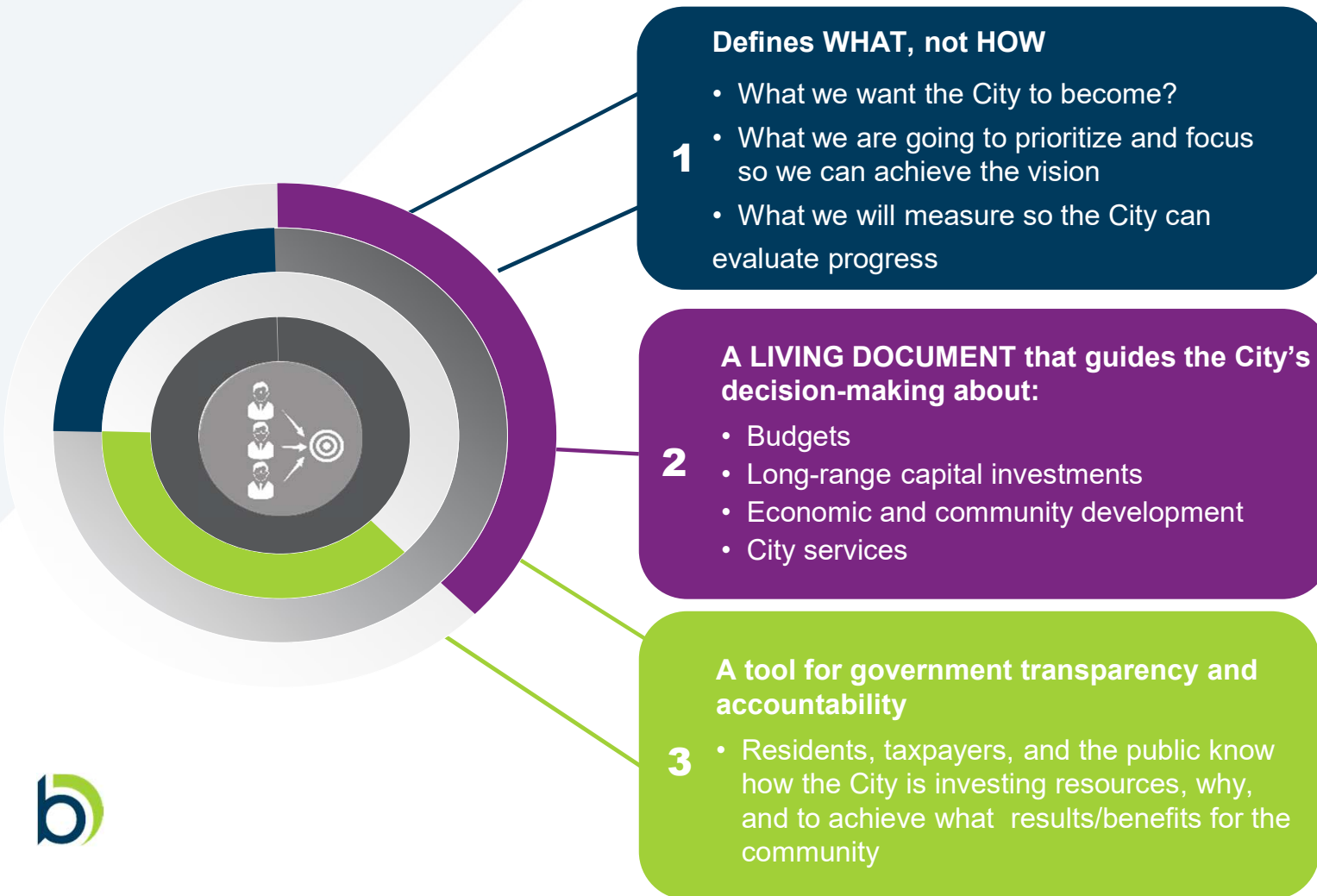
A comprehensive
complement to anything the
City may need



Project Phases



What is a Strategic Plan?



The Strategic Plan defines **WHAT** the City will prioritize and focus on.

HOW the City carries out its strategy to reach the vision, priorities, and goals is defined in an **implementation plan**.

This implementation plan is developed by staff **AFTER** the Strategic Plan is complete.

Project Approach: Community Engagement and Environmental Scan

An environmental scan presents current and anticipated events and their relationships within an organization's internal and external environments. The scan serves as a basis of determining the future direction of the organization.



Identify potential opportunities, challenges, and trends that can drive the City's focus and effectiveness.



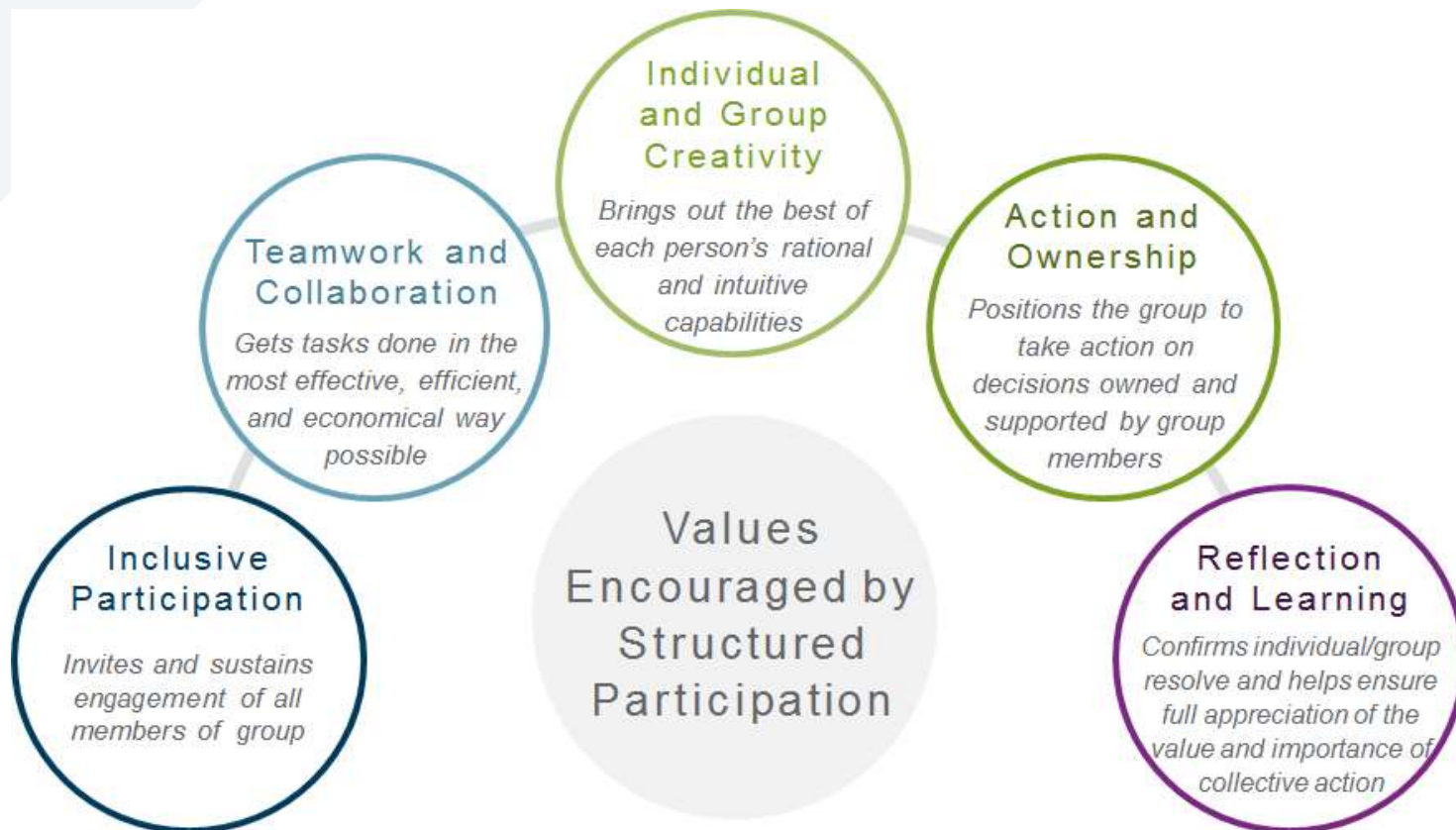
Provide everyone involved in strategic planning with a shared understanding of the City's current environment.



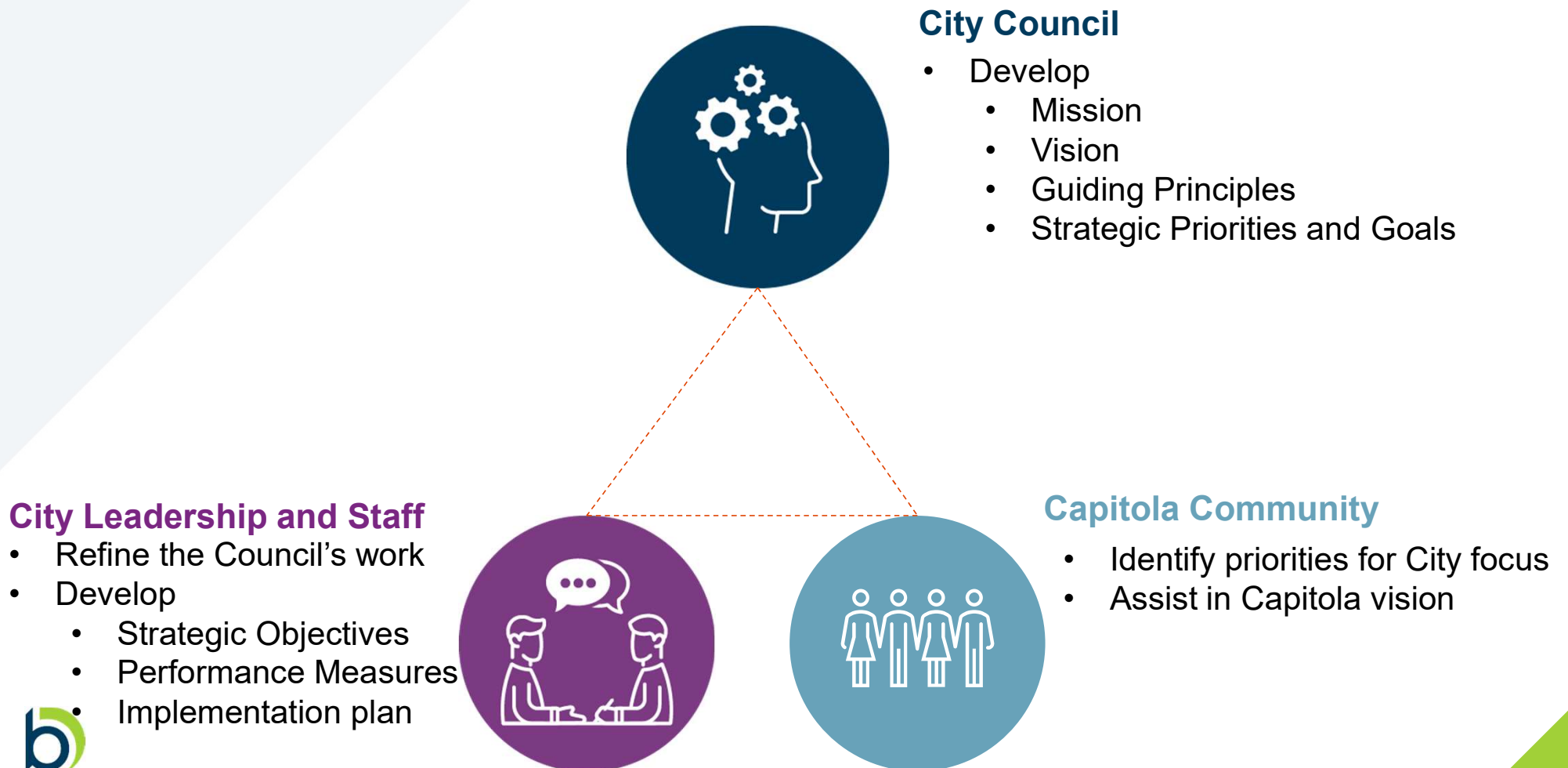
Help City leaders successfully navigate the forces and obstacles that can hinder the achievement of a shared vision.

Project Approach: Facilitation Methodology

Our facilitation methodology emphasizes structured participation that creates a clear intention, helping members of the group align with one another and reach consensus.



Project Approach: Plan Development



Project Approach: Key Activities

Community and Staff Engagement

- Social Pinpoint
- Community survey
- Interviews and focus groups with community leaders, elected officials
- Interviews with staff
- Virtual community workshop

Plan Development Sessions

- City Council
- Leadership and Staff

Final Strategic Plan

- Graphically Designed Version of the Strategic Plan



What Sources Inform the Strategic Plan?

Information from various sources will be used to identify the community's priorities:



Interviews with diverse community members, and community workshop



Social Pinpoint Community Engagement Platform



Community survey results



Demographic and economic data



Current existing City plans

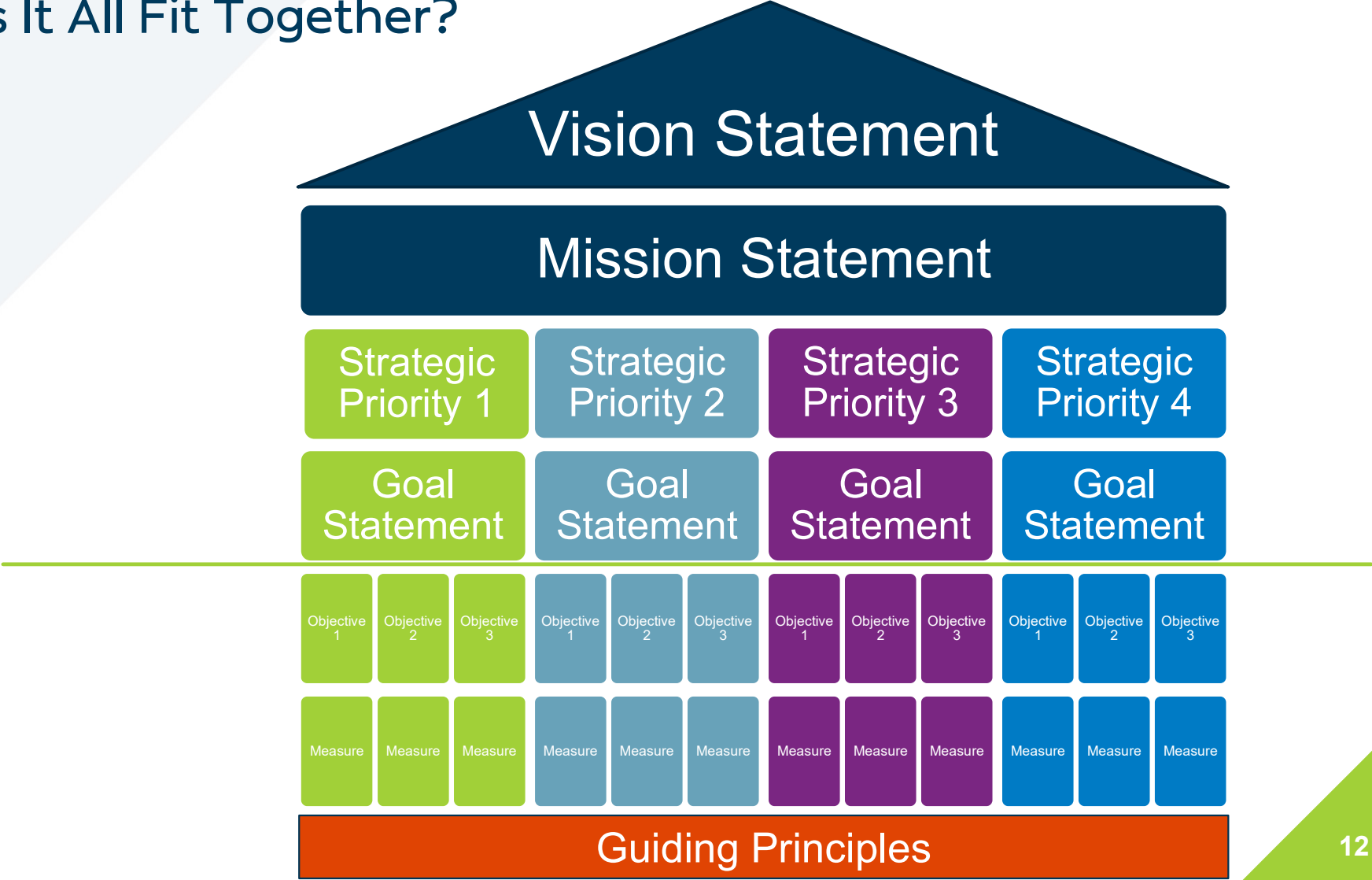


Mission, Vision, Guiding Principles, and Strategic Priorities

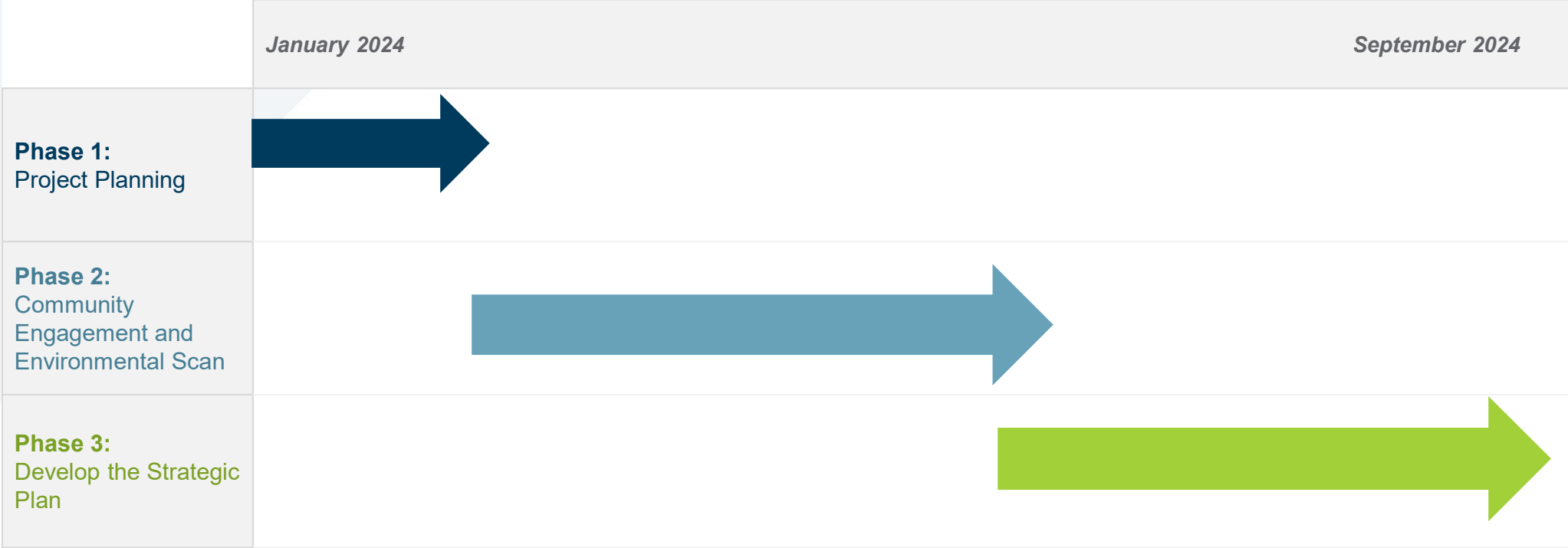
How are they connected?



How Does It All Fit Together?



Project Approach: Timeline



Questions and Comments